

File No. 19114

Committee Item No. 13

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date November 13, 2019

Board of Supervisors Meeting

Date _____

Cmte Board

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<input checked="" type="checkbox"/>	<input type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
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<input checked="" type="checkbox"/>	<input type="checkbox"/>	Department/Agency Cover Letter and/or Report
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OTHER

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Completed by: Linda Wong

Date November 8, 2019

Completed by: Linda Wong

Date _____

1 [Loan Agreement and Ground Lease - 1064 Mission, L.P. - 100% Affordable Housing - 1064-
2 1068 Mission Street - Loan Amount Not to Exceed \$74,408,049 - Annual Ground Lease Base
3 Rent Amount of \$1]

4 **Resolution approving and authorizing the Director of the Mayor's Office of Housing and**
5 **Community Development to execute an amended and restated Loan Agreement and a**
6 **long term Ground Lease with 1064 Mission, L.P., a California limited partnership, in a**
7 **loan amount not to exceed \$74,408,049 for a minimum loan term of 57 years to finance**
8 **the construction of a 100% affordable, 256-unit multifamily rental housing development**
9 **(plus two staff units) for low income adults and seniors experiencing homelessness**
10 **with ancillary commercial space for public benefit and community serving purposes for**
11 **a culinary job training program ("Project") and a lease term of 75 years with one 24-**
12 **year option to extend, and with an annual base rent of \$1 in order to construct the**
13 **Project once the site is transferred to the City ("Ground Lease"); adopting findings that**
14 **the Loan Agreement and Ground Lease are consistent with the General Plan, and the**
15 **eight priority policies of Planning Code, Section 101.1; and authorizing the Director of**
16 **Property and the Director of the Mayor's Office of Housing and Community**
17 **Development to execute documents, make certain modifications, and take certain**
18 **actions in furtherance of this Resolution, as defined herein.**

19
20 WHEREAS, The City and County of San Francisco (the "City"), acting through the
21 Mayor's Office of Housing and Community Development ("MOHCD"), administers a variety of
22 housing programs that provide financing for the development of new affordable housing and
23 the rehabilitation of single- and multi-family housing for low- and moderate-income
24 households and resources for homeowners in San Francisco; and

25 ///

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

5 WHEREAS, The real property located at 1064-1068 Mission Street, on Mission Street
6 between 6th and 7th Streets, owned by the United States, located in the City and County of
7 San Francisco (the "City") was declared surplus and is subject to assignment for disposal for
8 homeless serving purposes by the Secretary of Health and Human Services under the
9 provisions of Section 203(k)(1) of the Federal Property and Administrative Services Act of
10 1949, as amended, and Title V of the McKinney-Vento Homeless Assistance Act, as
11 amended; and the rules and regulations promulgated thereto (the "Property"); and

12 WHEREAS, On May 23, 2017, the Board of Supervisors approved an application to
13 acquire the Property from the Department of Health and Human Services ("HHS") Federal
14 Property Assistance Program for use in constructing supportive housing for homeless San
15 Franciscans for \$1, which is on file with the Clerk of the Board of Supervisors in Resolution
16 No. 178-17 (File 170474) and is incorporated herein by reference; and

17 WHEREAS, MOHCD submitted an application to acquire the Property and in a letter
18 dated August 7, 2017, HHS determined that the City's application was approved for a lease
19 acquisition, with the requirement that the City provide copies of any and all financing
20 commitments and proposed documents that affect title to the property for HHS review and
21 approval; and upon demonstration of the City's ability to obtain the needed funding in line with
22 federal requirements, the City can request that the lease be converted to a Quitclaim Deed
23 (the "HHS Quitclaim Deed"); and

24 WHEREAS, An appraisal dated May 17, 2017, valued the Property at \$36,000,000;
25 and

1 WHEREAS, On October 10, 2017, MOHCD issued a Request for Qualifications
2 ("RFQ"), seeking submittals from qualified respondents to develop the Property as permanent
3 supportive housing for adults and seniors experiencing homelessness; and

4 WHEREAS, The joint development team of Episcopal Community Services and Mercy
5 Housing California, California nonprofit public benefit corporations, jointly responded to the
6 RFQ and were selected to be the developer for the Property; and

7 WHEREAS, Episcopal Community Services and Mercy Housing California
8 established 1064 Mission, L.P., a California limited partnership ("Lessee"), as a
9 separate entity under which to develop the Project; and

10 WHEREAS, On November 1, 2018, HHS entered into a short term lease with the City;
11 and

12 WHEREAS, MOHCD is also providing the Lessee with new financial assistance to
13 leverage equity from an allocation of low-income housing tax credits and other funding
14 sources in order for Lessee to construct the Project; and

15 WHEREAS, Two stories accessed from Stevenson Street, with a total of approximately
16 20,000 square feet, will be retained with the land for the City to develop a Homeless Services
17 Center to be operated by the Departments of Public Health and Homelessness and
18 Supportive Housing for homeless clients which is not part of the residential ground leased
19 parcel; and

20 WHEREAS, On September 30, 2019, MOHCD submitted a package of substantially
21 final financing documents and financing commitments to HHS for review and approval as
22 required prior to the lease being converted to a HHS Quitclaim Deed; and

23 WHEREAS, The Project received streamlined entitlements via Senate Bill 35 in
24 conjunction with the State Density Bonus Program and was determined to be exempt from
25 environmental review per California Environmental Quality Act ("CEQA") Guidelines; and

1 WHEREAS, By letter dated May 4, 2017, the Planning Department found the
2 acquisition and transfer between HHS and MOHCD to be consistent with the General Plan,
3 pursuant to Section 4.105 of the Charter, and Sections 2A.52 and 2A.53 of the Administrative
4 Code and to be consistent with the eight priority policies of Planning Code, Section 101.1; and

5 WHEREAS, On September 20, 2019, the Citywide Affordable Housing Loan
6 Committee, consisting of MOHCD, Department of Homeless and Supportive Housing, and the
7 Office of Community Investment and Infrastructure, recommended approval to the Mayor of a
8 loan for the Project in an amount not to exceed \$40,413,843 in local funds and \$27,769,645 in
9 the State of California's first allocation of No Place Like Home Funds for a total loan of
10 \$74,408,049 (the "Agreement"); and

11 WHEREAS, The material terms of the Agreement also include: (i) a minimum term of
12 57 years; (ii) an interest rate of zero percent (0%); (iii) annual repayment of the loan through
13 residual receipts from the local funds portion of the loan; (iv) the Project shall be restricted for
14 no less than 57 years as affordable housing to low-income households with annual maximum
15 rent and income established by MOHCD; (v) the loan shall be secured by a deed of trust
16 recorded against the Sponsor's leasehold interest in the Property; and

17 WHEREAS, The proposed rent of the Ground Lease is less than Market Rent (as
18 defined in Administrative Code, Section 23.2), but the lower rent will serve a public purpose by
19 providing affordable housing for low-income households in need; and

20 WHEREAS, MOHCD and the Director of Property have approved the form of the
21 Ground Lease between MOHCD and the Lessee, pursuant to which MOHCD will lease the
22 Property to the Lessee for a base rent of one dollar (\$1) per year, in exchange for the
23 Lessee's agreement, among other things, to construct and operate the Project with rent levels
24 affordable to households up to 50% of unadjusted San Francisco Area Median Income (AMI),
25

1 and a copy of the Ground Lease in a form substantially approved is on file with the Clerk of
2 the Board of Supervisors in File No. 191114, and is incorporated herein by reference; and,

3 WHEREAS, The Ground Lease provides, among other conditions, for a term of 75
4 years and one 24-year option to extend; now, therefore, be it

5 RESOLVED, That the Board of Supervisors hereby finds that the Project is consistent
6 with the General Plan, and with the eight priority policies of Planning Code, Section 101.1, for
7 the same reasons as set forth in the letter of the Planning Department Planning, dated May 4,
8 2017, and hereby incorporates such findings by reference as though fully set forth in this
9 Resolution; and, be it

10 FURTHER RESOLVED, That in accordance with the recommendations of the Director
11 of Property and the Director of MOHCD, the Board of Supervisors hereby approves the
12 Ground Lease, and authorizes the Director of Property (or designee) and the Director of
13 MOHCD (or designee) to execute and deliver the Ground Lease and any such other
14 documents that are necessary or advisable to complete the transaction contemplated by the
15 Ground Lease once the City has the HHS Quitclaim Deed, and to effectuate the purpose and
16 intent of this Resolution; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors hereby approves the
18 Agreement and authorizes the Director of MOHCD or his designee to enter into any
19 amendments or modifications to the Agreement (including, without limitation, preparation and
20 attachment or, or changes to, any of all of the exhibits and ancillary agreements) and any
21 other documents or instruments necessary in connection therewith that the Director
22 determines, in consultation with the City Attorney, are in the best interest of the City, do not
23 materially increase the obligations or liabilities for the City or materially diminish the benefits of
24 the City, are necessary or advisable to effectuate the purposes and intent of this Resolution
25 and are in compliance with all applicable laws, including the City Charter; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
2 delegates to the Director of MOHCD and/or the Director of Property, and their designees, the
3 authority to undertake any actions necessary to protect the City's financial security in the
4 Property and enforce the affordable housing restrictions, which may include, without limitation,
5 acquisition of the Property upon foreclosure and sale at a trustee sale, acceptance of a deed
6 in lieu of foreclosure, or curing the default under a senior loan or the HHS Quitclaim Deed;
7 and, be it

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

11 FURTHER RESOLVED, That within thirty (30) days of the Agreement and the Ground
12 Lease being fully executed by all parties, MOHCD shall provide the final agreements to the
13 Clerk of the Board for inclusion into the official file.

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3 RECOMMENDED:
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7 Andrico Q. Penick, Director of Property 11/25/19

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10 Daniel Adams, Acting Director
11 Mayor's Office of Housing and Community Development
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Items 13 Files 19-1114	Department: Mayor's Office of Housing & Community Development
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> The proposed resolution would (1) approve an amended and restated loan agreement between the MOHCD and 1064 Mission LP for \$74,408,049, (2) approve a ground lease between MOHCD and 1064 Mission LP at 1064-68 Mission Street of \$1 per year with a 75 year term and one option to extend for 24 years, and (3) confirm that the loan agreement and ground lease are consistent with the City's General Plan. The purpose of this loan is to finance the construction of 258 supportive housing units. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> The City is funding the development of supportive housing at 1064-68 Mission Street, which will be co-located with a Homeless Service Center (see Files 19-1012, 19-1019, and 19-1115 of this report). The site will be jointly developed by Mercy Housing California and Episcopal Community Services and the Homeless Services Center will be co-owned by the Departments of Public Health and Homelessness & Supportive Housing. Episcopal Community Services, one of the developers, will relocate a training program for formerly homeless persons, the Conquering Homelessness through Employment in Food Services (CHEFS) program to the site. The Homeless Service Center and supportive housing project will be a mixed use six story building, with 256 units of supportive housing and two resident manager units. The property will be managed by Caritas Management Corporation. Construction is expected to occur January 2020 to August 2021. In addition, File 19-1114 would approve a Ground Lease between the City and the owner of the supportive housing operation at 1064-68 Mission Street for \$1.00 per year for a term of 75 years and one option to extend for 24 years. The Ground Lease requires that the lessee operate the supportive housing project. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> The total development costs for the 258 units of housing and commercial space for the CHEFS program are \$143.6 million, shown in Table 1 below. Of the \$143.6 million, \$74.4 million are City funds and \$69.2 million are non-City funds. According to the amended and restated loan agreement, the loan repayment is due on the 57th year of the loan. Loan repayment obligations are limited to the availability of residual receipts, or annual cash flow after operating costs have been paid. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> Approve the proposed resolution. 	

MANDATE STATEMENT

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

BACKGROUND**Homeless Service Center and Supportive Housing at 1064-68 Mission Street**

The City is funding the development of supportive housing at 1064-68 Mission Street, which will be co-located with a Homeless Service Center (see Files 19-1012, 19-1019, and 19-1115 of this report). The site will be jointly developed by Mercy Housing California and Episcopal Community Services and the Homeless Services Center will be owned by the City. The Homeless Service Center and supportive housing project will be a mixed use six story building, with 256 units of supportive housing and two resident manager units. The project will have one development for formerly homeless adults (153 units plus one resident manager unit) and one development for formerly homeless seniors (103 units for age 55 years + plus one resident manager unit). Of the 258 affordable units, 256 are studio units and 2 are one bedroom units. Episcopal Community Services, one of the developers, will relocate a training program for formerly homeless persons, the Conquering Homelessness through Employment in Food Services (CHEFS) program to the site. The property will be managed by Caritas Management Corporation. Construction is expected to occur January 2020 to August 2021.

The adult and senior populations will each have their own private open space in two courtyards as well as community rooms that overlook their respective courtyards. There will be no car parking but 28 covered bike parking spaces for use of residents and staff.

Acquisition of 1064-68 Mission Street

The property at 1064-68 Mission Street was leased to the City from the U. S. Department of Health and Human Services in October 2018 at no cost. The land was made available at below market rate through a federal program known as McKinney-Vento Homeless Assistance Act, which makes surplus federal properties to be made available to assist homeless persons. In May 2017, the Board of Supervisors approved a resolution authorizing the Mayor's Office of Housing and Community Development (MOHCD) to submit an application to the HHS Federal Property Assistance Program to acquire the property located at 1064 and 1068 Mission Street for use in constructing permanent supportive housing for formerly homeless San Franciscans (File 17-0474).

The lease between the City and U. S. Department of Health and Human Services has a three year term with options to extend up to twenty years and requires the City begin using the property to deliver services to homeless persons within the three year initial term. MOHCD plans to acquire the land at 1064-68 Mission Street upon approval of the gap financing for the supportive housing (File 19-1114) and grant agreement for the Homeless Service Center (19-

1115). Although the land has an estimated market value of \$36 million, the City will be able to purchase it for \$1.00 through the Federal Property Assistance Program.

Selection of Developers

In October 2017, the Mayor's Office of Housing and Community Development (MOHCD) released a Request for Qualifications to develop supportive housing at 1064-68 Mission Street. Bidders would be responsible for all phases of development, including outreach, planning, design, financing, construction, ownership, and operation of the Site. Three responses were evaluated by a selection panel,¹ with the proposal by Episcopal Community Services and Mercy Housing scoring the highest. The proposed supportive housing development at 1064-68 Mission Street is consistent with the 2017 Request for Qualifications.

DETAILS OF PROPOSED LEGISLATION

File 19-1114: The proposed resolution would (1) approve an amended and restated loan agreement between the MOHCD and 1064 Mission LP for \$74,408,049, (2) approve a ground lease between the City and 1064 Mission LP at 1064-68 Mission Street of \$1 per year with a 75 year term and one option to extend for 24 years, and (3) confirm that the loan agreement and ground lease are consistent with the City's General Plan. The purpose of this loan is to finance the construction of 258 supportive housing units.

FISCAL IMPACT

Supportive Housing Development of 1064-68 Mission Street

The total development costs for the 258 units of housing and commercial space for the CHEFS program are \$143.6 million, shown in Table 1 below. Of the \$143.6 million, \$74.4 million are City funds and \$69.2 million are non-City funds.

¹ The selection panel consisted of the MOHCD Director of Housing Development, the Housing Program Manager from the Office of Community Investment and Infrastructure, the Director of the SoMa Community Stabilization Fund, the Manager of Supportive Housing Programs, and a Commissioner from the San Francisco Arts Commission.

Table 1: 258 Units of Supportive Housing and CHEFS Program at 1064-68 Mission Street

Sources	MOHCD (File 19-1114)	Non-City Sources	Total
<i>Initial Loan</i>			
Hotel Tax	\$256,929	\$0	\$256,929
Residential Hotel Replacement	2,000,000	0	2,000,000
Inclusionary Housing Fees	<u>3,967,632</u>	<u>0</u>	<u>3,967,632</u>
<i>Subtotal Initial Loan</i>	<i>\$6,224,561</i>	<i>\$0</i>	<i>\$6,224,561</i>
<i>Amended Loan and Non-City Sources</i>			
Affordable Housing Production and Preservation Fund (ERAF)	40,413,843	\$0	40,413,843
No Place Like Home	27,769,645	0	27,769,645
Tax Credit Equity - Residences	0	51,055,510	51,055,510
Tax Credit Equity - Clinic	0	1,078,870	1,078,870
Affordable Housing Program	0	1,500,000	1,500,000
Developer Fundraising	0	2,632,535	2,632,535
Developer Equity	<u>0</u>	<u>12,939,303</u>	<u>12,939,303</u>
<i>Subtotal, Amended Loan and Non-City Sources</i>	<i>68,183,488</i>	<i>69,206,218</i>	<i>137,389,706</i>
Total Sources	\$74,408,049	\$69,206,218	\$143,614,267
Uses			
<i>Soft Costs</i>			
Architecture & Design	\$2,211,036	\$963,337	\$3,174,373
Engineering & Environmental Studies	446,945	14,011	460,956
Construction Financing Costs	663,661	5,178,471	5,842,132
Permanent Financing Costs	10,000	0	10,000
Legal Costs	230,000	60,000	290,000
Other Development Costs	3,842,746	3,430,421	7,273,167
Soft Cost Contingency (7%)	<u>629,429</u>	<u>538,463</u>	<u>1,167,892</u>
<i>Soft Cost Subtotal</i>	<i>\$8,033,817</i>	<i>\$10,184,703</i>	<i>\$18,218,520</i>
Acquisition	0	0	1
Construction	65,259,232	26,337,839	91,597,071
Construction Contingency (16%)	0	14,459,691	14,459,691
Operating Reserves	0	1,869,682	1,869,682
Developer Fees	<u>1,115,000</u>	<u>16,354,303</u>	<u>17,469,303</u>
<i>Amended Loan and Other Non-City Funds</i>	<i>\$66,374,233</i>	<i>\$59,021,515</i>	<i>\$125,395,748</i>
Total Uses	\$74,408,049	\$69,206,218	\$143,614,268

Source: MOHCD.

Funding Sources

MOHCD previously entered into a loan agreement with Episcopal Community Services and Mercy Housing for \$6,224,561 to pay for initial planning and development costs for 1064-68 Mission Street. That loan consisted of the Hotel Tax, Residential Hotel Replacement Fees², and

² Residential Hotel Replacement: Per Section 41.13 of the Administrative Code, the City receives fees related to the conversion of residential hotel units. The City may use the fees to finance the development of housing to replace the residential hotel units by making such housing affordable to extremely and very low-income qualifying households.

Inclusionary Housing Fees and was used to fund predevelopment costs of the residential project.

Sources of funds of \$68,183,488 provided by the City in the amended loan agreement include ERAF funds and State grant funds as follows:

- \$40,413,843 in Affordable Housing Production and Preservation Fund: In June 2019 the Board of Supervisors created this fund to receive excess Education Revenue Augmentation Funds (ERAF) to fund affordable housing development.
- \$27,769,645 in No Place Like Home: State funding granted to the City to develop supportive housing for persons with serious mental illnesses and are formerly homeless.

Other Non-City sources of funds include:

- \$1,500,000 from the Affordable Housing Program: Loan from the Federal Home Loan Bank of San Francisco.
- \$51,055,510 in federal Low Income Housing Tax Credits allocated by the California Tax Credit Allocation Committee to the developer for affordable housing development.
- \$1,078,870 in federal tax credits for development of the commercial space for the CHEFS program.
- \$12,939,303 in developer equity allocated to the project.

According to Ms. Romero, Episcopal Community Services has committed to raise \$2.6 million to fund the CHEFS program. Episcopal Community Services is prepared to fund approximately \$1.1 million from developer fees earned at other projects as well as contributing back their developer fee on this project. Episcopal Community Services has raised \$1.5 million through their capital campaign which is underway and on track to meet the \$2.6 million target.

The City's Subsidy per Housing Unit

The total per housing unit City subsidy is \$288,403, as shown in Table 2 below. This subsidy amount includes the 258 housing units and the residential support service provided by the CHEFS program.

Table 2: City Subsidy for Affordable Housing Units

Number of units	258
Total residential area (sqft.)	152,519
Total City subsidy	\$74,408,050
City Subsidy per unit	\$288,403
City Subsidy per sf	\$488

Source: MOHCD

Gap Loan Terms for Residential Development (File 19-1114)

According to the amended and restated loan agreement, the loan repayment is due on the 57th year of the loan. Loan repayment obligations are limited to the availability of residual receipts, or annual cash flow after operating costs have been paid. Interest not paid to the City each year

due to lack of available residual receipts will be forgiven and will not accrue. For any year when the replacement reserve balance is less than 1.5 times the original replacement reserve amount, one-third is retained by the project sponsor, and the other two-thirds is deposited into the replacement reserve. In the event that the replacement reserve balance is greater than 1.5 the original amount, then the City would receive repayment on the loan.

Affordability Restrictions

As mentioned above, the amended and restated loan agreement includes a Declaration of Restrictions that controls the affordability of the units in the proposed development. In addition, File 19-1114 would approve a Ground Lease between the City and the owner of the supportive housing operation at 1064-68 Mission Street for \$1.00 per year for a term of 75 years and one option to extend for 24 years. The Ground Lease requires that the lessee operate the supportive housing project.

Operating Costs*Local Operating Subsidy*

According to Ms. Romero, the local operating subsidy for the 258 affordable units will be required after construction is completed in August 2021 to pay for operating costs of the residential units. Over the fifteen year period of 2021 to 2036, the total amount of the local operating subsidy, which is a General Fund expense, is expected to be \$63,532,633.

POLICY CONSIDERATION

The total development cost for the 258 supportive housing units is \$143.6 million, or \$556,644 per unit. On October 16, 2019, the Budget and Finance Committee accepted the Budget and Legislative Analyst's recommendation to amend the resolution in File 19-0980 to request a report from the Mayor's Office of Housing of Community Development on the City's procedures to contain costs of affordable housing development.

RECOMMENDATION

Approve the proposed resolution.

**AMENDED AND RESTATED LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO HOTEL TAX FUND, RESIDENTIAL
HOTEL REPLACEMENT, AHP INCLUSIONARY, EDUCATIONAL REVENUE
AUGMENTATION FUND (ERAF), NO PLACE LIKE HOME (NPLH))**

By and Between

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

and

1064 MISSION, L.P., a California limited partnership

for

1064-1068 Mission Street
[\$74,408,049]

Hotel Tax	\$256,929
Residential Hotel Replacement	\$2,000,000
AHP Inclusionary	\$3,967,632
ERAF	[\$40,413,843]
NPLH	\$27,769,645

Dated as of _____

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AMENDED AND RESTATED LOAN AGREEMENT
(City and County of San Francisco
HOTEL TAX FUND, RESIDENTIAL HOTEL REPLACEMENT, AHF INCLUSIONARY,
EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF),
NO PLACE LIKE HOME (NPLH)
(1064-1068 Mission Street)

THIS AMENDED AND RESTATED LOAN AGREEMENT ("Agreement") is entered into as of _____, by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and **1064 MISSION, L.P.**, a California limited partnership ("Borrower").

RECITALS

A. The City is authorized under San Francisco Business and Tax Regulations Code Section 515.01(b)(3)(F) to use a portion of hotel tax funds collected by the City under this Agreement (the "Hotel Tax Funds") to assist in the construction or rehabilitation of low-income rental housing for the elderly or physically handicapped.

B. Under the Inclusionary Affordable Housing Program set forth in Sections 415.1 *et seq.* of the San Francisco Planning Code, the Citywide Affordable Housing Fund receives in-lieu Affordable Housing Fees ("Fees") paid by housing developers to satisfy requirements of the Inclusionary Affordable Housing Program. The City may use the Fees received by the Citywide Affordable Housing Fund (the "AHF Inclusionary Funds") to finance housing affordable to qualifying households. MOHCD administers the Funds pursuant to Section 10.100-49 of the San Francisco Administrative Code and enforces agreements relating to them.

C. Under the Residential Hotel Unit Conversion and Demolition program set forth in Chapter 41 of the San Francisco Administrative Code (the "Code"), the San Francisco Residential Hotel Preservation Fund Account, pursuant to Section 41.13 of the Code, receives fees related to the conversion of residential hotel units ("Fees"). The City may use the Fees received by the San Francisco Preservation Fund Account to finance the development of housing to replace the residential hotel units by making such housing affordable to extremely and very low-income qualifying households.

D. On June 21, 2019, through Ordinance 11219, the San Francisco Board of Supervisors established the Affordable Housing Production and Preservation Fund to receive appropriated excess Education Revenue Augmentation Fund revenues received by the City, for the purpose of funding land acquisition and production of new 100% affordable housing projects and acquisition and preservation of existing housing to make that housing permanently affordable. The City is authorized by this ordinance to provide a portion of the funds under this Agreement (the "Education Revenue Augmentation Fund" or "ERAF") to Borrower for the development of affordable housing. The funds provided from the ERAF Fund under this Agreement shall be referred to herein as the "Funds."

E. On August 9, 2019, through Resolution 370-19, the San Francisco Board of Supervisors authorized and delegated authority to the Mayor's Office of Housing and

Community Development to accept and expend the county noncompetitive allocation award in the amount of \$9,519,091 under the California Department of Housing and Community Development's No Place Like Home Program which provides funding for counties to develop multifamily housing specifically for persons with serious mental illness who are homeless, chronically homeless, or at-risk of chronic homelessness to households earning up to fifty percent (50%) of the San Francisco Median Income (SFMI) adjusted for household size. On the same day, through Resolution 371-19, the San Francisco Board of Supervisors authorized and delegated authority to the Mayor's Office of Housing and Community Development to accept and expend the county competitive allocation award in the amount of \$18,250,554 under the California Department of Housing and Community Development's No Place Like Home Program. The City is authorized by these resolutions to provide the funds under this Agreement (the "NPLH Funds") to Borrower for the development of affordable permanent supportive housing. The funds provided from the NPLH Fund under this Agreement shall be referred to herein as the "Funds."

F. Borrower intends to acquire a leasehold interest in the real property located at 1064-1068 Mission Street, San Francisco, California (the "Land") under a Ground Lease, by and between Borrower and the City and County of San Francisco ("Ground Lessor"), pursuant to the Option to Lease Agreement dated August 7, 2019. Borrower desires to use the Funds to develop on the Land a new permanent supportive housing development with two buildings: one with 153 units for adults experiencing homelessness plus one resident manager unit and one with 103 units for senior households experiencing homelessness where at least one household member is age 55 years and older plus one resident staff unit, for an overall total of 258 units; as well as to construct the commercial shell of a culinary job training program for people experiencing homelessness (the "Public Benefit Use Commercial Space") which will be known as the CHEFS Program (the "Project"). If the context requires, the term "Improvements" will include the shell of the Public Benefit Use Commercial Space. The City will retain ownership of the land itself underneath the Improvements and an approximate two story 20,000 square foot area located on Stevenson Street to develop and own a Homeless Services Center ("HSC") funded by other City funds.

G. The City has reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, has agreed to make a loan of Funds to Borrower (the "Loan") in the amount of Seventy Five Million Two Hundred Fifty Thousand Seven Hundred Sixty Five and No/100 Dollars (\$75,250,765) (the "Funding Amount") under this Agreement to fund certain costs related to the Project. The Funding Amount is comprised of (i) Hotel Tax Funds in the amount of Two Hundred Fifty Six Thousand Nine Hundred Twenty Nine and No/100 (\$256,929); (ii) Hotel Replacement Funds in the amount of Two Million Dollars (\$2,000,000); (iii) AHF Inclusionary Funds in the amount of Three Million Nine Hundred Sixty-Seven Thousand Six Hundred Thirty-Two Dollars (\$3,967,632); (iv) Educational Revenue Augmentation Fund (ERAF) in the amount of Forty-One Million Two Hundred Fifty-Six Thousand Five Hundred Fifty-Nine and No/100 (\$41,256,559) (collectively, (i) through (iv), the "City Funds"); and (v) No Place Like Home (NPLH) funds in the amount of Twenty Seven Million Seven Hundred Sixty Nine Thousand Six Hundred Forty Five and No/100 (\$27,769,645) (the "NPLH Funds") (together, the City Funds and the NPLH Funds the "Funds"). The Funds amount includes the prior loan amount of \$6,224,561 which the City provided to Borrower pursuant to that certain Loan Agreement dated February 7, 2019, for the purpose of

financing the predevelopment activities of the Project (the "Original Loan Agreement"). As evidence of the Original Loan, Borrower executed that certain Promissory Note dated February 7, 2019 (the "Original Note"). On the Agreement Date, this Agreement will amend, restate and supersede, and replace the Original Loan Agreement. Additionally, the Borrower will execute a new Promissory Note ("Note A") and the City will cancel the Original Note and return it to Borrower.

H. Borrower has secured the following additional financing for the Project (as defined below):

1. An allocation from the California Debt Limit Allocation Committee in an amount up to \$_____;
2. federal and/or state low income housing tax credits reserved or allocated to the Project by the California Tax Credit Allocation Committee ("TCAC"), pursuant to its Preliminary Reservation of Low Income Housing Tax Credits dated _____;
3. a loan from Century Housing, pursuant to an award from the Federal Home Loan Bank of San Francisco under its Affordable Housing Program, in the amount of One Million Five Hundred Thousand and No / 100 Dollars (\$1,500,000.00) under a loan agreement dated as of _____.

AGREEMENT

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

ARTICLE 1 DEFINITIONS.

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

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

"Agreement" means this Amended and Restated Loan Agreement.

"Agreement Date" means the date first written above.

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

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

"Approved Plans" has the meaning set for in **Section 5.2**.

"Approved Specifications" has the meaning set forth in **Section 5.2**.

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

"Borrower" means 1064 Mission, L.P., a California limited partnership, and its authorized successors and assigns.

"Certificate of Preference" means the form establishing a priority right for tenant selection, as further described in the Operational Rules.

"Certificate of Preference Holder" means a person or household that has been issued a Certificate of Preference.

"CFR" means the Code of Federal Regulations.

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

"CHEFS Program" means Conquering Homelessness through Employment in Food Services, a culinary job training program of Episcopal Community Services which will occupy the ground floor Public Benefit Use Commercial Space on Mission Street.

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

"City Documents" means this Agreement and the Note and any other documents executed or, delivered in connection with this Agreement.

"CNA" means a 20-year capital needs assessment or analysis of replacement reserve requirements, as further defined by MOHCD's CNA policy, as it may be amended from time to time.

"Completion Date" has the meaning set forth in **Section 5.6**.

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

"Construction Contract" has the meaning set forth in **Section 5.2**.

"Contracting Manual" means the Contracting Manual (2006 Amendment) for Federally Funded Construction Projects Financed by the Mayor's Office of Housing, issued by MOHCD on November 18, 2002, as amended on May 22, 2007, as the same may be further amended from time to time.

"Conversion Date" means the date on which construction financing for the Project is converted into permanent financing, if applicable.

"Coordinated Entry System" means The Department of Homelessness and Supportive Housing's system to make placements of people experiencing homelessness into supportive housing via community Access Points, which are localized community gateways into San Francisco's Homelessness Response System, the overall system of programs and housing opportunities for people experiencing homelessness.

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

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

"Department of Building Inspection" has the meaning set forth in **Section 5.2**.

"Developer" means, collectively, Episcopal Community Services of San Francisco and Mercy Housing California.

"Developer Fees" has the meaning set forth in **Section 15.1**.

"Development Expenses" means all costs incurred by Borrower and approved by the City in connection with the development of the Project, including: (a) hard and soft development costs; (b) deposits into required capitalized reserve accounts; (c) costs of converting Project financing, including bonds, into permanent financing; (d) the expense of a cost audit; and (e) allowed Developer Fees.

"Development Proceeds" means the sum of: (a) funds contributed or to be contributed to Borrower by Borrower's limited partner as capital contributions, equity or for any other purpose under Borrower's limited partnership agreement; and (b) the proceeds of all other financing for the Project.

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

"Displaced Tenant Preference Certificate Holder" means a person or household that has been issued a certificate under the Displaced Tenant Preference Program, as further described in the Operational Rules.

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

"Early Retention Release Contractors" means contractors who will receive retention payments upon satisfaction of requirements set forth in **Section 4.7**.

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

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

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

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

"Excess Proceeds" means Development Proceeds remaining after payment of Development Expenses. For the purposes of determining Excess Proceeds, no allowed Project Expenses may be included in Development Expenses.

"Expenditure Request" means a written request by Borrower for a Disbursement from the Funding Amount, which must certify that the Project costs covered by the Expenditure Request have been paid or incurred by Borrower.

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

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

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

"General Partner" means, collectively, Mercy Housing 1064 Mission LLC, a California limited liability company, and 1064 Mission LLC, a California limited liability company.

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

"Ground Lease" has the meaning set forth in **Recital B**.

"Ground Lessor" has the meaning specified in **Recital B**.

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

"Homeless" means:

- (1) An individual or family that lacks a fixed, regular, and adequate nighttime residence; and
- (2) An individual or family that has a primary nighttime residence that is:

- (i) A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);
- (ii) An institution that provides a temporary residence for individuals intended to be institutionalized; or
- (iii) A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. This term does not include any individual imprisoned or otherwise detained under an Act of the Congress or a State law.

“Homeless Household” means a household that meets the Homeless definition and is referred through the Coordinated Entry System for initial occupancy and upon available vacancies thereafter, as per the Local Operating Subsidy Program contract.

“Homeless Household under No Place Like Home (NPLH) Criteria” means specialized homeless targeting to meet the requirements of the No Place Like Home funding source for 76 adult units and 51 senior units. Occupancy of all NPLH assisted units shall be restricted to households with at least one member who qualifies as a member of the target population pursuant to the NPLH requirements. The NPLH target population includes adults or older adults with a serious mental disorder who are homeless, chronically homeless, or at-risk of chronic homelessness. This includes persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders as defined under the California Welfare and Institutions Code Sections 5600.3 (a) and 5600.3(b).

“Homeless Services Center” means an area owned by the City on the land on Stevenson Street co-owned and operated by the Department of Public Health and the Department of Homelessness and Supportive Housing to serve the needs of people experiencing homelessness, and including the relocated Tom Waddell Urgent Care Clinic, the Street Medicine program, dental services, and the SF Homeless Outreach Team (“SF HOT”).

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

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

"Indemnify" means, whenever any provision of this Agreement requires a person or entity (the "Indemnitor") to Indemnify any other entity or person (the "Indemnatee"), that the Indemnitor will be obligated to defend, indemnify and protect and hold harmless the Indemnatee, its officers, employees, agent, constituent partners, and members of its boards and commissions harmless from and against any and all Losses arising directly or indirectly, in whole or in part, out of the act, omission, event, occurrence or condition with respect to which the Indemnitor is required to indemnify an Indemnatee, whether the act, omission, event, occurrence or condition is caused by the Indemnitor or its agents, employees or contractors, or by any third party or any natural cause, foreseen or unforeseen; *provided that* no Indemnitor will be obligated to indemnify any Indemnatee against any Loss arising or resulting from the gross negligence or intentional wrongful acts or omissions of the Indemnatee or its agents, employees or contractors. If a Loss is attributable partially to the grossly negligent or intentionally wrongful acts or

omissions of the Indemnitee (or its agents, employees or contractors), the Indemnitor must Indemnify the Indemnitee for that part of the Loss not attributable to its own grossly negligent or intentionally wrongful acts or omissions or those of its agents, employees or contractors.

"Indemnitee" has the specific meaning set forth in **Section 23.1** and the general meaning set forth in the definition of "Indemnify."

"Indemnitor" has the meaning set forth in the definition of "Indemnify."

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

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

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

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

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

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

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

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

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

"MOHCD Monthly Project Update" has the meaning set forth in **Section 10.2**.

"Notes" means the two promissory notes executed by Borrower in favor of the City: (1) Note A in the original principal amount of the City Funds (as defined in Recital G) and (2) Note B in the original principal amount of the NPLH Funds (as defined in Recital E).

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

"Operational Rules" means MOHCD's Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities dated August 1, 2015, as amended from time to time.

"Opinion" means an opinion of Borrower's California legal counsel, satisfactory to the City and its legal counsel, that Borrower is a duly formed, validly existing California limited partnership in good standing under the laws of the State of California, has the power and authority to enter into the City Documents and will be bound by their terms when executed and delivered, and that addresses any other matters the City reasonably requests.

"Out of balance" means that the sum of undisbursed Funds and any other sources of funds that Borrower has closed or for which Borrower has firm commitments will not be sufficient to complete acquisition/construction/rehabilitation of the Project, as determined by the City in its sole discretion.

"Outside Acquisition Date" has the meaning set forth in **Section 3.1**

"Payment Date" means the first May 1 following the Completion Date and each succeeding May 1 until the Maturity Date.

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

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

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

"Project Expenses" means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on any junior or senior financing secured by the Site and used to finance the Project that has been approved by the City, (d) bond monitoring fees if applicable; ; (e) all other expenses actually incurred to cover operating costs of the Project, including maintenance and repairs and the fee of any managing agent as indicated in the Annual Operating Budget; (f) required deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement; (g) the approved annual asset management fees in the amount of \$35,000 increasing 3.5% annually, as indicated in the Annual Operating Budget and approved by the City; and (h) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account); Project Fees are not Project Expenses.

"Project Fees" means annual partnership management fees in the amount of \$35,000 (plus whatever increase is shown in the Annual Operating Budget and approved by the City), annual investor asset management fee in the amount of \$5,000 (plus whatever increase is shown in the Annual Operating Budget and approved by the City), and deferred Developer Fees approved by the City.

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

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

"Public Benefit Purposes" means activities or programs that primarily benefit low-income persons, are implemented by one or more nonprofit 501(c)(3) public benefit organizations, or have been identified by a City agency or a community planning process as a priority need in the neighborhood in which the Project is located.

"Public Benefit Use Commercial Space" has the meaning set forth in **Recital F** and further defined in MOHCD's Public Benefit Use Commercial Space policy as it may be amended from time to time. As used in this Agreement, the term excludes non-residential space in the Project to be used primarily for the benefit of the Tenants.

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

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

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

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

"Retention" has the meaning set forth in **Section 4.7**.

"SBE Manual" means that certain Small Business Enterprise Program manual dated July 1, 2015, as the same may be amended from time to time.

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

"Senior Lien" has the meaning set forth in **Section 24.1**.

"Senior Household" means a household where at least one resident is aged 55 years or older.

"SFHA" means the San Francisco Housing Authority.

"Site" means the Land and the Improvements.

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

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

"TCAC" means the California Tax Credit Allocation Committee.

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

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

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

"Title V" means Title V of the McKinney-Vento Homeless Assistance Act, Public Law 101-645 (42 U.S.C. 11411), which enables eligible organizations to use unutilized, underutilized, excess, or surplus federal properties to assist persons experiencing homelessness.

"Title V Restrictions" means the Title V Restrictions as incorporated into the U.S. Department of Health and Human Services ("HHS") Quitclaim Deed recorded on the Property which will govern the use of the property to continuously serve the homeless population for a period of 30 years; provided that this requirement shall only be applicable for so long as the Title V Restrictions and HHS Quitclaim Deed are in effect.

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

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

"Work Product" has the meaning set forth in **Section 24.21**.

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

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

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

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

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

1.3 Websites for Statutory References. The statutory and regulatory materials listed below may be accessed through the following identified websites.

(a) CFR provisions: www.access.gpo/nara/cfr

(b) OMB circulars: www.whitehouse.gov/OMB/circulars

(c) S.F. Administrative Code:
www.sfgov.org/site/government_index.asp#codes

(d) No Place Like Home program guidelines are available at the State of California Housing and Community Development Department's website:
<http://www.hcd.ca.gov/grants-funding/active-funding/nplh.shtml#guidelines>

1.4 Contracting Manual. Borrower shall use the Contracting Manual as a guide to Borrower's responsibilities under Laws and regulations regarding soliciting, awarding and administering contracts associated with projects assisted by federal funds. In the event of a conflict between the terms of the Contracting Manual and this Agreement, the terms of the Agreement shall prevail.

ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to finance development costs for a new permanent supportive housing development with two building: one building including 153 units for Homeless adults plus one resident manager unit, and one building including 103 units for Homeless Senior Households plus one resident manager unit, for a total of 258 units; as well as to construct the commercial shell of a culinary job training program for people experiencing homelessness (the "Public Benefit Use Commercial Space") which will be known as the CHEFS Program (the "Project"). 51 Senior Household units and 76 Adult Units will be targeted to residents who qualify under the Homeless Household under No Place Like Home (NPLH) Criteria. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Notwithstanding anything to the contrary contained herein, City shall not approve expenditure of Funds for expenses incurred prior February 9, 2018, when the project was awarded.

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

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

2.5 Conditions to Additional Financing. The City may grant or deny any application by Borrower for additional financing for the Project in its sole discretion.

ARTICLE 3 TERMS. Borrower's repayment obligations with respect to the Funding Amount will be evidenced and governed by the Note, which will govern in the event of any conflicting provision in this Agreement.

3.1 Maturity Date. Borrower must repay all amounts owing under the City Documents on the date that is the later of (a) the fifty-seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the fifty-fifth (55th) anniversary of the Conversion Date (the "Maturity Date").

3.2 Compliance Term; Declaration of Restrictions. Borrower must comply with all provisions of the City Documents relating to the use of the Site and the Project as set forth in the Declaration of Restrictions to be recorded in the official records of San Francisco County, for the period commencing on the date a certificate of occupancy for the Project is issued and ending on the Maturity Date (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed before that date.

3.3 Interest. Except as provided in **Section 3.4**, no interest will be charged on the Loan.

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

3.5 Repayment of Principal and Interest. Except as set forth in Section 3.7 below, the outstanding principal balance of the Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Note.

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

3.7 Notification and Repayment of Excess Proceeds. Borrower must notify the City in writing within thirty (30) days after the later of the date on which Borrower receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Borrower receives Excess Proceeds from its limited partner or other financing sources. City shall have sixty (60) days after receipt of such notification to provide Borrower with a demand for payment, and upon receipt of the City's demand, Borrower shall repay all Excess Proceeds to the City. The City shall use such Excess Proceeds to reduce the balance of the Loan.

3.8 Additional City Approvals. Borrower understands and agrees that City is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. Borrower understands and agrees that neither entry by City into this Agreement nor any approvals given by City under this Agreement shall be deemed to imply that Borrower will obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, City is in no way modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property shall require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property, which may include, without limitation, the San Francisco City Planning Commission and the San Francisco Board of Supervisors. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

ARTICLE 4 CLOSING; DISBURSEMENTS.

4.1 Generally. Subject to the terms of this Agreement, the City will make Disbursements in an aggregate sum not to exceed the Funding Amount to or for the account of Borrower in accordance with this Agreement and the approved line item budget contained in the Table of Sources and Uses.

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

(a) Borrower must have delivered to the City fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the City: (i) the Note; (ii) this Agreement (in triplicate); (iii) the Authorizing Resolutions; (iv) the Developer Fee Agreement; and (v) any other City Documents reasonably requested by the City.

(b) Borrower must have delivered to the City: (i) Borrower's Charter Documents and (ii) a comprehensive maintenance and operating plan for the Project duly approved by Borrower's governing body that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection.

(c) Borrower must have delivered to the City satisfactory evidence that Borrower has obtained commitments for any additional financing that may be required for the Project, in amounts and from lenders or investors satisfactory to the City in its sole discretion.

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

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

(f) Borrower must have submitted a "Phase I" environmental report for the Site, or any other report reasonably requested by the City, prepared by a professional hazardous materials consultant acceptable to the City.

(g) The Declaration of Restrictions and Deed of Trust must have been recorded as valid liens in the official records of San Francisco County, subject only to the Permitted Exceptions.

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

4.3 Intentionally Omitted.

4.4 Disbursements. The City's obligation to approve any expenditure of Funds after Loan closing is subject to Borrower's satisfaction of the following conditions precedent.

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

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

(c) With respect to any Expenditure Request that covers rehabilitation or construction costs, Borrower must have certified to the City that the Project complies with the labor standards set forth in **Exhibit E, Section 1**, if applicable.

(d) Notwithstanding anything to the contrary contained herein, the City's obligation to approve any expenditure of the NPLH Funds is subject to Borrower's satisfaction of the following additional conditions precedent: (i) Project construction shall be completed, in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection and an architect's or engineer's certificate of completion; and (ii) Borrower has

delivered to City acceptable verification from Borrower's accountants that the "50% test" has been met for purposes of satisfying Section 42(h)(4)(B) of the Internal Revenue Code.

4.5 Loan In Balance. The City may require Borrower to pay certain costs incurred in connection with the Project from sources of funds other than the Loan at any time the City determines in its reasonable discretion that the Loan is out of balance. When the City is satisfied in its reasonable discretion that the Loan is again in balance, the City will recommence making Disbursements for Expenditure Requests meeting the conditions set forth above.

4.6 Retention.

(a) In addition to the other conditions to Disbursements, Borrower acknowledges that except for the off site built Factory Built Housing scope of work, the amount of hard costs or tenant improvements costs included in any Expenditure Request associated with rehabilitation or construction, when added to previously approved costs, may not exceed ninety percent (90%) of the approved budgeted costs on a line item basis. After fifty percent (50%) of the rehabilitation or construction of the Project is complete as determined by the City, and upon Borrower's written request, the City may but shall not be obligated to permit Borrower to increase such amount to ninety five percent (95%) of the approved budgeted costs on a line item basis, provided that the following prerequisites have been met: (a) all work required to be performed by the Early Retention Release Contractors has been completed in conformance with the terms of the applicable contract documents, the plans and specifications approved by the City and all applicable Laws; (b) the applicable Early Retention Release Contractors have filed unconditional lien waivers satisfactory to the City; (c) no liens or stop notices have been filed against the Project and no claims are pending; (d) the City determines that the contingency is in balance and adequate to complete the Project; and (e) the Project is on schedule.

(b) The remaining percentage of hard costs or tenant improvement costs associated with rehabilitation or construction may be held by the City and/or other Project lenders (the "Retention") and with the exception of the off site built Factory Built Housing scope of work may be released only upon satisfaction of all requirements listed in the Construction Manager's Checklist for Release of Retention included in the Contracting Manual and, other than release of Retention to Early Retention Release Contractors, each of the following conditions, unless otherwise approved in writing by the City: (a) completion of rehabilitation or construction of the Project in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion; (b) timely recordation of a notice of completion; and (c) either expiration of the lien period and the absence of any unreleased mechanics' liens or stop notices or recordation of the lien releases of all contractors, subcontractors and suppliers who provided labor or materials for the Project.

(c) Release of any Retention to Early Retention Release Contractors will be subject to the satisfaction of all requirements listed in the Construction Manager's Checklist for Release of Retention included in the Contracting Manual and each of the following conditions, unless otherwise approved in writing by the City: (a) the work to be performed by the applicable Early Retention Release Contractor has been completed in conformance with the terms of the

applicable contract documents, the plans and specifications approved by the City and all applicable Laws; (b) the applicable Early Retention Release Contractor has filed unconditional lien waivers satisfactory to the City; and (c) no liens or stop notices have been filed against the Project in connection with the work performed by the applicable Early Retention Release Contractor and no claims are pending.

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

ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION.

5.1 Selection Requirements. In the selection of all contractors for the site built scope of work and professional consultants for the Project, Borrower must comply with the City's procurement requirements and procedures as described in the Contracting Manual and with the requirements of the Small Business Enterprise Program ("SBE Program") as set forth in the SBE Manual according to the procedures established by the City's Contract Monitoring Division.

5.2 Plans and Specifications. Before starting any demolition, rehabilitation or construction on the Site, Borrower must have delivered to the City, and the City must have reviewed and approved, plans and specifications and the construction contract for the Project entered into between Borrower and Borrower's general contractor and approved by the City (the "Construction Contract"). The plans Site Permit and Structural Addenda approved by the City must also be approved by the City and County of San Francisco's Department of Building Inspection (the "Department of Building Inspection") (collectively, the "Approved Plans") prior to the start of any demolition, rehabilitation or construction on the Site. The Approved Plans must be explicitly identified in the Construction Contract. The specifications approved by the City, including the funder requirements and the technical specifications (the "Approved Specifications") must also be explicitly identified in the Construction Contract. The Construction Contract may include funder requirements not otherwise addressed in the Approved Specifications. The Contracting Manual provides further guidance to Borrower regarding the City's policies for the review and approval of plans, specifications and construction contracts. After completion of the Project, Borrower must retain the Approved Plans as well as "as-built" plans for the Project, the Approved Specifications and the Construction Contract, all of which Borrower must make available to the City upon request.

5.3 Change Orders. Borrower may not approve or permit any change orders to the plans and specifications approved by the City without the City's prior written consent. Borrower acknowledges that the City's approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional Funds for the Project, unless the

City agrees in its sole discretion to amend the Table of Sources and Uses or provide additional Funds for that purpose.

5.4 Insurance, Bonds and Security. Before starting any demolition, rehabilitation or construction on the Site, Borrower must deliver to the City insurance endorsements and bonds as described in **Exhibit L**. At all times, Borrower must take prudent measures to ensure the security of the Site.

5.5 Notice to Proceed. No demolition, rehabilitation or construction may commence until Borrower has issued a written notice to proceed with the City's approval.

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower must: (a) commence demolition, rehabilitation or construction by a date no later than March 1, 2020; (b) complete demolition, rehabilitation or construction by a date no later than February 1, 2022, in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion (the "Completion Date"); and (c) achieve occupancy of ninety five percent (95%) of the Units by a date no later than June 2022.

5.7 Rehabilitation/Construction Standards. All rehabilitation or construction must be performed in a first class manner, substantially in accordance with final plans and specifications approved by the City and in accordance with all applicable codes.

ARTICLE 6 MARKETING.

6.1 Marketing and Tenant Selection Plan. No later than six (6) months before the Completion Date, Borrower must deliver to the City for the City's review and approval an affirmative plan for initial and ongoing marketing of the Units and a written Tenant selection procedure for initial and ongoing renting of the Units based on MOHCD's then-current form of marketing and tenant selection plan (the "Marketing and Tenant Selection Plan"), all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City. Borrower must obtain the City's approval of reasonable alterations to the Marketing and Tenant Selection Plan. Borrower must market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City.

6.2 Affirmative Marketing and Tenant Selection Plan Requirements. Borrower's Marketing and Tenant Selection Plan must address how Borrower intends to accept referrals from the Coordinated Entry System of the Department of Homelessness and Supportive Housing (HSH) or their successor agency for all permanent supportive housing units. The Marketing and Tenant Selection Plan shall include as many of the following elements as are appropriate to the Project, as determined by the City: income restrictions, age requirement for the senior housing units and No Place Like Home (NPLH) population targeting requirements.

(a) A reasonable accommodations policy that indicates how Borrower intends to market Units to disabled individuals, including an indication of the types of accessible Units in

the Project, the procedure for applying, and a policy giving disabled individuals a priority in the occupancy of accessible Units.

(b) A plan that satisfies the requirement to give preference in occupying units first to Certificate of Preference Holders to the extent that Certificate of Preference Holders are in the Coordinated Entry System. .

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

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

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

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

ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

7.1 Term of Leasing Restrictions. Borrower acknowledges and agrees that the covenants and other leasing restrictions set forth in this Article will remain in full force and effect: (a) for the Compliance Term and survive the prior repayment or other satisfaction of the Loan, termination of this Agreement or reconveyance of the Deed of Trust; (b) for any Unit that has been subject to a regulatory agreement with TCAC, for a period ending three (3) years after the date of any transfer of the Project by foreclosure or deed-in-lieu of foreclosure; and (c) with respect to any Unit occupied by a Qualified Tenant at expiration of either the Compliance Term or the 3-year period referred to in **Subsection (b)** above, until the Qualified Tenant voluntarily vacates his/her Unit or is evicted lawfully for just cause. The requirements to comply with the provisions of Internal Revenue Code Section 42, including Section 42(h)(6)(E)(ii), are hereby acknowledged.

7.2 Borrower's Covenant.

(a) Borrower covenants to rent all Units (except two Units reserved for the two resident staff managers of the Project) at all times to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**. 100% of the Units (except two Units reserved for staff of the Project) must be rented to Homeless Households for a period of 30 years pursuant to the Title V Restrictions as applied to the Project and thereafter for so long as the Project is receiving sufficient operating subsidy under the City's Local Operating Subsidy Program or a similar subsidy program.

(b) A Tenant who is a Qualified Tenant at initial occupancy may not be required to vacate the Unit due to subsequent rises in household income, except as provided in **Section 7.3**. After the over-income Tenant vacates the Unit, the vacant Unit must be rented only to Qualified Tenants as provided in **Section 7.1**.

7.3 Rent Restrictions.

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

(b) Rents for all Units may be increased once annually by the amount which corresponds to the percentage increase of the annual change in Median Income.

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

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

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

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

7.4 Certification.

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

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

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

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

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

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

7.8 Public Benefit Use Commercial Space. Prior to Closing, MOHCD reviewed and approved the development plans for the Public Benefit Use Commercial Space which is ECS' CHEFS program. All leases of Public Benefit Use Commercial Space must be to bona fide third party tenants capable of performing their financial obligations under their leases, which must reflect arms'-length transactions at the then-current market rental rate for comparable space, *provided that*, leases for Public Benefit Purposes may be at below-market rates so long as the sum of Project Income and Commercial Income meets approved cash flow requirements for the Project. MOHCD has approved the lease to ECS for the CHEFs program with the terms of \$1 / year plus CAMs charges. Allowed uses of Public Benefit Use Commercial Space must be consistent with all applicable redevelopment plans and local planning and building codes and be reasonably compatible with the design and purpose of the Project. Each lease of Public Benefit Use Commercial Space must restrict its use to Public Benefit Purposes. Each lease of Public Benefit Use Commercial Space must comply with the MOHCD Commercial Underwriting Guidelines as set forth in **Exhibit O** herein.

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1 Borrower's Responsibilities.

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

(b) Borrower must take prudent measures to ensure the security of the Site. Measures may include erecting a fence; covering and securing all openings in any vacant building and hiring security guards, as appropriate for the circumstances.

8.2 Contracting With Management Agent.

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

(b) The City will provide written notice to Borrower of any determination that the contractor performing the functions required in **Section 8.1(a)** has failed to operate and

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

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

ARTICLE 9 GOVERNMENTAL REQUIREMENTS.

9.1 Borrower Compliance. Borrower must comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of Funds for the construction, rehabilitation and/or operation of the Project, including those set forth in **Exhibit E** and **Exhibit L**. Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement. Subject to **Section 23.1**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

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

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

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

10.2 Monthly Reporting. Borrower must submit monthly reports (the "MOHCD Monthly Project Update") describing progress toward developing the Project with respect to

obtaining necessary approvals from other City departments, procuring architects, consultants and contractors, changes in scope, cost or schedule and significant milestones achieved in the past month and expected to be achieved in the coming month. The MOHCD Monthly Project Update must be submitted by email in substantially the form to be found in the Contracting Manual until such time as the Project Completion Report is submitted to the City pursuant to **Section 10.5** below.

10.3 Annual Reporting.

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

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

10.4 Capital Needs Assessment. Borrower must deliver to MOHCD an updated CNA every five (5) years after the Completion Date for approval. Each CNA must conform with MOHCD's CNA policy as it may be amended from time to time.

10.5 Project Completion Report. Within the specific time periods set forth below after the completion of rehabilitation or construction, the lease-up and/or permanent financing of the Project, as applicable, Borrower must provide to the City the reports listed below certified by Borrower to be complete and accurate. Subsequent to the required submission of the reports listed below, Borrower shall provide to the City information or documents reasonably requested by the City to assist in the City's review and analysis of the submitted reports:

(a) within one hundred and eighty (180) days after the Completion Date, a project completion audit performed by an independent certified public accountant identifying the sources and uses of all Project funds including the Funds;

(b) within one hundred-eighty (180) days after the Completion Date, a report on use of Small Disadvantaged Business Enterprises as defined in the SBE Manual, including the type of work and the dollar value of such work;

(c) within ninety (90) days after seventy-five percent (75%) occupancy, and one hundred percent (100%) occupancy, respectively, a report on the lease-up of the Units including number of leases by race, ethnicity and single-headed household by gender, to the extent available, location of previous residence, and also indicating the Units by income category; and

(d) within ninety (90) days after the Completion Date, a report demonstrating compliance with all requirements regarding relocation, including the names of all individuals or businesses occupying the Site on the date of the submission of the application for Funds, those moving in after that date, and those occupying the Site upon completion of the Project.

(e) within one hundred-eighty (180) days after the Completion Date, and if the Project has used federal funds, a report demonstrating compliance with all requirements regarding HUD Section 3 and MOHCD Section 3 hiring goals, including documentation of total labor hours worked on the Project, total Section 3 hours worked, total wages paid, total Section 3 wages paid, and the names of all individuals employed to comply with the Section 3 and Section 3 goals, including the total hours worked for each individual and total wages paid to each individual.

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

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

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

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

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

10.8 Access to the Project and Other Project Books and Records. In addition to Borrower's obligations under **Sections 2.4, 10.1, 10.2, 10.3, 10.4, 10.5, 10.6 and 10.7** and any other obligations to provide reports or maintain records in any City Document, Borrower agrees that duly authorized representatives of the City will have: (a) access to the Project, at reasonable times and upon reasonable notice to the Borrower, throughout the Compliance Term to monitor the progress of work on the Project and compliance by Borrower with the terms of this Agreement; and (b) access to and the right to inspect, copy, audit and examine all books, records and other documents Borrower is required to keep at all reasonable times, following reasonable notice, for the retention period required under **Section 10.9**.

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

ARTICLE 11 USE OF INCOME FROM OPERATIONS.

11.1 Project Operating Account.

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

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

ARTICLE 12 REQUIRED RESERVES.

12.1 Replacement Reserve Account.

(a) Commencing no later than sixty (60) days after the Completion Date, or any other date the City designates in writing, Borrower must establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account"). On or before the 15th day of each month following establishment of the Replacement Reserve Account, Borrower must make monthly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary.

(b) Monthly deposits must equal the lesser of: (i) 1/12th of 0.6% of Replacement Cost; or (ii) 1/12th of the following amount: \$90,300.

After the Project's first five (5) years of operation, Borrower may request adjustments every five (5) years based on its most recently approved CNA.

(c) Borrower may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Project, such as replacing or repairing structural elements, furniture, fixtures or equipment of the Project that are reasonably required to preserve the Project. Borrower may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without the City's prior written approval.

12.2 Operating Reserve Account.

(a) Commencing no later than sixty (60) days after the Conversion Date, or any other date the City designates in writing, Borrower must establish or cause to be established a segregated interest-bearing operating reserve depository account (the "Operating Reserve Account") by depositing funds in an amount equal to twenty-five percent (25%) of the approved budget for Project Expenses for the first full year of operation of the Project. The City may review the adequacy of deposits to the Operating Reserve Account periodically and require adjustments as it deems necessary.

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

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

ARTICLE 13 DISTRIBUTIONS.

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

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

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

- (a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or
- (b) when the City determines that Borrower or Borrower's management agent has failed to comply with this Agreement; or
- (c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or
- (d) if the Replacement Reserve Account, Operating Reserve Account or any other reserve account required for the Project is not fully funded under this Agreement; or
- (e) if the Loan is to be repaid from Residual Receipts, Borrower failed to make a payment when due on a Payment Date and the sum remains unpaid; or
- (f) during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any time from and after the closing date of Borrower's financing for construction or rehabilitation of the Project that the City determines the Loan is out of balance) under any City Document.

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

ARTICLE 14 SYNDICATION PROCEEDS.

14.1 Distribution and Use. If Borrower is a limited partnership or limited liability company, and unless otherwise approved by the City in writing, Borrower must allocate, distribute and pay or cause to be allocated, distributed and paid all net syndication proceeds and all loan and grant funds as specified in the Table. Borrower must notify the City of the receipt and disposition of any net syndication proceeds received by Borrower during the term of this Agreement.

ARTICLE 15 DEVELOPER FEES.

15.1 Amount. Borrower is entitled to pay Developer fees from the Loan in an amount not to exceed \$16,969,303 and No/100 Dollars for developing the Project ("Developer Fees"), subject to the terms and conditions set forth in full in the Developer Fee Agreement between the City and Borrower.

15.2 Payment Schedule. Developer Fees shall be deemed earned and disbursed according to the following schedule:

Developer Fee Disbursement Schedule – Residential and CHEFS		
Payment Milestone	% of Project Mgmt Fee	Amount
<i>Project Management</i>		
At Acquisition or closing of preconstruction financing	15%	\$165,000
During or at end of Predevelopment	35%	\$385,000
At Construction Loan Closing	20%	\$220,000
During Construction	20%	\$220,000
At Project Close Out	10%	\$110,000
Total Project Management Fee	100%	\$1,100,000
<i>At Risk Fee</i>		
Qualified Occupancy	20%	\$536,000
Perm Loan Closing	50%	\$1,340,000
Project Closeout	30%	\$804,000
Total At Risk Fee	100%	\$2,680,000
GP Equity		\$12,939,303
Total Residential Developer Fee		\$16,719,303
Commercial Developer Fee for CHEFS Program		
100 % CDs		\$83,334
Construction loan closing		\$41,667
50% completion		\$62,500
Project close out		\$62,500
Commercial Developer Fee for CHEFS Program		\$250,000
TOTAL DEVELOPER FEE		\$16,969,303

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower may not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units and/or Public Benefit Use Commercial Space in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion (c) transfers from Borrower to a limited partnership or limited liability

company formed for the tax credit syndication of the Project, where Borrower or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity or is the manager of a limited liability company that is the sole general partner or manager of that entity; (d) transfers of the general partnership or manager's interest in Borrower to a nonprofit public benefit corporation approved in advance by the City; (e) transfers of any limited partnership or membership interest in Borrower to an investor pursuant to the tax credit syndication of the Project and transfers of any limited partner interest in Borrower to affiliates of Borrower's investor limited partner; or (f) the grant or exercise of an option agreement between Borrower and Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by the City. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

ARTICLE 17 INSURANCE AND BONDS.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or cause to be obtained and maintained, insurance and bonds as set forth in **Exhibit L** from the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County until the expiration of the Compliance Term at no expense to the City.

ARTICLE 18 GOVERNMENTAL APPROVALS.

18.1 Compliance. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to be obtained for the Project. Subject to **Section 23.1**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 19 DEFAULT.

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

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

(b) Any lien is recorded against all or any part of the Site or the Project without the City's prior written consent, whether prior or subordinate to the lien of the Deed of Trust or Declaration of Restrictions, and the lien is not removed from title or otherwise remedied

to the City's satisfaction within thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

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

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

(e) All or a substantial or material portion of the improvements on the Site is damaged or destroyed by fire or other casualty, and the City has determined upon restoration or repair that the security of the Deed of Trust has been impaired or that the repair, restoration or replacement of the improvements in accordance with the requirements of the Deed of Trust is not economically practicable or is not completed within two (2) years of the receipt of insurance proceeds; or all or a substantial or material portion of the improvements is condemned, seized or appropriated by any non-City Governmental Agency or subject to any action or other proceeding instituted by any non-City Governmental Agency for any purpose with the result that the improvements cannot be operated for their intended purpose; or

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

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

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

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

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

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

(l) Any material adverse change occurs in the financial condition or operations of Borrower, such as a loss of services funding or rental subsidies, that has a material adverse impact on the Project; or

(m) Borrower fails to make any payments or disbursements required to bring the Loan in balance after the City determines that the Loan is out of balance; or

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

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

(p) Notwithstanding anything to the contrary contained herein, Borrower shall not be in default under the City Documents if the Event of Default is caused by a default under the Quitclaim Deed recorded on the Land that is caused by City action or omission, including but not limited to the City's failure to operate the Homeless Service Center in accordance with the Quitclaim Deed restriction requirements or the loss of the LOSP Subsidy for the Project. The City's obligations in such an event shall be further set forth in the _____ to be executed by City and Borrower.

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

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

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

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

(d) The City, either directly or through an agent or court-appointed receiver, may take possession of the Project and enter into contracts and take any other action the City deems appropriate to complete or construct all or any part of the improvements, subject to modifications and changes in the Project the City deems appropriate.

(e) The City may apply to any court of competent jurisdiction for specific performance, or an injunction against any violation, of this Agreement or for any other remedies or actions necessary or desirable to correct Borrower's noncompliance with this Agreement.

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

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

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

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

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

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

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

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

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

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

(f) The Loan is in balance, and the Funding Amount, together with all other committed sources of financing for the Project, are sufficient to complete the Project in accordance with this Agreement.

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

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

ARTICLE 21 NOTICES.

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

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

To Borrower: 1064 Mission, L.P., a California limited partnership
Care of: Mercy Housing California
1256 Market Street
San Francisco, CA 94102
Attn: President

With a copy to: Episcopal Community Services of San Francisco
165 Eighth Street, 3rd Floor
San Francisco, CA 94103
Attn: Executive Director

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

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

ARTICLE 22 HAZARDOUS SUBSTANCES.

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

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

ARTICLE 23 INDEMNITY.

23.1 Borrower's Obligations. Borrower must Indemnify the City and its respective officers, agents and employees (individually or collectively, an "Indemnatee") against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the City Documents (including those covenants set forth in **Article 22** above); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnatee that relates to or arises out of the City Documents, the Loan, the Site, or the Project or any transaction contemplated by, or the relationship between Borrower and the City or any

action or inaction by the City under, the City Documents; (f) the occurrence until the expiration of the Compliance Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring before the expiration of the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 18.1 and 22.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower must answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement.

23.2 No Limitation. Borrower's obligations under **Section 23.1** are not limited by the insurance requirements under this Agreement.

ARTICLE 24 GENERAL PROVISIONS.

24.1 Subordination. The Deed of Trust may be subordinated to other financing secured by and used for development of the Project (in each case, a "Senior Lien"), but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval.

24.2 No Third Party Beneficiaries. Nothing contained in this Agreement, nor any act of the City, may be interpreted or construed as creating the relationship of third party beneficiary, limited or general partnership, joint venture, employer and employee, or principal and agent between the City and Borrower or Borrower's agents, employees or contractors.

24.3 No Claims by Third Parties. Nothing contained in this Agreement creates or justifies any claim against the City by any person or entity with respect to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services

with respect to the Project. Borrower must include this requirement as a provision in any contracts for the development of the Project.

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

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

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

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

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

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

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

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

24.12 Attorneys' Fees. If any legal action is commenced to enforce any of the terms of this Agreement or rights arising from any party's actions in connection with this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees (including allocated fees of the City Attorney's Office) and costs of suit from the other party, whether incurred in a judicial, arbitration, mediation or bankruptcy proceeding or on appeal. For the purposes of this Agreement, reasonable fees of attorneys in the City Attorney's office will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter of law for which the City Attorney's services were rendered, who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office. An award of attorneys' fees and costs will bear interest at the default rate under the Note from the date of the award until paid.

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

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

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

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

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

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

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

24.20 Borrower's Governance. Borrower, or Borrower's General Partner (or such General Partner's manager), shall at all times be governed by legally constituted and fiscally responsible board of directors. Such board of directors shall meet regularly and maintain appropriate membership, as established in the bylaws and other governing documents of Borrower, or Borrower's General Partner (or such General Partner's manager), as applicable, and shall adhere to applicable provisions of federal, state and local laws governing nonprofit corporations. If Borrower has multiple general partners, Borrower shall have one managing general partner, and such managing general partner shall be a nonprofit corporation governed by a legally constituted and fiscally responsible board of directors. Borrower's general partners shall exercise such oversight responsibility with regard to this Agreement as is necessary to ensure full and prompt performance by Borrower of its obligations under this Agreement.

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

EXHIBITS

- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma
- C Form of Tenant Income Certification
- D First Source Hiring Requirements and Numerical Goals
- E Governmental Requirements
- F Lobbying/Debarment Certification Form
- G Form of Annual Monitoring Report
- H Tenant Selection Plan Policy
- I MOHCD Tenant Screening Criteria Policy
- J Reserved
- K Reserved
- L Insurance Requirements
- M INTENTIONALLY OMITTED
- N INTENTIONALLY OMITTED
- O MOHCD Commercial Underwriting Guidelines
- P MOHCD Residual Receipts Policy

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

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

THE CITY:

**1064 Mission, L.P.,
a California limited partnership**

CITY AND COUNTY OF SAN
FRANCISCO, a municipal corporation

By: 1064 Mission LLC,
a California limited liability company,
its managing general partner

By: _____
London N. Breed
Mayor

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

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

By: _____
Name: _____
Title: _____

By: Mercy Housing 1064 Mission LLC,
a California limited liability company,
a general partner

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: Mercy Housing Calwest,
a California nonprofit public benefit
corporation,
its sole member/manager

By: _____
Deputy City Attorney

By: _____
Name: _____
Title: _____

EXHIBIT A

Schedules of Income and Rent Restrictions

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

Unit Size	No. of Units	Maximum Income Level
Studio Senior Household	52	50% of Median Income
Studio Adult	77	50% of Median Income
NPLH Studio (Senior Household)	51	40% of Median Income
NPLH Adult	76	40% of Median Income
1-BR Staff Unit	2	N/A

2. All Units except for the two resident staff units must be made available to Homeless Households for a period of 30 years pursuant to the Title V Restrictions as applied to the Project and thereafter for so long as the Project is receiving sufficient operating subsidy under the City's Local Operating Subsidy Program.

3. 51 Senior Household Units and 76 Adult Units shall be No Place Like Home units and targeted to residents who meet the Homeless Household under No Place Like Home (NPLH) Criteria for a period of 55 years. NPLH units are restricted to [40%] AMI however the AMI for the NPLH units may be increased to a maximum of 50% AMI consistent with the provisions under the NPLH Program Guidelines.

EXHIBIT B-1
Table of Sources and Uses of Funds

Application Date:	8/22/15	# Units:	258	LOSP Project
Project Name:	1064 Mission Permanent Supportive Housing	# Bedrooms:	258	
Project Address:	1064 Mission Street	# Beds:		
Project Sponsor:	Mercy Housing California and Episcopal Community Services of San Francisco			

SOURCES										Total Sources	Comments
72,789,745	1,616,364	31,055,610	1,078,870	1,500,000	2,432,625	12,938,303	143,614,267	13,450,000	197,684,957		
NAME OF SOURCES:	MOHCHD- HSC	Tax Credit (Equity Pool and CHEFS	Tax Credit (Equity Clinic	AMP	ECS Purchasing	GP Equity	TOTAL RESIDENTIAL & CHEFS	DPHCHSH clinic			

USES

ACQUISITION									
Acquisition cost or value									0
Legal / Closing Costs / Broker's Fee								5,000	5,000
Holding Costs									0
Transfer Tax									0
TOTAL ACQUISITION	0	0	0	0	0	0	0	5,000	5,000

CONSTRUCTION (HARD COSTS)

[illegible]

SOFT COSTS

Architecture & Design										See MOPDC A&E Fee Guidelines on Job, Architectural and Engineering sub-items and forms
Architect design fee	1,873,000				248,000		2,076,000	161,423	2,537,423	
Design Subcontractors to the Architect (incl. Fees)	46,460				25,483		83,143	53,874	133,019	
Architect Construction Admin.		630,000					630,000	38,510	768,510	
Reimbursables	169,000						110,000	10,000	170,000	
Additional Services							0	0	0	
Sub-total/Architect Contract	1,974,460	0	630,000	0	333,483	0	2,359,143	630,459	3,559,090	
Other Third Party design consultants (not included under Architect contract)	276,676				8,554		246,200	28,021	277,251	Onl. Exterior Maintenance, Security, waterproofing
Total Architecture & Design	2,251,136	0	630,000	0	363,337	0	3,174,373	658,480	3,941,253	
Engineering & Environmental Studies										
Survey	43,933				1,546		43,456	24,040	69,495	
Geotechnical studies	162,302				6,623		168,923	21,975	190,500	
Phase I & II Reports	73,550				2,900		78,450	5,446	87,361	
CEQA & Environmental Review consultants										
NEPA / 150 Review	91,115						93,115		95,115	Archaeology
Chattahoochee (table only)										
Other environmental consultants	72,060				2,842		75,092	63,000	138,092	Name consultants & contract amounts
Total Engineering & Environmental Studies	446,945	0	0	0	14,911	0	460,956	119,681	876,017	
Financing Costs										
Construction Financing Costs										
Construction Loan Origination Fee	318,300								318,300	
Construction Loan Interest			5,174,471						5,174,471	
Title & Recording	40,000						40,000		49,000	
CDMA & CDMA Fees	51,481						51,481		51,481	
Bond Issuer Fees	98,875						98,875		98,875	limited to 12.5% due to interest party, 98.875
Other Bond Cost of Insurance	3,500						3,500		3,500	
Other Lender Costs - construction inspection	60,000						60,000		60,000	construction inspection
Sub-total/ Const. Financing Costs	662,681	0	5,178,471	0	0	0	5,842,132	0	5,842,132	
Permanent Financing Costs										
Permanent Loan Origination Fee	10,000						10,000		10,000	Century Housing A&P loan fee
Credit Enhance. & App. Fee										
Title & Recording	10,000	0	0	0	0	0	10,000		10,000	
Sub-total/Perm. Financing Costs	20,000	0	0	0	0	0	20,000		20,000	
Total Financing Costs	872,681	0	5,178,471	0	0	0	5,852,132		5,852,132	
Legal Costs										
Business/Local level	85,000						85,000		85,000	
Local level C&A Attorney fees										
Tax Credit Counsel	40,000						40,000		49,000	
Bond Counsel	75,000						75,000		75,000	
Construction Lender Counsel	30,000						30,000		30,000	
Permanent Lender Counsel										
Other Legal - C&A & local, Investor Counsel	65,000				5,000		60,000		65,000	
Total Legal Costs	215,000	0	0	0	5,000	0	240,000	0	240,000	
Other Development Costs										
Appraisal	30,000						30,000		30,000	
Market Study	1,500						1,500		1,500	
Insurance	1,900,000				80,000		1,980,000	60,000	1,980,000	
Property Taxes										
Acquisition Agent	70,000						70,000		70,000	
Quadrilateral Costs							0		0	
Insurance / Permit Fees	1,240,351				49,188		1,289,539	87,604	1,377,143	
Insurance / Permit Fee		515,000			125,000		640,000		640,000	
Fundraising		1,555,747			136,000		1,731,747		1,731,747	123,000 due to MOPDC URM Guidelines on Job, Architectural and Engineering sub-items and forms
PM/IL / Utility fees	853,665				194,651		1,048,326	266,774	1,315,000	
CEQA / PM / Admin. / Member Fees	17,499		105,780				123,288		161,244	
PM/IL / Consultant fees	65,000						65,000		65,000	
Construction Management fees / Owner's Rep	127,615				6,432		164,045	25,952	189,500	
Security during Construction							200,000		200,000	Urban Archery during construction
Relocation							0		0	
Other - public art	180,000						650,000		830,000	
Other - Pre-construction meeting	7,056				294		7,350		7,644	
Other - Special inspection/monitoring before					6,653		17,749	22,651	29,000	
Total Other Development Costs	3,462,714	0	2,481,820	0	2,078,486	0	8,022,920	477,881	8,500,801	
Soft Cost Contingency										
Contingency (Arch. Eng. Pn. Legal & Other Costs)	622,439				444,611	0	43,852	1,167,892	169,000	1,337,893 Should be either 10% or 5% of total soft costs
Contingency (Arch. Eng. Pn. Legal & Other Costs)							1,604,148	2,078,486	1,992,920	2%
Total Soft Costs	622,439	0	2,481,820	0	444,611	0	43,852	1,167,892	169,000	

RESERVES

Operating Reserves		1,855,632		1,855,632	1,855,632
Investment Reserves					0
Unrealized Investment Reserves					0
Other (specify)					0
Other (specify)					0
TOTAL RESERVES	0	1,855,632	0	1,855,632	2,004,160

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	890,000	110,000		1,000,000	300,000	1,400,000	
Developer Fee - Cash-out At Ret.	2,440,000			2,650,000		2,650,000	
Developer Fee - UP Equity (also show at 8% share)	0	0		12,939,363	12,939,363	12,939,363	
Developer Fee - Defined (also show at 8% share)				0	0	0	
Developer Fee - Defined (also show at 8% share)				0	0	0	
Capital Campaign consultant fee and CH&PS PM fee to PM consultant							
Development Consultant Fees		500,000		500,000		500,000	
Community Facilities Space Fee	125,000	125,000		250,000		250,000	
Community Facilities Space Fee	2,115,000	0	0	600,000	12,939,363	17,494,363	300,000
TOTAL DEVELOPER COSTS	0	0	0	600,000	12,939,363	17,494,363	300,000

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	282,131	6,272	197,890	4,182	5,814	10,204	50,152	556,844	82,134	606,778
Development Cost/Unit as % of TDC by Source	46.3%	1.0%	32.6%	0.7%	1.0%	1.7%	8.2%	91.4%	8.6%	100.0%

Acquisition Cost/Unit by Source

Construction Cost (inc Const Contingency) Unit By Source	248,670	6,272	143,783	4,182	5,814	4,371	0	411,073	45,553	456,626
Construction Cost (inc Const Contingency) VEE	374.35	6.52	218.18	6.35	8.82	6.63	0.00	221.66	60.13	683.00

City Subsidy/Aid:

Tax Credit Equity Pricing:	0.94
Construction Bond Amount:	75,660,954
Construction Loan Term (in months):	32 months
Construction Loan Interest Rate (as %):	4.22%

EXHIBIT B-2
Annual Operating Budget

Application Date:	8/20/2019	LOSP Units	100	Non-LOSP Units	0	Project Name:	1064 Mission Permanent Supportive Housing				
Total # Units:	258					Project Address:	1064 Mission Street				
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operation):	2021	LOSP/Non-LOSP Allocation	100%	0%		Project Sponsor:	Mercy Housing California and Episcopal Community Services of San Francisco				
Correct errors noted in Call#1											
BICOME	LOSP	non-LOSP	Total	Comments							
Residential - Tenant Rents	768,000	0	768,000	Links from New/Pre-Rent & Unit Mix Worksheet							
Residential - Tenant Assistance Payments (Non-LOSP)	0	0	0	Links from New/Pre-Rent & Unit Mix Worksheet							
Residential - LOSP Tenant Assistance Payments -	3,058,075	0	3,058,075								
Commercial Space	0	0	0	Links from Unit Mix & Other Income Worksheet							
Residential Parking	0	0	0	Links from Unit Mix & Other Income Worksheet							
Miscellaneous Rental Income	0	0	0	Links from Unit Mix & Other Income Worksheet							
Supportive Services Income	0	0	0	Links from Unit Mix & Other Income Worksheet							
Interest Income - Project Operations	0	0	0	Links from Unit Mix & Other Income Worksheet							
Laundry and Vending	0	0	0	Links from Unit Mix & Other Income Worksheet							
Tenant Charges	2,400	0	2,400	Links from Unit Mix & Other Income Worksheet							
Miscellaneous Residential Income	0	0	0	Links from Unit Mix & Other Income Worksheet							
Other Commercial Income	0	0	0	Links from Commercial Op. Budget Worksheet							
Withdrawal from Capitalized Reserve (deposit to operating accounts)	0	0	0								
Gross Potential Income	3,828,475	0	3,828,475								
Vacancy Loss - Residential - Tenant Rents	(18,400)	0	(18,400)	Vacancy loss is 5% of Tenant Rents							
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0	(ADDITIONAL)							
Vacancy Loss - Commercial	0	0	0	Links from Commercial Op. Budget Worksheet							
EFFECTIVE GROSS INCOME	3,780,075	0	3,849,343	PUPA: 14,920							
OPERATING EXPENSES											
Management	247,680	0	247,680	1st Year to be set according to HUD schedule. Based on HUD 2014 fee sched. base fee.							
Management Fee	247,680	0	247,680								
Asset Management Fee	247,680	0	247,680								
Sub-total Management Expenses	247,680	0	247,680	PUPA: 1,036							
Salaries/Benefits	402,000	0	402,000	247 Desk Clerks							
Office Salaries	402,000	0	402,000								
Manager's Salary	251,324	0	251,324								
Health Insurance and Other Benefits	118,015	0	118,015								
Other Salaries/Benefits	76,389	0	76,389	Occupancy Services							
Administrative Staff/Free Staff	118,015	0	118,015								
Sub-total Salaries/Benefits	967,237	0	967,237	PUPA: 3,749							
Administration	0	0	0								
Advertising and Marketing	0	0	0								
Office Expenses	47,424	0	47,424								
Office Rent	6,346	0	6,346								
Legal Expenses - Property	66,384	0	66,384								
Legal Expenses	30,588	0	30,588								
Bookkeeping/Accounting Services	32,139	0	32,139								
Rent Costs	53,710	0	53,710								
Miscellaneous	44,103	0	44,103	Yard Fees for Property Management, Staff Training, Food for meetings, etc.							
Sub-total Administration Expenses	249,772	0	249,772	PUPA: 1,088							
Utilities	176,563	0	176,563								
Electricity	88,501	0	88,501								
Water	75,508	0	75,508								
Gas	148,038	0	148,038								
sewer	459,610	0	459,610	PUPA: 1,781							
Sub-total Utilities	459,610	0	459,610								
Taxes and Licenses	0	0	0								
Real Estate Taxes	2,185	0	2,185								
Payroll Taxes	53,407	0	53,407								
Miscellaneous Taxes, Licenses and Permits	10,827	0	10,827								
Sub-total Taxes and Licenses	66,579	0	66,579	PUPA: 258							
Insurance	209,887	0	209,887								
Property and Liability Insurance	0	0	0								
Fire, Flood Insurance	0	0	0								
Worker's Compensation	34,552	0	34,552								
Director's & Officers' Liability Insurance	175,335	0	175,335								
Sub-total Insurance	244,539	0	244,539	PUPA: 848							
Maintenance & Repair	0	0	0								
Paint	158,458	0	158,458	Includes Janitorial, Ground, and Decorating, and Repair							
Supplies	847,264	0	847,264	Includes Janitorial, Ground, and Decorating, Fire Alarm, Desk Clerk, and Repair							
Contracts	150,959	0	150,959								
Garbage and Trash Removal	117,140	0	117,140								
Security Patrol/Contract	0	0	0								
HVAC Repairs and Maintenance	0	0	0								
Vehicle and Maintenance Equipment Operation and Repair	0	0	0								
Miscellaneous Operating and Maintenance Expenses	78,537	0	78,537	Landscaping & Blowing							
Sub-total Maintenance & Repair Expenses	1,353,358	0	1,353,358	PUPA: 5,244							
Supportive Services	0	0	0								
Commercial Expenses	59,287	0	59,287	Links from Commercial Op. Budget Worksheet							
TOTAL OPERATING EXPENSES	3,654,775	0	3,714,043	PUPA: 14,396							
Reserve/Ground Lease Base Rent/Bond Fees	0	0	0								
Ground Lease Base Rent	5,000	0	5,000	Ground lease with MOHCD. Provide additional comments here, if needed.							
Bond Maintenance Fee	90,300	0	90,300								
Replacement Reserve Deposit	0	0	0								
Operating Reserve Deposit	0	0	0								
Other Required Reserve 1 Deposit	0	0	0								
Other Required Reserve 2 Deposit	0	0	0								
Required Reserve Deposit, Commercial	0	0	0								
Sub-total Reserve/Ground Lease Base Rent/Bond Fees	95,300	0	95,300	PUPA: 319							
TOTAL OPERATING EXPENSES (w/ Reserve/Ground Lease Base Rent/Bond Fees)	3,750,075	0	3,809,343	PUPA: 14,745							
NET OPERATING INCOME (INCOME minus OP EXPENSES)	39,999	0	40,000	PUPA: 155							
DEBT SERVICE/MUST PAY PAYMENTS (hard debt/amortized loans)	0	0	0								
Hard Debt - First Lender	0	0	0	Provide additional comments here, if needed.							
Hard Debt - Second Lender (HCD Program 0.42% yield, or other 2nd Lender)	0	0	0	Provide additional comments here, if needed.							
Hard Debt - Third Lender (Other HCD Program or other 3rd Lender)	0	0	0	Provide additional comments here, if needed.							
Hard Debt - Fourth Lender	0	0	0	Provide additional comments here, if needed.							
Commercial Hard Debt Service	0	0	0	Links from Commercial Op. Budget Worksheet							
TOTAL HARD DEBT SERVICE	0	0	0	PUPA: 0							
CASH FLOW (Net minus DEBT SERVICE)	39,999	0	40,000								
Commercial Only Cash Flow	0	0	0								
MOHCD Commercial Receipts (LOSP/Non-LOSP residual income)	40,000	0	40,000	Allocation of Commercial Surplus to LOSP/Non-LOSP							
AVAILABLE CASH FLOW	40,000	0	40,000								
USES OF CASH FLOW BELOW (This now also shows DISC)											
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL											
Dispositive Fee/Asset Mgt Fee (see common in new projects, see policy)	0	0	0								
Partnership Management Fee (see policy for limits)	35,000	0	35,000								
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	0	5,000								
Other Payments	0	0	0								
Non-amortizing Loan Pmt - Lender 1 (see lender 1 comments field)	0	0	0	Provide additional comments here, if needed.							
Non-amortizing Loan Pmt - Lender 2 (see lender 2 comments field)	0	0	0	Provide additional comments here, if needed.							
Non-amortizing Loan Pmt - Lender 3 (see lender 3 comments field)	0	0	0	Provide additional comments here, if needed.							
Deferred Developer Fee (Enter amt & Fee Rate in Call #1)	0	0	0	Provide additional comments here, if needed.							
TOTAL PAYMENTS PRECEDING MOHCD	40,000	0	40,000	PUPA: 155							
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	0	0	0								
Residual Receipts Calculation											
Does Project have a MOHCD Residual Receipt Obligation?	No	Project has MOHCD ground lease?	Yes								
Has Project Center Developer Fee?	No										
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	100%										
% of Residual Receipts available for distribution to soft debt lenders in	0%										
Soft Debt Lenders with Residual Receipt Obligations											
MOHCD/LOSP - Soft Debt Loans				Total Principal Amt	Distrib. of Soft Debt Loans						
MOHCD/LOSP - Ground Lease Value or Land Acq. Cost					\$10	100.00%					
HCD (soft debt loan) - Lender 1						0.00%					
Other Soft Debt Lender - Lender 4						0.00%					
Other Soft Debt Lender - Lender 5						0.00%					
MOHCD RESIDUAL RECEIPTS DEBT SERVICE											
MOHCD Residual Receipts Amount Due	0	0	0	5% of residual receipts, multiplied by 100% - MOHCD's pro rata share of all soft debt							
Proposed MOHCD Residual Receipts Amount to Loan Repayment	0	0	0	Enter/override amount of residual receipts proposed for loan repayment.							
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	0	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repay.							
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE	0	0	0								
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE											
HCD Residual Receipts Amount Due	0	0	0								
Lender 4 Residual Receipts Due	0	0	0								
Lender 5 Residual Receipts Due	0	0	0								
Total Non-MOHCD Residual Receipts Debt Service	0	0	0								
REMAINDER (should be zero unless there are distributions below)											
Owner Distribution/Incentive Management Fee	0	0	0								
Other Distributions/Fees	0	0	0								
Final Balance (should be zero)	0	0	0								

Application Date: 8/20/2019
 Total # Units: 258
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021

INCOME			
Residential - Tenant Rents		non-LOSP	Approved By (mcd)
Residential - Tenant Assistance Payments (Max 1 LOSP)	LOSP		
Commercial - Tenant Assistance Payments			
Commercial - Leasehold Improvements			
Commercial - Rent Income	LOSP	non-LOSP	Approved By (mcd)
Commercial - Services Income			
Commercial - Project Operations	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Leasehold and Vending		100.00%	0.00%
Tenant Changes			
Miscellaneous Residential Income	LOSP	non-LOSP	Approved By (mcd)
Other Commercial Income			
Withdrawal from Capitalized Reserve (deducted to operating account)			
Gross Potential Income			
Vacancy Loss - Residential - Tenant Rents			
Vacancy Loss - Residential - Tenant Assistance Payments			
Vacancy Loss - Commercial			
EFFECTIVE GROSS INCOME			

OPERATING EXPENSES			
Management	LOSP	non-LOSP	Approved By (mcd)
Management Fee			
Asset Management Fee			
Sub-total Management Expenses			
Salaries/Benefits	LOSP	non-LOSP	Approved By (mcd)
Office Salaries			
Manager's Salary			
Health Insurance and Other Benefits			
Other Salaries/Benefits			
Administrative Rent-Free Unit			
Sub-total Salaries/Benefits			

Administration			
Advertising and Marketing			
Office Expenses			
Office Rent	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Leasehold Expenses - Property		100.00%	0.00%
Audit Expense			
Bookkeeping/Accounting Services	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Real Estate		100.00%	0.00%
Miscellaneous			
Sub-total Administration Expenses			

Utilities			
Electricity	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Water		100.00%	0.00%
Gas			
Sewer			
Sub-total Utilities			

Taxes and Licenses			
Real Estate Taxes	LOSP	non-LOSP	Approved By (mcd)
Payroll Taxes			
Miscellaneous Taxes, Licenses and Permits			
Sub-total Taxes and Licenses			

Insurance			
Property and Liability Insurance			
Fidelity Bond Insurance	LOSP	non-LOSP	Approved By (mcd)
Workers Compensation			
Director's & Officers' Liability Insurance			
Sub-total Insurance			

Maintenance & Repair			
Payroll	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Supplies		100.00%	0.00%
Contracts			
Garbage and Trash Removal	LOSP	non-LOSP	Approved By (mcd)
Security Patrol/Monitoring			
HVAC Repairs and Maintenance			
Vehicle and Maintenance Equipment Operation and Repairs			
Miscellaneous Operating and Maintenance Expenses			
Sub-total Maintenance & Repair Expenses			

Supplies			
Commercial Expenses	LOSP	non-LOSP	Approved By (mcd)

TOTAL OPERATING EXPENSES			
Reserves/Ground Lease Base Rent/Bond Fees			
Ground Lease Base Rent			
Bond Monitoring Fee	LOSP	non-LOSP	Approved By (mcd)
Replacement Reserve Deposit			
Operating Reserve Deposit			
Other Required Reserve 1 (Owner's)			
Other Required Reserve 2 (Owner's)			
Required Reserve Deposits, Commercial			
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			

TOTAL OPERATING EXPENSES (w/Reserves/GL Base Rent/Bond Fees)

NET OPERATING INCOME (INCOME minus OP EXPENSES)

DEBT SERVICE/MUST PAY PAYMENTS (hard debt/amortized loans)			
Hard Debt - First Lender	LOSP	non-LOSP	Approved By (mcd)
Hard Debt - Second Lender (MOHCD Program 0.41% pmt. or other 2nd Lender 0.4% pmt. or other 2nd Lender)		100.00%	
Hard Debt - Third Lender (Other MOHCD Program, or other 3rd Lender)			
Hard Debt - Fourth Lender			
Commercial Hard Debt Service			

CASH FLOW (NOI minus DEBT SERVICE)			
Commercial Only Cash Flow			
Allocation of Commercial Overplus to LOSP/Non-LOSP (residual income)	non-LOSP (residual income)		
AVAILABLE CASH FLOW			
USES OF CASH FLOW BELOW (This row also shows DISCR.)			
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATER/FALL			
"Paydown the first" Asset Mgt Fee (unknown to new projects, see policy)			
Partnership Management Fee (see policy for links)			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for links)	LOSP	non-LOSP	Approved By (mcd)
Other Payments			
Non-amortizing Loan (Pmt) - Lender 1 (select lender in comments field)		under in comments field	
Non-amortizing Loan (Pmt) - Lender 2 (select lender in comments field)			
Deferred Developer Fee (Enter amt <= Max Fee from cell 1150)		0.00%	100.00%

TOTAL PAYMENTS PRECEDING MOHCD

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)

Residual Receipts Calculation
 Does Project have a MOHCD Residual Receipt Obligation?
 Will Project Debt Developer Fee?
 Use Deferred of Developer Fee/Borrower % of Residual Receipts in Yr 1:
 % of Residual Receipts available for distribution to soft debt lenders in

Soft Debt Lenders with Residual Receipts Obligations	
MOHCD/DCO - Soft Debt Loans	
MOHCD/DCO - Ground Lease Value or Land Acq Cost	
DCO (soft debt loan) - Lender 3	
Other Soft Debt Lender - Lender 4	
Other Soft Debt Lender - Lender 5	

MOHCD RESIDUAL RECEIPTS DEBT SERVICE
 MOHCD Residual Receipts Amount Due
 Proposed MOHCD Residual Receipts Amount to Loan Repayment
 Proposed MOHCD Residual Receipts Amount to Residual Ground Lease

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE	
DCO Residual Receipts Amount Due	
Lender 4 Residual Receipts Due	
Lender 5 Residual Receipts Due	
Total Non-MOHCD Residual Receipts Debt Service	

REMAINDER (Should be zero unless there are distributions below)
 Owner Distributions/Incentive Management Fee
 Other Distributions/Uses
 Final Balance (Should be zero)

EXHIBIT B-3

20-Year Cash Flow Proforma

[This Proforma must include the same line items as the Annual Operating Budget shown in Exhibit B-2.]

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MOHCD Preliminary - 20 Year Cash Flow

Total # Units:	LOSP Units	Non-LOSP Units	Comments	Year 1 2021		Year 2 2022		Year 3 2023	
				LOSP	non-LOSP	LOSP	non-LOSP	LOSP	non-LOSP
258	258	0							
100.00%	100.00%	0.00%							
INCOME									
Residential - Tenant Rents	1.0%	2.5%		768,000	-	768,000	776,680	775,680	783,437
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a		-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		3,058,075	3,058,075	3,138,835	3,287,600	3,138,835	3,287,600
Commercial Space	n/a	2.5%		-	1	-	1	-	1
Residential Parking	2.5%	2.5%		-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	2.5%		-	-	-	-	-	-
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		-	-	-	-	-	-
Tenant Charges	2.5%	2.5%		2,400	2,400	2,400	2,400	2,522	2,522
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-
Other Commercial Income	n/a	3.2%		-	56,287	-	61,562	-	63,618
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-
				3,828,475	3,887,763	3,916,776	3,978,128	4,040,458	4,113,683
Gross Potential Income									
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formula manually per relevant MOHCD policy, actual increasing volatility not appropriate	(38,400)	(38,400)	(38,784)	(38,784)	(39,172)	(39,172)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-
EFFECTIVE GROSS INCOME				3,790,075	3,849,363	3,877,992	3,939,345	4,001,287	4,074,511
OPERATING EXPENSES									
Management									
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule	247,680	-	247,680	255,319	256,249	263,321
Asset Management Fee	3.5%	3.5%	See MOHCD policy	35,000	-	35,000	36,225	36,225	37,449
Sub-total Management Expenses				282,680	-	282,680	291,544	292,474	300,770
Salaries/Benefits									
Office Salaries	3.5%	3.5%		402,006	-	402,006	416,076	430,639	430,639
Manager's Salary	3.5%	3.5%		251,328	-	251,328	260,124	266,228	266,228
Health Insurance and Other Benefits	3.5%	3.5%		118,015	-	118,015	122,148	125,421	125,421
Other Salaries/Benefits	3.5%	3.5%		76,359	-	76,359	78,042	81,808	81,808
Administrative Rent-Free Unit	3.5%	3.5%		119,518	-	119,518	123,702	128,037	128,037
Sub-total Salaries/Benefits				967,227	-	967,227	1,001,159	1,032,103	1,032,103
Administration									
Advertising and Marketing	3.5%	3.5%		-	-	-	-	-	-
Office Expenses	3.5%	3.5%		47,424	-	47,424	49,684	50,602	50,602
Office Rent	3.5%	3.5%		6,507	-	6,507	6,568	6,728	6,728
Lease Expense - Property	3.5%	3.5%		65,324	-	65,324	68,718	71,123	71,123
Audit Expense	3.5%	3.5%		30,568	-	30,568	31,667	33,076	33,076
Bookkeeping/Accounting Services	3.5%	3.5%		32,139	-	32,139	33,264	34,428	34,428
Bad Debt	3.5%	3.5%		53,719	-	53,719	55,580	57,535	57,535
Miscellaneous	3.5%	3.5%		44,163	-	44,163	45,729	47,359	47,359
Sub-total Administration Expenses				280,772	-	280,772	290,189	299,533	299,533
Utilities									
Electricity	3.5%	3.5%		126,063	-	126,063	131,257	136,718	136,718
Water	3.5%	3.5%		85,501	-	85,501	101,649	105,517	105,517
Gas	3.5%	3.5%		75,508	-	75,508	78,151	80,885	80,885
Sewer	3.5%	3.5%		148,639	-	148,639	153,845	159,225	159,225
Sub-total Utilities				435,611	-	435,611	473,665	492,346	492,346
Taxes and Licenses									
Real Estate Taxes	3.5%	3.5%		2,185	-	2,185	2,261	2,341	2,341
Payroll Taxes	3.5%	3.5%		33,487	-	33,487	35,338	37,275	37,275
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		10,827	-	10,827	11,308	11,758	11,758
Sub-total Taxes and Licenses				46,499	-	46,499	48,909	51,374	51,374
Insurance									
Property and Liability Insurance	3.5%	3.5%		209,987	-	209,987	217,337	224,647	224,647
Fidelity Bond Insurance	3.5%	3.5%		34,552	-	34,552	35,761	37,013	37,013
Workers Compensation	3.5%	3.5%		-	-	-	-	-	-
Director's & Officer's Liability Insurance	3.5%	3.5%		-	-	-	-	-	-
Sub-total Insurance				244,539	-	244,539	253,098	261,660	261,660
Maintenance & Repair									
Payroll	3.5%	3.5%		-	-	-	-	-	-
Supplies	3.5%	3.5%		128,428	-	128,428	134,004	139,744	139,744
Contractors	3.5%	3.5%		847,264	-	847,264	876,818	907,610	907,610
Garbage and Trash Removal	3.5%	3.5%		150,859	-	150,859	156,243	161,711	161,711
Security Patrol/Contract	3.5%	3.5%		117,140	-	117,140	121,240	125,483	125,483
MOHCD Repairs and Maintenance	3.5%	3.5%		-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		78,537	-	78,537	82,321	86,202	86,202
Sub-total Maintenance & Repair Expenses				1,353,348	-	1,353,348	1,405,726	1,460,726	1,460,726
Supportive Services	3.5%	3.5%		-	-	-	-	-	-
Commercial Expenses									
				3,644,775	-	3,714,062	3,797,692	3,844,054	3,915,055
TOTAL OPERATING EXPENSES				3,644,775	-	3,714,062	3,797,692	3,844,054	3,915,055
Reserves/Ground Lease Base Rent/Bond Fees									
Ground Lease Base Rent				1	1	1	1	1	1
Bond Monitoring Fee				5,000	5,000	5,000	5,000	5,000	5,000
Replacement Reserve Deposit				80,300	80,300	80,300	80,300	80,300	80,300
Operating Reserve Deposit				-	-	-	-	-	-
Other Required Reserve Deposit				-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-
Required Reserve Deposit(s) Commercial				-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				86,301	86,301	86,301	86,301	86,301	86,301
TOTAL OPERATING EXPENSES (w/ Reserves/Ground Lease Base Rent/Bond Fees)				3,731,076	3,800,363	3,883,993	3,930,355	4,010,357	4,074,837
NET OPERATING INCOME (INCOME minus EXPENSES)				39,999	14,745	14,745	14,745	14,745	14,745
DEBT SERVICE/DEBT PAYMENTS (Hard Debt/Amortized loans)									
Hard Debt - First Lender				-	-	-	-	-	-
Hard Debt - Second Lender (MOHCD Program or other 2nd Lender)				-	-	-	-	-	-
Hard Debt - Third Lender (Other MOHCD Program or other 3rd Lender)				-	-	-	-	-	-
Hard Debt - Fourth Lender				-	-	-	-	-	-
Commercial Hard Debt Service				-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				39,999	40,000	(1)	(1)	(1)	(1)
CASH FLOW (Net Income minus DEBT SERVICE)									
Commercial Only Cash Flow				1	1	1	1	1	1
Allocation of Commercial Surplus to LOSP/Non-LOSP (Residual Income)				-	-	-	-	-	-
AVAILABLE CASH FLOW				40,000	40,000	0	0	0	0
USES OF CASH FLOW BELOW (This row also shows DSCR)									
Uses that Precede MOHCD DEBT SERVICE in WATERFALL									
Below-the-line Asset Mgt Fee (uncommon in new policies, see policy)	3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	35,000	35,000	-	-	-	-
Investor Service Fee (aka "P Asset Mgt Fee") (see policy for limits)	3.5%	3.5%	per MOHCD policy no annual increase	5,000	5,000	-	-	-	-
Other Payments				-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 1				-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 2				-	-	-	-	-	-
Deferred Developer Fee (Enter and Max Fee from row 131)				-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD				40,000	40,000	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)									
Does Project have a MOHCD Residual Receipt Obligation?	No	No		-	-	-	-	-	-
Will Project Order Developer Fee?	0%/0%	0%/0%		-	-	-	-	-	-
Residual Receipts split for all years - Lender/Owner				-	-	-	-	-	-
MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
MOHCD Residual Receipts Amount Due	100.00%	100.00%	Allocation per payments share of all soft debt loans, and MOHCD residual receipts policy	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Loan Repayment				-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease				-	-	-	-	-	-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
MOHCD Residual Receipts Starting Balance	0.00%	0.00%	MOHCD Program	-	-	-	-	-	-
Lender 4 Residual Receipts Due	0.00%	0.00%		-	-	-	-	-	-
Lender 5 Residual Receipts Due	0.00%	0.00%		-	-	-	-	-	-
Total Non-MOHCD Residual Receipts Debt Service				-	-	-	-	-	-
REMAINDER (should be zero unless there are distributions below)									
Owner Distributions/Incentive Management Fee				-	-	-	-	-	-
Other Distributions/Incentives				-	-	-	-	-	-
Final Balance (should be zero)				-	-	-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE									
Replacement Reserve Starting Balance				-	-	-	-	-	-
Replacement Reserve Deposits				30,300	30,300	30,300	30,300	30,300	30,300
Replacement Reserve Withdrawals (debt paid to CNA)				-	-	-	-	-	-
Replacement Reserve Interest				-	-	-	-	-	-
RR Running Balance				30,300	30,300	30,300	30,300	30,300	30,300
OPERATING RESERVE - RUNNING BALANCE									
Operating Reserve Starting Balance				-	-	-	-	-	-
Operating Reserve Deposits				-	-	-	-	-	-
Operating Reserve Withdrawals				-	-	-	-	-	-
Operating Reserve Interest				-	-	-	-	-	-
OR Running Balance				-	-	-	-	-	-
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE									
Other Reserve 1 Starting Balance				-	-	-	-	-	-
Other Reserve 1 Deposits				-	-	-	-	-	-
Other Reserve 1 Withdrawals				-	-	-	-	-	-
Other Reserve 1 Interest				-	-	-	-	-	-
Other Required Reserve 1 Running Balance				-	-	-	-	-	-
OTHER REQUIRED RESERVE 2 - RUNNING BALANCE									
Other Reserve 2 Starting Balance				-	-	-	-	-	-

Total # Units:			LOSP Units	Non-LOSP Units	MOHCD Padrona - 20 Y									
258				0										
			100.00%	0.00% <th colspan="10"></th>										
			% annual inc LOSP	% annual Increase	Comments (related to annual inc assumptions)	Year 1 2021			Year 2 2022			Year 3 2023		
						LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME														
Other Reserve 2 Deposits								-			-			-
Other Reserve 2 Withdrawals														
Other Reserve 2 Interest														
Other Required Reserve 2 Running Balance								-			-			-

1064 Mission Permanent Supportive Housing

MOHCD Proforma - 30 Year Cash Flow

Total # Units	LOSP Units	Non-LOSP Units	Comments	Year 4 2024		Year 5 2025		Year 6 2026	
				LOSP	non-LOSP	LOSP	non-LOSP	LOSP	non-LOSP
255	255	0.00%							
INCOME									
Residential - Tenant Rents	1.0%	2.5%		791,271	-	791,271	791,184	791,184	807,176
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a		-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		3,353,122	-	3,353,122	3,352,365	3,352,365	3,366,944
Commercial Space	n/a	2.5%		-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	2.5%		-	-	-	-	-	-
Supplemental Services Income	2.5%	2.5%		-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		-	-	-	-	-	-
Tenant Charges	2.5%	2.5%		2,585	-	2,585	2,649	2,649	2,715
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-
Other Commercial Income	n/a	3.5%		-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-
Gross Potential Income				4,185,978	-	4,252,712	4,379,188	4,387,232	4,476,396
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Solar features negatively per relevant MOH policy; annual incremental vacancy not applicable	(39,564)	-	(39,564)	(39,959)	(39,959)	(40,159)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-
EFFECTIVE GROSS INCOME				4,146,414	-	4,213,148	4,339,229	4,347,273	4,436,236
OPERATING EXPENSES									
Management									
Management Fee	3.5%	3.5%	1st Year fee set according to HUD schedule	274,607	-	274,607	284,218	284,218	284,166
Asset Management Fee	3.5%	3.5%	See MOHCD policy	313,412	-	313,412	324,382	324,382	324,726
Sub-total Management Expenses				588,019	-	588,019	608,600	608,600	608,892
Salaries/Benefits									
Office Salaries	3.5%	3.5%		465,711	-	465,711	481,371	481,371	477,492
Management Salary	3.5%	3.5%		274,607	-	274,607	284,218	284,218	284,166
Health Insurance and Other Benefits	3.5%	3.5%		130,845	-	130,845	135,495	135,495	140,165
Other Salaries/Benefits	3.5%	3.5%		84,672	-	84,672	87,643	87,643	90,702
Administrative Staff/Personnel	3.5%	3.5%		123,613	-	123,613	127,321	127,321	141,851
Sub-total Salaries/Benefits				1,079,348	-	1,079,348	1,109,927	1,109,927	1,144,774
Administration									
Advertising and Marketing	3.5%	3.5%		52,580	-	52,580	54,430	54,430	56,325
Office Expenses	3.5%	3.5%		7,036	-	7,036	7,282	7,282	7,537
Office Rent	3.5%	3.5%		73,612	-	73,612	76,189	76,189	78,815
Lease Expense - Property	3.5%	3.5%		33,822	-	33,822	35,110	35,110	36,346
Audit Expenses	3.5%	3.5%		35,633	-	35,633	36,680	36,680	38,171
Bookkeeping/Accounting Services	3.5%	3.5%		59,549	-	59,549	61,631	61,631	63,781
Bad Debts	3.5%	3.5%		48,964	-	48,964	50,678	50,678	52,452
Miscellaneous	3.5%	3.5%		311,297	-	311,297	322,192	322,192	334,449
Sub-total Administration Expenses				675,792	-	675,792	702,412	702,412	730,449
Utilities									
Electricity	3.5%	3.5%		157,853	-	157,853	167,188	167,188	172,669
Water	3.5%	3.5%		109,210	-	109,210	113,023	113,023	116,948
Gas	3.5%	3.5%		83,717	-	83,717	86,647	86,647	89,680
Sewer	3.5%	3.5%		164,788	-	164,788	170,586	170,586	176,535
Sub-total Utilities				515,568	-	515,568	537,443	537,443	565,832
Taxes and Licenses									
Real Estate Taxes	3.5%	3.5%		2,423	-	2,423	2,507	2,507	2,593
Payroll Taxes	3.5%	3.5%		59,260	-	59,260	61,335	61,335	63,502
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		12,115	-	12,115	12,539	12,539	13,078
Sub-total Taxes and Licenses				73,817	-	73,817	76,401	76,401	79,178
Insurance									
Property and Liability Insurance	3.5%	3.5%		232,816	-	232,816	240,885	240,885	249,392
Fire, Flood Insurance	3.5%	3.5%		-	-	-	-	-	-
Workers Compensation	3.5%	3.5%		38,308	-	38,308	39,649	39,649	41,027
Director's & Officers' Liability Insurance	3.5%	3.5%		271,125	-	271,125	280,614	280,614	290,428
Sub-total Insurance				542,249	-	542,249	561,148	561,148	580,847
Maintenance & Repair									
Paint	3.5%	3.5%		175,685	-	175,685	181,634	181,634	188,128
Supplies	3.5%	3.5%		939,377	-	939,377	972,226	972,226	1,005,264
Contractors	3.5%	3.5%		167,311	-	167,311	173,229	173,229	179,282
Security Patrol/Concierge	3.5%	3.5%		129,878	-	129,878	134,421	134,421	139,126
HVAC Repairs and Maintenance	3.5%	3.5%		-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repair	3.5%	3.5%		-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		88,184	-	88,184	91,271	91,271	94,465
Sub-total Maintenance & Repair Expenses				1,463,425	-	1,463,425	1,533,099	1,533,099	1,607,265
Supplies/Services	3.5%	3.5%		89,033	-	89,033	92,033	92,033	95,033
Commercial Expenses									
TOTAL OPERATING EXPENSES				4,052,114	-	4,117,847	4,193,938	4,261,972	4,340,728
PUPA (w/o Reserves/G/L Base Rent/Bond Fees)									
Reserves/Ground Lease Base Rent/Bond Fees									
Ground Lease Base Rent				1	-	1	-	1	-
Bond Monitoring Fee				5,000	-	5,000	-	5,000	-
Replacement Reserve Deposit				80,300	-	80,300	-	80,300	-
Operating Reserve Deposit				-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-
Required Reserve Deposits, Commercial				95,301	-	95,301	-	95,301	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				181,602	-	181,602	-	181,602	-
TOTAL OPERATING EXPENSES (w/Reserve/G/L Base Rent/Bond Fees)				4,147,416	-	4,213,148	4,339,229	4,347,273	4,436,028
PUPA (w/Reserve/G/L Base Rent/Bond Fees)									
NET OPERATING INCOME (INCOME minus OP EXPENSES)									
DEBT SERVICE/AMT PAY PAYMENTS (Hard debt/Amortized loans)									
Hard Debt - First Lender				-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pmt, or other 2nd Lender)				-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				-	-	-	-	-	-
Hard Debt - Fourth Lender				-	-	-	-	-	-
Commercial Hard Debt Service				-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				-	-	-	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)									
Commercial Only Cash Flow									
Allocation of Commercial Surplus to LOSP/Non-LOSP (residual income)									
AVAILABLE CASH FLOW									
USES OF CASH FLOW BELOW (This row also shows DSCR)									
Below the line: Asset Use (see investment in new projects, see policy)	3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	3.5%	3.5%	per MOHCD policy no annual increase	-	-	-	-	-	-
Other Payments				-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 1				-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 2				-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)				-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD									
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)									
Does Project have a MOHCD Residual Receipt Obligation?				No					
Will Project Defer Developer Fee?				No					
Residual Receipts split for all years - Lender/Owner				0%/0%					
MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
MOHCD Residual Receipts Amount Due				100.00%					
Proposed MOHCD Residual Receipts Amount to Loan Repayment									
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease									
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
HCD Residual Receipts Amount Due				0.00%					
Lender 4 Residual Receipts Due				0.00%					
Lender 5 Residual Receipts Due				0.00%					
Total Non-MOHCD Residual Receipts Debt Service									
REMAINDER (should be zero unless there are distributions below)									
Owner Distributions/Incentive Management Fee									
Other Distributions/Incentives									
Final Balance (should be zero)									
REPLACEMENT RESERVE - RUNNING BALANCE									
Replacement Reserve Starting Balance					270,863		361,332		
Replacement Reserve Deposits					80,300		80,300		
Replacement Reserve Withdrawals (debt/Red in CHA)					-		-		
Replacement Reserve Interest					-		-		
RR Running Balance					351,163		441,632		
OPERATING RESERVE - RUNNING BALANCE									
Operating Reserve Starting Balance					\$1,400		\$1,750		
Operating Reserve Deposits					-		-		
Operating Reserve Withdrawals					-		-		
Operating Reserve Interest					-		-		
OR Running Balance									
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE									
Other Reserve 1 Starting Balance									
Other Reserve 1 Deposits									
Other Reserve 1 Withdrawals									
Other Reserve 1 Interest									
Other Required Reserve 1 Running Balance									
OTHER REQUIRED RESERVE 2 - RUNNING BALANCE									
Other Reserve 2 Starting Balance									

Total # Units:		MOHCD Profema - 20 Y		Year 4			Year 5			Year 6					
		LOSP Units	Non-LOSP Units	2024			2025			2026					
		258	0												
		100.00%	0.00%												
		% annual inc LOSP	% annual Increase	Comments (related to annual inc assumptions)			LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME															
Other Reserve 2 Deposits									-			-			-
Other Reserve 2 Withdrawals															
Other Reserve 2 Interest															
Other Required Reserve 2 Running Balance									-			-			-

1064 Mission Permanent Supportive Housing

MOHCD Preliminary - 20 Year Cash Flow

		Total # Units:		LOSP Units	Non-LOSP Units					Year 7 2027		Year 8 2028	
		250	256	0	0								
		100.00%	100.00%	0.00%	0.00%								
		% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)		Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP
INCOME													
Residential - Tenant Rent		1.0%	2.5%			807,176	815,267	-	815,267	822,400	-	823,400	831,684
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a			-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments		n/a	n/a			3,056,494	3,810,684	-	3,810,684	3,860,112	-	3,860,112	4,114,985
Commercial Space		n/a	2.5%			1	-	-	1	-	-	1	-
Residential Parking		2.5%	2.5%			-	-	-	-	-	-	-	-
Miscellaneous Rent Income		2.5%	2.5%			-	-	-	-	-	-	-	-
Supportive Services Income		2.5%	2.5%			-	-	-	-	-	-	-	-
Interest Income - Project Operations		2.5%	2.5%			-	-	-	-	-	-	-	-
Laundry and Vending		2.5%	2.5%			-	-	-	-	-	-	-	-
Tenant Charges		2.5%	2.5%			2,715	2,783	-	2,783	2,853	-	2,853	2,924
Miscellaneous Residential Income		2.5%	2.5%			-	-	-	-	-	-	-	-
Other Commercial Income		n/a	3.5%			70,414	-	72,879	-	-	-	75,430	-
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a	Link from Reserve Section below, as applicable		-	-	-	-	-	-	-	-
Gross Potential Income						4,546,801	4,628,714	-	4,701,594	4,786,365	-	4,861,795	4,949,223
Vacancy Loss - Residential - Tenant Rent		n/a	n/a	Enter formula manually per relevant MOHCD policy, annual percentage variability not appropriate		(40,359)	(40,782)	-	(40,782)	(41,170)	-	(41,170)	(41,582)
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a			-	-	-	-	-	-	-	-
Vacancy Loss - Commercial		n/a	n/a			-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME						4,506,442	4,587,932	-	4,660,812	4,745,195	-	4,820,625	4,907,641
OPERATING EXPENSES													
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule		294,105	304,492	-	304,492	315,118	-	315,118	326,147
Asset Management Fee		3.5%	3.5%	See MOHCD policy		41,600	43,024	-	43,024	44,530	-	44,530	46,088
Sub-total Management Expenses						335,735	347,466	-	347,466	359,648	-	359,648	372,236
Salaries/Benefits		3.5%	3.5%			477,457	494,168	-	494,168	511,454	-	511,454	529,355
Office Salaries		3.5%	3.5%			294,489	308,806	-	308,806	319,728	-	319,728	330,651
Health Insurance and Other Benefits		3.5%	3.5%			140,165	145,071	-	145,071	150,148	-	150,148	155,403
Other Salaries/Benefits		3.5%	3.5%			30,792	31,287	-	31,287	31,577	-	31,577	32,693
Administrative Rent-Free Unit		3.5%	3.5%			141,901	144,919	-	144,919	150,062	-	150,062	155,384
Sub-total Salaries/Benefits						1,146,774	1,189,881	-	1,189,881	1,230,896	-	1,230,896	1,275,606
Administration		3.5%	3.5%			-	-	-	-	-	-	-	-
Advertising and Marketing		3.5%	3.5%			59,325	58,286	-	58,280	60,337	-	60,337	62,448
Office Rent		3.5%	3.5%			7,537	7,801	-	7,801	8,074	-	8,074	8,356
Lease Expense - Property		3.5%	3.5%			78,855	81,615	-	81,615	84,472	-	84,472	87,428
Audit Expense		3.5%	3.5%			39,338	37,610	-	37,610	39,927	-	39,927	40,283
Bookkeeping/Accounting Services		3.5%	3.5%			39,171	39,007	-	39,007	40,880	-	40,880	42,321
Bad Debts		3.5%	3.5%			63,781	64,023	-	64,023	65,334	-	65,334	66,726
Miscellaneous		3.5%	3.5%			92,453	94,818	-	94,818	96,183	-	96,183	97,154
Sub-total Administration Expenses						332,469	345,140	-	345,140	357,220	-	357,220	369,723
Utilities		3.5%	3.5%			-	-	-	-	-	-	-	-
Electricity		3.5%	3.5%			162,069	168,262	-	168,262	174,255	-	174,255	180,354
Water		3.5%	3.5%			116,988	121,063	-	121,063	125,321	-	125,321	129,207
Gas		3.5%	3.5%			89,680	92,819	-	92,819	96,067	-	96,067	99,430
Sewer		3.5%	3.5%			176,535	182,714	-	182,714	189,109	-	189,109	195,729
Sub-total Utilities						545,813	564,878	-	564,878	584,752	-	584,752	605,519
Taxes and Licenses		3.5%	3.5%			-	-	-	-	-	-	-	-
Real Estate Taxes		3.5%	3.5%			2,505	2,686	-	2,686	2,780	-	2,780	2,877
Permit Taxes		3.5%	3.5%			63,923	65,723	-	65,723	68,023	-	68,023	70,406
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%			12,078	12,492	-	12,492	12,900	-	12,900	13,309
Sub-total Taxes and Licenses						78,507	81,843	-	81,843	84,707	-	84,707	87,672
Insurance		3.5%	3.5%			-	-	-	-	-	-	-	-
Property and Liability Insurance		3.5%	3.5%			249,389	258,128	-	258,128	267,162	-	267,162	276,513
Fidelity Bond Insurance		3.5%	3.5%			-	-	-	-	-	-	-	-
Worker's Compensation		3.5%	3.5%			41,037	42,473	-	42,473	43,960	-	43,960	45,498
Directors & Officers Liability Insurance		3.5%	3.5%			-	-	-	-	-	-	-	-
Sub-total Insurance						290,426	300,601	-	300,601	311,122	-	311,122	322,011
Maintenance & Repair		3.5%	3.5%			-	-	-	-	-	-	-	-
Permit		3.5%	3.5%			-	-	-	-	-	-	-	-
Supplies		3.5%	3.5%			188,193	194,785	-	194,785	201,623	-	201,623	208,659
Contracts		3.5%	3.5%			1,096,284	1,044,504	-	1,044,504	1,077,658	-	1,077,658	1,115,085
Garbage and Trash Removal		3.5%	3.5%			179,252	183,567	-	183,567	189,062	-	189,062	194,784
Security Patrol/Contract		3.5%	3.5%			126,126	127,895	-	127,895	129,635	-	129,635	131,451
HVAC Repairs and Maintenance		3.5%	3.5%			-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs		3.5%	3.5%			-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses		3.5%	3.5%			94,465	97,271	-	97,271	101,192	-	101,192	104,735
Sub-total Maintenance & Repair Expenses						1,607,365	1,643,623	-	1,643,623	1,721,849	-	1,721,849	1,784,114
Supportive Services		3.5%	3.5%			-	-	-	-	-	-	-	-
Commercial Expenses		3.5%	3.5%			70,415	-	-	72,879	-	-	75,430	-
TOTAL OPERATING EXPENSES						4,411,141	4,493,652	-	4,565,531	4,649,894	-	4,723,324	4,812,641
PUFA (w/o Reserves/GI, Base Rent/Bond Fees)						-	-	-	-	-	-	-	-
Reserves/Ground Lease Base Rent/Bond Fees						-	-	-	-	-	-	-	-
Ground Lease Base Rent						5,000	5,000	-	5,000	5,000	-	5,000	5,000
Bond Maintenance Fee						80,300	80,300	-	80,300	80,300	-	80,300	80,300
Replacement Reserve Deposit						-	-	-	-	-	-	-	-
Operating Reserve Deposit						-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-
Required Reserve Deposits/Commercial						95,301	95,301	-	95,301	95,301	-	95,301	95,301
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						95,301	95,301	-	95,301	95,301	-	95,301	95,301
TOTAL OPERATING EXPENSES (w/ Reserves/GI, Base Rent/Bond Fees)						4,506,442	4,587,953	-	4,660,832	4,745,195	-	4,820,625	4,907,942
PUFA (w/ Reserves/GI, Base Rent/Bond Fees)						-	-	-	-	-	-	-	-
NET OPERATING INCOME (INCOME minus OP EXPENSES)						94,300	99,779	-	99,779	99,000	-	99,000	99,700
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)						-	-	-	-	-	-	-	-
Hard Debt - First Lender						-	-	-	-	-	-	-	-
Hard Debt - Second Lender (MOHCD Program 0.42% pmtl. or other 2nd Lender)						-	-	-	-	-	-	-	-
Hard Debt - Third Lender (other MOHCD Program, or other 3rd Lender)						-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender						-	-	-	-	-	-	-	-
Commercial Hard Debt Service						-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE						-	-	-	-	-	-	-	-
CASH FLOW (NO minus DEBT SERVICE)						94,300	99,779	-	99,779	99,000	-	99,000	99,700
Commercial Only Cash Flow						-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOSP (non-LOSP residual income)						-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW						94,300	99,779	-	99,779	99,000	-	99,000	99,700
USES OF CASH FLOW BELOW (This row also shows DSOR.)						-	-	-	-	-	-	-	-
Uses that PRECEDE MOHCD DEBT SERVICE in WATERFALL						-	-	-	-	-	-	-	-
Below-the-line Asset Mgt Fee (underwritten in new projects, see policy)		3.5%	3.5%	See MOHCD policy		-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)		3.5%	3.5%	See MOHCD policy		-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		3.5%	3.5%	See MOHCD policy no annual increase		-	-	-	-	-	-	-	-
Other Payments						-	-	-	-	-	-	-	-
Non-amortizing Loan Profit - Lender 1						-	-	-	-	-	-	-	-
Non-amortizing Loan Profit - Lender 2						-	-	-	-	-	-	-	-
Deferred Developer Fee (Early amt <= Max Fee from Year 13)						-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD						-	-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)						94,300	99,779	-	99,779	99,000	-	99,000	99,700
Does Project have a MOHCD Residual Receipt Obligation?						-	-	-	-	-	-	-	-
Will Project Deliver Developer Fee?						-	-	-	-	-	-	-	-
Residual Receipt split for all years - Lender/Owner						-	-	-	-	-	-	-	-
MOHCD RESIDUAL RECEIPTS DEBT SERVICE						-	-	-	-	-	-	-	-
MOHCD Residual Receipts Amount Due						-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Loan Repayment						-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease						-	-	-	-	-	-	-	-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE						-	-	-	-	-	-	-	-
RCD Residual Receipts Amount Due						-	-	-	-	-	-	-	-
Lender 1 Residual Receipts Due						-	-	-	-	-	-	-	-
Lender 3 Residual Receipts Due						-	-	-	-	-	-	-	-
Total Non-MOHCD Residual Receipts Debt Service						-	-	-	-	-	-	-	-
REMAINDER (Should be zero unless there are distributions below)						-	-	-	-	-	-	-	-
Owner Distribution/Incentive Management Fee						-	-	-	-	-	-	-	-
Owner Distribution/Share						-	-	-	-	-	-	-	-
Final Balance (should be zero)						-	-	-	-	-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE						-	-	-	-	-	-	-	-
Replacement Reserve Starting Balance						451,000	-	-	541,800	-	-	632,100	-
Replacement Reserve Deposits						30,300	-	-	30,300	-	-	30,300	-
Replacement Reserve Withdrawals (Identified to CHA)						-	-	-	-	-	-	-	-
Replacement Reserve Interest						-	-	-	-	-	-	-	-
RR Running Balance						-	-	-	-	-	-	-	-
OPERATING RESERVE - RUNNING BALANCE						-	-	-	-	-	-	-	-
Operating Reserve Starting Balance						-	-	-	-	-	-	-	-
Operating													

MOHCD Profema - 20 Year Cash Flow											
Total # Units:		LOSP Units	Non-LOSP Units								
258		216	0								
100.00%		0.00%									
				Year 7 2027			Year 8 2028				
				Comments	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP
				(related to annual inc assumptions)	Total						
INCOME				% annual inc	% annual increase						
Other Reserve 2 Deposits					-			-			-
Other Reserve 2 Withdrawals											
Other Reserve 2 Interest											
Other Required Reserve 2 Running Balance					-						-

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MOHCD Program - 20 Year Cash Flow

Total # Units:	LOSP Units	Non-LOSP Units	Comments	Year 9 2029		Year 10 2030		Year 11 2031	
				% annual inc LOSP	% annual increase (related to annual inc assumptions)	LOSP	non-LOSP	LOSP	non-LOSP
258	100.00%	0.00%							
INCOME									
Residential - Tenant Rents	1.0%	2.5%			831,634	838,950	838,950	848,350	848,350
Residential - Tenant Assistance Payments (non-LOSP)	n/a	n/a			-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a			4,114,965	4,273,432	4,273,432	4,441,717	4,441,717
Commercial Space	n/a	2.5%			1	1	1	1	1
Commercial Parking	2.5%	2.5%			-	-	-	-	-
Miscellaneous Rent Income	2.5%	2.5%			-	-	-	-	-
Supportive Services Income	2.5%	2.5%			-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%			-	-	-	-	-
Laundry and Vending	2.5%	2.5%			-	-	-	-	-
Tenant Charges	2.5%	2.5%			2,024	2,027	2,027	3,072	3,072
Miscellaneous Residential Income	2.5%	2.5%			-	-	-	-	-
Other Commercial Income	n/a	3.5%			78,070	80,802	80,802	-	83,630
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	Link from Reserve Section below, as applicable		-	-	-	-	-
Gross Potential Income					5,027,593	5,118,261	5,118,261	5,293,129	5,293,129
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formula manually per relevant MOHCD policy, annual incrementing unitarily not appropriate		(41,563)	(41,563)	(41,563)	(42,417)	(42,417)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a			-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a			-	-	-	-	-
EFFECTIVE GROSS INCOME					4,986,030	5,076,700	5,076,700	5,250,712	5,250,712
OPERATING EXPENSES									
Management			1st Year to be set according to HUD schedule per MOHCD policy		328,147	337,562	337,562	349,377	351,605
Asset Management Fee	3.5%	3.5%			48,068	47,701	47,701	49,371	51,092
Sub-total Management Expenses					376,215	385,263	385,263	398,748	402,697
Salaries/Benefits									
Office Salaries	3.5%	3.5%			520,355	547,892	547,892	587,049	587,049
Manager's Salary	3.5%	3.5%			330,951	342,624	342,624	359,502	359,502
Health Insurance and Other Benefits	3.5%	3.5%			155,403	160,842	160,842	168,472	172,239
Other Salaries/Benefits	3.5%	3.5%			150,583	156,083	156,083	163,726	167,496
Administrative Rent/Fee Unit	3.5%	3.5%			157,284	162,892	162,892	169,593	174,404
Sub-total Salaries/Benefits					1,274,576	1,330,313	1,330,313	1,388,341	1,412,727
Administration									
Advertising and Marketing	3.5%	3.5%			-	-	-	-	-
Office Expenses	3.5%	3.5%			8,448	8,634	8,634	8,896	8,928
Office Rent	3.5%	3.5%			8,350	8,649	8,649	8,852	8,903
Legal Expense - Property	3.5%	3.5%			87,428	90,498	90,498	93,655	96,832
Audit Expense	3.5%	3.5%			40,299	41,636	41,636	43,130	44,682
Bookkeeping/Accounting Services	3.5%	3.5%			43,321	44,800	44,800	46,335	47,922
Bad Debts	3.5%	3.5%			70,726	73,201	73,201	75,783	78,416
Miscellaneous	3.5%	3.5%			55,154	56,190	56,190	57,295	58,477
Sub-total Administration Expenses					343,733	355,263	355,263	366,057	377,119
Utilities									
Electricity	3.5%	3.5%			-	-	-	-	-
Water	3.5%	3.5%			129,207	134,247	134,247	139,845	145,006
Gas	3.5%	3.5%			89,458	92,810	92,810	96,511	100,239
Sewer	3.5%	3.5%			195,728	202,576	202,576	209,685	217,007
Sub-total Utilities					604,393	629,633	629,633	655,441	681,251
Taxes and Licenses									
Real Estate Taxes	3.5%	3.5%			2,877	2,978	2,978	3,082	3,190
Payroll Taxes	3.5%	3.5%			70,408	72,870	72,870	75,430	78,080
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%			14,589	15,022	15,022	15,414	15,833
Sub-total Taxes and Licenses					87,874	90,740	90,740	93,916	97,103
Insurance									
Property and Liability Insurance	3.5%	3.5%			275,513	286,191	286,191	296,207	306,575
Fidelity Bond Insurance	3.5%	3.5%			45,498	47,091	47,091	48,739	50,445
Workers' Compensation	3.5%	3.5%			-	-	-	-	-
Directors & Officers' Liability Insurance	3.5%	3.5%			-	-	-	-	-
Sub-total Insurance					321,011	333,282	333,282	344,946	357,020
Maintenance & Repair									
Payroll	3.5%	3.5%			-	-	-	-	-
Supplies	3.5%	3.5%			208,659	215,962	215,962	223,521	231,344
Culinary	3.5%	3.5%			1,115,895	1,154,732	1,154,732	1,195,150	1,236,295
Garbage and Trash Removal	3.5%	3.5%			198,764	205,742	205,742	212,943	220,395
Security Payment/Contract	3.5%	3.5%			184,261	189,650	189,650	195,238	201,021
HVAC Repairs and Maintenance	3.5%	3.5%			-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%			-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%			104,735	108,401	108,401	112,195	116,122
Sub-total Maintenance & Repair Expenses					1,702,114	1,749,485	1,749,485	1,806,049	1,863,882
Supportive Services	3.5%	3.5%			-	-	-	-	-
Commercial Expenses	3.5%	3.5%			78,070	80,802	80,802	-	83,630
TOTAL OPERATING EXPENSES					4,892,711	4,987,083	4,987,083	5,155,421	5,235,881
Reserves/Ground Lease Base Rent/Bond Fees									
Ground Lease Base Rent					-	-	-	-	-
Bond Monitoring Fee					5,000	5,000	5,000	5,000	5,000
Replacement Reserve Deposit					90,300	90,300	90,300	90,300	90,300
Operating Reserve Deposit					-	-	-	-	-
Other Required Reserve 1 Deposit					-	-	-	-	-
Other Required Reserve 2 Deposit					-	-	-	-	-
Residual Reserve Deposits, Commercial					-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					95,300	95,300	95,300	95,300	95,300
TOTAL OPERATING EXPENSES (w/ Reserves/Ground Lease Base Rent/Bond Fees)					4,988,011	5,082,383	5,082,383	5,250,721	5,331,181
NET OPERATING INCOME (INCOME minus OP EXPENSES)					0	0	0	0	0
DEBT SERVICE/DEBT PAYMENTS ("hard debt"/amortized loans)									
Hard Debt - First Lender			Enter comments re: annual increase, etc.		-	-	-	-	-
Hard Debt - Second Lender (MOHCD Program 0.42% pmt, or other 2nd Lender)			Enter comments re: annual increase, etc.		-	-	-	-	-
Hard Debt - Third Lender (Other MOHCD Program, or other 3rd Lender)			Enter comments re: annual increase, etc.		-	-	-	-	-
Hard Debt - Fourth Lender			Enter comments re: annual increase, etc.		-	-	-	-	-
Commercial Hard Debt Service					-	-	-	-	-
TOTAL HARD DEBT SERVICE					0	0	0	0	0
CASH FLOW (Net Income minus DEBT SERVICE)					0	0	0	0	0
Commercial Only Cash Flow					1	1	1	1	1
Allocation of Commercial Surplus to LOSP/Non-LOSP (Residual Income)					-	-	-	-	-
AVAILABLE CASH FLOW					0	0	0	0	0
USES OF CASH FLOW BELOW (This row also shows DSCR)									
Below-the-line Asset Mgt Fee (non-common in new projects, see policy)	3.0%	3.5%	See MOHCD policy		-	-	-	-	-
Property Management Fee (see policy for limits)	3.5%	3.5%	See MOHCD policy		-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	3.5%	3.5%	See MOHCD policy re: annual increase		-	-	-	-	-
Order Payments					-	-	-	-	-
Non-amortizing Loan Pmt - Lender 1			Enter comments re: annual increase, etc.		-	-	-	-	-
Non-amortizing Loan Pmt - Lender 2			Enter comments re: annual increase, etc.		-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)					-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD					0	0	0	0	0
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)					0	0	0	0	0
Does Project have a MOHCD Residual Receipt Obligation?	No								
Will Project Deliver Developer Fee?	No								
Residual Receipts split for all years - Lender/Owner	0%/0%								
MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
MOHCD Residual Receipts Amount Due	100.00%		Allocation per pro rata share of all debt loans, and MOHCD residual receipts policy		-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Loan Repayment					-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease					-	-	-	-	-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
MOHCD Residual Receipts Amount Due	0.00%		MOHCD Financing		-	-	-	-	-
Lender 4 Residual Receipts Due	0.00%				-	-	-	-	-
Lender 5 Residual Receipts Due	0.00%				-	-	-	-	-
Total Non-MOHCD Residual Receipts Debt Service					0	0	0	0	0
REMAINDER (Should be zero unless there are distributions below)									
Other Distributions/Incentive Management Fee					-	-	-	-	-
Other Distributions/Ass					-	-	-	-	-
Final Balance (should be zero)					-	-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE									
Replacement Reserve Starting Balance					729,400	812,705	812,705	833,626	833,626
Replacement Reserve Deposits					90,300	90,300	90,300	90,300	90,300
Replacement Reserve Withdrawals (steady tied to CNA)					-	-	-	-	-
Replacement Reserve Interest					812,705	803,009	803,009	833,308	833,308
RR Running Balance					\$1,150	\$1,500	\$1,500	\$1,500	\$1,500
OPERATING RESERVE - RUNNING BALANCE									
Operating Reserve Starting Balance					-	-	-	-	-
Operating Reserve Deposits					-	-	-	-	-
Operating Reserve Withdrawals					-	-	-	-	-
Operating Reserve Interest					-	-	-	-	-
OR Running Balance					0.00%	0.00%	0.00%	0.00%	0.00%
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE									
Other Reserve 1 Starting Balance					-	-	-	-	-
Other Reserve 1 Deposits					-	-	-	-	-
Other Reserve 1 Withdrawals					-	-	-	-	-
Other Reserve 1 Interest					-	-	-	-	-
Other Required Reserve 1 Running Balance					0	0	0	0	0
OTHER REQUIRED RESERVE 2 - RUNNING BALANCE									
Other Reserve 2 Starting Balance					-	-	-	-	-

MOHCD Proforma - 20 Y													
Total # Units:		LOSP Units	Non-LOSP Units										
259		259	0										
		% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP
INCOME													
Other Reserve 2 Deposits													
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
Other Required Reserve 2 Running Balance													

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MOHCD Preliminary - 20 Year Cash Flow

Total # Units:		LOSP Units	Non-LOSP Units	Year 12 2032		Year 13 2033		Year 14 2034	
256		256	0	100.00%		100.00%		100.00%	
		% annual Inc LOSP	% annual Increase	Comments (related to annual inc assumptions)		non-LOSP	LOSP	non-LOSP	LOSP
INCOME									
Residential - Tenant Rents		1.0%	2.5%			-	555,833	585,402	-
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a			-	-	606,400	674,655
Residential - LOSP Tenant Assistance Payments		n/a	n/a			-	4,614,021	4,792,557	4,977,547
Commercial Space		n/a	2.5%			-	-	-	4,077,547
Residential Parking		2.5%	2.5%			-	-	-	4,077,547
Miscellaneous Rent Income		2.5%	2.5%			-	-	-	5,193,217
Supportive Services Income		2.5%	2.5%			-	-	-	-
Interest Income - Placed Operations		2.5%	2.5%			-	-	-	-
Laundry and Vending		2.5%	2.5%			-	-	-	-
Tenant Charges		2.5%	2.5%			-	3,149	3,228	3,306
Miscellaneous Residential Income		2.5%	2.5%			-	-	-	3,306
Other Commercial Income		n/a	3.5%			-	86,557	-	3,391
Withdrawal from Completed Reserve Deposit to operating account		n/a	n/a	Link from Reserve Section below, as applicable		-	-	86,587	87,272
Gross Potential Income									
						-	5,550,561	5,661,188	5,750,774
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formula manually per relevant MOHCD policy, annual increasing liability not appropriate		-	(42,843)	(42,270)	(42,793)
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a			-	-	-	(42,793)
Vacancy Loss - Commercial		n/a	n/a			-	-	-	(44,140)
EFFECTIVE GROSS INCOME						-	5,517,719	5,617,918	5,707,504
OPERATING EXPENSES									
Management									
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule		-	361,605	374,251	387,261
Asset/Management Fee		3.5%	3.5%	per MOHCD policy		-	51,099	52,987	54,718
Sub-total Management Expenses						-	412,704	427,238	441,979
Salaries/Benefits									
Office Salaries		3.5%	3.5%			-	588,917	607,459	626,790
Manager's Salary		3.5%	3.5%			-	365,839	379,774	393,066
Health Insurance and Other Benefits		3.5%	3.5%			-	172,295	178,229	184,230
Other Salaries/Benefits		3.5%	3.5%			-	111,496	115,599	119,638
Administrative Travel/Per Diem		3.5%	3.5%			-	174,451	180,601	186,922
Sub-total Salaries/Benefits						-	1,412,137	1,461,592	1,512,716
Administration									
Advertising and Marketing		3.5%	3.5%			-	-	-	-
Office Expenses		3.5%	3.5%			-	89,238	71,551	71,681
Office Rent		3.5%	3.5%			-	8,265	8,589	8,915
Legal Expense - Property		3.5%	3.5%			-	86,923	100,324	103,837
Audit Expenses		3.5%	3.5%			-	44,589	45,732	47,011
Bookkeeping/Accounting Services		3.5%	3.5%			-	48,922	49,854	50,784
Bad Debts		3.5%	3.5%			-	78,415	81,159	84,000
Miscellaneous		3.5%	3.5%			-	14,427	68,232	69,059
Sub-total Administration Expenses						-	409,819	424,266	439,516
Utilities									
Electricity		3.5%	3.5%			-	193,963	206,860	209,060
Water		3.5%	3.5%			-	143,800	148,842	154,051
Gas		3.5%	3.5%			-	119,239	114,068	118,091
Sewer		3.5%	3.5%			-	217,007	224,602	232,493
Sub-total Utilities						-	473,017	490,362	494,500
Taxes and Licenses									
Real Estate Taxes		3.5%	3.5%			-	3,190	3,302	3,323
Planned Taxes		3.5%	3.5%			-	78,080	80,792	83,620
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%			-	15,833	16,511	16,511
Sub-total Taxes and Licenses						-	97,103	100,605	104,127
Insurance									
Property and Liability Insurance		3.5%	3.5%			-	306,625	317,305	317,306
Fidelity Bond Insurance		3.5%	3.5%			-	-	-	-
Worker's Compensation		3.5%	3.5%			-	50,445	52,710	54,918
Directors & Officers' Liability Insurance		3.5%	3.5%			-	357,029	369,516	382,448
Sub-total Insurance						-	664,099	686,531	694,672
Maintenance & Repair									
Payroll		3.5%	3.5%			-	-	-	-
Supplies		3.5%	3.5%			-	231,344	239,441	247,821
Contracts		3.5%	3.5%			-	1,236,883	1,280,274	1,325,084
Garbage and Trash Removal		3.5%	3.5%			-	220,396	228,109	236,093
Security/Alarm/Contract		3.5%	3.5%			-	173,021	177,007	181,052
HVAC Repairs and Maintenance		3.5%	3.5%			-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs		3.5%	3.5%			-	-	-	-
Miscellaneous Operating and Maintenance Expenses		3.5%	3.5%			-	118,122	130,188	142,392
Sub-total Maintenance & Repair Expenses						-	1,979,862	2,048,017	2,116,392
Supportive Services		3.5%	3.5%			-	86,555	-	86,555
Commercial Expenses						-	86,555	86,557	87,223
TOTAL OPERATING EXPENSES						-	5,422,418	5,532,618	5,612,203
RESERVES/GROUND LEASE BASE RENT/BOND FEES									
Ground Lease Base Rent						-	5,000	5,000	5,000
Bond Monitoring Fee						-	80,300	80,300	80,300
Replacement Reserve Deposit						-	-	-	-
Operating Reserve Deposit						-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-
Required Reserve Deposits, Commercial						-	85,301	85,301	85,301
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						-	165,301	165,301	165,301
TOTAL OPERATING EXPENSES (w/ Reserves/Gl. Base Rent/Bond Fees)						-	5,517,719	5,617,919	5,707,504
NET OPERATING INCOME (INCOME minus OP EXPENSES)									
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)									
Hard Debt - First Lender						-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pmt, or other 2nd Lender)						-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)						-	-	-	-
Hard Debt - Fourth Lender						-	-	-	-
Commercial Hard Debt Service						-	-	-	-
TOTAL HARD DEBT SERVICE						-	-	-	-
CASH FLOW (Net Income minus DEBT SERVICE)									
Commercial Cash Flow						-	-	-	-
Allocation of Commercial Surplus to LOSP/Non-LOSP (Residual Income)						-	-	-	-
AVAILABLE CASH FLOW						-	-	-	-
USES OF CASH FLOW (Borrow) (This row also shows DSCR)									
Borrow for New Asset (see information in new projects, see policy)		3.5%	3.5%	per MOHCD policy		-	-	-	-
Partnership Management Fee (see policy for limits)		3.5%	3.5%	per MOHCD policy		-	-	-	-
Investor Service Fee (see "T.P. Asset Man Fee" (see policy for limits)				per MOHCD policy on annual increase		-	-	-	-
Other Payments						-	-	-	-
Non-amortizing Loan Pmt - Lender 1				Enter comments re annual increase, etc.		-	-	-	-
Non-amortizing Loan Pmt - Lender 2				Enter comments re annual increase, etc.		-	-	-	-
Ordained Developer Fee (Enter amt or Max Fee from row 131)				Enter comments re annual increase, etc.		-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD						-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)									
Does Project have a MOHCD Residual Receipt Obligation?									
Will Project Offer Developer Fee?									
Residual Receipts split for all years - Lender/Owner									
MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
MOHCD Residual Receipts Amount Due		100.00%		Allocation per pro rata share of all debt costs, and MOHCD residual receipts policy		-	-	-	-
Proposed MOHCD Residual Receipts Amount to Loan Repayment						-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease						-	-	-	-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
HCD Residual Receipts Amount Due		0.00%		See HCD Financing		-	-	-	-
Lender 1 Residual Receipts Due		0.00%				-	-	-	-
Lender 2 Residual Receipts Due		0.00%				-	-	-	-
Total Non-MOHCD Residual Receipts Debt Service						-	-	-	-
REMAINDER (Should be zero unless there are distributions below)									
Owner Distributions/Incentive Management Fee						-	-	-	-
Other Distributions/Fees						-	-	-	-
Final Balance (should be zero)						-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE									
Replacement Reserve Starting Balance						-	993,800	1,083,600	1,173,500
Replacement Reserve Deposits						-	93,800	50,350	50,350
Replacement Reserve Withdrawals (Identified to CNAI)						-	-	-	-
Replacement Reserve Interest						-	-	-	-
RR Running Balance							1,083,600	1,173,500	1,244,200
OPERATING RESERVE - RUNNING BALANCE									
Operating Reserve Starting Balance						-	-	-	-
Operating Reserve Deposits						-	-	-	-
Operating Reserve Withdrawals						-	-	-	-
Operating Reserve Interest						-	-	-	-
OR Running Balance							-	-	-
OR Balance as a % of Prior Yr Op Exp + Debt Service							0.0%	0.0%	0.0%
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE									
Other Reserve 1 Starting Balance						-	-	-	-
Other Reserve 1 Deposits						-	-	-	-
Other Reserve 1 Withdrawals						-	-	-	-
Other Reserve 1 Interest						-	-	-	-
Other Required Reserve 1 Running Balance									
OTHER REQUIRED RESERVE 2 - RUNNING BALANCE									
Other Reserve 2 Starting Balance						-	-	-	-
Other Reserve 2 Deposits						-	-	-	-
Other Reserve 2 Withdrawals						-	-	-	-
Other Reserve 2 Interest						-	-	-	-

Total # Units:		LOSP	Non-LOSP	MOHCD Prudoma - 20 Y									
328		256	0										
		100.00%	0.00%										
		% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP
INCOME													
Other Reserve 2 Deposits													
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
Other Required Reserve 2 Running Balance													

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MOHCD Preliminary - 20 Year Cash Flow

Total # Units		LOSP Units	Non-LOSP Units		Year 15		Year 16		Year 17		
255		188	9		2035	2036	2036	2037	2037		
	100.00%	% annual Inc LOSP	% annual Increase	Comments (related to annual inc assumptions)	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP
INCOME											
Residential - Tenant Rents	1.0%	2.5%			-	88,795	89,624	-	89,624	202,540	809,540
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a			-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a			-	5,168,217	5,387,805	-	5,387,805	5,573,553	5,673,663
Commercial Space	n/a	2.5%			-	1	-	-	-	-	-
Residential Parking	2.5%	2.5%			-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	2.5%			-	-	-	-	-	-	-
Supportive Services Income	2.5%	2.5%			-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%			-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%			-	-	-	-	-	-	-
Tenant Charges	2.5%	2.5%			-	3,391	3,476	-	3,476	3,563	3,652
Miscellaneous Residential Income	2.5%	2.5%			-	-	-	-	-	-	-
Other Commercial Income	n/a	3.5%			-	95,685	-	-	95,336	-	102,803
Withdrawal from Capitalized Reserve (deposited to operating account)	n/a	n/a		Link from Reserve Section below, as applicable	-	-	-	-	-	-	-
Gross Potential Income											
					-	6,151,373	6,182,805	-	6,392,332	6,477,656	6,580,469
Vacancy Loss - Residential - Tenant Rents	n/a	n/a		Enter formula manually per relevant MOHCD policy, annual incrementing weekly not applicable	-	(44,140)	(44,581)	-	(44,581)	(45,027)	(45,477)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a			-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a			-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME					-	6,107,233	6,138,224	-	6,317,651	6,402,429	6,535,433
OPERATING EXPENSES											
Management											
Management Fee	3.5%	3.5%		1st Year to be set according to HUD schedule	-	400,818	414,630	-	414,630	429,474	444,405
Asset Management Fee	3.5%	3.5%		See MOHCD policy	-	65,654	68,037	-	68,037	70,490	72,943
Sub-total Management Expenses					-	466,472	482,667	-	482,667	499,964	517,348
Salaries/Benefits											
Office Salaries	3.5%	3.5%			-	450,725	471,600	-	471,600	492,672	513,912
Manager's Salary	3.5%	3.5%			-	409,423	421,603	-	421,603	435,299	451,057
Health Insurance and Other Benefits	3.5%	3.5%			-	191,630	197,716	-	197,716	204,438	211,789
Other Salaries/Benefits	3.5%	3.5%			-	123,618	127,645	-	127,645	132,423	137,058
Administrative Rent-Free Unit	3.5%	3.5%			-	191,485	200,236	-	200,236	207,244	214,489
Sub-total Salaries/Benefits					-	1,665,881	1,698,499	-	1,698,499	1,677,178	1,735,677
Administration											
Advertising and Marketing	3.5%	3.5%			-	-	-	-	-	-	-
Office Expenses	3.5%	3.5%			-	78,785	79,432	-	79,432	82,233	85,111
Office Rent	3.5%	3.5%			-	10,772	10,832	-	10,832	11,004	11,182
Legal Expense - Property	3.5%	3.5%			-	107,472	111,232	-	111,232	115,126	119,156
Audit Expense	3.5%	3.5%			-	43,528	44,739	-	44,739	46,003	47,319
Bookkeeping/Accounting Services	3.5%	3.5%			-	53,073	54,644	-	54,644	56,279	57,678
Bad Debts	3.5%	3.5%			-	89,940	89,893	-	89,893	91,132	92,392
Miscellaneous	3.5%	3.5%			-	71,488	73,488	-	73,488	75,518	77,578
Sub-total Administration Expenses					-	454,484	470,391	-	470,391	486,655	503,219
Utilities											
Electricity	3.5%	3.5%			-	221,781	228,461	-	228,461	237,492	245,894
Water	3.5%	3.5%			-	159,443	165,034	-	165,034	170,799	176,777
Gas	3.5%	3.5%			-	172,224	176,502	-	176,502	180,930	185,512
Sewer	3.5%	3.5%			-	240,600	249,000	-	249,000	257,736	266,787
Sub-total Utilities					-	794,048	820,997	-	820,997	849,957	878,978
Taxes and Licenses											
Real Estate Taxes	3.5%	3.5%			-	3,537	3,681	-	3,681	3,789	3,921
Payroll Taxes	3.5%	3.5%			-	85,547	89,576	-	89,576	92,711	95,858
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%			-	17,687	18,307	-	18,307	18,947	19,610
Sub-total Taxes and Licenses					-	107,771	111,564	-	111,564	115,447	119,489
Insurance											
Property and Liability Insurance	3.5%	3.5%			-	339,805	351,801	-	351,801	364,115	378,859
Fidelity Bond Insurance	3.5%	3.5%			-	55,929	57,887	-	57,887	59,913	62,010
Worker's Compensation	3.5%	3.5%			-	55,929	57,887	-	57,887	59,913	62,010
Director's & Officers' Liability Insurance	3.5%	3.5%			-	-	-	-	-	-	-
Sub-total Insurance					-	451,663	469,688	-	469,688	484,027	498,869
Maintenance & Repair											
Paint	3.5%	3.5%			-	-	-	-	-	-	-
Supplies	3.5%	3.5%			-	255,465	265,472	-	265,472	274,764	284,381
Contracts	3.5%	3.5%			-	1,371,463	1,419,463	-	1,419,463	1,469,144	1,520,564
Garbage and Trash Removal	3.5%	3.5%			-	244,357	252,809	-	252,809	261,761	271,222
Security Alarm/Contract	3.5%	3.5%			-	189,614	196,250	-	196,250	203,119	210,228
HVAC Repairs and Maintenance	3.5%	3.5%			-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%			-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%			-	128,746	133,292	-	133,292	137,816	142,742
Sub-total Maintenance & Repair Expenses					-	2,189,671	2,267,247	-	2,267,247	2,346,704	2,429,839
Supportive Services	3.5%	3.5%			-	55,968	58,327	-	58,327	60,764	63,283
Commercial Expenses					-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES					-	6,011,932	6,123,023	-	6,222,350	6,337,329	6,446,192
PUPA (w/o Reserves/GI, Base Rent/Bond Fees)					-	6,011,932	6,123,023	-	6,222,350	6,337,329	6,446,192
Reserves/Ground Lease Base Rent/Bond Fees											
Ground Lease Base Rent					-	1	-	-	1	-	1
Bond Monitoring Fee					-	5,000	5,000	-	5,000	5,000	5,000
Partnership Management Fee (see policy for limits)					-	80,300	80,300	-	80,300	80,300	80,300
Operating Reserve Deposit					-	-	-	-	-	-	-
Other Required Reserve 1 Deposit					-	-	-	-	-	-	-
Other Required Reserve 2 Deposit					-	-	-	-	-	-	-
Required Reserve Deposits/Commercial					-	95,301	95,301	-	95,301	95,301	95,301
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					-	181,602	181,602	-	181,602	181,602	181,602
TOTAL OPERATING EXPENSES (w/ Reserves/GI, Base Rent/Bond Fees)					-	6,193,534	6,304,625	-	6,371,651	6,432,630	6,535,433
PUPA (w/ Reserves/GI, Base Rent/Bond Fees)					-	6,193,534	6,304,625	-	6,371,651	6,432,630	6,535,433
NET OPERATING INCOME (INCOME MINUS OP EXPENSES)											
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)					-	-	-	-	-	-	-
Hard Debt - First Lender					-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)					-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)					-	-	-	-	-	-	-
Hard Debt - Fourth Lender					-	-	-	-	-	-	-
Commercial Hard Debt Service					-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE					-	-	-	-	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)					-	-	-	-	-	-	-
Commercial Only Cash Flow					-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOPSHON-LOSP (residual income)					-	-	-	-	-	-	-
AVAILABLE CASH FLOW					-	-	-	-	-	-	-
USES OF CASH FLOW BELOW (This row also shows DSCR)											
USES THAT PRECEED MOHCD DEBT SERVICE IN WATERFALL											
Below-the-line: Asset Mgt fee (uncommitted in new projects, see policy)	3.5%	3.5%		per MOHCD policy	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%		per MOHCD policy	-	-	-	-	-	-	-
Investor Service Fee (aka T.P. Asset Mgt Fee) (see policy for limits)				per MOHCD policy on annual increase	-	-	-	-	-	-	-
Other Payments					-	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 1				Enter comments re annual increase, etc	-	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 2				Enter comments re annual increase, etc	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 151)				Enter comments re annual increase, etc	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD					-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)					-	-	-	-	-	-	-
Does Project have a MOHCD Residual Receipt Obligation?					No						
Will Project Offer Developer Fee?					No						
Residual Receipts split for all years - Lender/Owner					0% / 0%						
MOHCD RESIDUAL RECEIPTS DEBT SERVICE											
MOHCD Residual Receipts Amount Due					100.00%						
Proposed MOHCD Residual Receipts Amount to Loan Repayment											
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease											
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE											
HCD Residual Receipts Amount Due					0.00%						
Lender 4 Residual Receipts Due					0.00%						
Lender 5 Residual Receipts Due					0.00%						
Total Non-MOHCD Residual Receipts Debt Service											
REMAINDER (should be zero unless there are distributions below)											
Owner Distributions/Incentive Management Fee											
Other Distributions/Incentives											
Final Balance (should be zero)											
REPLACEMENT RESERVE - RUNNING BALANCE											
Replacement Reserve Starting Balance						1,384,800			1,384,800		1,444,800
Replacement Reserve Deposits						80,300			80,300		80,300
Replacement Reserve Withdrawals (Identified to CNA)						-			-		-
Replacement Reserve Interest						-			-		-
RR Running Balance						1,384,800	\$5,250		1,444,800	\$5,600	1,505,100
OPERATING RESERVE - RUNNING BALANCE											
Operating Reserve Starting Balance						-			-		-
Operating Reserve Deposits						-			-		-
Operating Reserve Withdrawals						-			-		-
Operating Reserve Interest						-			-		-
OR Running Balance						-			-		-
OR Balance/Unit						-			-		-
OR Running Balance as a % of Prior 12 Op Exp + Debt Service						0.0%			0.0%		0.0%
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE											
Other Reserve 1 Starting Balance						-			-		-
Other Reserve 1 Deposits						-			-		-
Other Reserve 1 Withdrawals						-			-		-
Other Reserve 1 Interest						-			-		-
Other Required Reserve 1 Running Balance						-			-		-
OTHER RESERVE 2 - RUNNING BALANCE											
Other Reserve 2 Starting Balance						-			-		-

Total # Units:		LOSP Units	Non-LOSP Units	MCHCD Profema - 20 Y									
258		226	0	Year 15 2035		Year 16 2036			Year 17 2037				
		100.00%	0.00%										
		% annual Inc LOSP	% annual Increase	Comments (related to annual Inc assumptions)		non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME													
Other Reserve 2 Deposits													
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
Other Required Reserve 2 Running Balance													

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MOHCD Preliminary 20 Year Cash Flow

Total # Units:		LOSP	Non-LOSP	Year 18		Year 19		Year 20	
258		Units	Units	2028		2029		2030	
		100.00%	0.00%						
		% annual inc	% annual increase	Comments		non-LOSP	LOSP	non-LOSP	LOSP
				(related to annual inc assumptions)		Total	Total	Total	Total
INCOME									
Residential - Tenant Rents		1.0%	2.5%			808,546	818,641	918,641	927,828
Residential - Tenant Assistance Payments (Rental OSP)		n/a	n/a			-	-	-	-
Residential - LOSEP Tenant Assistance Payments		n/a	n/a			6,706,715	6,007,553	6,007,553	6,736,337
Commercial Space		n/a	n/a			1	1	1	1
Residential Parking		2.5%	2.5%			-	-	-	-
Miscellaneous Rental Income		2.5%	2.5%			-	-	-	-
Supportive Services Income		2.5%	2.5%			-	-	-	-
Interest Income - Project Operations		2.5%	2.5%			-	-	-	-
Laundry and Vending		2.5%	2.5%			-	-	-	-
Tenant Charges		2.5%	2.5%			3,652	3,743	3,743	3,837
Miscellaneous Residential Income		2.5%	2.5%			-	-	-	-
Other Commercial Income		n/a	n/a			109,401	61	110,125	9
Whitewater from Captured Reserve (deposited to operating account)		n/a	n/a	Unit from Reserve Section below, as applicable		-	-	-	-
Gross Potential Income						6,806,315	6,929,338	7,040,064	7,168,027
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formula manually per relevant MOH policy. Annual percentage vacancy not applicable		(45,477)	(45,832)	(45,832)	(46,391)
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a			-	-	-	-
Vacancy Loss - Commercial		n/a	n/a			-	-	-	-
EFFECTIVE GROSS INCOME						6,760,838	6,884,005	6,994,131	7,121,610
OPERATING EXPENSES						-	-	-	-
Management		3.5%	3.5%	1st Year to be set according to HUD schedule		444,505	450,053	450,053	476,165
Asset Management Fee		3.5%	3.5%	per MOHCD policy		87,814	85,612	85,612	87,288
Sub-total Management Expenses						532,319	535,665	535,665	563,453
Salaries/Benefits		3.5%	3.5%			721,470	746,722	746,722	772,857
Office Salaries		3.5%	3.5%			451,053	466,630	466,630	482,376
Manager's Salary		3.5%	3.5%			211,789	219,212	219,212	226,884
Health Insurance and Other Benefits		3.5%	3.5%			137,058	141,855	141,855	146,820
Other Salaries/Benefits		3.5%	3.5%			214,466	222,005	222,005	229,775
Administrative Rent-Free Units		3.5%	3.5%			1,735,877	1,796,632	1,796,632	1,859,514
Sub-total Salaries/Benefits						1,735,877	1,796,632	1,796,632	1,859,514
Administration		3.5%	3.5%			-	-	-	-
Advertising and Marketing		3.5%	3.5%			85,111	88,090	88,090	91,172
Office Expenses		3.5%	3.5%			11,380	11,768	11,768	12,200
Office Rent		3.5%	3.5%			118,136	123,326	123,326	127,643
Legal Expense - Property		3.5%	3.5%			54,815	56,832	56,832	58,821
Audit Expense		3.5%	3.5%			87,679	89,681	89,681	91,767
Bookkeeping/Accounting Services		3.5%	3.5%			86,392	89,768	89,768	93,258
Bad Debts		3.5%	3.5%			70,256	72,032	72,032	74,003
Miscellaneous		3.5%	3.5%			103,695	107,531	107,531	111,578
Sub-total Administration Expenses						532,319	535,665	535,665	563,453
Utilities		3.5%	3.5%			245,804	254,407	254,407	263,312
Electricity		3.5%	3.5%			118,277	123,326	123,326	127,643
Water		3.5%	3.5%			135,512	140,255	140,255	145,164
Gas		3.5%	3.5%			266,757	275,093	275,093	283,757
Sewer		3.5%	3.5%			87,814	85,612	85,612	87,288
Sub-total Utilities						676,353	705,721	705,721	736,601
Taxes and Licenses		3.5%	3.5%			3,921	4,059	4,059	4,201
Real Estate Taxes		3.5%	3.5%			85,656	88,314	88,314	91,020
Payroll Taxes		3.5%	3.5%			18,400	20,327	20,327	21,007
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%			119,466	123,670	123,670	127,998
Sub-total Taxes and Licenses						119,466	123,670	123,670	127,998
Insurance		3.5%	3.5%			379,859	390,049	390,049	401,700
Property and Liability Insurance		3.5%	3.5%			62,010	64,160	64,160	66,426
Fidelity Bond Insurance		3.5%	3.5%			62,010	64,160	64,160	66,426
Worker's Compensation		3.5%	3.5%			62,010	64,160	64,160	66,426
Director's & Officers' Liability Insurance		3.5%	3.5%			62,010	64,160	64,160	66,426
Sub-total Insurance						438,868	454,219	454,219	470,527
Maintenance & Repair		3.5%	3.5%			-	-	-	-
Payroll		3.5%	3.5%			294,281	304,334	304,334	314,838
Supplies		3.5%	3.5%			1,530,054	1,572,784	1,572,784	1,618,668
Contractors		3.5%	3.5%			270,932	280,405	280,405	290,219
Garbage and Trash Removal		3.5%	3.5%			210,228	217,586	217,586	225,202
Security Guard/Contract		3.5%	3.5%			-	-	-	-
HVAC Repairs and Maintenance		3.5%	3.5%			-	-	-	-
Vehicle and Maintenance Equipment Operation and Repair		3.5%	3.5%			-	-	-	-
Miscellaneous Operating and Maintenance Expenses		3.5%	3.5%			142,743	147,739	147,739	153,010
Sub-total Maintenance & Repair Expenses						2,429,813	2,512,848	2,512,848	2,601,833
Supportive Services		3.5%	3.5%			109,401	61	110,125	9
Commercial Expenses		-	-			-	-	-	-
TOTAL OPERATING EXPENSES						6,655,537	6,784,708	6,898,930	7,140,290
Reserves/Ground Lease Base Rent/Bond Fees						-	-	-	-
Ground Lease Base Rent		-	-			-	-	-	-
Bond Maintenance Fee		-	-			-	-	-	-
Replacement Reserve Deposit		-	-			-	-	-	-
Operating Reserve Deposit		-	-			-	-	-	-
Other Required Reserve 1 Deposit		-	-			-	-	-	-
Other Required Reserve 2 Deposit		-	-			-	-	-	-
Required Reserve Deposits, Commercial		-	-			-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						95,301	95,301	95,301	95,301
TOTAL OPERATING EXPENSES (w/ Reserves/Ground Lease Base Rent/Bond Fees)						6,740,838	6,884,009	6,994,231	7,235,591
NET OPERATING INCOME (Income minus Operating Expenses)						0	0	0	0
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)						-	-	-	-
Hard Debt - First Lender		-	-			-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pmt, or other 2nd Lender)		-	-			-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		-	-			-	-	-	-
Hard Debt - Fourth Lender		-	-			-	-	-	-
Commercial Hard Debt Service		-	-			-	-	-	-
TOTAL HARD DEBT SERVICE						-	-	-	-
CASH FLOW (Net Income minus Debt Service)						0	0	0	0
Commercial Only Cash Flow		-	-			-	-	-	-
Allocation of Commercial Surplus to LOSEP/LOSP (residual income)		-	-			-	-	-	-
AVAILABLE CASH FLOW						0	0	0	0
USES OF CASH FLOW BELOW (This row also shows DSCR)						-	-	-	-
Uses that Precede MOHCD Debt Service in Waterfall		3.5%	3.5%	per MOHCD policy		-	-	-	-
Below-in-line Asset Mgt fee (uncommon in new projects, see policy)		3.5%	3.5%	per MOHCD policy		-	-	-	-
Participating Management Fee (see policy for limits)		3.5%	3.5%	per MOHCD policy no annual increase		-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		-	-	per MOHCD policy no annual increase		-	-	-	-
Other Payments		-	-			-	-	-	-
Non-amortizing Loan Pmt - Lender 1		-	-	Enter comments re annual increase, etc.		-	-	-	-
Non-amortizing Loan Pmt - Lender 2		-	-	Enter comments re annual increase, etc.		-	-	-	-
Deferred Developer Fee (Entire amount <= Max Fee from rule 131)		-	-	Enter comments re annual increase, etc.		-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD						-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)						0	0	0	0
Does Project have a MOHCD Residual Receipt Obligation?		No				-	-	-	-
Will Project Deliver Developer Fee?		No				-	-	-	-
Residual Receipts split for all years - Lender/Owner		0% / 0%				-	-	-	-
MOHCD RESIDUAL RECEIPTS DEBT SERVICE						-	-	-	-
MOHCD Residual Receipts Amount Due		100.00%		Allocation per pro rata share of all debt debt, and MOHCD residual receipts policy		-	-	-	-
Proposed MOHCD Residual Receipts Amount to Loan Repayment		-				-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		-				-	-	-	-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE						-	-	-	-
HCD Residual Receipts Amount Due		0.00%		HS HCD Payments		-	-	-	-
Lender 4 Residual Receipts Due		0.00%				-	-	-	-
Lender 5 Residual Receipts Due		0.00%				-	-	-	-
Total Non-MOHCD Residual Receipts Debt Service						-	-	-	-
REMAINDER (Should be zero unless there are distributions below)						-	-	-	-
Owner Distributions/Incentive Management Fee		-				-	-	-	-
Other Distributions/Incentives		-				-	-	-	-
Final Balance (should be zero)		-				-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE						-	-	-	-
Replacement Reserve Starting Balance		-				1,625,100	1,625,100	1,625,100	1,715,700
Replacement Reserve Deposits		-				30,300	30,300	30,300	30,300
Replacement Reserve Withdrawals (deposited to CHA)		-				-	-	-	-
Replacement Reserve Interest		-				-	-	-	-
RR Running Balance						1,655,400	1,655,400	1,715,700	1,806,000
OPERATING RESERVE - RUNNING BALANCE						-	-	-	-
Operating Reserve Starting Balance		-				66,300	66,300	66,300	66,300
Operating Reserve Deposits		-				-	-	-	-
Operating Reserve Withdrawals		-				-	-	-	-
Operating Reserve Interest		-				-	-	-	-
OR Running Balance						66,300	66,300	66,300	66,300
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE						-	-	-	-
Other Reserve 1 Starting Balance		-				-	-	-	-
Other Reserve 1 Deposits		-				-	-	-	-
Other Reserve 1 Withdrawals		-				-	-	-	-
Other Reserve 1 Interest		-				-	-	-	-
Other Required Reserve 1 Running Balance						-	-	-	-
OTHER RESERVE 2 - RUNNING BALANCE						-	-	-	-
Other Reserve 2 Starting Balance		-				-	-	-	-

MOHCD Proforma - 20 Y												
Total # Units:		LOSP Units	Non-LOSP Units									
228		256	0									
		100.00%	0.00%									
				Year 18 2038		Year 19 2039			Year 20 2040			
				non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
INCOME												
Other Reserve 2 Deposits		% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)								
Other Reserve 2 Withdrawals												
Other Reserve 2 Interest												
Other Required Reserve 2 Running Balance												

EXHIBIT C
Tenant Income Certification Form

[To be attached.]

TENANT INCOME CERTIFICATION

☐ Initial Certification ☐ Recertification ☐ Other _____

Effective Date: _____
Move-In Date: _____
(MM-DD-YYYY)

PART I - DEVELOPMENT DATA

Property Name: _____ County: _____ TCAC#: _____ BIN#: _____
Address: _____ If applicable, CDLAC#: _____
Unit Number: _____ # Bedrooms: _____ Square Footage: _____

PART II. HOUSEHOLD COMPOSITION

☐ Vacant (Check if unit was vacant on December 31 of the Effective Date Year)

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$	\$	\$	\$

Add totals from (A) through (D), above

TOTAL INCOME (E):

\$

PART IV. INCOME FROM ASSETS

HH Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset

TOTALS:

\$

\$

Enter Column (H) Total

Passbook Rate

If over \$5000

\$

X

0.06%

=

(J) Imputed Income

\$

Enter the greater of the total of column I, or J: imputed income

TOTAL INCOME FROM ASSETS (K)

\$

(L) Total Annual Household Income from all Sources [Add (E) + (K)]

\$

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature

(Date)

Signature

(Date)

Signature

(Date)

Signature

(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY

RECERTIFICATION ONLY:

TOTAL ANNUAL HOUSEHOLD
INCOME FROM ALL SOURCES:

From item (L) on page 1

\$

Current Federal LIHTC Income Limit per
Family Size: \$

If Applicable, Current Federal Bond
Income Limit per Family Size: \$

Household Income as of Move-in: \$

Unit Meets Federal
Income Restriction at:

☐ 60% ☐ 50%

Unit Meets Deeper Targeting
Income Restriction at:

☐ Other _____%

Current Federal LIHTC
Income Limit x 140%:

\$

Household Income exceeds
140% at recertification:

☐ Yes ☐ No

Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Monthly Rent: \$

Monthly Utility Allowance: \$

Other Monthly Non-optional charges: \$

GROSS MONTHLY RENT FOR UNIT:

(Tenant paid rent plus Utility Allowance &
other non-optional charges)

\$

Maximum Federal LIHTC Rent Limit for
this unit: \$

If Applicable, Maximum Federal & State
LIHTC Bond Rent Limit for this unit: \$

Unit Meets Federal Rent Restriction at: ☐ 60% ☐ 50%

If Applicable, Unit Meets Bond Rent
Restriction at: ☐ 60% ☐ 50%

Unit Meets Deeper Targeting Rent
Restriction at: ☐ Other: _____%

Federal Rent Assistance: \$

Non-Federal Rent Assistance: \$

Total Monthly Rent Assistance: \$

*Source: _____

(*0-8)

*Source of Federal Assistance

1 **HUD Multi-Family Project Based Rental Assistance (PBRA)

2 Section 8 Moderate Rehabilitation

3 Public Housing Operating Subsidy

4 HOME Rental Assistance

5 HUD Housing Choice Voucher (HCV), tenant-based

6 HUD Project-Based Voucher (PBV)

7 USDA Section 521 Rental Assistance Program

8 Other Federal Rental Assistance

0 Missing

** (PBRA) Includes: Section 8 New Construction/Substantial Rehabilitation;
Section 8 Loan Management; Section 8 Property Disposition; Section 202
Project Rental Assistance Contracts (PRAC)

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

☐ yes

☐ no

If yes, Enter student explanation*
(also attach documentation)

Enter
1-5

*Student Explanation:

1 AFDC / TANF Assistance

2 Job Training Program

3 Single Parent/Dependent Child

4 Married/Joint Return

5 Former Foster Care

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit ☐

See Part V above.

b. HOME ☐

Income Status

☐ ≤ 50% AMGI

☐ ≤ 60% AMGI

☐ ≤ 80% AMGI

☐ OI**

c. Tax Exempt Bond ☐

Income Status

☐ 50% AMGI

☐ 60% AMGI

☐ 80% AMGI

☐ OI**

d. AHDP ☐

Income Status

☐ 50% AMGI

☐ 80% AMGI

☐ OI**

e. _____ ☐

(Name of Program)

Income Status

☐

☐ OI**

**Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE

DATE

PART IX. SUPPLEMENTAL INFORMATION FORM

The California Tax Credit Allocation Committee (CTCAC) requests the following information in order to comply with the Housing and Economic Recovery Act (HERA) of 2008, which requires all Low Income Housing Tax Credit (LIHTC) properties to collect and submit to the U.S. Department of Housing and Urban Development (HUD), certain demographic and economic information on tenants residing in LIHTC financed properties. Although the CTCAC would appreciate receiving this information, you may choose not to furnish it. You will not be discriminated against on the basis of this information, or on whether or not you choose to furnish it. If you do not wish to furnish this information, please check the box at the bottom of the page and initial.

Enter both Ethnicity and Race codes for each household member (see below for codes).

TENANT DEMOGRAPHIC PROFILE						
HH Mbr #	Last Name	First Name	Middle Initial	Race	Ethnicity	Disabled
1						
2						
3						
4						
5						
6						
7						

The Following Race Codes should be used:

- 1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.
- 2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as “Haitian” apply to this category.
- 3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
- 4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent:
 - 4a – Asian India 4e – Korean
 - 4b – Chinese 4f – Vietnamese
 - 4c – Filipino 4g – Other Asian
 - 4d – Japanese
- 5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands:
 - 5a – Native Hawaiian 5c – Samoan
 - 5b – Guamanian or Chamorro 5d – Other Pacific Islander

6 – Other

7 – Did not respond. (Please initial below)

Note: Multiple racial categories may be indicated as such: 31 – American Indian/Alaska Native & White, 14b – White & Asian (Chinese), etc.

The Following Ethnicity Codes should be used:

- 1 – Hispanic – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. Terms such as “Latino” or “Spanish Origin” apply to this category.
- 2 – Not Hispanic – A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.
- 3 – Did not respond. (Please initial below)

Disability Status:

1 – Yes

If any member of the household is disabled according to Fair Housing Act definition for handicap (disability):

- A physical or mental impairment which substantially limits one or more major life activities; a record of such an impairment or being regarded as having such an impairment. For a definition of “physical or mental impairment” and other terms used, please see 24 CFR 100.201, available at <http://fairhousing.com/legal-research/hud-regulations/24-cfr-100201-definitions>.
- “Handicap” does not include current, illegal use of or addiction to a controlled substance.
- An individual shall not be considered to have a handicap solely because that individual is transgender.

2 – No

3 – Did not respond (Please initial below)

☐ **Resident/Applicant:** I do not wish to furnish information regarding ethnicity, race and other household composition.

(Initials) _____
 (HH#) 1. 2. 3. 4. 5. 6. 7.

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I - Development Data

Enter the type of tenant certification: Initial Certification (move-in), Recertification (annual recertification), or Other. If other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Effective Date Enter the effective date of the certification. For move-in, this should be the move-in date. For annual income recertification's, this effective date should be no later than one year from the effective date of the previous (re)certification.

Move-In Date Enter the most recent date the household tax credit qualified. This could be the move-in date or in an acquisition rehab property, this is not the date the tenant moved into the unit, it is the most recent date the management company income qualified the unit for tax credit purposes.

Property Name Enter the name of the development.

County Enter the county (or equivalent) in which the building is located.

TCAC# Enter the project number assigned to the property by TCAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: CA-2010-123

BIN # Enter the building number assigned to the building (from IRS Form 8609).

Address Enter the physical address of the building, including street number and name, city, state, and zip code.

If applicable, CDLAC# If project is awarded 4% bonds please enter the project number assigned to the property by CDLAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: 16-436

Unit Number Enter the unit number.

Bedrooms Enter the number of bedrooms in the unit.

Square Footage Enter the square footage for the entire unit.

Vacant Unit Check if unit was vacant on December 31 of requesting year. For example, for the collection of 2011 data, this would refer to December 31, 2011.

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following definitions:

H	Head of Household	S	Spouse	U	Unborn Child/Anticipated
A	Adult Co-Tenant	O	Other Family Member		Adoption or Foster
C	Child	F	Foster child(ren)/adult(s)		
L	Live-in Caretaker	N	None of the above		

Date of Birth Enter each household member's date of birth.

Student Status Enter "Yes" if the household member is a full-time student or "NO" if the household member is not a full-time student.

Last Four Digits of Social Security Number For each tenant 15 years of age or older, enter the last four digits of the social security number or the last four digits of the alien registration number. If the last four digits of SSN or alien registration is missing, enter 0000. For tenants under age 15, social security number not required, although please enter 0000.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List **each** respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note "zero" in the columns of Part III.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. If individual household member income is provided, list the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 0.06% and enter the amount in (J), Imputed Income.

Row (K)	Enter the greater of the total in Column (I) or (J)
Row (L)	Total Annual Household Income From all Sources Add (E) and (K) and enter the total

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V – Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current LIHTC Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size – specifically, the max income limit for the federal 50% or 60% set aside.
Current Bond Income Limit per Family Size	Enter the Current most restrictive Move-in Income Limit for the household size – specifically, the max income limit incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.

Household Income at Move-in	For recertifications only. Enter the household income from the move-in certification.
Household Size at Move-in	Enter the number of household members from the move-in certification.
Current Federal LIHTC Income Limit x 140%	For recertifications only. Multiply the current LIHTC Maximum Move-in Income Limit by 140% and enter the total. 140% is based on the Federal Set-Aside of 20/50 or 40/60, as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the LIHTC Income Limit per Family Size at Move-in date (above), then the available unit rule must be followed.
Unit Meets Federal Income Restriction at	Check the appropriate box for the income restriction that the household meets according to what is required by the federal set-aside(s) for the project.
Unit Meets Deeper Targeting Income Restriction	If your agency requires an income restriction lower than the federal limit, enter the percent required.

Part VI - Rent

Tenant Paid Monthly Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Federal Rent Assistance	Enter the amount of rent assistance received from a federal program, if any.
Non-Federal Rent Assistance	Enter the amount of non-federal rent assistance received, if any.
Total Monthly Rent Assistance	Enter the amount of total rent assistance received, if any.
Source of Federal Rent Assistance	If federal rent assistance is received, indicate the single program source.
Monthly Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other Monthly Non-Optional Charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Monthly Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges. The total may NOT include amounts other than Tenant Paid Rent, Utility Allowances and other non-optional charges. In accordance with the definition of Gross Rent in IRC §42(g)(2)(B), it may not include any rent assistance amount.
Maximum LIHTC Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent limit for the federal 50% or 60% set aside.
Maximum LIHTC Bond Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.
Unit Meets Federal Rent Restriction at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal set-aside(s) for the project.
Unit Meets Bond Rent Restriction at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal and state law for the project.
Unit Meets Deeper Targeting Rent Restriction at	If your agency requires a rent restriction lower than the federal limit, enter the percent required.

Part VII - Student Status

If all household members are full time* students, check "yes". Full-time status is determined by the school the student attends. If at least one household member is not a full-time student, check "no."

If "yes" is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

Part VIII – Program Type

Mark the program(s) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household's designation.
Tax Exempt Bond	If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household's designation.
AHDP	If the property participates in the Affordable Housing Disposition Program (AHDP), and this household's unit will count towards the set-aside requirements, select the appropriate box to indicate if the household is a VLI, LI or OI (at recertification) household.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

PART IX. SUPPLEMENTAL INFORMATION

Complete this portion of the form at move-in and at recertification's (only if household composition has changed from the previous year's certification).

Tenant Demographic Profile	Complete for each member of the household, including minors. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.
Resident/Applicant Initials	All tenants who wish not to furnish supplemental information should initial this section. Parent/Guardian may complete and initial for minor child(ren).

EXHIBIT D

First Source Hiring Requirements and Numerical Goals

Borrower's use of Funds triggers the following hiring requirements imposed by the City's First Source Hiring Ordinance (San Francisco Administrative Code Chapter 83) as incorporated into MOHCD's Section 3 Plan.

1. Section 3 Requirements.

(a) The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. § 1701u ("Section 3"), based on Borrower's receipt of City funds under MOHCD's Section 3 Plan. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3 be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing, to the greatest extent feasible.

(b) The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

(c) The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and to post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference and set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions and the qualifications for each, the name and location of the person(s) taking applications for each of the positions and the anticipated date work will begin.

(d) The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135 and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

(e) The contractor will certify that any vacant employment positions, including training positions, that are filled: (i) after the contractor is selected but before the contract is executed; and (ii) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

(f) Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default and debarment or suspension from future HUD assisted contracts.

2. Recommended Minimum Numerical Goals. Contractors may demonstrate compliance with the "greatest extent feasible" requirement of Section 3 by meeting the numerical goals set forth below for training, employment and contracting opportunities to Section 3 residents and Section 3 business concerns, which represent minimum numerical goals.

(a) Training and Employment of Section 3 Residents (24 CFR § 135.30(b)). Contractors and subcontractors may demonstrate compliance by committing to employ Section 3 residents as thirty percent (30%) of the aggregate number of new hires (full-time employees for permanent, temporary or seasonal employment) and an overall goal of thirty percent (30%) of total work hours for the entire project.

(b) Contracts with Section 3 Business Concerns (24 CFR § 135.30). Contractors and subcontractors may demonstrate compliance with the requirements of this part by committing to award to Section 3 business concerns:

(i) At least ten percent (10%) of the total dollar amount of all Section 3 covered contracts for building trades work arising in connection with housing rehabilitation, housing construction and other public construction; and

(ii) At least three percent (3%) of the total dollar amount of all other Section 3 covered contracts.

EXHIBIT E
Governmental Requirements

1. Prevailing Wages. Every contract for the rehabilitation or construction of housing assisted with Funds for work performed on site must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. §§ 276a-276a-5), to all laborers and mechanics employed in the development of any part of the housing, and contracts involving their employment will be subject to the provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-332). The prevailing wage requirements of this Section apply to all laborers and mechanics employed in the development of the Project, including portions other than the assisted Units.

2. Environmental Review. The Project must meet the requirements of the National Environmental Policy Act of 1969 (42 U.S.C. § 4321), related authorities listed at 24 CFR Section 51.100 and parts 50 and 58 and the California Environmental Quality Act (Cal. Pub. Res. Code §§ 2100 *et seq.*) and implementing regulations.

3. Conflict of Interest.

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

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

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

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

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

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

7. Low-Income Hiring Requirements. The use of Funds triggers compliance with certain hiring requirements imposed by the City's First Source Hiring Ordinance (S.F. Admin. Code Chapter 83), as incorporated into MOHCD's Section 3 Plan. To ensure compliance with those requirements, Borrower must include the provisions attached as **Exhibit D** in its contract with the general contractor for the Project. Borrower will be responsible to the City for ensuring compliance with the requirements listed on **Exhibit D**.

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

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

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

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

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

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

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

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

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

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

12. Submitting False Claims; Monetary Penalties. Any borrower, grantee, contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in Section 21.35 of the San Francisco Administrative Code. A borrower, grantee, contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the borrower, grantee, contractor, subcontractor or consultant:

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

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

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

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

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

13. Sunshine Ordinance.

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

(b) By executing this Agreement, Borrower agrees to comply with the provisions of Chapter 12L of the San Francisco Administrative Code to the extent applicable.

(c) In accordance with the Citizen's Right to Know Act of 1998 (S. F. Admin. Code Chapter 79), no officer, department, board or commission of the City may approve a City Project, as defined in Chapter 79, unless a sign has been posted on the applicable property at least fifteen (15) days before approval. A City Project is a project that involves new construction, a change in use or a significant expansion of an existing use where the City funding for the project is \$50,000 or more. If the Loan will be used for a City Project, this Agreement will not become effective until fifteen (15) days following the posting of the requisite sign, or, in the alternative, thirty (30) days following the delivery of written notices to residents and owners within 300 feet of the Site, and the City will have the right to nullify or revoke this Agreement without cost or liability of any sort whatsoever at any time before that date. If Borrower believes that this Agreement relates to a City Project and that the requisite sign has not been posted,

Borrower must notify the City so that the City may determine the applicability of Chapter 79, and, if necessary, post the requisite sign.

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

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

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

(a) Borrower shall remove all graffiti from any real property owned or leased by Borrower in the City and County of San Francisco within forty eight (48) hours of the earlier of Borrower's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Borrower to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of

fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

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

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

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

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

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

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

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

date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

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

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

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

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

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Borrower agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Borrower agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Borrower's failure to comply with this provision.

20. Bottled Drinking Water. Unless exempt, Borrower agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San Francisco Environment Code Chapter 24, including the administrative

finances, remedies, and implementing regulations provided therein, as the same may be amended from time to time. The provisions of Chapter 24 are incorporated herein by reference and made a part of this Agreement as though fully set forth.

EXHIBIT F
Lobbying/Debarment Certification Form

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

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

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

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

(Signatures on next page)

1064 Mission, L.P.,
a California limited partnership

By: 1064 Mission LLC,
a California limited liability company,
its managing general partner

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

By: _____
Name: _____
Title: _____

By: Mercy Housing 1064 Mission LLC,
a California limited liability company,
a general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: _____
Title: _____

EXHIBIT G
Form of Annual Monitoring Report

[To be attached]

Mayor's Office of Housing and Community Development
City and County of San Francisco



London N. Breed
Mayor

Kate Hartley
Director

October 1, 2018

Notice of Availability of 2018 Annual Monitoring Report Form
(plus reminders of Marketing Procedure and Serious Incident Protocol)

MOHCD is pleased to announce the availability of the Annual Monitoring Report (AMR) forms for Reporting Year 2018 (RY2018). The forms are now available to be downloaded from the [Asset Management page](#) of the MOHCD web site. A training on how to complete the AMR will be held at MOHCD on October 31, 2018 from 9-11:45 a.m. See below for more information.

Deadline: For projects whose business year ended June 30, 2018, the report will be due on November 30, 2018 for the period 7/1/17-6/30/18. For any projects whose 2018 business year ended or will end on different dates than those above, the report will be due 5 months from the last date of that business year.)

Submissions for RY2018 and any outstanding reports from prior reporting years will be accepted only in the RY2018 format.

Completion and Submission Instructions

The Annual Monitoring Report consists of the following four parts:

I. AMR_RY2018 – project name.xlsx

This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

Instructions (revised)	3C. Demographic Summary
1A. Property & Residents (revised)	4. Narrative
1B. Transitional Programs	5. Project Financing

1C. Eviction Data	6. Services Funding
2. Fiscal Activity	7. Supplementary Audit Information Required by MOHCD
3A. Occupancy & Rent Info (revised)	Completeness Tracker
3B. Demographic Information	

Provide all applicable information that is requested in worksheets 1-7. Use the Instructions to help you complete each form and the Completeness Tracker to help you to determine when each worksheet is complete.

Use Question #1 on the Narrative worksheet to explain any data that you provide that may be unclear or better understood with additional information. In addition, certain questions in this report prompt you to supply an explanation for your answers on the Narrative worksheet. *Failure to supply the required explanation will render your submission incomplete.*

Submit this report as an Excel file only; do not convert it to pdf or another file type. Changing the format of AMR_RY2018.xlsx without MOHCD's prior approval is not allowed. Do not overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. If you need to revise the form in order to successfully complete the report, submit a request to moh.amr@sfgov.org.

II. Owner Compliance Certification Form and Documentation of Insurance

The certification form is a Microsoft Word document that must be completed, signed and dated by the Executive Director (or other authorized officer) of the entity that owns the project. Scan the form along with documentation of insurance and email it to MOHCD as a single document. For each project, you must provide certificates of liability insurance *and* property insurance that are *current as of the date of submittal of the AMR*.

III. Audited Financial Statements

Provide financial statements for the project for Reporting Year 2018. They must be prepared by a certified public accountant in accordance with generally accepted accounting principles, applicable regulations and laws and with the City's "[Audit Requirements for MOHCD-Funded Projects](#)" a copy of which is

posted on MOHCD's Asset Management web page. If the project is owned by a single asset entity, provide separate financial statements just for the project, otherwise provide audited statements for the parent corporation. Also include copies of any Management Letters and special notes from the auditor that pertain to the property and the financial statements.

MOHCD's audit requirements call for the preparation of a supplemental section to the financial statements that includes the following:

- schedule of operating revenues,
- schedule of operating expenses,
- computation of cash flow/surplus cash
- summary of project reserve activity

The supplemental section may be prepared by using worksheet #7 of the AMR or a form generated by the accounting system of the project owner or the auditor.

IV. Waiting List

Submit a copy of the project's waiting list that is current as of the date of submittal. The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit:

- name of head-of-household
- contact information
- date of application,
- number of people in the household,
- stated household income and
- desired unit size.

This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

Completed AMRs must be submitted electronically, via *one email message per project* to moh.amr@sfgov.org. If the documents that comprise the report are too large to attach to a single email, compress the files into a zip file and attach it to the email.

AMR Training – October 31, 9-11:45 a.m.

To facilitate completion of the AMR by project sponsors, MOHCD will conduct a training on from 9 to 11:45 a.m. on Thursday, 10/31, in our office at 1 South Van Ness Avenue, 5th Floor, Room 5080. We strongly encourage the primary staff person who is responsible for completion of the report to attend and to bring a Wi-Fi enabled lap top computer. Space is limited. Please RSVP to Ricky Lam at ricky.lam@sfgov.org or 415-701-5542.

Marketing Procedure for Available Units and Waiting List Openings

Before advertising the availability of units for lease in a project or the opening of the waiting list, owners and property managers *must* notify MOHCD of this action by completing a Marketing Plan Template and submitting it to the assigned staff person on MOHCD's asset management and compliance monitoring team. The template is available on the Asset Management page of our web site, under "Marketing Requirements for MOHCD-Financed Multifamily Rental Projects." Once the marketing plan is approved, MOHCD will post information about the available units or opening of the waiting list on DAHLIA – the City's internet portal where members of the public may get information and apply for affordable housing. General information for people seeking affordable housing in San Francisco can also be found on our web site at this location.

Serious Incident Protocol

To ensure that MOHCD is kept informed of serious incidents that occur at projects financed by this office, we have established the following protocol for reporting serious, negative events such as accidents, criminal activity or equipment failure. The report should be filed only after emergency procedures have been followed and the situation has been stabilized.

The Mayor's Office of Housing and Community Development requests that owners of projects financed by this office notify us immediately if a serious incident occurs at their properties and meets one or more of the following parameters:

- Involves serious injury or death
- Is a serious, violent crime that involves a major police action (e.g. shooting)
- Causes the building or a significant number of units to be off-line

- Requires a resident to move out of a unit one month or longer
- Damage to the building is significant enough to require the use of reserves

The owner should notify the MOHCD asset manager assigned to the project and provide the following information:

- The date of the incident
- A description of the incident
- A description of what has been and is being done in response
- The name, phone and email of the staff that should be contacted if there are questions
- Confirmation that 1) the property insurance is current and 2) the insurance company has been contacted; a brief summary of their response, if available
- Statement of whether or not the organization plans to use the project's reserves to pay for corrective action

Asset Management and Compliance Monitoring Team
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
<http://sfmohcd.org>
P. 415-701-5500
F. 415-701-5501

Owner Compliance Certification and Insurance & Tax Certification Form
2018 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development

*** This form must be completed by Project Owner or authorized agent. ***

Complete this form, sign and date it, scan it along with current liability and property insurance certificates into a single PDF file, then email the file along with AMR_RY2018 – project name.xlsx, audited financial statements, and current waiting list to moh.amr@sfgov.org.

Project Name: _____

Project Street Address: _____

Reporting Period – Start Date: _____ End Date: _____

Owner Compliance Certification

The undersigned owner, having received housing development funds pursuant to a housing development program funding agreement/s entered into with the City and County of San Francisco ("CCSF") for the purpose of purchasing, constructing and/or improving low-income housing, does hereby certify as follows:

Initial all statements below, and supply data to make the statement complete where needed (look for underlined blanks; e.g.: _____). For any statements that are not true or require additional clarification, you must supply a detailed explanation on the Annual Monitoring Report Narrative Worksheet. The failure to provide a conforming response to all statements below will render incomplete the entire Annual Monitoring Report ("AMR") submission for this project, which may result in a default condition under the funding agreement/s, and also subject the owner to scoring penalties in future efforts to obtain funding from MOHCD for this project and any other project.

	True	False	
1			The CCSF Mayor's Office of Housing and Community Development ("MOHCD") has been alerted by the owner prior to any actions taken by the owner that affect the value of the property associated with this project, including but not limited to the establishment of any liens or encumbrances on the property; and, where required, the owner has obtained written authorization from MOHCD prior to taking any such actions.
2			The undersigned is not in default of the terms of any Agreements with CCSF for this project, nor has it been in default on any other loans, contracts or obligations on this property during the reporting period.
3			The undersigned has not been the subject of any actions relating to any other loans, contracts or obligations on this property which might have a material adverse financial impact on the property.
4			The owner has not lost or failed to renew funding for supportive services for the project during the reporting period and has made available (or caused to be made available through another party) all supportive services that are required by existing, applicable funding and regulatory agreements.
5			The owner has not lost or failed to renew funding for operating subsidy/ies for the project during the reporting period.
6			For any existing operating subsidies supporting the project, during the reporting period, the owner submitted a request for the maximum increase possible.
7			The owner has paid all taxes due for the reporting period and prior reporting periods.
8			The undersigned has marketed the units in the manner set forth in the marketing and resident selection provisions of the funding agreement/s entered into with CCSF.

Owner Compliance Certification and Insurance & Tax Certification Form
2018 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development

	True	False	
9			The project has met affordability and other leasing provisions set forth in the funding agreement/s entered into with CCSF during the entire reporting period. As of the end date of the reporting period, _____ units (<i>supply exact number</i>) were occupied or held vacant and available for rental by low-income tenants meeting the income qualifications pursuant to the funding agreement/s entered into with CCSF.
10			The undersigned has obtained a tenant income certification and/or third party documentation to support that certification from each tenant household occupying a unit restricted to occupancy by income-qualified tenants. All income certifications are maintained onsite with respect to each qualified tenant who resides in a unit or resided therein during the immediately preceding business year.
11			The total charges for rent and a utility allowance to each income-qualified tenant in a restricted unit do not exceed the maximum rent specified in the funding agreement/s entered into with CCSF as adjusted by the most recent HUD income and rent figures, which have been taken from the figures that are supplied by MOHCD on its website.
12			All withdrawals from the replacement and operating reserve accounts have been made in accordance with the MOHCD funding agreement/s, unless approved in writing by MOHCD.
13			Security deposits required of tenants of the project are in accordance with applicable laws and the funding agreement/s entered into with CCSF.
14			The undersigned has obtained and will maintain insurance policies in accordance with requirements of the funding agreement/s entered into with CCSF as may be reasonably updated from time to time, and has supplied with this AMR certificates of insurance that are current through the end of the reporting period.
15			The undersigned has maintained the units and common areas in a decent, safe and sanitary manner in accordance with all local health, building, and housing codes and in accordance with the HUD Housing Quality Standards.
16			The data submitted in Section 1A – Property & Residents of the Annual Monitoring Report regarding any violation/s of any health, building, or housing codes is complete and accurate; all required copies of violations/citations that were not resolved by the end of the reporting periods are also included with this AMR submission.
17			The undersigned has made best efforts to: (a) keep the units in good repair and available for occupancy; (b) keep the Project fully rented and occupied; and (c) maximize rental revenue at the Project by increasing tenant rents, and if applicable, contract rents and commercial rents, the maximum amount permitted under all current regulatory agreements, contracts, regulations and leases, without causing undue rent burden on residential tenants.
18			All questions in the Annual Monitoring Report submitted for this reporting period have been answered fully and truthfully; answers have been supplied for all of questions requiring detailed responses on the Annual Monitoring Narrative Worksheet and any related documents have been submitted as attachments.
19			The project has received additional equity proceeds in the amount of \$_____ (<i>supply amount</i>) from low-income housing tax credit investors during the reporting period.
20			Accurate information has been provided in Worksheet 2 - Fiscal Activity about any Federal Program Income earned by this project during the reporting period.
21			Any amounts charged as Asset Management Fees are reflected accurately under Income & Expenses in Worksheet 2 - Fiscal Activity of the Annual Monitoring Report, and all such amounts have been used exclusively toward asset management of this

Owner Compliance Certification and Insurance & Tax Certification Form
2018 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development

	True	False	
			project. Asset Management Fees taken beyond pre-approved levels have been documented as required in response to question 7 in Section 4 - Narrative.
22			The calculation of cash flow in Worksheet 2 - Fiscal Activity accurately reflects all expenses incurred and income earned, and the proposed distribution of any Residual Receipts would be in accordance with all relevant agreements and policies.
23			The Waiting List that has been submitted with the 2018 Annual Monitoring Report is an accurate and correct record as of the last day of the reporting period of the households who have applied to live at the Project, including the name of the head-of-household (or a suitable alternative), date of application, number of people in the household, stated household income and desired unit size.

Property and Liability Insurance

Enter the information requested below, and attach a current copy (each) of the Property and Liability Insurance Certificates. SCAN the documents and send them as an attachment along with the complete AMR to MOHCD via e-mail to: moh.amr@sfgov.org.

Property Insurance		
	Property Street Address:	
	Policy Number:	
	Policy Effective Date:	
	Policy Expiration Date:	
Liability Insurance		
	Property Street Address:	
	Policy Number:	
	Policy Effective Date:	
	Policy Expiration Date:	

Tax Certification

Enter the information requested below. You do **NOT** need to submit copies of the invoice or checks used to pay the tax.

Property Tax		
	Tax Year:	
	Amount of Tax Paid:	
	Date Paid:	
	Amount outstanding from taxes due for Reporting Period:	
	Amount outstanding from taxes due prior to Reporting Period:	

***** This form must be completed by Project Owner or authorized agent. *****

The undersigned, acting under authority of the ownership of this project, executes this Certification, subject to the pains and penalties of perjury, and certifies that the foregoing is true and correct in all respects.

Signature: _____ Date: _____

Name: _____ Title: _____

Annual Monitoring Report - Instructions - Reporting Year 2018 - Mayor's Office of Housing & Community Development

The instructions and definitions below are organized by the worksheets contained within this Annual Monitoring Report. Please review the instructions below and within each worksheet thoroughly as instructions may have changed.

Updated 12/21/2018

1A. Property & Residents

Please follow the instructions provided on the worksheet.

1B. Transitional Programs Only

Use this worksheet to report the activity only of a transitional housing program, including program capacity, number of people served, length of stay and destination upon exit. Please follow the instructions provided on the worksheet.

1C. Eviction Data

MOHCD is required to collect this data by San Francisco Administrative Code Sections 20.500-20.508. Please follow the instructions provided on the worksheet.

2. Fiscal Activity

Income and Expenses

The purpose of the Income and Expenses form is to track actual income and expenses over the reporting period. In addition to the instructions below, please follow instructions provided on the worksheet.

INSTRUCTIONS:

Column B - "Description of Income Accounts" and "Description of Expense Accounts". A complete description of the Income Accounts and Expense Accounts are provided below. Refer to the descriptions when completing the Fiscal Activity Worksheet. The Chart of Accounts uses account categories prescribed by generally accepted accounting principles and closely follows accounts prescribed by HUD, the State of California's Housing and Community Development Department, and the City's Quarterly Program Income Worksheet.

Column D - "Account Number". Each number represents an account in the Chart of Accounts, see below for more info.

Column F - "Residential". This column is for the essential recurring income and expenses related to the operation of a rental housing property, group home, project serving special needs populations or a transitional housing program.

Column H - "Non-Residential". This column is used to report income and expenses related to commercial space or other non-residential space in a project.

Income

Rental Income

5120 Housing Units Gross Potential Tenant Rents. This account records gross rent payable by the tenant for all residential units. Offsetting debits to this account are Account 6331, Administrative Rent Free Unit.

5121 Rental Assistance Payments. This account records rental assistance payments received or earned by the project through the LOSP, HUD Section 8 program (project-based or tenant-based assistance), HUD Section 202/811 programs, Shelter Plus Care program, HOPWA program, Rent Supplement, HOME Tenant-Based Assistance and VASH.

5140 Commercial Unit Rents. This account records gross rental income from stores, offices, rented basement space, furniture and equipment or other commercial facilities provided by the property.

Vacancy Loss

5220 Rent Income - Residential Units Vacancy Loss. ENTER AS NEGATIVE NUMBER. This account records total loss of residential rental income due to vacant residential units.

5240 Rent Income - Commercial Units Vacancy Loss. ENTER AS NEGATIVE NUMBER. This account records total loss of commercial rental income due to vacant commercial units.

Other Income

5170 Garage and Parking Spaces. This account records the gross rental income from all garage and parking spaces.

5190 Miscellaneous Rent Income. This account records gross rental income expectancy not otherwise described above.

5300 Supportive Services Income. Accounts in this series are used primarily by group home projects or other projects restricted to a special needs population (e.g., group home for mentally disabled or senior apartments). These accounts record revenues received or payable (other than rents) for services provided to tenants (e.g., meal services, housekeeping, etc.). Supportive service-related expenses are charged to accounts in the 6900 series. Enter the total of all revenues received or payable, and identify the source(s) of the income in cell D39.

5400 Interest Income - Project Operations. This account records interest income received or accrued on the Project Operating Account/s; DO NOT RECORD interest earned on the Replacement Reserve or Operating Reserve here.

5910 Laundry and Vending. This account records project revenues received from laundry and vending machines owned or leased by the project.

5920 Tenant Charges. This account records charges collected from tenants for damages to apartment units and for fees paid by tenants for cleaning of an apartment unit (other than regular housekeeping services), any security deposits forfeited by tenants moving out of the project and charges assessed to tenants for rent checks returned for insufficient funds and for late payment of rents.

5990 Other Revenue. This account records project revenue not otherwise described in the above revenue accounts.

Expenses

Management

6320 Management Fee. This account records the cost of management agent services contracted by the project. This account does not include charges for bookkeeping or accounting services paid directly by the project to either the management agent or another third party.

Salaries/Benefits

6310 Office Salaries. This account records salaries paid to office employees whether the employees work on site or not. Front-line responsibilities include for example, taking applications, verifying income and processing maintenance requests. The account does not include salaries paid to occupancy, maintenance and regional supervisors who carry out the agent's responsibility for overseeing or supervising project operations and personnel. These salaries are paid from the management fee. This account also does not include the project's share of payroll taxes (Account 6711) or other employee benefits paid by the project.

6330 Manager's Salary. This account records the salary paid to property managers. It does not include the project's share of payroll taxes or other employee benefits or compensation provided to residents managers in lieu of residents managers' salary payments.

6723 Employee Benefits: Health Insurance & Disability Insurance. This account records the cost of employee benefits paid and charged to the project for health insurance and disability insurance.

XXXX Employee Benefits: Retirement & Other Salary/Benefit Expenses. This account records the cost of employee benefits paid and charged to the project for retirement and any other employee salary/benefits.

6331 Administrative Rent Free Unit. This account records the contract rent of any rent free unit provided to a resident manager which would otherwise be considered revenue producing.

Administration

6210 Advertising and Marketing. This account records the cost of advertising the rental property.

6311 Office Expenses. This account records office expense items such as supplies, postage, stationery, telephone and copying.

6312 Office Rent. This account records the rental value of an apartment, otherwise considered potentially rent-producing, but used as the project office or as a model apartment. The account is normally debited by journal entry.

6340 Legal Expense - Property. This account records legal fees or services incurred on behalf of the project (as distinguished from the borrower/grantee entity). For example, agents charge legal fees for eviction procedures to this account.

6350 Audit Expense. This account records the auditing expenses incurred by the project that are directly related to requirements for audited financial statements and reports. This account does not include the auditor's charge for preparing the borrower/grantee's Federal, State and local tax returns. This account does not include the cost of routine maintenance or review of the project's books and records.

6351 Bookkeeping Fees/Accounting Services. This account records the cost of bookkeeping fees or automated accounting services not included in the management fee but paid to either the agent or a third party.

6370 Bad Debts. This account records by journal entry the amount of tenant accounts receivable that the agent estimates uncollectible at the end of the accounting period.

6390 Miscellaneous Administrative Expenses. This account records administrative expenses not otherwise classified in the 6300 Series. If the project had miscellaneous administrative expenses greater than \$10,000, a detailed itemization of these expenses must be provided in the Narrative worksheet.

Utilities

6450 Electricity

6451 Water

6452 Gas

6453 Sewer

Taxes and Licenses

EXHIBIT H

Tenant Selection Plan Policy

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

Application Process

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

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

housing provider must immediately contact the referring agency, if possible, and the funding agency, DPH or HSA.

- **Limited English Proficiency Policy.** Throughout the application process, the housing provider must comply with City policy for language access requirements for applicants with limited English proficiency.

Reasonable Accommodation and Modification Policy

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

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

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

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

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

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

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

Notice of Denial and Appeal Process

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

EXHIBIT I

Tenant Screening Criteria Policy

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

Screening Criteria

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

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

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

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

EXHIBIT J

RESERVED

EXHIBIT K

RESERVED

EXHIBIT L
Insurance Requirements

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

1. Borrower, Contractors.

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

(b) commercial general liability insurance, with limits no less than One Million Dollars (\$1,000,000) combined single limit per occurrence and Two Million Dollars (\$2,000,000) annual aggregate limit for bodily injury and property damage, including coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Borrower is conducting any activity on, alteration or improvement to the Site with risk of explosions, collapse, or underground hazards;

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

(d) professional liability insurance of no less than One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Borrower's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Borrower shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars (\$50,000) each claim must be reviewed by Risk Management; and

(e) Contractor shall maintain throughout the term of this contract, at no expense to City, a blanket fidelity bond or a Crime Policy (Employee Dishonesty Coverage) that includes coverage for employee dishonesty, forgery & alteration, theft of money & securities, and theft via electronic means, endorsed to cover third party fidelity, covering all officers and employees in an amount not less than \$3 million with any deductible not to exceed \$50,000 and including City as additional obligee or loss payee as its interest may appear. Application of Crime Insurance Proceeds. Borrower shall promptly notify Lender of any claim under the required Crime Insurance Policy. Lender may retain from the proceeds of the required Crime Insurance Policy, a sufficient amount of the proceeds to pay the Indebtedness, if any, and shall pay the balance to Borrower. For the avoidance of doubt, Lender shall have no right or claim to the proceeds of the required Crime Insurance Policy in excess of the Indebtedness.

(f) . . . pollution liability and/or asbestos pollution liability applicable to the work being performed with a limit no less than One Million Dollars (\$1,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Borrower's contractor, provided that the policy must be "claims made" coverage and Borrower must require Borrower's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance.

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

(a) Prior to construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all improvements prior to commencement of construction and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(b) During the course of construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(ii) A General Contractor Performance and payment bond of contractor, each in the amount of One Hundred Percent (100%) of contract amount, naming the City and Borrower as dual obligees or other completion security approved by the City in its sole discretion.

(c) Upon completion of construction:

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

Tenant must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

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

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

3. Public Benefit Use Commercial Space.

Borrower must require that all nonresidential tenants' liability insurance policies include Borrower and the City as additional insureds, as their respective interests may appear. Throughout the term of any lease of Public Benefit Use Commercial Space in the Project, Borrower must require commercial tenants to maintain insurance as follows:

(a) to the extent the tenant has "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident;

(b) commercial general 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 coverage for contractual liability; personal injury; advertisers' liability; including coverage for loss of income due to an insured peril for twelve (12) months; owners' and contractors' protective; broadform property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

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

(d) with respect to any tenant who has (or is required by Law to have) a liquor license and who is selling or distributing alcoholic beverages and/or food products on the leased premises, to maintain liquor and/or food products liability coverage with limits not less than One Million Dollars (\$1,000,000), as appropriate;

(e) special form coverage insurance, including vandalism and malicious mischief, in the amount of 100% of the full replacement cost thereof, covering all furnishings, fixtures, equipment, leasehold improvements, alterations and property of every kind of the tenant and of persons claiming through the tenant; and

(f) full coverage plate glass insurance covering any plate glass on the Public Benefit Use Commercial Space.

4. General Requirements.

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

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to the City before cancellation or intended non-renewal is effective.

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

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

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

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

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

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

(i) All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made policy, coverage must be maintained continuously for a period

ending no less than three (3) years after recordation of a notice of completion for builder's risk or the Compliance Term for general liability and property insurance.

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

Exhibit M
Deed of Trust

[To be attached]

EXHIBIT N
Declaration of Restrictions

[To be attached]

EXHIBIT O
Commercial Underwriting Guidelines

[To be attached]

Mayor's Office of Housing and Community Development Commercial Space Underwriting Guidelines

Effective February 2, 2018

A. Applicability

The following Commercial Space Underwriting Guidelines (Guidelines) are intended to assist applicants for capital financing to prepare financing requests to the Mayor's Office of Housing and Community Development (MOHCD). They apply to new construction projects only. These Guidelines will also be used by MOHCD staff for purposes of evaluating funding requests and presenting them to the Citywide Affordable Housing Loan Committee for consideration. The Loan Committee maintains the right to set final terms and conditions for commitment of funds based on the actual circumstances of each project. MOHCD reserves the right to review and approve any requests for variations to these Guidelines. These Guidelines are subject to change.

B. Goals

1. To repay the City for costs related to the development of commercial spaces located within City-funded affordable housing properties.
2. To create vibrant neighborhoods, especially for those experiencing displacement of low-income residents, by facilitating the development of commercial space for Public Benefit and Community Serving Commercial Uses.
3. To recognize the dynamism and relationship to market conditions in commercial real estate that is not found in affordable housing while also mitigating against the market risk inherent in this dynamism.

C. Definitions

1. **Affiliated Entity:** An entity that is either controlled by the Housing Owner, controls the Housing Owner, or is under common control with Housing Owner. Control, as used in the previous sentence, means the ownership, directly or indirectly, of the right to vote in or direct the ordinary operations of the entity.
2. **Commercial Space:** An entire undifferentiated commercial area for Public Benefit Use, Community Serving Commercial Use, or Commercial Use. If the Project is subdivided, then the Commercial Space would be a condominium or air rights parcel, separate from the Residential Space. It is possible to have more than one Commercial Space in a Project because the developer intends different uses (for example, a space finished to Warm Shell and where use will be Public Benefit Use, while another area is finished to Cold Shell and Commercial Use is intended). A Commercial Space may be demised into more than one Individual Tenant Space as appropriate.
3. **Commercial Use:** A land use, typically retail or other sales and services use, with the sole or chief emphasis on making financial gain and that is not a Public Benefit Use or Community Serving Commercial Use as defined below. Commercial Uses shall not include uses that, in MOHCD's sole discretion, are inconsistent with fostering a stable environment for families and children, including, but not limited to, bars, liquor stores,

tobacco product stores, recreational cannabis shops (medical cannabis dispensaries may be permitted in MOHCD's sole discretion, but only to the extent permitted by funding sources and applicable local, state, and federal law) or other uses that cater exclusively to adults.

4. **Commercial Entity:** A legal entity, separate from the Housing Owner, who may either master lease the Commercial Space from the Housing Owner or ground lease the Commercial Space directly from the City, as provided in Permitted Legal Structures, below.
5. **Commercial Project Costs:** The total of all hard and soft costs associated with the development of the Commercial Space.
6. **Community Serving Commercial Use:** A land use, typically retail or other sales and services use, that provides a direct benefit to the community, e.g. a food market with affordable and healthy produce and other goods, community banking, or other neighborhood serving uses that have a demonstrated benefit to the residents of the Project, as determined by MOHCD in its sole discretion.
7. **Commercial Space Master Tenant:** A Commercial Entity that is an Affiliated Entity and that leases the Commercial Space from the Housing Owner and subleases Individual Tenant Space(s) to Individual Commercial Tenant(s).
8. **Housing Owner:** The owner of the residential improvements at the Project.
9. **Cold Shell:** Commercial Space improvements as defined in detail under Item 18.
10. **Individual Commercial Tenant:** An occupant of Commercial Space rented from the Housing Owner or Commercial Entity (depending on legal structure).
11. **Individual Tenant Space:** Demised portion of the Commercial Space for lease to an Individual Commercial Tenant.
12. **Net Commercial Cash Flow:** Commercial Operating Income less the Commercial Operating Expenses for a Lease Year (or portion thereof). **Commercial Operating Expenses** means the reasonable and customary expenses of reasonable operating and routine maintenance and repair expenses incurred by the Housing Owner or Commercial Entity (depending on legal structure) in the operation of the Commercial Space, debt service, and MOHCD-approved reserves. **Commercial Operating Income** means all income and receipts in any form received by the Housing Owner or Commercial Entity (depending on legal structure) from the operation of the Commercial Space, including rents, fees, deposits, and reimbursements.
13. **Project:** A mixed-use, multifamily residential and commercial project built with substantial reliance on City funding, which may include one or more subdivided residential condominium/air rights parcels and commercial condominium/air rights parcels.
14. **Public Benefit Use:** A land use, typically programs or services, that primarily benefits low-income persons, is implemented by one or more 501(c)(3) public benefit

corporations, and has been identified by the City or community as a priority use. Examples include, but are not limited to, childcare centers, adult day health centers, nonprofit office space, public libraries, supportive services for the residents of the affordable housing development, health clinics that serve the local community at no or low cost, arts-related spaces that provide programs, and classes and/or exhibition spaces available to community members at no or low cost.

15. Residential Space: The entire undifferentiated residential area for future demising and occupancy by residential tenants. If the Project is subdivided, then the Residential Space would be a condominium or air rights parcel, separate from the Commercial Space(s).

16. Tenant Improvement Allowance: A budget allowance sized to accommodate the build out of Warm Shell improvements, which MOHCD may approve when the Individual Commercial Tenant/s is unknown at construction loan closing.

17. Warm Shell: Commercial Space improvements as defined in detail under Item 18.

18. Detailed definition of Cold Shell and Warm Shell improvements (see next page)

<u>Scope/Trade</u>	<u>Cold Shell</u>	<u>Warm Shell (Cold Shell plus the following)</u> (Note: The cost of Warm Shell improvements should be included in the development budget either as a specific scope of work, if known, or as a Tenant Improvement Allowance, subject to MOHCD approval.)
Walls/Doors	Exterior/perimeter walls and doors. Exterior/perimeter walls must be finished with gyp and fire taping to Code. No partition walls or doors.	Partition walls and doors to Individual Tenant Space/s. Partition walls, doors and locks for bathrooms based on Individual Commercial Tenants and Code requirements.
Finish	Exposed concrete slab with rough-in Plumbing, depressed to allow for anticipated use (floor sinks, drains). Temporary ramps for Certificate of Completion, as required.	Finished floor to minimum specification of Individual Commercial Tenant or exposed slab with clearance to install flooring to level landing at door. Wall and ceiling finish, lighting and finish specialties in bathrooms.
Specialties	Code required signage. Exterior commercial signage program developed and approved by Planning and MOHCD.	Bathroom accessories. Exterior signage design, infrastructure, fabrication and installation.
Structural	Anchors for drop-ceiling. Anchors must be cast-in slab 4' on center in each direction. Coring or block-out for assumed HVAC rough-in.	Code required ramps and railings to assumed final finish floor and level landing at entrance(s).
Elevator	No	As required.

Mechanical	Stub out for heat-pump, space on roof for equipment, and pad (or sidewall where possible). Fire rated shaft for later ducting of restaurant hood(s); supply air / louver on exterior wall.	Venting of bathrooms and all other plumbing fixtures. Ductwork to connect location of heatpump to exterior. Code required smoke control. In the case of an approved restaurant use, minimum of one (1) grease duct plus make up air (MUA) duct to accommodate Type 1 hood. Type 2 hood shaft and venting may be considered. Does not include water heating and all other mechanical equipment.
Gas	Stub-out for gas and gas meter in meter room.	Submeters based on establishment of Individual Tenant Space/s.
Plumbing	Stub-out for domestic water supply and water meter in meter room. Storm sewer 4". Stub out all plumbing (supply and waste) to bathroom location(s). No finish.	Water meters based on establishment of Individual Commercial Tenant/s. Distribute domestic water, waste and vents to plumbing fixture locations within Individual Tenant Space/s. Finish plumbing.
Electrical	200A-600A 3 phase service. Meter in electrical room with service to Commercial Space. Stub out and conduit on ceiling for mechanical. Perimeter walls to have wall receptacles. Light fixtures in space connected to house meter to meet Certificate of Completion requirements only. Emergency lighting battery back-up.	Submeters based on established Individual Commercial Tenant/s and extension of stub-outs to Individual Tenant Space/s. Installation of sub panel at Individual Tenant Space/s.
Telco	Two (2) 2" conduits from MPOE to space for telecom/data/security. Temporary security camera connected to residential system until Commercial Space is occupied.	

Fire Protection/ Alarm	Building Fire Alarm shall be sized and zoned to include Commercial Space. State and Local SFFD Code requirements for Completion and Certificate of Occupancy must be met. Sprinkler shall be installed, activated and monitored.	Zoning of Fire Alarm to Individual Tenant Space/s and re-configuration / programming of main building fire panel.
Site Work	No	No

D. Permitted Legal Structures

a. Each of the following legal structures may be used for a Project, as permitted by MOHCD, taking into account the location of the Project, the community that the Project intends to serve, financing requirements and restrictions, and the capacity and expertise of the developer and Housing Owner. These Guidelines assume MOHCD owns the land on which the Project is located. In the rare scenario in which that is not the case, MOHCD and the Housing Owner will adjust these Guidelines accordingly to achieve the Goals articulated in Paragraph B and the same financing principles related to the use of MOHCD funds.

1. No Subdivision; Single Ground Lease. The real property is not subdivided and the entire property is ground leased to Housing Owner.

a. Direct Leases: Housing Owner leases directly to Individual Commercial Tenant(s); or

b. Commercial Master Lease: Housing Owner leases the Commercial Space to the Commercial Entity (which must be an Affiliated Entity) (the "Commercial Space Master Tenant"). The Commercial Space Master Tenant would then sublease the individual Tenant Space(s) to Individual Commercial Tenant(s).

2. Subdivision. The real property is subdivided into a separate residential condominium or air rights parcel and a separate commercial condominium or air rights parcel (or subdivided into more than one separate parcels of either use).

a. Single Ground Lease. The real property is subdivided, and the City ground leases the entire property to the Housing Owner.

(i) Direct Leases: Housing Owner retains ownership of the leasehold for the Commercial Space and leases directly to Individual Commercial Tenant(s); or

(ii) Commercial Master Lease: Housing Owner retains ownership of the leasehold for the Commercial Space and leases the Commercial Space to a Commercial Space Master Tenant. The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

b. Separate Ground Leases.

(i) The City ground leases the Residential Space to the Housing Owner. The City separately ground leases the Commercial Space to the Commercial Entity. The Commercial Entity may or may not be an Affiliated Entity.

(ii) Where the Commercial Entity is a for-profit company, not related to the Housing Owner, and the Commercial Space will be used for Commercial Use, the City's strong preference is that the subdivision be in the form of a condominium as opposed to an air rights parcel.

E. Underwriting Guidelines for All Permitted Legal Structures

1. The eligible uses of MOHCD Funds for Commercial Project Costs are:

- a. Hard Costs: Subject to approval by MOHCD, Borrower may request the use of MOHCD funds for the following:
 - i. Commercial Uses: Cold Shell only. However, MOHCD may provide funding for Warm Shell improvements required to be installed concurrent with residential construction (e.g. restaurant flue shafts with grease ducts and access panels on each floor, drain lines and anchor bolts installed in PT floor and ceiling slabs). If Housing Owner is working with the Commercial Entity or an Individual Commercial Tenant before or during construction, Housing Owner may install ducting to the exterior (roof or louvers on building exterior) as a reimbursable cost to Housing Owner by the Commercial Entity or the Individual Commercial Tenant. Costs for all Cold Shell and Warm Shell improvements must be repaid to MOHCD, in full or in part, through non-housing sources, according to the requirements set forth in Section I below.
 - ii. Community Serving Commercial Uses: Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources, such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc., as appropriate for the proposed use for the purpose of reducing funding required from MOHCD.
 - iii. Public Benefit Uses: Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc. as appropriate for the proposed use, for the purpose of reducing funding required from MOHCD.
- b. Soft Costs: Subject to MOHCD approval and evaluated based on industry standards and market conditions for comparable projects and uses, including:
 - Construction management and consulting fees for coordination of tenant improvements with shell construction
 - Commercial broker fee
 - Commercial space lease-up reserve
 - Commercial space replacement reserve
 - Commercial space developer fee (see developer fee policy below)
 - Market analysis as is required by MOHCD
 - Future tenant improvements reserve
 - Pro rata share of Project development costs associated with Commercial Space (for example, financing costs and legal fees)

2. Conditions of MOHCD Funds.

- a. Market Analysis: Developer shall provide MOHCD a third party prepared market analysis (e.g. from a broker, appraiser, or market analyst) to determine appropriate terms for Market Rents, Rent Growth, Annual Rent Adjustments, Rent Concessions and/or Tenant Improvement Allowances, Vacancy, Expenses, Expense Growth, Management Fees, Leasing Agent Fees, and Reserves.
- b. Operating Budget. Developer shall provide the Housing Owner's or Commercial Entity's (depending on legal structure) commercial operating budget based on proposed use and market conditions consistent with the third party prepared Market Analysis provided for the project as defined above in 2.a. Commercial rents charged must be sufficient to cover all direct, shared, and allocated costs attributable to commercial use, including, but not limited to: pro-rata share of cleaning, maintenance and utility costs for shared bathrooms and hallways; pro-rata share of maintenance of fire sprinkler and fire alarm systems; pro-rata share of cleaning, maintenance and repair of the trash room; pro-rata share of maintenance and repair of the sidewalk, street trees and bike racks; pro-rata share of hydro-jetting of the sewer laterals; and pro-rata share of back-flow testing of the water lines. Commercial operating expenses shall include all utilities payable by the property for the Commercial Space, commercial property management and asset management fees, commercial operating and replacement reserves, and property taxes and insurance attributable to the Commercial Space.
- c. Leases and Letters of Intent. The Commercial Master Lease and business terms for Direct Leases and subleases are subject to review and approval by MOHCD, in accordance with the Market Analysis and these Guidelines.

F. Commercial Space Developer Fee

1. Commercial Uses: The lesser of \$100,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 incremental fee will be allowed for completion of the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. The Commercial Space Developer Fee is payable only from non-MOHCD sources, e.g. commercial loan proceeds or transfer of the leasehold estate in the Commercial Space, etc.
2. Public Benefit Uses and Community Serving Uses: The lesser of \$250,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 in fee will be allowed for completing the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. Half of the Commercial Space Developer Fee is payable

only from non-MOHCD sources, e.g. commercial loan proceeds, grants, or transfer of the leasehold estate in the Commercial Space.

3. Commercial Space Developer Fee; Net Developer Fee Maximums. To the extent allowable by TCAC, the Commercial Space Developer Fee is in addition to the net developer fee maximums pursuant to MOHCD Developer Fee Guidelines.

G. Change in Use

Change in use from Public Benefit Use or Community Serving Commercial Use to Commercial Use requires approval by MOHCD and will result in required repayment of the costs of Warm Shell improvements funded by MOHCD loan(s). Repayment will be calculated by amortizing the MOHCD-funded costs over the useful life of the improvements and sized based on the number of years the improvements did not serve a Public Benefit or Community Serving Commercial Use.

H. Single Ground Lease Additional Guidelines

The following ground lease terms apply where the City ground leases the entire property to the Housing Owner, whether or not the property has been subdivided.

1. Direct Lease

- a. **40% City/60% Housing Owner:** 40% of Net Commercial Cash Flow will be paid by Housing Owner to City in the form of increased ground lease payment of Residual Rent (see MOHCD Policy on Ground Leases for defined terms). Housing Owner will retain 60% of Net Commercial Cash Flow.
- b. **Limit on Commercial Revenue:** City recommends tax counsel guidance to avoid issues of unrelated business income.

2. Commercial Master Lease

- a. **40% City/60% Affiliated Entity:** 40% of Net Commercial Cash Flow will be paid by Commercial Entity to Housing Owner and subsequently paid to City in the form of increased ground lease payment of Residual Rent. 60% of Net Commercial Cash Flow is payable to the Commercial Entity (ie. the Commercial Space Master Tenant). The Commercial Entity must be an Affiliated Entity.
- b. **Limit on Commercial Revenue:** City recommends tax counsel guidance to avoid issues of unrelated business income.

I. Separate Ground Leases Additional Guidelines

The following MOHCD commercial loan repayment and commercial ground lease terms apply where the property has been subdivided, the City ground leases the Residential Space to the Housing Owner, and the City ground leases the Commercial Space(s) to the Commercial Entity(ies).

1. Reimbursement to MOHCD of Commercial Project Costs depends on the ownership structure and the type of use, as follows:

- a. Public Benefit Uses, Community Serving Commercial Uses, and Commercial Uses when the Commercial Entity is an Affiliated Entity:

Within the earlier of 90 days after 75% occupancy is achieved for Commercial Space or one year after the issuance of a Temporary Certificate of Occupancy or Certificate of Occupancy for the Commercial Space, the Commercial Entity must obtain a commercial loan commitment to repay MOHCD for all Commercial Project Costs included in MOHCD financing. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval. The commercial loan must close within 90 days following the issuance of a loan commitment. In the event that the commercial loan is not large enough to fully repay MOHCD for Commercial Project Costs, MOHCD will retain a second position Deed of Trust against the Commercial Space, securing a Note in the amount of any unpaid balance. Any outstanding balance on a MOHCD commercial loan will be payable upon refinance or transfer of the Commercial Space.

- b. Commercial Uses when the Commercial Entity is an unrelated third-party:

The Commercial Entity must repay MOHCD for all Commercial Project Costs included in MOHCD financing at close of purchase of the leasehold interest in the commercial condominium/air rights parcel and/or execution of the commercial ground lease. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval.

2. Commercial Space Ground Lease Payment and Payment on Any Outstanding MOHCD Commercial Loan

- a. Public Benefit Uses & Community Serving Commercial Uses: Annual ground lease payment equal to 40% of Net Commercial Cash Flow. However, if there is an outstanding MOHCD commercial loan, the 40% Net Commercial Cash Flow will first be used to pay down the MOHCD commercial loan and then to the annual ground lease payment. Commercial Entity will retain 60% of Net Commercial Cash Flow.
- b. Commercial Uses: Annual ground lease payment equal to market rent based on current comparable leases. Sizing of Base Rent and Residual Rent to be negotiated. If there is an outstanding MOHCD commercial loan (only applicable when the Commercial Entity is an Affiliated Entity), 40% Net Commercial Cash Flow will be used to pay off the MOHCD commercial loan and then go towards payment of Residual Rent, if applicable. Commercial Entity will retain 60% of Net Commercial Cash Flow.

3. Any transfer or sale of the Housing Owner's or Commercial Owner's ground lease interest in the Commercial Space parcel is subject to MOHCD approval as ground lessor. If the Project was developed as air rights parcels, MOHCD may require that the air rights subdivision be converted to condominiums before the Commercial Space may be transferred to an unaffiliated for-profit entity for Commercial Use.

4. Ground Lease Term: To be negotiated based on Market Analysis (see section E.2.a. for requirements for Market Analysis.)

EXHIBIT P
Residual Receipts Policy

[To be attached]

Mayor's Office of Housing and Community Development

Residual Receipts Policy

Effective April 1, 2016

INTRODUCTION

The Mayor's Office of Housing and Community Development (MOHCD) typically requires annual payments under the Ground Leases and Loans provided for the purpose of developing or preserving affordable housing to the extent that making payments is feasible and does not jeopardize the long-term affordability or maintenance of safe and secure housing for its residents. Payments may be required under one or a combination of several structures, including amortization, deferral, or payment from residual receipts, depending on the circumstances.

When a development financed by MOHCD is projected to enjoy more income than is needed to pay expenses, service other debt, fully fund its reserves, and make approved payments out of surplus, it is MOHCD's policy that a portion of the remaining "residual" income be directed toward repayment of MOHCD's investment.

MOHCD also permits a modest portion of "residual" income to be distributed by the borrower. Distribution of any portion of "residual receipts" is conditioned on MOHCD's annual determination that certain performance standards and benchmarks have been met.

SUMMARY (see below for detailed requirements)

I. Definition of Residual Receipts	As depicted in the approved MOHCD Operating Budget Proforma for each project, the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments of surplus. .
II. Annual Residual Receipts Payments Due to MOHCD	Generally, $\frac{2}{3}$ rd s of residual receipts is payable to the City. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period, see the Developer Fee Policy for more details.
III. When more than one MOHCD contract requires residual payments	The approved MOHCD Operating Budget Proforma is a required exhibit to the last-executed MOHCD contract and must reflect a comprehensive summary of approved cash flow waterfall, listing of all lenders, relative lien positions, underlying loan terms and amounts owed to MOHCD annually across all MOHCD contracts.
IV. When a project has other Lenders in addition to MOHCD that require residual payments	The portion to be repaid to each Lender is typically determined by the proportional amount of capital funded under each loan. The approved MOHCD Operating Budget Proforma must include a list of all loans and details about projected amounts owed annually, including how the portion of residual receipts to be paid to each lender will be calculated, if not based on a proportional amount.
V. Conditions to Distribution of Residual Receipts to Borrower	Distribution of Residual Receipts may be made only upon: (1) MOHCD approval of Annual Monitoring Report; (2) determination by MOHCD that borrower is not in default; and (3) approval by MOHCD of amount of

	Distribution.
VI. Use of Residual Receipts Distributed to the Borrower	MOHCD strongly encourages borrowers to use distributions for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).
VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project	Any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
MOHCD Repayment Waiver Option	The repayment waiver option has been terminated.

I. Definition of Residual Receipts

- A. Residual Receipts is the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments from surplus.
- B. The project-specific Funding Agreements and/or Ground Leases define what Project Income entails and which Project Expenses are allowable. In general, the definition of allowable Project Expenses will include mandatory or "hard" debt service payments, minimum or Base Rent owed under a Ground or Land lease, and required annual payments into Reserve accounts. Each MOHCD contract will include a copy of the approved Operating Budget Proforma.
- C. When MOHCD requires repayments from Residual Receipts, the formula usually requires payment of a portion of the available Residual Receipts. The use of a proportional formula makes it essential to clearly define which uses of surplus cash have been approved for payment prior to the calculation of the amount owed to MOHCD.
- D. The approved uses of any available surplus may also be referred to as the cash flow waterfall. The approved MOHCD Operating Budget Proforma is used to document the approved cash flow waterfall. In general, the following expenses may be a part of a cash flow waterfall:
 - 1. Fees payable to the project, the GP, the LP or the parent entity
 - 2. Fees payable to project funders
 - 3. "Soft" debt repayments to lenders / lessors

Please see the City's Developer Fee Policy and Operating Fees Policy for a list of allowable fees and any applicable limits.

- E. Limited Partnership Agreements may also provide a narrative summary of the cash flow waterfall. In the event that a Limited Partnership Agreements is found to be inconsistent with the MOHCD Funding Agreement and/or the approved MOHCD Operating Budget Proforma, the MOHCD documents shall control.

II. Annual Residual Receipts Payments due under MOHCD Ground Leases & Loans

Except as recommended by the Loan Committee and approved by the Mayor on a project by project basis, the portion to be paid to the City shall be $\frac{2}{3}$ rds of Residual Receipts. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period and the borrower's portion of Residual Receipts shall be considered payment of Deferred Developer Fee. See the Developer Fee Policy for more details.

Any residual receipts payments shall be applied toward the unpaid balance of MOHCD loan/s according to the terms in the Promissory Note and/or Funding Agreement, and toward the payments required under the MOHCD Ground Lease.

III. When more than one MOHCD contract requires residual payments:

Some projects supported by MOHCD may be governed by more than one MOHCD contract. The MOHCD Operating Budget Proforma provides a comprehensive summary of the approved cash flow waterfall, a listing of all lenders, the relative position of each lien, the amounts owed and the relevant repayment terms, and will also reflect the cumulative amount of repayments owed to MOHCD annually across all MOHCD contracts. Projects governed by more than one MOHCD contract that extend or initiate a MOHCD contract after the effective date of this policy will be required to get approval of a new MOHCD Operating Budget Proforma.

IV. When a project has other Lenders in addition to MOHCD that require residual payments

A. If any other project lenders besides MOHCD require repayment from residual receipts, the portion to be repaid to each Lender will typically be determined by the proportional amount of capital supplied under each loan. For example, if a project received a \$2 million loan from MOHCD and a \$3 million loan from another lender, MOHCD would receive $\frac{2}{5}$ ths of the amount available to be repaid, and the other lender would receive $\frac{3}{5}$ ths of the amount available to be repaid. The approved MOHCD Operating Budget Proforma must include a list of all Loans and provide an appropriate amount of detail about the projected amounts owed annually including details about how the portions to be paid to each lender will be calculated. If a project makes an agreement with any other lender/s after executing a MOHCD contract containing the final MOHCD-approved Operating Budget Proforma, prior to making any payments to such other lender/s, the project must request and be approved in writing to amend the MOHCD-approved Operating Budget Proforma to include the new lender/s.

B. During operations, MOHCD will require Residual Receipts payments using MOHCD's method of calculating surplus and any amounts owed to the MOHCD. If there is a difference in the amount calculated to be owed to any other lenders under another lender's repayment calculation method when compared to MOHCD method, then each lender will be paid according to its calculation, so long as doing so would not result in a reduction in the amount payable to MOHCD.

V. Conditions to Distribution of Residual Receipts to Borrower

- A. Distribution of Residual Receipts to the borrower of a MOHCD loan, or lessee of a MOHCD ground lease, may be made only upon:
1. MOHCD approval of the Annual Monitoring Report submitted for that year; and
 2. Determination by MOHCD that the borrower is not in default under terms of the Loan; and

3. Approval by MOHCD of the amount to be distributed.

B. No distribution of Residual Receipts shall be made under any of the following circumstances:

1. When a written notice of default has been issued by any lender or investor and such default has not been cured; or
2. When the City determines that the borrower or the borrower's management agent has failed to maintain the housing and its surroundings in a safe and sanitary manner in accordance with local health, building, and housing codes; or
3. If any operating expense, including debt service on non-City loans remains unpaid; or
4. If any required reserve account is not fully funded according to the terms of the MOHCD contract/s; or
5. In the event of any other material failure to comply with the provisions of the MOHCD contract/s.

VI. Use of Residual Receipts Distributed to the Borrower

MOHCD strongly encourages borrowers to use the portion of Residual Receipts that is not applied toward repayment of MOHCD's loan or payment of residual rent under a MOHCD ground lease for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).

VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project

- A. With the exception of Residual Receipts retained by a borrower pursuant to this policy, any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
- B. The Loan Committee may approve variations of this policy on a project-specific basis, including the payment of costs associated with the provision of social, educational, vocational, counseling or other supportive services to residents either as a project expense or out of that portion of Residual Receipts that would otherwise be repaid to the City.

Free Recording Requested Pursuant to
Government Code Section 27383

When recorded, mail to:
Mayor's Office of Housing and Community Development
of the City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: _____

-----Space Above This Line for Recorder's Use-----

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

(Property Address: 1064-68 Mission)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of _____, _____, by **1064 MISSION, L.P.**, A California Limited Partnership ("Trustor"), whose address is 1256 Market Street, San Francisco, California 94102, to **Old Republic Title Company** ("Trustee"), whose address is _____, San Francisco, California, for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development ("Beneficiary"). This Deed of Trust is executed pursuant to an Amended and Restated Loan Agreement by and between Trustor and Beneficiary dated as of _____, 20____, as it may be amended from time to time (the "Agreement"), the provisions of which are incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust.

1. Grant in Trust. For valuable consideration, Trustor hereby grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, all right, title and interest Trustor now has or may have in the future in the following (all or any part of the following, or any interest in all or any part of it, as the context requires, the "Property"):

(a) that real property situated in the City and County of San Francisco, State of California, described in **Exhibit A** attached hereto and incorporated herein by reference (the "Land"), on which Trustor intends to construct a new permanent supportive housing development for formerly homeless adults (153 units), senior households (103 units) where at least one household member is age 55 years and older on the Land, plus two resident staff units, as well as to construct a commercial shell (the "Public Benefit Use Commercial Space"), which will all be known as the Project (the "Project"); and

(b) all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "Improvements"); and

(c) all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions, and any guarantees thereof ("Leases") relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of the Leases; and

(d) all of Trustor's interest in and under that certain Ground Lease dated as of _____, by and between the City and County of San Francisco, as lessor, and Trustor, as lessee, including any options of any nature whatsoever, and any future interest of Trustor in fee title to the Land; and

(e) except for personal property and removable fixtures installed by tenants or subtenants, all goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which will be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; and

(f) all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; and

(g) all Loan funds, whether disbursed or not, and all funds now or in the future on deposit in the Replacement Reserve Account, the Operating Reserve Account and any other account required or authorized for the Project; and

(h) all proceeds, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements; and

(i) all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records

relating to the application and allocation of any federal, state or local tax credits or benefits; and

(j) all rents, revenues, issues, royalties, proceeds, profits, income, reimbursements, royalties, receipts and similar items, including prepaid rent and security deposits, in whatever form (including, but not limited to, cash, checks, money orders, credit card receipts or other instruments for the payment of money) paid or payable in connection with the Property ("Rents"), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under **Section 3 below**; and

(k) all intangible personal property and rights relating to the Property or its operation or used in connection with it, including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, soils reports, engineering reports, land planning maps, drawings, construction contracts, notes, drafts, documents, engineering and architectural drawings, deposits for utility services, installations, refunds due Trustor, trade names, trademarks, and service marks; and

(l) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

2. Obligations Secured. This Deed of Trust is given for the purpose of securing the following (collectively, the "Secured Obligations"):

(a) performance of all present and future obligations of Trustor set forth in the Agreement, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, and the promissory note dated the date of this Deed of Trust, made by Trustor to the order of Beneficiary, as either promissory note may be amended from time to time (together, the "Notes") and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the Notes in the original principal amount of Seventy Five Million Two Hundred Fifty Thousand Seven Hundred Sixty Five and No/100 Dollars (\$75,250,765), according to the terms of the Agreement and the Notes; and

(c) payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note (or any other instrument) reciting that payment is secured by this Deed of Trust.

3. Assignment of Rents.

(a) Assignment as Additional Security. Trustor hereby irrevocably grants, transfers, and assigns to Beneficiary all of its right, title, and interest in and to the Rents as additional security for the Secured Obligations. Subject to the provisions of subsection 3(d) below, Beneficiary hereby confers upon Trustor a license ("License") to collect and retain the Rents as they become due and payable, so long as no Event of Default exists and is continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

(b) Collection and Application of Rents. Subject to the License granted to Trustor under subsection 3(a) above, Beneficiary has the right, power, and authority to collect any and all Rents. Subject to the License granted to Trustor under subsection 3(a) above, Trustor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

1. Demand, receive, and enforce payment of any and all Rents; or
2. Give receipts, releases, and satisfactions for any and all Rents; or
3. Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property. In Beneficiary's sole discretion, it may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under this Deed of Trust. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder.

(c) Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Real Property and Improvements, Beneficiary is not and shall not be deemed to be:

1. A "mortgagee in possession" for any purpose; or
2. Responsible for performing any of the obligations of the lessor under any lease; or
3. Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair, or control of the Property; or
4. Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

(d) Election by Beneficiary. Upon the occurrence and during the continuance of an Event of Default, Beneficiary, at its option, may exercise its rights under this Section or otherwise provided under applicable law (including, but not limited to, under Section 2938 of the California Civil Code).

4. Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

(a) to perform the Secured Obligations in accordance with their respective terms;

(b) to keep the Land and the Improvements in good condition and repair, normal wear and tear and acts of God excepted; not to remove or demolish any Improvements without Beneficiary's prior written consent; to complete or restore promptly and in good and workmanlike manner any Improvement constructed, damaged or destroyed on the Land; to pay when due all claims for labor performed and materials furnished therefor, subject to Trustor's right to contest any claim in good faith; to comply with all laws affecting the Project, subject to Trustor's right to contest any claim in good faith; not to commit or permit waste with respect to the Land or the Improvements; not to commit, suffer or permit any act upon the Land or the Improvements in violation of law, including Environmental Laws; and to do all other acts made reasonably necessary by the character or use of the Land and the Improvements;

(c) to provide, maintain and deliver to Beneficiary property and liability insurance as required under the Agreement and apply any insurance proceeds as provided below;

(d) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees and costs incurred in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust following an Event of Default;

(e) to pay in accordance with the Agreement, but in each case prior to delinquency: (i) all taxes and assessments affecting the Property, including assessments on appurtenant water stock; and (ii) all encumbrances, charges and liens, with interest, on the Property or any part thereof that appear to be prior or superior hereto;

(f) should Trustor fail to make any payment or to do any act as herein provided, then, without: (i) obligation to do so; (ii) notice to or demand upon Trustor; or (iii) releasing Trustor from any obligation hereof, Beneficiary or Trustee may: (A) make or do the same in any manner and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any encumbrance, charge or lien that in its judgment appears to be prior or superior hereto; and

(D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the Land and Improvements for any purpose set forth in this Subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

(g) to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

5. Security Agreement and Fixture Filing.

(a) Grant of Security Interest. Without limiting any of the other provisions of this Deed of Trust, to secure the payment, performance and observance of the Secured Obligations, Trustor, as debtor (referred to in this Section 5 as "Debtor"), expressly grants to Beneficiary, as secured party (referred to in this Section 5 as "Secured Party"), a continuing security interest in all the Property (including now and hereafter existing) to the full extent that any portion of the Property may be subject to the Uniform Commercial Code. For purposes of this Section 5, "Collateral" means the personal property (tangible or intangible) and fixtures included in the Property.

(b) Debtor's Covenants, Representations, and Warranties.

(i) Debtor covenants and agrees with Secured Party that:

(1) In addition to any other remedies granted in this Deed of Trust to Secured Party or Trustee (including specifically, but not limited to, the right to proceed against the Property in accordance with the rights and remedies in respect of the Property that is real property under the Uniform Commercial Code), Secured Party may, if an Event of Defaults occurs and is continuing, proceed under the Uniform Commercial Code as to all or any part of the Collateral, and shall have and may exercise with respect to the Collateral all the rights, remedies, and powers of a secured party under the Uniform Commercial Code.

(2) Without limiting the foregoing, Secured Party shall have the right upon any public sale or sales, and, to the extent permitted by law, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Debtor. Debtor further agrees to allow Secured Party to use or occupy the Property, without charge, for the purpose of effecting any of Secured Party's remedies in respect of the Collateral.

(3) To the extent permitted by applicable law, Debtor waives all claims, damages, and demands against Secured Party arising out of the repossession, retention, or sale of the Collateral, except for claims, damages, and demands due to the active gross negligence or willful misconduct of Secured Party in dealing with such Collateral. Trustor agrees that Secured Party need not give more than five (5) days' notice of the time and place of any public sale or of the time at which a private sale will take place and that such notice is reasonable notification of such matters. Secured Party may disclaim any warranties that might arise in connection with the sale, lease, license, or other disposition of

the Collateral and have no obligation to provide any warranties at such time. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(4) To the extent permitted by law, Debtor hereby specifically waives all rights of redemption, stay, or appraisal which it has or may have under any law now existing or hereafter enacted.

(ii) Debtor hereby authorizes Secured Party to file financing and continuation statements with respect to the Collateral as Secured Party may reasonably require.

(iii) Debtor hereby represents and warrants that no financing statement is on file in any public office except as authorized by Secured Party. Debtor will at its own cost and expense, upon demand, furnish to Secured Party such further information and will execute and deliver to Secured Party financing statements and other documents in form reasonably satisfactory to Secured Party and will do all such acts that Secured Party may at any time or from time to time reasonably require to establish and maintain a perfected security interest in the Collateral as security for the Secured Obligations, subject only to liens or encumbrances approved by or benefiting Secured Party. Debtor will pay the actual expense of filing or recording such financing statements or other documents, and this instrument, as and where reasonably required by Secured Party.

(iv) To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover all rents, royalties, issues and profits, and all inventory accounts, accounts receivable and other revenues of the Property.

(c) Fixture Filing. Certain of the Collateral is or will become "fixtures" (as that term is defined in the Uniform Commercial Code). This Deed of Trust, upon being filed for record in the real estate records of San Francisco County, shall operate also as a financing statement and fixture filing upon such of the Collateral that is or may become fixtures under the Uniform Commercial Code. Debtor's name and type and jurisdiction of entity are set forth in the introductory paragraph hereof. Debtor's address is set forth above. Debtor's EIN Number is _____. Secured Party's name and mailing address are set above.

6. Insurance and Condemnation Proceeds.

(a) Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.

(b) Any condemnation award or insurance proceeds must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to

the lien of another lender for the Project, according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Notes and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City Document unless the default has been cured by the application or release of funds.

7. Further Agreements. Trustor further acknowledges and agrees as follows:

(a) Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

(b) Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Notes for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the Notes to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

(d) Any voluntary or involuntary conveyance, sale, encumbrance, pledge or other transfer of all or any interest in the Property or in Trustor, including a security interest, in violation of the Agreement will constitute an Event of Default (as defined below) giving Beneficiary the right to exercise its remedies at law or in equity.

(e) For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of

proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers, and duties of Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

(f) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. The term Beneficiary shall mean the holder of the Notes, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(g) Trustee accepts this Trust when this duly executed and acknowledged Deed of Trust is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

8. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods ("Event of Default"):

(a) Trustor's license to collect and retain Rents will terminate automatically.

(b) Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

(c) Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property ("Notice of Default"), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Notes and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("Notice of Sale") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

9. Notice of Default to Trustor. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth above or any succeeding address given by notice in accordance with the Agreement.

Remainder of Page Intentionally Left Blank; Signatures Appear On Following Page

"TRUSTOR:"

1064 Mission, L.P.,
a California limited partnership

By: 1064 Mission LLC,
a California limited liability company,
its managing general partner

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

By: _____
Name: _____
Title: _____

By: Mercy Housing 1064 Mission LLC,
a California limited liability company,
a general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: _____
Title: _____

[ALL SIGNATURES MUST BE NOTARIZED.]

EXHIBIT A
Legal Description of the Land

A LEASEHOLD INTEREST IN THE FOLLOWING LAND SITUATED IN THE CITY OF
SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA,
DESCRIBED AS FOLLOWS:

Street Address: 1064-68 Mission Street

EXHIBIT A

Free Recording Requested Pursuant to
Government Code Section 27383 and 27388.1

Recording requested by and
when recorded mail to:
City and County of San Francisco
Mayor's Office of Housing
and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103

Attn: _____

APN#:

Address: 1064-68 Mission Street

-----Space Above This Line for Recorder's Use-----

**DECLARATION OF RESTRICTIONS
1064-1068 Mission Street**

THIS DECLARATION OF RESTRICTIONS ("Declaration") is made as of _____, _____, by **1064 MISSION, L.P.**, A California Limited Partnership ("Borrower"), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development (the "City").

RECITALS

A. The City is making a loan (the "Loan") to Borrower of Hotel Tax, Residential Hotel Replacement, AHF Inclusionary Program funds, Educational Revenue Augmentation Fund (ERAF) and No Place Like Home (NPLH) funds to finance costs associated with the development of the leasehold interest in the real property described in **Exhibit A** attached hereto and incorporated herein by reference (the land and the leasehold interest, the "Property") as low-income housing (the "Project"). The Loan is evidenced by, among other documents, an Amended and Restated Loan Agreement between the City and Borrower dated as of _____, as it may be amended from time to time (the "Agreement"). The Agreement is incorporated by reference in this Declaration as though fully set forth in this Declaration. Definitions and rules of interpretation set forth in the Agreement apply to this Declaration.

B. Pursuant to the Agreement, Borrower has agreed to comply with certain affordability and other use and occupancy restrictions (collectively, the "Regulatory Obligations"), commencing on the date on which a certificate of occupancy is issued for the Project, and continuing for fifty five (55) years (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed.

AGREEMENT

Now, therefore, in consideration of the City's providing the Loan in accordance with the City Documents, Borrower agrees as follows:

1. Borrower must comply with the Regulatory Obligations through the expiration of the Compliance Term, regardless of any reconveyance of the Deed of Trust. Specifically, Borrower agrees as follows, subject to additional terms as set forth in the Agreement:

(a) With the exception of two Units reserved for the managers of the Project, Units in the Project will at all times be rented only to tenants who qualify as Qualified Tenants at initial occupancy, specifically:

Unit Size	No. of Units	Maximum Income Level
Studio (Senior Household)	52	50% of Median Income
Studio Adult	77	50% of Median Income
NPLH Studio (Senior Household)	51	40% of Median Income
NPLH Adult	76	40% of Median Income
1-BR Resident Staff Unit	2	N/A

In addition:

(i) All Units except for the two resident staff units must be made available to Homeless Households for a period of 30 years pursuant to the Title V Restrictions as applied to the Project and thereafter for so long as the Project is receiving sufficient operating subsidy under the City's Local Operating Subsidy Program.

(ii) 51 Senior Household units and 76 Adult Units must be made available to residents who qualify under the Homeless Household under No Place Like Home (NPLH) Criteria for a period of 55 years. NPLH units are restricted to [40%] AMI however the AMI for the NPLH units may be increased to a maximum of 50% AMI consistent with the provisions under the NPLH Program Guidelines.

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

(i) thirty percent (30%) of the household income per the requirements of the Local Operating Subsidy Program, provided however that this

restriction shall only apply for so long as the Project is receiving the LOSP subsidy for such Units; or

(ii) thirty percent (30%) of the applicable Median Income for Qualified Tenants as shown above, adjusted for household size.

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

2. During the Compliance Term the City may rely on the Deed of Trust and/or this Declaration, in the City's discretion, to enforce any of the City's rights under the City Documents.

3. This Declaration and the Regulatory Obligations constitute covenants running with the land including the leasehold interest and bind successors and assigns of Borrower and any non-borrower owner and lessee of the Property. In the event that Borrower fails to comply with the Regulatory Obligations to the City's satisfaction, in its sole discretion, within thirty (30) days of Borrower's receipt of notice from the City to so comply, or if such cure cannot reasonably be completed within such thirty (30) day period, fails to commence such cure or having commenced, does not prosecute such cure with diligence and dispatch to completion within a reasonable time period thereafter, provided that such time period does not exceed any longer period of time as deemed necessary by the City in its sole discretion, the City at its option may exercise any rights available at equity or in law, including, without limitation, institute an action for specific performance. Borrower shall pay the City's costs in connection with the City's enforcement of the terms of this Declaration, including, without limitation, the City's attorneys' fees and costs.

Borrower has executed this Declaration as of the date first written above.

1064 Mission, L.P.,
a California limited partnership

By: 1064 Mission LLC,
a California limited liability company,
its managing general partner

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

By: _____
Name: _____
Title: _____

By: Mercy Housing 1064 Mission LLC,
a California limited liability company,
a general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit
corporation, its sole member/manager

By: _____
Name: _____
Title: _____

[ALL SIGNATURES MUST BE NOTARIZED.]

EXHIBIT A

(Legal Description of the Property)

A LEASEHOLD INTEREST IN THE FOLLOWING LAND SITUATED IN THE CITY
OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA,
DESCRIBED AS FOLLOWS:

Street Address: 1064-68 Mission Street

**SECURED PROMISSORY NOTE A
(CITY AND COUNTY OF SAN FRANCISCO HOTEL TAX FUND, RESIDENTIAL
HOTEL REPLACEMENT, AHF INCLUSIONARY, EDUCATIONAL REVENUE
AUGMENTATION FUND (ERAF))**

Principal Amount: [\$46,638,404]

San Francisco, CA

Date:

FOR VALUE RECEIVED, the undersigned, **1064 MISSION, L.P.**, a California limited partnership ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "Holder"), the principal sum of [Forty Six Thousand Six Hundred Thirty Eight Four Hundred Four and No/100 Dollars (\$46,638,404)] (the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, as provided in this Note.

1. Agreement. This Secured Promissory Note ("Note") is given under the terms of an Amended and Restated Loan Agreement by and between Maker and Holder (the "Agreement") dated as of the date set forth above, which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by that certain Deed Of Trust, Assignment Of Rents, Security Agreement And Fixture Filing dated as of the date of this Note, made by Maker for the benefit of Holder. Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control. The prior note executed by the Maker given under the terms of the Loan Agreement between the Maker and the Holder dated _____ shall be cancelled and returned to the Maker.

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

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

4. Repayment of Funding Amount. Subject to Section 13.4 of the Agreement, Maker must make annual payments of principal and interest (each, a "Payment") in an amount equal to the Residual Receipts, if any, attributable to the prior calendar year beginning on the first June 30th after the end of the calendar year of the Completion Date, and continuing each June 30th thereafter up to and including the Maturity Date, as defined below (each, a "Payment

Date"). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The unpaid principal balance of the Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the date that is the later of (a) the fifty-fifth (55) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the fifty-seventh (57) anniversary of the Conversion Date (the "Maturity Date"). Any Payment Date, including the Maturity Date, that falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

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

6. Terms of Payment.

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

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

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

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

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

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

7. Default.

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

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

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

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the City Documents), Holder may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

8. Waivers.

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

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

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

9. Miscellaneous Provisions.

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

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

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

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

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

"MAKER"

1064 Mission, L.P., a California limited partnership

By: 1064 Mission LLC,
a California limited liability company,
its managing general partner

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

By: _____
Name: _____
Title: _____

By: Mercy Housing 1064 Mission LLC,
a California limited liability company,
a general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: _____
Title: _____

**SECURED PROMISSORY NOTE B
(NO PLACE LIKE HOME)**

Principal Amount: [\$27,769,645]

San Francisco, CA

Date:

FOR VALUE RECEIVED, the undersigned, **1064 MISSION, L.P.**, a California limited partnership ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "Holder"), the principal sum of [Twenty Seven Million Seven Hundred Sixty Nine Thousand Six Hundred Forty Five and No/100 Dollars (\$27,769,645)] (the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, as provided in this Note.

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

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

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

4. Repayment of Funding Amount. The amount of Note B, together with all accrued and unpaid default interest (if any) and other unpaid fees and costs incurred (all together, the "Payment"), will be due and payable on the date that is the later of (a) the fifty-fifth (55) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the fifty-seventh (57) anniversary of the Conversion Date (the "Maturity Date"). If the Maturity Date falls on a weekend or holiday, it will be deemed to fall on the next succeeding business day.

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

6. Terms of Payment.

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

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

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

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

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

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

7. Default.

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

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

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

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

interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

8. Waivers.

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

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

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

9. Miscellaneous Provisions.

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

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

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

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

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

"MAKER"

1064 Mission, L.P., a California limited partnership

By: 1064 Mission LLC,
a California limited liability company,
its managing general partner

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

By: _____
Name: _____
Title: _____

By: Mercy Housing 1064 Mission LLC,
a California limited liability company,
a general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: _____
Title: _____

GROUND LEASE

This Ground Lease is dated as of, _____ 20____, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the “City” or “Landlord”), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development (“MOHCD”), and 1064 MISSION, L.P., a California Limited Partnership, as tenant (the “Tenant”).

RECITALS

A. The City is the fee owner of the land described in Attachment 1 (“Site”).

B. On October 5, 2018, the Citywide Affordable Housing Loan Committee-approved MOHCD’s selection of Episcopal Community Services and Mercy Housing California to develop the Site into approximately 256 units of permanent supportive housing for very-low income persons for very-low income persons and 2 manager’s units (the “Project”).

C. On _____, the San Francisco Board of Supervisors and the Mayor approved Resolution No. _____, authorizing the City to enter into a ground lease with the Tenant for the purpose of developing the Project.

D. On August 7, 2019, the City and the Tenant entered into that certain Option to Lease Agreement pursuant to which City granted Tenant an option to ground lease the Site (the “Option”) that expires on June 30, 2020 with an extension option for one additional six-month period.

E. The Tenant is now exercising its Option to enter this Ground Lease, pursuant to which City will lease the Site to Tenant to develop the Project. It is the Tenant’s intent to serve the needs of the very low income residents by providing rents for all units not to exceed thirty percent (30%) of fifty percent (50%) of Area Median Income.

F. The City now desires to lease the Site to Tenant for the development of approximately 256 units of permanent supportive housing, including 153 units for adults experiencing homelessness plus one resident manager unit and 103 units for Senior Households experiencing homelessness plus one resident manager unit for a total of 258 units, and approximately 6,000 square feet of community service facility for culinary job training and approximately 215 square feet of “front of house” training commercial space for for people experiencing homelessness (the “Project”).

G. The City believes that the fulfillment of the terms and conditions of this Ground Lease are in the vital and best interests of the City and the health, safety, morals and welfare of its residents, and in full accord with the public purposes and provisions of applicable Laws.

NOW THEREFORE, in consideration of the mutual obligations of the parties to this Ground Lease, the City hereby leases to Tenant, and Tenant hereby leases from the City, the Site, for the Term (as defined in ARTICLE 2), and subject to the terms, covenants, agreements, and conditions set forth below, each and all of which the City and Tenant mutually agree.

ARTICLE 1 DEFINITIONS

Terms used herein have the meanings given them when first used or as set forth in this ARTICLE 1, unless the context clearly requires otherwise. **Agreement Date** means the date first set forth above.

1.01 **Annual Rent** has the meaning set forth in the Section 4.01(a).

1.02 **Area Median Income** (or **AMI**) means median income as published annually by MOHCD, derived from the Income Limits determined by the United States Department of Housing and Urban Development for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as "Unadjusted Median Income."

1.03 **Change** has the meaning set forth in Section 12.02.

1.04 **Community-serving Commercial Expenses** means all Project Expenses attributable solely to the Community-serving Commercial Unit(s) and the pro rata share of Project Expenses reasonably allocated to the Community-serving Commercial Units(s).

1.05 **Community-serving Commercial Project Fees** means the developer fee associated with the development of the Community-serving Commercial Unit(s) in the amount of \$250,000.

1.06 **Community-serving Commercial Income** means all Project Income attributable solely to the Community-serving Commercial Unit(s).

1.07 **Community-serving Commercial Unit** has the meaning set forth in Section 9.01.

1.08 **Community-serving Commercial Use** means a non-residential use that provides a direct benefit to the community in which the Project is located, including, but not limited to, culinary job training for people experiencing homelessness.

1.09 **Effective Date** means the date the City records the Memorandum of Ground Lease against the Site, but in no event will the date be before the approval of the Ground Lease by the City's Board of Supervisors and the Mayor.

1.10 **First Lease Payment Year** means the year in which the Project receives a Certificate of Occupancy for all residential units.

1.11 **First Mortgage Lender** means any lender and its successors, assigns, and participants or other entity holding the first deed of trust on the Leasehold Estate.

1.12 **Ground Lease** means this Ground Lease, as amended from time to time.

1.13 **HHS** means the United States Department of Health and Human Services, the Grantor under the Quitclaim Deed.

1.14 **Homeless** means:

(1) An individual or family that lacks a fixed, regular, and adequate nighttime residence; and

(2) An individual or family that has a primary nighttime residence that is:

(i) A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);

(ii) An institution that provides a temporary residence for individuals intended to be institutionalized; or

(iii) A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. This term does not include any individual imprisoned or otherwise detained under an Act of the Congress or a State law.

1.15 **Improvements** means all physical construction, including all structures, fixtures, and other improvements, to be constructed or rehabilitated on the Site by the Tenant as part of the Project, and excludes the interior or tenant improvements to be constructed by the City.

1.16 **Laws** means all statutes, laws, ordinances, regulations, rules, orders, writs, judgments, injunctions, decrees, or awards of the United States or any state, county, municipality, or governmental agency.

1.17 **Lease Year** means each calendar year during the Term, beginning on January 1 and ending on December 31, provided that the "First Lease Year" will commence on the Effective Date and continue through December 31st of that same calendar year. Furthermore, the "Last Lease Year" will end upon the expiration of the Term.

1.18 **Leasehold Estate** means the estate held by the Tenant created by and pursuant to this Ground Lease in the Site and the Improvements.

1.19 **Leasehold Mortgage** means any mortgage, deed of trust, trust indenture, letter of credit, or other security instrument, and any assignment of the rents, issues, and profits from the Site, or any portion thereof, that constitutes a lien on the Leasehold Estate and is approved in writing by the City.

1.20 **Lender** means any entity holding a Leasehold Mortgage.

1.21 **Loan Documents** means those certain loan agreements, notes, deeds of trust, declarations, and any other documents executed and delivered in connection with the predevelopment, construction, and permanent financing for the Project.

1.22 **LOSP** means a local operating subsidy provided to Tenant by the City, the amount of which is sufficient to permit Tenant to operate the Project.

1.23 **LOSP Program** means the program administered by MOHCD that regulates the distribution of LOSP.

1.24 **MOHCD** means the Mayor's Office of Housing and Community Development for the City.

1.25 **Non-residential Occupant** means any person or entity authorized by Tenant to occupy a Community-serving Commercial Unit or other unit for non-residential purposes on the Site, or any portion thereof.

1.26 **Permitted Limited Partner** means NEF Assignment Corporation, as nominee, as investor limited partner, _____, and its successors and assigns as approved by City.

1.27 **Premises** means the Site and all Improvements.

1.28 **Personal Property** means all fixtures, furniture, furnishings, equipment, machinery, supplies, software and other tangible personal property that is located in, on, or about the Premises and that can be removed from the Premises without substantial economic loss to the Premises or substantial damage to the Premises and that is incident to the ownership, development, or operation of the Improvements on the Premises, belonging to Tenant, any Residential Occupant, any Non-residential Occupant, or any subtenant or other occupant of the Premises and/or in which Tenant, Residential Occupant, Non-residential Occupant, or any subtenant or other occupant has an ownership interest, together with all present and future attachments, replacements, substitutions, and additions thereto or therefor.

1.29 **Project** means the Leasehold Estate and the fee interest in the Improvements on the Site.

1.30 **Project Expenses** means the following costs, which may be paid from Project Income to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate and/or possessory interest taxes, assessments, and liability, fire, and other hazard insurance premiums; (b) salaries,

wages, and other compensation due and payable to the employees or agents of Tenant who maintain, administer, operate, or provide services in connection with the Project, including all withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments required for such employees; (c) payments of required interest, principal, annual monitoring fees or annual servicing fees, if any, on any construction or permanent financing secured by the Project, including but not limited to bond issuer fees; (d) all other expenses actually incurred by Tenant to cover routine operating and services provision costs of the Project, including maintenance and repair, and the reasonable fee of any managing agent; (e) annual Base Rent payments; (f) any extraordinary expenses as approved in advance by the City; (g) the approved annual asset management fees in the amount of \$35,000 increasing 3.5% annually, as indicated in the Annual Operating Budget and approved by the City; and (h) deposits to reserves accounts required to be established under the Loan Documents and/or as required by the Permitted Limited Partner. Project Fees are not Project Expenses. Project Expenses does not include Community-serving Commercial Expenses.

1.31 **Project Fees** means (i) an annual partnership management fee in the amount of \$35,000, increasing by 3.5% annually, payable to the Tenant's general partner, and (ii) an annual investor services fee in the amount of \$5,000, payable to Tenant's limited partner, Project Fees do not include Commercial Project Fees.

1.32 **Project Income** means all revenue, income receipts, and other consideration actually received from the operation of leasing the Improvements and Project, including non-residential uses of the Site. Project Income includes, but is not limited to: all rents, fees, and charges paid by Residential Occupants, Non-residential Occupants or users of any portion of the Site; Section 8 or other rental subsidy payments received for the dwelling units; supportive services funding, if applicable; deposits forfeited by tenants; all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; and the proceeds of business interruption or similar insurance. Project Income does not include tenants' security deposits, loan proceeds, capital contributions, or similar advances. Project Income does not include Community-serving Commercial Income.

1.33 **Quitclaim Deed** means that certain Quitclaim Deed from HHS to City pursuant to which the Premises is conveyed to the City.

1.34 **Quitclaim Deed Abrogation Right** means the right of the City to prevent the Quitclaim Deed Reverter and abrogate the covenants in Sections 1-5 of the Quitclaim Deed by paying certain sums to HHS pursuant to the terms of the Quitclaim Deed.

1.35 **Quitclaim Deed Default** means a default or breach under the Quitclaim Deed.

1.36 **Quitclaim Deed Notice of Default** means a notice from HHS to the City of a default or breach under the Quitclaim Deed.

1.37 **Quitclaim Deed Reverter** means the exercise or potential exercise of the right of HHS under the Quitclaim Deed to recover title to the Premises.

1.38 **Residential Occupant** means any person or entity authorized by Tenant to occupy a residential unit on the Site, or any portion thereof.

1.39 **Residential Unit** has the meaning set forth in Section 9.01.

1.40 **Senior Household** means a household where at least one resident is aged 55 years of age or older.

1.41 **Site** means the real property as more particularly described in the Site Legal Description, Attachment 1.

1.42 **Subsequent Owner** means any successor (including a Lender or an affiliate or assignee of a Lender as applicable) to the Tenant's interest in the Leasehold Estate and the Improvements who acquires such interest as a result of a foreclosure, deed in lieu of foreclosure, or transfer from a Lender, its affiliate, and any successors to any such person or entity.

1.43 **Surplus Cash** means all Project Income in any given Lease Year remaining after payment of Project Expenses and Project Fees. The amount of Surplus Cash will be based on figures contained in audited financial statements. All permitted uses and distributions of Surplus Cash will be governed by Section 6.02(g) of this Ground Lease.

1.44 **Tenant** means 1064 Mission, L.P., a California Limited Partnership and its successors and assigns (or a Subsequent Owner, where appropriate).

1.45 **Title V** means Title V of the McKinney-Vento Homeless Assistance Act, Public Law 101-645 (42 U.S.C. 11411), which enables eligible organizations to use unutilized, underutilized, excess, or surplus federal properties to assist persons experiencing homelessness.

1.46 **Very Low-Income Households** means: (a) for a term of 55 years from the date on which a certificate of occupancy is issued for the Project, a tenant household with combined initial income that does not exceed fifty percent (50%) of Area Median Income; and (b) for any period of the Term (or extended term) thereafter, a tenant household with combined initial income that does not exceed fifty percent (50%) of area median income, as published by the California Tax Credit Allocation Committee (TCAC).

1.47 Whenever an Attachment is referenced, it means an attachment to this Ground Lease unless otherwise specifically identified. Whenever a section, article, or paragraph is referenced, it is a reference to this Ground Lease unless otherwise specifically referenced.

ARTICLE 2 TERM

2.01 Initial Term. The term of this Ground Lease will commence upon the Effective Date and will end seventy-five (75) years from that date (“**Term**”), unless extended under Section 2.02 below or earlier terminated as provided in this Ground Lease.

2.02 Option for Extension. Provided that the Tenant is not in default under the terms of this Ground Lease and the Loan Documents beyond any notice, grace, or cure period either at the time of giving of an Extension Notice (as defined below), as described in Section 2.03 below, or on the last day of the Term (the “**Termination Date**”), the Term may be extended at the option of the Tenant for one twenty-four (24) year period, as provided in this Article below. If the Term is extended pursuant to this Section, all references in this Ground Lease to the “Term” will mean the Term as extended by this extension period.

2.03 Notice of Extension. Not later than one hundred eighty (180) days before the Termination Date, the Tenant may notify the City in writing that it wishes to exercise its option to extend the term of this Ground Lease (an “**Extension Notice**”). Upon Tenant’s exercise of this option, the Initial Term will be extended for twenty-four (24) years from the Termination Date for a total Ground Lease term not to exceed ninety-nine (99) years.

2.04 Rent During Extended Term. Rent for any extended term will be as set forth in ARTICLE 4.

2.05 Holding Over. Any holding over after expiration or earlier termination of the Term without the City’s written consent will constitute a default by Tenant and entitle the City to exercise any or all of its remedies as provided in this Ground Lease, even if the City elects to accept one or more payments of Annual Rent. Failure to surrender the Site in the condition required by this Ground Lease will constitute holding over until the conditions of surrender are satisfied.

ARTICLE 3 FINANCIAL ASSURANCE

Tenant will submit to the City in accordance with the dates specified in the Schedule of Performance, Attachment 2, for approval by the City, evidence satisfactory to the City that Tenant has sufficient equity capital and commitments for construction and permanent financing, and/or such other evidence of capacity to proceed with the construction of the Improvements in accordance with this Ground Lease, as is acceptable to the City. City has approved such equity capital and financing commitments.

ARTICLE 4 RENT

4.01 Annual Rent

4.01(a) Tenant will pay to the City _____ Dollar (\$_____) (the “**Annual Rent**”) per year for each year of the Term of this Ground Lease.

Annual Rent consists of Base Rent of \$1.00 and Residual Rent, as defined in Section 4.02 below, without offset of any kind (except as otherwise permitted by this Ground Lease) and without necessity of demand, notice or invoice. Annual Rent will be re-determined on the fifteenth (15th) anniversary of the date of the first payment of Base Rent pursuant to Section 4.02(a) below and every fifteen (15) years thereafter, and will be equal to ten percent (10%) of the appraised fair market value of the Site as determined by an MAI appraiser selected by and at the sole cost of the Tenant. Any such adjustment will be made to the Residual Rent and not to the Base Rent.

4.01(b) If the Tenant elects to extend the term of this Ground Lease pursuant to ARTICLE 2 above, Annual Rent (along with any potential future adjustments) during any such extended term will be set by mutual agreement of the parties taking into account the affordable housing restrictions contained in Section 9.01, project debt (including any surplus cash debt obligations) and the annual income expected to be generated by the Project; provided, however, that Annual Rent during the extended term will in no event be less than the Annual Rent set forth in Section 4.01(a) above. If the parties cannot agree on Annual Rent for the extended term, either party may invoke a neutral third-party process and the parties will agree on a neutral third-party appraiser to set the Annual Rent at fair market rent in accordance with the then-prevailing practice for resolving similar rent determination disputes in San Francisco taking into account the affordable housing restrictions contained in Section 9.02, project debt (including any surplus cash debt obligations) and the annual income expected to be generated by the Project or, in the event that there is no then-prevailing practice, in accordance with the rules of the American Arbitration Association. Notwithstanding the foregoing, after the neutral third party process, Tenant, in its sole discretion, may rescind the Extension Notice if it does not wish to extend the Term of this Ground Lease.

4.02 Base Rent

4.02(a) “**Base Rent**” means, in any given Lease Year, One Dollar (\$1.00) per annum; provided, however, that if the Tenant or any Subsequent Owner fails, after notice and opportunity to cure, to comply with the provisions of Section 9.01, then Base Rent will be increased to the full amount of Annual Rent. Base Rent will be due and payable in arrears on January 31st of each Lease Year; but no Base Rent will be due until after the earlier of (i) the date a certificate of occupancy for the Project is issued or (ii) the ____ anniversary of the Effective Date. The first Base Rent payment will be due on the January 31st of the calendar year following the First Lease Payment Year. Additionally, if a Subsequent Owner elects under Section 26.06(b) to operate the Project without being subject to Section 9.01, then Annual Rent will be adjusted as provided in Section 26.07.

4.02(b) If the Project does not have sufficient Project Income to pay Base Rent in any given Lease Year after the payment of (a) through (d) in the definition of Project Expenses, above, and the City has received written notice from Tenant regarding its inability to pay Base Rent from Project Income at least sixty (60) days before the Base Rent due date, along with supporting documentation for Tenant’s position that it is unable to pay Base Rent from Project Income, then the unpaid amount will be deferred and all deferred amounts will accrue without interest until paid (“**Base Rent Accrual**”). The Base Rent Accrual will be due and payable each year from and to the extent Surplus Cash is available. Any Base Rent Accrual will be due and payable upon the earlier of (i) sale of the Project (but not a refinancing or foreclosure

of the Project); or (ii) termination of this Ground Lease (unless a new lease is entered into with a mortgagee under Section 26.09 below).

4.02(c) If Tenant has not provided City with the required written notice and documentation under Section 4.02(b) in connection with its claim that it cannot pay Base Rent due to insufficient Project Income, and/or the City has reasonably determined that Tenant's claim that it is unable to pay Base Rent is not supported by such documentation, the City will assess a late payment penalty of two percent (2%) for each month or any part thereof that any Base Rent payment is delinquent. This penalty will not apply to Base Rent Accrual that has been previously approved by the City under Section 4.02(b). The Tenant may request in writing that the City waive such penalties by describing the reasons for Tenant's failure to pay Base Rent and Tenant's proposed actions to ensure that Base Rent will be paid in the future. The City may, in its sole discretion, waive in writing all or a portion of such penalties if it finds that Tenant's failure to pay Base Rent was beyond Tenant's control and that Tenant is diligently pursuing reasonable solutions to such failure to pay.

4.03 Residual Rent. "**Residual Rent**" means, in any given Lease Year, _____ Dollars (\$ _____), subject to any periodic adjustments under Section 4.01(a). Residual Rent will be due in arrears on June 30th following each Lease Year. Except as otherwise provided in Section 26.07(a), Residual Rent will be payable only to the extent of Surplus Cash as provided in Section 6.02(g) below, and any unpaid Residual Rent will not accrue. In the event that in any year Surplus Cash is insufficient to pay the full amount of the Residual Rent, Tenant will certify to the City in writing by May 15 that available Surplus Cash is insufficient to pay Residual Rent and Tenant will provide to City any supporting documentation reasonably requested by City to allow City to verify the insufficiency.

4.04 Triple Net Lease. This Ground Lease is a triple net lease and the Tenant will be responsible to pay all costs, charges, taxes, impositions, and other obligations related to the Premises accruing after the Effective Date. If the City pays any such amounts, whether to cure a default or otherwise protect its interests hereunder, the City will be entitled to be reimbursed by Tenant the full amount of such payments as additional rent within thirty (30) days of written demand by City. Failure to timely pay the additional rent will be a default by Tenant of this Ground Lease. No occurrence or situation arising during the Term, or any Law, whether foreseen or unforeseen, and however extraordinary, relieves Tenant from its liability to pay all of the sums required by any of the provisions of this Ground Lease, or otherwise relieves Tenant from any of its obligations under this Ground Lease, or gives Tenant any right to terminate this Ground Lease in whole or in part.

ARTICLE 5 CITY COVENANTS

5.01 The City is duly created, validly existing and in good standing under the Law, and has full right, power and authority to enter into and perform its obligations under this Ground Lease. City covenants and warrants that the Tenant and its tenants will have, hold and enjoy, during the Term, peaceful, quiet and undisputed possession of the Site leased without hindrance or molestation by or from anyone so long as the Tenant is not in default under this Ground Lease.

5.02 Quitclaim Deed Notice of Default. City agrees to promptly provide to Tenant, all Leasehold Mortgages and the Permitted Limited Partner copies of all Quitclaim Deed Notices of Default. City will (i) to the extent practicable, promptly cause the cure of all actions or inactions that could constitute a Quitclaim Deed Default and (ii) permit Tenant, all Leasehold Mortgagees and the Permitted Limited Partner to cure any Quitclaim Deed Default and cooperate with all attempts by any of them to cure a Quitclaim Deed Default.

5.03 Quitclaim Deed Reverter. City agrees to promptly provide to Tenant, all Leasehold Mortgagees and the Permitted Limited Partner copies of any notice from HHS of its intent to exercise a Quitclaim Deed Reverter. City further agrees to take all actions necessary to exercise the Quitclaim Deed Abrogation Right, including the obligation to give such notices, obtain any consents and pay such funds as are necessary to exercise such right to avoid a Quitclaim Deed Reverter subject to approval by the San Francisco Board of Supervisors.

5.04 City shall indemnify defend, and hold harmless the Tenant, Mercy Housing California, Episcopal Community Services of San Francisco, their respective affiliates, all Leasehold Mortgagees and the Permitted Limited Partner for any and all damages arising in connection with HHS' exercise of a Quitclaim Deed Reverter to the extent such exercise is caused by the City's actions or inactions, including but not limited to City's failure to use the Homeless Service Center (as defined in the City Loan documents) in compliance with the Quitclaim Deed or the loss of the LOSP subsidy, during the term of the Title V Restrictions (pursuant to Section 9.01(a) of this Agreement), through no fault of Tenant.

ARTICLE 6 TENANT COVENANTS

Tenant covenants and agrees for itself and its successors and assigns to or of the Site, or any part thereof, that:

6.01 Authority. Limited Partnership Authority. Tenant is a California limited partnership and has full rights, power, and authority to enter into and perform its obligations under this Ground Lease.

6.02 Use of Site and Rents. During the Term of this Ground Lease, Tenant and its successors and assigns will comply with the following requirements:

6.02(a) Permitted Uses. Except as provided in Sections 26.06 and 26.07 of this Ground Lease, Tenant will devote the Site to, exclusively and in accordance with, the uses specified in this Ground Lease, as specified in ARTICLE 9 below, which are the only uses permitted by this Ground Lease. Tenant acknowledges that that a prohibition on the change in use contained in Section 9.01 is expressly authorized by California Civil Code section 1997.230 and is fully enforceable.

6.02(b) Non-Discrimination. Tenant will not discriminate against or segregate any person or group of persons on account of race, color, creed, religion, ancestry, national origin, sex, gender identity, marital or domestic partner status, sexual orientation, or

disability (including HIV or AIDS status) in the sale, lease, rental, sublease, transfer, use, occupancy, tenure, or enjoyment of the Site or the Improvements, or any part thereof, and Tenant or any person claiming under or through it will not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of Residential Occupants Non-residential Occupants, subtenants or vendees on the Site or Improvements, or any part thereof, except to the extent permitted by Law or required by funding source. Tenant will not discriminate against tenants with certificates or vouchers under the Section 8 program or any successor rent subsidy program.

6.02(c) Non-Discriminatory Advertising. All advertising (including signs) for sublease of the whole or any part of the Site must include the legend "Equal Housing Opportunity" in type or lettering of easily legible size and design, or as required by applicable Law.

6.02(d) Access for Disabled Persons. Tenant will comply with all applicable Laws providing for access for persons with disabilities, including, but not limited to, the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973.

6.02(e) Equal Opportunity Marketing Plan. Tenant will submit a Fair Housing Marketing Plan to be approved by the City. Any Fair Housing Marketing Plan must follow the City's marketing requirements for such plans

6.02(f) Lead Based Paint. Tenant agrees to comply with the regulations set forth in 24 CFR Part 35 and all applicable rules and orders issued thereunder which prohibit the use of lead-based paint in certain residential structures undergoing federally assisted construction and require the elimination of lead-based paint hazards.

6.02(g) Permitted Uses of Surplus Cash. All annual Project Income, before the calculation of Surplus Cash, will be used to pay Project Expenses, including but not limited to Base Rent, and Project Fees. If the Tenant is in compliance with all applicable requirements and agreements under this Ground Lease, Tenant will then use any Surplus Cash to make the following payments in the following order of priority:

- i. First to Base Rent Accrual payments, if any;
- ii. Second, to replenish the operating reserve account, if necessary, up to the amount required by Lenders;
- iii. Third, two-thirds (2/3) of remaining Surplus Cash to the City; provided, however, if the Project includes a deferred developer fee and Tenant is in compliance with the City Loan documents and MOHCD's policies, then fifty percent (50%) of remaining Surplus Cash to the City beginning on the initial Payment Date (as such term is defined in the City Loan documents) until and including the earlier of the year (i) of the fifteenth (15th) Payment Date, or (ii) in which all deferred developer fees have been paid to Developer. The City's portion of Surplus Cash will be applied first to repayment of all City loans according to the terms of the City loan documents, then to annual Residual Rent; and

- iv. Then, any remaining Surplus Cash may be used by Tenant for any purposes permitted under the amended and restated limited partnership agreement of Tenant, as it may be amended from time to time.

Notwithstanding the foregoing, Tenant and City agree that the distribution of Surplus Cash may be modified based on the requirements of other Lenders.

6.03 City Deemed Beneficiary of Covenants. In amplification, and not in restriction, of the provisions of the preceding subsections, it is intended and agreed that the City will be deemed beneficiary of the agreements and covenants provided in this ARTICLE 6 for in its own right and also for the purposes of protecting the interests of the community and other parties, public or private, in whose favor or for whose benefit such agreements and covenants have been provided. Those agreements and covenants will run in favor of the City for the entire term of those agreements and covenants, without regard to whether the City has at any time been, remains, or is an owner of any land or interest therein, or in favor of, to which such agreements and covenants relate. The City will have the exclusive right, in the event of any breach of any such agreements or covenants, in each case, after notice and the expiration of cure periods, to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach of covenants, to which it or any other beneficiaries of such agreements or covenants may be entitled.

ARTICLE 7 ANNUAL INCOME COMPUTATION, AND CERTIFICATION

Forty-five (45) days after recordation of an NOC (as defined in Section 10.15) by the Tenant for the Improvements, Tenant will furnish to the City a list of the persons who are and Residential Occupants of the Improvements, the specific unit that each person occupies, the household income of the Residential Occupants of each unit, the household size and the rent being charged to the Residential Occupants of each unit along with an income certification, in the form set forth in Attachment 6, for each Residential Occupant. In addition, each Residential Occupant must be required to provide any other information, documents, or certifications deemed necessary by the City to substantiate the Residential Occupant's income. If any state or federal agency requires an income certification for Residential Occupants of the Improvements containing the above-referenced information, the City agrees to accept such certification in lieu of Attachment 6 as meeting the requirements of this Ground Lease. In addition to such initial and annual list and certification, Tenant agrees to provide the same information and certification to the City regarding each Residential Occupant of the Improvements not later than twenty (20) business days after such Residential Occupant commences occupancy.

ARTICLE 8 CONDITION OF SITE—"AS IS"

8.01 Tenant acknowledges and agrees that Tenant is familiar with the Premises, the Premises is being leased and accepted in its "as-is" condition, without any improvements or alterations by the City, without representation or warranty of any kind except as set forth in this Ground Lease and in the City Loan Documents, and subject to all applicable Laws governing their use, development, occupancy, and possession. Tenant further represents and warrants that Tenant has investigated and inspected, either independently or through agents of Tenant's own

choosing, the condition of the Premises and the suitability of the Premises for Tenant's intended use. Tenant acknowledges and agrees that neither City nor any of its agents have made, and City hereby disclaims, any representations or warranties, express or implied, concerning the rentable area of the Premises, the physical or environmental condition of the Premises, or the present or future suitability of the Premises for Tenant's use, or any other matter whatsoever relating to the Premises, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose; it being expressly understood that the Premises is being leased in an "AS IS" condition with respect to all matters.

8.02 Accessibility Disclosure. California Civil Code Section 1938 requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist ("CASp") to determine whether the property meets all applicable construction-related accessibility requirements. The law does not require landlords to have the inspections performed. Tenant is hereby advised that the Premises have not been inspected by a CASp.

8.03 Presence of Hazardous Substances. California law requires landlords to disclose to tenants the presence of certain Hazardous Substances. Tenant is advised that the Premises may contain known contaminants as disclosed in the Phase I, Site Mitigation Plan, and Asbestos and Lead Study or otherwise in writing..

ARTICLE 9 PERMITTED AND PROHIBITED USES

9.01 Permitted Uses and Occupancy Restrictions. The permitted uses of the Project are limited to 256 units of affordable rental housing plus two manager's units (collectively, the "**Residential Units**"), an approximately 6,000SF community-serving commercial space ("**Community-serving Commercial Unit**") that Tenant currently plans to master lease to Episcopal Community Services of San Francisco to use for its culinary job training for people experiencing homelessness ("**CHEFs Program**"), and common areas. Upon the completion of construction, one hundred percent (100%) of the Residential Units, with the exception of the manager's units, in the Project will be occupied or held vacant and available for rental by Very Low Income Households. In addition, during the term of the Title V Restrictions (pursuant to Section 9.01(a) of this Agreement) and thereafter for so long as the Project is receiving sufficient operating subsidy under the LOSP Program or a similar subsidy program, 100% of the Residential Units must be set aside for households that have experienced homelessness under the LOSP Program, 153 units for adults experiencing homelessness plus one resident manager unit and 103 units for Senior Households experiencing homelessness plus one resident manager unit for a total of 258 units. Residential Units must be occupied and rented in accordance with all applicable restrictions imposed on the Project by this Ground Lease and by Lenders for so long as such restrictions are required by the applicable Lender. The Community-servicing Commercial Unit may only be used for the CHEFs Program or for another approved Public Benefit Use or Community-serving Use for people experiencing or having experienced homelessness. All leases of the Community-serving Commercial Unit must be approved in advance by MOHCD, which approval will not be unreasonably withheld.

9.01(a) Title V Restrictions. The Project must also comply with the Title V Restrictions as incorporated into the HHS Quitclaim Deed recorded on the Property which will

govern the use of the property to continuously serve the homeless population for a period of 30 years; provided that this requirement shall only be applicable for so long as the Title V Restrictions and HHS Quitclaim Deed are in effect.

9.02 Prohibited Uses. Tenant agrees that the following activities, by way of example only and without limitation, and any other use that is not a Permitted Use (in each instance, a "**Prohibited Use**" and collectively, "**Prohibited Uses**"), are inconsistent with this Ground Lease, are strictly prohibited and are considered Prohibited Uses:

9.02(a) any activity, or the maintaining of any object, that is not within the Permitted Use;

9.02(b) any activity, or the maintaining of any object, that will in any way increase the existing rate of, affect or cause a cancellation of, any fire or other insurance policy covering the Premises, any part thereof or any of its contents;

9.02(c) any activity or object that will overload or cause damage to the Premises;

9.02(d) any activity that constitutes waste or nuisance, including, but not limited to, the preparation, manufacture or mixing of anything that might emit any objectionable odors, noises, or lights onto adjacent properties, or the use of loudspeakers or sound or light apparatus that can be heard or seen outside the Premises;

9.02(e) any activity that will in any way injure, obstruct, or interfere with the rights of owners or occupants of adjacent properties, including, but not limited to, rights of ingress and egress;

9.02(f) any auction, distress, fire, bankruptcy or going out of business sale on the Premises without the prior written consent of the City, which consent may be granted, conditioned, or withheld in the sole and absolute discretion of the City;

9.02(g) any vehicle and equipment maintenance, including but not limited to, fueling, changing oil, transmission or other automotive fluids;

9.02(h) the storage of any and all excavated materials, including but not limited to, dirt, concrete, sand, asphalt, and pipes, except to the extent necessary during construction of the Project;

9.02(i) the storage of any and all aggregate material, or bulk storage, such as wood or of other loose materials, except to the extent necessary during construction of the Project; or

9.02(j) the washing of any vehicles or equipment, except to the extent necessary during construction of the Project;

9.02(k) bars, retail liquor sales, marijuana sales, or any other uses the cater exclusively to adults; and

ARTICLE 10 SUBDIVISION; CONSTRUCTION OF IMPROVEMENTS

10.01 Schedule of Performance. Tenant agrees to undertake and complete all physical construction of the Improvements, if any, as approved by the City, in accordance with the Schedule of Performance, Attachment 2.

10.02 [Reserved.]

10.03 General Requirements and Rights of City. All construction documents, including but not limited to preliminary and final plans and specifications for the construction of the Improvements by Tenant (collectively the “**Construction Documents**”) must be prepared by a person registered in and by the State of California to practice architecture and must be in conformity with this Ground Lease, including any limitations established in the City’s reasonable approval of the schematic drawings, if any, preliminary construction documents, and final construction documents for the Premises, and all applicable Laws. The architect will use, as necessary, members of associated design professions, including engineers and landscape architects. Notwithstanding anything to the contrary contained in this ARTICLE 10, the City hereby acknowledges that for purposes of this Ground Lease, the Final Construction Documents for the Project have been approved as of the Agreement Date.

10.04 City Approvals and Limitation Thereof. The Construction Documents must be approved by the City in the manner set forth below:

10.04(a) Compliance with Ground Lease. The City’s approval with respect to the Construction Documents is limited to determination of their compliance with this Ground Lease. The Construction Documents will be subject to general architectural review and guidance by the City as part of this review and approval process.

10.04(b) MOHCD Does Not Approve Compliance with Construction Requirements. The City’s approval is not directed to engineering or structural matters or compliance with local building codes and regulations, the Americans with Disabilities Act, or any other applicable Law relating to construction standards or requirements. Tenant further understands and agrees that City is entering into this Ground Lease in its capacity as a property owner with a proprietary interest in the Premises and not as a regulatory agency with police powers. Nothing in this Ground Lease will limit in any way Tenant’s obligation to obtain any required approvals from City officials, departments, boards, or commissions having jurisdiction over the Premises. By entering into this Ground Lease, City is in no way modifying or limiting Tenant’s obligation to cause the Premises to be used and occupied in accordance with all applicable Laws.

10.05 Construction to be in Compliance with Construction Documents and Law.

10.05(a) Compliance with City Approved Documents. The construction must be in compliance with the City-approved Construction Documents.

10.05(b) Compliance with Local, State and Federal Law. The construction must be in strict compliance with all applicable Laws. Tenant understands and agrees that Tenant’s use of the Premises and construction of the Improvements permitted under this Ground

Lease will require authorizations, approvals, or permits from governmental regulatory agencies with jurisdiction over the Premises, including, without limitation, City agencies. Tenant will be solely responsible for obtaining any and all such regulatory approvals. Tenant may not seek any regulatory approval without first obtaining the written consent of City as Landlord under this Ground Lease. Tenant will bear all costs associated with applying for and obtaining any necessary or appropriate regulatory approval and will be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any such condition that could affect use or occupancy of the Project or City's interest therein must first be approved by City in its sole discretion. Any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval will be immediately paid and discharged by Tenant, and City will have no liability, monetary or otherwise, for any such fines or penalties. Tenant will indemnify, defend, and hold harmless the City and the other Indemnified Parties hereunder against all Claims (as such terms are defined in ARTICLE 21 below) arising in connection with Tenant's failure to obtain or failure by Tenant, its agents, or invitees to comply with the terms and conditions of any regulatory approval except to the extent such Claims are caused by the City's or an Indemnified Party's gross negligence or willful misconduct.

10.06 Approval of Construction Documents by City. Tenant will submit and City will approve or disapprove the Construction Documents referred to in this Ground Lease within the times established in the Schedule of Performance, so long as each set of the applicable Construction Documents are complete and properly submitted within the time frames set forth in the Schedule of Performance. Failure by City either to approve or disapprove within the times established in the Schedule of Performance will entitle Tenant to a day for day extension of time for completion of any activities delayed as a direct result of City's failure to timely approve or disapprove the Construction Documents.

10.07 Disapproval of Construction Documents by City. If the City disapproves the Construction Documents in whole or in part as not being in compliance with this Ground Lease, Tenant will submit new or corrected Construction Documents which are in compliance within thirty (30) days after written notification to it of disapproval, and the provision of this section relating to approval, disapproval and re-submission of corrected Construction Documents will continue to apply until the Construction Documents have been approved by the City; provided, however, that in any event Tenant must submit satisfactory Construction Documents (*i.e.*, approved by City) no later than the date specified therefor in the Schedule of Performance.

10.08 Issuance of Building Permits. Tenant will have the sole responsibility for obtaining all necessary building permits and will make application for such permits directly to the City's Department of Building Inspection. The City understands and agrees that Tenant may use the Fast Track method of permit approval for construction of the Improvements.

10.09 Performance and Payment Bonds. Before commencement of construction of the Improvements, Tenant will deliver to City performance and payment bonds, each for the full value of the cost of construction of the Improvements, which bonds will name the City as co-obligee, or such other completion security which is acceptable to the City. The payment and performance bonds may be obtained by Tenant's general contractor and name Tenant and City as co-obligees.

10.10 City Approval of Changes after Commencement of Construction. Tenant may not approve or permit any change to the Construction Documents approved by the City without the City's prior written consent.

10.11 Times for Construction. Tenant agrees for itself, and its successors and assigns to or of the Leasehold Estate or any part thereof, that Tenant and such successors and assigns will promptly begin and diligently prosecute to completion the construction of the Improvements upon the Site, and that such construction will be completed no later than the dates specified in the Schedule of Performance, subject to force majeure, unless such dates are extended by the City.

10.12 Force Majeure. For the purposes of any of the provisions of this Ground Lease, and notwithstanding anything to the contrary, neither the City nor Tenant, as the case may be, will be considered in breach or default of its obligations, and there will not be deemed a failure to satisfy any conditions with respect to the beginning and completion of construction of the Improvements, or progress in respect thereto, in the event of enforced delay in the performance of such obligations or satisfaction of such conditions, due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, acts of the public enemy, terrorism, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, general scarcity of materials, unusually severe weather, or delays of subcontractors due to unusual scarcity of materials or unusually severe weather; it being the purposes and intent of this provision that the time or times for the satisfaction of conditions to this Ground Lease including those with respect to construction of the Improvements, will be extended for the period of the enforced delay; provided, however, that the party seeking the benefit of the provisions of this paragraph must have notified the other party of the delay and its causes in writing within thirty (30) days after the beginning of any such enforced delay and requested an extension for the reasonably estimated period of the enforced delay; and, provided further, that this paragraph does apply to, and nothing contained in this paragraph will extend or will be construed to extend, the time of performance of any of Tenant's obligations to be performed before the commencement of construction, and the failure to timely perform pre-commencement of construction obligations will not extend or be construed to extend Tenant's obligations to commence, prosecute, and complete construction of the Improvements in the manner and at the times specified in this Ground Lease.

10.13 Reports. Commencing when construction of the Improvements commences and continuing until completion of construction of the Improvements, Tenant will make a report in writing to the City [every month/ every three (3) months--project specific], in such detail as may reasonably be required by the City, as to the actual progress of the Tenant with respect to the construction. The MOHCD Monthly Project Update required under the MOHCD Loan Documents will satisfy this requirement.

10.14 Access to Site. As of the Effective Date and until the City issues a Certificate of Completion (as defined in Section 11.01 below), Tenant will permit access to the Site to the City whenever and to the extent necessary to carry out the purposes of the provisions of this Ground Lease, at reasonable times and upon reasonable advance notice, and on an emergency basis without notice whenever City believes that emergency access is required. After the City's

issuance of a Certificate of Completion, access to the Premises will be governed by ARTICLE 24, below.

10.15 Notice of Completion. Promptly upon completion of the construction of the Improvements in accordance with the provisions of this Ground Lease, Tenant will file a Notice of Completion (“**NOC**”) and record the approved NOC in the San Francisco Recorder’s Office. Tenant will provide the City with a copy of the recorded NOC.

10.16 Completion of Improvements by New Developer. In the event a Lender or a successor thereto forecloses, obtains a deed in lieu of foreclosure, or otherwise realizes upon the Premises and undertakes construction of the Improvements (“**New Developer**”) (a) the New Developer will not be bound by the provisions of the Schedule of Performance with respect to any deadlines for the completion of the Improvements but will only be required to complete the Improvements with due diligence and in conformance with a new Schedule of Performance as agreed upon by the New Developer and the City, (b) the New Developer will only be required to complete the Improvements in accordance with all applicable building codes and ordinances, and the approved Construction Documents with such changes that are mutually agreed upon by the City and the New Developer under the following clause (c); and (c) City and New Developer will negotiate in good faith such reasonable amendments and reasonable modifications to ARTICLE 10 of this Ground Lease as the parties mutually determine to be reasonably necessary based upon the financial and construction conditions then existing.

ARTICLE 11 COMPLETION OF IMPROVEMENTS

11.01 Certificate of Completion—Issuance. After completion of the construction of the Improvements in accordance with the provisions of this Ground Lease, if requested by Tenant together with reasonable supporting documentation, including an architect’s certification of completion, the City will furnish Tenant with an appropriate instrument so certifying (the “**Certificate of Completion**”). The City’s Certificate of Completion will be a conclusive determination of satisfaction and termination of the agreements and covenants of this Ground Lease regarding Tenant’s obligation to construct the Improvements in accordance with City-approved Construction Documents. The Certificate of Completion will include the dates of the beginning and completion of construction of the Improvements, but the Certificate of Completion will not constitute evidence of compliance with or satisfaction of Tenant’s obligations to any Lender, or any insurer of a mortgage, securing money loaned to finance the construction or any part thereof; provided further, that City’s issuance of a Certificate of Completion does not relieve Tenant or any other person or entity from any and all City requirements, regulatory approvals, or conditions relating to the Subdivision or construction or occupancy of the Improvements, which requirements or conditions must be complied with separately.

City may elect to issue Tenant a Certificate of Completion if no events of default by Tenant are then existing under this Ground Lease and Tenant has completed the Improvements in accordance with this Ground Lease, except for: (1) punch list items; (2) landscaping and other outside areas of the Improvements; and (3) other items that do not adversely affect or impair Tenant’s use and occupancy of the Improvements for the purposes contemplated by this Ground Lease and that do not preclude the City’s issuance of a certificate of occupancy or other

certificate or authorization of Tenant's use and occupancy of the Improvements. However, City will not be obligated to issue a Certificate of Completion in these circumstances unless and until Tenant has provided to the City, at the City's request, a bond, letter of credit, certificate of deposit, or other security reasonably acceptable to the City in an amount equal to 110% of the estimated cost of completing the items described in clauses (1) through (3) above, as reasonably determined by the City.

11.02 Certifications to be Recordable. The Certificate of Completion will be in a form that permits it to be recorded with the Recorder of the City.

11.03 Certification of Completion—Non-Issuance Reasons. If MOHCD refuses or fails to provide a Certificate of Completion in accordance with the provisions of Section 11.01, the City will provide Tenant with a written statement indicating in adequate detail in what respects Tenant has failed to complete the construction of the Improvements in accordance with the provisions of this Ground Lease or is otherwise in default hereunder and what measures or acts will be necessary, in the opinion of the City, for Tenant to take or perform in order to obtain a Certificate of Completion.

ARTICLE 12 CHANGES TO THE IMPROVEMENTS

12.01 Post-Completion Changes. The City has a particular interest in the Project and in the nature and extent of the permitted changes to the Improvements. Accordingly, it imposes the following control on the Site and on the Improvements: during the term of this Ground Lease, neither Tenant, nor any voluntary or involuntary successor or assign, may make or permit any Change (as defined in Section 12.02) in the Improvements, unless the express prior written consent for any change has been requested in writing from the City and received, and, if received, upon such terms and conditions as the City may reasonably require. The City agrees not to unreasonably withhold or delay its response to such a request.

12.02 Definition of Change. "Change" means any alteration, modification, addition, and/or substitution of or to the Site, the Improvements, and/or the density of development that differs materially from that which existed upon the completion of construction of the Improvements in accordance with this Ground Lease, and includes, without limitation, the exterior design and exterior materials and tenant improvements in the Community-serving Commercial Unit. For purposes of the foregoing, "exterior" includes the roof of the Improvements. "Change" does not include any repair, maintenance, cosmetic interior alterations (e.g., paint, carpet, installation of moveable equipment and trade fixtures, and hanging of wall art) in the normal course of operation of the Project, or as may be required in an emergency to protect the safety and well-being of the Project's Residential Occupants and Non-residential Occupants.

12.03 Enforcement. Subject to ARTICLE 19 hereof, City will have any and all remedies in law or equity (including, without limitation, restraining orders, injunctions, and/or specific performance), judicial or administrative, to enforce the provisions of this ARTICLE 12, including, without limitation, any threatened or actual breach or violation of this Section.

ARTICLE 13 TITLE TO IMPROVEMENTS

City acknowledges that fee title to the Improvements will be vested in Tenant for the Term of this Ground Lease. It is the intent of the Parties that this Ground Lease and the Memorandum of Lease will create a constructive notice of severance of the Improvements from the land without the necessity of a deed from Lessor to Lessee. City and Tenant hereby agree that fee title to the Improvements will remain vested in Tenant during the Term, subject to Section 14.01 below; provided, however, that, subject to the rights of any Lenders and as further consideration for the City entering into this Ground Lease, at the expiration or earlier termination of this Ground Lease, fee title to all the Improvements will vest in the City without further action of any party, without any obligation by the City to pay any compensation to Tenant, and without the necessity of a deed from Tenant to the City. Notwithstanding the foregoing, if requested by the City, upon expiration or sooner termination of this Ground Lease, Tenant will execute and deliver to the City an acknowledged and good and sufficient grant deed conveying to the City Tenant's fee interest in the Improvements. Tenant shall have the exclusive right to deduct, claim, retain and enjoy any and all rental income, appreciation, gain, depreciation, amortization, and tax credits for federal and State tax purposes relating thereto, substitution therefor, fixtures therein and other property relating thereto.

ARTICLE 14 ASSIGNMENT, SUBLEASE, OR OTHER CONVEYANCE

14.01 Assignment, Sublease, or Other Conveyance by Tenant. Tenant may not sell, assign, convey, sublease, or transfer in any other mode or form all or any part of its interest in this Ground Lease or in the Improvements or any portion thereof, other than to Lender(s) or affiliates of Lender(s) as provided in this Ground Lease, or allow any person or entity to occupy or use all or any part of the Site, other than leases to Residential Occupants and Non-Residential Occupants in the ordinary course of business, and it may not contract or agree to do any of the same, without the prior written approval of the City, which approval will not be unreasonably withheld or delayed. Tenant will provide any background or supporting documentation that the City may require in assessing Tenant's request for approval. Notwithstanding the foregoing, Tenant will submit to the City for review and, comment, and approval all leases to Non-residential Occupants, together with any supporting documentation as the City may request.

14.02 Assignment, Sublease, or Other Conveyance by City. The parties acknowledge that any sale, assignment, transfer, or conveyance of all or any part of the City's interest in the Site, the Improvements, or this Ground Lease, is subject to this Ground Lease. The City will require that any purchaser, assignee, or transferee expressly assume all of the obligations of the City under this Ground Lease by a written instrument recordable in the Official Records of the City. This Ground Lease will not be affected by any such sale, and Tenant will attorn to any such purchaser or assignee.

ARTICLE 15 TAXES

Subject to any exemption available therefor, Tenant agrees to pay, or cause to be paid, before delinquency to the proper authority, any and all valid taxes, assessments, and similar charges on the Site that become effective after the Effective Date of this Ground Lease, including

all taxes levied or assessed on the possession, use or occupancy, as distinguished from the ownership, of the Site. Tenant will not permit any such taxes, charges, or other assessments to become a defaulted lien on the Site or the Improvements thereon; provided, however, that in the event any such tax, assessment, or similar charge is payable in installments, Tenant may make, or cause to be made, payment in installments; and, provided further, that Tenant may contest the legal validity or the amount of any tax, assessment, or similar charge, through such proceedings as Tenant considers necessary or appropriate, and Tenant may defer the payment thereof so long as the validity or amount thereof is contested by Tenant in good faith and without expense to the City. If Tenant contests a tax, assessment, or other similar charge, then Tenant will protect, defend, and indemnify the City against all Claims resulting therefrom, and if Tenant is unsuccessful in any such contest, Tenant will immediately pay, discharge, or cause to be paid or discharged, the tax, assessment, or other similar charge. The City will furnish such information as Tenant may reasonably request in connection with any such contest, provided that such information is in the City's possession or control or is otherwise available to the public. City hereby consents to and will reasonably cooperate and assist with Tenant applying for and obtaining any applicable exemptions from taxes or assessments levied on the Site, the Improvements, or on Tenant's interest therein. Tenant will have no obligation under this Section before the Effective Date, including but not limited to any taxes, assessments, or other charges levied against the Site that are incurred before the Effective Date.

ARTICLE 16 UTILITIES

From and after the Effective Date, Tenant will procure water and sewer service from the City and electricity, telephone, natural gas, and any other utility service from the City or utility companies providing such services, and will pay all connection and use charges imposed in connection with such services. From and after the Effective Date, as between the City and Tenant, Tenant will be responsible for the installation and maintenance of all facilities required in connection with such utility services to the extent not installed or maintained by the City or the utility providing such service. All electricity necessary for operations in the Premises must be purchased from San Francisco Public Utilities Commission ("SFPUC"), at SFPUC's standard rates charged to third parties, unless SFPUC determines, in its sole judgment, that it is not feasible to provide such service to the Premises. SFPUC is the provider of electric services to City property, and the Interconnection Services Department of SFPUC's Power Enterprise coordinates with Pacific Gas and Electric Company and others to implement this service. To arrange for electric service to the Premises, Tenant will contact the Interconnection Services Department in the Power Enterprise of the SFPUC.

ARTICLE 17 MAINTENANCE AND OPERATION

17.01 Maintenance. Tenant, at all times during the Term, will maintain or cause to be maintained the Premises in good condition and repair to the reasonable satisfaction of the City, including the exterior, interior, substructure, and foundation of the Improvements and all fixtures, equipment, and landscaping from time to time located on the Premises or any part thereof. The City will not be obligated to make any repairs, replacements, or renewals of any kind, nature, or description whatsoever to the Site or any buildings or improvements now or hereafter located thereon. Tenant hereby waives all rights to make repairs at the City's expense

under Sections 1932(1), 1941 and 1942 of the California Civil Code or under any similar Law now or hereafter in effect.

17.02 City's Consent for Work Requiring a Permit. Tenant will not make, or cause or suffer to be made, any repairs or other work for which a permit is required by any applicable building code, standard, or regulation without first obtaining the City's prior written consent and a permit therefor.

17.03 Facilities Condition Report. Every five (5) years beginning on the fifth anniversary date of the issuance of the Certificate of Completion, Tenant will deliver to the City a facilities condition report for the Premises, prepared by a qualified team of construction professionals acceptable to Tenant and the City, describing at a minimum the condition and integrity of the Premises, the Improvements, the foundation and structural integrity of the building, and all utilities systems serving the building (the "**Facilities Condition Report**"). Tenant will provide with its submittal of the Facilities Condition Report, an anticipated schedule of and budget for, the repairs identified in the Facilities Condition Report. If the City reasonably believes the Facilities Condition Report does not adequately describe the condition and integrity of the listed items or the timing of required repairs, then the City will notify Tenant of the deficiency and Tenant will revise the Facilities Condition Report to address the City's concerns. If Tenant fails to provide a Facilities Condition Report to City every five (5) years, then the City after giving thirty (30) days' notice to Tenant will have the right, but not the obligation, to cause a Facilities Condition Report to be prepared by a team of construction professionals of the City's choice, at Tenant's sole cost. Tenant will perform the repairs within the timeframe set forth in the Facilities Condition Report approved by the City.

17.04 City's Right to Inspect. Without limiting ARTICLE 24 below, the City may make periodic inspections of the Premises and other areas for which Tenant has obligations and may advise Tenant when maintenance or repair is required, but such right of inspection will not relieve Tenant of its independent responsibility to maintain the Premises, Improvements, and other areas as required by this Ground Lease in a condition as good as, or better than, their condition at the completion of the Improvements, excepting ordinary wear and tear.

17.05 City's Right to Repair. If Tenant fails to maintain or to promptly repair any damage as required by this Ground Lease, the City may repair the damage at Tenant's sole cost and expense and Tenant will immediately reimburse the City for all costs of the repair.

17.06 Operation. Following completion of the Improvements, Tenant will maintain and operate the consistent with the maintenance and operation of a safe, clean, well-maintained project located in San Francisco. Tenant will be exclusively responsible, at no cost to City, for the management and operation of the Residential Units and commercial space. In connection with managing and operating the Residential Units and commercial space, Tenant will provide (or require others to provide), services as necessary and appropriate to the uses to which the Project are put, including (a) repair and maintenance of the Improvements; (b) utility and telecommunications (including internet/Wi-Fi) services to the extent, if any, customarily provided by equivalent projects located in San Francisco; (c) cleaning, janitorial, pest extermination, recycling, composting, and trash and garbage removal; (d) landscaping and groundskeeping; (e) security services with on-site personnel for the Premises; and (f) sufficient

lighting at night for pedestrians along pathways. Tenant will use commercially reasonable efforts to ensure that all of the Premises are used continuously during the Term for the Permitted Use and not allow any portion of the Premises to remain unoccupied or unused without the prior written consent of City, which consent may be withheld in City's sole and absolute discretion.

ARTICLE 18 LIENS

Tenant will use its best efforts to keep the Site free from any liens arising out of any work performed or materials furnished by itself or its subtenants. If Tenant does not cause a lien to be released of record or bonded around within thirty (30) days following written notice from the City of the imposition of the lien, the City will have, in addition to all other remedies provided in this Ground Lease and by Law, the right (but not the obligation) to cause the lien to be released by any means as it deems proper, including payment of the claim giving rise to such lien. All sums paid by the City for such purpose, and all reasonable expenses incurred by it in connection therewith, will be payable to the City by Tenant on demand. Notwithstanding the foregoing, Tenant will have the right, upon posting of an adequate bond or other security, to contest any lien, and the City will not seek to satisfy or discharge the lien unless Tenant has failed so to do within ten (10) days after the final determination of the validity of the lien. If Tenant contests a lien, then Tenant will protect, defend, and indemnify the City against all Claims resulting therefrom. The provisions of this Section will not apply to any liens arising before the Effective Date that are not the result of Tenant's contractors, consultants, or activities.

ARTICLE 19 GENERAL REMEDIES

19.01 Application of Remedies. The provisions of this ARTICLE 19 govern the parties' remedies for breach of this Ground Lease.

19.02 Breach by City. If Tenant believes that the City has a material breached this Ground Lease, Tenant must first notify the City in writing of the purported breach, giving the City one hundred twenty (120) days from receipt of such notice to cure the breach. If the City does not cure the breach within the 120-day period, or, if the breach is not reasonably susceptible to cure within that one hundred twenty (120) day period, begin to cure within one hundred twenty (120) days and diligently prosecute then cure to completion, then Tenant will have all of its rights at law or in equity by taking any or all of the following remedies: (i) terminating in writing this entire Ground Lease with the written consent of each Lender; (ii) prosecuting an action for damages; (iii) seeking specific performance of this Ground Lease; or (iv) any other remedy available at law or equity.

19.03 Breach by Tenant.

19.03(a) Default by Tenant

Subject to the notice and cure rights under Sections 19.03(b) and 19.04, the following events each constitute a basis for the City to take action against Tenant:

(i) Tenant fails to comply with the Permitted Uses and Occupancy Restrictions set forth in Section 9.01;

(ii) Tenant voluntarily or involuntarily assigns, transfers, or attempts to transfer or assign this Ground Lease or any rights in this Ground Lease, or in the Improvements, except as permitted by this Ground Lease or otherwise approved by the City;

(iii) From and after the Effective Date, Tenant, or its successor in interest, fails to pay real estate taxes or assessments on the Premises or any part thereof before delinquency, or places on the Site any encumbrance or lien unauthorized by this Ground Lease, or suffers any levy or attachment, or any material supplier's or mechanic's lien or the attachment of any other unauthorized encumbrance or lien, and the taxes or assessments not have been paid, or the encumbrance or lien removed or discharged within the time period provided in ARTICLE 18; provided, however, that Tenant has the right to contest any tax or assessment or encumbrance or lien as provided in ARTICLE 15 and ARTICLE 18;

(iv) Tenant is adjudicated bankrupt or insolvent or makes a transfer to defraud its creditors, or makes an assignment for the benefit of creditors, or brings or is brought against Tenant any action or proceeding of any kind under any provision of the Federal Bankruptcy Act or under any other insolvency, bankruptcy, or reorganization act and, in the event such proceedings are involuntary, Tenant is not dismissed from the proceedings within sixty (60) days thereafter; or, a receiver is appointed for a substantial part of the assets of Tenant and such receiver is not discharged within sixty (60) days;

(v) Tenant breaches any other material provision of this Ground Lease;

(vi) Tenant fails to pay any portion of Annual Rent when due in accordance with the terms and provisions of this Ground Lease.

19.03(b) Notification and City Remedies. Upon the happening of any of the events described in Section 19.03(a) above, and before exercising any remedies, the City will notify Tenant, the Permitted Limited Partners, and each Lender in writing of the Tenant's purported breach, failure, or act in accordance with the notice provisions of ARTICLE 38, giving Tenant sixty (60) days from the giving of the notice to cure such breach, failure, or act. If Tenant does not cure or, if the breach, failure, or act is not reasonably susceptible to cure within that sixty (60) day period, begin to cure within sixty (60) days and diligently prosecute such cure to completion, then, subject to the rights of any Lender and subject to Section 19.04 and ARTICLE 26, the City will have all of its rights at law or in equity, including, but not limited to

(i) the remedy described in Section 1951.4 of the California Civil Code (a landlord may continue the lease in effect after a tenant's breach and abandonment and recover rent as it becomes due, if the tenant has the right to sublet and assign subject only to reasonable limitations) under which it may continue this Ground Lease in full force and effect and the City may enforce all of its rights and remedies under this Ground Lease, including the right to collect rent when due. During the period Tenant is in default, the City may enter the Premises without terminating this Ground Lease and relet them, or any part of them, to third parties for Tenant's account. Tenant will be liable immediately to the City for all reasonable costs that the City incurs in reletting the Premises, including, but not limited to, broker's commissions, expenses of remodeling the Premises required by the reletting and like costs. Reletting can be for

a period shorter or longer than the remaining Term, at such rents and on such other terms and conditions as the City deems advisable, subject to any restrictions applicable to the Premises. Tenant will pay the City the rent due under this Ground Lease on the dates the rent is due, less the rent the City receives from any reletting. If the City elects to relet, then rentals received by the City from the reletting will be applied in the following order: (1) to reasonable attorneys' and other fees incurred by the City as a result of a default and costs if suit is filed by the City to enforce its remedies; (2) to the payment of any costs of maintaining, preserving, altering, repairing, and preparing the Premises for reletting, the other costs of reletting, including but not limited to brokers' commissions, attorneys' fees and expenses of removal of Tenant's Personal Property and Changes; (3) to the payment of rent due and unpaid; (4) the balance, if any, will be paid to Tenant upon (but not before) expiration of the Term. If that portion of the rentals received from any reletting during any month that is applied to the payment of rent, is less than the rent payable during the month, then Tenant must pay the deficiency to the City. The deficiency will be calculated and paid monthly.] No act by the City allowed by this Section will terminate this Ground Lease unless the City notifies Tenant that the City elects to terminate this Ground Lease. After Tenant's default and for as long as the City does not terminate Tenant's right to possession of the Premises by written notice, if Tenant obtains the City's consent Tenant will have the right to assign or sublet its interest in this Ground Lease, but Tenant shall not be released from liability and the assignment or subletting will not serve to cure the default;

(ii) the City may terminate Tenant's right to possession of the Premises at any time. No act by the City other than giving notice of termination to Tenant will terminate this Ground Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on the City's initiative to protect the City's interest under this Ground Lease will not constitute a termination of Tenant's right to possession. If the City elects to terminate this Ground Lease, then the City has the rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including the right to terminate Tenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Annual Rent and any additional charges for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Tenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. The City's efforts to mitigate the damages caused by Tenant's breach of this Ground Lease will not waive the City's rights to recover damages upon termination;

(iii) The right to have a receiver appointed for Tenant upon application by the City to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to the City under this Ground Lease;

(iv) seeking specific performance of this Ground Lease; or

(v) in the case of default under Section 19.03(a)(i), increasing the Base Rent to the full amount of the Annual Rent.

Notwithstanding the foregoing, during the 15-year tax credit "compliance period" (as defined in Section 42 of the Internal Revenue Code, as amended) for the Project, the City

may only terminate this Ground Lease for a default by Tenant under Section 19.03(a)(vi) above (subject to applicable notice and cure provisions).

19.04 Rights of Permitted Limited Partner.

19.04(a) The City shall provide the Permitted Limited Partner written notice of any and all defaults by the Tenant under this Ground Lease, and an opportunity, at the Permitted Limited Partner's option, to cause the cure of such default within the cure periods set forth below, prior to exercising any remedies under this Ground Lease. The City agrees that the Permitted Limited Partner will have the greater of (a) the cure period set forth in the Ground Lease for such type of default or (i), in the case of a monetary default, ten (10) days after the Permitted Limited Partner's receipt of notice of such default to cure, or cause the cure of such monetary default, or (ii) in the case of a non-monetary default, thirty (30) days after the Permitted Limited Partner's receipt of such notice to cure any such non-monetary default, or, as to non-monetary defaults, such longer period as is reasonably necessary for the Permitted Limited Partner to cause cure, provided that cure is commenced within the above cure period and diligently prosecuted, including, without limitation, such time period as is necessary to remove Tenant's general partner, if necessary in order to effect a cure. The City agrees to accept cure by the Permitted Limited Partner as if such cure were made by Tenant. If a Permitted Limited Partner cannot cure a default due to an automatic stay in Bankruptcy court because the general partner of the Tenant is in bankruptcy, any cure period will be tolled during the pendency of such automatic stay.

19.04(b) The City will not exercise its remedy to terminate this Ground Lease if a Permitted Limited Partner is attempting to cure the default and the cure requires removal of the managing general partner and/or the general partner, so long as the Permitted Limited Partner is proceeding diligently to remove the managing general partner and/or the general partner in order to effect a cure of the default.

19.04(c) Unless otherwise provided for in this Ground Lease, any limited partner that is not the Permitted Limited Partner identified in ARTICLE 38 wishing to become a Permitted Limited Partner must provide five (5) days written notice to the City in accordance with the notice provisions of this Ground Lease, setting forth a notice address and providing a copy of such notice to the Tenant and all of the Tenant's partners. The limited partner will become a Permitted Limited Partner upon the expiration of the five-day period. A limited partner will not be afforded the protections of this Section with respect to any default occurring before the limited partner becomes a Permitted Limited Partner.

19.05 City's Right to Cure Tenant's Default. If Tenant defaults in the performance of any of its obligations under this Ground Lease, the City may at any time thereafter after notice and expiration of the applicable cure period (except in the event of an emergency as determined by the City, in which case the City may act when the City determines necessary), remedy the default for Tenant's account and at Tenant's expense. Tenant will pay to the City as additional Base Rent, promptly upon demand, all sums expended by the City, or other costs, damages, expenses, or liabilities incurred by the City, including reasonable attorneys' fees, in remedying or attempting to remedy the default. Tenant's obligations under this Section will survive the termination of this Ground Lease. Nothing in this Section implies any duty of the City to do any

act that Tenant is obligated to perform under any provision of this Ground Lease, and the City's cure or attempted cure of Tenant's default will not constitute a waiver of Tenant's default or any rights or remedies of the City on account of the default.

19.06 Waiver of Redemption. Tenant hereby waives, for itself and all persons claiming by and under Tenant, redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other pertinent present or future Law, in the event Tenant is evicted or the City takes possession of the Premises by reason of any default of Tenant hereunder.

19.07 Remedies Not Exclusive. The remedies set forth in Section 19.03(b) are not exclusive; they are cumulative and in addition to any and all other rights or remedies of the City now or later allowed by Law. Tenant's obligations hereunder will survive any termination of this Ground Lease.

ARTICLE 20 DAMAGE AND DESTRUCTION

20.01 Insured Casualty. If the Improvements or any part thereof are damaged or destroyed by any cause covered by any policy of insurance required to be maintained by Tenant under this Ground Lease, Tenant will promptly commence and diligently complete the restoration of the Improvements as nearly as possible to the condition thereof before such damage or destruction or in accordance with plans approved by the City, which will not unreasonably withhold or delay its approval; provided, however, that if more than fifty percent (50%) of the Improvements are destroyed or are damaged by fire or other casualty and if the insurance proceeds do not provide at least ninety percent (90%) of the funds necessary to complete the restoration, then Tenant, with the written consent of Lender and Permitted Limited Partner, may terminate this Ground Lease within thirty (30) days after the later of (i) the date of such damage or destruction, or (ii) the date on which Tenant is notified of the amount of insurance proceeds available for restoration. If Tenant is required or elects to restore the Improvements, then all proceeds of any policy of insurance required to be maintained by Tenant under this Ground Lease will, subject to any applicable rights of Lenders and Permitted Limited Partner, be used by Tenant for that purpose and Tenant will make up from its own funds or obtain additional financing as reasonably approved by the City any deficiency between the amount of insurance proceeds available for the work of restoration and the actual cost. If Tenant elects to terminate this Ground Lease as provided under this Section 20.01, or elects not to restore the Improvements, then the insurance proceeds will be divided in the order set forth in Section 20.03.

20.02 Uninsured Casualty. If (i) more than 50% of the Improvements are damaged or destroyed and ten percent (10%) or more of the cost to complete the restoration is not covered by insurance required to be carried under this Ground Lease; and (ii) in the reasonable opinion of Tenant, the undamaged portion of the Improvements cannot be completed or operated on an economically feasible basis; and (iii) there is not available to Tenant any feasible source of third party financing for restoration reasonably acceptable to Tenant; then Tenant may, with the written consent of each Lender, other than the City, terminate this Ground Lease upon ninety (90) days written notice to the City. If it appears that the provisions of this Section 20.02 may apply to a particular event of damage or destruction, Tenant will notify the City promptly and not

consent to any settlement or adjustment of an insurance award without the City's written approval, which approval will not be unreasonably withheld or delayed. If Tenant terminates this Ground Lease under this Section 20.02, then all insurance proceeds and damages payable by reason of the casualty will be divided among City, Tenant, and Lenders in accordance with the provisions of Section 20.03. If Tenant does not have the right, or elects not to exercise the right, to terminate this Ground Lease as a result of an uninsured or underinsured casualty, then Tenant will promptly commence and diligently complete the restoration of the Improvements as nearly as possible to their condition before the damage or destruction in accordance with the provisions of Section 20.01 and will, subject to any applicable rights of Lenders, be entitled to all available insurance proceeds to do so.

20.03 Distribution of the Insurance Proceeds. If Tenant elects to terminate and surrender as provided in either Sections 20.01 or 20.02, then the priority and manner for distribution of the proceeds of any insurance policy required to be maintained by Tenant hereunder will be as follows:

20.03(a) First to the Lenders, in order of their priority, to control, disburse or apply to any outstanding loan amounts in accordance with the terms their respective Leasehold Mortgages and applicable Law;

20.03(b) Second, to pay for the cost of removal of all debris from the Site or adjacent and underlying property, and for the cost of any work or service required by any Law, for the protection of persons or property from any risk, or for the abatement of any nuisance, created by or arising from the casualty or the damage or destruction caused thereby;

20.03(c) Third, to compensate City for any diminution in the value (as of the date of the damage or destruction) of the Site caused by or arising from the damage or destruction; and

20.03(d) The remainder to Tenant.

20.04 Clean-up of Housing Site. If Tenant terminates this Ground Lease under the provisions of Sections 20.01 or 20.02, to the extent sufficient insurance proceeds are available for such costs, then Tenant must all clean up and remove all debris from the Site and adjacent and underlying property and leave the Site in a clean and safe condition and in compliance with all Laws upon surrender, as described in in Section 20.03(b). If the proceeds of any insurance policy are insufficient to pay the clean-up and other costs described in Section 20.03(b), then Tenant must pay the portion of the costs not covered by the insurance proceeds.

20.05 Waiver. Tenant and the City intend that this Ground Lease fully govern all of their rights and obligations in the event of any damage or destruction of the Premises. Accordingly, the City and Tenant each hereby waive the provisions of Sections 1932(2), 1933(4), 1941 and 1942 of the California Civil Code, as such sections may from time to time be amended, replaced, or restated.

ARTICLE 21 DAMAGE TO PERSON OR PROPERTY; HAZARDOUS SUBSTANCES; INDEMNIFICATION

21.01 Damage to Person or Property—General Indemnification. Except as otherwise agreed to between City and Tenant, City will not in any event whatsoever be liable for any injury or damage to any person happening on or about the Site, for any injury or damage to the Premises, or to any property of Tenant, or to any property of any other person, entity, or association on or about the Site, unless arising from the active gross negligence or willful misconduct of the City or any of its commissioners, officers, agents, or employees. Tenant will defend, hold harmless, and indemnify the City including, but not limited to, its boards, commissions, commissioners, departments, agencies, and other subdivisions, officers, agents, and employees (each, an “**Indemnified Party**” and collectively the “**Indemnified Parties**”), of and from all claims, loss, damage, injury, actions, causes of action, and liability of every kind, nature and description (collectively, “**Claims**”) incurred in connection with or directly or indirectly arising from the Site, this Ground Lease, Tenant’s tenancy, its or their use of the Site, including adjoining sidewalks and streets, and any of its or their operations or activities thereon or connected thereto; all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that the indemnity is void or otherwise unenforceable under applicable Law in effect on or validly retroactive to the date of this Ground Lease and further excepting only such Claims that are caused exclusively by the willful misconduct or active gross negligence of the Indemnified Parties. The foregoing indemnity will include, without limitation, reasonable fees of attorneys, consultants, and experts and related costs and the City’s costs of investigating any Claim. Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend the City from any claim that actually or potentially falls within any indemnity provision set forth in this Ground Lease even if such allegation is or may be groundless, fraudulent, or false, which obligation arises at the time such claim is tendered to Tenant by the City and continues at all times thereafter. Notwithstanding the foregoing, this Article 21 shall not be deemed or construed to and shall not impose any obligation to indemnify and save harmless the Indemnified Parties from any claim, loss, damage, liability or expense of any nature whatsoever, arising from or in any way related to or connected with any willful misconduct or gross negligence by an Indemnified Party. Tenant’s obligations under this Article will survive the termination or expiration of this Ground Lease.

21.02 Hazardous Substances—Indemnification.

21.02(a) Tenant will indemnify, defend, and hold the Indemnified Parties harmless from and against any and all Claims of any nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel and engineering consultants) incurred by or asserted against any Indemnified Party in connection with, arising out of, in response to, or in any manner relating to violation of any Environmental Law, or any Release, threatened Release, and any condition of pollution, contamination or Hazardous Substance-related nuisance on, under or from the Site occurring after the Effective Date; provided, however that this Section 21.02(a) shall not be deemed or construed to, and shall not impose any obligation on Tenant to indemnify and save harmless the Indemnified Parties from any claim, loss, damage, liability or expense of any nature whatsoever, arising from or in any way related to or connected with any willful misconduct or active gross negligence by any Indemnified Party.

Tenant will have no liability for any claims relating to a violation of any Environmental Law, Release, or threatened Release arising out of a condition or action existing or occurring prior to the Effective Date.

21.02(b) For purposes of this Section 21.02, the following definitions apply:

(i) "**Hazardous Substance**" has the meaning set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended as of the date of this Ground Lease, 42 U.S.C. 9601(14), and in addition includes, without limitation, petroleum (including crude oil or any fraction thereof) and petroleum products, asbestos, asbestos-containing materials, polychlorinated biphenyls ("**PCBs**"), PCB-containing materials, all hazardous substances identified in the California Health & Safety Code 25316 and 25281(d), all chemicals listed under the California Health & Safety Code 25249.8, and any substance deemed a hazardous substance, hazardous material, hazardous waste, or contaminant under Environmental Law. The foregoing definition does not include substances that occur naturally on the Site or commercially reasonable amounts of hazardous materials used in the ordinary course of construction and operation of a residential development, provided they are used and stored in accordance with all applicable Laws.

(ii) "**Environmental Law**" means all Laws governing hazardous waste, wastewater discharges, drinking water, air emissions, Hazardous Substance releases or reporting requirements, Hazardous Substance use or storage, and employee or community right-to-know requirements related to the work being performed under this Ground Lease.

(iii) "**Release**" means any spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment, including the abandonment or discharging of barrels, containers, and other closed receptacles containing any Hazardous Substance.

21.03 Exculpation and Waiver. Tenant, as a material part of the consideration to be rendered to the City, hereby waives any and all Claims against the City related to its approval of this Ground Lease or rights or obligations as landlord under this Ground Lease, including without limitation all Claims arising from the joint or concurrent, active or passive, negligence of the Indemnified Parties, but excluding any Claims caused solely by the Indemnified Parties' willful misconduct or active gross negligence. The Indemnified Parties will not be responsible for or liable to Tenant, and Tenant hereby assumes the risk of, and waives and releases the Indemnified Parties from all Claims against the City related to its approval of this Ground Lease or rights or obligations as landlord under this Ground Lease for, any injury, loss, or damage to any person or property in or about the Premises by or from any cause whatsoever occurring on or after the Effective Date, including, without limitation, (a) any act or omission of persons occupying adjoining premises or any part of the Premises adjacent to or connected with the Premises, (b) theft, (c) explosion, fire, steam, oil, electricity, water, gas or rain, pollution or contamination, (d) stopped, leaking, or defective building systems, (d) construction or Site defects, (f) damages to goods, wares, goodwill, merchandise, equipment, or business opportunities, (g) Claims by persons in, upon or about the Premises or any other City property for any cause arising at any time, (h) alleged facts or circumstances of the process or negotiations leading to this Ground Lease before the Effective Date (other than with respect to any

Environmental Law or Release). Except as provided in Phase I and II Reports, the City represents to Tenant that as of the Agreement Date, Landlord (a) has no knowledge of the existence of any Hazardous Substance on the Site, (b) has not received any written notice from a governmental authority having jurisdiction over the Site that the Site is in violation of any Environmental Laws, which violation has not been cured in compliance with applicable Environmental Laws, (c) has no notice of any Release or threatened Release.

21.04 Tenant understands and expressly accepts and assumes the risk that any facts concerning the Claims released in this Ground Lease might be found later to be other than or different from the facts now believed to be true, and agrees that the releases in this Ground Lease will remain effective. Therefore, with respect to the Claims released in this Ground Lease, Tenant waives any rights or benefits provided by Section 1542 of the Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH
THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS
OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE,
WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY
AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Tenant specifically acknowledges and confirms the validity of the release made above and the fact that Tenant was represented by counsel who explained the consequences of the release at the time this Ground Lease was made, or that Tenant had the opportunity to consult with counsel, but declined to do so.

21.05 Insurance. The Indemnification requirements under this Ground Lease, or any other agreement between the City and Tenant, will in no way be limited by any insurance requirements under any such agreements.

21.06 Survival. The provisions of ARTICLE 21 will survive the expiration or earlier termination of this Ground Lease.

ARTICLE 22 INSURANCE

22.01 Insurance. The Tenant must maintain insurance meeting the requirements of this Article.

22.01(a) Insurance Requirements for Tenant. During the term of this Ground Lease, Tenant will procure and maintain insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of any work hereunder by the Tenant, its agents, representatives, employees or subcontractors and the Tenant's use and occupancy of the Site and the Improvements.

22.01(b) Minimum Scope of Insurance. Coverage must be at least as broad as:

(i) Insurance Services Office Commercial General Liability coverage (form CG 00 01—"Occurrence") or other form approved by the City's Risk Manager.

(ii) Insurance Services Office Automobile Liability coverage, code 1 (form CA 00 01—"Any Auto") or other form approved by the City's Risk Manager.

(iii) Workers' Compensation insurance as required by the State of California and Employer's Liability insurance.

(iv) Professional Liability Insurance: Tenant will require that all architects, engineers, and surveyors for the Project have liability insurance covering all negligent acts, errors, and omissions. Tenant will provide the City with copies of consultants' insurance certificates showing that coverage.

(v) Insurance Services Office Property Insurance coverage (form CP 10 30 60 95—"Causes of Loss—Special Form") or other form approved by the City's Risk Manager.

(vi) Crime Policy or Fidelity Bond covering the Tenant's officers and employees against dishonesty with respect to the use of City funds.

22.01(c) Minimum Limits of Insurance. Tenant must maintain limits no less than:

(i) General Liability: Commercial General Liability insurance with no less than One Million Dollars (\$1,000,000) combined single limit per occurrence and Two Million Dollars (\$2,000,000) annual aggregate limit for bodily injury and property damage, including coverage for blanket contractual liability (including tort liability and of another party and Tenant's liability of injury or death to persons and damage to property set forth in Section 21.01 above); personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Tenant is conducting any activity on, alteration or improvement to the Site with risk of explosion, collapse, or underground hazards.

(ii) Automobile Liability: Business Automobile Liability insurance with no less than One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage, including owned, hired, and non-owned auto coverage, as applicable.

(iii) Workers' Compensation and Employers Liability: Workers' Compensation, in statutory amounts, with Employers' Liability limits not less than One Million Dollars (\$1,000,000) each accident, injury, or illness.

(iv) Professional Liability: Professional Liability insurance of no less than One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) annual aggregate limit covering all negligent acts, errors, and omissions of Tenant's architects, engineers, and surveyors. If the Professional Liability Insurance provided by the architects, engineers, or surveyors is "claims made" coverage, Tenant must assure that these minimum limits are maintained for no less than three (3) years beyond completion of the construction or remodeling.

(v) Crime Policy or Fidelity Bond: Crime Policy or Fidelity Bond of no less than Seventy-Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Five Thousand Dollars (\$5,000) each loss.

(vi) Pollution Liability and/or Asbestos Pollution Liability: Pollution Liability and/or Asbestos Pollution Liability applicable to the work being performed, with a limit no less than \$1,000,000 per claim or occurrence and \$2,000,000 aggregate per policy period of one year; this coverage must be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Tenant's contractor, provided that the policy must be "claims made" coverage and Tenant must require Tenant's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the Project.

(vii) Property Insurance:

(1) Before construction:

a. Property insurance, excluding earthquake[and flood], in the amount no less than One Hundred Percent (100%) of the then-current replacement cost of all improvements before commencement of construction and City property in the care, custody, and control of the Tenant or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such perils, resulting damage and any applicable Law; start up, testing and machinery breakdown including electrical arcing; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

b. During the course of construction:

i. Builder's risk insurance, special form coverage, excluding earthquake[and flood], for one hundred percent (100%) of the then-current replacement cost of all completed improvements and City property in the care, custody, and control of the Tenant or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable Law; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

ii. Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Tenant as dual obligees or other completion security approved by the City in its sole discretion.

(2) Upon completion of construction:

a. Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the then-current replacement value of all improvements and City property in the care, custody, and control of the Tenant or its contractor. For rehabilitation/construction projects that are unoccupied by Residential Occupants

or Non-Residential Occupants, Tenant must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

b. Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Tenant for heating, ventilating, air-conditioning, power generation, and similar purposes, in an amount not less than one hundred percent (100%) of the actual then-current replacement value of such machinery and equipment.

22.01(d) Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions in excess of \$25,000 must be declared to and approved by City's Risk Manager. At the option of City's Risk Manager, either: the insurer will reduce or eliminate the deductibles or self-insured retentions with respect to the City and County of San Francisco, and their respective commissioners, members, officers, agents, and employees; or the Tenant must procure a financial guarantee satisfactory to the City's Risk Manager guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

22.01(e) Other Insurance Provisions. The policies must contain, or be endorsed to contain, the following provisions:

(i) General Liability and Automobile Liability Coverage: The "City and County of San Francisco and their respective commissioners, members, officers, agents, and employees" are to be covered as additional insured with respect to: liability arising out of activities performed by or on behalf of the Tenant related to the Project; products and completed operations of the Tenant, premises owned, occupied or used by the Tenant related to the Project; and automobiles owned, leased, hired, or borrowed by the Tenant for the operations related to the Project. The coverage may not contain any special limitations on the scope of protection afforded to the City and its Commissioners, members, officers, agents, or employees.

(ii) Workers' Compensation and Property Insurance: The insured will agree to waive all rights of subrogation against the "City and County of San Francisco, and their respective commissioners, members, officers, agents, and employees" for any losses in connection with this Project.

(iii) Claims-made Coverage: If any of the required insurance is provided under a claims-made form, Tenant will maintain such coverage continuously throughout the term of this Ground Lease and, without lapse, for a period of three years beyond the expiration of this Ground Lease, to the effect that, if occurrences during the contract term give rise to claims made after expiration of the Ground Lease, then those claims will be covered by the claims-made policies.

(iv) All Coverage. Each insurance policy required by this Article must:

(1) Be endorsed to state that coverage will not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice has been given to City, except in the event of suspension for nonpayment of premium, in which case ten (10) days' notice will be given.

(2) Contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(3) For any claims related to this Ground Lease, the Tenant's insurance coverage will be primary insurance with respect to the City and its commissioners, members, officers, agents, and employees. Any insurance or self-insurance maintained by the City or its commissioners, members, officers, agents, or employees will be in excess of the Tenant's insurance and will not contribute with it.

(4) The Tenant's insurance will apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(5) Any failure to comply with reporting provisions of the policies will not affect coverage provided to the City and its commissioners, members, officers, agents, or employees.

(6) Approval of Tenant's insurance by the City will not relieve or decrease the liability of Tenant under this Ground Lease.

(7) The City reserves the right to require an increase in insurance coverage if the City determines that conditions (including, but not limited to, property conditions, market conditions, or commercially reasonable practice) show cause for an increase, unless Tenant demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Tenant.

22.01(f) Acceptability of Insurers. All insurers must have a Best's rating of no less than A-VIII or as otherwise approved by the City's Risk Manager.

22.01(g) Verification of Coverage. Tenant will furnish City with certificates of insurance and with original endorsements effecting coverage required by this clause at the commencement of this Ground Lease and annually thereafter. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. City reserves the right to require complete, certified copies of all required insurance policies, including endorsements demonstrating the coverage required by these specifications at any time.

22.01(h) Contractor, Subcontractors, and Consultants Insurance. Tenant must include all subcontractors and consultants as additional insureds under its policies or furnish separate certificates and endorsements for each. Tenant will require the subcontractor(s) and consultants to provide all necessary insurance and to name the City and County of San Francisco, and their respective commissioners, members, officers, agents, and employees and the Tenant as additional insureds. All coverage for subcontractors and consultants will be subject to all of the requirements stated herein unless otherwise approved by the City's Risk Manager.

ARTICLE 23 COMPLIANCE WITH SITE-RELATED AND LEGAL REQUIREMENTS

23.01 Compliance with Legal Requirements. From and after the Effective Date, Tenant will at its cost and expense, promptly comply with all applicable Laws now in force or that may later be in force, including, without limitation, the requirements of the fire department or other similar body now or later constituted and with any direction or occupancy certificate issued under any Law as any of them may relate to or affect the condition, use, or occupancy of the Site. If Tenant contests any of the foregoing, Tenant will not be obligated to comply therewith to the extent that the application of the contested Law is stayed by the operation of law or administrative or judicial order and Tenant indemnifies, defends, and holds harmless the Indemnified Parties against all Claims resulting from noncompliance.

23.02 Regulatory Approvals. Tenant understands and agrees that the City is entering into this Ground Lease in its capacity as a landowner with a proprietary interest in the Premises and not as a regulatory agency with certain police powers. Tenant understands and agrees that neither entry by the City into this Ground Lease nor any approvals given by the City under this Ground Lease will be deemed to imply that Tenant has thereby obtained any required approvals from City departments, boards, or commissions that have jurisdiction over the Premises. By entering into this Ground Lease, the City is in no way modifying or limiting the obligations of Tenant to develop the Project in accordance with all Laws and as provided in this Ground Lease.

Tenant understands that any permitted subdivision under Section 10.02 above, and the construction of the Improvements on the Premises and development of the Project will require approval, authorization, or permit by governmental agencies with jurisdiction, which may include the City's Planning Commission and/or Zoning Administrator and the Department of Building Inspection. Tenant must use good faith efforts to obtain and will be solely responsible for obtaining any approvals required for the Project in the manner set forth in this Section. Throughout the the permit process for any regulatory approvals, Tenant will consult and coordinate with MOHCD in Tenant's efforts to obtain permits. MOHCD will cooperate reasonably with Tenant in its efforts to complete the Subdivision and obtain permits; provided, however, Tenant may not agree to the imposition of conditions or restrictions in connection with its efforts to Subdivide or obtain a permit from any other regulatory agency if the City is required to be a co-permittee under the permit or the conditions or restrictions could create any financial or other material obligations on the part of the City whether on or off of the Premises, unless in each instance MOHCD has approved the conditions previously in writing and in MOHCD's reasonable discretion. No approval by MOHCD will limit Tenant's obligation to pay all the costs of complying with conditions under this Section. Tenant must bear all costs associated with applying for and obtaining [any necessary subdivision approval and]any necessary regulatory approval, as well as any fines, penalties or corrective actions imposed as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval.

With MOHCD's prior written consent, Tenant will have the right to appeal or contest any condition in any manner permitted by Law imposed upon any regulatory approval. In addition to any other indemnification provisions of this Ground Lease, Tenant must indemnify, defend, and hold harmless the City and its commissioners, officers, agents or employees from and against any and all Claims that may arise in connection with Tenant's failure to obtain or comply with the terms and conditions of any regulatory approval or with the appeal or contest of any

conditions of any regulatory approval, except to the extent damage arises out of the active gross negligence or willful misconduct of the City or its agents.

ARTICLE 24 ENTRY

24.01 The City reserves for itself and its authorized representatives the right to enter the Site at all reasonable times during normal business hours upon not less than forty-eight (48) hours' written notice to Tenant (except in the event of an emergency), subject to the rights of the occupants, tenants, and others lawfully permitted on the Site, for any of the following purposes:

24.01(a) to determine whether the Premises is in good condition and to inspect the Premises (including soil borings or other Hazardous Substance investigations);

24.01(b) to determine whether Tenant is in compliance with its Ground Lease obligations and to cure or attempt to cure any Tenant default;

24.01(c) to serve, post, or keep posted any notices required or allowed under any of the provisions of this Ground Lease;

24.01(d) to do any maintenance or repairs to the Premises that the City has the right or the obligation, if any, to perform hereunder; and

24.01(e) to show the Premises to any prospective purchasers, brokers, Lenders, or public officials, or, during the last year of the Term of this Ground Lease, exhibit the Premises to prospective tenants or other occupants, and to post any reasonable "for sale" or "for lease" signs in connection therewith.

24.02 In the event of any emergency, as reasonably determined by the City, at its sole option and without notice, the City may enter the Premises and alter or remove any Improvements or Tenant's personal property on or about the Premises as reasonably necessary, given the nature of the emergency. The City will have the right to use any and all means the City considers appropriate to gain access to any portion of the Premises in an emergency, in which case, the City will not be responsible for any damage or injury to any property, or for the replacement of any property, and no emergency entry may be deemed to be a forcible or unlawful entry onto or a detainer of the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof.

24.03 The City will not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of the City's entry onto the Premises, except to the extent damage arises out of the active gross negligence or willful misconduct of the City or its agents. The City will be responsible for any losses resulting from its active gross negligence or willful misconduct and will repair any resulting damage promptly.

24.04 Tenant will not be entitled to any abatement in Annual Rent if the City exercises any rights reserved in this Section, subject to Section 24.03 above.

24.05 The City will use its reasonable good faith efforts to conduct any activities on the Premises allowed under this Section in a manner that, to the extent practicable, will minimize any disruption to Tenant's use of the Premises as permitted by this Ground Lease.

ARTICLE 25 MORTGAGE FINANCING

25.01 No Encumbrances Except for Development Purposes. Notwithstanding any other provision of this Ground Lease and subject to the prior written consent of the City in the form attached hereto as Attachment 3, which consent will not be unreasonably withheld, conditioned, or delayed, Leasehold Mortgages are permitted to be placed upon the Leasehold Estate only for the purpose of securing loans of funds to be used for financing the acquisition of the Project; refinancing of financing used to acquire or rehabilitate the Project; design, construction, renovation, or reconstruction of the Improvements; and any other expenditures reasonably necessary and appropriate to acquire, own, develop, construct, renovate, or reconstruct the Improvements under this Ground Lease and in connection with the operation of the Improvements; and costs and expenses incurred or to be incurred by Tenant in furtherance of the purposes of this Ground Lease. The City, acting solely in its capacity as landlord under this Ground Lease and not in its capacity as a Project Lender, hereby acknowledges and accepts JPMorgan Chase Bank, N.A. and US Bank as a Lender, and consents to the Leasehold Mortgage associated with Lender's construction loan to Tenant for the Project.

25.02 Holder Not Obligated to Construct. The holder of any mortgage, deed of trust, or other security interest authorized by Section 25.01 ("**Holder**" or "**Lender**"), including the successors or assigns of the Holder, is not obligated to complete any construction of the Improvements or to guarantee such completion; and no covenant or any other provision of this Ground Lease may be construed to obligate the Holder. However, if the Holder undertakes to complete or guarantee the completion of the construction of the Improvements, except as provided in Section 26.06(b), nothing in this Ground Lease will be deemed or construed to permit or authorize the Holder or its successors or assigns to devote the Site or any portion thereof to any uses, or to construct any Improvements on the Site, other than those uses or Improvements authorized under Section 9.01 and any reasonable modifications in plans proposed by the Holder or its successors in interest proposed for the viability of the Project approved by the City in its reasonable discretion under Section 10.16. Except as provided in Section 26.06(b), to the extent any Holder or its successors in interest wish to change such uses or construct different improvements, Holder or its successors in interest must obtain the advance written consent of the City.

25.03 Failure of Holder to Complete Construction. In any case where six (6) months after assumption of obligations under Section 25.02 above, a Lender, having first exercised its option to complete the construction, has not proceeded diligently with completion of the construction, the City will have all the rights against the Holder it would otherwise have against Tenant under this Ground Lease for events or failures occurring after such assumption; subject to any extensions of time granted under Section 10.16 of this Ground Lease.

25.04 Default by Tenant and City's Rights.

25.04(a) Right of City to Cure a Default or Breach by Tenant under a Leasehold Mortgage. In the event of a default or breach by Tenant under any Leasehold Mortgage, and Tenant's failure to timely commence or diligently prosecute cure of such default or breach, the City may, at its option, cure such breach or default for the period of one hundred ten (110) days after the date that the Lender files a notice of default. In such event, the City will be entitled to reimbursement from Tenant of all costs and expenses reasonably incurred by the City in curing the default or breach. The City will also be entitled to a lien upon the Leasehold Estate or any portion thereof to the extent such costs and disbursements are not reimbursed by Tenant. Any such lien will be subject to the lien of any then-existing Leasehold Mortgage authorized by this Ground Lease, including any lien contemplated because of advances yet to be made. After ninety (90) days following the date of Lender filing a notice of default and expiration of all applicable cure periods of Tenant under the terms of the applicable loan documents, the City will also have the right to assign Tenant's interest in the Ground Lease to another entity, subject to all Lenders' and Permitted Limited Partner's written consent, and which consent may be conditioned, among other things, upon the assumption by such other entity of all obligations of the Tenant under the Leasehold Mortgage.

25.04(b) Notice of Default to City. Tenant will use its best efforts to require Lender to give the City prompt written notice of any default or breach of the Leasehold Mortgage and each Leasehold Mortgage will provide for that notice to the City and s contain the City's right to cure as above set forth.

25.05 Cost of Mortgage Loans to be Paid by Tenant. Tenant covenants and affirms that it will bear all of the costs and expenses in connection with (a) the preparation and securing of any Leasehold Mortgage, (b) the delivery of any instruments and documents and their filing and recording, if required, and (c) all taxes and charges payable in connection with any Leasehold Mortgage.

ARTICLE 26 PROTECTION OF LENDER

26.01 Notification to City. Promptly upon the creation of any Leasehold Mortgage and as a condition precedent to the existence of any of the rights set forth in this ARTICLE 26, Tenant will cause each Lender to give written notice to the City of the Lender's address and of the existence and nature of its Leasehold Mortgage. Execution of Attachment 3 will constitute City's acknowledgement of Lender's having given such notice as is required to obtain the rights and protections of a Lender under this Ground Lease. The City acknowledges that JPMorgan Chase Bank, N.A. and Trustee are holders of Leasehold Mortgages and are entitled to the rights set forth in this Article 26.

26.02 Lender's Rights to Prevent Termination. Each Lender has the right, but not the obligation, at any time before termination of this Ground Lease and without payment of any penalty other than the interest on unpaid rent, to pay all of the rents due under this Ground Lease, to effect any insurance, to pay any taxes and assessments, to make any repairs and improvements, to do any other act or thing required of Tenant or necessary and proper to be done in the performance and observance of the agreements, covenants and conditions of this Ground

Lease to prevent a termination of this Ground Lease to the same effect as if the same had been made, done, and performed by Tenant instead of by Lender.

26.03 Lender's Rights When Tenant Defaults. If any event of default under this Ground Lease occurs and is continuing, and is not cured within the applicable cure period, the City will not terminate this Ground Lease or exercise any other remedy unless it first gives written notice of the event of default to Lender; and

26.03(a) If the event of default is a failure to pay a monetary obligation of Tenant (not including obligations from indemnification obligations of Tenant ("Indemnification Obligations")), Lender will have sixty (60) days from the date of written notice from the City to Lender to cure the default; or

26.03(b) If the event of default is not a failure to pay a monetary obligation of Tenant, Lender will have sixty (60) days of receipt of the written notice, to either (a) to remedy such default; or (b) to obtain title to Tenant's interest in the Site in lieu of foreclosure; or (c) to commence foreclosure or other appropriate proceedings in the nature thereof (including the appointment of a receiver) and thereafter diligently prosecute such proceedings to completion, in which case such event of default will be remedied or deemed remedied in accordance with Section 26.04 below.

26.03(c) All rights of the City to terminate this Ground Lease as the result of the occurrence of any uncured event of default is subject to, and conditioned upon, the City having first given Lender written notice of the event of default and Lender having failed to remedy such default or acquire Tenant's Leasehold Estate or commence foreclosure or other appropriate proceedings in the nature thereof as set forth in and within the time specified by this Section 26.03, and upon the Permitted Limited Partners having failed to proceed as permitted under Sections 19.04(b) or 26.06(b).

26.04 Default That Cannot be Remedied by Lender. Any event of default under this Ground Lease that in the nature thereof cannot be remedied by Lender will be deemed to be remedied as it pertains to Lender or any Subsequent Owner if (a) within sixty (60) days after receiving notice from the City setting forth the nature of such event of default, Lender has acquired Tenant's Leasehold Estate or has commenced foreclosure or other appropriate proceedings in the nature of foreclosure, (b) Lender is diligently prosecuting any such proceedings to completion, (c) Lender has fully cured any event of default arising from failure to pay or perform any monetary obligation (other than Indemnification Obligations) in accordance with Section 26.03, and (d) after gaining possession of the Improvements, Lender diligently proceeds to perform all other obligations of Tenant as and when due in accordance with the terms of this Ground Lease.

26.05 Court Action Preventing Foreclosure. If Lender is prohibited by any process or injunction issued by any court or because of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings in the nature of foreclosure, the times specified in Sections 26.03 and 26.04 above for commencing or prosecuting such foreclosure or other proceedings will be extended for the period of such prohibition. If this Ground Lease is

terminated or rejected by Tenant in bankruptcy, then the City agrees to enter into a new ground lease with the Lender on the same terms set forth in this Ground Lease. For purpose of this Article, if there is more than one Lender, the City will offer the new lease to each Lender in the order of priority until accepted.

26.06 Lender's Rights to Record, Foreclose, and Assign. The City hereby agrees with respect to any Leasehold Mortgage, that:

26.06(a) the Lender may cause its Leasehold Mortgage to be recorded and enforced, and upon foreclosure, sell and assign the Leasehold Estate to an assignee from whom it may accept a purchase price; subject, however, to Lender's first securing written approval from City, which approval will not be unreasonably withheld, and if the Subsequent Owner has elected to maintain the use restrictions of ARTICLE 9, the Subsequent Owner must be controlled by a California nonprofit public benefit corporation exempt from tax under Section 501(c)(3) of the Internal Revenue Code so that the Premises receive an exemption from state property taxes as provided under Section 214 of the California Revenue and Taxation Code (to the extent such exemption is then generally available). Furthermore, Lender may acquire title to the Leasehold Estate in any lawful way, and if the Lender becomes the assignee, then Lender may sell and assign said Leasehold Estate subject to City approval (which may not be unreasonably withheld) and to the City's rights under Section 25.04.

26.06(b) each Subsequent Owner must take said Leasehold Estate subject to all of the provisions of this Ground Lease, and must, so long as and only so long as it is the owner of the Leasehold Estate, except as provided elsewhere in this Ground Lease, assume all of the obligations of Tenant under this Ground Lease; provided, however, that, subject to the rent provisions of Section 26.07 below, the Subsequent Owner may operate and maintain _____ residential units without any limitations on the rents charged or the income of the occupants thereof, subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance;

26.06(c) the City will mail or deliver to any Lender that has an outstanding Leasehold Mortgage a duplicate copy of all notices that the City may give to Tenant under this Ground Lease; and

26.06(d) any Permitted Limited Partners of Tenant will have the same rights as any Lender under Sections 26.02, 26.03, and 26.06(c), and any reference to a Lender in those sections will be deemed to include the Permitted Limited Partners ; provided, however, that the rights of the Permitted Limited Partners are subordinate to the rights of any Lender.

26.07 Ground Lease Rent after Lender Foreclosure or Assignment. From and after the time that the Subsequent Owner acquires title to the Leasehold Estate, Annual Rent will be set as follows:

26.07(a) Any accrued Annual Rent at the time of foreclosure will be forgiven by the City, and will not be an obligation of the Lender, its assignee, or the Subsequent Owner. After foreclosure or assignment of the Leasehold Estate to the Lender in lieu of foreclosure, if the Lender continues to operate the Project subject to the use and occupancy

restrictions of Section 9.01, then Annual Rent otherwise due may, at the option of the Lender, be deferred until the earlier of the date of the Lender's sale or assignment of the Project to a Subsequent Owner that does not agree to operate the Project subject to such restrictions or the date that is sixty (60) days after Lender ceases to operate the Project in accordance with those restrictions. All deferred Annual Rent will accrue, with simple interest at six percent (6%) per annum until paid.

26.07(b) If the Subsequent Owner exercises its rights under Section 26.06(b) to operate the Project without being subject to Section 9.01, then Annual Rent will be set at the then fair market rental value taking into account any affordability restrictions agreed to by the Subsequent Owner, if any, and the Base Rent will be increased to the new fair market rent under this Section 26.07(b) and the provisions of Section 6.02(g) will be suspended; provided, however, that the City will be entitled to reduce Annual Rent by any dollar amount (but not below zero) in its sole discretion and, in such case, the Subsequent Owner will be required to reduce rent charged to tenants on a dollar for dollar basis, with respect to such aggregate units occupied by Very Low Income Households as the City and the Subsequent Owner may agree. The fair market rental value will be determined by a jointly-commissioned appraisal (instructions prepared jointly by the Subsequent Owner and the City, with each party paying one half of the appraiser's fee) that will include a market land valuation, as well as a market land lease rent level. Absent a market land lease rent determination, the Annual Rent will be set at an amount equal to ten percent (10%) of the then appraised market land value. If the parties cannot agree on the joint appraisal instructions, either party may invoke a neutral third-party process to set the Annual Rent at fair market rent in accordance with the then-prevailing practice for resolving similar rent determination disputes in San Francisco or, in the event that there is no then-prevailing practice, in accordance with the rules of the American Arbitration Association. But, after the neutral third party process, the Lender, in its sole discretion, may rescind its written notification of intent to not comply with Section 9.01 of this Ground Lease.

26.08 Permitted Uses After Lender Foreclosure. Notwithstanding the above, in the event of a foreclosure and transfer to a Subsequent Owner, the Premises must be operated in accordance with the uses specified in the building permit with all addenda, as approved by the City's Department of Building Inspection.

26.09 Preservation of Leasehold Benefits. Until such time as a Lender notifies the City in writing that the obligations of the Tenant under its loan documents have been satisfied, the City agrees:

26.09(a) That subject to Section 19.03(b) the City will not voluntarily cancel or surrender this Ground Lease, or accept a voluntary cancellation or surrender of this Ground Lease by Tenant, or amend this Ground Lease to materially increase the obligations of the Tenant or the rights of the City under this Ground Lease, without the prior written consent of the Lender (which may not be unreasonably withheld or delayed);

26.09(b) That the City will not enforce against a Lender any waiver or election made by the Tenant under this Ground Lease that has a material adverse effect on the value of the Leasehold Estate without the prior written consent of the Lender (which will not be unreasonably withheld or delayed);

26.09(c) That, if a Lender makes written request to the City for a new ground lease within fifteen (15) days after Lender receives written notice of termination of this Ground Lease, then the City will enter a new ground lease with the Lender commencing on the date of termination of this Ground Lease and ending on the normal expiration date of this Ground Lease, on substantially the same terms and conditions as this Ground Lease and subject to the rent provisions set forth in Section 26.07, and with the same priority as against any subleases or other interests in the Premises; so long as the Lender cures all unpaid monetary defaults under this Ground Lease (other than Indemnification Obligations), through the date of such termination;

26.09(d) That the City will provide reasonable prior notice to each Lender of any proceedings for adjustment or adjudication of any insurance or condemnation claim involving the Premises and will permit each Lender to participate the proceedings as an interested party.

26.10 No Merger. The Leasehold Estate will not merge with the fee interest in the Site, notwithstanding ownership of the leasehold and the fee by the same person, without the prior written consent of each Lender.

26.11 City Bankruptcy.

26.11(a) If a bankruptcy proceeding is filed by or against the City, the City will immediately notify each Lender of the filing and will deliver a copy of all notices, pleadings, schedules, and similar materials regarding the bankruptcy proceedings to each Lender.

26.11(b) The City acknowledges that (i) the Tenant seeks to construct improvements on the Premises using proceeds of the loans provided by the Lenders, and (ii) it would be unfair to both the Tenant and the Lenders to sell the Premises free and clear of the Leasehold Estate. Therefore, the City waives its right to sell the City's fee interest in the Site under section 363(f) of the Bankruptcy Code, free and clear of the Leasehold Estate.

26.11(c) If a bankruptcy proceeding is filed by or on behalf of the City, the City agrees as follows:

(i) the Tenant will be presumed to have objected to any attempt by the City to sell the fee interest free and clear of the Leasehold Estate;

(ii) if Tenant does not so object, each Lender will have the right to so object on its own behalf or on behalf of the Tenant; and

(iii) in connection with any such sale, the Tenant will not be deemed to have received adequate protection under section 363(e) of the Bankruptcy Code, unless it has received and paid to each Lender the outstanding balance under its respective loan.

26.11(d) City recognizes that the Lenders are authorized on behalf of the Tenant to vote, participate in, or consent to any bankruptcy, insolvency, receivership, or court proceeding concerning the Leasehold Estate.

ARTICLE 27 CONDEMNATION AND TAKINGS

27.01 Parties' Rights and Obligations to be Governed by Agreement. If, during the term of this Ground Lease, there is any condemnation of all or any part of the Premises or any interest in the Leasehold Estate is taken by condemnation, the rights and obligations of the parties will be determined under this ARTICLE 27, subject to the rights of any Lender. Accordingly, Tenant waives any right to terminate this Ground Lease upon the occurrence of a partial condemnation under Sections 1265.120 and 1265.130 of the California Code of Civil Procedure, as those sections may from time to time be amended, replaced, or restated

27.02 Notice. In case of the commencement of any proceedings or negotiations that might result in a condemnation of all or any portion of the Premises during the Term, the party learning of such proceedings will promptly give written notice of the proceedings or negotiations to the other party. The notice will describe with as much specificity as is reasonable, the nature and extent of such condemnation or the nature of such proceedings or negotiations and of the condemnation that might result, as the case may be.

27.03 Total Taking. If the Site is totally taken by condemnation, this Ground Lease will terminate on the date the condemnor has the right to possession of the Site.

27.04 Partial Taking. If any portion of the Site is taken by condemnation, this Ground Lease will remain in effect, except that Tenant may, with Lender's written consent, elect to terminate this Ground Lease if, in Tenant's reasonable judgment, the remaining portion of the Improvements is rendered unsuitable for Tenant's continued use of the Site. If Tenant elects to terminate this Ground Lease, Tenant must exercise its right to terminate under this paragraph by giving notice to the City within thirty (30) days after the City notifies Tenant of the nature and the extent of the taking. Tenant's termination notice must include the date of termination, which date may not be earlier than thirty (30) days or later than six (6) months after the date of Tenant's notice; except that this Ground Lease will terminate on the date the condemnor has the right to possession of the Site if that date falls on a date before the date of termination as designated by Tenant. If Tenant does not terminate this Ground Lease within the thirty (30) day notice period, this Ground Lease will continue in full force and effect.

27.05 Effect on Rent. If any portion of the Improvements is taken by condemnation and this Ground Lease remains in full force and effect, then on the date of taking the rent will be reduced by an amount that is in the same ratio to the rent as the value of the area of the portion of the Improvements taken bears to the total value of the Improvements immediately before the date of the taking.

27.06 Restoration of Improvements. If there is a partial taking of the Improvements and this Ground Lease remains in full force and effect under Section 27.04, then Tenant may, subject to the terms of the Leasehold Mortgage, use the proceeds of the taking to accomplish all necessary restoration to the Improvements.

27.07 Award and Distribution. Any compensation awarded, paid, or received on a total or partial condemnation of the Site or threat of condemnation of the Site will belong to and be distributed in the following order:

27.07(a) First, to pay the balance due on any outstanding Leasehold Mortgages and other outstanding or unpaid obligations and/or liabilities, including but not limited to, trade accounts, taxes, payroll accruals, and lease residuals, to the extent provided therein; and

27.07(b) Second, to the Tenant in an amount equal to the then fair market value of Tenant's interest in the Improvements and its leasehold interest in the Site (including, but not limited to, the value of Tenant's interest in all subleases to occupants of the Site), such value to be determined as it existed immediately preceding the earliest taking or threat of taking of the Site; and;

27.07(c) Third, to the Landlord.

27.07(d) Notwithstanding anything to the contrary set forth in this Section, any portion of the compensation awarded that has been specifically designated by the condemning authority or in the judgment of any court to be payable to the City or Tenant on account of any interest in the Premises or the Improvements separate and apart from the condemned land value, the value of the City's reversionary interest in the Improvements, Tenant's Leasehold Estate, or the value of the Improvements on the Premises for the remaining unexpired portion of the Term, will be paid to the City or Tenant, as applicable, as so designated by the condemning authority or judgment.

27.08 Payment to Lenders. In the event the Improvements are subject to the lien of a Leasehold Mortgage on the date when any compensation resulting from a condemnation or threatened condemnation is to be paid to Tenant, the award will be disposed of as provided in the Leasehold Mortgages.

27.09 Temporary Condemnation. If there is a condemnation of all or any portion of the Premises for a temporary period lasting less than the remaining Term, this Ground Lease will remain in full force and effect, there will be no abatement of Rent, and the entire award will be payable to Tenant.

27.10 Personal Property; Goodwill. Notwithstanding Section 27.07, the City will not be entitled to any portion of any award payable in connection with the condemnation of the Personal Property of Tenant or any of its subtenants, or any moving expenses, loss of goodwill or business loss or interruption of Tenant, severance damages with respect to any portion of the Premises and Improvements remaining under this Ground Lease, or other damages suffered by Tenant.

ARTICLE 28 ESTOPPEL CERTIFICATE

The City or Tenant, as the case may be, will execute, acknowledge, and deliver to the other and/or any Lender or a Permitted Limited Partner, promptly upon request, its certificate certifying (a) that this Ground Lease is unmodified and in full force and effect (or, if there have been modifications, that this Ground Lease is in full force and effect, as modified, and stating the modifications), (b) the dates, if any, to which rent has been paid, (c) whether there are then existing any charges, offsets, or defenses against the enforcement by the City or Tenant to be performed or observed and, if so, specifying them, and (d) whether there are then existing any

defaults by Tenant or the City in the performance or observance by Tenant or the City of any agreement, covenant, or condition on the part of Tenant or the City to be performed or observed under this Ground Lease, and whether any notice has been given to Tenant or the City of any default that has not been cured and, if so, specifying the uncured default. Tenant will use commercially reasonable efforts (by inserting a provision similar to this one into the leases of its Non-residential Occupants) to cause the Non-residential Occupants to execute and deliver to the City a certificate as described above with respect to its sublease within thirty (30) days after request.

ARTICLE 29 SURRENDER AND QUITCLAIM

29.01 Surrender.

29.01(a) Upon expiration or earlier termination of this Ground Lease, Tenant will surrender to the City the Premises in good order, condition, and repair (except for ordinary wear and tear occurring after the last necessary maintenance made by Tenant and except for Casualty or Condemnation as described in ARTICLE 20 and ARTICLE 27). Ordinary wear and tear will not include any damage or deterioration that would have been prevented by proper maintenance by Tenant, or Tenant otherwise performing all of its obligations under this Ground Lease. The Premises must be surrendered clean, free of debris, waste, and Hazardous Substances, and free and clear of all liens and encumbrances other than liens and encumbrances existing as of the date of this Ground Lease and any other encumbrances created or approved in writing by the City. On or before the expiration or earlier termination of this Ground Lease, Tenant at its sole cost will remove from the Premises, and repair any damage caused by removal of, Personal Property, including any signage. Improvements and Changes will remain in the Premises as City property and title to the Improvements and any Changes will be conveyed to the City as provided in ARTICLE 13 above.

29.01(b) If the Premises is not surrendered at the end of the Term or sooner termination of this Ground Lease, and in accordance with the provisions of this ARTICLE 29, Tenant will continue to be responsible for the payment of Annual Rent until the Premises is surrendered in accordance with this ARTICLE 29., and Tenant will indemnify, defend and hold harmless the Indemnified Parties from and against any and all Claims resulting from delay by Tenant in so surrendering the Premises including, without limitation, any costs of the City to obtain possession of the Premises; any loss or liability resulting from any Claim against the City made by any succeeding tenant or prospective tenant founded on or resulting from such delay and losses to the City due to lost opportunities to lease any portion of the Premises to any such succeeding tenant or prospective tenant, together with, in each instance, reasonable attorneys' fees and costs.

29.01(c) No act or conduct of the City or MOHCD, including, but not limited to, the acceptance of the keys to the Premises, will constitute an acceptance of the surrender of the Premises by Tenant before the expiration of the Term. Only a written notice from the City to Tenant confirming termination of this Ground Lease and surrender of the Premises by Tenant will constitute acceptance of the surrender of the Premises and accomplish a termination of this Ground Lease.

29.02 Quitclaim. Upon the expiration or earlier termination of this Ground Lease, the Premises will automatically, and without further act or conveyance on the part of Tenant or the City, become the property of the City, free and clear of all liens and without payment therefore by the City, as provided in ARTICLE 13. Upon expiration or sooner termination of this Ground Lease, Tenant must surrender the Site to the City and, at the City's request, will execute, acknowledge, and deliver to the City a good and sufficient quitclaim deed with respect to any interest of Tenant in the Premises.

29.03 Abandoned Property. Any items, including Personal Property, not removed by Tenant will be deemed abandoned. The City may retain, store, remove, and sell or otherwise dispose of abandoned Personal Property, and Tenant waives all Claims against the City for any damages resulting from the City's retention, removal, and disposition of abandoned Personal Property; provided, however, that Tenant will be liable to the City for all costs incurred in storing, removing, and disposing of abandoned Personal Property and repairing any damage to the Premises resulting from its removal. Tenant agrees that the City may elect to sell abandoned Personal Property and offset against the sales proceeds the City's storage, removal, and disposition costs without notice to Tenant or otherwise according to the procedures set forth in California Civil Code Section 1993, the benefits of which Tenant waives.

29.04 Survival. Tenant's obligation under this ARTICLE 29 will survive the expiration or earlier termination of this Ground Lease.

ARTICLE 30 EQUAL OPPORTUNITY

In the selection of all contractors and professional consultants for the Project, Tenant must comply with the City's procurement requirements and procedures as described in the Contracting Manual (2006 Amendment) for Federally Funded Construction Projects Financed by the Mayor's Office of Housing, issued by MOHCD on November 18, 2002, as amended on May 22, 2007, as the same may be further amended from time to time, and with the requirements of the Small Business Enterprise Program ("**SBE Program**") as set forth in that certain Small Business Enterprise Program manual dated July 1, 2015, as it may be amended from time to time, according to the procedures established by the City's Contract Monitoring Division. The Project must comply with the training, hiring, and contracting requirements of Section 3 of the Housing and Community Development Act of 1968 and of the San Francisco Section 3 program as administered by MOHCD. Federal Section 3 requirements state that contracts and opportunities for job training and employment be given, to the greatest extent feasible, to local low-income residents. Local residents for this project are San Francisco residents. In addition, this project will be required to comply with hiring requirements as incorporated into the local Section 3 program and in conjunction with the City's low-income hiring requirements under San Francisco's First Source Hiring Ordinance (San Francisco Administrative Code Chapter 83).

ARTICLE 31 CITY PREFERENCE PROGRAMS

To the extent permitted by applicable Law, Tenant agrees to comply with the requirements of the City's current housing preference programs, as amended from time to time; provided, however, that such requirements will apply only to the extent permitted by the requirements of non-City funding approved by the City for the Project.

ARTICLE 32 LABOR STANDARDS PROVISIONS

Although the Parties acknowledge that the development of the Project is a private work of improvement, Tenant agrees that any person performing labor in the construction of the Project and any Change to the Premises that Tenant performs or causes to be performed under this Ground Lease, will be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, will be subject to the same hours and working conditions, and will receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Tenant will include in any contract for construction or demolition of the Project a requirement that all persons performing labor under the contract will be paid not less than the highest prevailing rate of wages for the labor so performed. Tenant will require any contractor to provide, and will deliver to City upon request, certified payroll reports for all persons performing labor in the construction of the Project or any Change to the Premises.

ARTICLE 33 CONFLICT OF INTEREST

No commissioner, official, or employee of the City may have any personal or financial interest, direct or indirect, in this Ground Lease, and any such commissioner, official, or employee may not participate in any decision relating to this Ground Lease that affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested.

ARTICLE 34 NO PERSONAL LIABILITY

No commissioner, official, or employee of the City will be personally liable to Tenant or any successor in interest in the event of any default or breach by the City or for any amount that may become due to Tenant or its successors or on any obligations under the terms of this Ground Lease.

ARTICLE 35 ENERGY CONSERVATION

Tenant agrees that it will use its best efforts to maximize provision of, and incorporation of, both energy conservation techniques and systems and improved waste-handling methodology in the construction of the Improvements.

ARTICLE 36 WAIVER

The waiver by the City or Tenant of any term, covenant, agreement or condition in this Ground Lease will not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, agreement, or condition in this Ground Lease, and no custom or practice that may grow up between the parties in the administration of this Ground Lease may be construed to waive or to lessen the right of the City or Tenant to insist upon the performance by the other in strict accordance with the its terms. The subsequent acceptance of rent or any other sum by the City will not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, agreement, or condition of this Ground Lease, other than the failure of Tenant to pay the particular rent or other sum accepted, regardless of the City's knowledge of the preceding

breach at the time of acceptance of such rent or other sum. Any waiver by the City of any term or provision of this Ground Lease must be in writing.

ARTICLE 37 TENANT RECORDS

Upon reasonable notice during normal business hours, and as often as the City may deem necessary, Tenant will make available to the City and its authorized representatives for examination all records, reports, data, and information made or kept by Tenant regarding its activities or operations on the Site. Nothing contained in this Ground Lease will entitle the City to inspect personal histories of residents or lists of donors or supporters. To the extent that it is permitted by Law to do so, the City will respect the confidentiality requirements of Tenant in regard to the lists above of the names of Residential Occupants of the Premises furnished by Tenant under to ARTICLE 7 above.

ARTICLE 38 NOTICES AND CONSENTS

All notices, demands, consents, or approvals that may be given or are required to be given by either party to the other under this Ground Lease must be in writing and will be deemed to have been fully given when delivered in person to such representatives of [HUD,]the Tenant[,] and the City, or when deposited in the United States mail, certified, postage prepaid, or by express delivery service with a delivery receipt and addressed

if to Tenant at: 1064 Mission, L.P., a California limited partnership

Episcopal Community Services
165 8th Street
San Francisco, CA 94103

with a copy to:
Care of Mercy Housing California
1256 Market Street
San Francisco, CA 94102

With a copy to the Permitted Limited Partner at:

NEF Assignment Corporation, as nominee
10 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606
Attn: Asset Management Group

if to the City at: San Francisco Mayor's Office of Housing and Community Development
One South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn.: Director

or to such other address with respect to either party as that party may from time to time designate by notice to the other given under the provisions of this ARTICLE 38. Any notice given under this ARTICLE 38 will be effective on the date of delivery or the date delivery is refused as shown on the delivery receipt. Courtesy copies of notices may be delivered by email.

ARTICLE 39 HEADINGS

Any titles of the paragraphs, articles, and sections of this Ground Lease are inserted for convenience only and will be disregarded in construing or interpreting any of its provisions. "Paragraph," "article," and "section" may be used interchangeably.

ARTICLE 40 SUCCESSORS AND ASSIGNS

This Ground Lease will be binding upon and inure to the benefit of the successors and assigns of the City and Tenant and where the term "Tenant" or "City" is used in this Ground Lease, it means and includes their respective successors and assigns; provided, however, that the City will have no obligation under this Ground Lease to, and no benefit of this Ground Lease will accrue to, any unapproved successor or assign of Tenant where City approval of a successor or assign is required by this Ground Lease. If and when the City sells the Site to any third party, City will require such third party to assume all of the City's obligations under this Ground Lease arising on and after the transfer in writing for the benefit Tenant and its successors and assigns.

ARTICLE 41 TIME

Time is of the essence in the enforcement of the terms and conditions of this Ground Lease.

ARTICLE 42 PARTIAL INVALIDITY

If any provisions of this Ground Lease are determined to be illegal or unenforceable, that determination will not affect any other provision of this Ground Lease and all the other provisions of this Ground Lease will remain in full force and effect.

ARTICLE 43 APPLICABLE LAW; NO THIRD PARTY BENEFICIARY

This Ground Lease is governed by and construed under the laws of the State of California. This Ground Lease is entered into solely among, between, and for the benefit of, and may be enforced only by, the parties hereto and does not create rights in any other third party.

ARTICLE 44 ATTORNEYS' FEES

If either the City or Tenant fails to perform any of its obligations under this Ground Lease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Ground Lease, the defaulting party or the party non-prevailing party in such dispute, as the case may be, will pay the prevailing party reasonable attorneys' and experts' fees and costs, and all court costs and other costs of action incurred by the prevailing party in connection with the prosecution or defense of such action and enforcing or establishing its rights under this Ground Lease (whether or not such action is prosecuted to a judgment). For purposes of this Ground Lease, reasonable attorneys' fees of the City's Office of the City Attorney will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. The term "attorneys' fees" also includes, without limitation, all such fees incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which the fees were incurred. The term "costs" means the costs and expenses of counsel to the parties, which may include printing, duplicating, and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, and others not admitted to the bar but performing services under the supervision of an attorney.

ARTICLE 45 EXECUTION IN COUNTERPARTS

This Ground Lease and any memorandum hereof may be executed in counterparts, each of which will be considered an original, and all of which will constitute one and the same instrument.

ARTICLE 46 BROKERS

Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the ground lease contemplated herein. If any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings, or communication, the party through whom the broker or finder makes a claim will be responsible for such commission or fee and will indemnify, defend and hold harmless the other party from any and all Claims. The provisions of this Section shall survive any termination of this Ground Lease.

ARTICLE 47 RECORDATION OF MEMORANDUM OF GROUND LEASE

This Ground Lease may not be recorded, but a memorandum of this Ground Lease will be recorded in the form attached hereto as Attachment 5 ("**Memorandum of Ground Lease**"). The parties will execute the memorandum in form and substance as required by a title insurance company insuring Tenant's leasehold estate or the interest of any Leasehold Mortgagee, and sufficient to give constructive notice of the Ground Lease to subsequent purchasers and mortgagees.

ARTICLE 48 SURVIVAL

Termination or expiration of this Ground Lease will not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Ground Lease, the ability to collect any damages or sums due, and it will not affect any provision of this Ground Lease that expressly states it will survive termination or expiration of this Ground Lease.

ARTICLE 49 TRANSFER OF PARTNERSHIP INTERESTS IN TENANT

Tenant may not cause or permit any voluntary transfer, assignment, or encumbrance of its interest in the Site or Project or of any ownership interests in Tenant, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases, or occupancy agreements to Residential Occupants and Non-residential Occupants; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion, (c) transfers from Tenant to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Tenant or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity; (d) transfers of the general partnership or manager's interest in Tenant to a nonprofit public benefit corporation approved in advance by the City; (e) transfers of any limited partnership or membership interest in Tenant to an investor under the tax credit syndication of the Project; (f) any transfer by foreclosure or deed in lieu of foreclosure; or (g) the grant or exercise of an option agreement between Borrower and Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by the City; or (h) to remove or replace the General Partner in accordance with the terms of the Partnership Agreement, a transfer of any general partnership interest to a new general partner approved in advance by the City. Any other transfer, assignment, encumbrance, or lease without the City's prior written consent will be voidable and, at the City's election, constitute a default under this Agreement. The City's consent to any specific assignment, encumbrance, lease, or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Ground Lease.

ARTICLE 50 CITY PROVISIONS

50.01 Non-Discrimination.

50.01(a) Covenant Not to Discriminate. In the performance of this Ground Lease, Tenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height, or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with Tenant, in any of Tenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Tenant.

50.01(b) Subleases and Other Subcontracts. Tenant must include in all subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to the subtenant or other subcontractor in substantially the form of Section 50.01(a) above. In addition, Tenant must incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)–(k), and 12C.3 of the San Francisco Administrative Code and must require all subtenants and other subcontractors to comply with those provisions. Tenant’s failure to comply with the obligations in this subsection will constitute a material breach of this Ground Lease.

50.01(c) Non-Discrimination in Benefits. Tenant does not as of the date of this Ground Lease and will not during the Term, in any of its operations in San Francisco or with respect to its operations under this Ground Lease elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits, or travel benefits (collectively “**Core Benefits**”), as well as any benefits other than Core Benefits, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity under state or local Law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

50.01(d) Condition to Lease. As a condition to this Ground Lease, Tenant must execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Commission.

50.01(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by Parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Ground Lease as though fully set forth herein. Tenant must comply fully with and be bound by all of the provisions that apply to this Ground Lease under those Chapters of the Administrative Code, including, but not limited to, the remedies provided in such Chapters. Without limiting the foregoing, Tenant understands that under Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Ground Lease may be assessed against Tenant and/or deducted from any payments due Tenant.

50.02 MacBride Principles—Northern Ireland. The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 *et seq.* The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Tenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

50.03 Conflicts of Interest. Tenant states that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the City's Campaign and

Governmental Conduct Code, and Section 87100 *et seq.* and Section 1090 *et seq.* of the Government Code of the State of California, certifies that it knows of no facts that would constitute a violation of those provisions and agrees that if Tenant becomes aware of any such fact during the term of this Ground Lease Tenant will immediately notify the City. Tenant further certifies that it has made a complete disclosure to the City of all facts bearing on any possible interests, direct or indirect, that Tenant believes any officer or employee of the City presently has or will have in this Ground Lease or in the performance thereof or in any portion of the profits thereof. Willful failure by Tenant to make such disclosure, if any, will constitute grounds for City's termination and cancellation of this Ground Lease.

50.04 Charter Provisions. This Ground Lease is governed by and subject to the provisions of the Charter of the City and County of San Francisco. Accordingly, Tenant acknowledges and agrees that no officer or employee of the City has authority to commit the City to this Ground Lease unless and until a resolution of the City's Board of Supervisors has been duly enacted approving this Ground Lease. Therefore, any obligations or liabilities of the City under this Ground Lease are contingent upon enactment of a resolution, and this Ground Lease will be null and void unless the City's Mayor and the Board of Supervisors approve this Ground Lease, in their respective sole and absolute discretion, and in accordance with all applicable Laws. Approval of this Ground Lease by any City department, commission, or agency may not be deemed to imply that a resolution will be enacted or create any binding obligations on the City.

50.05 Tropical Hardwood/Virgin Redwood Ban. Under Section 804(b) of the San Francisco Environment Code, the City and County of San Francisco urges companies not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood, or virgin redwood wood product. Except as permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Tenant will not use any items in the rehabilitation, development, or operation of the Premises or otherwise in the performance of this Ground Lease that are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products.

50.06 Tobacco Product Advertising Ban. Tenant acknowledges and agrees that no advertising of cigarettes or tobacco products will be allowed on the Premises. The foregoing prohibition includes the placement of the name of a company producing, selling, or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product, or on any sign. The foregoing prohibition will not apply to any advertisement sponsored by a state, local, or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

50.07 Pesticide Ordinance. Tenant must comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "**Pesticide Ordinance**"), which (a) prohibit the use of certain pesticides on City property, (b) require the posting of certain notices and the maintenance of certain records regarding pesticide usage, and (c) require Tenant to submit to the City's Department of the Environment an integrated pest management ("**IPM**") plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the Term of this Ground Lease,

(ii) describes the steps Tenant will take to meet the City's IPM Policy described in Section 39.1 of the Pesticide Ordinance, and (iii) identifies, by name, title, address, and telephone number, an individual to act as the Tenant's primary IPM contact person with City. In addition, Tenant must comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance. Nothing in this Ground Lease will prevent Tenant, acting through the City, from seeking a determination from the City's Commission on the Environment that Tenant is exempt from complying with certain portions of the Pesticide Ordinance as provided in Section 307 thereof.

50.08 Compliance with City's Sunshine Ordinance. Tenant understands and agrees that under the City's Sunshine Ordinance (S.F. Admin. Code, Chapter 67) and the State Public Records Law (Cal. Gov. Code §§ 6250 *et seq.*), this Ground Lease and any and all records, information and materials submitted to the City hereunder are public records subject to public disclosure. Tenant hereby authorizes the City to disclose any records, information, and materials submitted to the City in connection with this Ground Lease as required by Law. Further, Tenant specifically agrees to conduct any meeting of its governing board that addresses any matter relating to the Project or to Tenant's performance under this Ground Lease as a passive meeting.

50.09 Notification of Limitations on Contributions. Through its execution of this Ground Lease, Tenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves.

50.10 Requiring Health Benefits for Covered Employees. Unless exempt, Tenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (the "HCAO"), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated in this Ground Lease by reference and made a part of this Ground Lease as though fully set forth. The text of the HCAO is available on the web at www.sfgov.org/oca/lwlh.htm. Capitalized terms used in this Section and not defined in this Ground Lease have the meanings assigned to them in Chapter 12Q. Notwithstanding this requirement, City recognizes that the residential housing component of the Improvements is not subject to the HCAO.

50.10(a) For each Covered Employee, Tenant must provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Tenant chooses to offer the health plan option, the health plan must meet the minimum standards set forth by the San Francisco Health Commission.

50.10(b) If Tenant is a small business as defined in Section 12Q.3(d) of the HCAO, Tenant will have no obligation to comply with Section 50.10(a) above.

50.10(c) Tenant's failure to comply with the HCAO will constitute a material breach of this Ground Lease. If Tenant fails to cure its breach within thirty (30) days after receiving the City's written notice of a breach of this Ground Lease for violating the HCAO or, if the breach cannot reasonably be cured within the 30-day period and Tenant fails to commence efforts to cure within the 30-day period, or thereafter fails diligently to pursue the cure to completion, then the City will have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies will be exercisable individually or in combination with any other rights or remedies available to the City.

50.10(d) Any sublease entered into by Tenant for commercial space in the Project must require the subtenant to comply with the requirements of the HCAO and must contain contractual obligations substantially the same as those set forth in this Section. Tenant must notify the City's Purchasing Department when Tenant enters into a sublease and must certify to the Purchasing Department that Tenant has notified the subtenant of the obligations under the HCAO and has imposed the requirements of the HCAO on subtenant through the sublease. Tenant will be responsible for its subtenants' compliance with this Chapter. If a subtenant fails to comply, the City may pursue the remedies set forth in this Section against Tenant based on the subtenant's failure to comply, provided that City has first provided Tenant with notice and an opportunity to obtain a cure of the violation.

50.10(e) Tenant may not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the City with regard to Tenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

50.10(f) Tenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

50.10(g) Tenant must keep itself informed of the current requirements of the HCAO.

50.10(h) Tenant must provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on subtenants, as applicable.

50.10(i) Tenant must provide City with access to records pertaining to compliance with HCAO after receiving a written request from the City to do so and being provided at least five (5) business days to respond.

50.10(j) The City may conduct random audits of Tenant to ascertain its compliance with HCAO. Tenant agrees to cooperate with the City when it conducts audits.

50.10(k) If Tenant is exempt from the HCAO when this Ground Lease is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Tenant later enters into an agreement or agreements that cause Tenant's aggregate amount of all agreements with the City to reach \$75,000, all the agreements will be thereafter subject to the HCAO. This obligation

arises on the effective date of the agreement that causes the cumulative amount of agreements between Tenant and MOHCD to be equal to or greater than \$75,000 in the fiscal year.

50.11 Public Access to Meetings and Records. If Tenant receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Tenant must comply with and will be bound by all the applicable provisions of that Chapter. By executing this Ground Lease, Tenant agrees to open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the Administrative Code. Tenant further agrees to make good-faith efforts to promote community membership on its Board of Directors in the manner set forth in Section 12L.6 of the Administrative Code. Tenant acknowledges that its material failure to comply with any of the provisions of this paragraph will constitute a material breach of this Ground Lease. Tenant further acknowledges that such material breach of this Ground Lease will be grounds for City to terminate and/or not renew this Ground Lease, partially or in its entirety.

50.12 Resource-Efficient Building Ordinance. Tenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Chapter 7 relating to resource-efficient City buildings and resource-efficient pilot projects. Tenant will comply with the applicable provisions of such code sections as those sections may apply to the Premises.

50.13 Drug Free Work Place. Tenant acknowledges that under the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession, or use of a controlled substance is prohibited on City premises. Tenant agrees that any violation of this prohibition by Tenant, its agents, or assigns will be deemed a material breach of this Ground Lease.

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

50.15 Nondisclosure of Private Information. Tenant agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "**Nondisclosure of Private Information Ordinance**"), including the remedies provided. The provisions of the Nondisclosure of Private Information Ordinance are incorporated and made a part of this Ground Lease as though fully set forth. Capitalized terms used in this section and not defined in this Ground Lease have the meanings assigned to those terms in the Nondisclosure of

Private Information Ordinance. Consistent with the requirements of the Nondisclosure of Private Information Ordinance, Contractor agrees to all of the following:

50.15(a) Neither Tenant nor any of its subcontractors will disclose Private Information, unless one of the following is true:

- (i) The disclosure is authorized by this Ground Lease;
- (ii) Tenant received advance written approval from the Contracting Department to disclose the information; or
- (iii) The disclosure is required by law or judicial order.

50.15(b) Any disclosure or use of Private Information authorized by this Ground Lease must be in accordance with any conditions or restrictions stated in this Ground Lease. Any disclosure or use of Private Information authorized by a Contracting Department must be in accordance with any conditions or restrictions stated in the approval.

50.15(c) Private Information means any information that: (1) could be used to identify an individual, including, without limitation, name, address, social security number, medical information, financial information, date and location of birth, and names of relatives; or (2) the law forbids any person from disclosing.

50.15(d) Any failure of Tenant to comply with the Nondisclosure of Private Information Ordinance will be a material breach of this Ground Lease. In such an event, in addition to any other remedies available to it under equity or law, City may terminate this Ground Lease, debar Tenant, or bring a false claim action against Tenant.

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

Tenant will remove all graffiti from the Premises and any real property owned or leased by Tenant in the City and County of San Francisco within forty-eight (48) hours of the earlier of Tenant's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require Tenant to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn, or painted on any building, structure, fixture, or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards, and fencing surrounding construction Premises, whether public or private,

without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" does not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code section 987 *et seq.*) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 *et seq.*). Any failure of Tenant to comply with this section of this Ground Lease will constitute an event of default of this Ground Lease.

50.17 Incorporation. Each and every provision of the San Francisco Administrative Code described or referenced in this Ground Lease is hereby incorporated by reference as though fully set forth herein. Failure of Tenant to comply with any provision of this Ground Lease relating to any such code provision will be governed by ARTICLE 19 of this Ground Lease, unless (i) such failure is otherwise specifically addressed in this Ground Lease or (ii) such failure is specifically addressed by the applicable code section.

50.18 Food Service Waste Reduction. Tenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Ground Lease as though fully set forth herein. Accordingly, Tenant acknowledges that City contractors and lessees may not use Disposable Food Service Ware that contains Polystyrene Foam in City Facilities and while performing under a City contract or lease, and shall instead use suitable Biodegradable/ Compostable or Recyclable Disposable Food Service Ware. This provision is a material term of this Ground Lease. By entering into this Ground Lease, Tenant agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine. Without limiting City's other rights and remedies, Tenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Ground Lease was made. Those amounts will not be considered a penalty, but rather agreed upon monetary damages sustained by City because of Tenant's failure to comply with this provision.

50.19 Local Hire Requirements. Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.62 (the "**Local Hiring Requirements**"). Improvements and Changes (as defined in this Ground Lease) are subject to the Local Hiring Requirements unless the cost for such work is (i) estimated to be less than \$750,000 per building permit or (ii) meets any of the other exemptions in the Local Hiring Requirements. Tenant agrees that it will comply with the Local Hiring Requirements to the extent applicable. Before starting any Tenant Improvement Work or any Alteration, Tenant will contact City's Office of Economic Workforce and Development ("**OEWD**") to verify if the Local Hiring Requirements apply to the work (*i.e.*, whether the work is a "**Covered Project**").

Tenant will include, and will require its subtenants to include, a requirement to comply with the Local Hiring Requirements in any contract for a Covered Project with specific reference to San Francisco Administrative Code Section 23.62. Each contract must name the City and County of San Francisco as a third party beneficiary for the limited purpose of enforcing the Local Hiring Requirements, including the right to file charges and seek penalties. Tenant will cooperate, and require its subtenants to cooperate, with the City in any action or proceeding against a contractor or subcontractor that fails to comply with the Local Hiring Requirements when required. Tenant's failure to comply with its obligations under this Section will constitute a material breach of this Ground Lease. A contractor's or subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.62 against the breaching party.

50.20 Criminal History in Hiring and Employment Decisions.

50.20(a) Unless exempt, Tenant agrees to comply with and be bound by all of the provisions of San Francisco Administrative Code Chapter 12T (Criminal History in Hiring and Employment Decisions; "**Chapter 12T**"), which are hereby incorporated as may be amended from time to time, with respect to applicants and employees of Tenant who would be or are performing work at the Site.

50.20(b) Tenant will incorporate by reference the provisions of Chapter 12T in all subleases of a portion or all of the Site, if any, and will require all subtenants to comply with its provisions. Tenant's failure to comply with the obligations in this subsection will constitute a material breach of this Ground Lease.

50.20(c) Tenant and subtenants (if any) may not inquire about, require disclosure of, or if such information is received base an Adverse Action (as defined in Chapter 12T) on an applicant's or potential applicant for employment, or employee's: (1) Arrest (as defined in Chapter 12T) not leading to a Conviction (as defined in Chapter 12T), unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

50.20(d) Tenant and subtenants (if any) may not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in Section 50.20(c) above. Tenant and subtenants (if any) may not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

50.20(e) Tenant and subtenants (if any) will state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment with Tenant or subtenant at the Site, that the Tenant or subtenant will

consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

50.20(f) Tenant and subtenants (if any) will post the notice prepared by the Office of Labor Standards Enforcement ("OLSE"), available on OLSE's website, in a conspicuous place at the Site and at other workplaces within San Francisco where interviews for job opportunities at the Site occur. The notice will be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the Site or other workplace at which it is posted.

50.20(g) Tenant and subtenants (if any) understand and agree that upon any failure to comply with the requirements of Chapter 12T, the City will have the right to pursue any rights or remedies available under Chapter 12T or this Ground Lease, including but not limited to a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant, or other person as to whom a violation occurred or continued, termination, or suspension in whole or in part of this Ground Lease.

50.20(h) If Tenant has any questions about the applicability of Chapter 12T, it may contact the City's Real Estate Division for additional information. City's Real Estate Division may consult with the Director of the City's Office of Contract Administration who may also grant a waiver, as set forth in Section 12T.8.

50.21 Prevailing Wages and Working Conditions. Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.61. Tenant will require its Contractors and Subcontractors performing (i) labor in connection with a "public work" as defined under California Labor Code Section 1720 *et seq.* (which includes certain construction, alteration, maintenance, demolition, installation, repair, carpet laying, or refuse hauling work if paid for in whole or part out of public funds) or (ii) Covered Construction, at the Premises to (1) pay workers performing such work not less than the Prevailing Rate of Wages, (2) provide the same hours, working conditions, and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with San Francisco Administrative Code Section 23.61 (collectively, "**Prevailing Wage Requirements**"). Tenant agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

Tenant will include, and will require its subtenants, and Contractors and Subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Section 23.61. Each such Construction Contract must name the City and County of San Francisco, affected workers, and employee organizations formally representing affected workers as third party beneficiaries for the limited purpose of enforcing the Prevailing Wage Requirements, including the right to file charges and seek penalties against any Contractor or Subcontractor in accordance with San Francisco Administrative Code Section 23.61. Tenant's failure to comply with its obligations under this Section will constitute a material breach of this Ground Lease. A Contractor's or Subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative

Code Section 23.61 against the breaching party. For the current Prevailing Rate of Wages, contact the City's Office of Labor Standards Enforcement.

50.22 Consideration of Salary History Tenant shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or "Pay Parity Act." For each employment application to Tenant for work that relates to this Agreement or for work to be performed in the City or on City property, Tenant is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant. Tenant shall not (1) ask such applicants about their current or past salary or (2) disclose a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Tenant is subject to the enforcement and penalty provisions in Chapter 12K. Information about Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>.

50.23 Sugar-Sweetened Beverage Prohibition. Tenant agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Ground Lease.

50.24 Taxes, Assessments, Licenses, Permit Fees and Liens.

50.24(a) Tenant recognizes and understands that this Ground Lease may create a possessory interest subject to property taxation and that Tenant may be subject to the payment of property taxes levied on such interest.

50.24(b) Tenant agrees to pay taxes of any kind, including possessory interest taxes, that may be lawfully assessed on the Leasehold Estate created and to pay all other taxes, excises, licenses, permit charges, and assessments based on Tenant's usage of the Premises that may be imposed upon Tenant by law, all of which must be paid when the same become due and payable and before delinquency.

50.24(c) Tenant agrees not to allow or suffer a lien for any such taxes to be imposed upon the Premises or upon any equipment or property located thereon without promptly discharging the same, provided that Tenant, if so desiring, may have reasonable opportunity to contest the validity of the same.

50.24(d) San Francisco Administrative Code Sections 23.38 and 23.39 require that certain information relating to the creation, renewal, extension, assignment, sublease, or other transfer of this Ground Lease be provided to the County Assessor within sixty (60) days after the transaction. Accordingly, Tenant must provide a copy of this Ground Lease to the County Assessor not later than sixty (60) days after the Effective Date, and any failure of Tenant to timely provide a copy of this Ground Lease to the County Assessor will be a default under this Ground Lease. Tenant will also timely provide any information that City may request to ensure compliance with this or any other reporting requirement.

50.25 Vending Machines; Nutritional Standards. Tenant may not install or permit any vending machine on the Premises without the prior written consent of Landlord. Any permitted vending machine must comply with the food nutritional and calorie labeling requirements set forth in San Francisco Administrative Code section 4.9-1(c), as may be amended from time to

time (the “**Nutritional Standards Requirements**”). Tenant agrees to incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Premises or for the supply of food and beverages to that vending machine. Failure to comply with the Nutritional Standards Requirements or to otherwise comply with this Section 50.25 will be deemed a material breach of this Ground Lease. Without limiting Landlord’s other rights and remedies under this Ground Lease, Landlord will have the right to require the immediate removal of any vending machine on the Premises that is not permitted or that violates the Nutritional Standards Requirements.

50.26 San Francisco Packaged Water Ordinance. Tenant agrees to comply with San Francisco Environment Code Chapter 24 (“**Chapter 24**”). Tenant shall not sell, provide or otherwise distribute Packaged Water, as defined in Chapter 24 (including bottled water), in the performance of this Agreement or on City property unless Tenant obtains a waiver from the City’s Department of the Environment. If Tenant violates this requirement, the City may exercise all remedies in this Agreement and the Director of the City’s Department of the Environment may impose administrative fines as set forth in Chapter 24.

ARTICLE 51 COMPLETE AGREEMENT

There are no oral agreements between Tenant and the City affecting this Ground Lease, and this Ground Lease supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings between Tenant and the City with respect to the lease of the Site.

ARTICLE 52 AMENDMENTS

Neither this Ground Lease nor any terms or provisions hereof may be changed, waived, discharged, or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge, or termination is sought. No waiver of any breach will affect or alter this Ground Lease, but each and every term, covenant, and condition of this Ground Lease will continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Any amendments or modifications to this Ground Lease, including, without limitation, amendments to or modifications to the exhibits to this Ground Lease, will be subject to the mutual written agreement of City and Tenant, and City’s agreement may be made upon the sole approval of the City’s Director of Property, or his or her designee; provided, however, material amendments, or modifications to this Ground Lease (a) changing the legal description of the Site, (b) increasing the Term, (c) increasing the Rent, (d) changing the general use of the Site from the use authorized under this Ground Lease, and (e) any other amendment or modification which materially increases the City’s liabilities or financial obligations under this Ground Lease will additionally require the approval of the City’s Board of Supervisors.

ARTICLE 53 ATTACHMENTS

The following are attached to this Ground Lease and by this reference made a part hereof:

1. Legal Description of Site
2. Schedule of Performance

3. City Consent of Leasehold Mortgage
4. Reserved
5. Memorandum of Ground Lease
6. Form of Income Certification Form

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS GROUND LEASE, TENANT ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS GROUND LEASE UNLESS AND UNTIL CITY'S BOARD OF SUPERVISORS HAS DULY ADOPTED A RESOLUTION APPROVING THIS GROUND LEASE AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY UNDER THIS GROUND LEASE ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS GROUND LEASE WILL BE NULL AND VOID IF CITY'S MAYOR AND THE BOARD OF SUPERVISORS DO NOT APPROVE THIS GROUND LEASE, IN THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF THIS GROUND LEASE BY ANY DEPARTMENT, COMMISSION, OR AGENCY OF CITY WILL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED, AND NO SUCH APPROVAL WILL CREATE ANY BINDING OBLIGATIONS ON CITY.

IN WITNESS WHEREOF, the Tenant and the City have executed this Ground Lease as of the day and year first above written.

TENANT:

1064 Mission, L.P.,
a California limited partnership

By: 1064 Mission LLC,
a California limited liability company,
its co general partner

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

By: _____
Name: _____
Title: _____

By: Mercy Housing 1064 Mission LLC,
a California limited liability company,
is co general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: _____
Title: _____

CITY AS LANDLORD:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

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

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

ATTACHMENT 1

LEGAL DESCRIPTION OF THE SITE

(1064-68 Mission Street)

ATTACHMENT 2
SCHEDULE OF PERFORMANCE

ATTACHMENT 3

CITY CONSENT OF LEASEHOLD MORTGAGE

Date:

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

RE: _____, San Francisco (LEASEHOLD MORTGAGE)

Dear Sir or Madam:

Under Section 25.01 of the _____ Ground Lease, dated _____, 20____, between the City and County of San Francisco ("City") and _____, a California _____, we are formally requesting the City's consent to our placing a leasehold mortgage upon the leasehold estate of the above referenced development. The following information is provided in order for the City to provide its consent:

Lender:

Principal Amount:

Interest:

Term:

Attached hereto are unexecuted draft loan documents, including the loan agreement, promissory note, and all associated security agreements which we understand are subject to the review and approval by the City. Furthermore, we are willing to supply any additional documentation related to the leasehold mortgage which the City deems necessary.

Sincerely,

a California Limited Partnership

By: _____

Name: _____

Title: _____

enc.

By signing this letter, the City consents to the leasehold mortgage, under the terms and conditions of Section 25.01 of the _____ Ground Lease, dated _____, 20____.

Mayor's Office of Housing and Community Development

Daniel Adams, Acting Director

ATTACHMENT 4

Reserved

ATTACHMENT 5

MEMORANDUM OF LEASE

Free Recording Requested under
Government Code Section 27383

When recorded, mail to:

Mayor's Office of Housing and Community Development
of the City and County of San Francisco
1 South Van Ness Avenue, Fifth Floor
San Francisco, California 94103
Attn: Director

MEMORANDUM OF GROUND LEASE

This Memorandum of Ground Lease ("Memorandum") is entered into as of _____, 2020, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "City"), acting by and through the Mayor's Office Of Housing and Community Development ("City"), and 1064 MISSION, L.P., A California Limited Partnership ("Tenant"), with respect to that certain Ground Lease (the "Lease") dated _____, 2020, between City and Tenant.

Under the Lease, City hereby leases to Tenant and Tenant leases from City the real property more particularly described in Exhibit A, attached hereto and incorporated herein by this reference (the "Property"). The Lease will commence on the date set forth above and will end on the date that is 75 years from the date set forth above, subject to a 24 year option to extend, unless terminated earlier or extended pursuant to the terms of the Lease.

It is the intent of the parties to the Lease that the Lease creates a constructive notice of severance of the Improvements (as defined in the Lease), without the necessity of a deed from Lessor to Lessee, which Improvements are and will remain real property.

This Memorandum incorporates herein all of the terms and provisions of the Lease as though fully set forth herein.

This Memorandum is solely for recording purposes and will not be construed to alter, modify, amend, or supplement the Lease, of which this is a memorandum.

This Memorandum may be signed by the parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts will be deemed an original of this Memorandum.

Executed as of _____, 2020 in San Francisco, California.

TENANT: 1064 Mission, L.P., a California Limited Partnership.

By: 1064 Mission LLC,
a California limited liability company,
its co general partner

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

By: _____
Name: _____
Title: _____

By: Mercy Housing 1064 Mission LLC,
a California limited liability company,
is co general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: _____
Title: _____

CITY: CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

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

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

ATTACHMENT 6
FORM OF TENANT INCOME CERTIFICATION



SAN FRANCISCO PLANNING DEPARTMENT

General Plan Referral

Date: May 4, 2017
Case No. Case No. 2017-005007GPR
Application to Federal Government for Surplus Land,
to be used for homeless supportive housing project

Block/Lot No.: Block 3703/Lots 084 and 040
Project Sponsor: John Updike, Director
San Francisco Real Estate Division
25 Van Ness Ave. Suite 400
San Francisco, CA 94102

Applicant: Same as Above

Staff Contact: Rachael A. Tanner – (415) 575-8730
Rachael.Tanner@sfgov.org

Recommendation: Finding the project, on balance, is in conformity with
the General Plan

Recommended By:  ADAM VARAT for
John Rahaim, Director of Planning

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

PROJECT DESCRIPTION

The Project is the City's proposed purchase and/or lease of two contiguous parcels located at 1064-1068 Mission Street. If the Project is approved, the Mayor's Office of Housing and Community Development (MOHCD) will construct at least 100 units of supportive housing for the homeless on the site. MOHCD has identified capital funds to bring the project to fruition. The property is currently owned by the federal government. 1064 Mission is currently leased to the City of San Francisco and operated as a public parking lot. 1068 contains a vacant 3-story building. The federal government invited local governments to apply for the acquisition of federally owned land that could be used to address homelessness. These parcels are available for less than market value. This Project is a response to this federal program.

The property at 1068 Mission Street is not listed or eligible for listing in the National Historic Register. The Project, however, shares a boundary with the James R. Browning Courthouse, which is designated as a National Historic Landmark. This proposed Project concerns the purchase of the land only. Any subsequent project, including design, will be reviewed separately and any impact on historic resources will be included in that review.

The submittal is for a General Plan Referral to recommend whether the Project is in conformity with the General Plan, pursuant to Section 4.105 of the Charter, and Section 2A.52 and 2A.53 of the Administrative Code.

ENVIRONMENTAL REVIEW

On April 25, 2017, the Environmental Planning division of the Department determined that the Project (Block 3703/Lots 084 and 040) is not defined as a project under CEQA Guidelines Sections 15060(c) and 15378 because it does not result in a physical change in the environment.

GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

The Project is the City's proposed acquisition and/or lease of property serving as a parking lot and containing a vacant 3-story building in order to construct permanent, supportive housing for the homeless. The Project is consistent with the Eight Priority Policies of Planning Code Section 101.1 as described in the body of this letter and is, on balance, **in-conformity** with the following Objectives and Policies of the General Plan:

HOUSING ELEMENT

POLICY 1.3

Work proactively to identify and secure opportunity sites for permanently affordable housing. The City should aggressively pursue opportunity sites for permanently affordable housing development. Publicly-owned land offers unique opportunity for development of affordable housing.

POLICY 1.10 Support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips. Infill housing in transit-rich areas can provide lower income households, affordable unsubsidized housing opportunities. Housing with easy access to transit facilitates the City's efforts to implement the City's Transit First policy. Additionally housing near transit can provide site efficient and cost effective housing.

POLICY 6.1 Prioritize permanent housing and service enriched solutions while pursuing both short- and long-term strategies to eliminate homelessness. While shelters can provide an alternative to sleeping on the streets, they do little to address the underlying causes. A permanent solution to homelessness requires permanent affordable housing. San Francisco has focused homeless housing efforts on providing very low-income homeless singles and families

a range of supportive options that are intended to stabilize their housing situation for the long term.

POLICY 7.4 Facilitate affordable housing development through land subsidy programs, such as land trusts and land dedication. Land costs are a considerable portion of affordable housing development costs. The City shall support and encourage land based subsidies, especially when land is well suited for affordable housing development.

The proposed Project advances several objectives and policies in the Housing Element of the San Francisco General Plan. The City is working proactively to secure this site for affordable housing. The Project will use public land to construct supportive housing to serve homeless families and individuals. The Project is located in a transit-rich, downtown location in close proximity to rail (Civic Center BART/MUNI station), several bus lines, and bike lanes.

DOWNTOWN PLAN

OBJECTIVE 7 EXPAND THE SUPPLY OF HOUSING IN AND ADJACENT TO DOWNTOWN.

POLICY 7.2 Facilitate conversion of underused industrial and commercial areas to residential use. Opportunities exist for major new residential development in certain areas close to downtown. New housing can be provided without significant displacement of existing residential units or commercial or industrial activity. Housing can be introduced on vacant or underused sites adjacent to sites that are and will remain in active commercial or industrial use.

The Project parcels are within the Downtown Area Plan boundaries. The Project would transform an underutilized site into housing, which is an objective identified in the Downtown Plan. The site of the Project is identified as an area to increase housing. By providing 100 units of supportive housing, the Project will advance the goals of the Downtown Plan.

PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

Eight Priority Policies Findings

The subject project is found to be consistent with the Eight Priority Policies of Planning Code Section 101.1 in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced.

The Project would have no adverse effect on neighborhood serving retail uses or opportunities for employment in or ownership of such businesses.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhood.

The Project would have no adverse effect on the City's housing stock or on neighborhood character. The existing housing and neighborhood character will be not be negatively affected

3. That the City's supply of affordable housing be preserved and enhanced.

The Project would enhance the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

The Project would not result in commuter traffic impeding MUNI's transit service, overburdening the streets or altering current neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for residential employment and ownership in these sectors be enhanced.

The Project would not affect the existing economic base in this area.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The Project would not adversely affect achieving the greatest possible preparedness against injury and loss of life in an earthquake.

7. That landmarks and historic buildings be preserved.

This site and building are not landmarks or of historic significance.

8. That our parks and open space and their access to sunlight and vistas be protected from development.

The Project would have no adverse effect on parks and open space or their access to sunlight and vista.

RECOMMENDATION:	Finding the Project, on balance, in-conformity with the General Plan
------------------------	---

Attachments:

Project Information from the GSA, including photographs

cc: Sandi Levine, Real Estate

I:\Citywide\General Plan\General Plan Referrals\2015 TEMPLATE.doc



GSA Pacific Rim Region
Office of Real Property Utilization and Disposal

UNITED STATES GOVERNMENT REAL PROPERTY

**COMBINED
NOTICE OF DETERMINATION OF HOMELESS SUITABILITY
AND
NOTICE OF SURPLUS DETERMINATION**

**MISSION STREET PARKING
1064 AND 1068 MISSION STREET, SAN FRANCISCO, CA 94103
GSA CONTROL NO. 9-G-CA-1704-AB**

HUD PROPERTY NO. 54201710008

JANUARY 27, 2017

About the Property

The property is located at 1064 and 1068 Mission Street, San Francisco, California 94103.

1064 Mission Street contains a 1.1 acre parking lot. It is currently leased to City Park for public parking. Expiration date of the existing lease is September, 2017.

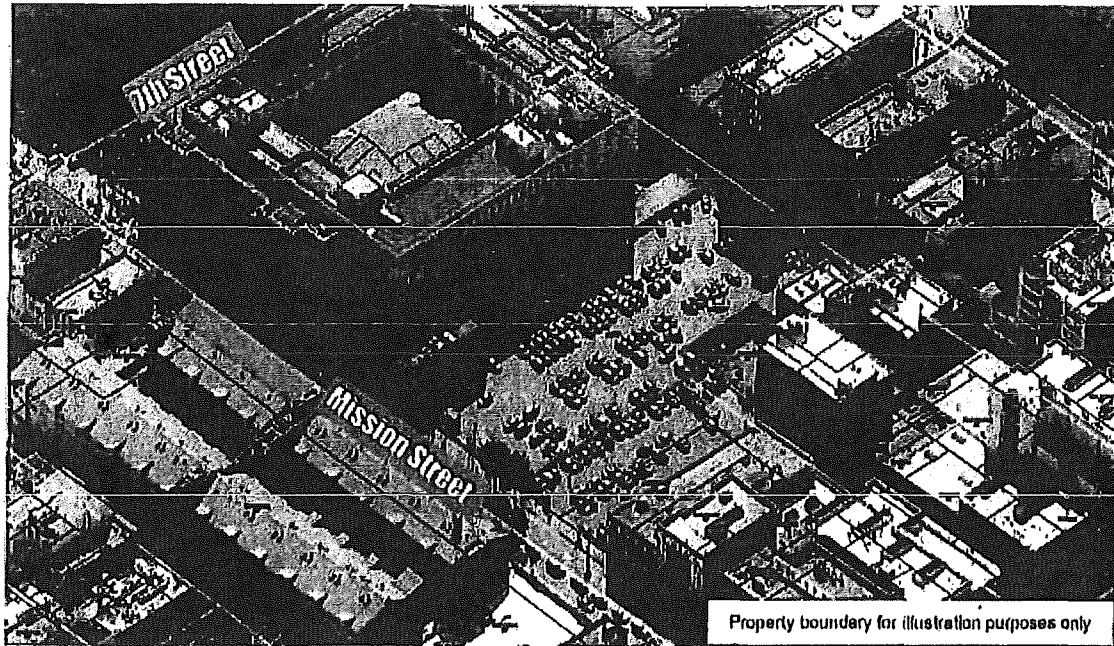
1068 Mission Street contains 0.049 acres of land and a three story building built in 1913 totaling 6,310 gross square feet. The building is currently vacant.

The property is not listed or eligible for listing in the National Historic Register. However, the property shares a boundary with the James R. Browning Courthouse which is designated as a National Historic Landmark and is listed on the National Register of Historic Places. Any future use may be subject to consultation under Section 106 of the National Historic Preservation Act.

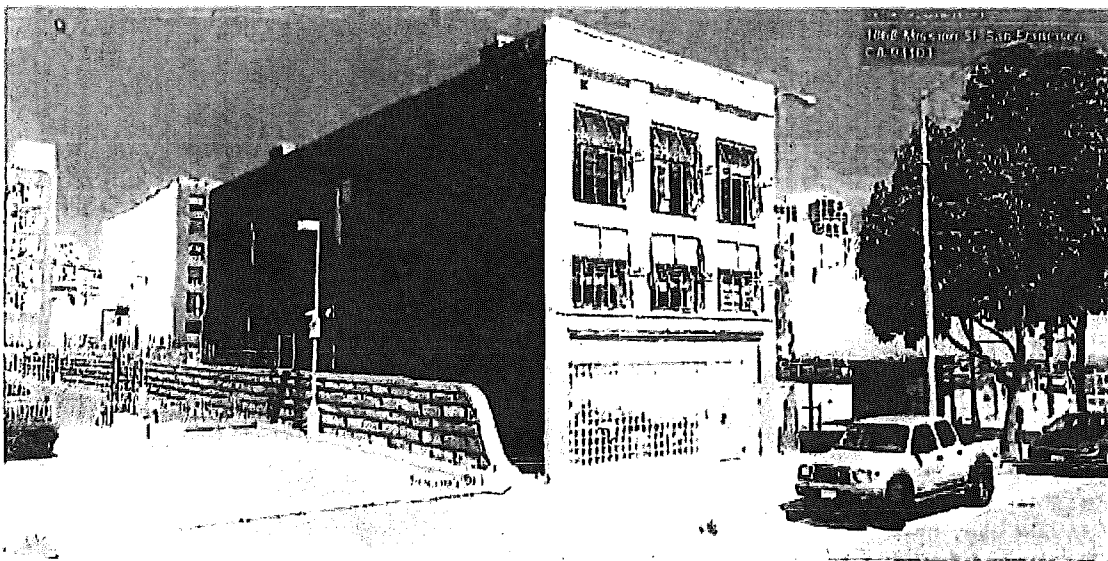
Because the property shares a boundary with the James R. Browning Courthouse, security requirements of the courthouse will be considered in the disposal and may impact future use of the property.

Photos and a map are included with these notices.

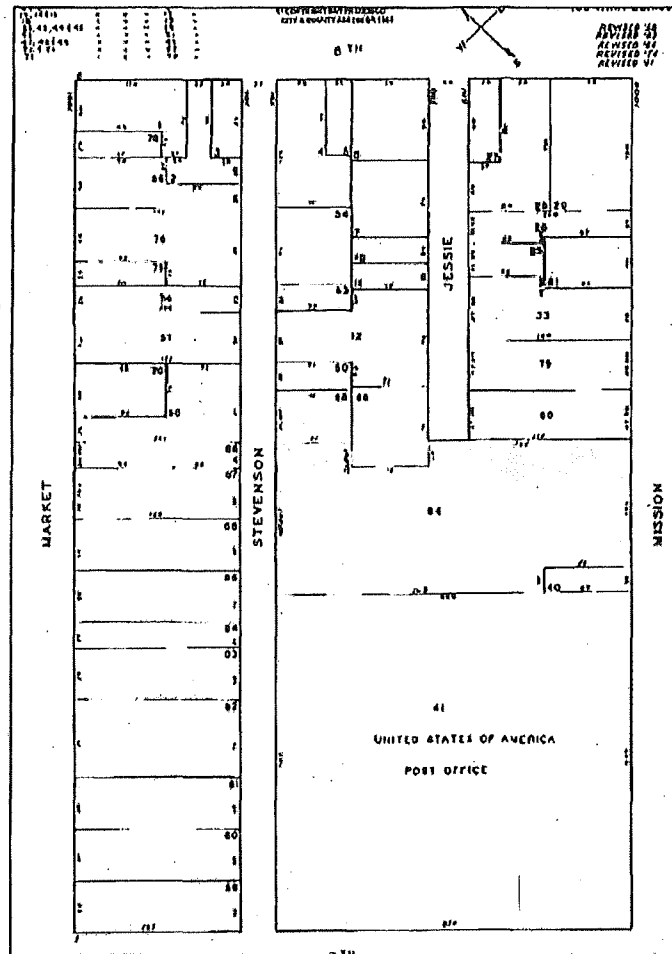
Ariel View: 1064 and 1068 Mission Street



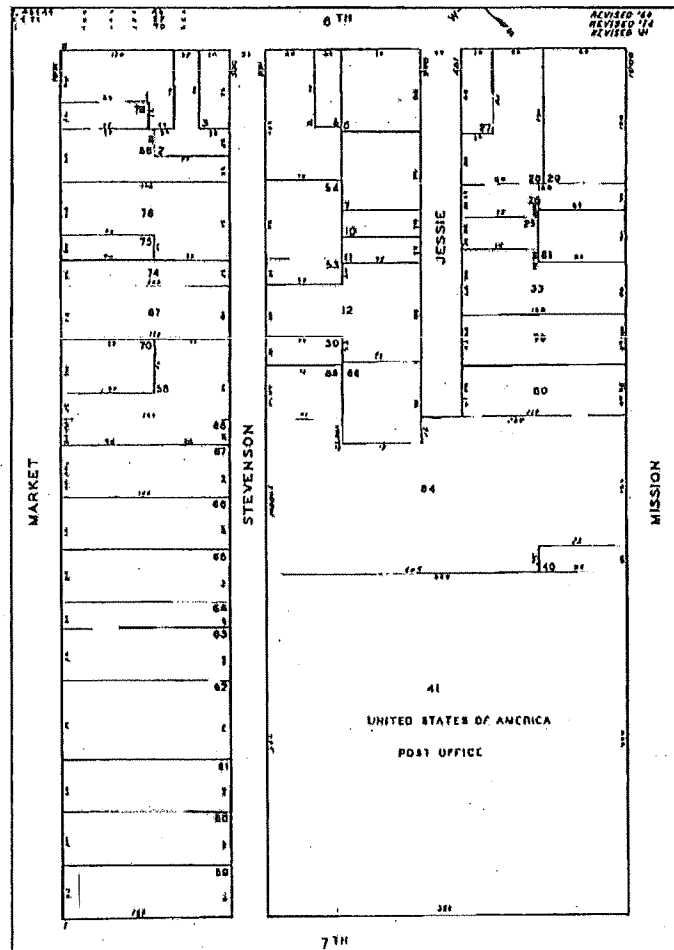
Street View: 1068 Mission Street



ASSESSOR'S MAP



ASSESSOR'S MAP



Wong, Jocelyn (BOS)

From: Romero, Anne (MYR)
Sent: Wednesday, October 30, 2019 2:54 PM
To: BOS Legislation, (BOS)
Subject: RE: Mayor - Resolution - Loan Agreement and Ground Lease– 1064 Mission, L.P. – 100% Affordable Housing at 1064-68 Mission Street – for a Loan Amount Not to Exceed \$74,408,049 and for an Annual Ground Lease Base Rent Amount of \$1.00

Thanks!
Anne

From: BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Sent: Wednesday, October 30, 2019 2:50 PM
To: Romero, Anne (MYR) <anne.romero@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>; Chan, Amy (MYR) <amy.chan@sfgov.org>; Peacock, Rebecca (MYR) <rebecca.peacock@sfgov.org>
Cc: Kittler, Sophia (MYR) <sophia.kittler@sfgov.org>
Subject: RE: Mayor - Resolution - Loan Agreement and Ground Lease– 1064 Mission, L.P. – 100% Affordable Housing at 1064-68 Mission Street – for a Loan Amount Not to Exceed \$74,408,049 and for an Annual Ground Lease Base Rent Amount of \$1.00

Please see attached for requested changes. Thank you.

Best regards,
Jocelyn Wong
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
T: 415.554.7702 | F: 415.554.5163
jocelyn.wong@sfgov.org | www.sfbos.org



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Disclosures: Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors' website or in other public documents that members of the public may inspect or copy.

From: Romero, Anne (MYR) <anne.romero@sfgov.org>
Sent: Wednesday, October 30, 2019 2:47 PM
To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>; Chan, Amy (MYR) <amy.chan@sfgov.org>; Peacock, Rebecca (MYR) <rebecca.peacock@sfgov.org>
Cc: Kittler, Sophia (MYR) <sophia.kittler@sfgov.org>
Subject: RE: Mayor - Resolution - Loan Agreement and Ground Lease– 1064 Mission, L.P. – 100% Affordable Housing at

1064-68 Mission Street – for a Loan Amount Not to Exceed \$74,408,049 and for an Annual Ground Lease Base Rent Amount of \$1.00

Yes, the page 5 reference to October 10, 2018 should also be removed. It is all covered by the letter dated May 4, 2017 from the Planning Department.

Thanks!

Anne

From: BOS Legislation, (BOS) <bos.legislation@sfgov.org>

Sent: Wednesday, October 30, 2019 2:43 PM

To: Romero, Anne (MYR) <anne.romero@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>; Chan, Amy (MYR) <amy.chan@sfgov.org>; Peacock, Rebecca (MYR) <rebecca.peacock@sfgov.org>

Cc: Kittler, Sophia (MYR) <sophia.kittler@sfgov.org>

Subject: RE: Mayor - Resolution - Loan Agreement and Ground Lease– 1064 Mission, L.P. – 100% Affordable Housing at 1064-68 Mission Street – for a Loan Amount Not to Exceed \$74,408,049 and for an Annual Ground Lease Base Rent Amount of \$1.00

I can remove it from the draft on our end.

There's also a FURTHER RESOLVED clause on page 5 that references October 10, 2018 – does that need to be removed as well?

Thank you,

Jocelyn Wong

San Francisco Board of Supervisors

1 Dr. Carlton B. Goodlett Place, Room 244

San Francisco, CA 94102

T: 415.554.7702 | F: 415.554.5163

jocelyn.wong@sfgov.org | www.sfbos.org

From: Romero, Anne (MYR) <anne.romero@sfgov.org>

Sent: Wednesday, October 30, 2019 2:38 PM

To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>; Chan, Amy (MYR) <amy.chan@sfgov.org>; Peacock, Rebecca (MYR) <rebecca.peacock@sfgov.org>

Cc: Kittler, Sophia (MYR) <sophia.kittler@sfgov.org>

Subject: RE: Mayor - Resolution - Loan Agreement and Ground Lease– 1064 Mission, L.P. – 100% Affordable Housing at 1064-68 Mission Street – for a Loan Amount Not to Exceed \$74,408,049 and for an Annual Ground Lease Base Rent Amount of \$1.00

Hi Jocelyn,

My apologies, I realize that this October 10, 2018 date referenced on page 4 of the legislation was erroneously carried forward from a previous project template resolution and does not pertain to this project. If it is possible to delete that sentence since the May 4, 2017 General Plan Referral letter covers the whole project, that would correct this error. Or we could make the correction in committee.

Thanks, and again, my apologies for this error.

Anne

From: BOS Legislation, (BOS) <bos.legislation@sfgov.org>

Sent: Wednesday, October 30, 2019 11:55 AM

To: Chan, Amy (MYR) <amy.chan@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>; Peacock, Rebecca (MYR) <rebecca.peacock@sfgov.org>; Romero, Anne (MYR) <anne.romero@sfgov.org>

Cc: Kittler, Sophia (MYR) <sophia.kittler@sfgov.org>

Subject: RE: Mayor - Resolution - Loan Agreement and Ground Lease– 1064 Mission, L.P. – 100% Affordable Housing at 1064-68 Mission Street – for a Loan Amount Not to Exceed \$74,408,049 and for an Annual Ground Lease Base Rent Amount of \$1.00

Thank you. Please also send the Planning Department letter, October dated October 10, 2018, as referenced on page 4 of the legislation.

Jocelyn Wong

San Francisco Board of Supervisors

1 Dr. Carlton B. Goodlett Place, Room 244

San Francisco, CA 94102

T: 415.554.7702 | F: 415.554.5163

jocelyn.wong@sfgov.org | www.sfbos.org

From: Chan, Amy (MYR) <amy.chan@sfgov.org>

Sent: Wednesday, October 30, 2019 10:33 AM

To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>; Peacock, Rebecca (MYR) <rebecca.peacock@sfgov.org>; Romero, Anne (MYR) <anne.romero@sfgov.org>

Cc: Kittler, Sophia (MYR) <sophia.kittler@sfgov.org>

Subject: RE: Mayor - Resolution - Loan Agreement and Ground Lease– 1064 Mission, L.P. – 100% Affordable Housing at 1064-68 Mission Street – for a Loan Amount Not to Exceed \$74,408,049 and for an Annual Ground Lease Base Rent Amount of \$1.00

Hi Jocelyn,

Your edits are acceptable.

Anne, can you send the Clerk the executed predev loan?

Thanks,

Amy

Amy Chan

Director of Policy and Legislative Affairs

Mayor's Office of Housing and Community Development

1 South Van Ness, 5th Floor

San Francisco, CA 94103

tel: [415.701.5508](tel:415.701.5508) fax: [415.701.5501](tel:415.701.5501)

amy.chan@sfgov.org

From: BOS Legislation, (BOS) <bos.legislation@sfgov.org>

Sent: Wednesday, October 30, 2019 9:36 AM

To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>; Peacock, Rebecca (MYR) <rebecca.peacock@sfgov.org>

Cc: Kittler, Sophia (MYR) <sophia.kittler@sfgov.org>; Chan, Amy (MYR) <amy.chan@sfgov.org>

Subject: RE: Mayor - Resolution - Loan Agreement and Ground Lease— 1064 Mission, L.P. – 100% Affordable Housing at 1064-68 Mission Street – for a Loan Amount Not to Exceed \$74,408,049 and for an Annual Ground Lease Base Rent Amount of \$1.00

My apologies. Please see attached for additional edits. Is there also a copy of the executed original loan agreement?

Jocelyn Wong

San Francisco Board of Supervisors

1 Dr. Carlton B. Goodlett Place, Room 244

San Francisco, CA 94102

T: 415.554.7702 | F: 415.554.5163

jocelyn.wong@sfgov.org | www.sfbos.org

From: BOS Legislation, (BOS) <bos.legislation@sfgov.org>

Sent: Wednesday, October 30, 2019 9:29 AM

To: Peacock, Rebecca (MYR) <rebecca.peacock@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>

Cc: Kittler, Sophia (MYR) <sophia.kittler@sfgov.org>; Chan, Amy (MYR) <amy.chan@sfgov.org>

Subject: RE: Mayor - Resolution - Loan Agreement and Ground Lease— 1064 Mission, L.P. – 100% Affordable Housing at 1064-68 Mission Street – for a Loan Amount Not to Exceed \$74,408,049 and for an Annual Ground Lease Base Rent Amount of \$1.00

Good morning,

Please see attached for proof of clerical edits made to the titles and throughout the body of the legislation. Kindly review and confirm if these changes are suitable. May we please also have a copy of the Planning Department Letter, dated October 10, 2018, as referenced on page 4 of the legislation? Thank you.

Best regards,

Jocelyn Wong

San Francisco Board of Supervisors

1 Dr. Carlton B. Goodlett Place, Room 244

San Francisco, CA 94102

T: 415.554.7702 | F: 415.554.5163

jocelyn.wong@sfgov.org | www.sfbos.org



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From: Peacock, Rebecca (MYR) <rebecca.peacock@sfgov.org>

Sent: Tuesday, October 29, 2019 5:42 PM

To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>

Cc: Kittler, Sophia (MYR) <sophia.kittler@sfgov.org>; Chan, Amy (MYR) <amy.chan@sfgov.org>

Subject: Mayor - Resolution - Loan Agreement and Ground Lease– 1064 Mission, L.P. – 100% Affordable Housing at 1064-68 Mission Street – for a Loan Amount Not to Exceed \$74,408,049 and for an Annual Ground Lease Base Rent Amount of \$1.00

Attached for introduction to the Board of Supervisors is an **Resolution approving and authorizing the Director of the Mayor's Office of Housing and Community Development to execute a Loan Agreement and long term Ground Lease with 1064 Mission, L.P., a California limited partnership, in a loan amount not to exceed \$74,408,049 for a minimum loan term of 57 years to finance the construction of a 100% affordable, 256-unit multifamily rental housing development (plus 2 staff units) for low income adults and seniors experiencing homelessness with ancillary commercial space for public benefit and community serving purposes for a culinary job training program ("CHEFs") ("Project") and a lease term of 75 years with a 24 year extension option, and with an annual base rent of \$1.00, in order to construct the Project once the site is transferred to the City ("Ground Lease"); adopting findings that the Loan Agreement and Ground Lease are consistent with the City's General Plan, and the priority policies of Planning Code Section 101.1; and authorizing the Director of Property and the Director of the Mayor's Office of Housing and Community Development to execute documents, make certain modifications, and take certain actions in furtherance of this Resolution..**

Please let me know if you have any questions.

Rebecca Peacock

(415) 554-6982

Rebecca.Peacock@sfgov.org

**Office of Mayor London N. Breed
City & County of San Francisco**

OFFICE OF THE MAYOR
SAN FRANCISCO



RECEIVED
LONDON N. BREED
BOARD OF SUPERVISORS
MAYOR
SAN FRANCISCO

2019 OCT 29 PM 4:21

BY

A handwritten signature in black ink, appearing to be "LB", written over a horizontal line.

Handwritten initials "Sc" in black ink.

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Sophia Kittler
RE: Loan Agreement and Ground Lease– 1064 Mission, L.P. – 100%
Affordable Housing at 1064-68 Mission Street – for a Loan Amount Not to
Exceed \$74,408,049 and for an Annual Ground Lease Base Rent Amount
of \$1.00
DATE: Tuesday, October 29, 2019

Resolution approving and authorizing the Director of the Mayor's Office of Housing and Community Development to execute a Loan Agreement and long term Ground Lease with 1064 Mission, L.P., a California limited partnership, in a loan amount not to exceed \$74,408,049 for a minimum loan term of 57 years to finance the construction of a 100% affordable, 256-unit multifamily rental housing development (plus 2 staff units) for low income adults and seniors experiencing homelessness with ancillary commercial space for public benefit and community serving purposes for a culinary job training program ("CHEFs") ("Project") and a lease term of 75 years with a 24 year extension option, and with an annual base rent of \$1.00, in order to construct the Project once the site is transferred to the City ("Ground Lease"); adopting findings that the Loan Agreement and Ground Lease are consistent with the City's General Plan, and the priority policies of Planning Code Section 101.1; and authorizing the Director of Property and the Director of the Mayor's Office of Housing and Community Development to execute documents, make certain modifications, and take certain actions in furtherance of this Resolution.

Should you have any questions, please contact Sophia Kittler at 415-554-6153.

LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO HOTEL TAX FUND, RESIDENTIAL
HOTEL REPLACEMENT, AHF INCLUSIONARY)

By and Between

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

and

1064 MISSION, L.P., a California limited partnership

for

1064-1068 Mission Street
\$6,224,561

HOTEL TAX: \$ 256,929
RESIDENTIAL HOTEL REPLACEMENT: \$2,000,000
AHF INCLUSIONARY: \$3,967,632

Dated as of February 7, 2019

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B-2	Annual Operating Budget
B-3	20-Year Cash Flow Proforma
C	Form of Tenant Income Certification
D	First Source Hiring Requirements and Numerical Goals
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LOAN AGREEMENT
(City and County of San Francisco
HOTEL TAX FUND, RESIDENTIAL HOTEL REPLACEMENT, AHF INCLUSIONARY)
(1064-1068 Mission Street)

THIS LOAN AGREEMENT ("Agreement") is entered into as of February 7, 2019 by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and **1064 MISSION, L.P.**, a California limited partnership ("Borrower").

RECITALS

A. The City is authorized under San Francisco Business and Tax Regulations Code Section 515.01(b)(3)(F) to use a portion of hotel tax funds collected by the City under this Agreement (the "Hotel Tax Funds") to assist in the construction or rehabilitation of low-income rental housing for the elderly or physically handicapped.

B. Under the Inclusionary Affordable Housing Program set forth in Sections 415.1 *et seq.* of the San Francisco Planning Code, the Citywide Affordable Housing Fund receives in-lieu Affordable Housing Fees ("Fees") paid by housing developers to satisfy requirements of the Inclusionary Affordable Housing Program. The City may use the Fees received by the Citywide Affordable Housing Fund (the "AHF Inclusionary Funds") to finance housing affordable to qualifying households. MOHCD administers the Funds pursuant to Section 10.100-49 of the San Francisco Administrative Code and enforces agreements relating to them.

C. Under the Expedited Conversion program set forth in Section 1396.4 of the San Francisco Subdivision Code, the Citywide Affordable Housing Fund receives fees relating to the conversion of dwelling units into condominiums ("Fees"). The City may use the Fees received by the Citywide Affordable Housing Fund (the "Hotel Replacement Funds") to finance housing affordable to qualifying households. MOHCD administers the Funds pursuant to Section 10.100-49 of the San Francisco Administrative Code and enforces agreements relating to them.

D. Borrower intends to acquire a leasehold interest in the real property located at 1064-1068 Mission Street, San Francisco, California (the "Land") under a Ground Lease, by and between Borrower and the City and County of San Francisco ("Ground Lessor"). Borrower desires to use the Funds to develop two new permanent supportive housing developments with 153 units for formerly homeless adults, 103 units for formerly homeless seniors age 55 years and older on the Land, plus two resident staff units, as well as to construct the commercial shell of a culinary job training program (the "Commercial Space") which will be known as the CHEFS Program (the "Project"). If the context requires, the term "Improvements" will include the Commercial Space. A separate parcel will be created for the City to develop and own a Homeless Services Center funded by other City funds.

E. The City has reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, has agreed to make a loan of Funds to Borrower (the "Loan") in the amount of Six Million Two Hundred Twenty Four Thousand Five Hundred

Sixty One and No/100 Dollars (\$6,224,561) (the "Funding Amount") under this Agreement to fund certain costs related to the Project. The Funding Amount is comprised of (i) Hotel Tax Funds in the amount of Two Hundred Fifty Six Thousand Nine Hundred Twenty Nine and No/100 (\$256,929); (ii) Hotel Replacement Funds in the amount of Two Million Dollars (\$2,000,000); and (iii) AHF Inclusionary Funds in the amount of Three Million Nine Hundred Sixty-Seven Thousand Six Hundred Thirty-Two Dollars (\$3,967,632) (collectively, the "Funds").

AGREEMENT

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

ARTICLE 1 DEFINITIONS.

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

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

"Agreement" means this Loan Agreement.

"Agreement Date" means the date first written above.

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

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

"Approved Plans" has the meaning set for in **Section 5.2**.

"Approved Specifications" has the meaning set forth in **Section 5.2**.

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

"Borrower" means 1064 Mission, L.P., a California limited partnership, and its authorized successors and assigns.

"Certificate of Preference" means the form establishing a priority right for tenant selection, as further described in the Operational Rules.

"Certificate of Preference Holder" means a person or household that has been issued a Certificate of Preference.

"CFR" means the Code of Federal Regulations.

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

"CHEFS Program" means Conquering Homelessness through Employment in Food Services, a culinary job training program of Episcopal Community Services which will occupy the ground floor commercial space on Mission Street.

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

"City Documents" means this Agreement, the Note the Bridge Note and any other documents executed or, delivered in connection with this Agreement.

"CNA" means a 20-year capital needs assessment or analysis of replacement reserve requirements, as further defined by MOHCD's CNA policy, as it may be amended from time to time.

"Commercial Space" has the meaning set forth in **Recital D** and further defined in MOHCD's commercial space policy as it may be amended from time to time. As used in this Agreement, the term excludes non-residential space in the Project to be used primarily for the benefit of the Tenants.

"Completion Date" has the meaning set forth in **Section 5.6**.

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

"Construction Contract" has the meaning set forth in **Section 5.2**.

"Contracting Manual" means the Contracting Manual (2006 Amendment) for Federally Funded Construction Projects Financed by the Mayor's Office of Housing, issued by MOHCD on November 18, 2002, as amended on May 22, 2007, as the same may be further amended from time to time.

"Control of the Site" means Borrower's acquisition of a leasehold interest in the Site (or a portion thereof).

"Conversion Date" means the date on which construction financing for the Project is converted into permanent financing, if applicable.

"Declaration of Restrictions" means a recorded declaration of restrictions in substantially the form and substance attached hereto as **Exhibit N** that requires Borrower and the Project to comply with the use restrictions in this Agreement for the Compliance Term, even if the Loan is repaid or otherwise satisfied, this Agreement terminates or the Deed of Trust is reconveyed.

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

"Department of Building Inspection" has the meaning set forth in **Section 5.2**.

"Developer Fees" has the meaning set forth in **Section 15.1**.

"Development Expenses" means all costs incurred by Borrower and approved by the City in connection with the development of the Project, including: (a) hard and soft development costs; (b) deposits into required capitalized reserve accounts; (c) costs of converting Project financing, including bonds, into permanent financing; (d) the expense of a cost audit; and (e) allowed Developer Fees.

"Development Proceeds" means the sum of: (a) funds contributed or to be contributed to Borrower by Borrower's limited partner as capital contributions, equity or for any other purpose under Borrower's limited partnership agreement; and (b) the proceeds of all other financing for the Project.

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

"Displaced Tenant Preference Certificate Holder" means a person or household that has been issued a certificate under the Displaced Tenant Preference Program, as further described in the Operational Rules.

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

"Early Retention Release Contractors" means contractors who will receive retention payments upon satisfaction of requirements set forth in **Section 4.7**.

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

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

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

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

"Expenditure Request" means a written request by Borrower for a Disbursement from the Funding Amount, which must certify that the Project costs covered by the Expenditure Request have been paid or incurred by Borrower.

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

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

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

"General Partner" means Mercy Housing 1064 Mission LLC and 1064 Mission LLC, California limited liability companies that are co-general partners, and respectively affiliates of Mercy Housing California and Episcopal Community Services.

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

"Ground Lease" has the meaning set forth in **Recital B**.

"Ground Lessor" has the meaning specified in **Recital B**.

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

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

"Homeless Household" means a household that meets the referring agency's definition of Homeless Household for initial occupancy and upon available vacancies thereafter, as per the Local Operating Subsidy contract.

"Homeless Services Center" means a separate parcel on Stevenson Street co-owned and operated by the Department of Homelessness and Supportive Housing and the Department of Public Health to serve the needs of people experiencing homelessness, including the relocated Tom Waddell Urgent Care Clinic, the Street Medicine program, dental services, and the SF Homeless Outreach Team (SF HOT).

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

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

"Indemnify" means, whenever any provision of this Agreement requires a person or entity (the "Indemnitor") to indemnify any other entity or person (the "Indemnitee"), that the Indemnitor will be obligated to defend, indemnify and protect and hold harmless the Indemnitee, its officers, employees, agent, constituent partners, and members of its boards and commissions harmless from and against any and all Losses arising directly or indirectly, in whole or in part, out of the act, omission, event, occurrence or condition with respect to which the Indemnitor is required to indemnify an Indemnitee, whether the act, omission, event, occurrence or condition is caused by the Indemnitor or its agents, employees or contractors, or by any third party or any natural cause, foreseen or unforeseen; *provided that* no Indemnitor will be obligated to indemnify any Indemnitee against any Loss arising or resulting from the gross negligence or intentional wrongful acts or omissions of the Indemnitee or its agents, employees or contractors. If a Loss is attributable partially to the grossly negligent or intentionally wrongful acts or omissions of the Indemnitee (or its agents, employees or contractors), the Indemnitor must Indemnify the Indemnitee for that part of the Loss not attributable to its own grossly negligent or intentionally wrongful acts or omissions or those of its agents, employees or contractors.

"Indemnitee" has the specific meaning set forth in **Section 23.1** and the general meaning set forth in the definition of "Indemnify."

"Indemnitor" has the meaning set forth in the definition of "Indemnify."

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

"License Agreement" means the revocable license agreement between Borrower and the City permitting Borrower to access the Property prior to the date on which Borrower obtains Control of the Site on the terms and conditions to be more particularly set forth therein.

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

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

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

"Median Income" means median income as published annually by MOHCD, derived from the Income Limits determined by HUD for the for the San Francisco area, adjusted solely

for household size, but not high housing cost area, also referred to as "Unadjusted Median Income."

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

"MOHCD Monthly Project Update" has the meaning set forth in **Section 10.2**.

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

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

"Operational Rules" means MOHCD's Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities dated August 1, 2015, as amended from time to time.

"Opinion" means an opinion of Borrower's California legal counsel, satisfactory to the City and its legal counsel, that Borrower is a duly formed, validly existing California limited partnership in good standing under the laws of the State of California, has the power and authority to enter into the City Documents and will be bound by their terms when executed and delivered, and that addresses any other matters the City reasonably requests.

"Out of balance" means that the sum of undisbursed Funds and any other sources of funds that Borrower has closed or for which Borrower has firm commitments will not be sufficient to complete acquisition/construction/rehabilitation of the Project, as determined by the City in its sole discretion.

"Outside Acquisition Date" has the meaning set forth in **Section 3.1**

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

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

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

"Project Expenses" means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments;

(c) required payments of interest and principal, if any, on any junior or senior financing secured by the Site and used to finance the Project that has been approved by the City; (d) all other expenses actually incurred to cover operating costs of the Project, including maintenance and repairs and the fee of any managing agent as indicated in the Annual Operating Budget; (e) required deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement; (f) the approved annual asset management fees indicated in the Annual Operating Budget and approved by the City; and (g) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account); Project Fees are not Project Expenses.

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

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

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

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

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

"SBE Manual" means that certain Small Business Enterprise Program manual dated July 1, 2015, as the same may be amended from time to time.

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

"Senior Lien" has the meaning set forth in **Section 24.1**.

"SFHA" means the San Francisco Housing Authority.

"Site" means the real property described in **Recital B** of this Agreement.

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

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

"TCAC" means the California Tax Credit Allocation Committee.

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

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

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

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

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

"Work Product" has the meaning set forth in **Section 24.21**.

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

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

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

(c) Accounting terms and financial covenants will be determined, and financial information must be prepared, in compliance with GAAP as in effect on the date of

performance. References to any Law, specifically or generally, will mean the Law as amended, supplemented or superseded from time to time.

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

1.3 Websites for Statutory References. The statutory and regulatory materials listed below may be accessed through the following identified websites.

(a) CFR provisions: www.access.gpo/nara/cfr

(b) OMB circulars: www.whitehouse.gov/OMB/circulars

(c) S.F. Administrative Code:
www.sfgov.org/site/government_index.asp#codes

1.4 Contracting Manual. Borrower shall use the Contracting Manual as a guide to Borrower's responsibilities under Laws and regulations regarding soliciting, awarding and administering contracts associated with projects assisted by federal funds. In the event of a conflict between the terms of the Contracting Manual and this Agreement, the terms of the Agreement shall prevail.

ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to finance predevelopment costs for two new permanent supportive housing developments for formerly homeless adults (153 units) and seniors for age 55 years plus (103 units) plus two resident staff units as well as predevelopment costs related to the Commercial Space. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Notwithstanding anything to the contrary contained herein, City shall not approve expenditure of Funds for expenses incurred by Borrower prior to February 9, 2018.

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

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

2.5 Conditions to Additional Financing. The City may grant or deny any application by Borrower for additional financing for the Project in its sole discretion. Borrower must satisfy the following conditions before applying to the City for additional financing: 1. Full services plan and budget to be submitted to HSH for review and approval prior to the gap request.

ARTICLE 3 TERMS. Borrower's repayment obligations with respect to the Funding Amount will be evidenced and governed by the Note, which will govern in the event of any conflicting provision in this Agreement.

3.1 Maturity Date. Borrower must repay all amounts owing under the City Documents on the date that is the later of (a) the fifty-seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the fifty-fifth (55th) anniversary of the Conversion Date (the "Maturity Date"), provided however that if Borrower fails to acquire Control of the Site on or before February 1, 2021 (the "Outside Acquisition Date"), the Maturity Date shall be the Outside Acquisition Date. The City may agree to extend the Outside Acquisition Date in its sole and absolute discretion. Notwithstanding the foregoing, if Borrower fails to acquire Control of the Site on or before the Outside Acquisition Date and such failure is not caused by Borrower's negligence or willful misconduct, then if Borrower delivers to the City all of the Work Product, the Predevelopment Funding Amount shall be deemed paid in full and this Agreement and the Note shall be terminated.

3.2 Compliance Term; Declaration of Restrictions. If Borrower acquires Control of the Site, Borrower must comply with all provisions of the City Documents relating to the use of the Site and the Project as set forth in the Declaration of Restrictions to be recorded in the official records of San Francisco County, for the period commencing on the date a certificate of occupancy for the Project is issued and ending on the Maturity Date (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed before that date.

3.3 Interest. Except as provided in **Section 3.4**, no interest will be charged on the Loan.

3.4 Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, the principal balance of the Loan will bear interest at the default interest rate set forth in the Note, with such default interest rate commencing as of the date an Event of Default occurs and continuing until such Event of Default is fully cured. In addition, the default interest rate

will apply to any amounts to be reimbursed to the City under any City Document if not paid when due or as otherwise provided in any City Document.

3.5 Repayment of Principal and Interest. Except as set forth in Section 3.7 below, the outstanding principal balance of the Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Note.

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

3.7 Notification and Repayment of Excess Proceeds. Borrower must notify the City in writing within thirty (30) days after the later of the date on which Borrower receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Borrower receives Excess Proceeds from its limited partner or other financing sources. City shall have sixty (60) days after receipt of such notification to provide Borrower with a demand for payment, and upon receipt of the City's demand, Borrower shall repay all Excess Proceeds to the City. The City shall use such Excess Proceeds to reduce the balance of the Loan.

3.8 Failure to Provide Budgeted Supportive Services.

If Borrower fails to provide Supportive Services in the amount shown in the approved 20-Year Cash Flow Proforma, Borrower shall provide notice to the City within 10 business days of the date the Supportive Services were terminated, which notice shall include, at a minimum, a proposed plan to restore the Supportive Services within a reasonable period of time. If at the time such notice is provided, Borrower is unable to propose a financially feasible plan for restoring the Supportive Service, Borrower shall include in the notice a detailed explanation as to the cause of the termination of Supportive Services and the reasons why it would not be financially feasible to restore the Supportive Services within a reasonable period of time.

3.9 Recordation of the Deed of Trust and Declaration of Restrictions. Borrower shall cause each of the following requirements to be fully satisfied on or before the date it acquires Control of the Site:

(a) Borrower shall have delivered the Deed of Trust and the Declaration of Restrictions to City, duly executed and acknowledged by Borrower;

(b) Borrower shall have recorded the Deed of Trust and the Declaration of Restrictions in the Official Records, subject only to the Permitted Exceptions; and

(c) A title company shall have committed to issue the Title Policy to City, and Borrower shall have delivered all documents reasonably required by such title company to issue

the Title Policy. Borrower shall pay all amounts charged by the title company for the issuance of the Title Policy; provided that such amounts may be included in a subsequent Expenditure Request.

3.10 Additional City Approvals. Borrower understands and agrees that City is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. Borrower understands and agrees that neither entry by City into this Agreement nor any approvals given by City under this Agreement shall be deemed to imply that Borrower will obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, City is in no way modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property shall require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property, which may include, without limitation, the San Francisco City Planning Commission and the San Francisco Board of Supervisors. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

ARTICLE 4 CLOSING; DISBURSEMENTS.

4.1 Generally. Subject to the terms of this Agreement, the City will make Disbursements in an aggregate sum not to exceed the Funding Amount to or for the account of Borrower in accordance with this Agreement and the approved line item budget contained in the Table of Sources and Uses.

4.2 Closing. In the event Borrower does not satisfy all of the conditions to closing within a reasonable time, as determined by the City in its sole discretion, the City may declare this Agreement to be null and void.

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

(a) Borrower must have delivered to the City fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the City: (i) the Note; (ii) this Agreement (in triplicate); (iii) the Authorizing Resolutions; (iv) the Developer Fee Agreement; and (v) any other City Documents reasonably requested by the City.

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

4.4 Disbursement of Funds. In addition to the satisfaction of the conditions in **Section 4.3**, City's obligation to approve any expenditure of Funds is subject to Borrower's satisfaction of the following conditions precedent.

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

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

(c) With respect to any Expenditure Request that covers rehabilitation or construction costs, Borrower must have certified to the City that the Project complies with the labor standards set forth in **Exhibit E, Section 1**, if applicable.

4.5 Disbursements. The City's obligation to approve any expenditure of Funds after Loan closing is subject to Borrower's satisfaction of the following conditions precedent.

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

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

(c) With respect to any Expenditure Request that covers rehabilitation or construction costs, Borrower must have certified to the City that the Project complies with the labor standards set forth in **Exhibit E, Section 1**, if applicable.

4.6 Loan In Balance. The City may require Borrower to pay certain costs incurred in connection with the Project from sources of funds other than the Loan at any time the City determines in its reasonable discretion that the Loan is out of balance. When the City is satisfied in its reasonable discretion that the Loan is again in balance, the City will recommence making Disbursements for Expenditure Requests meeting the conditions set forth above.

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

ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION.

This Article will apply only if the Borrower or its affiliate acquires Control of the Site.

5.1 Selection Requirements. In the selection of all contractors and professional consultants for the Project, Borrower must comply with the City's procurement requirements and procedures as described in the Contracting Manual and with the requirements of the Small Business Enterprise Program ("SBE Program") as set forth in the SBE Manual according to the procedures established by the City's Contract Monitoring Division.

5.2 Plans and Specifications. Before starting any demolition, rehabilitation or construction on the Site, Borrower must have delivered to the City, and the City must have reviewed and approved, plans and specifications and the construction contract for the Project entered into between Borrower and Borrower's general contractor and approved by the City (the "Construction Contract"). The plans approved by the City must also be approved by the City and County of San Francisco's Department of Building Inspection (the "Department of Building Inspection") (collectively, the "Approved Plans") prior to the start of any demolition, rehabilitation or construction on the Site. The Approved Plans must be explicitly identified in the Construction Contract. The specifications approved by the City, including the funder requirements and the technical specifications (the "Approved Specifications") must also be explicitly identified in the Construction Contract. The Construction Contract may include funder requirements not otherwise addressed in the Approved Specifications. The Contracting Manual provides further guidance to Borrower regarding the City's policies for the review and approval of plans, specifications and construction contracts. After completion of the Project, Borrower must retain the Approved Plans as well as "as-built" plans for the Project, the Approved Specifications and the Construction Contract, all of which Borrower must make available to the City upon request.

5.3 Change Orders. Borrower may not approve or permit any change orders to the plans and specifications approved by the City without the City's prior written consent. Borrower acknowledges that the City's approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional Funds for the Project, unless the City agrees in its sole discretion to amend the Table of Sources and Uses or provide additional Funds for that purpose.

5.4 Insurance, Bonds and Security. Before starting any demolition, rehabilitation or construction on the Site, Borrower must deliver to the City insurance endorsements and bonds as described in **Exhibit L**. At all times, Borrower must take prudent measures to ensure the security of the Site.

5.5 Notice to Proceed. No demolition, rehabilitation or construction may commence until Borrower has issued a written notice to proceed with the City's approval.

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower must: (a) commence demolition, rehabilitation or construction by a date no later than December 31, 2020; (b) complete demolition, rehabilitation or construction by a date no later than June 1, 2022, in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion (the "Completion Date"); and (c) achieve occupancy of ninety five percent (95%) of the Units by a date no later than November 2022.

5.7 Rehabilitation/Construction Standards. All rehabilitation or construction must be performed in a first class manner, substantially in accordance with final plans and specifications approved by the City and in accordance with all applicable codes.

ARTICLE 6 INTENTIONALLY OMITTED.

ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

7.1 Term of Leasing Restrictions. Borrower acknowledges and agrees that the covenants and other leasing restrictions set forth in this Article will remain in full force and effect if Borrower acquires Control of the Site (a) for the Compliance Term and survive the prior repayment or other satisfaction of the Loan, termination of this Agreement or reconveyance of the Deed of Trust; (b) for any Unit that has been subject to a regulatory agreement with TCAC, for a period ending three (3) years after the date of any transfer of the Project by foreclosure or deed-in-lieu of foreclosure; and (c) with respect to any Unit occupied by a Qualified Tenant at expiration of either the Compliance Term or the 3-year period referred to in **Subsection (b)** above, until the Qualified Tenant voluntarily vacates his/her Unit or is evicted lawfully for just cause. The requirements to comply with the provisions of Internal Revenue Code Section 42, including Section 42(h)(6)(E)(ii), are hereby acknowledged.

7.2 Borrower's Covenant.

(a) Borrower covenants to rent all Units (except two Units reserved for the resident staff managers of the Project) at all times to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**. 100% of the Units (except two Units reserved for staff of the Project) must be rented to Homeless Households during the period in which the City's Local Operating Subsidy Program is in operation and the City provides the Local Operating Subsidy to the Project.

(b) A Tenant who is a Qualified Tenant at initial occupancy may not be required to vacate the Unit due to subsequent rises in household income, except as provided in **Section 7.3**. After the over-income Tenant vacates the Unit, the vacant Unit must be rented only to Qualified Tenants as provided in **Section 7.1**.

7.3 Rent Restrictions.

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

(b) Rents for all Units may be increased once annually by the amount which corresponds to the percentage increase of the annual change in Median Income.

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

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

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

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

7.4 Certification.

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

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

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

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

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

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

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

If Borrower or its Affilite acquires Control of the Site, this Article will apply.

8.1 Borrower's Responsibilities.

(a) Subject to the rights set forth in **Section 8.2**, Borrower will be specifically and solely responsible for causing all maintenance, repair and management functions performed in connection with the Project, including selection of tenants, recertification of income and household size, evictions, collection of rents, routine and extraordinary repairs and replacement of capital items. Borrower must maintain or cause to be maintained the Project, including the Units and common areas, in a safe and sanitary manner in accordance with local health, building and housing codes, California Health and Safety Code 17920.10 and the applicable provisions of 24 CFR Part 35 and all applicable federal requirements.

(b) Borrower must take prudent measures to ensure the security of the Site. Measures may include erecting a fence; covering and securing all openings in any vacant building and hiring security guards, as appropriate for the circumstances.

8.2 Contracting With Management Agent.

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

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

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

ARTICLE 9 GOVERNMENTAL REQUIREMENTS.

9.1 Borrower Compliance. If Borrower acquires Control of the Site, Borrower must comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of Funds for the construction, rehabilitation and/or operation of the Project, including those set forth in **Exhibit E** and **Exhibit L**. Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement. Subject to **Section 23.1**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings. Construction-related requirements will not apply until Borrower acquires Control of the Site; *provided that*, construction-related requirements will apply to the Project whether or not the City approves and provides additional financing for the Project.

9.2 Additional Federal Requirements. If Borrower obtains any federal funds with respect to its acquisition of Control of the Site or the construction of the Project or any other project thereon, Borrower shall comply with the requirements specified in this Section.

(a) Compliance With Laws Borrower agrees to abide by all applicable Laws, including HUD regulations, pertaining to this Agreement and to any contracts pertaining to the Project. Borrower further acknowledges that the City may impose more stringent requirements with regard to affordability restrictions than those required by HUD and agrees to comply with the City's requirements as set forth in this Agreement.

(b) Drug-Free Workplace Borrower acknowledges that under the Federal Drug-Free Workplace Act of 1988 (41 U.S.C. §§ 701 *et seq.*), the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited on its premises. Borrower agrees that any violation of this prohibition by Borrower, its employees, agents or assigns will be deemed an Event of Default under this Agreement.

(c) Restrictions on Lobbying Activities

(i) This Agreement is subject to 31 U.S.C. Section 1352, which provides in part that, with specified exceptions, no appropriated funds may be expended by the recipient of a federal contract, grant, loan or cooperative agreement to pay any person for influencing, or attempting to influence, an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with any of the following covered federal actions: the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.

(ii) If the Funding Amount exceeds \$100,000, Borrower must file with MOHCD at the beginning of the Compliance Term and promptly after the occurrence of any change in the facts certified or disclosed:

(A) a certification substantially the same as that attached hereto as **Exhibit F**, and otherwise, in form and content satisfactory to the City and to HUD, that Borrower, its employees, officers and agents have not made, and will not make, any payment prohibited by **Subsection (i)** above; and

(B) a disclosure form, Federal Standard Form-LLL, "Disclosure of Lobbying Activities," if Borrower, its employees, officers or agents have made or agreed to make any payment using funds from a source other than the Funds that would be prohibited under **Subsection (i)** above if payment were made with Funds. The City will file the disclosure form with HUD and retain the certification for the City's records as required by Law.

(d) Debarment or Suspension Borrower must certify in form and content substantially the same as that attached hereto as **Exhibit F** that neither it nor any of its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. In addition, Borrower will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities in addition to obtaining the certification of each contractor or subcontractor whose bid is accepted.

(e) Other HUD Requirements The following federal requirements are applicable to all activities funded under this Agreement:

(i) the requirements of OMB Circular A-122, relating to allowable costs chargeable to the Funds, and OMB Circular A-110, relating to contractual requirements for nonprofit organizations, as applicable.

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

(a) Borrower understands and agrees that it will be monitored by the City from time to time to assure compliance with all terms and conditions in this Agreement and all Laws. Borrower acknowledges that, if and after Borrower acquires Control of the Site, the City may also conduct periodic on-site inspections of the Project. Borrower must cooperate with the monitoring by the City and ensure full access to the Project and all information related to the Project as reasonably required by the City.

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

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

10.2 Monthly Reporting. Borrower must submit monthly reports (the "MOHCD Monthly Project Update") describing progress toward developing the Project with respect to obtaining necessary approvals from other City departments, procuring architects, consultants and contractors, changes in scope, cost or schedule and significant milestones achieved in the past month and expected to be achieved in the coming month. The MOHCD Monthly Project Update must be submitted by email in substantially the form to be found in the Contracting Manual until such time as the Project Completion Report is submitted to the City pursuant to **Section 10.5** below.

10.3 Annual Reporting.

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

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

10.4 Intentionally Omitted.

10.5 Intentionally Omitted.

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

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

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

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

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

10.8 Access to the Project and Other Project Books and Records. In addition to Borrower's obligations under **Sections 2.4, 10.1, 10.2, 10.3, 10.4, 10.5, 10.6 and 10.7** and any other obligations to provide reports or maintain records in any City Document, Borrower agrees that duly authorized representatives of the City will have: (a) access to the Project, at reasonable times and upon reasonable notice to the Borrower, throughout the Compliance Term to monitor the progress of work on the Project and compliance by Borrower with the terms of this Agreement; and (b) access to and the right to inspect, copy, audit and examine all books, records and other documents Borrower is required to keep at all reasonable times, following reasonable notice, for the retention period required under **Section 10.9**.

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

ARTICLE 11 INTENTIONALLY OMITTED.

ARTICLE 12 INTENTIONALLY OMITTED.

ARTICLE 13 DISTRIBUTIONS.

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

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

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

- (a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or
- (b) when the City determines that Borrower or Borrower's management agent has failed to comply with this Agreement; or
- (c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or
- (d) if the Replacement Reserve Account, Operating Reserve Account or any other reserve account required for the Project is not fully funded under this Agreement; or
- (e) if the Loan is to be repaid from Residual Receipts, Borrower failed to make a payment when due on a Payment Date and the sum remains unpaid; or
- (f) during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any time from and after the closing date of Borrower's financing for construction or rehabilitation of the Project that the City determines the Loan is out of balance) under any City Document.

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

ARTICLE 14 INTENTIONALLY OMITTED.

ARTICLE 15 DEVELOPER FEES.

15.1 Amount. Borrower is entitled to receive fees from the Loan in an amount not to exceed Five Hundred Fifty Thousand and No/100 Dollars (\$550,000.00) for predevelopment of the Project prior to the closing date of Borrower's financing for construction or rehabilitation of the Project and may be entitled to receive additional fees for developing the Project (collectively, "Developer Fees"), subject to the terms and conditions set forth in full in the Developer Fee Agreement between the City and Borrower and in an amount consistent with MOHCD policy in effect on the closing date of Borrower's financing for construction or rehabilitation of the Project.").

15.2 Payment Schedule. Developer Fees during the predevelopment phase shall be deemed earned and disbursed according to the following schedule:

Developer Fee Disbursement Schedule - Residential		
Payment Milestone	% of Project Mgmt Fee	Amount
At Acquisition or closing of preconstruction financing	15%	\$165,000
During Predevelopment	35%	\$385,000

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower may not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units and/or Commercial Space in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion (c) transfers from Borrower to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Borrower or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity or is the manager of a limited liability company that is the sole general partner or manager of that entity; (d) transfers of the general partnership or manager's interest in Borrower to a nonprofit public benefit corporation approved in advance by the City; (e) transfers of any limited partnership or membership interest in Borrower to an investor pursuant to the tax credit syndication of the Project; or (f) the grant or exercise of an option agreement between Borrower and Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by the City. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

ARTICLE 17 INSURANCE AND BONDS.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or cause to be obtained and maintained, insurance and bonds as set forth in **Exhibit L** from the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County until the expiration of the Compliance Term at no expense to the City.

ARTICLE 18 GOVERNMENTAL APPROVALS.

18.1 Compliance. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to be obtained for the Project. Subject to **Section 23.1**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 19 DEFAULT.

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

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

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

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

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

(f) If and after Borrower acquires Control of the Site all or a substantial or material portion of the improvements on the Site is damaged or destroyed by fire or other casualty, and the City has determined upon restoration or repair that the security of the Deed of Trust has been impaired or that the repair, restoration or replacement of the improvements in accordance with the requirements of the Deed of Trust is not economically practicable or is not completed within two (2) years of the receipt of insurance proceeds; or all or a substantial or material portion of the improvements is condemned, seized or appropriated by any non-City Governmental Agency or subject to any action or other proceeding instituted by any non-City

Governmental Agency for any purpose with the result that the improvements cannot be operated for their intended purpose; or

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

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

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

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

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

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

(m) Any material adverse change occurs in the financial condition or operations of Borrower, such as a loss of services funding or rental subsidies, that has a material adverse impact on the Project; or

(n) From and after the closing date of Borrower's financing for construction or rehabilitation of the Project, Borrower fails to make any payments or disbursements required to bring the Loan in balance after the City determines that the Loan is out of balance; or

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

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

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

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

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

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

(d) The City, either directly or through an agent or court-appointed receiver, may take possession of the Project and enter into contracts and take any other action the City deems appropriate to complete or construct all or any part of the improvements, subject to modifications and changes in the Project the City deems appropriate.

(e) The City may apply to any court of competent jurisdiction for specific performance, or an injunction against any violation, of this Agreement or for any other remedies or actions necessary or desirable to correct Borrower's noncompliance with this Agreement.

(f) Upon the occurrence of an Event of Default described in **Section 19.1(k)**, the unpaid principal balance of the Note, together with default interest as provided in the Note

and any other charges due under the Note and the other City Documents, will become due and payable automatically.

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

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

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

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

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

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

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

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

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its general contractor been suspended, disciplined or prohibited from contracting with any Governmental Agency. Further, Borrower certifies that neither it nor any of its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the

Agreement Date. In addition, Borrower will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities in addition to obtaining the certification of each contractor or subcontractor whose bid is accepted.

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

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

ARTICLE 21 NOTICES.

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

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

To Borrower: 1064 Mission, L.P., a California limited partnership
Care of: Mercy Housing California
1256 Market Street
San Francisco, CA 94102
Attn: Director

With a copy to: Episcopal Community Services
165 Eighth Street, 3rd Floor
San Francisco, CA 94103
Attn: Director

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

21.2 Required Notices. Borrower agrees to provide notice to the City in accordance with **Section 21.1** of the occurrence of any change or circumstance that: (a) will have an adverse effect on the physical condition or intended use of the Project; (b) from and after the closing

date of Borrower's financing for construction or rehabilitation of the Project, causes the Loan to be out of balance; or (c) will have a material adverse effect on Borrower's operation of the Property or ability to repay the Loan.

ARTICLE 22 HAZARDOUS SUBSTANCES.

22.1 Intentionally Omitted.

22.2 Covenant. Unless the City otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, Borrower must: (a) comply with all applicable Environmental Laws relating to the Site, and not engage in or otherwise permit the occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Section will prevent Borrower from contesting, in good faith and by appropriate proceedings, any interpretation or application of Environmental Laws; *provided further that* prior to the date Borrower acquires Control of the Site, compliance under 22.2(a) shall only apply to activities of Borrower or Borrower's agents, employees, contractors and invitees in connection with the Site and the Project, including any activities conducted under any license agreement; and (b) deliver to the City notice of the discovery by Borrower of any event rendering any representation contained in this Section incorrect in any respect promptly following Borrower's discovery.

ARTICLE 23 INDEMNITY.

23.1 Borrower's Obligations. Borrower must Indemnify the City and its respective officers, agents and employees (individually or collectively, an "Indemnatee") against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the City Documents (including those covenants set forth in **Article 22** above); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) from and after the date Borrower acquires Control of the Site, injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) from and after the date Borrower acquires Control of the Site, any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnatee that relates to or arises out of the City Documents, the Loan, the Site (from and after the date Borrower acquires Control of the Site), or the Project or any transaction contemplated by, or the relationship between Borrower and the City or any action or inaction by the City under, the City Documents; (f) the occurrence, from and after the date Borrower acquires Control of the Site until the expiration of the Compliance Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring from and after the date Borrower acquires Control of the

Site and before the expiration of the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 18.1 and 22.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower must answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement.

23.2 No Limitation. Borrower's obligations under **Section 23.1** are not limited by the insurance requirements under this Agreement.

ARTICLE 24 GENERAL PROVISIONS.

24.1 Subordination. The Deed of Trust may be subordinated to other financing secured by and used for development of the Project (in each case, a "Senior Lien"), but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval.

24.2 No Third Party Beneficiaries. Nothing contained in this Agreement, nor any act of the City, may be interpreted or construed as creating the relationship of third party beneficiary, limited or general partnership, joint venture, employer and employee, or principal and agent between the City and Borrower or Borrower's agents, employees or contractors.

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

24.4 Entire Agreement. This Agreement and its Exhibits incorporate the terms of all agreements made by the City and Borrower with regard to the subject matter of this Agreement. No alteration or variation of the terms of this Agreement will be valid unless made in writing and

signed by the parties hereto. No oral understandings or agreements not incorporated herein will be binding on the City or Borrower.

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

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

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

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

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

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

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

or other transfer of Borrower's interests in the Loan, the Site or the ownership interests in Borrower.

24.12 Attorneys' Fees. If any legal action is commenced to enforce any of the terms of this Agreement or rights arising from any party's actions in connection with this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees (including allocated fees of the City Attorney's Office) and costs of suit from the other party, whether incurred in a judicial, arbitration, mediation or bankruptcy proceeding or on appeal. For the purposes of this Agreement, reasonable fees of attorneys in the City Attorney's office will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter of law for which the City Attorney's services were rendered, who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office. An award of attorneys' fees and costs will bear interest at the default rate under the Note from the date of the award until paid.

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

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

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

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

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

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

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

24.20 Borrower's Governance. Borrower shall at all times be governed by legally constituted and fiscally responsible general partners. Such general partners shall meet regularly

and maintain appropriate membership in Borrower, as established in Borrower's partnership agreement and other governing documents, and shall adhere to applicable provisions of federal, state and local laws governing such general partners. If Borrower has multiple general partners, Borrower shall have one managing general partner, and such managing general partner shall be a nonprofit corporation governed by a legally constituted and fiscally responsible board of directors. Borrower's general partners shall exercise such oversight responsibility with regard to this Agreement as is necessary to ensure full and prompt performance by Borrower of its obligations under this Agreement.

24.21 Ownership of Results. Any interest of Borrower or any sub-borrower, in drawings, plans, specifications, studies, reports, memoranda, computation sheets, the contents of computer diskettes, or other documents or Publications prepared by or on behalf of Borrower or any sub-borrower in connection with this Agreement, the implementation of the Project, the services to be performed under this Agreement, or acquired through the use of any Loan proceeds ("Work Product"), is hereby pledged to City as security for Borrower's obligations under this Agreement and the Note, and upon an Event of Default, shall become the property of and be promptly transmitted by Borrower to the City. Notwithstanding the foregoing, Borrower may retain and use copies for reference and as documentation of its experience and capabilities.

This Agreement constitutes a security agreement under the California Uniform Commercial Code, as it may be amended from time to time, and Borrower authorizes City to file any financing statements City elects and deems necessary to perfect its security interest in the Work Product.

24.22 Works for Hire. If, in connection with this Agreement or the implementation of the Project, Borrower or any sub-borrower creates artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, source codes or any other original works of authorship or Publications, such creations shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such creations shall be the property of the City. If it is ever determined that any such creations are not works for hire under applicable law, Borrower hereby assigns all copyrights thereto to the City, and agrees to provide any material, execute such documents and take such other actions as may be necessary or desirable to effect such assignment. With the prior written approval of the City, Borrower may retain and use copies of such creations for reference and as documentation of its experience and capabilities. Borrower shall obtain all releases, assignments or other agreements from sub-borrowers or other persons or entities implementing the Project to ensure that the City obtains the rights set forth in this Section.

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

EXHIBITS

- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma

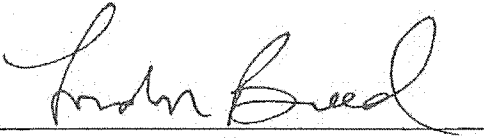
C	Form of Tenant Income Certification
D	First Source Hiring Requirements and Numerical Goals
E	Governmental Requirements
F	Lobbying/Debarment Certification Form
G	Form of Annual Monitoring Report
H	Tenant Selection Plan Policy
I	MOHCD Tenant Screening Criteria Policy
J	Reserved
K	Reserved
L	Insurance Requirements
M	Form of Deed of Trust
N	Form of Declaration of Restrictions
O	INTENTIONALLY OMITTED
P	MOHCD Residual Receipts Policy

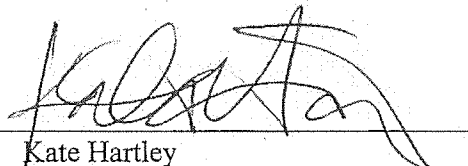
24.23 City's Recourse. The City's recourse against Borrower following an Event of Default is limited as set forth more specifically in the Note.

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

THE CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: 
London N. Breed
Mayor

By: 
Kate Hartley
Director, Mayor's Office of Housing
and Community Development

APPROVED AS TO FORM:

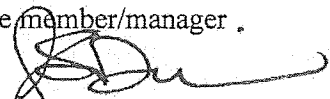
DENNIS J. HERRERA
City Attorney

By: 
Deputy City Attorney

1064 Mission, L.P.,
a California limited partnership


By: Mercy Housing 1064 Mission LLC,
a California limited liability company,
its co-general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit
corporation,
its sole member/manager.

By: 
Name: Jennifer Dolin
Title: Vice President

By: 1064 Mission LLC,
a California limited liability company,
its co-general partner

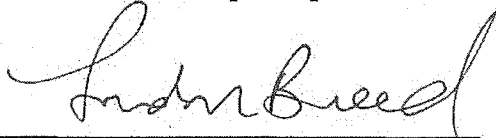
By: ECS Housing Corporation
a California nonprofit public benefit
corporation, its sole member/manager

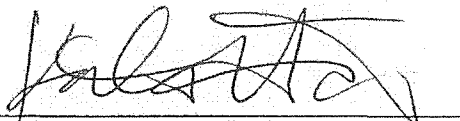
By: 
Name: MARY E. STOKES
Title: EXECUTIVE DIRECTOR

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

THE CITY:

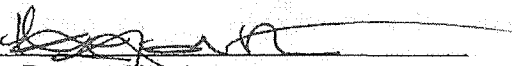
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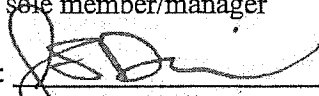
DENNIS J. HERRERA
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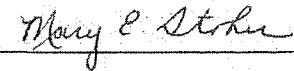
By: 
Name: MARY E. STOKES
Title: Executive Director

EXHIBIT A
Schedules of Income and Rent Restrictions

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

Unit Size	No. of Units	Maximum Income Level
Studio Senior	103	50% of Median Income
Studio Adult	153	50% of Median Income
1-BR Staff Unit	2	N/A

EXHIBIT B-1
Table of Sources and Uses of Funds

Units: 258
 # Bedrooms: 258
 # Beds:

[illegible]

EXHIBIT B-2
Annual Operating Budget

MOHCD Proforma - Year 1 Operating Budget

ADULT

Application Date: 8/12/2018
Total # Units: 153
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021

LOSP Units	Non-LOSP Units
153	0

Project Name: 1054-1068 Mission Street
Project Address: 1054-1068 Mission St

Project Sponsor:

Correct errors noted in Col H/I

INCOME	LOSP	non-LOSP	Total	Comments	
Residential - Tenant Rents	459,000	0	459,000	Links from New Proj - Rent & Unit Mix Worksheet	Alternative LOSP Split
Residential - Tenant Assistance Payments (Non-LOSP)	0	0	0	Links from New Proj - Rent & Unit Mix Worksheet	Residential - Tenant Assistance Payments (H)
Residential - LOSP Tenant Assistance Payments	1,100,294	0	1,100,294		
Commercial Space	0	0	0	0%	
Residential Parking	0	0	0	Links from Utilities & Other Income Worksheet	Alternative LOSP Split
Miscellaneous Rent Income	0	0	0	Links from Utilities & Other Income Worksheet	Supportive Services Income
Passive Services Income	0	0	0		
Interest Income - Project Operations	0	0	0	Links from Utilities & Other Income Worksheet	Projected LOSP Split
Laundry and Vending	9,120	0	9,120	Links from Utilities & Other Income Worksheet	Tenant Charges
Tenant Charges	0	0	0	Links from Utilities & Other Income Worksheet	
Miscellaneous Residential Income	0	0	0	Links from Utilities & Other Income Worksheet	
Other Commercial Income	0	0	0	Links from Commercial Op. Budget Worksheet	Alternative LOSP Split
Withdrawal from Cash/Reserve (deposit to operating account)	0	0	0		Withdrawal from Cash/Reserve (deposit)
Gross Potential Income	1,568,414	0	1,568,414		
Vacancy Loss - Residential - Tenant Rents	(22,950)	0	(22,950)	Vacancy loss is 5% of Tenant Rents.	
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0	MOHCD policy amount prorated to 2021	
Vacancy Loss - Commercial	0	0	0	Links from Commercial Op. Budget Worksheet	
EFFECTIVE GROSS INCOME	1,545,464	0	1,545,464	PUPA: 10,101	

OPERATING EXPENSES	LOSP	non-LOSP	Total	Comments	
Management					Alternative LOSP Split
Management Fee	110,160	0	110,160	\$60/unit/yr per HUD schedule (157 Nor Cal) + \$3 special needs + \$3 non-profit ownership	Management Fee
Asset Management Fee	22,670	0	22,670	MOHCD policy amount prorated to 2021	Asset Management Fee
Sub-total Management Expenses	132,830	0	132,830	PUPA: 868	
Salaries/Benefits					Alternative LOSP Split
Office Salaries	183,946	0	183,946	24 Hour Desk Clerks (18,424 hrs at \$17/hr) \$20/hr for 14 days for contract desk clerks and 20 Office Salaries	Office Salaries
Manager's Salary	88,000	0	88,000	Property Manager (150k) and Assistant Manager (338k)	Manager's Salary
Health Insurance and Other Benefits	48,000	0	48,000	\$800 per employee per month (5 employees)	Health Insurance and Other Benefits
Other Salaries/Benefits	0	0	0		Other Salaries/Benefits
Administrative Rent-Free Unit	0	0	0		Administrative Rent-Free Unit
Sub-total Salaries/Benefits	319,946	0	319,946	PUPA: 3,081	

Administration					
Advertising and Marketing	0	0	0		
Office Expenses	56,908	0	56,908	Including Telephone and Occupancy Specialist (16hr week)	
Office Rent	0	0	0		Projected LOSP Split
Legal Expense - Property	37,218	0	37,218	Based on Bishop Swing prorated for 105 units. Monthly stipulated payments, attorney letters re	Legal Expense - Property
Audit Expense	14,000	0	14,000	\$9.50 PUPM	
Bookkeeping/Accounting Services	17,442	0	17,442	12% of Rental Income	Projected LOSP Split
Rent Data	1,500	0	1,500	12% of Rental Income	Rent Data
Miscellaneous	6,792	0	6,792	Office expenses	
Sub-total Administration Expenses	132,863	0	132,863	PUPA: 876	

Utilities					
Electricity	80,772	0	80,772	As below based on Bishop Swing but prorated for smaller of	Projected LOSP Split
Water	30,612	0	30,612	Bishop Swing has resident headlease utility arrangement	Electricity
Gas	25,008	0	25,008	See MOHCD Phase II	
Sewer	46,068	0	46,068		
Sub-total Utilities	182,460	0	182,460	PUPA: 1,108	

Taxes and Licenses					Alternative LOSP Split
Rent Estate Taxes	1,000	0	1,000		Rent Estate Taxes
Pinch Taxes	25,514	0	25,514		Pinch Taxes
Miscellaneous Taxes, Licenses and Permits	5,000	0	5,000		
Sub-total Taxes and Licenses	31,514	0	31,514	PUPA: 206	

Insurance					
Property and Liability Insurance	117,374	0	117,374	Used BSCH and Provided based on unit count	
Fidelity Bond Insurance	0	0	0		Alternative LOSP Split
Worker's Compensation	15,744	0	15,744		Worker's Compensation
Director's & Officers' Liability Insurance	0	0	0		
Sub-total Insurance	133,118	0	133,118	PUPA: 670	

Maintenance & Repair					Projected LOSP Split
Paints	0	0	0		
Supplies	52,790	0	52,790	Janitorial, Grounds, Repairs, Decorating Supplies/Material	Supplies
Utilities	352,692	0	352,692	Jan BSCH, Estem 318.4k, Smoke \$4.8k. More control and routine maintenance contracts \$100	Utilities
Garbage and Trash Removal	49,593	0	49,593		Contract
Security Patrol/Contract	42,200	0	42,200	Revolving Patrol and security guard for the community open space	Alternative LOSP Split
HVAC, Repairs and Maintenance	10,000	0	10,000		Security Patrol/Contract
Vehicle and Maintenance Equipment Operation and Repairs	0	0	0		
Miscellaneous Operating and Maintenance Expenses	2,400	0	2,400		
Sub-total Maintenance & Repair Expenses	608,743	0	608,743	PUPA: 3,333	

Supportive Services	0	0	0	Carried separately	Alternative LOSP Split
Commercial Expenses	0	0	0	Links from Commercial Op. Budget Worksheet	Supportive Services

TOTAL OPERATING EXPENSES	1,444,414	0	1,444,414	PUPA: 8,441	
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Reserves/Ground Lease Base Rent/Bond Fees					
Ground Lease Base Rent	15,000	0	15,000	Ground lease with MOHCD. Provide additional comments here, if needed.	
Bond Monitoring Fee	2,500	0	2,500	Annual Minimum Bond fee	Alternative LOSP Split
Replacement Reserve Deposit	53,550	0	53,550	\$350 PUPM MOHCD allowable amount for SROs of 100+ units	Replacement Reserve Deposit
Operating Reserve Deposit	0	0	0		Operating Reserve Deposit
Other Required Reserve 1 Deposit	0	0	0		Other Required Reserve 1 Deposit
Other Required Reserve 2 Deposit	0	0	0		
Required Reserve Deposits, Contingent	0	0	0	Links from Commercial Op. Budget Worksheet	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	71,050	0	71,050	PUPA: 464	

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)	1,515,464	0	1,515,464	PUPA: 9,905	
NET OPERATING INCOME (INCOME minus OP EXPENSES)	30,000	0	30,000	PUPA: 186	

Min DSCR:	1.00
Mortgage Rate:	5.00%
Term (Years):	30
Supportable 1st Mortgage Pmt:	27,523
Supportable 1st Mortgage Amt:	\$427,251
Proposed 1st Mortgage Amt:	\$0

DEBT SERVICE/MUST PAY PAYMENTS (hard debt/amortized loans)					Alternative LOSP Split
Hard Debt - First Lender	0	0	0	Provide additional comments here, if needed.	Hard Debt - First Lender
Hard Debt - Second Lender (HCD Program 0.42% pmt, or other 2nd Lender)	0	0	0	Provide additional comments here, if needed.	Hard Debt - Second Lender (HCD Program 0)
Hard Debt - Third Lender (Other HCD Program or other 3rd Lender)	0	0	0	Provide additional comments here, if needed.	Hard Debt - Third Lender (Other HCD Program)
Hard Debt - Fourth Lender	0	0	0	Provide additional comments here, if needed.	Hard Debt - Fourth Lender
Commercial Hard Debt Service	0	0	0	Links from Commercial Op. Budget Worksheet	
TOTAL HARD DEBT SERVICE	0	0	0	PUPA: 0	

CASH FLOW (NOI minus DEBT SERVICE)	30,000	0	30,000		
Commercial Only Cash Flow	0	0	0		
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	0	0	0		Allocation of Commercial Surplus to LOSP/non-LOSP
AVAILABLE CASH FLOW	30,000	0	30,000		

USERS OF CASH FLOW BELOW (This row also shows DSCR)					
USERS THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL					
"Before-the-line" Asset Mgt Fee (uncommon in other projects, see policy)	0	0	0		
Partnership Management Fee (see policy for limits)	22,500	0	22,500		
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	7,500	0	7,500		
Other Payments	0	0	0		Alternative LOSP Split
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.	Other Payments
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.	Non-amortizing Loan Pmt - Lender 1 (select)
Deferred Developer Fee (Cash amt <= Max Fee from cell H135)	0	0	0	Provide additional comments here, if needed.	Deferred Developer Fee (Cash amt <= Max F
TOTAL PAYMENTS PRECEDING MOHCD	30,000	0	30,000	PUPA: 186	

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	0	0	0		
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Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?	Yes	
Will Project Defeat Developer Fee?	TBD			
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1	33%			
% of Residual Receipts available for distribution to soft debt lenders in	67%			

Sum of DD F from LOSP and non-LOSP.
Ratio of Sum of DDP and calculated 50%.

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Both Debt Loans
MOHCD/COIL - Soft Debt Loans	At MOHCD/COIL Loans payable from res. funds		0.00%

MOHCD Proforma - Year 1 Operating Budget

Application Date:	8/1/2018	<table border="1"> <tr> <th colspan="2">LOSP Units</th> <th>Non-LOSP Units</th> </tr> <tr> <td>153</td> <td>161</td> <td>0</td> </tr> </table>		LOSP Units		Non-LOSP Units	153	161	0	Project Name:	1064-1068 Mission Street
LOSP Units		Non-LOSP Units									
153	161	0									
Total # Units:	153			Project Address:	1064-1068 Mission St						
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	2021	<table border="1"> <tr> <th colspan="2">LOSP/Non-LOSP Allocation</th> </tr> <tr> <td>100%</td> <td>0%</td> </tr> </table>		LOSP/Non-LOSP Allocation		100%	0%	Project Sponsor:			
LOSP/Non-LOSP Allocation											
100%	0%										

MOHCD/DOCH - Ground Lease Value			Ground Lease	Correct errors noted in Col H/I	
				\$150,000	100.00%
HQD (soft debt loan) - Lender 3					0.00%
Other Soft Debt Lender - Lender 4					0.00%
Other Soft Debt Lender - Lender 5					0.00%

MOHCD RESIDUAL RECEIPTS & DEBT SERVICE					
MOHCD Residual Receipts Amount Due		0	167% of residual receipts multiplied by 100% - MOHCD's pro rata share of all soft debt		
Proposed MOHCD Residual Receipts Amount to Loan Repayment		0	Enter override amount of residual receipts proposed for loan repayment		
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		0	If applicable, MOHCD residual receipts amt due LESS and proposed for loan repaymt.		
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS & DEBT SERVICE					
			0		

NON-MOHCD RESIDUAL RECEIPTS & DEBT SERVICE					
HQD Residual Receipts Amount Due		0			
Lender 4 Residual Receipts Due		0			
Lender 5 Residual Receipts Due		0			
Total Non-MOHCD Residual Receipts Debt Service					0

REMAINDER (should be zero unless there are distributions below)					
Owner Distributions/Incentive Management Fee		0			
Other Distributions/Incentives		0			
Final Balance (should be zero)					0

Application Date: 8/1/2018
 Total # Units: 153
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021

INCOME			
Residential - Tenant Rents		non-LOSP	Approved By (negd)
Residential - Tenant Assistance Payments (Non-LOSP)	non-LOSP		
Residential - LOSP Tenant Assistance Payments			
Commercial Sales			
Residential Parking			
Miscellaneous Rent Income	LOSP	non-LOSP	Approved By (negd)
Supportive Services Income			
Interest Income - Project Operations			
Laundry and Vending	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Tenant Charges			
Miscellaneous Residential Income			
Other Commercial Income	LOSP	non-LOSP	Approved By (negd)
Withdrawal from Capitalized Reserve (deposit to operating account)	to operating account		
Gross Potential Income			
Vacancy Loss - Residential - Tenant Rents			
Vacancy Loss - Residential - Tenant Assistance Payments			
Vacancy Loss - Commercial			
EFFECTIVE GROSS INCOME			

OPERATING EXPENSES			
Management	LOSP	non-LOSP	Approved By (negd)
Management Fee			
Asset Management Fee			
Sub-total Management Expenses			
Salaries/Benefits	LOSP	non-LOSP	Approved By (negd)
Office Salaries			
Manager's Salary			
Health Insurance and Other Benefits			
Other Salaries/Benefits			
Administrative Bank-Fee Unit			
Sub-total Salaries/Benefits			
Administration			
Advertising and Marketing			
Office Expenses			
Office Rent	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Legal Expenses - Property	100.00%	0.00%	
Audit Expense			
Bookkeeping/Accounting Services	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Bad Debts	100.00%	0.00%	
Miscellaneous			
Sub-total Administration Expenses			
Utilities	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Electricity	100.00%	0.00%	
Water			
Gas			
Server			
Sub-total Utilities			
Taxes and Licenses	LOSP	non-LOSP	Approved By (negd)
Real Estate Taxes			
Payroll Taxes			
Miscellaneous Taxes, Licenses and Permits			
Sub-total Taxes and Licenses			
Insurance			
Property and Liability Insurance			
Flood/Bond Insurance	LOSP	non-LOSP	Approved By (negd)
Worker's Compensation			
Director's & Officers' Liability Insurance			
Sub-total Insurance			
Maintenance & Repair			
Payroll	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Supplies	100.00%	0.00%	
Contractors			
Garbage and Trash Removal	LOSP	non-LOSP	Approved By (negd)
Security Payroll/Contract			
HVAC Repairs and Maintenance			
Vehicle and Maintenance Equipment Operation and Repairs			
Miscellaneous Operating and Maintenance Expenses			
Sub-total Maintenance & Repair Expenses			
Supportive Services	LOSP	non-LOSP	Approved By (negd)
Commercial Expenses			

TOTAL OPERATING EXPENSES			
Reserves/Ground Lease Base Rent/Bond Fees			
Ground Lease Base Rent			
Bond Monitoring Fee	LOSP	non-LOSP	Approved By (negd)
Redevelopment Reserve Deposit			
Operating Reserve Deposit			
Other Required Reserve 1 Deposit			
Other Required Reserve 2 Deposit			
Required Reserve Deposits - Commercial			
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)			
NET OPERATING INCOME (INCOME minus OP EXPENSES)			
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/mortgaged loans)	LOSP	non-LOSP	Approved By (negd)
Hard Debt - First Lender	0.00%	100.00%	
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)	42% pymt. or other 2nd Lender		
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	1. or other 3rd Lender		
Hard Debt - Fourth Lender			
Commercial Hard Debt Service			
TOTAL HARD DEBT SERVICE			

CASH FLOW (NOI minus DEBT SERVICE)			
Commercial Only Cash Flow			
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	non-LOSP (residual income)		
AVAILABLE CASH FLOW			
USES OF CASH FLOW BELOW (This row also shows DSCR)			
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL			
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	LOSP	non-LOSP	Approved By (negd)
Other Payments			
Non-amortized Loan Pmt - Lender 1 (hard debt in commercial field)	hard debt in commercial field		
Non-amortized Loan Pmt - Lender 2 (hard debt in commercial field)			
Deferred Developer Fee (Entire unit <= Max Fee from cell H130)	0.00%	100.00%	

TOTAL PAYMENTS PRECEDING MOHCD			
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			
Residual Receipts Calculation			
Does Project have a MOHCD Residual Receipt Obligation?			
Will Project Debt Developer Fee?			
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:			0
% of Residual Receipts available for distribution to soft debt lenders in	#VALUE!		
Soft Debt Lenders with Residual Receipts Obligations			
MOHCD/DCI - Soft Debt Loans			

Application Date: 6/1/2016
 Total # Units: 153
 First Year of Operations (provide data assuming that
 Year 1 is a full year, i.e. 12 months of operations): 2021

MOHCD/OCIL - Ground Lease Value
HCD (soft debt loan) - Lender 3
Other Soft Debt Lender - Lender 4
Other Soft Debt Lender - Lender 5

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due
Proposed MOHCD Residual Receipts Amount to Loan Repayment
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS
 DEBT SERVICE

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due
Lender 4 Residual Receipts Due
Lender 5 Residual Receipts Due
Total Non-MOHCD Residual Receipts Debt Service

REMAINDER (Should be zero unless there are
 distributions below)

Owner Distributions/Incentive Management Fee
Other Distributions/Uses

Final Balance (should be zero)

SENIOR

Application Date: 8/1/2018
 Total # Units: 108
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021

LOSP Units	Non-LOSP Units
108	0

Project Name: 1054-1066 Mission Street
 Project Address: 1054-1066 Mission St

Project Sponsor:

Correct errors noted in Col N1

INCOME	LOSP	non-LOSP	Total	Comments
Residential - Tenant Rents	318,000	0	318,000	Links from New First - Rent & Unit Mix Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	0	0	0	Links from New First - Rent & Unit Mix Worksheet
Residential - LOSP Tenant Assistance Payments	929,859	0	929,859	0%
Commercial Space	0	0	0	Links from Utilities & Other Income Worksheet
Residential Parking	0	0	0	Links from Utilities & Other Income Worksheet
Miscellaneous Rental Income	0	0	0	Links from Utilities & Other Income Worksheet
Supportive Services Income	0	0	0	Alternative LOSP Split
Interest Income - Project Operations	0	0	0	Links from Utilities & Other Income Worksheet
Laundry and Vending	6,360	0	6,360	Links from Utilities & Other Income Worksheet
Tenant Charges	2,400	0	2,400	Links from Utilities & Other Income Worksheet
Miscellaneous Residential Income	0	0	0	Links from Utilities & Other Income Worksheet
Other Commercial Income	0	0	0	Links from Commercial Op. Budget Worksheet
Withdrawal from Capitalized Reserve (deposited to operating account)	0	0	0	Alternative LOSP Split
Gross Potential Income	1,256,819	0	1,256,819	Withdrawal from Capitalized Reserve (deposited)
Vacancy Loss - Residential - Tenant Rents	(15,900)	0	(15,900)	Vacancy loss is 5% of Tenant Rents
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0	0%
Vacancy Loss - Commercial	0	0	0	Links from Commercial Op. Budget Worksheet
EFFECTIVE GROSS INCOME	1,240,719	0	1,240,719	PUPA: 11,705

OPERATING EXPENSES

Management				Alternative LOSP Split
Management Fee	76,320	0	76,320	\$50/unit/mo per HUD schedule (\$57.14/sq ft + \$3 special needs + \$3 non profit overhead)
Asset Management Fee	22,670	0	22,670	MOHCD policy amount reported to 2021
Sub-total Management Expenses	98,990	0	98,990	PUPA: #34
Salaries/Benefits				Alternative LOSP Split
Office Salaries	145,500	0	145,500	24 Hour Desk Clerks (5,344 hrs at \$17.70) 130% for 14 days for contract desk clerks and 20
Manager's Salary	83,000	0	83,000	Property Manager (\$45k) and Assistant Manager (\$39k). Assistant manager is desk clerk duty
Health Insurance and Other Benefits	48,000	0	48,000	\$500 per employee per month (5 employees)
Other Salaries/Benefits	0	0	0	Health Insurance and Other Benefits
Administrative Rent-Free Unit	0	0	0	Other Salaries/Benefits
Sub-total Salaries/Benefits	276,500	0	276,500	Administrative Rent-Free Unit
Administration				
Advertising and Marketing	0	0	0	
Office Expenses	58,848	0	58,848	Including Telephone and Occupancy Specialist (10% work)
Office Rent	0	0	0	
Legal Expense - Property	23,765	0	23,765	Based on Bishop Swing provided for 85 units. Monthly scheduled payments, with letters re to
Audit Expense	14,000	0	14,000	
Bookkeeping/Accounting Services	12,004	0	12,004	\$9.50 PUPM
Bad Debt	0	0	0	12% of Rental Income Left Blank. We can add 1 after we determine total income
Miscellaneous	5,325	0	5,325	office expenses
Sub-total Administration Expenses	114,083	0	114,083	PUPA: 1,076
Utilities				Alternative LOSP Split
Electricity	57,345	0	57,345	All below based on Bishop Swing but prorated for smaller sf
Water	21,732	0	21,732	Bishop Swing has radiant heat/water utility arrangement
Gas	16,306	0	16,306	
Sewer	32,712	0	32,712	
Sub-total Utilities	130,183	0	130,183	PUPA: 1,326
Taxes and Licenses				Alternative LOSP Split
Real Estate Taxes	1,000	0	1,000	
Payroll Taxes	25,057	0	25,057	
Miscellaneous Taxes, Licenses and Permits	5,000	0	5,000	
Sub-total Taxes and Licenses	31,057	0	31,057	PUPA: 293
Insurance				
Property and Liability Insurance	74,784	0	74,784	Used BSOH Provided based on unit count with 10% reduction applied due to insurance provided
Fidelity Bond Insurance	0	0	0	
Worker's Compensation	15,444	0	15,444	We need to adjust after rent free unit value is determined
Director's & Officers' Liability Insurance	0	0	0	
Sub-total Insurance	90,228	0	90,228	PUPA: 861
Maintenance & Repair				Alternative LOSP Split
Payroll	0	0	0	
Supplies	41,696	0	41,696	Janitorial, Grounds, Repairs, Decorating Supplies/Material
Contracts	291,200	0	291,200	Jan \$53.1k, Exterior \$18.4k, Grounds \$4.6k. More payroll and routine maintenance contracts \$10
Garbage and Trash Removal	36,661	0	36,661	
Security Patrol/Control	32,200	0	32,200	Routine patrol and security guard for the community open space
HVAC Repairs and Maintenance	10,000	0	10,000	
Vehicle and Maintenance Equipment Operation and Repairs	0	0	0	
Miscellaneous Operating and Maintenance Expenses	2,400	0	2,400	
Sub-total Maintenance & Repair Expenses	414,147	0	414,147	PUPA: 3,907
Supportive Services	0	0	0	Alternative LOSP Split
Commercial Expenses	0	0	0	Supportive Services

TOTAL OPERATING EXPENSES	1,158,219	0	1,158,219	PUPA: 10,927
Reserves/Ground Lease Base Rent/Bond Fees				
Ground Lease Base Rent	15,000	0	15,000	Ground lease with MOHCD - Provide additional comments here, if needed
Bond Monitoring Fee	2,500	0	2,500	Annual Minimum Bond fee
Replacement Reserve Deposit	35,000	0	35,000	\$400 per unit, MOHCD allowable amount for SNO of 100 units
Operating Reserve Deposit	0	0	0	
Other Required Reserve 1 Deposit	0	0	0	
Other Required Reserve 2 Deposit	0	0	0	
Required Reserve Deposit, Commercial	0	0	0	Links from Commercial Op. Budget Worksheet
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	52,500	0	52,500	PUPA: 496

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)	1,210,719	0	1,210,719	PUPA: 11,423
NET OPERATING INCOME (INCOME minus OP EXPENSES)	30,000	0	30,000	PUPA: 283

DEBT SERVICE/MUST PAY PAYMENTS (hard debt/amortized loans)				
Hard Debt - First Lender	0	0	0	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pmt, or other 2nd Len	0	0	0	Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program or other 3rd Lender)	0	0	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	0	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	0	0	Links from Commercial Op. Budget Worksheet
TOTAL HARD DEBT SERVICE	0	0	0	PUPA: 0

CASH FLOW (NOI minus DEBT SERVICE)	30,000	0	30,000	
Commercial Only Cash Flow				
Allocation of Commercial Surplus to LOSP/Non-LOSP (residual income)	0	0	0	Allocation of Commercial Surplus to LOSP/Non
AVAILABLE CASH FLOW	30,000	0	30,000	

USES OF CASH FLOW BELOW (This row also shows DSCR)				
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL				
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0	0	0	
Partnership Management Fee (see policy for limits)	22,500	0	22,500	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	7,500	0	7,500	Alternative LOSP Split
Other Payments	0	0	0	Other Payments
Non-amortizing Loan Pmt - Lender 1 (unless lender in comments field)	0	0	0	Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (unless lender in comments field)	0	0	0	Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from col 1130)	0	0	0	\$DRM/1
TOTAL PAYMENTS PRECEDING MOHCD	30,000	0	30,000	PUPA: 283

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	0	0	0	
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Residual Receipts Calculation				
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?	Yes	
Will Project Defer Developer Fee?	TBD			
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1	33%			
% of Residual Receipts available for distribution to soft debt lenders in	67%			

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name; Non-amortizing loans only)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/DCB - Soft Debt Loans	1st MOHCD/DCB loan payable from res. recs		0.00%

MOHCD Proforma - Year 1 Operating Budget

Application Date:	8/1/2018	LOSP Units		Non-LOSP Units	Project Name:	1084-1088 Mission Street
Total # Units:	105	105	0		Project Address:	1084-1088 Mission St
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	2021	LOSP/Non-LOSP Allocation			Project Sponsor:	
		100%	0%			
MOHCD/OCB - Ground Lease Value				Ground Lease		Correct errors noted in Col N1
HCD (soft debt loan) - Lender 3						\$150,000 100.00%
Other Soft Debt Lender - Lender 4						0.00%
Other Soft Debt Lender - Lender 5						0.00%
						0.00%
MOHCD RESIDUAL RECEIPTS DEBT SERVICE						
MOHCD Residual Receipts Amount Due		0	0	67% of residual receipts, multiplied by 100% - MOHCD's pro rata share of all soft debt		
Proposed MOHCD Residual Receipts Amount to Loan Repayment		0	0	Entire amount of residual receipts proposed for loan repayment		
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		0	0	If applicable, MOHCD residual receipts and use LESS and proposed for loan repaym.		
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE						
		0				
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE						
HCD Residual Receipts Amount Due		0				
Lender 4 Residual Receipts Due		0				
Lender 5 Residual Receipts Due		0				
Total Non-MOHCD Residual Receipts Debt Service		0				
REMAINDER (should be zero unless there are distributions below)						
		0				
Owner Contributions/Incentive Management Fee		0				
Other Distributions/Uses		0				
Final Balance (should be zero)		0				

Application Date: 6/1/2018
 Total # Units: 106
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021

INCOME

Residential - Tenant Rents		non-LOSP	Approved By (read)
Residential - Tenant Assistance Payments (Non-LOSP)	LOSP		
Residential - LOSP Tenant Assistance Payments			
Commercial Space			
Residential Parking			
Miscellaneous Rent Income	LOSP	non-LOSP	Approved By (read)
Supportive Services Income			
Interest Income - Project Operations			
Laundry and Vending	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Tenant Charges	100.00%	0.00%	
Miscellaneous Residential Income			
Other Commercial Income	LOSP	non-LOSP	Approved By (read)
Withdrawal from Capitalized Reserve (deposit to operating account)			
Gross Potential Income			
Vacancy Loss - Residential - Tenant Rents			
Vacancy Loss - Residential - Tenant Assistance Payments			
Vacancy Loss - Commercial			
EFFECTIVE GROSS INCOME			

OPERATING EXPENSES

Management	LOSP	non-LOSP	Approved By (read)
Management Fee			
Asset Management Fee			
Sub-total Management Expenses			
Salaries/Benefits	LOSP	non-LOSP	Approved By (read)
Office Salaries			
Management Salary			
Health Insurance and Other Benefits			
Other Salaries/Benefits			
Administrative Rent-Free Unit			
Sub-total Salaries/Benefits			
Administration			
Advertising and Marketing			
Office Expenses			
Office Rent	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Local Expenses - Property	100.00%	0.00%	
Audit Expense			
Bookkeeping/Accounting Services	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Bad Debt			
Miscellaneous			
Sub-total Administration Expenses			
Utilities	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Electricity	100.00%	0.00%	
Water			
Gas			
Sewer			
Sub-total Utilities			
Taxes and Licenses	LOSP	non-LOSP	Approved By (read)
Real Estate Taxes			
Payroll Taxes			
Miscellaneous Taxes, Licenses and Permits			
Sub-total Taxes and Licenses			
Insurance			
Property and Liability Insurance			
Fidelity Bond Insurance	LOSP	non-LOSP	Approved By (read)
Worker's Compensation			
Director's & Officers' Liability Insurance			
Sub-total Insurance			
Maintenance & Repair			
Payroll	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Supplies	100.00%	0.00%	
Contracts			
Garbage and Trash Removal	LOSP	non-LOSP	Approved By (read)
Security/Protective Services			
HVAC Repairs and Maintenance			
Vehicle and Maintenance Equipment Operation and Repair			
Miscellaneous Operating and Maintenance Expenses			
Sub-total Maintenance & Repair Expenses			
Supportive Services	LOSP	non-LOSP	Approved By (read)
Commercial Expenses			

TOTAL OPERATING EXPENSES

Reserves/Ground Lease Base Rent/Bond Fees			
Ground Lease Base Rent			
Bond Mobilization Fee	LOSP	non-LOSP	Approved By (read)
Replacement Reserve Deposit			
Operational Reserve Deposit			
Other Reserved Reserve 1 Deposit			
Other Reserved Reserve 2 Deposit			
Required Reserve Upfronts, Commercial			
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			

TOTAL OPERATING EXPENSES (w/ Reserve/Ground Lease Base Rent/Bond Fees)

NET OPERATING INCOME (INCOME minus OP EXPENSES)

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)	LOSP	non-LOSP	Approved By (read)
Hard Debt - First Lender	0.00%	100.00%	
Hard Debt - Second Lender (HCD Program 0.42% pmt, or other 2nd Lender 0.42% pmt, or other 2nd Lender 0.42% pmt, or other 2nd Lender 0.42% pmt)			
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			
Hard Debt - Fourth Lender			
Commercial Hard Debt Service			
TOTAL HARD DEBT SERVICE			

CASH FLOW (NOI minus DEBT SERVICE)

Commercial Only Cash Flow			
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	LOSP (residual income)		
AVAILABLE CASH FLOW			
USES OF CASH FLOW BELOW (This row also shows DSCR)			
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL			
"Follow-the-Lead" Asset Mgt. Fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)			
Investor Service Fee (aka "LP Asset Mgt. Fee") (see policy for limits)	LOSP	non-LOSP	Approved By (read)
Other Payments			
Non-amortizing Loan Pmt - Lender 1 (used lender in comments field)			
Non-amortizing Loan Pmt - Lender 2 (used lender in comments field)			
Deferred Developer Fee (Lender amt <= Max Fee from cell 1130)	0.00%	100.00%	

TOTAL PAYMENTS PRECEDING MOHCD

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)

Residual Receipts Calculation
 Does Project have a MOHCD Residual Receipt Obligation?
 Will Project Defer Developer Fee?
 Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:
 % of Residual Receipts available for distribution to soft debt lenders in

0
\$VALUE

Soft Debt Lenders with Residual Receipts Obligations

MOHCD/DOH - Soft Debt Loans

Application Date: 6/1/2018
 Total # Units: 105
 First Year of Operations (provide date assuming that Year 1 is a full year, i.e. 12 months of operations): 2021

MOHCD/OCII - Ground Lease Value
HCD (soft debt loan) - Lender 3
Other Soft Debt Lender - Lender 4
Other Soft Debt Lender - Lender 5

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due
Proposed MOHCD Residual Receipts Amount to Loan Repayment
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due
Lender 4 Residual Receipts Due
Lender 5 Residual Receipts Due
Total Non-MOHCD Residual Receipts Debt Service

REMAINDER (should be zero unless there are distributions below)

Owner Distribution/Incentive Management Fee
Other Distributions/Uses
Final Balance (should be zero)

EXHIBIT B-3

20-Year Cash Flow Proforma

[This Proforma must include the same line items as the Annual Operating Budget shown in Exhibit B-2.]

ADULT

1064-1068 Mission Street

Total # Units:		LOSP Units	Non-LOSP Units		Year 1 2021			Year 2 2022			Year 3 2023		
163		163	0										
100.00%		100.00%	0.00%										
% annual inc		% annual inc		Comments	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Increase		Increase		(related to annual inc assumptions)									
INCOME													
Residential - Tenant Rents					459,000	-	459,000	463,590	-	463,590	468,226	-	468,226
Residential - Tenant Assistance Payments (Non-LOSP)					-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments					1,100,294	-	1,100,294	1,147,310	-	1,147,310	1,195,082	-	1,195,082
Commercial Space					-	-	-	-	-	-	-	-	-
Residential Parking					-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income					-	-	-	-	-	-	-	-	-
Supportive Services Income					-	-	-	-	-	-	-	-	-
Interest Income - Project Operations					-	-	-	-	-	-	-	-	-
Laundry and Vending					9,120	-	9,120	9,348	-	9,348	9,582	-	9,582
Tenant Charges					-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income					-	-	-	-	-	-	-	-	-
Other Commercial Income					-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)					-	-	-	-	-	-	-	-	-
Gross Potential Income					1,668,414	-	1,668,414	1,620,248	-	1,620,248	1,673,890	-	1,673,890
Vacancy Loss - Residential - Tenant Rents					(22,950)	-	(22,950)	(23,180)	-	(23,180)	(23,411)	-	(23,411)
Vacancy Loss - Residential - Tenant Assistance Payments					-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial					-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME					1,645,464	-	1,645,464	1,597,068	-	1,597,068	1,650,479	-	1,650,479
OPERATING EXPENSES													
Management													
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule	110,180	-	110,180	114,018	-	114,018	118,006	-	118,006
Asset Management Fee		3.5%	3.5%	per MOHCD policy	22,670	-	22,670	23,462	-	23,462	24,285	-	24,285
Sub-total Management Expenses					132,850	-	132,850	137,479	-	137,479	142,291	-	142,291
Salaries/Benefits													
Office Salaries		3.5%	3.5%		182,946	-	182,946	189,384	-	189,384	197,048	-	197,048
Manager's Salary		3.5%	3.5%		88,000	-	88,000	91,080	-	91,080	94,268	-	94,268
Health Insurance and Other Benefits		3.5%	3.5%		49,000	-	49,000	49,680	-	49,680	51,419	-	51,419
Other Salaries/Benefits		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits					319,946	-	319,946	331,144	-	331,144	342,734	-	342,734
Administration													
Advertising and Marketing		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Office Expenses		3.5%	3.5%		56,208	-	56,208	58,200	-	58,200	60,261	-	60,261
Office Rent		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property		3.5%	3.5%		37,216	-	37,216	38,521	-	38,521	39,869	-	39,869
Audit Expense		3.5%	3.5%		14,000	-	14,000	14,490	-	14,490	14,997	-	14,997
Bookkeeping/Accounting Services		3.5%	3.5%		17,442	-	17,442	18,032	-	18,032	18,684	-	18,684
Bad Debt		3.5%	3.5%		1,500	-	1,500	1,553	-	1,553	1,607	-	1,607
Miscellaneous		3.5%	3.5%		6,763	-	6,763	7,033	-	7,033	7,279	-	7,279
Sub-total Administration Expenses					133,869	-	133,869	138,848	-	138,848	143,397	-	143,397
Utilities													
Electricity		3.5%	3.5%		80,772	-	80,772	83,599	-	83,599	86,525	-	86,525
Water		3.5%	3.5%		30,612	-	30,612	31,683	-	31,683	32,792	-	32,792
Gas		3.5%	3.5%		25,808	-	25,808	26,815	-	26,815	27,753	-	27,753
Sewer		3.5%	3.5%		46,068	-	46,068	47,680	-	47,680	49,349	-	49,349
Sub-total Utilities					183,260	-	183,260	189,778	-	189,778	196,420	-	196,420
Taxes and Licenses													
Real Estate Taxes		3.5%	3.5%		1,000	-	1,000	1,035	-	1,035	1,071	-	1,071
Payroll Taxes		3.5%	3.5%		26,514	-	26,514	26,407	-	26,407	27,331	-	27,331
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%		5,000	-	5,000	5,175	-	5,175	5,356	-	5,356
Sub-total Taxes and Licenses					31,514	-	31,514	32,617	-	32,617	33,769	-	33,769
Insurance													
Property and Liability Insurance		3.5%	3.5%		117,374	-	117,374	121,482	-	121,482	125,734	-	125,734
Fidelity Bond Insurance		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation		3.5%	3.5%		15,744	-	15,744	16,295	-	16,295	16,865	-	16,865
Director's & Officers' Liability Insurance		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance					133,118	-	133,118	137,777	-	137,777	142,699	-	142,699
Maintenance & Repair													
Payroll		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Supplies		3.5%	3.5%		52,740	-	52,740	54,638	-	54,638	56,550	-	56,550
Contracts		3.5%	3.5%		352,800	-	352,800	365,148	-	365,148	377,628	-	377,628
Garbage and Trash Removal		3.5%	3.5%		49,593	-	49,593	51,328	-	51,328	53,125	-	53,125
Security Payroll/Contract		3.5%	3.5%		42,200	-	42,200	43,677	-	43,677	45,206	-	45,206
HVAC Repairs and Maintenance		3.5%	3.5%		10,000	-	10,000	10,350	-	10,350	10,712	-	10,712
Vehicle and Maintenance Equipment Operation and Repairs		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses		3.5%	3.5%		2,400	-	2,400	2,484	-	2,484	2,571	-	2,571
Sub-total Maintenance & Repair Expenses					608,783	-	608,783	627,626	-	627,626	646,992	-	646,992
Supportive Services		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses					-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES					1,444,414	-	1,444,414	1,494,909	-	1,494,909	1,547,282	-	1,547,282
PUPA (w/o Reserves/GL Base Rent/Bond Fees)							8,441						
Reserves/Ground Lease Base Rent/Bond Fees													
Ground Lease Base Rent					15,000	-	15,000	15,000	-	15,000	15,000	-	15,000
Bond Monitoring Fee					2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Replacement Reserve Deposit					53,550	-	53,550	53,550	-	53,550	53,550	-	53,550
Operating Reserve Deposit					-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit					-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit					-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial					-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					71,050	-	71,050	71,050	-	71,050	71,050	-	71,050
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)					1,515,464	-	1,515,464	1,565,959	-	1,565,959	1,618,342	-	1,618,342
PUPA (w/ Reserves/GL Base Rent/Bond Fees)							8,905						
NET OPERATING INCOME (INCOME minus OP EXPENSES)					30,000	-	30,000	31,060	-	31,060	32,137	-	32,137
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)													
Hard Debt - First Lender													
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)													
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)													
Hard Debt - Fourth Lender													
Commercial Hard Debt Service													
TOTAL HARD DEBT SERVICE													
CASH FLOW (NOI minus DEBT SERVICE)					30,000	-	30,000	31,060	-	31,060	32,137	-	32,137
Commercial Only Cash Flow													
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)													
AVAILABLE CASH FLOW					30,000	-	30,000	31,060	-	31,060	32,137	-	32,137
USES OF CASH FLOW BELOW (This row also shows DSCR.)													
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL													
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)					3.5%	3.5%	per MOHCD policy						
Partnership Management Fee (see policy for limits)					3.5%	3.5%	per MOHCD policy	22,500	-	22,500	23,288	-	23,288
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)							per MOHCD policy per annual increase	7,500	-	7,500	7,763	-	7,763
Other Payments													
Non-amortizing Loan Pmt - Lender 1							Enter comments re: annual increase, etc.						
Non-amortizing Loan Pmt - Lender 2							Enter comments re: annual increase, etc.						
Deferred Developer Fee (Enter amt. <= Max Fee from row 121)													
TOTAL PAYMENTS PRECEDING MOHCD								30,000	-	30,000	31,060	-	31,060
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)													
Does Project have a MOHCD Residual Receipt Obligation?					Yes								
Will Project Defer Developer Fee?					TBD								
Residual Receipts split for all years. - Lender/Owner					67% / 33%								
MOHCD RESIDUAL RECEIPTS DEBT SERVICE													
MOHCD Residual Receipts Amount Due					100.00%								
Proposed MOHCD Residual Receipts Amount in Loan Repayment													

MOHCD Proforma - 20 Year Cash Flow

INCOME	Total # Units: 161	LOSP Units 161	Non-LOSP Units 0	% annual inc LOSP 100.00%	% annual increase 0.00%	Comments (related to annual inc assumptions)	Year 1 2021			Year 2 2022			Year 3 2023		
							LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Proposed MOHCD Residual Receipts Amount to Residual Ground Less:						Proposed Total MOHCD And Due less Loan Repayment									
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE															
HCD Residual Receipts Amount Due				0.00%		No HCD Financing									
Lender 4 Residual Receipts Due				0.00%											
Lender 5 Residual Receipts Due				0.00%											
Total Non-MOHCD Residual Receipts Debt Service															
REMAINDER (Should be zero unless there are distributions below)															
Owner Distributions/Incentive Management Fee															
Other Distributions/Assets															
Final Balance (should be zero)															
REPLACEMENT RESERVE - RUNNING BALANCE															
Replacement Reserve Starting Balance										83,660			107,100		
Replacement Reserve Deposits							83,660			83,660			83,660		
Replacement Reserve Withdrawals (Identical tied to CNA)															
Replacement Reserve Interest															
RR Running Balance							83,660			107,100			166,660		
							1350			1780			21,050		
OPERATING RESERVE - RUNNING BALANCE															
Operating Reserve Starting Balance															
Operating Reserve Deposits															
Operating Reserve Withdrawals															
Operating Reserve Interest															
OR Running Balance															
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE															
Other Reserve 1 Starting Balance															
Other Reserve 1 Deposits															
Other Reserve 1 Withdrawals															
Other Reserve 1 Interest															
Other Required Reserve 1 Running Balance															
OTHER RESERVE 2 - RUNNING BALANCE															
Other Reserve 2 Starting Balance															
Other Reserve 2 Deposits															
Other Reserve 2 Withdrawals															
Other Reserve 2 Interest															
Other Required Reserve 2 Running Balance															

1064-1068 Mission Street

	Total # Units: 163	LOSP Units 157	Non-LOSP Units 6	Comments (related to annual inc assumptions)	Year 4 2024			Year 5 2025			Year 6 2026		
					LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME													
Residential - Tenant Rents		1.0%	2.5%		472,908	-	472,908	477,637	-	477,637	482,414	-	482,414
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments		n/a	n/a		1,246,675	-	1,246,675	1,229,152	-	1,229,152	1,353,560	-	1,353,560
Commercial Space		n/a	2.5%		-	-	-	-	-	-	-	-	-
Residential Parking		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Supportive Services Income		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending		2.5%	2.5%		9,821	-	9,821	10,067	-	10,067	10,318	-	10,318
Tenant Charges		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income		n/a	2.5%		-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-
Gross Potential Income					1,728,408	-	1,728,408	1,786,886	-	1,786,886	1,846,312	-	1,846,312
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(23,645)	-	(23,645)	(23,645)	-	(23,645)	(24,121)	-	(24,121)
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial		n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME					1,704,763	-	1,704,763	1,763,241	-	1,763,241	1,822,191	-	1,822,191
OPERATING EXPENSES													
Management													
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule	122,136	-	122,136	126,411	-	126,411	130,836	-	130,836
Asset Management Fee		3.5%	3.5%	per MOHCD policy	25,135	-	25,135	26,014	-	26,014	26,925	-	26,925
Sub-total Management Expenses					147,271	-	147,271	152,425	-	152,425	157,760	-	157,760
Salaries/Benefits													
Office Salaries		3.5%	3.5%		203,844	-	203,844	211,082	-	211,082	218,470	-	218,470
Manager's Salary		3.5%	3.5%		87,597	-	87,597	90,882	-	90,882	94,316	-	94,316
Health Insurance and Other Benefits		3.5%	3.5%		53,218	-	53,218	55,081	-	55,081	57,009	-	57,009
Other Salaries/Benefits		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits					344,730	-	344,730	367,149	-	367,149	379,996	-	379,996
Administration													
Advertising and Marketing		3.5%	3.5%		63,095	-	63,095	65,303	-	65,303	67,589	-	67,589
Office Expenses		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Office Rent		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property		3.5%	3.5%		41,284	-	41,284	42,709	-	42,709	44,203	-	44,203
Audit Expense		3.5%	3.5%		15,522	-	15,522	16,065	-	16,065	16,628	-	16,628
Bookkeeping/Accounting Services		3.5%	3.5%		19,338	-	19,338	20,015	-	20,015	20,716	-	20,716
Bad Debts		3.5%	3.5%		1,663	-	1,663	1,721	-	1,721	1,782	-	1,782
Miscellaneous		3.5%	3.5%		7,534	-	7,534	7,787	-	7,787	8,070	-	8,070
Sub-total Administration Expenses					146,418	-	146,418	153,911	-	153,911	161,947	-	161,947
Utilities													
Electricity		3.5%	3.5%		89,552	-	89,552	92,688	-	92,688	95,932	-	95,932
Water		3.5%	3.5%		33,840	-	33,840	35,128	-	35,128	36,457	-	36,457
Gas		3.5%	3.5%		28,725	-	28,725	29,730	-	29,730	30,771	-	30,771
Sewer		3.5%	3.5%		51,076	-	51,076	52,664	-	52,664	54,314	-	54,314
Sub-total Utilities					203,293	-	203,293	210,410	-	210,410	217,774	-	217,774
Taxes and Licenses													
Real Estate Taxes		3.5%	3.5%		1,109	-	1,109	1,148	-	1,148	1,188	-	1,188
Payroll Taxes		3.5%	3.5%		28,288	-	28,288	29,278	-	29,278	30,293	-	30,293
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%		5,544	-	5,544	5,738	-	5,738	5,938	-	5,938
Sub-total Taxes and Licenses					34,941	-	34,941	36,163	-	36,163	37,429	-	37,429
Insurance													
Property and Liability Insurance		3.5%	3.5%		130,135	-	130,135	134,689	-	134,689	139,401	-	139,401
Fidelity Bond Insurance		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation		3.5%	3.5%		17,456	-	17,456	18,067	-	18,067	18,689	-	18,689
Director's & Officers' Liability Insurance		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance					147,590	-	147,590	152,756	-	152,756	158,102	-	158,102
Maintenance & Repair													
Payroll		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Supplies		3.5%	3.5%		58,529	-	58,529	60,578	-	60,578	62,698	-	62,698
Contracts		3.5%	3.5%		391,156	-	391,156	404,846	-	404,846	419,016	-	419,016
Garbage and Trash Removal		3.5%	3.5%		54,985	-	54,985	56,909	-	56,909	58,901	-	58,901
Security Payroll/Contract		3.5%	3.5%		48,748	-	48,748	50,425	-	50,425	52,120	-	52,120
HVAC Repairs and Maintenance		3.5%	3.5%		11,087	-	11,087	11,475	-	11,475	11,877	-	11,877
Vehicle and Maintenance Equipment Operation and Repair		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses		3.5%	3.5%		2,651	-	2,651	2,754	-	2,754	2,850	-	2,850
Sub-total Maintenance & Repair Expenses					686,208	-	686,208	714,998	-	714,998	745,462	-	745,462
Supportive Services		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses					-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES					1,601,448	-	1,601,448	1,667,498	-	1,667,498	1,735,611	-	1,735,611
RESERVES/LEASE BASE RENT/BOND FEES													
Reserves/Lease Base Rent/Bond Fees				Delete values in yellow cells; manipulate each cell rather than dragging across multiple cells.									
Ground Lease Base Rent					15,000	-	15,000	15,000	-	15,000	15,000	-	15,000
Bond Monitoring Fee					2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Replacement Reserve Deposit					53,550	-	53,550	53,550	-	53,550	53,550	-	53,550
Operating Reserve Deposit					-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit					-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit					-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial					-	-	-	-	-	-	-	-	-
Sub-total Reserves/Lease Base Rent/Bond Fees					71,050	-	71,050	71,050	-	71,050	71,050	-	71,050
TOTAL OPERATING EXPENSES (w/ Reserves/Lease Base Rent/Bond Fees)					1,672,498	-	1,672,498	1,738,548	-	1,738,548	1,806,661	-	1,806,661
NET OPERATING INCOME (INCOME minus OP EXPENSES)					33,262	-	33,262	34,428	-	34,428	35,821	-	35,821
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)													
Hard Debt - First Lender				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service					-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE					-	-	-	-	-	-	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)					33,262	-	33,262	34,428	-	34,428	35,821	-	35,821
Commercial Only Cash Flow					-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOSP/non-LOSP (Residual Income)					-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW					33,262	-	33,262	34,428	-	34,428	35,821	-	35,821
USES OF CASH FLOW BELOW (This row also shows DSCR)													
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL				Delete values in yellow cells; manipulate each cell rather than dragging across multiple cells.									
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)		3.5%	3.5%	per MOHCD policy	24,846	-	24,846	25,879	-	25,879	26,723	-	26,723
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)				per MOHCD policy re: annual increase	8,375	-	8,375	8,606	-	8,606	8,808	-	8,808
Other Payments					-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 1				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 2				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt. = Max Fee from row 131)					-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD					33,262	-	33,262	34,428	-	34,428	35,821	-	35,821
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)					(0)	-	(0)	-	-	(0)	-	(0)	
Does Project have a MOHCD Residual Receipt Obligation?				Yes									
Will Project Deliver Developer Fee?				TBD									
Residual Receipt split for all years - Lender/Owner				67% / 33%									
MOHCD RESIDUAL RECEIPTS DEBT SERVICE													
MOHCD Residual Receipts Amount Due				Dist. Soft Debt Loans									
Proposed MOHCD Residual Receipts Amount to Loan Repayment				100.00%									

MOHCD Proforma - 20 Year Cash Flow

Total # Units:	LOSP Units	Non-LOSP Units	Comments (related to annual inc assumptions)	Year 4 2024			Year 5 2025			Year 6 2026		
				LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
153	153	0										
100.00%	100.00%	0.00%										
INCOME												
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease												
NON-MOHCD RESIDUAL RECEIPTS DEBIT SERVICE												
MOHCD Residual Receipts Amount Due												
Lender 4 Residual Receipts Due												
Lender 5 Residual Receipts Due												
Total Non-MOHCD Residual Receipts Debt Service												
REMAINDER (Should be zero unless there are distributions below)												
Owner Distributions/Incentive Management Fee												
Other Distributions/Uses												
Final Balance (should be zero)												
REPLACEMENT RESERVE - RUNNING BALANCE												
Replacement Reserve Starting Balance						180,480			214,200			247,280
Replacement Reserve Deposits						\$3,480			\$3,480			\$3,480
Replacement Reserve Withdrawals (ideally tied to CNA)												
Replacement Reserve Interest												
RR Running Balance						214,200			267,760			251,360
						\$1,400			\$1,750			\$2,100
OPERATING RESERVE - RUNNING BALANCE												
Operating Reserve Starting Balance												
Operating Reserve Deposits												
Operating Reserve Withdrawals												
Operating Reserve Interest												
OR Running Balance												
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE												
Other Reserve 1 Starting Balance												
Other Reserve 1 Deposits												
Other Reserve 1 Withdrawals												
Other Reserve 1 Interest												
Other Required Reserve 1 Running Balance												
OTHER RESERVE 2 - RUNNING BALANCE												
Other Reserve 2 Starting Balance												
Other Reserve 2 Deposits												
Other Reserve 2 Withdrawals												
Other Reserve 2 Interest												
Other Required Reserve 2 Running Balance												

1064-1068 Mission Street

Total # Units:		LOSP Units	Non-LOSP Units	Year 7 2027			Year 8 2028			Year 9 2029			
163		163	0										
		100.00%	0.00%										
		% annual inc LOSP	% annual Increase	Comments (related to annual inc assumptions)			LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
INCOME													
Residential - Tenant Rents		1.0%	2.5%				497,238	-	497,238	497,110	-	497,110	
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a				-	-	-	-	-	-	
Residential - LOSP Tenant Assistance Payments		n/a	n/a				1,410,029	-	1,410,029	1,404,571	-	1,404,571	
Commercial Space		n/a	2.5%				-	-	-	-	-	-	
Residential Parking		2.5%	2.5%				-	-	-	-	-	-	
Miscellaneous Rent Income		2.5%	2.5%				-	-	-	-	-	-	
Supportive Services Income		2.5%	2.5%				-	-	-	-	-	-	
Interest Income - Project Operations		2.5%	2.5%				-	-	-	-	-	-	
Laundry and Vending		2.5%	2.5%				10,576	-	10,576	10,841	-	10,841	
Tenant Charges		2.5%	2.5%				-	-	-	-	-	-	
Miscellaneous Residential Income		2.5%	2.5%				-	-	-	-	-	-	
Other Commercial Income		n/a	2.5%				-	-	-	-	-	-	
Withdrawal from Capitalized Reserve (disposal to operating account)		n/a	n/a				-	-	-	-	-	-	
Gross Potential Income							1,907,843	-	1,907,843	1,971,622	-	1,971,622	
Vacancy Loss - Residential - Tenant Rents		n/a	n/a				(24,362)	-	(24,362)	(24,605)	-	(24,605)	
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a				-	-	-	-	-	-	
Vacancy Loss - Commercial		n/a	n/a				-	-	-	-	-	-	
EFFECTIVE GROSS INCOME							1,883,481	-	1,883,481	1,946,916	-	1,946,916	
OPERATING EXPENSES													
Management													
Management Fee		3.5%	3.5%				135,415	-	135,415	140,154	-	140,154	
Asset Management Fee		3.5%	3.5%				27,867	-	27,867	28,843	-	28,843	
Sub-total Management Expenses							163,282	-	163,282	168,997	-	168,997	
Salaries/Benefits													
Office Salaries		3.5%	3.5%				226,117	-	226,117	234,031	-	234,031	
Manager's Salary		3.5%	3.5%				108,174	-	108,174	111,867	-	111,867	
Health Insurance and Other Benefits		3.5%	3.5%				59,004	-	59,004	61,069	-	61,069	
Other Salaries/Benefits		3.5%	3.5%				-	-	-	-	-	-	
Administrative Rent-Free Unit		3.5%	3.5%				-	-	-	-	-	-	
Sub-total Salaries/Benefits							393,295	-	393,295	407,061	-	407,061	
Administration													
Advertising and Marketing		3.5%	3.5%				-	-	-	-	-	-	
Office Expenses		3.5%	3.5%				69,954	-	69,954	72,402	-	72,402	
Office Rent		3.5%	3.5%				-	-	-	-	-	-	
Legal Expense - Property		3.5%	3.5%				45,750	-	45,750	47,352	-	47,352	
Audit Expense		3.5%	3.5%				17,210	-	17,210	17,812	-	17,812	
Bookkeeping/Accounting Services		3.5%	3.5%				21,441	-	21,441	22,191	-	22,191	
Bad Debt		3.5%	3.5%				1,844	-	1,844	1,908	-	1,908	
Miscellaneous		3.5%	3.5%				8,353	-	8,353	8,645	-	8,645	
Sub-total Administration Expenses							184,662	-	184,662	190,311	-	190,311	
Utilities													
Electricity		3.5%	3.5%				99,289	-	99,289	102,765	-	102,765	
Water		3.5%	3.5%				37,630	-	37,630	38,847	-	38,847	
Gas		3.5%	3.5%				31,848	-	31,848	32,962	-	32,962	
Sewer		3.5%	3.5%				58,629	-	58,629	59,811	-	59,811	
Sub-total Utilities							226,396	-	226,396	232,385	-	232,385	
Taxes and Licenses													
Real Estate Taxes		3.5%	3.5%				1,229	-	1,229	1,272	-	1,272	
Payroll Taxes		3.5%	3.5%				31,363	-	31,363	32,481	-	32,481	
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%				6,148	-	6,148	6,361	-	6,361	
Sub-total Taxes and Licenses							38,740	-	38,740	40,014	-	40,014	
Insurance													
Property and Liability Insurance		3.5%	3.5%				144,283	-	144,283	149,333	-	149,333	
Fidelity Bond Insurance		3.5%	3.5%				-	-	-	-	-	-	
Worker's Compensation		3.5%	3.5%				18,353	-	18,353	18,931	-	18,931	
Director's & Officers' Liability Insurance		3.5%	3.5%				-	-	-	-	-	-	
Sub-total Insurance							162,636	-	162,636	168,264	-	168,264	
Maintenance & Repair													
Payroll		3.5%	3.5%				-	-	-	-	-	-	
Supplies		3.5%	3.5%				64,892	-	64,892	67,184	-	67,184	
Contract		3.5%	3.5%				433,681	-	433,681	448,860	-	448,860	
Garbage and Trash Removal		3.5%	3.5%				60,962	-	60,962	62,995	-	62,995	
Security Payroll/Contract		3.5%	3.5%				51,875	-	51,875	53,690	-	53,690	
HVAC Repairs and Maintenance		3.5%	3.5%				12,293	-	12,293	12,723	-	12,723	
Vehicle and Maintenance Equipment Operation and Repairs		3.5%	3.5%				-	-	-	-	-	-	
Miscellaneous Operations and Maintenance Expenses		3.5%	3.5%				2,950	-	2,950	3,053	-	3,053	
Sub-total Maintenance & Repair Expenses							626,653	-	626,653	648,598	-	648,598	
Supportive Services		3.5%	3.5%				-	-	-	-	-	-	
Commercial Expenses							-	-	-	-	-	-	
TOTAL OPERATING EXPENSES							1,776,564	-	1,776,564	1,837,098	-	1,837,098	
PUPA (w/o Reserves/GL Base Rent/Bond Fees)													
Reserves/Ground Lease Base Rent/Bond Fees													
Ground Lease Base Rent							15,000	-	15,000	15,000	-	15,000	
Bond Monitoring Fee							2,500	-	2,500	2,500	-	2,500	
Replacement Reserve Deposit							53,550	-	53,550	53,550	-	53,550	
Operating Reserve Deposit							-	-	-	-	-	-	
Other Required Reserve 1 Deposit							-	-	-	-	-	-	
Other Required Reserve 2 Deposit							-	-	-	-	-	-	
Required Reserve Deposits, Commercial							-	-	-	-	-	-	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees							71,050	-	71,050	71,050	-	71,050	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)							1,846,604	-	1,846,604	1,908,148	-	1,908,148	
PUPA (w/ Reserves/GL Base Rent/Bond Fees)													
NET OPERATING INCOME (INCOME minus OP EXPENSES)							36,878	-	36,878	38,168	-	38,168	
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)													
Hard Debt - First Lender							-	-	-	-	-	-	
Hard Debt - Second Lender (HCD Program 0.42% pmt, or other 2nd Lender)							-	-	-	-	-	-	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)							-	-	-	-	-	-	
Hard Debt - Fourth Lender							-	-	-	-	-	-	
Commercial Hard Debt Service							-	-	-	-	-	-	
TOTAL HARD DEBT SERVICE							-	-	-	-	-	-	
CASH FLOW (NOI minus DEBT SERVICE)							36,878	-	36,878	38,168	-	38,168	
Commercial Only Cash Flow							-	-	-	-	-	-	
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)							-	-	-	-	-	-	
AVAILABLE CASH FLOW							36,878	-	36,878	38,168	-	38,168	
USES OF CASH FLOW BELOW (This row also shows DSCR)													
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL													
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)		3.5%	3.5%				per MOHCD policy	-	-	-	-	-	
Partnership Management Fee (see policy for limits)		3.5%	3.5%				per MOHCD policy	27,658	-	27,658	28,626	-	28,626
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)							per MOHCD policy no annual increase	9,219	-	9,219	9,542	-	9,542
Other Payments							-	-	-	-	-	-	
Non-amortizing Loan Pmt - Lender 1							-	-	-	-	-	-	
Non-amortizing Loan Pmt - Lender 2							-	-	-	-	-	-	
Deferred Developer Fee (Enter amt <= Max Fee from row 131)							-	-	-	-	-	-	
TOTAL PAYMENTS PRECEDING MOHCD							36,878	-	36,878	38,168	-	38,168	
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)							-	-	-	-	-	-	
Does Project have a MOHCD Residual Receipt Obligation?							Yes						
Will Project Defeat Developer Fee?							TBD						
Residual Receipts split for all years - Lender/Owner							67% / 33%						
MOHCD RESIDUAL RECEIPTS DEBT SERVICE													
MOHCD Residual Receipts Amount Due							100.00%						
Proposed MOHCD Residual Receipts Amount to Loan Repayment							-	-	-	-	-	-	
Allocation per pro-rata share of all soft debt loans, and MOHCD residual receipts policy							-	-	-	-	-	-	

MOHCD Proforma - 20 Year Cash Flow

INCOME	Total # Units: 163	LOSP Units 163	Non-LOSP Units 0	% annual Inc LOSP 100.00%	% annual Increase 0.00%	Comments (related to annual Inc assumptions) Proposed Total MOHCD Amt Due less Loan Repayment	Year 7 2027			Year 8 2028			Year 9 2029		
							LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease															
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE															
MOHCD Residual Receipts Amount Due				0.00%		Has MOHCD Financing									
Lender 4 Residual Receipts Due				0.00%											
Lender 5 Residual Receipts Due				0.00%											
Total Non-MOHCD Residual Receipts Debt Service															
REMAINDER (Should be zero unless there are distributions below)															
Owner Distributions/Incentive Management Fee															
Other Distributions/Uses															
Final Balance (should be zero)															
REPLACEMENT RESERVE - RUNNING BALANCE															
Replacement Reserve Starting Balance									321,320			374,850			429,450
Replacement Reserve Deposits									\$2,650			\$2,650			\$2,650
Replacement Reserve Withdrawals (Ideally tied to CNA)															
Replacement Reserve Interest															
RR Running Balance									374,850			429,450			481,950
									\$2,450			\$2,800			\$3,150
OPERATING RESERVE - RUNNING BALANCE															
Operating Reserve Starting Balance															
Operating Reserve Deposits															
Operating Reserve Withdrawals															
Operating Reserve Interest															
OR Running Balance															
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE															
Other Reserve 1 Starting Balance															
Other Reserve 1 Deposits															
Other Reserve 1 Withdrawals															
Other Reserve 1 Interest															
Other Required Reserve 1 Running Balance															
OTHER RESERVE 2 - RUNNING BALANCE															
Other Reserve 2 Starting Balance															
Other Reserve 2 Deposits															
Other Reserve 2 Withdrawals															
Other Reserve 2 Interest															
Other Required Reserve 2 Running Balance															

OR Balance as a % of Prior Yr Op Exps + Debt Service

1064-1068 Mission Street

Total # Units:		LOSP Units	Non-LOSP Units				Year 10 2030			Year 11 2031			Year 12 2032		
163		163	0	100.00%	0.00%		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
		% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)											
INCOME															
Residential - Tenant Rents		1.0%	2.5%				502,002	-	502,002	507,022	-	507,022	512,032	-	512,032
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a				-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments		n/a	n/a				1,592,234	-	1,592,234	1,657,512	-	1,657,512	1,725,192	-	1,725,192
Commercial Space		n/a	2.5%				-	-	-	-	-	-	-	-	-
Residential Parking		2.5%	2.5%				-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income		2.5%	2.5%				-	-	-	-	-	-	-	-	-
Supportive Services Income		2.5%	2.5%				-	-	-	-	-	-	-	-	-
Interest Income - Project Operations		2.5%	2.5%				-	-	-	-	-	-	-	-	-
Laundry and Vending		2.5%	2.5%				11,390	-	11,390	11,674	-	11,674	11,966	-	11,966
Tenant Charges		2.5%	2.5%				-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income		2.5%	2.5%				-	-	-	-	-	-	-	-	-
Other Commercial Income		n/a	2.5%				-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a	Link from Reserve Section below, as applicable			-	-	-	-	-	-	-	-	-
Gross Potential Income							2,105,626	-	2,105,626	2,178,208	-	2,178,208	2,249,254	-	2,249,254
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formulas manually per relevant MOH policy; annual increasing usually not appropriate			(29,600)	-	(29,600)	(29,351)	-	(29,351)	(29,600)	-	(29,600)
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a				-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial		n/a	n/a				-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME							2,080,626	-	2,080,626	2,160,867	-	2,160,867	2,223,660	-	2,223,660
OPERATING EXPENSES															
Management															
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule			150,137	-	150,137	155,392	-	155,392	160,630	-	160,630
Asset Management Fee		3.5%	3.5%	per MOHCD policy			30,897	-	30,897	31,878	-	31,878	33,098	-	33,098
Sub-total Management Expenses							181,034	-	181,034	187,270	-	187,270	193,728	-	193,728
Salaries/Benefits															
Office Salaries		3.5%	3.5%				260,700	-	260,700	269,474	-	269,474	278,556	-	278,556
Manager's Salary		3.5%	3.5%				119,035	-	119,035	124,133	-	124,133	128,477	-	128,477
Health Insurance and Other Benefits		3.5%	3.5%				65,419	-	65,419	67,709	-	67,709	70,079	-	70,079
Other Salaries/Benefits		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits							435,054	-	435,054	461,316	-	461,316	477,111	-	477,111
Administration															
Advertising and Marketing		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Office Expenses		3.5%	3.5%				77,560	-	77,560	80,274	-	80,274	83,084	-	83,084
Office Rent		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Legal Expense - Property		3.5%	3.5%				50,724	-	50,724	52,800	-	52,800	54,937	-	54,937
Audit Expense		3.5%	3.5%				19,081	-	19,081	19,748	-	19,748	20,440	-	20,440
Bookkeeping/Accounting Services		3.5%	3.5%				23,772	-	23,772	24,604	-	24,604	25,465	-	25,465
Bad Debt		3.5%	3.5%				2,044	-	2,044	2,116	-	2,116	2,190	-	2,190
Miscellaneous		3.5%	3.5%				9,261	-	9,261	9,585	-	9,585	9,920	-	9,920
Sub-total Administration Expenses							182,442	-	182,442	188,827	-	188,827	195,436	-	195,436
Utilities															
Electricity		3.5%	3.5%				110,084	-	110,084	113,937	-	113,937	117,825	-	117,825
Water		3.5%	3.5%				41,721	-	41,721	43,181	-	43,181	44,693	-	44,693
Gas		3.5%	3.5%				35,310	-	35,310	36,546	-	36,546	37,825	-	37,825
Sewer		3.5%	3.5%				62,786	-	62,786	64,883	-	64,883	67,258	-	67,258
Sub-total Utilities							249,901	-	249,901	258,547	-	258,547	267,700	-	267,700
Taxes and Licenses															
Real Estate Taxes		3.5%	3.5%				1,363	-	1,363	1,411	-	1,411	1,460	-	1,460
Payroll Taxes		3.5%	3.5%				34,773	-	34,773	35,930	-	35,930	37,250	-	37,250
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%				6,814	-	6,814	7,057	-	7,057	7,300	-	7,300
Sub-total Taxes and Licenses							42,950	-	42,950	44,404	-	44,404	46,006	-	46,006
Insurance															
Property and Liability Insurance		3.5%	3.5%				169,969	-	169,969	175,588	-	175,588	181,382	-	181,382
Fidelity Bond Insurance		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Worker's Compensation		3.5%	3.5%				21,457	-	21,457	22,208	-	22,208	22,984	-	22,984
Director's & Officers' Liability Insurance		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Sub-total Insurance							191,426	-	191,426	197,776	-	197,776	204,348	-	204,348
Maintenance & Repair															
Payroll		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Supplies		3.5%	3.5%				71,847	-	71,847	74,466	-	74,466	77,072	-	77,072
Contracts		3.5%	3.5%				460,830	-	460,830	472,656	-	472,656	484,677	-	484,677
Garbage and Trash Removal		3.5%	3.5%				67,590	-	67,590	69,858	-	69,858	72,164	-	72,164
Security Payroll/Contract		3.5%	3.5%				57,514	-	57,514	59,527	-	59,527	61,611	-	61,611
HVAC Repairs and Maintenance		3.5%	3.5%				13,626	-	13,626	14,106	-	14,106	14,600	-	14,600
Vehicle and Maintenance Equipment Operation and Repairs		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses		3.5%	3.5%				3,271	-	3,271	3,385	-	3,385	3,501	-	3,501
Sub-total Maintenance & Repair Expenses							684,782	-	684,782	719,028	-	719,028	744,208	-	744,208
Supportive Services		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Commercial Expenses							-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES							1,196,688	-	1,196,688	1,237,489	-	1,237,489	1,280,801	-	1,280,801
PUPA (w/o Reserves/GL Base Rent/Bond Fees)															
Reserves/Ground Lease Base Rent/Bond Fees															
Ground Lease Base Rent							15,000	-	15,000	15,000	-	15,000	15,000	-	15,000
Bond Monitoring Fee							2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Replacement Reserve Deposit							53,550	-	53,550	53,550	-	53,550	53,550	-	53,550
Operating Reserve Deposit							-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit							-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit							-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial							-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees							71,050	-	71,050	71,050	-	71,050	71,050	-	71,050
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)							2,028,638	-	2,028,638	2,108,539	-	2,108,539	2,179,851	-	2,179,851
PUPA (w/ Reserves/GL Base Rent/Bond Fees)															
NET OPERATING INCOME (INCOME minus OP EXPENSES)						40,887	-	40,887	42,318	-	42,318	43,788	-	43,788	
DEBT SERVICE/MUST PAY PAYMENTS (Hard debt/amortized loans)															
Hard Debt - First Lender							-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)							-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)							-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender							-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service							-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE							-	-	-	-	-	-	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)															
Commercial Only Cash Flow							40,887	-	40,887	42,318	-	42,318	43,788	-	43,788
Allocation of Commercial Surplus to LOSP/non-LOSP (if surplus income)							-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW							40,887	-	40,887	42,318	-	42,318	43,788	-	43,788
USES OF CASH FLOW BELOW (This row also shows DSCR.)															
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL															
Below-the-line Asset Mgt Fee (uncommon in new projects, see policy)		3.5%	3.5%	per MOHCD policy			-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)		3.5%	3.5%	per MOHCD policy			20,655	-	20,655	21,738	-	21,738	22,849	-	22,849
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)				per MOHCD policy no annual increase			10,222	-	10,222	10,579	-	10,579	10,850	-	10,850
Other Payments							-	-	-	-	-	-	-	-	-
Non-amortizing LPmt/Pmt - Lender 1				Enter comments re: annual increase, etc.			-	-	-	-	-	-	-	-	-
Non-amortizing LPmt/Pmt - Lender 2				Enter comments re: annual increase, etc.			-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Baller amt = Max Fee from 19w 131)				Enter comments re: annual increase, etc.			-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD							40,887	-	40,887	42,318	-	42,318	43,788	-	43,788
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)							0	-	0	0	-	0	0	-	0
Does Project have a MOHCD Residual Receipt Obligation?		Yes													
Will Project Defeat Developer Fee?		TBD													
Residual Receipts split for all years - Lender/Owner		67% / 33%													
MOHCD RESIDUAL RECEIPTS DEBT SERVICE															
MOHCD Residual Receipts Amount Due		100.00%		Allocated per per rate share of all soft debt term, and MOHCD residual receipts policy											
Proposed MOHCD Residual Receipts Amount to Loan Repayment															

MOHCD Preliminary - 20 Year Cash Flow

INCOME	Total # Units: 153	LOSP Units		Non-LOSP Units		Year 10 2030			Year 11 2031			Year 12 2032		
		100.00%	100.00%	0.00%										
		% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease				Proposed Total MOHCD Amt Due less Loan Repayment										
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
HCD Residual Receipts Amount Due			0.00%	No HCD Financing										
Lender 4 Residual Receipts Due			0.00%											
Lender 5 Residual Receipts Due			0.00%											
Total Non-MOHCD Residual Receipts Debt Service														
REMAINDER (Should be zero unless there are distributions below)														
Owner Distributions/Incentive Management Fee								0			0			0
Other Distributions/Uses														
Final Balance (should be zero)														
REPLACEMENT RESERVE - RUNNING BALANCE														
Replacement Reserve Starting Balance								481,889			536,850			589,060
Replacement Reserve Deposits								83,660			83,660			83,660
Replacement Reserve Withdrawals (Ideally tied to CNA)														
Replacement Reserve Interest														
RR Running Balance								565,549			620,510			672,720
RR Balance/Unit														
								\$3,600			\$2,850			\$4,200
OPERATING RESERVE - RUNNING BALANCE														
Operating Reserve Starting Balance														
Operating Reserve Deposits														
Operating Reserve Withdrawals														
Operating Reserve Interest														
OR Running Balance														
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE														
Other Reserve 1 Starting Balance					OR Balance at a % of Prior Yr Op Exps + Debt Service			0.0%			0.0%			0.0%
Other Reserve 1 Deposits														
Other Reserve 1 Withdrawals														
Other Reserve 1 Interest														
Other Required Reserve 1 Running Balance														
OTHER RESERVE 2 - RUNNING BALANCE														
Other Reserve 2 Starting Balance														
Other Reserve 2 Deposits														
Other Reserve 2 Withdrawals														
Other Reserve 2 Interest														
Other Required Reserve 2 Running Balance														

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MOHCD Prelims - 30 Year Cash Flow

	Total # Units:	LOSP Units	Non-LOSP Units		Year 13 2023			Year 14 2024			Year 15 2025		
					LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME	153	153	0										
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease													
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE													
HCD Residual Receipts Amount Due				0.00%									
Lender 4 Residual Receipts Due				0.00%									
Lender 5 Residual Receipts Due				0.00%									
Total Non-MOHCD Residual Receipts Debt Service													
REMAINDER (Should be zero unless there are distributions below)													
Owner Distributions/Incentive Management Fee													
Other Distributions/Uses													
Final Balance (should be zero)													
REPLACEMENT RESERVE - RUNNING BALANCE													
Replacement Reserve Starting Balance							645,600			696,150			749,700
Replacement Reserve Deposits							\$3,880			\$3,880			\$3,880
Replacement Reserve Withdrawals (Identified to CNA)													
Replacement Reserve Interest													
RR Running Balance							\$60,150			749,700			\$801,230
OPERATING RESERVE - RUNNING BALANCE							\$4,550			\$4,550			\$5,250
Operating Reserve Starting Balance													
Operating Reserve Deposits													
Operating Reserve Withdrawals													
Operating Reserve Interest													
OR Running Balance													
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE							0.0%			0.0%			0.0%
Other Reserve 1 Starting Balance													
Other Reserve 1 Deposits													
Other Reserve 1 Withdrawals													
Other Reserve 1 Interest													
Other Required Reserve 1 Running Balance													
OTHER RESERVE 2 - RUNNING BALANCE													
Other Reserve 2 Starting Balance													
Other Reserve 2 Deposits													
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
Other Required Reserve 2 Running Balance													

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MOHCO Proforma - 20 Year Cash Flow

	Total # Units:	LOSP		Non-LOSP		Year 16			Year 17			Year 18		
		Units		Units		2036			2037			2038		
		153	163	0	0	100.00%	0.00%							
INCOME		% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
Proposed MOHCO Residual Receipts Amount to Residual Ground Lease				Proposed Total MOHCO Amt Due less Loan Repayment										
NON-MOHCO RESIDUAL RECEIPTS DEBT SERVICE														
MOHCO Residual Receipts Amount Due			0.00%	No MOHCO Financing										
Lender 4 Residual Receipts Due			0.00%											
Lender 5 Residual Receipts Due			0.00%											
Total Non-MOHCO Residual Receipts Debt Service														
REMAINDER (Should be zero unless there are distributions below)													0	
Owner Distributions/Incentive Management Fee														
Other Distributions/Uses														
Final Balance (should be zero)														
REPLACEMENT RESERVE - RUNNING BALANCE														
Replacement Reserve Starting Balance							803,250			806,800			919,260	
Replacement Reserve Deposits							13,660			63,660			83,660	
Replacement Reserve Withdrawals (Identical to CNA)														
Replacement Reserve Interest														
RR Running Balance							816,910			870,460			943,920	
							15,600			35,550			46,300	
OPERATING RESERVE - RUNNING BALANCE														
Operating Reserve Starting Balance				OR Balance vs % of Prior Yr Op Exps + Debt Service										
Operating Reserve Deposits														
Operating Reserve Withdrawals														
Operating Reserve Interest														
OR Running Balance														
							0.0%			0.0%			0.0%	
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE														
Other Reserve 1 Starting Balance														
Other Reserve 1 Deposits														
Other Reserve 1 Withdrawals														
Other Reserve 1 Interest														
Other Required Reserve 1 Running Balance														
OTHER RESERVE 2 - RUNNING BALANCE														
Other Reserve 2 Starting Balance														
Other Reserve 2 Deposits														
Other Reserve 2 Withdrawals														
Other Reserve 2 Interest														
Other Required Reserve 2 Running Balance														

1064-1068 Mission Street

	Total # Units: 162	LOSP Units 162	Non-LOSP Units 0		Year 19 2019			Year 20 2020		
					LOSP	non- LOSP	Total	LOSP	non- LOSP	Total
INCOME										
Residential - Tenant Rents		1.0%	2.5%		549,032	-	549,032	554,822	-	554,822
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a		-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments		n/a	n/a		2,273,954	-	2,273,954	2,364,237	-	2,364,237
Commercial Space		n/a	2.5%		-	-	-	-	-	-
Residential Parking		2.5%	2.5%		-	-	-	-	-	-
Miscellaneous Rent Income		2.5%	2.5%		-	-	-	-	-	-
Supportive Services Income		2.5%	2.5%		-	-	-	-	-	-
Interest Income - Project Operations		2.5%	2.5%		-	-	-	-	-	-
Laundry and Vending		2.5%	2.5%		14,224	-	14,224	14,540	-	14,540
Tenant Charges		2.5%	2.5%		-	-	-	-	-	-
Miscellaneous Residential Income		2.5%	2.5%		-	-	-	-	-	-
Other Commercial Income		n/a	2.5%		-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deduct to operating account)		n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-
Gross Potential Income					2,837,210	-	2,837,210	2,932,339	-	2,932,339
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formulas manually per relevant MOHCD policy, annual incrementing usually not appropriate	(27,453)	-	(27,453)	(27,725)	-	(27,725)
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a		-	-	-	-	-	-
Vacancy Loss - Commercial		n/a	n/a		-	-	-	-	-	-
EFFECTIVE GROSS INCOME					2,809,758	-	2,809,758	2,904,613	-	2,904,613
OPERATING EXPENSES										
Management										
Management Fee		3.5%	3.5%	1st Year to be set according to HED schedule	204,621	-	204,621	211,783	-	211,783
Asset Management Fee		3.5%	3.5%	per MOHCD policy	42,109	-	42,109	43,063	-	43,063
Sub-total Management Expenses					246,730	-	246,730	254,846	-	254,846
Salaries/Benefits										
Office Salaries		3.5%	3.5%		341,476	-	341,476	353,638	-	353,638
Manager's Salary		3.5%	3.5%		183,459	-	183,459	189,100	-	189,100
Health Insurance and Other Benefits		3.5%	3.5%		89,159	-	89,159	92,280	-	92,280
Other Salaries/Benefits		3.5%	3.5%		-	-	-	-	-	-
Administrative Rent-Free Unit		3.5%	3.5%		-	-	-	-	-	-
Sub-total Salaries/Benefits					614,104	-	614,104	635,097	-	635,097
Administration										
Advertising and Marketing		3.5%	3.5%		-	-	-	-	-	-
Office Expenses		3.5%	3.5%		105,706	-	105,706	109,405	-	109,405
Office Rent		3.5%	3.5%		-	-	-	-	-	-
Legal Expenses - Property		3.5%	3.5%		69,132	-	69,132	71,092	-	71,092
Audit Expense		3.5%	3.5%		26,005	-	26,005	26,815	-	26,815
Bookkeeping/Accounting Services		3.5%	3.5%		32,398	-	32,398	33,532	-	33,532
Bad Debt		3.5%	3.5%		2,786	-	2,786	2,884	-	2,884
Miscellaneous		3.5%	3.5%		12,622	-	12,622	13,063	-	13,063
Sub-total Administration Expenses					248,648	-	248,648	257,762	-	257,762
Utilities										
Electricity		3.5%	3.5%		150,033	-	150,033	155,294	-	155,294
Water		3.5%	3.5%		56,661	-	56,661	58,452	-	58,452
Gas		3.5%	3.5%		48,124	-	48,124	49,809	-	49,809
Sewer		3.5%	3.5%		85,571	-	85,571	88,569	-	88,569
Sub-total Utilities					340,589	-	340,589	352,115	-	352,115
Taxes and Licenses										
Real Estate Taxes		3.5%	3.5%		1,857	-	1,857	1,923	-	1,923
Payroll Taxes		3.5%	3.5%		47,392	-	47,392	49,051	-	49,051
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%		9,287	-	9,287	9,613	-	9,613
Sub-total Taxes and Licenses					58,536	-	58,536	60,586	-	60,586
Insurance										
Property and Liability Insurance		3.5%	3.5%		218,021	-	218,021	225,652	-	225,652
Fidelity Bond Insurance		3.5%	3.5%		-	-	-	-	-	-
Worker's Compensation		3.5%	3.5%		29,244	-	29,244	30,268	-	30,268
Director's & Officers' Liability Insurance		3.5%	3.5%		-	-	-	-	-	-
Sub-total Insurance					247,265	-	247,265	255,920	-	255,920
Maintenance & Repair										
Payroll		3.5%	3.5%		-	-	-	-	-	-
Supplies		3.5%	3.5%		98,057	-	98,057	101,489	-	101,489
Contracts		3.5%	3.5%		655,322	-	655,322	676,258	-	676,258
Garbage and Trash Removal		3.5%	3.5%		82,118	-	82,118	85,343	-	85,343
Security Payroll/Contract		3.5%	3.5%		78,386	-	78,386	81,130	-	81,130
HVAC Repairs and Maintenance		3.5%	3.5%		18,575	-	18,575	19,225	-	19,225
Vehicle and Maintenance Equipment Operation and Repairs		3.5%	3.5%		-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses		3.5%	3.5%		4,458	-	4,458	4,614	-	4,614
Sub-total Maintenance & Repair Expenses					946,518	-	946,518	980,059	-	980,059
Supportive Services										
Commercial Expenses		3.5%	3.5%		-	-	-	-	-	-
TOTAL OPERATING EXPENSES					2,492,883	-	2,492,883	2,776,818	-	2,776,818
PUPA (w/o Reserves/GL Base Rent/Bond Fees)										
Reserves/Ground Lease Base Rent/Bond Fees										
Ground Lease Base Rent					16,000	-	16,000	16,000	-	16,000
Bond Monitoring Fee					2,500	-	2,500	2,500	-	2,500
Replacement Reserve Deposit					53,550	-	53,550	53,550	-	53,550
Operating Reserve Deposit					-	-	-	-	-	-
Other Required Reserve 1 Deposit					-	-	-	-	-	-
Other Required Reserve 2 Deposit					-	-	-	-	-	-
Required Reserve Deposit/Commercial					-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					71,050	-	71,050	71,050	-	71,050
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)					2,764,033	-	2,764,033	2,847,868	-	2,847,868
NET OPERATING INCOME (INCOME minus OP EXPENSES)					66,725	-	66,725	67,875	-	67,875
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)										
Hard Debt - First Lender				Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pmt. or other 2nd Lender)				Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Fourth Lender				Enter comments re: annual increase, etc.	-	-	-	-	-	-
Commercial Hard Debt Service					-	-	-	-	-	-
TOTAL HARD DEBT SERVICE					-	-	-	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)					66,725	-	66,725	67,875	-	67,875
Commercial Only Cash Flow					-	-	-	-	-	-
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)					-	-	-	-	-	-
AVAILABLE CASH FLOW					66,725	-	66,725	67,875	-	67,875
USES OF CASH FLOW BELOW (This row also shows DSCR.)										
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL										
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)		3.5%	3.5%	per MOHCD policy	41,794	-	41,794	43,256	-	43,256
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)				per MOHCD policy re annual increase	13,931	-	13,931	14,419	-	14,419
Other Payments					-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 1				Enter comments re: annual increase, etc.	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 2				Enter comments re: annual increase, etc.	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)					-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD					66,725	-	66,725	67,875	-	67,875
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)					(0)	-	(0)	(0)	-	(0)
Does Project have a MOHCD Residual Receipt Obligation?				Yes						
WR Project Deler/Developer Fee?				TD						
Residual Receipts split for all years - Lender/Owner				67% / 33%						
MOHCD RESIDUAL RECEIPTS DEBT SERVICE										
MOHCD Residual Receipts Amount Due				Dist. Soft						
Proposed MOHCD Residual Receipts Amount to Loan Repayment				Debt Loans						
				100.00%	Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy					

MOHCD Preliminary - 20 Year Cash Flow

	Total # Units:	LOSP Units	Non-LOSP Units		Year 19 2039			Year 20 2040		
					LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME	153	162	0							
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease				Comments (related to annual inc assumptions)						
				Proposed Total MOHCD Amt Due less Loan Repayment						
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE										
HCD Residual Receipts Amount Due				0.00% Non-HCD Financing						
Lender 4 Residual Receipts Due				0.00%						
Lender 5 Residual Receipts Due				0.00%						
Total Non-MOHCD Residual Receipts Debt Service										
REMAINDER (Should be zero unless there are distributions below)										
Owner Distributions/Incentive Management Fee										
Other Distributions/Uses										
Final Balance (should be zero)										
REPLACEMENT RESERVE - RUNNING BALANCE										
Replacement Reserve Starting Balance										
Replacement Reserve Deposits										
Replacement Reserve Withdrawals (Identical to CNA)										
Replacement Reserve Interest										
RR Running Balance				RR Balance/Unit						
OPERATING RESERVE - RUNNING BALANCE										
Operating Reserve Starting Balance										
Operating Reserve Deposits										
Operating Reserve Withdrawals										
Operating Reserve Interest										
OR Running Balance				OR Balance as a % of Prior Yr Op Exps + Debt Service						
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE										
Other Reserve 1 Starting Balance										
Other Reserve 1 Deposits										
Other Reserve 1 Withdrawals										
Other Reserve 1 Interest										
Other Required Reserve 1 Running Balance										
OTHER RESERVE 2 - RUNNING BALANCE										
Other Reserve 2 Starting Balance										
Other Reserve 2 Deposits										
Other Reserve 2 Withdrawals										
Other Reserve 2 Interest										
Other Required Reserve 2 Running Balance										

SEE MON

1064-1068 Mission Street

Total # Units:		LOSP Units	Non-LOSP Units		Year 1 2021			Year 2 2022			Year 3 2023		
106		106	0		100.00%			100.00%			100.00%		
		% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME													
Residential - Tenant Rents		1.0%	2.5%		318,000	-	318,000	321,180	-	321,180	324,392	-	324,392
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments		n/a	2.5%		929,859	-	929,859	958,537	-	958,537	1,007,974	-	1,007,974
Commercial Space		n/a	2.5%		-	-	-	-	-	-	-	-	-
Residential Parking		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Supportive Services Income		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending		2.5%	2.5%	6,360	-	6,360	6,360	-	6,518	6,518	6,682	-	6,682
Tenant Charges		2.5%	2.5%	2,490	-	2,490	2,490	-	2,460	2,460	2,512	-	2,512
Miscellaneous Residential Income		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income		n/a	2.5%		-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-
Gross Potential Income													
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formulas manually per relevant MOH policy; annual incremental vacancy not appropriate	1,264,618	-	1,264,618	1,239,348	-	1,239,348	1,241,649	-	1,241,649
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a		(15,930)	-	(15,930)	(15,930)	-	(15,930)	(15,220)	-	(15,220)
Vacancy Loss - Commercial		n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME					1,240,718	-	1,240,718	1,223,367	-	1,223,367	1,226,360	-	1,226,360
OPERATING EXPENSES													
Management													
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule	76,320	-	76,320	78,891	-	78,891	81,756	-	81,756
Asset Management Fee		3.5%	3.5%	per MOHCD policy	22,670	-	22,670	23,463	-	23,463	24,285	-	24,285
Sub-total Management Expenses					98,990	-	98,990	102,456	-	102,456	106,041	-	106,041
Salaries/Benefits													
Office Salaries		3.5%	3.5%		148,506	-	148,506	153,794	-	153,794	159,083	-	159,083
Manager's Salary		3.5%	3.5%		83,000	-	83,000	85,905	-	85,905	88,812	-	88,812
Health Insurance and Other Benefits		3.5%	3.5%		48,000	-	48,000	49,680	-	49,680	51,419	-	51,419
Other Salaries/Benefits		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits					279,506	-	279,506	289,289	-	289,289	298,414	-	298,414
Administration													
Advertising and Marketing		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Office Expenses		3.5%	3.5%		58,848	-	58,848	60,928	-	60,928	63,039	-	63,039
Office Rent		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property		3.5%	3.5%		23,766	-	23,766	24,598	-	24,598	25,459	-	25,459
Audit Expenses		3.5%	3.5%		14,600	-	14,600	14,410	-	14,410	14,997	-	14,997
Bookkeeping/Accounting Services		3.5%	3.5%		12,084	-	12,084	12,507	-	12,507	12,845	-	12,845
Bad Debt		-	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous		3.5%	3.5%		5,395	-	5,395	5,584	-	5,584	5,779	-	5,779
Sub-total Administration Expenses					114,093	-	114,093	116,017	-	116,017	122,220	-	122,220
Utilities													
Electricity		3.5%	3.5%		57,348	-	57,348	59,355	-	59,355	61,433	-	61,433
Water		3.5%	3.5%		21,732	-	21,732	22,493	-	22,493	23,289	-	23,289
Gas		3.5%	3.5%		18,096	-	18,096	18,840	-	18,840	19,706	-	19,706
Sewer		3.5%	3.5%		22,712	-	22,712	23,457	-	23,457	24,357	-	24,357
Sub-total Utilities					120,188	-	120,188	124,746	-	124,746	128,461	-	128,461
Taxes and Licenses													
Real Estate Taxes		3.5%	3.5%		1,000	-	1,000	1,035	-	1,035	1,071	-	1,071
Payroll Taxes		3.5%	3.5%		25,057	-	25,057	25,834	-	25,834	26,643	-	26,643
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%		5,000	-	5,000	5,175	-	5,175	5,356	-	5,356
Sub-total Taxes and Licenses					31,057	-	31,057	32,144	-	32,144	33,269	-	33,269
Insurance													
Property and Liability Insurance		3.5%	3.5%		74,784	-	74,784	77,411	-	77,411	80,121	-	80,121
Fidelity Bond Insurance		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation		3.5%	3.5%		15,444	-	15,444	15,945	-	15,945	16,544	-	16,544
Director's & Officers' Liability Insurance		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance					80,238	-	80,238	83,388	-	83,388	86,845	-	86,845
Maintenance & Repair													
Payroll		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Supplies		3.5%	3.5%		41,686	-	41,686	43,145	-	43,145	44,685	-	44,685
Contractors		3.5%	3.5%		321,000	-	321,000	301,392	-	301,392	311,841	-	311,841
Garbage and Trash Removal		3.5%	3.5%		26,661	-	26,661	27,844	-	27,844	29,272	-	29,272
Security Payroll/Contract		3.5%	3.5%		32,200	-	32,200	33,327	-	33,327	34,493	-	34,493
HVAC Repairs and Maintenance		3.5%	3.5%		10,000	-	10,000	10,350	-	10,350	10,712	-	10,712
Vehicle and Maintenance Equipment Operation and Repairs		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses		3.5%	3.5%		2,400	-	2,400	2,494	-	2,494	2,571	-	2,571
Sub-total Maintenance & Repair Expenses					414,147	-	414,147	426,642	-	426,642	443,646	-	443,646
Supportive Services		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Commercial Expenses		-	-		-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES					1,168,218	-	1,168,218	1,188,767	-	1,188,767	1,240,713	-	1,240,713
PUPA (w/o Reserves/GL Base Rent/Bond Fees)					10,827	-	10,827	-	-	-	-	-	-
Reserves/Ground Lease Base Rent/Bond Fees													
Ground Lease Base Rent		-	-		15,000	-	15,000	15,000	-	15,000	15,000	-	15,000
Bond Monitoring Fee		-	-		2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Replacement Reserve Deposit		-	-		35,000	-	35,000	35,000	-	35,000	35,000	-	35,000
Operating Reserve Deposit		-	-		-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit		-	-		-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit		-	-		-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial		-	-		-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					62,500	-	62,500	62,500	-	62,500	62,500	-	62,500
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)					1,230,718	-	1,230,718	1,251,267	-	1,251,267	1,299,213	-	1,299,213
PUPA (w/ Reserves/GL Base Rent/Bond Fees)					11,422	-	11,422	-	-	-	-	-	-
NET OPERATING INCOME (INCOME minus OP EXPENSES)					30,000	-	30,000	31,060	-	31,060	32,137	-	32,137
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)													
Hard Debt - First Lender		-	-	Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pmt, or other 2nd Lender)		-	-	Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		-	-	Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		-	-	Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		-	-	Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE					-	-	-	-	-	-	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)					30,000	-	30,000	31,060	-	31,060	32,137	-	32,137
Commercial Only Cash Flow		-	-		-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)		-	-		-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW					30,000	-	30,000	31,060	-	31,060	32,137	-	32,137
USES OF CASH FLOW BELOW (This row also shows DSCR)													
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL													
Below-the-line Asset Mgt Fee (uncommon in new projects, see policy)		3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)		3.5%	3.5%	per MOHCD policy	22,500	-	22,500	23,288	-	23,288	24,103	-	24,103
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		-	-	per MOHCD policy no annual increase	7,500	-	7,500	7,783	-	7,783	8,034	-	8,034
Other Payments		-	-		-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 1		-	-	Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 2		-	-	Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)		-	-		-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD					30,000	-	30,000	31,060	-	31,060	32,137	-	32,137
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)													
Does Project have a MOHCD Residual Receipt Obligation?		Yes											
Will Project Defer Developer Fee?		TBD											
Residual Receipts split for all years - Lender/Owner		87% / 33%											
MOHCD RESIDUAL RECEIPTS DEBT SERVICE													
MOHCD Residual Receipts Amount Due		100.00%											
Proposed MOHCD Residual Receipts Amount to Loan Repayment		-	-										
Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy		-	-										

MOHCD Preluma - 20 Year Cash Flow

Total # Units:	LOSP		Non-LOSP	Comments (related to annual inc assumptions)	Year 1 2021			Year 2 2022			Year 3 2023		
	Units	Units	Units		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
	100	00%	0.00%										
INCOME	% annual Inc LOSP	% annual Increase			LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease				Proposed Total MOHCD Amt Due less Loan Repay/Instl									
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE													
HCD Residual Receipts Amount Due		0.00%		MOHCD Financing									
Lender 4 Residual Receipts Due		0.00%											
Lender 5 Residual Receipts Due		0.00%											
Total Non-MOHCD Residual Receipts Debt Service													
REMAINDER (Should be zero unless there are distributions below)													
Owner Distributions/Incentive Management Fee													
Other Distributions/Lease													
Final Balance (should be zero)													
REPLACEMENT RESERVE - RUNNING BALANCE													
Replacement Reserve Starting Balance										35,000			70,000
Replacement Reserve Deposits						35,000			35,000				35,000
Replacement Reserve Withdrawals (Ideally tied to CNA)													
Replacement Reserve Interest													
RR Running Balance						35,000			70,000				105,000
OPERATING RESERVE - RUNNING BALANCE				RR Balance/Unit		\$330			\$660				\$990
Operating Reserve Starting Balance													
Operating Reserve Deposits													
Operating Reserve Withdrawals													
Operating Reserve Interest													
OR Running Balance													
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE				OR Balance as a % of Prior Yr Op Exps + Debt Service						0.0%			0.0%
Other Reserve 1 Starting Balance													
Other Reserve 1 Deposits													
Other Reserve 1 Withdrawals													
Other Reserve 1 Interest													
Other Required Reserve 1 Running Balance													
OTHER RESERVE 2 - RUNNING BALANCE													
Other Reserve 2 Starting Balance													
Other Reserve 2 Deposits													
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
Other Required Reserve 2 Running Balance													

1084-1088 Mission Street

Total # Units:		LOSP Units	Non-LOSP Units	Year 4 2024			Year 5 2025			Year 6 2026		
106		104	0									
		100.00%	0.00%									
				% annual inc LOSP	% annual inc non-LOSP	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME				1.0%	2.5%		327,636	-	327,636	320,912	-	320,912
Residential - Tenant Rents				n/a	n/a		-	-	-	-	-	-
Residential - Tenant Assistance Payments (Non-LOSP)				n/a	n/a		-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments				n/a	n/a		1,049,212	-	1,049,212	1,091,873	-	1,091,873
Commercial Space				n/a	2.5%		-	-	-	-	-	-
Residential Parking				2.5%	2.5%		-	-	-	-	-	-
Miscellaneous Rent Income				2.5%	2.5%		-	-	-	-	-	-
Supportive Services Income				2.5%	2.5%		-	-	-	-	-	-
Interest Income - Project Operations				2.5%	2.5%		-	-	-	-	-	-
Laundry and Vending				2.5%	2.5%		6,849	-	6,849	7,020	-	7,020
Tenant Charges				2.5%	2.5%		2,595	-	2,595	2,649	-	2,649
Miscellaneous Residential Income				2.5%	2.5%		-	-	-	-	-	-
Other Commercial Income				n/a	2.5%		-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)				n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-
Gross Potential Income							1,326,281	-	1,326,281	1,432,654	-	1,432,654
Vacancy Loss - Residential - Tenant Rents				n/a	n/a	Enter formulas manually per relevant MOH policy; annual increasing usually not appropriate	(15,362)	-	(15,362)	(15,540)	-	(15,540)
Vacancy Loss - Residential - Tenant Assistance Payments				n/a	n/a		-	-	-	-	-	-
Vacancy Loss - Commercial				n/a	n/a		-	-	-	-	-	-
EFFECTIVE GROSS INCOME							1,309,900	-	1,309,900	1,416,000	-	1,416,000
OPERATING EXPENSES												
Management												
Management Fee				3.5%	3.5%	1st Year to be set according to HUD schedule.	64,517	-	64,517	67,579	-	67,579
Asset Management Fee				3.5%	3.5%	per MOHCD policy	25,135	-	25,135	26,014	-	26,014
Sub-total Management Expenses							109,762	-	109,762	113,693	-	113,693
Salaries/Benefits												
Office Salaries				3.5%	3.5%		164,651	-	164,651	170,414	-	170,414
Manager's Salary				3.5%	3.5%		92,024	-	92,024	95,244	-	95,244
Health Insurance and Other Benefits				3.5%	3.5%		53,218	-	53,218	55,081	-	55,081
Other Salaries/Benefits				3.5%	3.5%		-	-	-	-	-	-
Administrative Rent-Free Unit				3.5%	3.5%		-	-	-	-	-	-
Sub-total Salaries/Benefits							309,893	-	309,893	320,749	-	320,749
Administration												
Advertising and Marketing				3.5%	3.5%		-	-	-	-	-	-
Office Expenses				3.5%	3.5%		65,245	-	65,245	67,529	-	67,529
Office Rent				3.5%	3.5%		-	-	-	-	-	-
Legal Expenses - Property				3.5%	3.5%		26,350	-	26,350	27,272	-	27,272
Audit Expense				3.5%	3.5%		15,522	-	15,522	16,065	-	16,065
Bookkeeping/Accounting Services				3.5%	3.5%		13,389	-	13,389	13,887	-	13,887
Bad Debts				3.5%	3.5%		-	-	-	-	-	-
Miscellaneous				3.5%	3.5%		5,982	-	5,982	6,191	-	6,191
Sub-total Administration Expenses							126,487	-	126,487	130,926	-	130,926
Utilities												
Electricity				3.5%	3.5%		63,563	-	63,563	65,808	-	65,808
Water				3.5%	3.5%		24,095	-	24,095	24,938	-	24,938
Gas				3.5%	3.5%		20,396	-	20,396	21,110	-	21,110
Sewer				3.5%	3.5%		36,268	-	36,268	37,634	-	37,634
Sub-total Utilities							144,322	-	144,322	149,480	-	149,480
Taxes and Licenses												
Real Estate Taxes				3.5%	3.5%		1,109	-	1,109	1,148	-	1,148
Payroll Taxes				3.5%	3.5%		27,781	-	27,781	28,753	-	28,753
Miscellaneous Taxes, Licenses and Permits				3.5%	3.5%		5,544	-	5,544	5,738	-	5,738
Sub-total Taxes and Licenses							34,433	-	34,433	35,639	-	35,639
Insurance												
Property and Liability Insurance				3.5%	3.5%		82,825	-	82,825	85,827	-	85,827
Fidelity Bond Insurance				3.5%	3.5%		-	-	-	-	-	-
Worker's Compensation				3.5%	3.5%		17,123	-	17,123	17,722	-	17,722
Director's & Officers' Liability Insurance				3.5%	3.5%		-	-	-	-	-	-
Sub-total Insurance							100,048	-	100,048	103,650	-	103,650
Maintenance & Repair												
Payroll				3.5%	3.5%		-	-	-	-	-	-
Supplies				3.5%	3.5%		46,218	-	46,218	47,838	-	47,838
Contracts				3.5%	3.5%		322,859	-	322,859	334,159	-	334,159
Garbage and Trash Removal				3.5%	3.5%		40,647	-	40,647	42,069	-	42,069
Security Payroll/Control				3.5%	3.5%		35,701	-	35,701	36,950	-	36,950
HVAC Repairs and Maintenance				3.5%	3.5%		11,087	-	11,087	11,475	-	11,475
Vehicle and Maintenance Equipment Operation and Repairs				3.5%	3.5%		-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses				3.5%	3.5%		2,661	-	2,661	2,754	-	2,754
Sub-total Maintenance & Repair Expenses							458,172	-	458,172	476,243	-	476,243
Supportive Services				3.5%	3.5%		-	-	-	-	-	-
Commercial Expenses							-	-	-	-	-	-
TOTAL OPERATING EXPENSES							1,244,138	-	1,244,138	1,320,083	-	1,320,083
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
Reserves/Ground Lease Base Rent/Bond Fees						delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.						
Ground Lease Base Rent							15,000	-	15,000	15,000	-	15,000
Bond Monitoring Fee							2,500	-	2,500	2,500	-	2,500
Replacement Reserve Deposit							35,000	-	35,000	35,000	-	35,000
Operation Reserve Deposit							-	-	-	-	-	-
Other Required Reserve 1 Deposit							-	-	-	-	-	-
Other Required Reserve 2 Deposit							-	-	-	-	-	-
Required Reserve Deposits, Commercial							-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees							62,500	-	62,500	62,500	-	62,500
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)							1,306,638	-	1,306,638	1,382,583	-	1,382,583
PUPA (w/ Reserves/GL Base Rent/Bond Fees)												
NET OPERATING INCOME (INCOME minus OP EXPENSES)							33,282	-	33,282	34,429	-	34,429
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)						delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.						
Hard Debt - First Lender						Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pmt, or other 2nd Lender)						Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)						Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Fourth Lender						Enter comments re: annual increase, etc.	-	-	-	-	-	-
Commercial Hard Debt Service							-	-	-	-	-	-
TOTAL HARD DEBT SERVICE							33,282	-	33,282	34,429	-	34,429
CASH FLOW (NOI minus DEBT SERVICE)							0	-	0	0	-	0
Commercial Only Cash Flow							-	-	-	-	-	-
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)							-	-	-	-	-	-
AVAILABLE CASH FLOW							33,282	-	33,282	34,429	-	34,429
USES OF CASH FLOW BELOW (This row also shows DSCR)												
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL												
"Below-the-line" Asset Mgt Fee (uncumulated in new projects, see policy)				3.5%	3.5%	per MOHCD policy	24,846	-	24,846	25,879	-	25,879
Partnership Management Fee (see policy for limits)				3.5%	3.5%	per MOHCD policy	8,315	-	8,315	8,606	-	8,606
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)						per MOHCD policy no annual increase	-	-	-	-	-	-
Other Payments							-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 1						Enter comments re: annual increase, etc.	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 2						Enter comments re: annual increase, etc.	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)							-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD							33,282	-	33,282	34,429	-	34,429
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)							0	-	0	0	-	0
Does Project have a MOHCD Residual Receipt Obligation?				Yes								
Will Project Defer Developer Fee?				720								
Residual Receipts split for all years - Lender/Owner				67% / 33%								
MOHCD RESIDUAL RECEIPTS DEBT SERVICE												
MOHCD Residual Receipts Amount Due				100.00%		Allocation per pro rata share of all soft debt loans, and MOHCD residual receipt policy.						
Proposed MOHCD Residual Receipts Amount to Loan Repayment												

MOHCD Proforma - 20 Year Cash Flow

Total # Units:		LOSP Units 106	Non-LOSP Units 0		Year 4 2024			Year 5 2025			Year 6 2026		
		% annual Inc LOSP	% annual Increase	Comments (related to annual Inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME													
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease					Proposed Total MOHCD Amt Due less Loan Repayment		-		-				-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE													
HCD Residual Receipts Amount Due				0.00%	No HCD Financing		-		-				-
Lender 4 Residual Receipts Due				0.00%			-		-				-
Lender 5 Residual Receipts Due				0.00%			-		-				-
Total Non-MOHCD Residual Receipts Debt Service							-		-				-
REMAINDER (Should be zero unless there are distributions below)							-		-				0
Owner Distributions/Incentive Management Fee							-		-				-
Other Distributions/Uses													-
Final Balance (should be zero)									-				-
REPLACEMENT RESERVE - RUNNING BALANCE													
Replacement Reserve Starting Balance							106,000		140,000				176,000
Replacement Reserve Deposits							36,000		36,000				36,000
Replacement Reserve Withdrawals (Ideally Red to CNA)									-				-
Replacement Reserve Interest													
RR Running Balance					RR Balance/Unit		140,000		176,000				210,000
							\$1,321		\$1,651				\$1,981
OPERATING RESERVE - RUNNING BALANCE													
Operating Reserve Starting Balance									-				-
Operating Reserve Deposits							-		-				-
Operating Reserve Withdrawals													
Operating Reserve Interest													
OR Running Balance					OR Balance as a % of Prior Yr Op Exps + Debt Service		-		0.0%		0.0%		0.0%
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE													
Other Reserve 1 Starting Balance									-				-
Other Reserve 1 Deposits							-		-				-
Other Reserve 1 Withdrawals													
Other Reserve 1 Interest													
Other Required Reserve 1 Running Balance							-		-				-
OTHER RESERVE 2 - RUNNING BALANCE													
Other Reserve 2 Starting Balance									-				-
Other Reserve 2 Deposits							-		-				-
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
Other Required Reserve 2 Running Balance							-		-				-

1064-1068 Mission Street

Total # Units:			Year 7 2027			Year 8 2028			Year 9 2029		
LOSP Units 100	Non-LOSP Units 0	0.00%	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
% annual inc. LOSP	% annual increase	Comments (related to annual inc assumptions)									
INCOME											
Residential - Tenant Rents	1.0%	2.5%	337,563	-	337,563	340,838	-	340,838	344,348	-	344,348
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a	-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a	1,182,780	-	1,182,780	1,229,941	-	1,229,941	1,276,357	-	1,276,357
Commercial Space	2.5%	2.5%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	2.5%	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%	2.5%	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%	2,378	-	2,378	2,563	-	2,563	2,749	-	2,749
Tenant Charges	2.5%	2.5%	2,783	-	2,783	2,853	-	2,853	2,924	-	2,924
Miscellaneous Residential Income	2.5%	2.5%	-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposited to operating account)	n/a	n/a	-	-	-	-	-	-	-	-	-
Gross Potential Income			1,630,003	-	1,630,003	1,681,293	-	1,681,293	1,734,275	-	1,734,275
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	(16,878)	-	(16,878)	(17,047)	-	(17,047)	(17,212)	-	(17,212)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			1,613,124	-	1,613,124	1,664,246	-	1,664,246	1,717,063	-	1,717,063
OPERATING EXPENSES											
Management											
Management Fee	3.5%	3.5%	93,617	-	93,617	97,100	-	97,100	100,499	-	100,499
Asset Management Fee	3.5%	3.5%	27,867	-	27,867	28,843	-	28,843	29,852	-	29,852
Sub-total Management Expenses			121,484	-	121,484	125,943	-	125,943	130,351	-	130,351
Salaries/Benefits											
Office Salaries	3.5%	3.5%	182,552	-	182,552	188,941	-	188,941	195,554	-	195,554
Manager's Salary	3.5%	3.5%	102,028	-	102,028	105,569	-	105,569	109,255	-	109,255
Health Insurance and Other Benefits	3.5%	3.5%	59,604	-	59,604	61,669	-	61,669	63,767	-	63,767
Other Salaries/Benefits	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			344,184	-	344,184	356,119	-	356,119	369,586	-	369,586
Administration											
Advertising and Marketing	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Office Expenses	3.5%	3.5%	72,339	-	72,339	74,671	-	74,671	77,492	-	77,492
Office Rent	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Legal Expenses - Property	3.5%	3.5%	39,215	-	39,215	40,337	-	40,337	41,508	-	41,508
Audit Expenses	3.5%	3.5%	12,219	-	12,219	12,612	-	12,612	12,994	-	12,994
Bookkeeping/Accounting Services	3.5%	3.5%	14,854	-	14,854	15,274	-	15,274	15,712	-	15,712
Bad Debt	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%	6,632	-	6,632	6,864	-	6,864	7,104	-	7,104
Sub-total Administration Expenses			140,260	-	140,260	145,168	-	145,168	150,239	-	150,239
Utilities											
Electricity	3.5%	3.5%	70,495	-	70,495	72,963	-	72,963	75,516	-	75,516
Water	3.5%	3.5%	26,714	-	26,714	27,646	-	27,646	28,617	-	28,617
Gas	3.5%	3.5%	22,619	-	22,619	23,405	-	23,405	24,224	-	24,224
Sewer	3.5%	3.5%	49,211	-	49,211	50,819	-	50,819	52,475	-	52,475
Sub-total Utilities			169,039	-	169,039	174,433	-	174,433	179,832	-	179,832
Taxes and Licenses											
Real Estate Taxes	3.5%	3.5%	1,229	-	1,229	1,272	-	1,272	1,317	-	1,317
Payroll Taxes	3.5%	3.5%	39,801	-	39,801	41,080	-	41,080	42,405	-	42,405
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%	6,146	-	6,146	6,361	-	6,361	6,584	-	6,584
Sub-total Taxes and Licenses			47,176	-	47,176	48,613	-	48,613	50,316	-	50,316
Insurance											
Property and Liability Insurance	3.5%	3.5%	91,840	-	91,840	95,158	-	95,158	98,469	-	98,469
Fidelity Bond Insurance	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Workers' Compensation	3.5%	3.5%	18,985	-	18,985	19,649	-	19,649	20,337	-	20,337
Director's & Officers' Liability Insurance	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Sub-total Insurance			110,825	-	110,825	114,807	-	114,807	118,806	-	118,806
Maintenance & Repair											
Payroll	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Supplies	3.5%	3.5%	51,243	-	51,243	53,036	-	53,036	54,893	-	54,893
Contractors	3.5%	3.5%	327,819	-	327,819	339,488	-	339,488	351,455	-	351,455
Garbage and Trash Removal	3.5%	3.5%	49,056	-	49,056	50,643	-	50,643	52,276	-	52,276
Security Payroll/Contract	3.5%	3.5%	39,562	-	39,562	40,967	-	40,967	42,401	-	42,401
HVAC Repairs and Maintenance	3.5%	3.5%	12,723	-	12,723	13,223	-	13,223	13,723	-	13,723
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%	2,950	-	2,950	3,053	-	3,053	3,160	-	3,160
Sub-total Maintenance & Repair Expenses			600,392	-	600,392	626,911	-	626,911	653,563	-	653,563
Supportive Services											
Commercial Expenses	3.5%	3.5%	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES			1,423,747	-	1,423,747	1,473,876	-	1,473,876	1,524,163	-	1,524,163
RESERVES/GROUND LEASE BASE RENT/BOND FEES											
Ground Lease Base Rent			15,000	-	15,000	15,000	-	15,000	15,000	-	15,000
Bond Monitoring Fee			2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Replacement Reserve Deposits			35,000	-	35,000	35,000	-	35,000	35,000	-	35,000
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial			-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			62,500	-	62,500	62,500	-	62,500	62,500	-	62,500
TOTAL OPERATING EXPENSES (w/ Reserves/Gl. Base Rent/Bond Fees)			1,476,247	-	1,476,247	1,536,376	-	1,536,376	1,586,663	-	1,586,663
NET OPERATING INCOME (INCOME MINUS OP EXPENSES)			36,878	-	36,878	38,168	-	38,168	39,504	-	39,504
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)											
Hard Debt - First Lender			-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 6.42% pmt, or other 2nd Lender)			-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			-	-	-	-	-	-	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)			36,878	-	36,878	38,168	-	38,168	39,504	-	39,504
Commercial Only Cash Flow			-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)			-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW			36,878	-	36,878	38,168	-	38,168	39,504	-	39,504
USES OF CASH FLOW BELOW (This row also shows DSCR)											
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	27,658	-	27,658	28,628	-	28,628	29,628	-	29,628
Investment Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			9,219	-	9,219	9,542	-	9,542	9,870	-	9,870
Other Payments			-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 1			-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 2			-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter and <= Max Fee from row 131)			-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD			36,878	-	36,878	38,168	-	38,168	39,504	-	39,504
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			-	-	-	-	-	-	-	-	-
Does Project have a MOHCD Residual Receipt Obligation?			Yes								
Will Project Defer Developer Fee?			TBD								
Residual Receipts split for all years - Lender/Owner			67% / 33%								
MOHCD RESIDUAL RECEIPTS DEBT SERVICE											
Dist. Soft Debt Loans			-	-	-	-	-	-	-	-	-
MOHCD Residual Receipts Amount Due			-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Loan Repayment			-	-	-	-	-	-	-	-	-

MOHCD Proforma - 20 Year Cash Flow

Total # Units:		LOSP Units 106	Non-LOSP Units 0	Year 7 2027			Year 8 2028			Year 9 2029			
		% annual Inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME													
Proposed MOHCD Residual Receipts Amount to Residual Ground Lessee				Proposed Total MOHCD Amt Due less Loan Repayment									
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE													
MOHCD Residual Receipts Amount Due			0.00%	No MOHCD Financing									
Lender 4 Residual Receipts Due			0.00%										
Lender 5 Residual Receipts Due			0.00%										
Total Non-MOHCD Residual Receipts Debt Service													
REMAINDER (Should be zero unless there are distributions below)													
Owner Distributions/Incentive Management Fee										0			
Other Distributions/Uses													
Final Balance (should be zero)													
REPLACEMENT RESERVE - RUNNING BALANCE													
Replacement Reserve Starting Balance							210,000			245,000			210,000
Replacement Reserve Deposits							35,000			35,000			35,000
Replacement Reserve Withdrawals (Ideally tied to CNA)													
Replacement Reserve Interest													
RR Running Balance							245,000			280,000			245,000
OPERATING RESERVE - RUNNING BALANCE				RR Balance/Unit			\$2,311			\$7,642			\$2,972
Operating Reserve Starting Balance													
Operating Reserve Deposits													
Operating Reserve Withdrawals													
Operating Reserve Interest													
OR Running Balance													
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE				OR Balance as a % of Prior Yr Op Exps + Debt Service			0.0%			0.0%			0.0%
Other Reserve 1 Starting Balance													
Other Reserve 1 Deposits													
Other Reserve 1 Withdrawals													
Other Reserve 1 Interest													
Other Required Reserve 1 Running Balance													
OTHER RESERVE 2 - RUNNING BALANCE													
Other Reserve 2 Starting Balance													
Other Reserve 2 Deposits													
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
Other Required Reserve 2 Running Balance													

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Total # Units:	LOSP Units		Non-LOSP Units		Comments	Year 10 2030			Year 11 2031			Year 12 2032		
	100	0	100.00%	0.00%		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
% annual inc LOSP	% annual inc non-LOSP	% annual increase	% annual increase	(related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
INCOME														
Residential - Tenant Rent	n/a	n/a				347,792	-	347,792	351,270	-	351,270	354,783	-	354,783
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a				-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a				1,330,578	-	1,330,578	1,383,680	-	1,383,680	1,438,726	-	1,438,728
Commercial Space	n/a	n/a				-	-	-	-	-	-	-	-	-
Residential Parking	n/a	n/a				-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	n/a	n/a				-	-	-	-	-	-	-	-	-
Supportive Services Income	n/a	n/a				-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	n/a	n/a				-	-	-	-	-	-	-	-	-
Laundry and Vending	n/a	n/a				7,843	-	7,843	8,141	-	8,141	8,345	-	8,345
Tenant Charges	n/a	n/a				2,987	-	2,987	3,072	-	3,072	3,149	-	3,149
Miscellaneous Residential Income	n/a	n/a				-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	n/a				-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deducted to operating account)	n/a	n/a			Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-
Gross Potential Income														
Vacancy Loss - Residential - Tenant Rent	n/a	n/a			Enter formulas manually per relevant MOH policy; annual increasing usually not appropriate	1,682,310	-	1,682,310	1,748,104	-	1,748,104	1,808,003	-	1,808,003
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a				(17,750)	-	(17,750)	(17,562)	-	(17,562)	(17,239)	-	(17,239)
Vacancy Loss - Commercial	n/a	n/a				-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME						1,671,820	-	1,671,820	1,728,800	-	1,728,800	1,787,284	-	1,787,284
OPERATING EXPENSES														
Management														
Management Fee	3.5%	3.5%			1st Year to be set according to HUD schedule	104,016	-	104,016	107,657	-	107,657	111,475	-	111,475
Asset Management Fee	3.5%	3.5%			per MOHCD policy	30,887	-	30,887	31,878	-	31,878	32,898	-	33,098
Sub-total Management Expenses						134,813	-	134,813	139,636	-	139,636	144,622	-	144,822
Salaries/Benefits														
Office Salaries	3.5%	3.5%				202,398	-	202,398	209,482	-	209,482	216,814	-	216,814
Manager's Salary	3.5%	3.5%				113,120	-	113,120	117,080	-	117,080	121,177	-	121,177
Health Insurance and Other Benefits	3.5%	3.5%				65,419	-	65,419	67,709	-	67,709	70,079	-	70,079
Other Salaries/Benefits	3.5%	3.5%				-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%	3.5%				-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits						310,938	-	310,938	314,271	-	314,271	318,070	-	318,070
Administration														
Advertising and Marketing	3.5%	3.5%				-	-	-	-	-	-	-	-	-
Office Expenses	3.5%	3.5%				80,204	-	80,204	83,011	-	83,011	85,916	-	85,916
Office Rent	3.5%	3.5%				-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%				32,391	-	32,391	33,525	-	33,525	34,698	-	34,698
Audit Expense	3.5%	3.5%				19,081	-	19,081	19,748	-	19,748	20,440	-	20,440
Bookkeeping/Accounting Services	3.5%	3.5%				16,409	-	16,409	17,049	-	17,049	17,642	-	17,642
Bad Debt	3.5%	3.5%				-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%				7,353	-	7,353	7,610	-	7,610	7,877	-	7,877
Sub-total Administration Expenses						166,487	-	166,487	169,840	-	169,840	173,673	-	173,673
Utilities														
Electricity	3.5%	3.5%				78,159	-	78,159	80,855	-	80,855	83,720	-	83,720
Water	3.5%	3.5%				29,616	-	29,616	30,655	-	30,655	31,728	-	31,728
Gas	3.5%	3.5%				29,072	-	29,072	29,949	-	29,949	30,858	-	30,858
Sewer	3.5%	3.5%				44,383	-	44,383	46,163	-	46,163	47,959	-	47,959
Sub-total Utilities						177,431	-	177,431	183,443	-	183,443	189,071	-	189,071
Taxes and Licenses														
Real Estate Taxes	3.5%	3.5%				1,362	-	1,363	1,411	-	1,411	1,460	-	1,460
Payroll Taxes	3.5%	3.5%				34,150	-	34,150	35,345	-	35,345	36,582	-	36,582
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%				6,814	-	6,814	7,053	-	7,053	7,300	-	7,300
Sub-total Taxes and Licenses						42,328	-	42,328	43,809	-	43,809	45,342	-	45,342
Insurance														
Property and Liability Insurance	3.5%	3.5%				101,938	-	101,938	105,504	-	105,504	109,166	-	109,166
Fidelity Bond Insurance	3.5%	3.5%				-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%				21,049	-	21,049	21,785	-	21,785	22,548	-	22,548
Director's & Officers' Liability Insurance	3.5%	3.5%				-	-	-	-	-	-	-	-	-
Sub-total Insurance						122,986	-	122,986	127,288	-	127,288	131,744	-	131,744
Maintenance & Repair														
Payroll	3.5%	3.5%				-	-	-	-	-	-	-	-	-
Supplies	3.5%	3.5%				58,814	-	58,814	60,602	-	60,602	62,460	-	62,460
Contracts	3.5%	3.5%				396,876	-	396,876	410,765	-	410,765	425,192	-	425,192
Garbage and Trash Removal	3.5%	3.5%				43,865	-	43,865	45,395	-	45,395	46,974	-	46,974
Security Payroll/Contract	3.5%	3.5%				43,885	-	43,885	45,421	-	45,421	47,011	-	47,011
HVAC Repairs and Maintenance	3.5%	3.5%				13,629	-	13,629	14,106	-	14,106	14,600	-	14,600
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%				-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%				3,271	-	3,271	3,385	-	3,385	3,504	-	3,504
Sub-total Maintenance & Repair Expenses						664,440	-	664,440	684,195	-	684,195	704,642	-	704,642
Supportive Services	3.5%	3.5%				-	-	-	-	-	-	-	-	-
Commercial Expenses						-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES						1,676,633	-	1,676,633	1,633,782	-	1,633,782	1,600,995	-	1,600,996
PUPA (w/ Reserves/GL Base Rent/Bond Fees)														
Reserves/Ground Lease Base Rent/Bond Fees														
Ground Lease Base Rent						15,000	-	15,000	15,000	-	15,000	15,000	-	15,000
Bond Monitoring Fee						2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Replacement Reserve Deposit						35,000	-	35,000	35,000	-	35,000	35,000	-	35,000
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial						-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						62,500	-	62,500	62,500	-	62,500	62,500	-	62,500
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)						1,631,033	-	1,631,033	1,600,282	-	1,600,282	1,538,495	-	1,538,496
PUPA (w/ Reserves/GL Base Rent/Bond Fees)														
NET OPERATING INCOME (INCOME minus OP EXPENSES)						40,887	-	40,887	42,318	-	42,318	43,789	-	43,789
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pmt, or other 2nd Lender)					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service						-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE						-	-	-	-	-	-	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)						40,887	-	40,887	42,318	-	42,318	43,789	-	43,789
Commercial Only Cash Flow														
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)						-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW						40,887	-	40,887	42,318	-	42,318	43,789	-	43,789
USES OF CASH FLOW BELOW (This row also shows DSCR)														
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL														
Below-the-line Asset Mat fee (uncommon in new projects, see policy)	3.5%	3.5%			per MOHCD policy	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%			per MOHCD policy	20,665	-	20,665	21,738	-	21,738	22,849	-	22,849
Investor Service Fee (aka "LP Asset Mat Fee") (see policy for limits)					per MOHCD policy re annual increase	10,222	-	10,222	10,578	-	10,578	10,950	-	10,950
Other Payments						-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 1					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 2					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter and/or Max Fee from row 131)						-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD						40,887	-	40,887	42,318	-	42,318	43,789	-	43,789
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)						0	-	0	(0)	-	(0)	0	-	0
Does Project have a MOHCD Residual Receipt Obligation?						Yes								
Will Project Defer Developer Fee?						TBD								
Residual Receipts split for all years - Lender/Owner						67% / 33%								
MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
MOHCD Residual Receipts Amount Due														
Proposed MOHCD Residual Receipts Amount to Loan Repayment														
Allocation per pro rata share of all self debt loans, and MOHCD residual receipts policy														

MOHCD Preforma - 20 Year Cash Flow

Total # Units:	LOSP		Non-LOSP	Comments (related to annual inc assumptions)	Year 10 2030			Year 11 2031			Year 12 2032			
	Units				LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
	105	106	0											
	100.00%	100.00%	0.00%											
INCOME	% annual inc LOSP	% annual increase												
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease				Proposed Total MOHCD Amt Due less Loan Repayment			-			-				-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
HCD Residual Receipts Amount Due		0.00%		No HCD Financing			-			-				-
Lender 4 Residual Receipts Due		0.00%					-			-				-
Lender 5 Residual Receipts Due		0.00%					-			-				-
Total Non-MOHCD Residual Receipts Debt Service							-			-				-
REMAINDER (Should be zero unless there are distributions below)							0			-				0
Owner Distributions/Incentive Management Fee														
Other Distributions/Uses														
Final Balance (should be zero)														
REPLACEMENT RESERVE - RUNNING BALANCE														
Replacement Reserve Starting Balance							315,000			360,000				385,000
Replacement Reserve Deposits							25,000			36,000				36,000
Replacement Reserve Withdrawals (Identified to CNA)														
Replacement Reserve Interest														
RR Running Balance							360,000			366,000				420,000
							\$3,302			\$3,632				\$3,962
OPERATING RESERVE - RUNNING BALANCE														
Operating Reserve Starting Balance														
Operating Reserve Deposits														
Operating Reserve Withdrawals														
Operating Reserve Interest														
OR Running Balance														
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE							0.0%			0.0%				0.0%
Other Reserve 1 Starting Balance														
Other Reserve 1 Deposits														
Other Reserve 1 Withdrawals														
Other Reserve 1 Interest														
Other Required Reserve 1 Running Balance														
OTHER RESERVE 2 - RUNNING BALANCE														
Other Reserve 2 Starting Balance														
Other Reserve 2 Deposits														
Other Reserve 2 Withdrawals														
Other Reserve 2 Interest														
Other Required Reserve 2 Running Balance														

1064-1068 Mission Street

Total # Units:		LOSP Units	Non-LOSP Units	Year 13			Year 14			Year 15		
106		106	0	2023			2024			2025		
		100.00%	0.00%	% annual inc	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME												
Residential - Tenant Rents		1.0%	2.5%				358,330	-	358,330	361,814	-	361,814
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a				-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments		n/a	n/a				1,495,785	-	1,495,785	1,554,828	-	1,554,828
Commercial Space		2.5%	2.5%				-	-	-	-	-	-
Residential Parking		2.5%	2.5%				-	-	-	-	-	-
Miscellaneous Rent Income		2.5%	2.5%				-	-	-	-	-	-
Supportive Services Income		2.5%	2.5%				-	-	-	-	-	-
Interest Income - Project Operations		2.5%	2.5%				-	-	-	-	-	-
Laundry and Vending		2.5%	2.5%				8,553	-	8,553	8,767	-	8,767
Tenant Charges		2.5%	2.5%				3,228	-	3,228	3,308	-	3,308
Miscellaneous Residential Income		2.5%	2.5%				-	-	-	-	-	-
Other Commercial Income		n/a	2.5%				-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a			Unit from Reserve Section below, as applicable	-	-	-	-	-	-
Gross Potential Income							1,855,897	-	1,855,897	1,878,818	-	1,878,818
Vacancy Loss - Residential - Tenant Rents		n/a	n/a			Enter formula: usually per relevant MOH policy; annual incrementing usually not appropriate	(17,917)	-	(17,917)	(18,095)	-	(18,095)
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a				-	-	-	-	-	-
Vacancy Loss - Commercial		n/a	n/a				-	-	-	-	-	-
EFFECTIVE GROSS INCOME							1,847,980	-	1,847,980	1,810,622	-	1,810,622
OPERATING EXPENSES												
Management												
Management Fee		3.5%	3.5%			1st Year to be set according to HUD schedule	115,325	-	115,325	116,381	-	116,381
Asset Management Fee		3.5%	3.5%			per MOHCD policy	34,256	-	34,256	35,455	-	35,455
Sub-total Management Expenses							149,581	-	149,581	151,836	-	151,836
Salaries/Benefits												
Office Salaries		3.5%	3.5%				224,403	-	224,403	232,237	-	232,237
Manager's Salary		3.5%	3.5%				125,419	-	125,419	129,808	-	129,808
Health Insurance and Other Benefits		3.5%	3.5%				72,531	-	72,531	75,070	-	75,070
Other Salaries/Benefits		3.5%	3.5%				-	-	-	-	-	-
Administrative Rent-Free Unit		3.5%	3.5%				-	-	-	-	-	-
Sub-total Salaries/Benefits							422,353	-	422,353	437,125	-	437,125
Administration												
Advertising and Marketing		3.5%	3.5%				88,923	-	88,923	92,036	-	92,036
Office Expenses		3.5%	3.5%				-	-	-	-	-	-
Office Rent		3.5%	3.5%				-	-	-	-	-	-
Legal Expense - Property		3.5%	3.5%				35,913	-	35,913	37,169	-	37,169
Audit Expense		3.5%	3.5%				21,195	-	21,195	21,885	-	21,885
Brokerage/Accounting Services		3.5%	3.5%				18,260	-	18,260	18,859	-	18,859
Bad Debt		3.5%	3.5%				-	-	-	-	-	-
Miscellaneous		3.5%	3.5%				8,152	-	8,152	8,428	-	8,428
Sub-total Administration Expenses							172,403	-	172,403	178,437	-	178,437
Utilities												
Electricity		3.5%	3.5%				66,657	-	66,657	69,690	-	69,690
Water		3.5%	3.5%				32,829	-	32,829	33,958	-	33,958
Gas		3.5%	3.5%				27,758	-	27,758	28,771	-	28,771
Sewer		3.5%	3.5%				45,430	-	45,430	47,150	-	47,150
Sub-total Utilities							172,674	-	172,674	183,608	-	183,608
Taxes and Licenses												
Real Estate Taxes		3.5%	3.5%				1,511	-	1,511	1,564	-	1,564
Payroll Taxes		3.5%	3.5%				37,863	-	37,863	39,188	-	39,188
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%				7,555	-	7,555	7,820	-	7,820
Sub-total Taxes and Licenses							46,829	-	46,829	48,572	-	48,572
Insurance												
Property and Liability Insurance		3.5%	3.5%				113,018	-	113,018	116,974	-	116,974
Fidelity Bond Insurance		3.5%	3.5%				-	-	-	-	-	-
Worker's Compensation		3.5%	3.5%				23,337	-	23,337	24,154	-	24,154
Director's & Officers' Liability Insurance		3.5%	3.5%				-	-	-	-	-	-
Sub-total Insurance							136,355	-	136,355	141,128	-	141,128
Maintenance & Repair												
Payroll		3.5%	3.5%				-	-	-	-	-	-
Supplies		3.5%	3.5%				62,990	-	62,990	65,195	-	65,195
Contracts		3.5%	3.5%				440,033	-	440,033	458,474	-	458,474
Garbage and Trash Removal		3.5%	3.5%				55,397	-	55,397	57,336	-	57,336
Security Payroll/Contract		3.5%	3.5%				48,658	-	48,658	50,359	-	50,359
HVAC Repairs and Maintenance		3.5%	3.5%				15,111	-	15,111	15,640	-	15,640
Vehicle and Maintenance Equipment Operation and Repair		3.5%	3.5%				-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses		3.5%	3.5%				3,027	-	3,027	3,153	-	3,153
Sub-total Maintenance & Repair Expenses							626,806	-	626,806	647,708	-	647,708
Supportive Services												
Commercial Expenses		3.5%	3.5%				-	-	-	-	-	-
TOTAL OPERATING EXPENSES							1,760,148	-	1,760,148	1,811,403	-	1,811,403
RESERVES/GROUND LEASE BASE RENT/BOND FEES												
Reserves/Ground Lease Base Rent/Bond Fees												
Ground Lease Base Rent							15,000	-	15,000	15,000	-	15,000
Bond Monitoring Fee							2,500	-	2,500	2,500	-	2,500
Replacement Reserve Deposit							35,000	-	35,000	35,000	-	35,000
Operating Reserve Deposit							-	-	-	-	-	-
Other Required Reserve 1 Deposit							-	-	-	-	-	-
Other Required Reserve 2 Deposit							-	-	-	-	-	-
Required Reserve Deposits, Commercial							-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees							62,500	-	62,500	62,500	-	62,500
TOTAL OPERATING EXPENSES (w/ Reserves/Gl. Base Rent/Bond Fees)							1,802,648	-	1,802,648	1,863,903	-	1,863,903
NET OPERATING INCOME (INCOME MINUS OP EXPENSES)												
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)							45,332	-	45,332	46,818	-	46,818
Hard Debt - First Lender						Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Second Lender (MOHCD Program 0.42% pmt. or other 2nd Lender)						Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Third Lender (Other MOHCD Program, or other 3rd Lender)						Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Fourth Lender						Enter comments re: annual increase, etc.	-	-	-	-	-	-
Commercial Hard Debt Service							-	-	-	-	-	-
TOTAL HARD DEBT SERVICE							45,332	-	45,332	46,818	-	46,818
CASH FLOW (NOI MINUS DEBT SERVICE)												
Commercial Only Cash Flow							45,332	-	45,332	46,818	-	46,818
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)							-	-	-	-	-	-
AVAILABLE CASH FLOW							45,332	-	45,332	46,818	-	46,818
USES OF CASH FLOW BELOW (THIS ROW ALSO SHOWS DSCR)												
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL												
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)		3.5%	3.5%			per MOHCD policy	33,989	-	33,989	35,188	-	35,188
Partnership Management Fee (see policy for limits)		3.5%	3.5%			per MOHCD policy	11,333	-	11,333	11,730	-	11,730
Investment Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)						per MOHCD policy re annual increase	-	-	-	-	-	-
Other Payments							-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 1						Enter comments re: annual increase, etc.	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 2						Enter comments re: annual increase, etc.	-	-	-	-	-	-
Deferred Developer Fee (Enter amt. on Max Fee from row 131)							-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD							45,332	-	45,332	46,818	-	46,818
RESIDUAL RECEIPTS (CASH FLOW MINUS PAYMENTS PRECEDING MOHCD)							(0)	-	(0)	(0)	-	(0)
Does Project have a MOHCD Residual Receipt Obligation?						Yes						
Will Project Defer Developer Fee?						TBD						
Residual Receipt split for all years - Lender/Owner						67% / 33%						
MOHCD RESIDUAL RECEIPTS DEBT SERVICE												
MOHCD Residual Receipts Amount Due												
Proposed MOHCD Residual Receipts Amount to Loan Repayment							-	-	-	-	-	-

MOHCD Preliminary - 20 Year Cash Flow

Total # Units:	LOSP Units		Non-LOSP Units		Year 13 2033			Year 14 2034			Year 15 2035		
	104		108		100.00%			100.00%			100.00%		
	104		108		100.00%			100.00%			100.00%		
INCOME	% annual inc LOSP	% annual inc Non-LOSP	Comments (related to annual inc assumptions)		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease			Proposed Total MOHCD Amt Due less Loan Repayment		-	-	-	-	-	-	-	-	-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE													
HCD Residual Receipts Amount Due		0.00%	No HCD Financing		-	-	-	-	-	-	-	-	-
Lender 4 Residual Receipts Due		0.00%			-	-	-	-	-	-	-	-	-
Lender 5 Residual Receipts Due		0.00%			-	-	-	-	-	-	-	-	-
Total Non-MOHCD Residual Receipts Debt Service					-	-	-	-	-	-	-	-	-
REMAINDER (Should be zero unless there are distributions below)													
Owner Distributions/Incentive Management Fee					-	-	-	-	-	-	-	-	-
Other Distributions/Uses					-	-	-	-	-	-	-	-	-
Final Balance (should be zero)					-	-	-	-	-	-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE													
Replacement Reserve Starting Balance					420,000	-	420,000	466,000	-	466,000	480,000	-	480,000
Replacement Reserve Deposits					36,000	-	36,000	36,000	-	36,000	36,000	-	36,000
Replacement Reserve Withdrawals (Ideally tied to CNA)					-	-	-	-	-	-	-	-	-
Replacement Reserve Interest					-	-	-	-	-	-	-	-	-
RR Running Balance				RR Balance/Unit	466,000	-	466,000	480,000	-	480,000	524,000	-	524,000
					\$4,292	-	\$4,292	\$4,623	-	\$4,623	\$4,953	-	\$4,953
OPERATING RESERVE - RUNNING BALANCE													
Operating Reserve Starting Balance					-	-	-	-	-	-	-	-	-
Operating Reserve Deposits					-	-	-	-	-	-	-	-	-
Operating Reserve Withdrawals					-	-	-	-	-	-	-	-	-
Operating Reserve Interest					-	-	-	-	-	-	-	-	-
OR Running Balance				OR Balance as a % of Prior Yr Op Exps + Debt Service	-	-	-	-	-	-	-	-	-
					0.0%	-	0.0%	0.0%	-	0.0%	0.0%	-	0.0%
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE													
Other Reserve 1 Starting Balance					-	-	-	-	-	-	-	-	-
Other Reserve 1 Deposits					-	-	-	-	-	-	-	-	-
Other Reserve 1 Withdrawals					-	-	-	-	-	-	-	-	-
Other Reserve 1 Interest					-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Running Balance					-	-	-	-	-	-	-	-	-
OTHER RESERVE 2 - RUNNING BALANCE													
Other Reserve 2 Starting Balance					-	-	-	-	-	-	-	-	-
Other Reserve 2 Deposits					-	-	-	-	-	-	-	-	-
Other Reserve 2 Withdrawals					-	-	-	-	-	-	-	-	-
Other Reserve 2 Interest					-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Running Balance					-	-	-	-	-	-	-	-	-

1064-1068 Mission Street

Total # Units:		LOSP Units:	Non-LOSP Units:		Year 16 2036			Year 17 2037			Year 18 2038				
106		106	0												
100.00%		100.00%	0.00%												
		% annual inc LOSP	% annual increase	Comments (related to annual income assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total		
INCOME															
Residential - Tenant Rents				1.0%	2.5%		359,188	-	359,188	372,880	-	372,880	376,699	-	376,699
Residential - Tenant Assistance Payments (Non-LOSP)				n/a	n/a		-	-	-	-	-	-	-	-	
Residential - LOSP Tenant Assistance Payments				n/a	n/a		1,678,765	-	1,678,765	1,745,615	-	1,745,615	1,813,660	-	1,813,660
Commercial Space				n/a	2.5%		-	-	-	-	-	-	-	-	
Residential Parking				2.5%	2.5%		-	-	-	-	-	-	-	-	
Miscellaneous Rent Income				2.5%	2.5%		-	-	-	-	-	-	-	-	
Supportive Services Income				2.5%	2.5%		-	-	-	-	-	-	-	-	
Interest Income - Project Operations				2.5%	2.5%		-	-	-	-	-	-	-	-	
Laundry and Vending				2.5%	2.5%		9,211	-	9,211	9,441	-	9,441	9,677	-	9,677
Tenant Charges				2.5%	2.5%		3,476	-	3,476	3,563	-	3,563	3,652	-	3,652
Miscellaneous Residential Income				2.5%	2.5%		-	-	-	-	-	-	-	-	
Other Commercial Income				n/a	2.5%		-	-	-	-	-	-	-	-	
Withdrawals from Capitalized Reserve (deposit to operating account)				n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	
Gross Potential Income							2,081,641	-	2,081,641	2,131,489	-	2,131,489	2,203,738	-	2,203,738
Vacancy Loss - Residential - Tenant Rents				n/a	n/a	Enter formula manually per relevant MOH policy; annual increasing usually not appropriate	(18,459)	-	(18,459)	(18,454)	-	(18,454)	(18,839)	-	(18,839)
Vacancy Loss - Residential - Tenant Assistance Payments				n/a	n/a		-	-	-	-	-	-	-	-	
Vacancy Loss - Commercial				n/a	n/a		-	-	-	-	-	-	-	-	
EFFECTIVE GROSS INCOME							2,043,181	-	2,043,181	2,112,856	-	2,112,856	2,184,947	-	2,184,947
OPERATING EXPENSES															
Management															
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule	127,863	-	127,863	132,738	-	132,738	136,070	-	136,070		
Asset Management Fee		3.5%	3.5%	per MOHCD policy	37,880	-	37,880	39,309	-	39,309	40,665	-	40,665		
Sub-total Management Expenses					165,743	-	165,743	171,647	-	171,647	177,455	-	177,455		
Salaries/Benefits															
Office Salaries		3.5%	3.5%		248,789	-	248,789	257,507	-	257,507	266,550	-	266,550		
Manager's Salary		3.5%	3.5%		139,054	-	139,054	143,821	-	143,821	148,958	-	148,958		
Health Insurance and Other Benefits		3.5%	3.5%		60,417	-	60,417	62,231	-	62,231	64,144	-	64,144		
Other Salaries/Benefits		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Administrative Rent-Free Unit		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Sub-total Salaries/Benefits					448,270	-	448,270	464,600	-	464,600	480,622	-	480,622		
Administration															
Advertising and Marketing		3.5%	3.5%		98,591	-	98,591	102,042	-	102,042	105,613	-	105,613		
Office Expenses		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Office Rent		3.5%	3.5%		39,817	-	39,817	41,210	-	41,210	42,653	-	42,653		
Legal Expense - Property		3.5%	3.5%		23,455	-	23,455	24,276	-	24,276	25,125	-	25,125		
Audit Expense		3.5%	3.5%		20,245	-	20,245	20,953	-	20,953	21,687	-	21,687		
Bookkeeping/Accounting Services		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Bad Debt		3.5%	3.5%		9,038	-	9,038	9,355	-	9,355	9,682	-	9,682		
Miscellaneous		3.5%	3.5%		191,148	-	191,148	197,826	-	197,826	204,780	-	204,780		
Sub-total Administration Expenses					491,270	-	491,270	508,826	-	508,826	526,940	-	526,940		
Utilities															
Electricity		3.5%	3.5%		96,078	-	96,078	99,441	-	99,441	102,921	-	102,921		
Water		3.5%	3.5%		36,429	-	36,429	37,683	-	37,683	38,902	-	38,902		
Gas		3.5%	3.5%		30,820	-	30,820	31,698	-	31,698	32,615	-	32,615		
Sewer		3.5%	3.5%		54,804	-	54,804	56,722	-	56,722	58,707	-	58,707		
Sub-total Utilities					218,110	-	218,110	225,744	-	225,744	234,846	-	234,846		
Taxes and Licenses															
Real Estate Taxes		3.5%	3.5%		1,675	-	1,675	1,734	-	1,734	1,795	-	1,795		
Payroll Taxes		3.5%	3.5%		41,979	-	41,979	43,448	-	43,448	44,958	-	44,958		
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%		6,377	-	6,377	6,670	-	6,670	6,973	-	6,973		
Sub-total Taxes and Licenses					49,531	-	49,531	51,852	-	51,852	53,726	-	53,726		
Insurance															
Property and Liability Insurance		3.5%	3.5%		125,305	-	125,305	128,691	-	128,691	132,230	-	132,230		
Fidelity Bond Insurance		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Worker's Compensation		3.5%	3.5%		25,674	-	25,674	26,789	-	26,789	27,917	-	27,917		
Director's & Officers' Liability Insurance		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Sub-total Insurance					151,179	-	151,179	156,471	-	156,471	161,947	-	161,947		
Maintenance & Repair															
Payroll		3.5%	3.5%		69,839	-	69,839	72,283	-	72,283	74,813	-	74,813		
Supplies		3.5%	3.5%		487,882	-	487,882	504,937	-	504,937	522,610	-	522,610		
Contracts		3.5%	3.5%		61,420	-	61,420	63,570	-	63,570	65,795	-	65,795		
Garbage and Trash Removal		3.5%	3.5%		53,846	-	53,846	55,834	-	55,834	57,899	-	57,899		
Security Payroll/Contract		3.5%	3.5%		16,753	-	16,753	17,340	-	17,340	17,947	-	17,947		
HVAC Repairs and Maintenance		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Vehicle and Maintenance Equipment Operation and Repairs		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Miscellaneous Operating and Maintenance Expenses		3.5%	3.5%		4,021	-	4,021	4,182	-	4,182	4,357	-	4,357		
Sub-total Maintenance & Repair Expenses					893,441	-	893,441	926,125	-	926,125	960,269	-	960,269		
Supportive Services		3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Commercial Expenses					-	-	-	-	-	-	-	-	-		
TOTAL OPERATING EXPENSES					1,640,421	-	1,640,421	1,698,338	-	1,698,338	1,758,827	-	1,758,827		
PUPA (w/o Reserves/GL Base Rent/Bond Fees)															
Reserves/Ground Lease Base Rent/Bond Fees															
Ground Lease Base Rent					15,000	-	15,000	15,000	-	15,000	15,000	-	15,000		
Bond Maintaining Fee					2,500	-	2,500	2,500	-	2,500	2,500	-	2,500		
Replacement Reserve Deposit					35,000	-	35,000	35,000	-	35,000	35,000	-	35,000		
Operating Reserve Deposit					-	-	-	-	-	-	-	-	-		
Other Required Reserve 1 Deposit					-	-	-	-	-	-	-	-	-		
Other Required Reserve 2 Deposit					-	-	-	-	-	-	-	-	-		
Required Reserve Deposits, Commercial					-	-	-	-	-	-	-	-	-		
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					62,500	-	62,500	62,500	-	62,500	62,500	-	62,500		
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)					1,692,921	-	1,692,921	1,760,838	-	1,760,838	1,821,327	-	1,821,327		
PUPA (w/ Reserves/GL Base Rent/Bond Fees)															
NET OPERATING INCOME (INCOME minus OP EXPENSES)					60,260	-	60,260	62,020	-	62,020	63,840	-	63,840		
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)															
Hard Debt - First Lender				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-		
Hard Debt - Second Lender (HCD Program 0.42% pmt; or other 2nd Lender)				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-		
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-		
Hard Debt - Fourth Lender				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-		
Commercial Hard Debt Service					-	-	-	-	-	-	-	-	-		
TOTAL HARD DEBT SERVICE					-	-	-	-	-	-	-	-	-		
CASH FLOW (NOI minus DEBT SERVICE)					60,260	-	60,260	62,020	-	62,020	63,840	-	63,840		
Commercial Only Cash Flow															
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)					-	-	-	-	-	-	-	-	-		
AVAILABLE CASH FLOW					60,260	-	60,260	62,020	-	62,020	63,840	-	63,840		
USES OF CASH FLOW BELOW (This row also shows DSCR)															
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL															
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-		
Partnership Management Fee (see policy for limits)		3.5%	3.5%	per MOHCD policy	37,695	-	37,695	39,015	-	39,015	40,360	-	40,360		
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)				per MOHCD policy re: annual increase, etc.	12,565	-	12,565	13,065	-	13,065	13,565	-	13,565		
Other Payments					-	-	-	-	-	-	-	-	-		
Non-amortizing Loan Pmt - Lender 1				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-		
Non-amortizing Loan Pmt - Lender 2				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-		
Deferred Developer Fee (Enter amt <= Max Fee from row 131)					-	-	-	-	-	-	-	-	-		
TOTAL PAYMENTS PRECEDING MOHCD					60,260	-	60,260	62,020	-	62,020	63,840	-	63,840		
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)					0	-	0	(0)	-	(0)	-	-	-		
Does Project have a MOHCD Residual Receipt Obligation?					Yes										
Will Project Offer Developer Fee?					TBD										
Residual Receipts split for all years - Lender/Owner					67% / 33%										
MOHCD RESIDUAL RECEIPTS DEBT SERVICE															
MOHCD Residual Receipts Amount Due				Dist. Soft Debt Loans											
Proposed MOHCD Residual Receipts Amount to Loan Repayment				100.00%											
Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy															

MOHCD Preliminary - 20 Year Cash Flow

	Total # Units:		LOSP Units 100	Non-LOSP Units 0		Year 16 2036			Year 17 2037			Year 18 2038		
	100.00%	0.00%				LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME	% annual inc LOSP	% annual Increase	Comments (related to annual inc assumptions)											
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease			Proposed Total MOHCD Amt Due less Loan Repayment											
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
HCD Residual Receipts Amount Due		0.00%	No HCD Financing											
Lender 4 Residual Receipts Due		0.00%												
Lender 5 Residual Receipts Due		0.00%												
Total Non-MOHCD Residual Receipts Debt Service														
REMAINDER (Should be zero unless there are distributions below)								0			-			-
Owner Distributions/Incentive Management Fee											-			-
Other Distributions/Fees											-			-
Final Balance (should be zero)											-			-
REPLACEMENT RESERVE - RUNNING BALANCE														
Replacement Reserve Starting Balance								\$28,000			\$28,000			\$28,000
Replacement Reserve Deposits								36,000			36,000			36,000
Replacement Reserve Withdrawals (directly tied to CNA)														
Replacement Reserve Interest														
RR Running Balance								\$90,000			\$90,000			\$90,000
								\$5,287			\$5,613			\$5,943
RR Balance/Unit														
OPERATING RESERVE - RUNNING BALANCE														
Operating Reserve Starting Balance											-			-
Operating Reserve Deposits											-			-
Operating Reserve Withdrawals														
Operating Reserve Interest														
OR Running Balance														
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE								0.0%			0.0%			0.0%
OR Balance as a % of Prior Yr Op Expts + Debt Service														
Other Reserve 1 Starting Balance											-			-
Other Reserve 1 Deposits											-			-
Other Reserve 1 Withdrawals														
Other Reserve 1 Interest														
Other Required Reserve 1 Running Balance														
OTHER RESERVE 2 - RUNNING BALANCE														
Other Reserve 2 Starting Balance											-			-
Other Reserve 2 Deposits											-			-
Other Reserve 2 Withdrawals														
Other Reserve 2 Interest														
Other Required Reserve 2 Running Balance														

1064-1068 Mission Street

	Total # Units:	LOSP Units	Non-LOSP Units		Year 19 2019			Year 20 2020		
	106	108	0							
		100.00%	100.00%	0.00%						
		% annual Inc	% annual Increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	
INCOME									Total	
Residential - Tenant Rents		1.0%	2.5%		380,375	-	380,375	384,178	-	384,178
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a		-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments		n/a	n/a		1,884,585	-	1,884,585	1,857,872	-	1,857,872
Commercial Space		n/a	2.5%		-	-	-	-	-	-
Residential Parking		2.5%	2.5%		-	-	-	-	-	-
Miscellaneous Rent Income		2.5%	2.5%		-	-	-	-	-	-
Supportive Services Income		2.5%	2.5%		-	-	-	-	-	-
Interest Income - Project Operations		2.5%	2.5%		-	-	-	-	-	-
Laundry and Vending		2.5%	2.5%		9,919	-	9,919	10,167	-	10,167
Tenant Charges		2.5%	2.5%		3,743	-	3,743	3,837	-	3,837
Miscellaneous Residential Income		2.5%	2.5%		-	-	-	-	-	-
Other Commercial Income		n/a	2.5%		-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-
Gross Potential Income					2,278,627	-	2,278,627	2,306,061	-	2,318,661
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formulas manually per relevant MOH policy, annual increasing usually not appropriate	(19,019)	-	(19,019)	(19,209)	-	(19,209)
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a		-	-	-	-	-	-
Vacancy Loss - Commercial		n/a	n/a		-	-	-	-	-	-
EFFECTIVE GROSS INCOME					2,269,604	-	2,269,604	2,306,852	-	2,316,862
OPERATING EXPENSES										
Management										
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule	141,764	-	141,764	146,725	-	146,725
Asset Management Fee		3.5%	3.5%	per MOHCD policy	42,109	-	42,109	43,083	-	43,083
Sub-total Management Expenses					183,873	-	183,873	190,808	-	190,808
Salaries/Benefits										
Office Salaries		3.5%	3.5%		275,848	-	275,848	285,503	-	285,503
Manager's Salary		3.5%	3.5%		754,172	-	754,172	759,566	-	759,566
Health Insurance and Other Benefits		3.5%	3.5%		89,109	-	89,109	92,289	-	92,289
Other Salaries/Benefits		3.5%	3.5%		-	-	-	-	-	-
Administrative Rent-Free Unit		3.5%	3.5%		-	-	-	-	-	-
Sub-total Salaries/Benefits					619,129	-	619,129	637,357	-	637,357
Administration										
Advertising and Marketing		3.5%	3.5%		-	-	-	-	-	-
Office Expenses		3.5%	3.5%		109,310	-	109,310	113,125	-	113,135
Office Rent		3.5%	3.5%		-	-	-	-	-	-
Legal Expense - Property		3.5%	3.5%		44,146	-	44,146	45,691	-	45,691
Audit Expense		3.5%	3.5%		26,005	-	26,005	26,915	-	26,915
Bookkeeping/Accounting Services		3.5%	3.5%		22,446	-	22,446	23,232	-	23,232
Bad Debts		3.5%	3.5%		-	-	-	-	-	-
Miscellaneous		3.5%	3.5%		10,021	-	10,021	10,372	-	10,372
Sub-total Administration Expenses					211,927	-	211,927	219,348	-	219,348
Utilities										
Electricity		3.5%	3.5%		106,523	-	106,523	109,252	-	110,252
Water		3.5%	3.5%		40,367	-	40,367	41,760	-	41,760
Gas		3.5%	3.5%		34,170	-	34,170	35,366	-	35,366
Sewer		3.5%	3.5%		60,762	-	60,762	62,689	-	62,689
Sub-total Utilities					241,823	-	241,823	250,247	-	250,247
Taxes and Licenses										
Real Estate Taxes		3.5%	3.5%		1,857	-	1,857	1,923	-	1,923
Payroll Taxes		3.5%	3.5%		46,543	-	46,543	48,172	-	48,172
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%		9,287	-	9,287	9,613	-	9,613
Sub-total Taxes and Licenses					67,688	-	67,688	69,707	-	69,707
Insurance										
Property and Liability Insurance		3.5%	3.5%		138,928	-	138,928	143,791	-	143,791
Fidelity Bond Insurance		3.5%	3.5%		-	-	-	-	-	-
Worker's Compensation		3.5%	3.5%		28,697	-	28,697	29,691	-	29,691
Director's & Officers' Liability Insurance		3.5%	3.5%		-	-	-	-	-	-
Sub-total Insurance					167,625	-	167,625	173,482	-	173,482
Maintenance & Repair										
Payroll		3.5%	3.5%		-	-	-	-	-	-
Supplies		3.5%	3.5%		77,431	-	77,431	80,141	-	80,141
Contracts		3.5%	3.5%		540,901	-	540,901	559,632	-	559,632
Garbage and Trash Removal		3.5%	3.5%		68,097	-	68,097	70,481	-	70,481
Security Payroll/Contract		3.5%	3.5%		56,811	-	56,811	58,805	-	58,805
HVAC Repairs and Maintenance		3.5%	3.5%		16,575	-	16,575	17,225	-	17,225
Vehicle and Maintenance Equipment Operation and Repairs		3.5%	3.5%		-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses		3.5%	3.5%		4,458	-	4,458	4,614	-	4,614
Sub-total Maintenance & Repair Expenses					788,274	-	788,274	796,168	-	796,198
Supportive Services		3.5%	3.5%		-	-	-	-	-	-
Commercial Expenses					-	-	-	-	-	-
TOTAL OPERATING EXPENSES					2,151,379	-	2,151,379	2,228,977	-	2,228,877
PUPA (w/o Reserves/GL Base Rent/Bond Fees)										
Reserves/Ground Lease Base Rent/Bond Fees										
Ground Lease Base Rent					15,000	-	15,000	15,000	-	15,000
Bond Monitoring Fee					2,500	-	2,500	2,500	-	2,500
Replacement Reserve Deposit					35,000	-	35,000	35,000	-	35,000
Operating Reserve Deposit					-	-	-	-	-	-
Other Required Reserve 1 Deposit					-	-	-	-	-	-
Other Required Reserve 2 Deposit					-	-	-	-	-	-
Required Reserve Deposit, Commercial					-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					52,500	-	52,500	52,500	-	52,500
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)					2,203,879	-	2,203,879	2,276,177	-	2,276,177
PUPA (w/ Reserves/GL Base Rent/Bond Fees)										
NET OPERATING INCOME (INCOME minus OP EXPENSES)					66,726	-	66,726	67,876	-	67,876
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)										
Hard Debt - First Lender				Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pmt, or other 2nd Lender)				Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				Enter comments re: annual increase, etc.	-	-	-	-	-	-
Hard Debt - Fourth Lender				Enter comments re: annual increase, etc.	-	-	-	-	-	-
Commercial Hard Debt Service					-	-	-	-	-	-
TOTAL HARD DEBT SERVICE					-	-	-	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)					66,726	-	66,726	67,876	-	67,876
Commercial Only Cash Flow					-	-	-	-	-	-
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)					-	-	-	-	-	-
AVAILABLE CASH FLOW					66,726	-	66,726	67,876	-	67,876
USES OF CASH FLOW BELOW (This row also shows DSCR)										
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL										
"Below-the-line" Asset Mgt Fee (uncommon in new projects, see policy)		3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)		3.5%	3.5%	per MOHCD policy	41,794	-	41,794	43,255	-	43,255
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)				per MOHCD policy no annual increase	73,931	-	73,931	76,419	-	76,419
Other Payments					-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 1				Enter comments re: annual increase, etc.	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 2				Enter comments re: annual increase, etc.	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)					-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD					66,726	-	66,726	67,876	-	67,876
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)					(0)	-	(0)	(0)	-	(0)
Does Project have a MOHCD Residual Receipt Obligation?				Yes						
Will Project Offer Developer Fee?				TBD						
Residual Receipts split for all years - Lender/Owner				67% / 33%						
MOHCD RESIDUAL RECEIPTS DEBT SERVICE										
MOHCD Residual Receipts Amount Due				Dist. Soft Debt Loans						
Proposed MOHCD Residual Receipts Amount to Loan Repayment				100.00%						
				Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy						

MOHCD Proforma - 20 Year Cash Flow

Total # Units:	LOSP		Non-LOSP		Year 19			Year 20			
	Units		Units		2039			2040			
	100	100	0	0	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	
INCOME	% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)			LOSP	non- LOSP	Total	LOSP	non- LOSP	Total
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease			Proposed Total MOHCD Amt Due less Loan Repayment					-			
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE											
HCD Residual Receipts Amount Due		0.00%	No HCD Financing					-			-
Lender 4 Residual Receipts Due		0.00%						-			-
Lender 5 Residual Receipts Due		0.00%						-			-
Total Non-MOHCD Residual Receipts Debt Service											
								-			-
REMAINDER (Should be zero unless there are distributions below)											
Owner Distributions/Incentive Management Fee								-			-
Other Distributions/Uses								-			-
Final Balance (should be zero)											
REPLACEMENT RESERVE - RUNNING BALANCE											
Replacement Reserve Starting Balance								630,000			630,000
Replacement Reserve Deposits								36,000			36,000
Replacement Reserve Withdrawals (ideally tied to CNA)								-			-
Replacement Reserve Interest								-			-
RR Running Balance								666,000			666,000
								\$6,274			\$6,604
OPERATING RESERVE - RUNNING BALANCE											
Operating Reserve Starting Balance								-			-
Operating Reserve Deposits								-			-
Operating Reserve Withdrawals								-			-
Operating Reserve Interest								-			-
OR Running Balance								-			-
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE											
OR Balance as a % of Prior Yr Op Exps + Debt Service											
								0.0%			0.0%
Other Reserve 1 Starting Balance								-			-
Other Reserve 1 Deposits								-			-
Other Reserve 1 Withdrawals								-			-
Other Reserve 1 Interest								-			-
Other Required Reserve 1 Running Balance								-			-
OTHER RESERVE 2 - RUNNING BALANCE											
Other Reserve 2 Starting Balance								-			-
Other Reserve 2 Deposits								-			-
Other Reserve 2 Withdrawals								-			-
Other Reserve 2 Interest								-			-
Other Required Reserve 2 Running Balance								-			-

EXHIBIT C
Tenant Income Certification Form

[To be attached.]

TENANT INCOME CERTIFICATION

☐ Initial Certification ☐ Recertification ☐ Other _____

Effective Date: _____
Move-In Date: _____
(MM-DD-YYYY)

PART I - DEVELOPMENT DATA

Property Name: _____ County: _____ TCAC#: _____ BIN#: _____
Address: _____ If applicable, CDLAC#: _____
Unit Number: _____ # Bedrooms: _____ Square Footage: _____

PART II. HOUSEHOLD COMPOSITION

☐ Vacant (Check if unit was vacant on December 31 of the Effective Date Year)

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$	\$	\$	\$

Add totals from (A) through (D), above

TOTAL INCOME (E): \$

PART IV. INCOME FROM ASSETS

HH Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset

TOTALS: \$

Enter Column (H) Total

Passbook Rate

If over \$5000

\$

X

0.06%

=

(J) Imputed Income

\$

Enter the greater of the total of column I, or J: imputed income

TOTAL INCOME FROM ASSETS (K)

\$

(L) Total Annual Household Income from all Sources [Add (E) + (K)]

\$

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature

(Date)

Signature

(Date)

Signature

(Date)

Signature

(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY**RECERTIFICATION ONLY:**TOTAL ANNUAL HOUSEHOLD
INCOME FROM ALL SOURCES:
From item (L) on page 1\$ Current Federal LIHTC Income Limit per
Family Size:

\$ _____

If Applicable, Current Federal Bond
Income Limit per Family Size:

\$ _____

Household Income as of Move-in:

\$ _____

Unit Meets Federal
Income Restriction at:☐ 60% ☐ 50%Unit Meets Deeper Targeting
Income Restriction at:☐ Other _____ %Current Federal LIHTC
Income Limit x 140%:\$ _____
Household Income exceeds
140% at recertification:☐ Yes ☐ No

Household Size at Move-in: _____

PART VI. RENTTenant Paid Monthly Rent: \$ _____
Monthly Utility Allowance: \$ _____
Other Monthly Non-optional charges: \$ _____Federal Rent Assistance: \$ _____ *Source: _____
Non-Federal Rent Assistance: \$ _____ (*0-8)
Total Monthly Rent Assistance: \$ _____**GROSS MONTHLY RENT FOR UNIT:**
(Tenant paid rent plus Utility Allowance &
other non-optional charges)\$ Maximum Federal LIHTC Rent Limit for
this unit:

\$ _____

If Applicable, Maximum Federal & State
LIHTC Bond Rent Limit for this unit:

\$ _____

Unit Meets Federal Rent Restriction at:

☐ 60% ☐ 50%If Applicable, Unit Meets Bond Rent
Restriction at:☐ 60% ☐ 50%Unit Meets Deeper Targeting Rent
Restriction at:☐ Other: _____ %

*Source of Federal Assistance

- 1 **HUD Multi-Family Project Based Rental Assistance (PBRA)
- 2 Section 8 Moderate Rehabilitation
- 3 Public Housing Operating Subsidy
- 4 HOME Rental Assistance
- 5 HUD Housing Choice Voucher (HCV), tenant-based
- 6 HUD Project-Based Voucher (PBV)
- 7 USDA Section 521 Rental Assistance Program
- 8 Other Federal Rental Assistance
- 0 Missing

** (PBRA) includes: Section 8 New Construction/Substantial Rehabilitation;
Section 8 Loan Management; Section 8 Property Disposition; Section 202
Project Rental Assistance Contracts (PRAC)**PART VII. STUDENT STATUS**

ARE ALL OCCUPANTS FULL TIME STUDENTS?

☐ yes ☐ noIf yes, Enter student explanation*
(also attach documentation)Enter
1-5

*Student Explanation:

- 1 AFDC / TANF Assistance
- 2 Job Training Program
- 3 Single Parent/Dependent Child
- 4 Married/Joint Return
- 5 Former Foster Care

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit ☐

See Part V above.

b. HOME ☐

Income Status

- ☐ ≤ 50% AMGI
☐ ≤ 60% AMGI
☐ ≤ 80% AMGI
☐ OI**

c. Tax Exempt Bond ☐

Income Status

- ☐ 50% AMGI
☐ 60% AMGI
☐ 80% AMGI
☐ OI**

d. AHDP ☐

Income Status

- ☐ 50% AMGI
☐ 80% AMGI
☐ OI**

e. _____ ☐
(Name of Program)

Income Status

- ☐ _____
☐ OI**

**Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE _____

DATE _____

PART IX. SUPPLEMENTAL INFORMATION FORM

The California Tax Credit Allocation Committee (CTCAC) requests the following information in order to comply with the Housing and Economic Recovery Act (HERA) of 2008, which requires all Low Income Housing Tax Credit (LIHTC) properties to collect and submit to the U.S. Department of Housing and Urban Development (HUD), certain demographic and economic information on tenants residing in LIHTC financed properties. Although the CTCAC would appreciate receiving this information, you may choose not to furnish it. You will not be discriminated against on the basis of this information, or on whether or not you choose to furnish it. If you do not wish to furnish this information, please check the box at the bottom of the page and initial.

Enter both Ethnicity and Race codes for each household member (see below for codes).

TENANT DEMOGRAPHIC PROFILE						
HH Mbr #	Last Name	First Name	Middle Initial	Race	Ethnicity	Disabled
1						
2						
3						
4						
5						
6						
7						

The Following Race Codes should be used:

- 1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.
- 2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as “Haitian” or “Negro” apply to this category.
- 3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
- 4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent:

4a – Asian India	4e – Korean
4b – Chinese	4f – Vietnamese
4c – Filipino	4g – Other Asian
4d – Japanese	
- 5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands:

5a – Native Hawaiian	5c – Samoan
5b – Guamanian or Chamorro	5d – Other Pacific Islander
- 6 – Other
- 7 – Did not respond. **(Please initial below)**

Note: Multiple racial categories may be indicated as such: 31 – American Indian/Alaska Native & White, 14b – White & Asian (Chinese), etc.

The Following Ethnicity Codes should be used:

- 1 – Hispanic – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. Terms such as “Latino” or “Spanish Origin” apply to this category.
- 2 – Not Hispanic – A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.
- 3 – Did not respond. **(Please initial below)**

Disability Status:

- 1 – Yes

If any member of the household is disabled according to Fair Housing Act definition for handicap (disability):

- A physical or mental impairment which substantially limits one or more major life activities; a record of such an impairment or being regarded as having such an impairment. For a definition of “physical or mental impairment” and other terms used, please see 24 CFR 100.201, available at <http://fairhousing.com/legal-research/hud-regulations/24-cfr-100201-definitions>.
- “Handicap” does not include current, illegal use of or addiction to a controlled substance.
- An individual shall not be considered to have a handicap solely because that individual is a transvestite.

- 2 – No

- 3 – Did not respond **(Please initial below)**

☐ **Resident/Applicant:** I do not wish to furnish information regarding ethnicity, race and other household composition.

(Initials) _____
 (HH#) 1. 2. 3. 4. 5. 6. 7.

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I - Development Data

Enter the type of tenant certification: Initial Certification (move-in), Recertification (annual recertification), or Other. If other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Effective Date Enter the effective date of the certification. For move-in, this should be the move-in date. For annual income recertification's, this effective date should be no later than one year from the effective date of the previous (re)certification.

Move-In Date Enter the most recent date the household tax credit qualified. This could be the move-in date or in an acquisition rehab property, this is not the date the tenant moved into the unit, it is the most recent date the management company income qualified the unit for tax credit purposes.

Property Name Enter the name of the development.

County Enter the county (or equivalent) in which the building is located.

TCAC# Enter the project number assigned to the property by TCAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: CA-2010-123

BIN # Enter the building number assigned to the building (from IRS Form 8609).

Address Enter the physical address of the building, including street number and name, city, state, and zip code.

If applicable, CDLAC# If project is awarded 4% bonds please enter the project number assigned to the property by CDLAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: 16-436

Unit Number Enter the unit number.

Bedrooms Enter the number of bedrooms in the unit.

Square Footage Enter the square footage for the entire unit.

Vacant Unit Check if unit was vacant on December 31 of requesting year. For example, for the collection of 2011 data, this would refer to December 31, 2011.

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following definitions:

H Head of Household	S Spouse	U Unborn Child/Anticipated
A Adult Co-Tenant	O Other Family Member	Adoption or Foster
C Child	F Foster child(ren)/adult(s)	
L Live-in Caretaker	N None of the above	

Date of Birth Enter each household member's date of birth.

Student Status Enter "Yes" if the household member is a full-time student or "NO" if the household member is not a full-time student.

Last Four Digits of Social Security Number For each tenant 15 years of age or older, enter the last four digits of the social security number or the last four digits of the alien registration number. If the last four digits of SSN or alien registration is missing, enter 0000. For tenants under age 15, social security number not required, although please enter 0000.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List each respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note "zero" in the columns of Part III.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. If individual household member income is provided, list the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 0.06% and enter the amount in (J), Imputed Income.

Row (K)	Enter the greater of the total in Column (I) or (J)	
Row (L)	Total Annual Household Income From all Sources	Add (E) and (K) and enter the total

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V - Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current LIHTC Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size -- specifically, the max income limit for the federal 50% or 60% set aside.
Current Bond Income Limit per Family Size	Enter the Current most restrictive Move-in Income Limit for the household size -- specifically, the max income limit incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.

Household Income at Move-in	For recertifications only. Enter the household income from the move-in certification.
Household Size at Move-in	Enter the number of household members from the move-in certification.
Current Federal LIHTC Income Limit x 140%	For recertifications only. Multiply the current LIHTC Maximum Move-in Income Limit by 140% and enter the total. 140% is based on the Federal Set-Aside of 20/50 or 40/60, as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the LIHTC Income Limit per Family Size at Move-in date (above), then the available unit rule must be followed.
Unit Meets Federal Income Restriction at	Check the appropriate box for the income restriction that the household meets according to what is required by the federal set-aside(s) for the project.
Unit Meets Deeper Targeting Income Restriction	If your agency requires an income restriction lower than the federal limit, enter the percent required.

Part VI - Rent

Tenant Paid Monthly Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Federal Rent Assistance	Enter the amount of rent assistance received from a federal program, if any.
Non-Federal Rent Assistance	Enter the amount of non-federal rent assistance received, if any.
Total Monthly Rent Assistance	Enter the amount of total rent assistance received, if any.
Source of Federal Rent Assistance	If federal rent assistance is received, indicate the single program source.
Monthly Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other Monthly Non-Optional Charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Monthly Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges. The total may NOT include amounts other than Tenant Paid Rent, Utility Allowances and other non-optional charges. In accordance with the definition of Gross Rent in IRC §42(g)(2)(B), it may not include any rent assistance amount.
Maximum LIHTC Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent limit for the federal 50% or 60% set aside.
Maximum LIHTC Bond Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.
Unit Meets Federal Rent Restriction at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal set-aside(s) for the project.
Unit Meets Bond Rent Restriction at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal and state law for the project.
Unit Meets Deeper Targeting Rent Restriction at	If your agency requires a rent restriction lower than the federal limit, enter the percent required.

Part VII - Student Status

If all household members are full time* students, check "yes". Full-time status is determined by the school the student attends. If at least one household member is not a full-time student, check "no."

If "yes" is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

Part VIII – Program Type

Mark the program(s) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household's designation.
Tax Exempt Bond	If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household's designation.
AHDP	If the property participates in the Affordable Housing Disposition Program (AHDP), and this household's unit will count towards the set-aside requirements, select the appropriate box to indicate if the household is a VLI, LI or OI (at recertification) household.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

PART IX. SUPPLEMENTAL INFORMATION

Complete this portion of the form at move-in and at recertification's (only if household composition has changed from the previous year's certification).

Tenant Demographic Profile	Complete for each member of the household, including minors. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.
Resident/Applicant Initials	All tenants who wish not to furnish supplemental information should initial this section. Parent/Guardian may complete and initial for minor child(ren).

EXHIBIT D

First Source Hiring Requirements and Numerical Goals

Borrower's use of Funds triggers the following hiring requirements imposed by the City's First Source Hiring Ordinance (San Francisco Administrative Code Chapter 83) as incorporated into MOHCD's Section 3 Plan.

1. Section 3 Requirements.

(a) The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. § 1701u ("Section 3"), based on Borrower's receipt of City funds under MOHCD's Section 3 Plan. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3 be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing, to the greatest extent feasible.

(b) The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

(c) The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and to post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference and set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions and the qualifications for each, the name and location of the person(s) taking applications for each of the positions and the anticipated date work will begin.

(d) The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135 and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

(e) The contractor will certify that any vacant employment positions, including training positions, that are filled: (i) after the contractor is selected but before the contract is executed; and (ii) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

(f) Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default and debarment or suspension from future HUD assisted contracts.

2. Recommended Minimum Numerical Goals. Contractors may demonstrate compliance with the "greatest extent feasible" requirement of Section 3 by meeting the numerical goals set forth below for training, employment and contracting opportunities to Section 3 residents and Section 3 business concerns, which represent minimum numerical goals.

(a) Training and Employment of Section 3 Residents (24 CFR § 135.30(b)). Contractors and subcontractors may demonstrate compliance by committing to employ Section 3 residents as thirty percent (30%) of the aggregate number of new hires (full-time employees for permanent, temporary or seasonal employment) and an overall goal of thirty percent (30%) of total work hours for the entire project.

(b) Contracts with Section 3 Business Concerns (24 CFR § 135.30). Contractors and subcontractors may demonstrate compliance with the requirements of this part by committing to award to Section 3 business concerns:

(i) At least ten percent (10%) of the total dollar amount of all Section 3 covered contracts for building trades work arising in connection with housing rehabilitation, housing construction and other public construction; and

(ii) At least three percent (3%) of the total dollar amount of all other Section 3 covered contracts.

EXHIBIT E
Governmental Requirements

1. Prevailing Wages. Every contract for the rehabilitation or construction of housing assisted with Funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. §§ 276a-276a-5), to all laborers and mechanics employed in the development of any part of the housing, and contracts involving their employment will be subject to the provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-332). The prevailing wage requirements of this Section apply to all laborers and mechanics employed in the development of the Project, including portions other than the assisted Units.

2. Environmental Review. The Project must meet the requirements of the National Environmental Policy Act of 1969 (42 U.S.C. § 4321), related authorities listed at 24 CFR Section 51.100 and parts 50 and 58 and the California Environmental Quality Act (Cal. Pub. Res. Code §§ 2100 *et seq.*) and implementing regulations.

3. Conflict of Interest.

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

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

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

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

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

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

7. Low-Income Hiring Requirements. The use of Funds triggers compliance with certain hiring requirements imposed by the City's First Source Hiring Ordinance (S.F. Admin. Code Chapter 83), as incorporated into MOHCD's Section 3 Plan. To ensure compliance with those requirements, Borrower must include the provisions attached as **Exhibit D** in its contract with the general contractor for the Project. Borrower will be responsible to the City for ensuring compliance with the requirements listed on **Exhibit D**.

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

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

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

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

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

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

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

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

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

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

12. Submitting False Claims; Monetary Penalties. Any borrower, grantee, contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in Section 21.35 of the San Francisco Administrative Code. A borrower, grantee, contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the borrower, grantee, contractor, subcontractor or consultant:

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

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

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

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

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

13. Sunshine Ordinance.

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

(b) By executing this Agreement, Borrower agrees to comply with the provisions of Chapter 12L of the San Francisco Administrative Code to the extent applicable.

(c) In accordance with the Citizen's Right to Know Act of 1998 (S. F. Admin. Code Chapter 79), no officer, department, board or commission of the City may approve a City Project, as defined in Chapter 79, unless a sign has been posted on the applicable property at least fifteen (15) days before approval. A City Project is a project that involves new construction, a change in use or a significant expansion of an existing use where the City funding for the project is \$50,000 or more. If the Loan will be used for a City Project, this Agreement will not become effective until fifteen (15) days following the posting of the requisite sign, or, in the alternative, thirty (30) days following the delivery of written notices to residents and owners within 300 feet of the Site, and the City will have the right to nullify or revoke this Agreement without cost or liability of any sort whatsoever at any time before that date. If Borrower believes that this Agreement relates to a City Project and that the requisite sign has not been posted,

Borrower must notify the City so that the City may determine the applicability of Chapter 79, and, if necessary, post the requisite sign.

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

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

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

(a) Borrower shall remove all graffiti from any real property owned or leased by Borrower in the City and County of San Francisco within forty eight (48) hours of the earlier of Borrower's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Borrower to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of

fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

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

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

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

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

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

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

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

date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

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

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

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

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

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Borrower agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Borrower agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Borrower's failure to comply with this provision.

20. Bottled Drinking Water. Unless exempt, Borrower agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San Francisco Environment Code Chapter 24, including the administrative

finances, remedies, and implementing regulations provided therein, as the same may be amended from time to time. The provisions of Chapter 24 are incorporated herein by reference and made a part of this Agreement as though fully set forth.

EXHIBIT F
Lobbying/Debarment Certification Form

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

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

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

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

(Signatures on next page)

1064 Mission, L.P.,
a California limited partnership

By: Mercy Housing 1064 Mission LLC,
a California limited liability company,
its co-general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: Jennifer Dolin
Title: Vice President

By: 1064 Mission LLC,
a California limited liability company,
its co-general partner

By: Episcopal Community Services of
San Francisco,
a California nonprofit public benefit
corporation, its sole member/manager

By: Mary E. Stokes
Name: MARY E. STOKES
Title: EXECUTIVE DIRECTOR

Date: _____

EXHIBIT G
Form of Annual Monitoring Report

[To be attached]

Mayor's Office of Housing and Community Development
City and County of San Francisco



London N. Breed
Mayor

Kate Hartley
Director

October 1, 2018

Notice of Availability of 2018 Annual Monitoring Report Form
(plus reminders of Marketing Procedure and Serious Incident Protocol)

MOHCD is pleased to announce the availability of the Annual Monitoring Report (AMR) forms for Reporting Year 2018 (RY2018). The forms are now available to be downloaded from the Asset Management page of the MOHCD web site. A training on how to complete the AMR will be held at MOHCD on October 31, 2018 from 9-11:45 a.m. See below for more information.

Deadline: For projects whose business year ended June 30, 2018, the report will be due on November 30, 2018 for the period 7/1/17-6/30/18. For any projects whose 2018 business year ended or will end on different dates than those above, the report will be due 5 months from the last date of that business year.)

Submissions for RY2018 and any outstanding reports from prior reporting years will be accepted only in the RY2018 format.

Completion and Submission Instructions

The Annual Monitoring Report consists of the following four parts:

I. AMR_RY2018 – project name.xlsx

This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

Instructions (revised)	3C. Demographic Summary
1A. Property & Residents (revised)	4. Narrative
1B. Transitional Programs	5. Project Financing

1C. Eviction Data	6. Services Funding
2. Fiscal Activity	7. Supplementary Audit Information Required by MOHCD
3A. Occupancy & Rent Info (revised)	Completeness Tracker
3B. Demographic Information	

Provide all applicable information that is requested in worksheets 1-7. Use the Instructions to help you complete each form and the Completeness Tracker to help you to determine when each worksheet is complete.

Use Question #1 on the Narrative worksheet to explain any data that you provide that may be unclear or better understood with additional information. In addition, certain questions in this report prompt you to supply an explanation for your answers on the Narrative worksheet. *Failure to supply the required explanation will render your submission incomplete.*

Submit this report as an Excel file only; do not convert it to pdf or another file type. Changing the format of AMR_RY2018.xlsx without MOHCD's prior approval is not allowed. Do not overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. If you need to revise the form in order to successfully complete the report, submit a request to moh.amr@sfgov.org.

II. Owner Compliance Certification Form and Documentation of Insurance

The certification form is a Microsoft Word document that must be completed, signed and dated by the Executive Director (or other authorized officer) of the entity that owns the project. Scan the form along with documentation of insurance and email it to MOHCD as a single document. For each project, you must provide certificates of liability insurance *and* property insurance that are *current as of the date of submittal of the AMR*.

III. Audited Financial Statements

Provide financial statements for the project for Reporting Year 2018. They must be prepared by a certified public accountant in accordance with generally accepted accounting principles, applicable regulations and laws and with the City's "[Audit Requirements for MOHCD-Funded Projects](#)" a copy of which is

posted on MOHCD's Asset Management web page. If the project is owned by a single asset entity, provide separate financial statements just for the project, otherwise provide audited statements for the parent corporation. Also include copies of any Management Letters and special notes from the auditor that pertain to the property and the financial statements.

MOHCD's audit requirements call for the preparation of a supplemental section to the financial statements that includes the following:

- schedule of operating revenues,
- schedule of operating expenses,
- computation of cash flow/surplus cash
- summary of project reserve activity

The supplemental section may be prepared by using worksheet #7 of the AMR or a form generated by the accounting system of the project owner or the auditor.

IV. Waiting List

Submit a copy of the project's waiting list that is current as of the date of submittal. The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit:

- name of head-of-household
- contact information
- date of application,
- number of people in the household,
- stated household income and
- desired unit size.

This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

Completed AMRs must be submitted electronically, via *one email message per project* to moh.amr@sfgov.org. If the documents that comprise the report are too large to attach to a single email, compress the files into a zip file and attach it to the email.

AMR Training – October 31, 9-11:45 a.m.

To facilitate completion of the AMR by project sponsors, MOHCD will conduct a training on from 9 to 11:45 a.m. on Thursday, 10/31, in our office at 1 South Van Ness Avenue, 5th Floor, Room 5080. We strongly encourage the primary staff person who is responsible for completion of the report to attend and to bring a Wi-Fi enabled lap top computer. Space is limited. Please RSVP to Ricky Lam at ricky.lam@sfgov.org or 415-701-5542.

Marketing Procedure for Available Units and Waiting List Openings

Before advertising the availability of units for lease in a project or the opening of the waiting list, owners and property managers *must* notify MOHCD of this action by completing a Marketing Plan Template and submitting it to the assigned staff person on MOHCD's asset management and compliance monitoring team. The template is available on the Asset Management page of our web site, under "Marketing Requirements for MOHCD-Financed Multifamily Rental Projects." Once the marketing plan is approved, MOHCD will post information about the available units or opening of the waiting list on DAHLIA – the City's internet portal where members of the public may get information and apply for affordable housing. General information for people seeking affordable housing in San Francisco can also be found on our web site at this location.

Serious Incident Protocol

To ensure that MOHCD is kept informed of serious incidents that occur at projects financed by this office, we have established the following protocol for reporting serious, negative events such as accidents, criminal activity or equipment failure. The report should be filed only after emergency procedures have been followed and the situation has been stabilized.

The Mayor's Office of Housing and Community Development requests that owners of projects financed by this office notify us immediately if a serious incident occurs at their properties and meets one or more of the following parameters:

- Involves serious injury or death
- Is a serious, violent crime that involves a major police action (e.g. shooting)
- Causes the building or a significant number of units to be off-line

- Requires a resident to move out of a unit one month or longer
- Damage to the building is significant enough to require the use of reserves

The owner should notify the MOHCD asset manager assigned to the project and provide the following information:

- The date of the incident
- A description of the incident
- A description of what has been and is being done in response
- The name, phone and email of the staff that should be contacted if there are questions
- Confirmation that 1) the property insurance is current and 2) the insurance company has been contacted; a brief summary of their response, if available
- Statement of whether or not the organization plans to use the project's reserves to pay for corrective action

Asset Management and Compliance Monitoring Team
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
<http://sfmohcd.org>
P. 415-701-5500
F. 415-701-5501

Owner Compliance Certification and Insurance & Tax Certification Form
2018 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development

***** This form must be completed by Project Owner or authorized agent. *****

Complete this form, sign and date it, scan it along with current liability and property insurance certificates into a single PDF file, then email the file along with AMR_RY2018 – project name.xlsx, audited financial statements, and current waiting list to moh.amr@sfgov.org.

Project Name: _____

Project Street Address: _____

Reporting Period – Start Date: _____ End Date: _____

Owner Compliance Certification

The undersigned owner, having received housing development funds pursuant to a housing development program funding agreement/s entered into with the City and County of San Francisco ("CCSF") for the purpose of purchasing, constructing and/or improving low-income housing, does hereby certify as follows:

Initial all statements below, and supply data to make the statement complete where needed (look for underlined blanks; e.g.: ____). For any statements that are not true or require additional clarification, you must supply a detailed explanation on the Annual Monitoring Report Narrative Worksheet. The failure to provide a conforming response to all statements below will render incomplete the entire Annual Monitoring Report ("AMR") submission for this project, which may result in a default condition under the funding agreement/s, and also subject the owner to scoring penalties in future efforts to obtain funding from MOHCD for this project and any other project.

	True	False	
1			The CCSF Mayor's Office of Housing and Community Development ("MOHCD") has been alerted by the owner prior to any actions taken by the owner that affect the value of the property associated with this project, including but not limited to the establishment of any liens or encumbrances on the property; and, where required, the owner has obtained written authorization from MOHCD prior to taking any such actions.
2			The undersigned is not in default of the terms of any Agreements with CCSF for this project, nor has it been in default on any other loans, contracts or obligations on this property during the reporting period.
3			The undersigned has not been the subject of any actions relating to any other loans, contracts or obligations on this property which might have a material adverse financial impact on the property.
4			The owner has not lost or failed to renew funding for supportive services for the project during the reporting period and has made available (or caused to be made available through another party) all supportive services that are required by existing, applicable funding and regulatory agreements.
5			The owner has not lost or failed to renew funding for operating subsidy/ies for the project during the reporting period.
6			For any existing operating subsidies supporting the project, during the reporting period, the owner submitted a request for the maximum increase possible.
7			The owner has paid all taxes due for the reporting period and prior reporting periods.
8			The undersigned has marketed the units in the manner set forth in the marketing and resident selection provisions of the funding agreement/s entered into with CCSF.

Owner Compliance Certification and Insurance & Tax Certification Form
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	True	False	
9			The project has met affordability and other leasing provisions set forth in the funding agreement/s entered into with CCSF during the entire reporting period. As of the end date of the reporting period, _____ units (<i>supply exact number</i>) were occupied or held vacant and available for rental by low-income tenants meeting the income qualifications pursuant to the funding agreement/s entered into with CCSF.
10			The undersigned has obtained a tenant income certification and/or third party documentation to support that certification from each tenant household occupying a unit restricted to occupancy by income-qualified tenants. All income certifications are maintained onsite with respect to each qualified tenant who resides in a unit or resided therein during the immediately preceding business year.
11			The total charges for rent and a utility allowance to each income-qualified tenant in a restricted unit do not exceed the maximum rent specified in the funding agreement/s entered into with CCSF as adjusted by the most recent HUD income and rent figures, which have been taken from the figures that are supplied by MOHCD on its website.
12			All withdrawals from the replacement and operating reserve accounts have been made in accordance with the MOHCD funding agreement/s, unless approved in writing by MOHCD.
13			Security deposits required of tenants of the project are in accordance with applicable laws and the funding agreement/s entered into with CCSF.
14			The undersigned has obtained and will maintain insurance policies in accordance with requirements of the funding agreement/s entered into with CCSF as may be reasonably updated from time to time, and has supplied with this AMR certificates of insurance that are current through the end of the reporting period.
15			The undersigned has maintained the units and common areas in a decent, safe and sanitary manner in accordance with all local health, building, and housing codes and in accordance with the HUD Housing Quality Standards.
16			The data submitted in Section 1A – Property & Residents of the Annual Monitoring Report regarding any violation/s of any health, building, or housing codes is complete and accurate; all required copies of violations/citations that were not resolved by the end of the reporting periods are also included with this AMR submission.
17			The undersigned has made best efforts to: (a) keep the units in good repair and available for occupancy; (b) keep the Project fully rented and occupied; and (c) maximize rental revenue at the Project by increasing tenant rents, and if applicable, contract rents and commercial rents, the maximum amount permitted under all current regulatory agreements, contracts, regulations and leases, without causing undue rent burden on residential tenants.
18			All questions in the Annual Monitoring Report submitted for this reporting period have been answered fully and truthfully; answers have been supplied for all of questions requiring detailed responses on the Annual Monitoring Narrative Worksheet and any related documents have been submitted as attachments.
19			The project has received additional equity proceeds in the amount of \$_____ (<i>supply amount</i>) from low-income housing tax credit investors during the reporting period.
20			Accurate information has been provided in Worksheet 2 - Fiscal Activity about any Federal Program Income earned by this project during the reporting period.
21			Any amounts charged as Asset Management Fees are reflected accurately under Income & Expenses in Worksheet 2 - Fiscal Activity of the Annual Monitoring Report, and all such amounts have been used exclusively toward asset management of this

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	True	False	
			project. Asset Management Fees taken beyond pre-approved levels have been documented as required in response to question 7 in Section 4 - Narrative.
22			The calculation of cash flow in Worksheet 2 - Fiscal Activity accurately reflects all expenses incurred and income earned, and the proposed distribution of any Residual Receipts would be in accordance with all relevant agreements and policies.
23			The Waiting List that has been submitted with the 2018 Annual Monitoring Report is an accurate and correct record as of the last day of the reporting period of the households who have applied to live at the Project, including the name of the head-of-household (or a suitable alternative), date of application, number of people in the household, stated household income and desired unit size.

Property and Liability Insurance

Enter the information requested below, and attach a current copy (each) of the Property and Liability Insurance Certificates. SCAN the documents and send them as an attachment along with the complete AMR to MOHCD via e-mail to: moh.amr@sfgov.org.

Property Insurance		
	Property Street Address:	
	Policy Number:	
	Policy Effective Date:	
	Policy Expiration Date:	
Liability Insurance		
	Property Street Address:	
	Policy Number:	
	Policy Effective Date:	
	Policy Expiration Date:	

Tax Certification

Enter the information requested below. You do **NOT** need to submit copies of the invoice or checks used to pay the tax.

Property Tax		
	Tax Year:	
	Amount of Tax Paid:	
	Date Paid:	
	Amount outstanding from taxes due for Reporting Period:	
	Amount outstanding from taxes due prior to Reporting Period:	

***** This form must be completed by Project Owner or authorized agent *****

The undersigned, acting under authority of the ownership of this project, executes this Certification, subject to the pains and penalties of perjury, and certifies that the foregoing is true and correct in all respects.

Signature: _____ Date: _____

Name: _____ Title: _____

Annual Monitoring Report - Instructions - Reporting Year 2018 - Mayor's Office of Housing & Community Development

The instructions and definitions below are organized by the worksheets contained within this Annual Monitoring Report. Please review the instructions below and within each worksheet thoroughly as instructions may have changed.

Updated 12/21/2018

1A. Property & Residents

Please follow the instructions provided on the worksheet.

1B. Transitional Programs Only

Use this worksheet to report the activity only of a transitional housing program, including program capacity, number of people served, length of stay and destination upon exit. Please follow the instructions provided on the worksheet.

1C. Eviction Data

MOHCD is required to collect this data by San Francisco Administrative Code Sections 20.500-20.508. Please follow the instructions provided on the worksheet.

2. Fiscal Activity

Income and Expenses

The purpose of the Income and Expenses form is to track actual income and expenses over the reporting period. In addition to the instructions below, please follow instructions provided on the worksheet.

INSTRUCTIONS:

Column B - "Description of Income Accounts" and "Description of Expense Accounts". A complete description of the Income Accounts and Expense Accounts are provided below. Refer to the descriptions when completing the Fiscal Activity Worksheet. The Chart of Accounts uses account categories prescribed by generally accepted accounting principles and closely follows accounts prescribed by HUD, the State of California's Housing and Community Development Department, and the City's Quarterly Program Income Worksheet.

Column D - "Account Number". Each number represents an account in the Chart of Accounts, see below for more info.

Column F - "Residential". This column is for the essential recurring income and expenses related to the operation of a rental housing property, group home, project serving special needs populations or a transitional housing program.

Column H - "Non-Residential". This column is used to report income and expenses related to commercial space or other non-residential space in a project.

Income

Rental Income

5120 Housing Units Gross Potential Tenant Rents. This account records gross rent payable by the tenant for all residential units. Offsetting debits to this account are Account 6331, Administrative Rent Free Unit.

5121 Rental Assistance Payments. This account records rental assistance payments received or earned by the project through the LOSP, HUD Section 8 program (project-based or tenant-based assistance), HUD Section 202/811 programs, Shelter Plus Care program, HOPWA program, Rent Supplement, HOME Tenant-Based Assistance and VASH.

5140 Commercial Unit Rents. This account records gross rental income from stores, offices, rented basement space, furniture and equipment or other commercial facilities provided by the property.

Vacancy Loss

5220 Rent Income - Residential Units Vacancy Loss. ENTER AS NEGATIVE NUMBER. This account records total loss of residential rental income due to vacant residential units.

5240 Rent Income - Commercial Units Vacancy Loss. ENTER AS NEGATIVE NUMBER. This account records total loss of commercial rental income due to vacant commercial units.

Other Income

5170 Garage and Parking Spaces. This account records the gross rental income from all garage and parking spaces.

5190 Miscellaneous Rent Income. This account records gross rental income expectancy not otherwise described above.

5300 Supportive Services Income. Accounts in this series are used primarily by group home projects or other projects restricted to a special needs population (e.g., group home for mentally disabled or senior apartments). These accounts record revenues received or payable (other than rents) for services provided to tenants (e.g., meal services, housekeeping, etc.). Supportive service-related expenses are charged to accounts in the 6900 series. Enter the total of all revenues received or payable, and identify the source(s) of the income in cell D39.

5400 Interest Income - Project Operations. This account records interest income received or accrued on the Project Operating Account/s; DO NOT RECORD interest earned on the Replacement Reserve or Operating Reserve here.

5910 Laundry and Vending. This account records project revenues received from laundry and vending machines owned or leased by the project.

5920 Tenant Charges. This account records charges collected from tenants for damages to apartment units and for fees paid by tenants for cleaning of an apartment unit (other than regular housekeeping services), any security deposits forfeited by tenants moving out of the project and charges assessed to tenants for rent checks returned for insufficient funds and for late payment of rents.

5990 Other Revenue. This account records project revenue not otherwise described in the above revenue accounts.

Expenses

Management

6320 Management Fee. This account records the cost of management agent services contracted by the project. This account does not include charges for bookkeeping or accounting services paid directly by the project to either the management agent or another third party.

Salaries/Benefits

6310 Office Salaries. This account records salaries paid to office employees whether the employees work on site or not. Front-line responsibilities include for example, taking applications, verifying income and processing maintenance requests. The account does not include salaries paid to occupancy, maintenance and regional supervisors who carry out the agent's responsibility for overseeing or supervising project operations and personnel. These salaries are paid from the management fee. This account also does not include the project's share of payroll taxes (Account 6711) or other employee benefits paid by the project.

6330 Manager's Salary. This account records the salary paid to property managers. It does not include the project's share of payroll taxes or other employee benefits or compensation provided to residents managers in lieu of residents managers' salary payments.

6723 Employee Benefits: Health Insurance & Disability Insurance. This account records the cost of employee benefits paid and charged to the project for health insurance and disability insurance.

XXXX Employee Benefits: Retirement & Other Salary/Benefit Expenses. This account records the cost of employee benefits paid and charged to the project for retirement and any other employee salary/benefits.

6331 Administrative Rent Free Unit. This account records the contract rent of any rent free unit provided to a resident manager which would otherwise be considered revenue producing.

Administration

6210 Advertising and Marketing. This account records the cost of advertising the rental property.

6311 Office Expenses. This account records office expense items such as supplies, postage, stationery, telephone and copying.

6312 Office Rent. This account records the rental value of an apartment, otherwise considered potentially rent-producing, but used as the project office or as a model apartment. The account is normally debited by journal entry.

6340 Legal Expense - Property. This account records legal fees or services incurred on behalf of the project (as distinguished from the borrower/grantee entity). For example, agents charge legal fees for eviction procedures to this account.

6350 Audit Expense. This account records the auditing expenses incurred by the project that are directly related to requirements for audited financial statements and reports. This account does not include the auditor's charge for preparing the borrower/grantee's Federal, State and local tax returns. This account does not include the cost of routine maintenance or review of the project's books and records.

6351 Bookkeeping Fees/Accounting Services. This account records the cost of bookkeeping fees or automated accounting services not included in the management fee but paid to either the agent or a third party.

6370 Bad Debts. This account records by journal entry the amount of tenant accounts receivable that the agent estimates uncollectible at the end of the accounting period.

6390 Miscellaneous Administrative Expenses. This account records administrative expenses not otherwise classified in the 6300 Series. If the project had miscellaneous administrative expenses greater than \$10,000, a detailed itemization of these expenses must be provided in the Narrative worksheet.

Utilities

6450 Electricity

6451 Water

6452 Gas

6453 Sewer

Taxes and Licenses

6710 Real Estate Taxes. This account records payments made for real estate taxes of the project.

6711 Payroll Taxes (Project's Share). This account records the project's share of FICA and State and Federal Unemployment taxes.

6790 Miscellaneous Taxes, Licenses and Permits. This account records any taxes, licenses, permit fees or costs of insurance assessed to the property and not otherwise categorized in the 6700 Series.

Insurance

6720 Property and Liability Insurance. This account records the cost of project property and commercial general/auto liability insurance.

6721 Fidelity Bond Insurance. This account records the cost of insuring project employees who handle cash.

6722 Workers' Compensation. This account records the cost of workers' compensation insurance for project employees.

6724 Directors and Officers Liabilities Insurance. This account records the cost of insurance to cover financial protection for the directors and officers of the ownership entity in the event they are sued in conjunction with the performance of their duties as they relate to the property.

Maintenance and Repairs

6510 Payroll. This account records the salaries of project employees whose perform services including but not limited to janitorial/cleaning, exterminating, grounds, repairs, elevator maintenance and decorating. This account does not include the property's share of payroll taxes (FICA and Unemployment) or other employee benefits paid by the property.

6515 Supplies. This account records all cost of supplies charged to the property for janitorial cleaning, exterminating, grounds, repairs and decorating.

6520 Contracts. This account records the cost of contracts the owner or agent executes with third parties on behalf of the property for janitorial/cleaning, exterminating, grounds, repairs, elevator maintenance and decorating.

6525 Garbage and Trash Removal. This account records the cost of removing garbage and rubbish from the project. The account does not include salaries paid to janitors who collect the trash.

6530 Security Payroll/Contract. This account records the project's payroll costs attributable to the protection of the project or the costs of a protection contract that the owner or agent executes on behalf of the project.

6546 HVAC Repairs and Maintenance. This account records the cost of repairing and maintaining heating or air conditioning equipment owned by the project. Agents should capitalize repairs of significant amounts which extend the useful life of the equipment.

6570 Vehicle and Maintenance Equipment Operation and Repairs. This account records the cost of operating and repairing project motor vehicles and maintenance equipment. Motor vehicle insurance is not included in this account but is charged to account 6720.

6590 Miscellaneous Operating and Maintenance Expenses. This account records the cost of maintenance and repairs not otherwise classified in the 6400 and 6500 account Series. If the project had miscellaneous operating and maintenance expenses greater than \$10,000, a detailed itemization of these expenses must be provided in the Narrative worksheet.

Supportive Services

6900 Supportive Service Expenses. Accounts in this series are used primarily by group home projects and other projects restricted to a special needs population. The accounts record expenses directly related to special services provided to the tenants (e.g., food, housekeeping, case managers, social activity coordinator, etc.).

Reserve Account Activity

1320 Replacement Reserve Required Annual Deposits. This account records the required amount of deposits made to a segregated Replacement Reserve bank account from the project's Operating Account during the reporting period. See below for more guidance about data entry required for replacement reserve eligible expenditures.

1365 Operating Reserve Deposits. This account records amount of deposits made to a segregated Operating Reserve bank account from the project's Operating Account during the report period.

XXXX Operating Reserve Account Withdrawals. Enter the total amount of withdrawals made from the Operating Reserve, which will be deposited into the project's Operating Account during the reporting period.

1330 Other Reserve Accounts - Deposits. This account records amount of deposits made to segregated reserve bank accounts not identified above during the report period. Deposits are assumed to have been funded by the project's operating account and will decrease the surplus cash amount in row 136. You should provide the name of the account in cell D132.

XXXX Other Reserve Accounts - Withdrawals. This line is used to record the amount of withdrawals made from other segregated reserve bank accounts during the reporting period. Withdrawals entered are assumed to have been deposited into the project's operating account and will increase the surplus cash amount in row 136. You should provide the name of the account in cell D133.

3A. Occupancy & Rent Info

Accurate and complete household and tenancy data must be submitted on the Occupancy & Rent Info worksheet as evidence that the project complies with the income eligibility and rent affordability restrictions of MOHCD's funding agreements. Enter the data described below into the chart in Section 3a - Occupancy & Rent Info for the tenant population that occupied the project as of the end of the reporting period. *For vacant units and manager's units, you must supply data in columns D, E, P, R and T. All other columns should be left blank.*

COLUMN DESCRIPTION

C. **Row Number.** Do not enter data in this column.

D. **Unit No.** Enter the unit number (or bed number for transitional or group housing) for each unit/bed in the property.

E. **Unit Type.** Use the drop down menu to select the unit type (also shown below):

Bed = (measurement for Group homes or transitional housing)

"SRO" = Single Room Occupancy unit

"Studio" = Studio unit

"1BR" = 1 Bedroom unit

"2BR" = 2 Bedroom unit

"3BR" = 3 Bedroom unit

"4BR" = 4 Bedroom unit

"5+BR" = 5 or more Bedroom unit

F. **Is the Unit Fully-Accessible or Adaptable?** Use the drop down menu to indicate which

"Accessible - Mobility" = The unit is fully-accessible for persons with mobility impairment.

"Accessible - Communication" = The unit is fully-accessible for persons with visual and hearing impairment.

"Mobility & Communication" = The unit is fully-accessible for persons with mobility, visual and hearing impairment.

"Adaptable" = The unit was designed to be accessible, but some accessibility features may have been omitted or concealed.

"Not Accessible or Adaptable" = Not Accessible or Adaptable.

G. **Date of Initial Occupancy.** Enter the date when the tenant occupied their *first unit in the project*. For tenants who have transferred to another unit in the project, this date will be different than the date when they moved into their current unit.

H. **Household Annual Income at Initial Occupancy.** Enter the tenant's annual household income from the initial income certification that was done before they moved into their *first unit in the project*. For tenants who have transferred to another unit in the project, this amount will be different than the amount from the certification that was done when they moved into their current unit.

I. **Household Size at Initial Occupancy.** Enter the number of people that was in the tenant's household when they occupied their first unit in the project. For tenants who have transferred to another unit in the project, this number may be different than it was when they moved into their current unit.

J. **Date of Most Recent Income Recertification.** Enter date of most recent income recertification. Leave blank for vacant units.

K. **Household Annual Income as of Most Recent Recertification within reporting period.** Enter annual income of the household from the most recent recertification. OK to leave blank ONLY if ALL funders do not require annual income recertifications.

L. **Household Size as of Most Recent Recertification within reporting period.** Enter the number of occupants in the unit from the most recent recertification within the reporting period.

M. **Minimum Occupancy for Unit Type.** The data here is automatically entered from items 25-31 on Worksheet #1A.

N. **Maximum Occupancy for Unit Type.** The data here is automatically entered from items 25-31 on Worksheet #1A.

O. **Overhoused or Overcrowded?** The data here is automatically generated based on entries in column K and on items 26-32 on Worksheet #1A.

- P. **Overhoused or Overcrowded - Narrative** A household is "Overhoused" if there are fewer people residing in the unit than the minimum occupancy. "Overcrowded" means that there are more people residing in the unit than the maximum occupancy. If the data in column N indicates that the household is overhoused or overcrowded, please describe any extenuating circumstances that justify the overhoused/overcrowded status and summarize efforts that you have made to transfer the tenant to a unit that is appropriate for the size of the household, if applicable.
- Q. **Is this Unit a HOPWA set-aside unit? (yes/no).** "HOPWA set-aside" units are required when HOPWA capital funding is used to acquire, construct or rehab a project.
- R. **Rental Assistance.** From the drop-down menu, select one code only to indicate the type of assistance, if any, being provided to the tenant (low-income units only). Select "None" if no rental assistance comes with the unit or none is provided to the tenant.
- "RAD - PBV" = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a RAD Project-Based Section 8 subsidy that will remain with the unit after the tenant moves out.
- "TPV" = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a HUD Tenant Protection Voucher subsidy to help prevent displacement and/or stabilize the property.
- "Section 8 - Project Based" = The unit comes with Section 8 subsidy that will remain with the unit after the tenant moves out.
- "Section 8 - Tenant Voucher" = Tenant is receiving assistance through the Section 8 Certificate or Voucher programs.
- "PRAC - 202" = The unit receives a subsidy through a Project Rental Assistance Contract from HUD's 202 program.
- "PRAC - 811" = The unit receives a subsidy through a Project Rental Assistance Contract from HUD's 811 program.
- "S+C" = Tenant is receiving tenant-based assistance, or the unit has project-based assistance, from the Shelter Plus Care program.
- "HOPWA" = The unit is a HOPWA-designated unit under the project funding from the Housing Opportunities for People With AIDS program. While HOPWA is not a source of tenant-based assistance, if the tenant is receiving any other form of subsidy, please report on the amount of Rental Assistance on this worksheet and note the source of the Rental Assistance in the Narrative section of the AMR.
- "VASH" = Tenant is receiving tenant-based assistance, or the unit comes with project-based rental assistance, from the Veterans Administration Supportive Housing program.
- "LOSP" = The unit receives a subsidy through the City's Local Operating Subsidy Program.
- "DAH (DPH)" = The unit receives a subsidy through the City's Direct Access to Housing Program of DPH.
- "HSA Master Lease" = The unit receives a subsidy through the City's Master Lease Program of the Human Services Agency.
- "MHSA" = The unit receives a subsidy under CA HCD's Mental Health Services Act.
- "HOME TBA" = Tenant receives assistance from a HOME-funded rental assistance program.
- "Rent Supplement" = Tenant receives a supplemental rent payment from an outside agency.
- "Other" = Tenant is receiving, or unit comes with, rental assistance through another Federal, State or local program.
- S. **Amount of Rental Assistance.** Enter the dollar amount of rental assistance that is paid on behalf of the household/tenant.
- T. **Amount of Maximum Gross Rent Allowed for Unit.** Enter the maximum rent for the unit that is allowed by the most restrictive funder of the project.
- U. **Amount of Tenant Paid Rent for Unit.** Enter only the amount of rent that the tenant pays. Do not include any rental assistance paid on behalf of the tenant by another party.
- V. **Utility Allowance.** If the tenant pays for utilities, enter the Utility Allowance allowed for the unit. Enter zero (0) if the Utilities are paid by the project.
- W. **Household Rent Burden.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE. If the rent burden is 100% or greater, it is likely that the amount of tenant paid rent and/or the amount of HH income is incorrect, please review the data for accuracy. Typically, rent burdens should be 60% or less. If a unit has a rent subsidy, the typical requirement is for tenants to pay 30% of income toward rent.
- X. **Date of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter date of most recent rent increase for unit.

- Y. Amount of Most Recent Rent Increase within the Reporting Period. ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter amount of most recent rent increase for unit.
- Z. Percentage of Most Recent Rent Increase. THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE.

3B. Demographic

The two ethnic categories are defined below:

- **Hispanic or Latino.** A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. The term "Spanish origin" can be used in addition to "Hispanic" or "Latino."
- **Not Hispanic or Latino.** A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

The 10 racial categories are defined below:

- **American Indian or Alaska Native.** A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.
- **Asian.** A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
- **Black or African American.** A person having origins in any of the black racial groups of Africa.
- **Native Hawaiian or Other Pacific Islander.** A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
- **White.** A person having origins in any of the original peoples of Europe, the Middle East or North Africa.
- **American Indian or Alaska Native and Black or African American.** A person having these multiple race heritages as defined above.
- **American Indian or Alaska Native and White.** A person having these multiple race heritages as defined above.
- **Asian and White.** A person having these multiple race heritages as defined above.
- **Black or African American and White.** A person having these multiple race heritages as defined above.
- **Other/Multi-Racial.** For reporting individual responses for a person that is not included in any of the categories listed above.

Gender, Sex at Birth, and Sexual Orientation/Sexual Identity: on June 30, 2017, MOHCD published and distributed a Notice regarding new requirements to collect this demographic data. Click this cell to review the [Notice](#) if you have any questions about this.

Gender. Provide info for the Head of Household. The 8 possible answers for Gender are:

- Female
- Male
- Genderqueer/Gender Non-binary
- Trans Female
- Trans Male
- Not listed
- Declined/Not Stated
- Question Not Asked

Sexual Orientation / Sexual Identity. Provide info for the Head of Household. The 7 possible answers for Sexual Orientation / Sexual Identity are:

- Bisexual
- Gay /Lesbian/Same-Gender Loving
- Questioning /Unsure
- Straight/Heterosexual
- Not listed
- Decline to Answer
- Not Stated

Elderly Household. For each residential unit, enter "Yes" if the head of household is a person that is at least 62 years of age. Enter "No" if the head of the household is younger than 62.

Number of Children Under Age 18 in Household. Enter the number of occupants in the unit that were under age 18 as of the end date of the reporting period.

Disability. If the unit is occupied by a tenant with any of the listed disabilities, select the disability from the drop-down menu. Select "None" if the unit is not occupied by tenant with a listed disability.

3C. Summary of Reported Household Demographics

No data entry required. Output based on information reported from Worksheets 3A and 3B.

4. Narrative

Please follow the instructions provided on the worksheet.

5. Project Financing

Supply the info requested about all current financing of the project. Lenders should be listed in lien order, i.e., with the most-senior lender in the first lien position, the most-junior lender in last lien position.

6. Services Funding

For each service that is provided based on your answers to questions 51-61 on Worksheet 1A, you must supply additional info about each service provider on Worksheet 6. Services Funding.

7. Supplementary Audit Information - Required by MOHCD

Use this template to satisfy the audit requirement for MOHCD-funded projects. Project Owners/auditors may enter data directly into this worksheet and then print it to create the required Supplemental Schedules in the Audited Financial Statement. Alternatively, the audit requirement may be satisfied by using a form generated by the Sponsor's accounting system, as long as the form includes all the elements contained within MOHCD's template.

Completeness Tracker

Use this worksheet to track your work and to verify that you have completed all required data entry.

Links to Relevant Policies

Double click on the following web links to access the policy documents posted at SFGOV for your reference. The web address of the pages on the web are included for manual navigation as well.

MOHCD Forms Page at SFMOHCD.ORG

<http://sfmohcd.org/documents-reports-and-forms>

Program Income Overview

http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH_ProglIncomeOverview.pdf

MOHCD Residual Receipt Policy

<http://sfmohcd.org/sites/default/files/Documents/CURRENTResidualRecPolicy%202016.pdf>

MOHCD Insurance Requirements Policy

http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K_2014-05-21.pdf

MOHCD Operating Fees Policy

<http://sfmohcd.org/sites/default/files/Documents/CURRENT%20OperatingFeesPolicy%202016.pdf>

**Annual Monitoring Report - Property & Residents - Reporting Year 2018 -
Mayor's Office of Housing & Community Development**

#	IDENTIFYING INFO	
1		Reporting Period Start Date (m/d/yyyy)
2		Reporting Period End Date (m/d/yyyy)
3		Property Name (select from drop down)
4		Property Full Street Address (e.g. "123 Main Street")
	CONTACT INFO	
5		Sponsor Executive Director Name
6		Phone Number
7		E-mail
8		Property Management Company
9		Property Manager Name
10		Phone Number
11		E-mail
12		Property Supervisor Name
13		Phone Number
14		E-mail
15		Property Owner Name
16		Property Owner Contact Person
17		Phone Number
18		E-mail
19		Asset Manager Name
20		Phone Number
21		E-mail
22		AMR Preparer's Name
23		Phone Number
24		E-mail

PROPERTY/MARKETING INFO					
25		Is the project any of the following: Transitional Housing, Residential Treatment Program, Shelter or Transitional Group Home? (select "yes" or "no" from the drop-down menu to the left.) <i>If you answer "yes", skip questions 26 through 39 below, and continue with question 40. Also, you must complete worksheet "1B.TransitionalProg."</i>			
What is the Unit Mix for the Property? Please include any manager's units in this tally.					
	Unit Types	Number Of Units	Occupancy Standard: Minimum HH Size for this Unit Type*	Occupancy Standard: Maximum HH Size for this Unit Type*	*Occupancy Standards should be described in project's Approved Tenant Selection and Marketing Plan. If not defined there, supply the standards used organization-wide.
26	Single Room Occupancy (SRO) Units		1		
27	Studio Units		1		
28	One-Bedroom (1BR) Units		1		
29	Two-Bedroom (2BR) Units				
30	Three-Bedroom (3BR) Units				
31	Four-Bedroom (4BR) Units				
32	Five- or More (5+BR) Bedroom Units				
33	TOTAL # Units---->		0		
34		Vacancies - How many vacancies occurred at the project during the reporting period? (Be sure that the number you report here is not less than the number of vacant units that are included on worksheet 3.)			
35	0	Evictions - How many evictions occurred during the reporting year? (This data in this field is automatically calculated from the data that is entered on worksheet 1C. You must complete worksheet 1C, unless the project is transitional housing, a residential treatment program, a shelter or a transitional group home.)			
36		Vacant Unit Rent-Up Time - (in DAYS) State the average vacant unit rent-up time. This is the period from the time a household moves out to when the unit is rented again. If this period exceeds 30 days, you must answer Question # 4 on the Narrative worksheet. (Click on # 4 at left to jump to Narrative worksheet.)			
37		Waiting List - How many applicants are currently on the waiting list? (Please also submit a copy of the waiting list, see AMR submission instructions.)			
38		When was the waiting list last updated? (m/yyyy)			

39		<p>Affirmative Marketing - Did you conduct any marketing of the project during the reporting period? If you conducted marketing during the reporting period, you must answer Question #5 on the Narrative worksheet. <i>(Click on #5 at left to jump to Narrative worksheet.)</i></p>
----	--	--

40		What is the date of the last Capital Needs Assessment? (m/d/yyyy)
41		What is the projected date of the next Capital Needs Assessment? (m/d/yyyy)
42	# 2	How many Health, Building or Housing Code Violations were issued against the property in the reporting year? (If there were no violations enter "0"). If the property was cited for code violations in the reporting year or has open, unresolved violations from prior years as indicated below, you must answer Question #2 on the Narrative worksheet. <i>(Click on #2 at left to jump to Narrative worksheet.)</i>
43		How many Health, Building or Housing Code Violations were open from <i>prior</i> years?
44		How many Health, Building or Housing Code Violations were cleared in the reporting year?
45	# 3	Are there urgent Major Property Repairs needed on the property in the next two years? (Yes/No) If there are needed major repairs you must answer Question #3 on the Narrative worksheet. <i>(Click on #3 at left to jump to Narrative worksheet.)</i>
46	# 3	If the property has Immediate Capital Needs and lacks adequate funds in the Replacement Reserve (or elsewhere) to cover the costs, please supply the amount of funds needed to make up the difference, and supply additional explanation in question #3 of the Narrative report. <i>(Click on # 3 at left to jump to Narrative worksheet.)</i>

	Resident Services: AN ANSWER IS REQUIRED FOR questions 51-61. Indicate below any services that were available to the residents free of charge, on site or at another designated location within 1/4 mile of the project. You must also provide additional information about each of the marked services below on Worksheet "6.Services"	
47		Go To WS6 After School Program/s (y/n)
48		Go To WS6 Licensed Day Care Service (<i>participant fees are allowable for day care ONLY</i>) (y/n)
49		Go To WS6 Youth Program/s (y/n)
50		Go To WS6 Educational Classes (e.g. basic skills, computer training, ESL) (y/n)
51		Go To WS6 Health and Wellness Services/Programs (y/n)
52		Go To WS6 Employment Services (y/n)
53		Go To WS6 Case Management, Information and Referrals (y/n)
54		Go To WS6 Benefits Assistance and Advocacy; Money Management; Financial Literacy and Counseling (y/n)
55		Go To WS6 Support Groups, Social Events, Organized Tenant Activities (y/n)
56		Go To WS6 Other Service #1 - Please specify in column G.
57		Go To WS6 Other Service #2 - Please specify in column G.

**Annual Monitoring Report - Completeness Tracker - Reporting Year 2018 -
Mayor's Office of Housing & Community Development**

This checklist is a tool to help you track progress toward completion. NOTE: Do not submit the AMR until all items are "COMPLETED."

Reporting Start Date: 1/0/00
Reporting End Date: 1/0/00

Project Address:

Submission Instructions:

Once all worksheets below are "COMPLETED", email the AMR, completed Owner Compliance Certification, along with the attachments required under the Insurance and Tax Certification per page 3 of the Owner Certification, waitlist, and audited financial statements to: moh.amr@sfgov.org.

The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit: name of head-of-household, contact information, date of application, number of people in the household, stated household income and desired unit size. Prior to submittal, the waiting list must be redacted to exclude any private information that should not be shared publicly, for example, Social Security numbers, ID numbers from other forms of identification, information related to disabilities or other health conditions. Please confer with legal counsel and let MOHCD know if you have any questions prior to submitting a copy of the project's waitlist. This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

Worksheet 1A. Property & Residents	INCOMPLETE
Questions 1 thru 4	incomplete
Questions 5 thru 24	incomplete
Questions 25 thru 39	incomplete
Questions 40 thru 46	incomplete
Questions 51 thru 57	incomplete
Worksheet 1B. Transitional Programs	To Be Determined
Questions 1 thru 11	To Be Determined
Questions 12 thru 18	To Be Determined
Questions 19 thru 39	To Be Determined
Worksheet 1C. Eviction Data	To Be Determined
Question 1	To Be Determined
Questions 2 thru 21	To Be Determined
Questions 22 thru 41	To Be Determined
Questions 42 thru 61	To Be Determined
Worksheet 2. Fiscal Activity	INCOMPLETE
Rental Income - Housing Unit GPTR	incomplete
Vacancy Loss - Housing Units	incomplete
Operating Expenses	incomplete
Surplus Cash/Residual Receipts (Rows 140 - 171)	incomplete
Operating Reserve (Rows 177 - 186)	incomplete
Replacement Reserve (Rows 188 - 195)	incomplete
Changes to Real Estate Assets (Rows 198 - 205)	incomplete
Replacement Reserve Eligible Expenditures (Rows 208 - 228)	incomplete
Program Income (Rows 230 - 243)	incomplete
Worksheet 3A. Occupancy & Rent Info	INCOMPLETE
Does number of units entered on Worksheet 3 match total units entered on Worksheet 1A or the total households that can be served in Worksheet 1B?	To Be Determined
For each row with a Unit Number, was data entered in cells for Subsidy Type and Utility Allowance?	To Be Determined
Narrative Provided for All rows indicating Overhoused or Overcrowded?	To Be Determined
Worksheet 3B. Demographic Information	To Be Determined
Is Ethnicity and Race selected for each household?	To Be Determined
Is Gender and Sexual Orientation/Identity selected for each household?	To Be Determined
Worksheet 4. Narrative	To Be Determined
2	To Be Determined
3	To Be Determined
4	To Be Determined
5	To Be Determined
6	To Be Determined
7	To Be Determined
8	To Be Determined
Worksheet 5. Project Financing	INCOMPLETE
Worksheet 6. Services Funding	To Be Determined

Project Street Address:

**Summary of Replacement Reserve and Operating Reserve Activity
For the Year Ended January 0, 1900**

	Replacement Reserve	Operating Reserve
Balance, December 31, 1899	\$0	\$0
Actual Annual Deposit	\$0	\$0
Interest Earned	<u>\$0</u>	<u>\$0</u>
Withdrawals	<u>\$0</u>	<u>\$0</u>
Balance, December 31, 1900	<u>\$0</u>	<u>\$0</u>

Project Street Address:

Computation of Operating Cash Flow/Surplus Cash
For the Year Ended January 0, 1900

	Total	
Operating Revenue		\$0
Interest earned on restricted accounts		\$0
	Adjusted Operating Revenue	\$0
Operating Expenses		\$0
Net Operating Income		\$0
Other Activity		
Ground Lease Base Rent		\$0
Bond Monitoring Fee		\$0
Mandatory Debt Service - Principal		\$0
Mandatory Debt Service - Interest		\$0
Mandatory Debt Service - Other Amount		\$0
Deposits to Replacement Reserve Account		\$0
Deposits to Operating Reserve Account		\$0
Deposits to Other Restricted Accounts per Regulatory Agreement		\$0
Withdrawals from Operating Reserve Account		\$0
Withdrawals from Other Required Reserve Account		\$0
	Total Other Activity:	\$0
Allocation of Non-Residential Surplus (LOSP only)		
	Operating Cash Flow/Surplus Cash:	\$0

Distribution of Surplus Cash Ahead of Residual Receipts Payments

Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid ***ahead*** of residual receipts payments.

	Total
Total Cash Available for Residual Receipts Distribution:	\$0

Distribution of Residual Receipts

Select the Distribution Priority number from Worksheet 2, Fiscal Activity for payments to be paid with remaining residual receipts.

	Total
Total Residual Receipts Distributions to Lenders:	\$0
Proposed Owner Distribution	\$0
Proposed Other Distribution/Uses	\$0
Total Residual Receipts Distributions to Lenders and Owners:	\$0

Project Street Address:

**Schedule of Operating Expenses
For the Year Ended December 31, 1900**

Maintenance and Repairs		Total
6510 Payroll		\$0
6515 Supplies		\$0
6520 Contracts		\$0
6525 Garbage and Trash Removal		\$0
6530 Security Payroll/Contract		\$0
6546 HVAC Repairs and Maintenance		\$0
6570 Vehicle and Maintenance Equipment Operation and Repairs		\$0
6590 Miscellaneous Operating and Maintenance Expenses		\$0
Total Maintenance and Repairs Expenses:		\$0
6900 Supportive Services		\$0
Capital and Non-Capital Expenditures to be Reimbursed from Replacement Reserve		\$0
Total Operating Expenses:		\$0

Financial Expenses

Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.

6820 Interest on Mortgage (or Bonds) Payable	
6825 Interest on Other Mortgages	
6830 Interest on Notes Payable (Long Term)	
6840 Interest on Notes Payable (Short Term)	
6850 Mortgage Insurance Premium/Service Charge	
6890 Miscellaneous Financial Expenses	
Total Financial Expenses:	\$0
6000 Total Cost of Operations before Depreciation:	\$0
5060 Operating Profit (Loss):	\$0

Depreciation & Amortization Expenses

Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.

6600 Depreciation Expense	
6610 Amortization Expense	
Operating Profit (Loss) after Depreciation & Amortization:	\$0

Net Entity Expenses

the right.

7190	
7190	
7190	
7190	
7190	
7190	
7190	
7190	
7190	
7190	
Total Net Entity Expenses:	\$0

3250 Change in Total Net Assets from Operations (Net Loss)	\$0
<i>Amount computed in cell E139 should match audited financial statement.</i>	

Project Street Address:

**Schedule of Operating Expenses
For the Year Ended December 31, 1900**

		<u>Total</u>
Management		
6320 Management Fee		\$0
"Above the Line" Asset Management Fee		\$0
Total Management Expenses:		<u>\$0</u>
Salaries/Benefits		
6310 Office Salaries		\$0
6330 Manager's Salary		\$0
6723 Employee Benefits: Health Insurance & Disability Insurance		\$0
Employee Benefits: Retirement & Other Salary/Benefit Expenses		\$0
6331 Administrative Rent Free Unit		\$0
Total Salary/Benefit Expenses:		<u>\$0</u>
Administration		
6210 Advertising and Marketing		\$0
6311 Office Expenses		\$0
6312 Office Rent		\$0
6340 Legal Expense - Property		\$0
6350 Audit Expense		\$0
6351 Bookkeeping/Accounting Services		\$0
6370 Bad Debts		\$0
6390 Miscellaneous Administrative Expenses		\$0
Total Administrative Expenses:		<u>\$0</u>
Utilities		
6450 Electricity		\$0
6451 Water		\$0
6452 Gas		\$0
6453 Sewer		\$0
Total Utilities Expenses:		<u>\$0</u>
Taxes and Licenses		
6710 Real Estate Taxes		\$0
6711 Payroll taxes		\$0
6790 Miscellaneous Taxes, Licenses, and Permits		\$0
Total Taxes and Licenses Expenses:		<u>\$0</u>
Insurance		
6720 Property and Liability Insurance		\$0
6721 Fidelity Bond Insurance		\$0
6722 Workers' Compensation		\$0
6724 Directors & Officers Liabilities Insurance		\$0
Total Insurance Expenses:		<u>\$0</u>

Project Street Address:

**Schedule of Operating Revenues
For the Year Ended January 0, 1900**

Rental Income		Total
5120 Gross Potential Tenant Rents		\$0
5121 Rental Assistance Payments (inc. LOSP)		\$0
5140 Commercial Unit Rents		\$0
Total Rent Revenue:		\$0
Vacancies		
5220 Apartments		\$0
5240 Stores & Commercial		\$0
Total Vacancies:		\$0
Net Rental Income: (Rent Revenue Less Vacancies)		\$0
Other Revenue		
5170 Rent Revenue - Garage & Parking		\$0
5190 Misc. Rent Revenue		\$0
5300 Supportive Services Income		\$0
5400 Interest Revenue - Project Operations (From Operating Acct Only)		\$0
5400 Interest Revenue - Project Operations (From All Other Accts)		
5910 Laundry & Vending Revenue		\$0
5920 Tenant Charges		\$0
5990 Misc. Revenue		\$0
Total Other Revenue:		\$0
Total Operating Revenue:		\$0

Annual Monitoring Report - Services Funding - Reporting Year 2018 - Mayor's Office of Housing & Community Development

Completion of this page is required based on your answers to questions 51 thru 61 on worksheet 1A.Prop&Residents. Supply one row of data for each service that is being provided. (If more than one service is being provided by the same Provider under the same grant, please repeat the data for each service provided.)

Project Address: _____

Current Services Funding	
1. State	100%
2. Local	0%
3. Federal	0%
4. Other	0%
5. Total	100%

[illegible]

Annual Monitoring Report - Project Financing - Reporting Year 2018 - Mayor's Office of Housing & Community Development

Provide information about all current financing of the project. Lenders should be listed in lien order, i.e., with the most-senior lender in the first lien position, the most-junior lender in last lien position.

Project Address:

Current Project Financing

Lien Order	Lender (and Loan Program if applicable)	Loan Amount	Interest Rate	Maturity Date	Repayment Terms	Monthly Debt Service Payment	Outstanding Principal Balance As Of End of Reporting Period	Accrued Interest As Of End of Prior Reporting Period
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								

7. Miscellaneous Expenses: Administrative/Operating & Maintenance

If the project had miscellaneous administrative or miscellaneous operating & maintenance expenses greater than \$10,000 respectively, you must provide a detailed itemization of these individual expenses below. Total expenses must equal the total amount reported on the worksheet "2.Fiscal."

Misc. Admin Expenses

Expense Description	Amount	HUD Acct #	Notes
Total:	0.00		
Diff. from Fiscal Activity WS:			

Misc. Operating & Maintenance Expenses

Expense Description	Amount	HUD Acct #	Notes
Total:	0.00		
Diff. from Fiscal Activity WS:			

8. Negative Cash Flow

If the project had NEGATIVE CASH FLOW, as may be shown above from the Income Expense section of worksheet "2.Fiscal," you must supply the following:

- A description of the work done to analyze the cause/s of the shortfall, and what the identified causes are; and
- A description of the work done to identify remedies for the shortfall, and all viable remedies that have been identified; and
- A description of the plan to implement any remedies, including specific timelines for the implementation work.
- If the project has a Project-Based Section 8 Housing Assistance Payments (HAP) contract, please also supply the date of the last increase to the HAP contract, the date when the project will submit the next HAP contract rent increase, and any related comments about whether the project has been diligent in seeking annual increases to the HAP contract.

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5. Affirmative Marketing

Did you conduct any marketing of the project during the reporting period? If yes, please describe the marketing that was conducted, including

- a. when the marketing was conducted and how it was intended to reach populations least likely to apply for the project;
- b. any advertising, direct mailings, emailings and web postings that were done; and
- c. how many households were on the waiting list prior to the marketing and how many were on it after the marketing was completed.

6. Vacancy Rate ----->

If the project had a VACANCY RATE greater than 15%, as may be shown above from the Income Expense section of the worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the vacancy rate, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the vacancy rate, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

3. Major Repairs

Describe any major repair or replacement needs that have been identified as being required within the next 2 years, and any related plans to pay for whatever is needed.

4. Vacant Unit Rent-Up Time

If the project had an average VACANT UNIT RENT-UP TIME greater than 30 days for question 36 on the worksheet "1A.Prop&Residents," you must supply the following:

- a. A description of the work done to analyze the cause/s of the high turnaround time, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the turnaround time, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

2. Code Violations

Provide the following for any violations or citations of Health or Building or Housing Codes that were issued during the reporting period, or were issued in a prior reporting period but remained open during any time of the current reporting period:

Violation or Citation #	Date Issued	Issued By	Description	Cleared? (y/n)

(add additional rows as needed)

**** ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. ****

Violation or Citation #	Date Cleared	Issued By	Description of Remedy

(add additional rows as needed)

**** ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. ****

**Annual Monitoring Report - Narrative - Reporting Year 2018 -
Mayor's Office of Housing & Community Development**

Project Street Address:

Reporting Period - Start Date: 1/0/1900

Reporting Period - End Date: 1/0/1900

MOHCD created the questions below to allow project owners to supply additional information about a small number of measurements that may indicate that a project is having difficulties. By providing this information, project owners will help provide context for the conclusions that can be made about the measurements. MOHCD will use the measurements and the information below to prioritize the projects that need closer scrutiny and support. Please supply as much information as is readily available.

1. Explanations & Comments

Use this space to record notes about any peculiarities in the data entry process. For example, if you entered a formula instead of a single number for a field, make a note here re: for which question on which worksheet that was done, and describe the formula & underlying numbers. Also use this field to describe in detail any amounts entered for "Other payments" on the worksheet "2.Fiscal," item 10.

**Annual Monitoring Report - Summary of Reported Household Demographics - Reporting Year 2018 -
Mayor's Office of Housing & Community Development**

Project Address:	Last Day of Reporting Period	1/0/1900	# Units:	0
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Household Size

	# Reported Households	% of Total
One Person Household	0	
Two Person Household	0	
Three Person Household	0	
Four Person Household	0	
Five Person Household	0	
Six Person Household	0	
Seven or more Person Household	0	
TOTAL Households*	0	
TOTAL Residents	0	

*Excludes 0 unit(s) reported as manager's or vacant unit(s).

Other Household Demographics

	# Reported
Elderly Households	0
Households with Children Under 18	0
Number of Children Under 18	0
Households with Tenant with Physical Disability	0
Households with Tenant with Visual Disability	0
Households with Tenant with Hearing Disability	0
Households with Tenant with Mental/Devt Disability	0
Households with Tenant with Other Disability	0
Households with Tenant with More than One Disability	0
Households with Tenant with No Disability	0

Head of Household Race/Ethnicity

	# Reported Head of HH	% of Total
Hispanic/Latino	0	
Not Hispanic/Latino		
American Indian/Alaskan Native	0	
Asian	0	
Black/African American	0	
Native Hawaiian/Other Pacific Islander	0	
White	0	
American Indian/Alaskan Native and Black/African American	0	
American Indian/Alaskan Native and White	0	
Asian and White	0	
Black/African American and White	0	
Other/Multiracial	0	
Not Reported	0	
Total Head of Households	0	

Gender

	# Reported Head of HH	% of Total
Female	0	
Male	0	
Genderqueer/Gender Non-binary	0	
Trans Female	0	
Trans Male	0	
Not listed	0	
Declined/Not Stated	0	
Question Not Asked	0	
Total Head of Households	0	

Sexual Orientation / Sexual Identity

	# Reported Head of HH	% of Total
Bisexual	0	
Gay /Lesbian/Same-Gender Loving	0	
Questioning /Unsure	0	
Straight/Heterosexual	0	
Not listed	0	
Decline to Answer	0	
Not Stated	0	
Question Not Asked	0	
Total Head of Households	0	

Target and Actual Population Served

Target Population		Actual Population	
0	Families	0	Families
0	Persons with HIV/AIDS	0	Persons with HIV/AIDS
0	Housing for Homeless	0	Housing for Homeless
0	Mentally or Physically Disabled	0	Mentally or Physically Disabled
0	Senior Housing	0	Senior Housing
0	Substance Abuse	0	Substance Abuse
0	Domestic Violence Survivor	0	Domestic Violence Survivor
0	Veterans	0	Veterans
0	Formerly Incarcerated	0	Formerly Incarcerated
0	Transition-Aged Youth ("TAY")	0	Transition-Aged Youth ("TAY")

Annual Monitoring Report - Occupancy & Rent Info - Reporting Year 2018 - Mayor's Office of Housing & Community Development

Project Address:	
------------------	--

Data supplied on this worksheet must be from the rent roll of the last month of the reporting period that was entered on worksheet 1A.

1/0/1900

# Units:	0
----------	---

0

- Provide the data requested for the tenant population that was residing in the project at the end of the Reporting Period.
 • Identify manager's unit with the unit number, follow by "Mgr.". For example, if the manager occupies Unit 501, in column D, enter "501 - Mgr." For vacant units and manager's units, provide data in columns D, E, F, G and R only.
 • For tenants who moved in during the reporting period, the data entered in columns G, H & I (at initial occupancy) should be the same as the data entered in columns J, K & L (within reporting period), respectively.
 • For tenants who have transferred units within the project, report the initial occupancy data (occupancy date, income, household size) for the first unit that the tenant occupied in the project, i.e. when they first moved in to the building.
 • Before using the "paste" function to enter data for Unit Type and Rental Assistance Type, please check the drop-down-menus to ensure that the data you are pasting conforms with the choices of the drop-down menu. This will help prevent you from submitting forms with invalid data. Any forms with invalid data will be returned with instructions to fix and resubmit.

D	O	E	F	O	H	I	J	K	L					U	R	G	T	V	W	X	Y	Z	
Row/Unit	Unit No	Unit Type (Best / SSO / Studio / YBR / 2BR / 3BR / 4BR / 5+BR) Use drop-down menu carefully ONLY!	Is the Unit Fully Accessible or Adaptable? Use the pop-down menu below to indicate which.	Date of INITIAL OCCUPANCY (mm/yyyy)	Household Annual Income AT INITIAL OCCUPANCY	Household Size AT INITIAL OCCUPANCY (number)	Date Of Most Recent Income Recertification WITHIN REPORTING PERIOD (mm/yyyy)	Household Annual Income as of Most Recent Recertification WITHIN REPORTING PERIOD	Household Size (number) as of Most Recent Recertification WITHIN REPORTING PERIOD	Men Consistency for Unit Type (see data entered on worksheet 1A)	Men Consistency for Unit Type (see data entered on worksheet 1A)	Is the Household Overcrowded or Overcrowded?	Overcrowded / Overcrowded - Narrative (Explanation required for each row where indicator is displayed in Column 13 and Q2 0 unit shows no highlighting. Describe any extenuating circumstances that justify the Overcrowded/Overcrowded special summary effects marked YES/NO/NA to unit of appropriate size.)	Is this Unit a HOV/NA vehicle unit? (yes/no)	Reveal Assistance Type (select "none" if none) Use drop-down menu choices ONLY!	Amount of Rental Assistance	Amount of Maximum Gross Rent Allowed for Unit (similar to E 19A)	Amount Tenant Paid (Rent for Unit)	Utility Allowance (Enter \$0 if no utilities are included.)	Min Rent Burden (percent) and rent plus utility allowance a 12/1th month (typically between 30-50% should never exceed 100%)	Date Of Most Recent Rent Increase WITHIN THE REPORTING PERIOD (mm/yyyy)	Amount of most Recent Rent Increase WITHIN THE REPORTING PERIOD	Scale of Rent Increase (percentage, do not enter "Utility Allowance is included" into this calculation)
1																							
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46																							

	B	C	D	E	F	G	H	I
19	Annual Monitoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development							
20	FEDERAL PROGRAM INCOME REPORT							
221	This section must be completed if the project received any CDBG funding, even if the amount of CDBG program income during the reporting period was zero. For more information, see the following link or copy this web address for manual navigation:							
222	How to use the CDBG Reporting System (CDBG Reporting System)							
223	Click on the link to the CDBG Reporting System (CDBG Reporting System)							
224	Click on the link to the CDBG Reporting System (CDBG Reporting System)							
225	Click on the link to the CDBG Reporting System (CDBG Reporting System)							
226	Click on the link to the CDBG Reporting System (CDBG Reporting System)							
227	Click on the link to the CDBG Reporting System (CDBG Reporting System)							
228	Click on the link to the CDBG Reporting System (CDBG Reporting System)							
229	Click on the link to the CDBG Reporting System (CDBG Reporting System)							
230	Click on the link to the CDBG Reporting System (CDBG Reporting System)							
231	Click on the link to the CDBG Reporting System (CDBG Reporting System)							
232	Click on the link to the CDBG Reporting System (CDBG Reporting System)							
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Annual Monitoring Report - Fiscal Activity - Reporting Year 2019 - Mayor's Office of Housing & Community Development								
RESERVE ACCOUNT DETAILS								
OPERATIONS RESERVE (Do not leave blank for any questions asking for a number, enter zero instead)								
171	Minimum Required Balance:							
172	Beginning Balance:							
173	Actual Annual Deposit (don't edit - taken from page 1 account number 1365)							
174	Interest Earned:							
175	Annual Withdrawal Amount (enter as negative number)							
176	Ending Balance (don't edit - calculated)							
177	Required Annual Deposit:							
178	Total Operating Expenses plus debt service (don't edit - calculated)							
<p>If the calculated percentage shown to the right (Op Reserve Account Ending Balance divided by Total Op Expenses) is less than 25.5%, you must describe how the project will remedy the shortfall in the adjacent cell.</p> <p>If the calculated percentage shown to the right is greater than 25.5%, you must explain why the Op Reserve balance exceeds HCHDC's requirement in the adjacent cell.</p>								
179	0.355%							
REPLACEMENT RESERVE (Do not leave blank for any questions asking for a number, enter zero instead)								
180	Minimum Required Balance:							
181	Beginning Balance:							
182	Actual Annual Deposit:							
183	Interest Earned:							
184	Annual Withdrawal Amount (enter as negative number)							
185	Ending Balance (don't edit - calculated)							
186	Required Annual Deposit (do not edit - taken from page 1 account number 1370)							
187	Describe how the amount of annual deposit and the minimum required balance is determined:							
CHANGES TO REAL ESTATE ASSETS								
Enter Beginning and Ending Balances at each of the categories listed below. Changes in asset categories will auto calculate.								
200	Building & Improvements	Balance, 10/1/2018	Changes	Balance, 10/1/2019				
201	Office Improvements			\$0.00				
202	Site Improvements			\$0.00				
203	Land Improvements			\$0.00				
204	Furniture, Fixtures & Equipment			\$0.00				
205	Other			\$0.00				
206	Replacement Reserve-Eligible Expenditures: Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible.							
<p>Capital Repairs and Improvements: Enter capital repairs and improvement costs associated with the reporting year. For each category in rows 207-209 below, show a positive change in entry in column 2 (even corresponding category in rows 210-212). If the operating account is used mostly to fund the repair, and at least reimbursed by the replacement reserve during the reporting year, show the repair cost under "Replacement Reserve". If the operating account is used to fund the repair and was not reimbursed by the replacement reserve during the reporting year, show the repair cost under "Operating Account". Use the section below to supply a description of the capital repairs and improvements made.</p>								
207	Capital Repairs and Improvements Funded By:							
208		Replacement Reserve	Operating Account	Total Source	Total Asset			
209	Building & Improvements				\$0.00			
210	Office Improvements				\$0.00			
211	Site Improvements				\$0.00			
212	Land Improvements				\$0.00			
213	Furniture, Fixtures & Equipment				\$0.00			
214	Other				\$0.00			
215	Total	\$0.00	\$0.00	\$0.00	\$0.00			
216	Description of Capital Repairs and Improvements:							
<p>Non-Capital Replacement Reserve Eligible Expenditures (i.e., labor costs): Enter the amounts used to fund non-capital replacement reserve eligible expenditures. Use section below to supply expenditures.</p>								
217	Source:							
218	Paid out of Operating Budget, to be reimbursed by RR (show the amount entered in row 193 above)							
219	Paid Directly from Replacement Reserve							
220	Other Source							
221	Total							
222	Expenditure of Non-Capital Replacement Reserve Eligible Expenditures							
223	TOTAL REPLACEMENT RESERVE ELIGIBLE EXPENDITURES: The Replacement Reserve Withdrawal for the reporting period should not exceed the Total RR-eligible Expenditures. You must provide most details shown in the Expenditure table if the RR withdrawal amount exceeds the Total RR-eligible Expenditures.							
224	RR Withdrawal Amount	\$0.00	Total RR-eligible Expenditures	\$0.00				
225	Enter Total RR Withdrawal Amount in column of Total RR-eligible Expenditures							

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136	If amount for Surplus Cash above is negative, you must provide a detailed explanation to question #8 on the Narrative worksheet. you must NOT supply data for any of the fields for Uses of Surplus Cash below				Go to next Worksheet (question #8)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
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138	Distribution of Surplus Cash-Residual Receipts - (Responses Required) In one space below please provide a detailed narrative summary of allowable distribution of Surplus Cash that accurately reflects the requirements under all MCHCD agreements as well as the requirements of other lenders and any other agreements that govern. Please indicate the calculation methodology, applicable annual restrictions, etc. For proposed distribution amounts entered in column J, enter 143-185, noted the distribution priority for each of the uses of cash from surplus cash in column F. If distribution of surplus cash is not allowed under MCHCD agreements or other lender agreements, enter N/A in the box below.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
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Investor Services Fee (aka LP Asset Management Fee) due from this reporting period. If any (tax credit projects only - not allowed if project is beyond 15-year completion period)</td> <td></td> <td></td> </tr> <tr> <td>150. Investor Services Fee (aka LP Asset Management Fee) accrued but unpaid from PRIOR reporting periods. If any (tax credit projects only - not allowed if project is beyond 15-year completion period)</td> <td></td> <td></td> </tr> <tr> <td>151. Deferred Developer fee, if any</td> <td></td> <td></td> </tr> <tr> <td>152. Other payments: see question #1 on the Narrative Worksheet 60 to provide details about any fee or other payments, including ground lease residual rent payments for a non-MCHCD/DOCD ground lease. Failure to provide details will result in disallowance of the expense. You may only include payments that were approved by MCHCD at time of funding. (N/A are also explicitly authorized by a Partnership Agreement or similar project document)</td> <td></td> <td></td> </tr> <tr> <td>153. 114d, Debt Paid to other lender(s) Principal Paid (provide lender name to right)</td> <td></td> <td></td> </tr> <tr> <td>154. 114d, Debt Paid to other lender(s) Interest Paid</td> <td></td> <td></td> </tr> <tr> <td>155. 114d, Debt Paid to other lender(s) Principal Paid (provide lender name to right)</td> <td></td> <td></td> </tr> <tr> <td>156. 114d, Debt Paid to other lender(s) Interest Paid</td> <td></td> <td></td> </tr> <tr> <td>157. Total Payments preceding Residual Receipts Calculation</td> <td></td> <td>\$0.00</td> </tr> <tr> <td>158. 11. 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Surplus Cash (N/A)	145. Operating Reserve Replenishment (Deposits made out of surplus cash to satisfy certain business requirements)			146. "Interim/Interim" Asset for the (interim) authorization from City/RA may be required, see Asset Mgt. Fee Policy			147. Partnership Management fee due from this reporting period. If any (tax credit projects only - not allowed if project is beyond 15-year completion period)			148. Partnership Management fee accrued but unpaid from PRIOR reporting periods. If any (tax credit projects only - not allowed if project is beyond 15-year completion period)			149. Investor Services Fee (aka LP Asset Management Fee) due from this reporting period. If any (tax credit projects only - not allowed if project is beyond 15-year completion period)			150. Investor Services Fee (aka LP Asset Management Fee) accrued but unpaid from PRIOR reporting periods. If any (tax credit projects only - not allowed if project is beyond 15-year completion period)			151. Deferred Developer fee, if any			152. Other payments: see question #1 on the Narrative Worksheet 60 to provide details about any fee or other payments, including ground lease residual rent payments for a non-MCHCD/DOCD ground lease. Failure to provide details will result in disallowance of the expense. You may only include payments that were approved by MCHCD at time of funding. (N/A are also explicitly authorized by a Partnership Agreement or similar project document)			153. 114d, Debt Paid to other lender(s) Principal Paid (provide lender name to right)			154. 114d, Debt Paid to other lender(s) Interest Paid			155. 114d, Debt Paid to other lender(s) Principal Paid (provide lender name to right)			156. 114d, Debt Paid to other lender(s) Interest Paid			157. Total Payments preceding Residual Receipts Calculation		\$0.00	158. 11. RESIDUAL RECEIPTS		\$0.00	159											160											161											162											163											164											165											166											167											168											169											170											171											172											173											174											175											176											177											178											179											180											181											182											183											184											185											186											187											188											189											190											191											192											193											194											195											196											197											198											199											200											201											202											203											204											205											206											207											208											209											210											211											212											213											214											215											216											217											218											219											220											221											222											223											224											225											226											227											228											229											230											231											232											233											234											235											236											237											238											239											240											241											242											243											244											245											246											247											248											249											250											251											252											253											254											255											256											257											258											259											260											261											262											263											264											265											266											267											268											269											270											271											272											273											274											275											276											277											278											279											280											281											282											283											284											285											286											287											288											289											290											291											292											293											294											295											296											297											298											299											300											301											302											303											304											305											306											307											308											309											310											311											312											313											314											315											316											317											318											319											320											321											322											323											324											325											326											327											328											329											330											331											332											333											334											335											336
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	B	C	D	E	F	G	H	I	J
15	Annual Mentoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development								
111	Operating Reserve Account Withdrawals (For deposits to Operating Account) Enter as positive number								\$0.00
112	Other Reserved Reserve Account Deposits (Source is Operating Account) Enter as positive number. Identify reserve account in end cell (1230)								\$0.00
113	Other Reserved Reserve Account Withdrawals (For deposit to Operating account) Enter as positive number. Identify account in end cell								\$0.00
114	Sub-total Ground Lease Base Rent/Bond Fees/Reserves:			\$0.00		\$0.00			\$0.00
115									
116	TOTAL OPERATING EXPENSES (w/ Reserves/G/L Base Rent/Bond Fees)			\$0.00		\$0.00			\$0.00
117									
118	TOTAL INCOME RECEIVED:			\$0.00		\$0.00			\$0.00
119	TOTAL OPERATING EXPENSES:			\$0.00		\$0.00			\$0.00
120	NET OPERATING INCOME:			\$0.00		\$0.00			\$0.00

Annual Monitoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development					
16	INCOME & EXPENSES				
17	12 Month Report Period	Start Date	01/01/18	End Date	10/01/18
18	Number of Months	8			
19	Account				
20	Number				
21	Residential				
22	Non-Residential				
23	Total				
24	Revolving Income				
25	Revolving Units - Gross Potential Rental Rates	\$120			
26	Revolving Units Payments (Identify ALL sources in row below if applicable, including (USP Funded))	\$131			
27	Commercial Unit Payments	\$140			
28	Subtotal Gross Rental Income		\$6,500	\$0.00	\$6,500
29	Vacancy Loss - enter amounts as negative numbers				
30	Commercial Units	\$220			
31	Subtotal Vacancies		\$0.00	\$0.00	\$0.00
32	NET RENTAL INCOME		\$6,500	\$0.00	\$6,500
33	Other Income				
34	Storage and Parking Spaces	\$170			
35	Manufactured Rent Income	\$180			
36	Revolving Units Income - Other (Other support in previous section if applicable, including (USP Funded))	\$300			
37	Revolving Units Income - Other (Other support in previous section if applicable, including (USP Funded))	\$300			
38	Interest Income - Federal Government (If from Operating Account Only)	\$400			
39	Leasehold and Vending	\$610			
40	Tenant Charges	\$620			
41	Other Revenue	\$630			
42	Subtotal Other Income Received		\$0.00	\$0.00	\$0.00
43	TOTAL INCOME RECEIVED		\$6,500	\$0.00	\$6,500
44	INCOME & EXPENSES				
45	Description of Expense Accounts	Account Number	Residential	Non-Residential	Total
46	Management				
47	Management Fee	\$320			
48	Above the Line Asset Management Fee (annual amounts may be listed - see Asset Mgt Fee Policy)				
49	Subtotal Management Expenses		\$0.00	\$0.00	\$0.00
50	Salaries/Benefits				
51	Office Salaries	\$310			
52	Manager's Salary	\$320			
53	Employee Benefits: Health Insurance & Disability Insurance	\$720			
54	Employee Benefits: Retirement & Other Salary/Benefit Expenses				
55	Administrative Rent-Free Unit	\$270			
56	Subtotal Salary/Benefit Expenses		\$0.00	\$0.00	\$0.00
57	Administrative				
58	Advertising and Marketing	\$210			
59	Office Expenses	\$210			
60	Office Rent	\$310			
61	Legal Expenses - Property	\$340			
62	Legal Expenses - Other	\$350			
63	Accounting/Consulting Services	\$360			
64	Post Office	\$370			
65	Travel/Transportation/Supplies/Travel Clerk & Assistant (if applicable)	\$380			
66	Subtotal Administrative Expenses		\$0.00	\$0.00	\$0.00
67	Utilities				
68	Electricity	\$450			
69	Water	\$460			
70	Gas	\$470			
71	Other	\$480			
72	Subtotal Utilities Expenses		\$0.00	\$0.00	\$0.00
73	Taxes and Licenses				
74	Real Estate Taxes	\$710			
75	Payroll Taxes	\$720			
76	Manufactured Taxes, Licenses, and Permits	\$730			
77	Subtotal Taxes and License Expenses		\$0.00	\$0.00	\$0.00
78	Maintenance				
79	Property and Liability Insurance	\$740			
80	Property Bond Insurance	\$750			
81	Workers' Compensation	\$760			
82	Director's & Officers Liability Insurance	\$770			
83	Subtotal Insurance Expenses		\$0.00	\$0.00	\$0.00
84	Repairs and Maintenance				
85	Important Note: REPAIRS TO CAPITAL AND NON-CAPITAL MAINTENANCE REPAIR EXPENSES ELIGIBLE FOR PAYMENT BY REPLACEMENT RESERVE. If possible, include these items below. If you do not include an expense item, be sure to record the amount in row 100 (Maintenance and Repairs) below.				
86	Paint	\$810			
87	Supplies	\$820			
88	Contracts	\$830			
89	Outage and Trash Removal	\$840			
90	Security Payroll/Contract	\$850			
91	HVAC Repairs and Maintenance	\$860			
92	Vehicle and Maintenance - Equipment Operation and Repair	\$870			
93	Maintenance - Electrical and Mechanical Expenses (Identify all applicable if possible)	\$880			
94	Subtotal Maintenance Repair Expenses		\$0.00	\$0.00	\$0.00
95	Supplies - Equipment and Maintenance Expenses (Identify all applicable if possible)				
96	Important Note: REPAIRS TO CAPITAL AND NON-CAPITAL MAINTENANCE REPAIR EXPENSES ELIGIBLE FOR PAYMENT BY REPLACEMENT RESERVE. If possible, include these items below. If you do not include an expense item, be sure to record the amount in row 100 (Maintenance and Repairs) below.				
97	Capital Maintenance Repairs/Improvements eligible for payment by Replacement Reserve. If capital costs were entered in amounts for Maintenance & Repairs section above and are eligible for payment by the Replacement Reserve, please enter details in Replacement Reserve - Capital Expenditures below, beginning from row 101. Amounts entered in F210-215 will be added to row F102 and added out from operating expenses.				
98	Non-Capital Maintenance Repairs/Improvements eligible for payment by Replacement Reserve. Only enter amounts here if they were entered in a separate section for Maintenance & Repairs section above and will be reimbursed by Replacement Reserve. Amount will be added out from operating expenses. Enter as positive number.				
99	TOTAL OPERATING EXPENSES		\$0.00	\$0.00	\$0.00
100	Capital Maintenance Repairs/Improvements eligible for payment by Replacement Reserve. If capital costs were entered in amounts for Maintenance & Repairs section above and are eligible for payment by the Replacement Reserve, please enter details in Replacement Reserve - Capital Expenditures below, beginning from row 101. Amounts entered in F210-215 will be added to row F102 and added out from operating expenses.				
101	Ground Lease - Base Rent (Provide Lease name to the right)				
102	Ground Lease - Base Rent (Provide Lease name to the right)				
103	Ground Lease - Base Rent (Provide Lease name to the right)				
104	Replacement Reserve Received Annual Deposit (Source is Operating Account) Enter as positive number				
105	Operating Reserve Deposits (Source is Operating Account) Enter as positive number				

Annual Monitoring Report - Eviction Data - Reporting Year 2018 - Mayor's Office of Housing & Community Development		
Project Address:		
This section of the AMR must be completed for all projects, except for transitional housing or residential treatment services.		
Number of households who lived in the project during the reporting period:		
1		Number of households who lived in the project AT ANY TIME during the reporting period. Be sure to include all households that moved in during the reporting period.
Number of households in the project who received Notices of Eviction during the reporting period for each of the following reasons: (If more than one reason applies to a household, report only the primary reason.) You MUST answer every question (i.e., enter zero if applicable).		
2		Breach of Lease Agreement
3		Capital Improvement
4		Condo Conversion
5		Demolition
6		Denial of Access to Unit
7		Development Agreement
8		Ellis Act Withdrawal
9		Failure to Sign Lease Renewal
10		Good Samaritan Tenancy Ends
11		Habitual Late Payment of Rent
12		Illegal Use of Unit
13		Lead Remediation
14		Non-payment of Rent
15		Nuisance
16		Other
17		Owner Move In
18		Roommate Living in Same Unit
19		Substantial Rehabilitation
20		Unapproved Subtenant
21	0	Total number of households who received Notices of Eviction
Number of unlawful detainer actions filed in court by the owner against tenants in the project during the reporting period for each of the following reasons: (If more than one reason applies to a household, report only the primary reason.) You MUST answer every question (i.e., enter zero if applicable).		
22		Breach of Lease Agreement
23		Capital Improvement
24		Condo Conversion
25		Demolition
26		Denial of Access to Unit
27		Development Agreement
28		Ellis Act Withdrawal
29		Failure to Sign Lease Renewal
30		Good Samaritan Tenancy Ends
31		Habitual Late Payment of Rent
32		Illegal Use of Unit
33		Lead Remediation
34		Non-payment of Rent
35		Nuisance
36		Other
37		Owner Move In
38		Roommate Living in Same Unit
39		Substantial Rehabilitation
40		Unapproved Subtenant
41	0	Total number of unlawful detainer actions filed
Number of households evicted from the project during the reporting period for each of the following reasons: (If more than one reason applies to a household, report only the primary reason.) You MUST answer every question (i.e., enter zero if applicable).		
42		Breach of Lease Agreement
43		Capital Improvement
44		Condo Conversion
45		Demolition
46		Denial of Access to Unit
47		Development Agreement
48		Ellis Act Withdrawal
49		Failure to Sign Lease Renewal
50		Good Samaritan Tenancy Ends
51		Habitual Late Payment of Rent
52		Illegal Use of Unit
53		Lead Remediation
54		Non-payment of Rent
55		Nuisance
56		Other
57		Owner Move In
58		Roommate Living in Same Unit
59		Substantial Rehabilitation
60		Unapproved Subtenant
61	0	Total number of households evicted (Total also used to answer question #35 on Worksheet 1A)

Annual Monitoring Report - Transitional Programs - Reporting Year 2018 - Mayor's Office of Housing & Community Development					
Project Address:					
Project Capacity: What is the target capacity of this project? (All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)					
	A Num Singles Not in Families	B Num Families	C1 Num Adults in Families	C2 Num Children in Families	D Num of Beds
1					
2	0	Total Households (Singles and Families) That Can Be Served			
Persons Served During Operating Year (All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)					
	A Num Singles Not in Families	B Num Families	C1 Num Adults in Families	C2 Num Children in Families	
3					Num on the first day of operating year
4					Num entering the program during the operating year
5	0	Total Households (Singles and Families) Served			
6					Num who left the program during the operating year
7	0	0	0	0	Num in the program on the last day of the operating year
8	0	Total Households in program on the last day of the operating year			
9	←Capacity Utilization Rate (by Household as of last Day of Operating Year)				
If the Capacity Utilization Rate is LESS than 75% you must respond to the following:					
10	1. Explain the reason(s) why the capacity utilization rate is as low as it is; and				
11	2. Describe plan/s to raise the capacity utilization rate to at least 75%, with specific timeline.				
Length of Stay: For the 0 households that LEFT the program during the operating year, how many were in the project for the following lengths of time? (Total in cell H28 should match total of cells H14 + I14. All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)					
12	Less than 1 month				
13	1 to 2 months				
14	3 - 6 months				
15	7 months - 12 months				
16	13 months - 24 months				
17	25 months - 3 years				
18	0	TOTAL # HH's that left the program			
Destination: For the 0 households reported to have LEFT the program during the operating year, how many left for the following destinations? (Total in cell H53 should match total of cells H14 + I14. All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)					
19	Rental - House or Apartment (no subsidy)				PERMANENT
20	Public Housing				
21	Section 8 Voucher				
22	Subsidized Rental - house or apartment				
23	Homeownership				
24	Moved in with family or friends				PERMANENT
25	0	Permanent Housing Subtotal			
26	Transitional Housing for homeless persons				TRANSITIONAL
27	Moved in with family or friends TEMPORARILY				
28	0	Transitional Housing Subtotal			INSTITUTIONAL
29	Psychiatric hospital				
30	Inpatient alcohol or other drug treatment facility				
31	Jail/Prison				
32	Medical Facility				
33	0	Institutional Subtotal			OTHER
34	Emergency Shelter				
35	Places not meant for human habitation (e.g. street)				
36	Unknown				
37	Other				
38	0	Other Subtotal			OTHER
39	0	TOTAL # HH's that left the program			

POPULATION SERVED						
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Target / Actual Populations: As of the last day of the reporting period, what are the Actual and Target Populations (expressed as Number of Households) for the Project?

Under Target Population, enter the number of units at the project that, as a requirement of a specific funding source (e.g. 202, HOPWA, McKinney), are targeted to and set aside for the target populations shown in the table. Under Actual Population, enter the number of households at the project that, as of the end of the reporting period, contained at least one person who is a member of the populations shown in the table.

			Target Population		Actual Population	
58			0	Families	0	Families
59			0	Persons with HIV/AIDS	0	Persons with HIV/AIDS
60			0	Housing for Homeless	0	Housing for Homeless
61			0	Mentally or Physically Disabled	0	Mentally or Physically Disabled
62			0	Senior Housing	0	Senior Housing
63			0	Substance Abuse	0	Substance Abuse
64			0	Domestic Violence Survivor	0	Domestic Violence Survivor
65			0	Veterans	0	Veterans
66			0	Formerly Incarcerated	0	Formerly Incarcerated
67			0	Transition-Aged Youth ("TAY")	0	Transition-Aged Youth ("TAY")

Remember, SAVE YOUR WORK!

EXHIBIT H

Tenant Selection Plan Policy

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

Application Process

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

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

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

Reasonable Accommodation and Modification Policy

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

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

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

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

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

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

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

Notice of Denial and Appeal Process

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

EXHIBIT I

Tenant Screening Criteria Policy

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

Screening Criteria

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

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

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

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

EXHIBIT J

RESERVED

EXHIBIT K

RESERVED

EXHIBIT L
Insurance Requirements

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

1. Borrower, Contractors.

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

(b) commercial general liability insurance, with limits no less than One Million Dollars (\$1,000,000) combined single limit per occurrence and Two Million Dollars (\$2,000,000) annual aggregate limit for bodily injury and property damage, including coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Borrower is conducting any activity on, alteration or improvement to the Site with risk of explosions, collapse, or underground hazards;

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

(d) professional liability insurance of no less than One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Borrower's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Borrower shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars (\$50,000) each claim must be reviewed by Risk Management; and

(e) Contractor shall maintain throughout the term of this contract, at no expense to City, a blanket fidelity bond or a Crime Policy (Employee Dishonesty Coverage) that includes coverage for employee dishonesty, forgery & alteration, theft of money & securities, and theft via electronic means, endorsed to cover third party fidelity, covering all officers and employees in an amount not less than \$3 million with any deductible not to exceed \$50,000 and including City as additional obligee or loss payee as its interest may appear. Application of Crime Insurance Proceeds. Borrower shall promptly notify Lender of any claim under the required Crime Insurance Policy. Lender may retain from the proceeds of the required Crime Insurance Policy, a sufficient amount of the proceeds to pay the Indebtedness, if any, and shall pay the balance to Borrower. For the avoidance of doubt, Lender shall have no right or claim to the proceeds of the required Crime Insurance Policy in excess of the Indebtedness.

(f) pollution liability and/or asbestos pollution liability applicable to the work being performed with a limit no less than One Million Dollars (\$1,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Borrower's contractor, provided that the policy must be "claims made" coverage and Borrower must require Borrower's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance.

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

(a) Prior to construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all improvements prior to commencement of construction and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(b) During the course of construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(ii) Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Borrower as dual obligees or other completion security approved by the City in its sole discretion.

(c) Upon completion of construction:

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

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

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

3. Commercial Space.

Borrower must require that all nonresidential tenants' liability insurance policies include Borrower and the City as additional insureds, as their respective interests may appear. Throughout the term of any lease of Commercial Space in the Project, Borrower must require commercial tenants to maintain insurance as follows:

(a) to the extent the tenant has "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident;

(b) commercial general 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 coverage for contractual liability; personal injury; advertisers' liability; including coverage for loss of income due to an insured peril for twelve (12) months; owners' and contractors' protective; broadform property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

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

(d) with respect to any tenant who has (or is required by Law to have) a liquor license and who is selling or distributing alcoholic beverages and/or food products on the leased premises, to maintain liquor and/or food products liability coverage with limits not less than One Million Dollars (\$1,000,000), as appropriate;

(e) special form coverage insurance, including vandalism and malicious mischief, in the amount of 100% of the full replacement cost thereof, covering all furnishings, fixtures, equipment, leasehold improvements, alterations and property of every kind of the tenant and of persons claiming through the tenant; and

(f) full coverage plate glass insurance covering any plate glass on the commercial space.

4. General Requirements.

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

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to the City before cancellation or intended non-renewal is effective.

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

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

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

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

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

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

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

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

Exhibit M
Deed of Trust

[To be attached]

Free Recording Requested Pursuant to
Government Code Section 27383

When recorded, mail to:
Mayor's Office of Housing and Community Development
of the City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: _____

-----Space Above This Line for Recorder's Use-----

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

(Property Address: 1064-68 Mission)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of _____, _____, by **1064 MISSION, L.P.**, A California Limited Partnership ("Trustor"), whose address is 1256 Market Street, San Francisco, California 94102, to **Old Republic Title Company** ("Trustee"), whose address is _____, San Francisco, California, for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development ("Beneficiary"). This Deed of Trust is executed pursuant to a Loan Agreement by and between Trustor and Beneficiary dated as of _____, 20____, as it may be amended from time to time (the "Agreement"), the provisions of which are incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust.

1. Grant in Trust. For valuable consideration, Trustor hereby grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, all right, title and interest Trustor now has or may have in the future in the following (all or any part of the following, or any interest in all or any part of it, as the context requires, the "Property"):

(a) that real property situated in the City and County of San Francisco, State of California, described in **Exhibit A** attached hereto and incorporated herein by reference (the "Land"), on which Trustor intends to construct two new permanent supportive housing developments for formerly homeless adults (153 units), seniors (104 units) for age 52 years and older on the Land, plus two resident staff units, as well as to construct a commercial shell (the "Commercial Space"), which will all be known as the Project (the "Project"); and

(b) all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "Improvements"); and

(c) all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions, and any guarantees thereof ("Leases") relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of the Leases; and

(d) all of Trustor's interest in and under that certain Ground Lease dated as of _____, by and between the City and County of San Francisco, as lessor, and Trustor, as lessee, including any options of any nature whatsoever, and any future interest of Trustor in fee title to the Land; and

(e) except for personal property and removable fixtures installed by tenants or subtenants, all goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which will be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; and

(f) all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; and

(g) all Loan funds, whether disbursed or not, and all funds now or in the future on deposit in the Replacement Reserve Account, the Operating Reserve Account and any other account required or authorized for the Project; and

(h) all proceeds, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements; and

(i) all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records relating to the application and allocation of any federal, state or local tax credits or benefits; and

(j) all rents, revenues, issues, royalties, proceeds, profits, income, reimbursements, royalties, receipts and similar items, including prepaid rent and security deposits, in whatever form (including, but not limited to, cash, checks, money orders, credit card receipts or other instruments for the payment of money) paid or payable in connection with the Property ("Rents"), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under **Section 3 below**; and

(k) all intangible personal property and rights relating to the Property or its operation or used in connection with it, including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, soils reports, engineering reports, land planning maps, drawings, construction contracts, notes, drafts, documents, engineering and architectural drawings, deposits for utility services, installations, refunds due Trustor, trade names, trademarks, and service marks; and

(l) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

2. Obligations Secured. This Deed of Trust is given for the purpose of securing the following (collectively, the "Secured Obligations"):

(a) performance of all present and future obligations of Trustor set forth in the Agreement, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, and the promissory notes, including the Note and the Bridge Loan Note both dated _____, 2018, made by Trustor to the order of Beneficiary, as either promissory note may be amended from time to time (together, the "Notes") and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the Notes in the original principal amount of Six Million Two Hundred Twenty Four Thousand Five Hundred Sixty One and No/100 Dollars (\$6,224,561.00), with interest, according to the terms of the Agreement and the Notes; and

(c) payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note (or any other instrument) reciting that payment is secured by this Deed of Trust.

3. Assignment of Rents.

(a) Assignment as Additional Security. Trustor hereby irrevocably grants, transfers, and assigns to Beneficiary all of its right, title, and interest in and to the Rents as

additional security for the Secured Obligations. Subject to the provisions of subsection 3(d) below, Beneficiary hereby confers upon Trustor a license ("License") to collect and retain the Rents as they become due and payable, so long as no Event of Default exists and is continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

(b) Collection and Application of Rents. Subject to the License granted to Trustor under subsection 3(a) above, Beneficiary has the right, power, and authority to collect any and all Rents. Subject to the License granted to Trustor under subsection 3(a) above, Trustor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

1. Demand, receive, and enforce payment of any and all Rents; or
2. Give receipts, releases, and satisfactions for any and all Rents; or
3. Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property. In Beneficiary's sole discretion, it may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under this Deed of Trust. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder.

(c) Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Real Property and Improvements, Beneficiary is not and shall not be deemed to be:

1. A "mortgagee in possession" for any purpose; or
2. Responsible for performing any of the obligations of the lessor under any lease; or
3. Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair, or control of the Property; or
4. Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

(d) Election by Beneficiary. Upon the occurrence and during the continuance of an Event of Default, Beneficiary, at its option, may exercise its rights under

this Section or otherwise provided under applicable law (including, but not limited to, under Section 2938 of the California Civil Code).

4. Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

(a) to perform the Secured Obligations in accordance with their respective terms;

(b) to keep the Land and the Improvements in good condition and repair, normal wear and tear and acts of God excepted; not to remove or demolish any Improvements without Beneficiary's prior written consent; to complete or restore promptly and in good and workmanlike manner any Improvement constructed, damaged or destroyed on the Land; to pay when due all claims for labor performed and materials furnished therefor, subject to Trustor's right to contest any claim in good faith; to comply with all laws affecting the Project, subject to Trustor's right to contest any claim in good faith; not to commit or permit waste with respect to the Land or the Improvements; not to commit, suffer or permit any act upon the Land or the Improvements in violation of law, including Environmental Laws; and to do all other acts made reasonably necessary by the character or use of the Land and the Improvements;

(c) to provide, maintain and deliver to Beneficiary property and liability insurance as required under the Agreement and apply any insurance proceeds as provided below;

(d) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees and costs incurred in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust following an Event of Default;

(e) to pay in accordance with the Agreement, but in each case prior to delinquency: (i) all taxes and assessments affecting the Property, including assessments on appurtenant water stock; and (ii) all encumbrances, charges and liens, with interest, on the Property or any part thereof that appear to be prior or superior hereto;

(f) should Trustor fail to make any payment or to do any act as herein provided, then, without: (i) obligation to do so; (ii) notice to or demand upon Trustor; or (iii) releasing Trustor from any obligation hereof, Beneficiary or Trustee may: (A) make or do the same in any manner and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any encumbrance, charge or lien that in its judgment appears to be prior or superior hereto; and (D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the

Land and Improvements for any purpose set forth in this Subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

(g) to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

5. Security Agreement and Fixture Filing.

(a) Grant of Security Interest. Without limiting any of the other provisions of this Deed of Trust, to secure the payment, performance and observance of the Secured Obligations, Trustor, as debtor (referred to in this Section 5 as "Debtor"), expressly grants to Beneficiary, as secured party (referred to in this Section 5 as "Secured Party"), a continuing security interest in all the Property (including now and hereafter existing) to the full extent that any portion of the Property may be subject to the Uniform Commercial Code. For purposes of this Section 5, "Collateral" means the personal property (tangible or intangible) and fixtures included in the Property.

(b) Debtor's Covenants, Representations, and Warranties.

(i) Debtor covenants and agrees with Secured Party that:

(1) In addition to any other remedies granted in this Deed of Trust to Secured Party or Trustee (including specifically, but not limited to, the right to proceed against the Property in accordance with the rights and remedies in respect of the Property that is real property under the Uniform Commercial Code), Secured Party may, if an Event of Defaults occurs and is continuing, proceed under the Uniform Commercial Code as to all or any part of the Collateral, and shall have and may exercise with respect to the Collateral all the rights, remedies, and powers of a secured party under the Uniform Commercial Code.

(2) Without limiting the foregoing, Secured Party shall have the right upon any public sale or sales, and, to the extent permitted by law, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Debtor. Debtor further agrees to allow Secured Party to use or occupy the Property, without charge, for the purpose of effecting any of Secured Party's remedies in respect of the Collateral.

(3) To the extent permitted by applicable law, Debtor waives all claims, damages, and demands against Secured Party arising out of the repossession, retention, or sale of the Collateral, except for claims, damages, and demands due to the active gross negligence or willful misconduct of Secured Party in dealing with such Collateral. Trustor agrees that Secured Party need not give more than five (5) days' notice of the time and place of any public sale or of the time at which a private sale will take place and that such notice is reasonable notification of such matters. Secured Party may disclaim any warranties that might arise in connection with the sale, lease, license, or other disposition of the Collateral and have no obligation to provide any warranties at such time. Secured Party may adjourn any public or private sale from time to time by announcement at the time and

place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(4) To the extent permitted by law, Debtor hereby specifically waives all rights of redemption, stay, or appraisal which it has or may have under any law now existing or hereafter enacted.

(ii) Debtor hereby authorizes Secured Party to file financing and continuation statements with respect to the Collateral as Secured Party may reasonably require.

(iii) Debtor hereby represents and warrants that no financing statement is on file in any public office except as authorized by Secured Party. Debtor will at its own cost and expense, upon demand, furnish to Secured Party such further information and will execute and deliver to Secured Party financing statements and other documents in form reasonably satisfactory to Secured Party and will do all such acts that Secured Party may at any time or from time to time reasonably require to establish and maintain a perfected security interest in the Collateral as security for the Secured Obligations, subject only to liens or encumbrances approved by or benefiting Secured Party. Debtor will pay the actual expense of filing or recording such financing statements or other documents, and this instrument, as and where reasonably required by Secured Party.

(iv) To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover all rents, royalties, issues and profits, and all inventory accounts, accounts receivable and other revenues of the Property.

(c) Fixture Filing. Certain of the Collateral is or will become "fixtures" (as that term is defined in the Uniform Commercial Code). This Deed of Trust, upon being filed for record in the real estate records of San Francisco County, shall operate also as a financing statement and fixture filing upon such of the Collateral that is or may become fixtures under the Uniform Commercial Code. Debtor's name and type and jurisdiction of entity are set forth in the introductory paragraph hereof. Debtor's address is set forth above. Debtor's EIN Number is _____. Secured Party's name and mailing address are set above.

6. Insurance and Condemnation Proceeds.

(a) Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.

(b) Any condemnation award or insurance proceeds must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to the lien of another lender for the Project, according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Notes and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City Document unless the default has been cured by the application or release of funds.

7. Further Agreements. Trustor further acknowledges and agrees as follows:

(a) Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

(b) Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Notes for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the Notes to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

(d) Any voluntary or involuntary conveyance, sale, encumbrance, pledge or other transfer of all or any interest in the Property or in Trustor, including a security interest, in violation of the Agreement will constitute an Event of Default (as defined below) giving Beneficiary the right to exercise its remedies at law or in equity.

(e) For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers, and duties of

Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

(f) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. The term Beneficiary shall mean the holder of the Notes, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(g) Trustee accepts this Trust when this duly executed and acknowledged Deed of Trust is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

8. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods ("Event of Default"):

(a) Trustor's license to collect and retain Rents will terminate automatically.

(b) Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

(c) Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property ("Notice of Default"), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Notes and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("Notice of Sale") having been given as

then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

9. Notice of Default to Trustor. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth above or any succeeding address given by notice in accordance with the Agreement.

Remainder of Page Intentionally Left Blank; Signatures Appear On Following Page

"TRUSTOR:"

1064 Mission, L.P., a California limited partnership

By: Mercy Housing 1064 Mission LLC,
a California limited liability company,
its co-general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: Jennifer Dolin
Title: Vice President

By: 1064 Mission LLC,
a California limited liability company,
its co-general partner

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

By: _____
Name: _____
Title: _____

[ALL SIGNATURES MUST BE NOTARIZED.]

EXHIBIT A
Legal Description of the Land

A LEASEHOLD INTEREST IN THE FOLLOWING LAND SITUATED IN THE CITY OF
SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA,
DESCRIBED AS FOLLOWS:

Street Address: 1064-68 Mission Street

EXHIBIT A

EXHIBIT N
Declaration of Restrictions

[To be attached]

Free Recording Requested Pursuant to
Government Code Section 27383 and 27388.1

Recording requested by and
when recorded mail to:
City and County of San Francisco
Mayor's Office of Housing
and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Jenny Collins
APN#:
Address: 1064-68 Mission Street

-----Space Above This Line for Recorder's Use-----

**DECLARATION OF RESTRICTIONS
1064-1068 Mission Street**

THIS DECLARATION OF RESTRICTIONS ("Declaration") is made as of _____, _____, by **1064 MISSION, L.P.**, A California Limited Partnership ("Borrower"), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development (the "City").

RECITALS

A. The City is making a loan (the "Loan") to Borrower of Hotel Tax, Residential Hotel Replacement and AHF Inclusionary Program funds to finance costs associated with the development of the leasehold interest in the real property described in **Exhibit A** attached hereto and incorporated herein by reference (the land and the leasehold interest, the "Property") as low-income housing (the "Project"). The Loan is evidenced by, among other documents, a Loan Agreement between the City and Borrower dated as of _____, as it may be amended from time to time (the "Agreement"). The Agreement is incorporated by reference in this Declaration as though fully set forth in this Declaration. Definitions and rules of interpretation set forth in the Agreement apply to this Declaration.

B. Pursuant to the Agreement, Borrower has agreed to comply with certain affordability and other use and occupancy restrictions (collectively, the "Regulatory Obligations"), commencing on the date on which a certificate of occupancy is issued for the Project, and continuing for fifty five (55) years (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed.

AGREEMENT

Now, therefore, in consideration of the City's providing the Loan in accordance with the City Documents, Borrower agrees as follows:

1. Borrower must comply with the Regulatory Obligations through the expiration of the Compliance Term, regardless of any reconveyance of the Deed of Trust. Specifically, Borrower agrees as follows, subject to additional terms as set forth in the Agreement:

(a) With the exception of two Units reserved for the managers of the Project, Units in the Project will at all times be rented only to tenants who qualify as Qualified Tenants at initial occupancy, specifically:

Unit Size	No. of Units	Maximum Income Level
Studio Senior Age 55 and above	103	50% of Median Income
Studio Adult	153	50% of Median Income
1-BR Resident Staff Unit	2	N/A

In addition:

(i) All Units except for the resident staff units must be made available to the chronically homeless or those at risk of homelessness during the period in which the City's Local Operating Subsidy Program is in operation and the City provides such subsidy to the Project.

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

(i) thirty percent (30%) of the household income per the requirements of the Local Operating Subsidy Program; or

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

2. During the Compliance Term the City may rely on the Deed of Trust and/or this Declaration, in the City's discretion, to enforce any of the City's rights under the City Documents. In addition to the power of sale granted to the City under the Deed of Trust, Borrower grants to the City an independent power of sale under this Declaration as additional security for Borrower's compliance with the Regulatory Obligations, which the

City may exercise in the event that Borrower fails to comply with the Regulatory Obligations, as provided in applicable provisions of the California Civil Code relating to mortgages, as amended from time to time.

3. This Declaration and the Regulatory Obligations constitute covenants running with the land including the leasehold interest and bind successors and assigns of Borrower and any non-borrower owner and lessee of the Property.

Borrower has executed this Declaration as of the date first written above.

"BORROWER" 1064 Mission, L.P.,
a California limited partnership

By: Mercy Housing 1064 Mission LLC,
a California limited liability company,
its co-general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit
corporation,
its sole member/manager

By: _____
Name: Jennifer Dolin
Title: Vice President

By: 1064 Mission LLC,
a California limited liability company,
its co-general partner

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

By: _____
Name: _____
Title: _____

[ALL SIGNATURES MUST BE NOTARIZED.]

EXHIBIT A

(Legal Description of the Property)

A LEASEHOLD INTEREST IN THE FOLLOWING LAND SITUATED IN THE CITY
OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA,
DESCRIBED AS FOLLOWS:

Street Address: 1064-68 Mission Street

EXHIBIT O
Commercial Underwriting Guidelines

[To be attached]

Mayor's Office of Housing and Community Development Commercial Space Underwriting Guidelines

Effective February 2, 2018

A. Applicability

The following Commercial Space Underwriting Guidelines (Guidelines) are intended to assist applicants for capital financing to prepare financing requests to the Mayor's Office of Housing and Community Development (MOHCD). They apply to new construction projects only. These Guidelines will also be used by MOHCD staff for purposes of evaluating funding requests and presenting them to the Citywide Affordable Housing Loan Committee for consideration. The Loan Committee maintains the right to set final terms and conditions for commitment of funds based on the actual circumstances of each project. MOHCD reserves the right to review and approve any requests for variations to these Guidelines. These Guidelines are subject to change.

B. Goals

1. To repay the City for costs related to the development of commercial spaces located within City-funded affordable housing properties.
2. To create vibrant neighborhoods, especially for those experiencing displacement of low-income residents, by facilitating the development of commercial space for Public Benefit and Community Serving Commercial Uses.
3. To recognize the dynamism and relationship to market conditions in commercial real estate that is not found in affordable housing while also mitigating against the market risk inherent in this dynamism.

C. Definitions

1. **Affiliated Entity:** An entity that is either controlled by the Housing Owner, controls the Housing Owner, or is under common control with Housing Owner. Control, as used in the previous sentence, means the ownership, directly or indirectly, of the right to vote in or direct the ordinary operations of the entity.
2. **Commercial Space:** An entire undifferentiated commercial area for Public Benefit Use, Community Serving Commercial Use, or Commercial Use. If the Project is subdivided, then the Commercial Space would be a condominium or air rights parcel, separate from the Residential Space. It is possible to have more than one Commercial Space in a Project because the developer intends different uses (for example, a space finished to Warm Shell and where use will be Public Benefit Use, while another area is finished to Cold Shell and Commercial Use is intended). A Commercial Space may be demised into more than one Individual Tenant Space as appropriate.
3. **Commercial Use:** A land use, typically retail or other sales and services use, with the sole or chief emphasis on making financial gain and that is not a Public Benefit Use or Community Serving Commercial Use as defined below. Commercial Uses shall not include uses that, in MOHCD's sole discretion, are inconsistent with fostering a stable environment for families and children, including, but not limited to, bars, liquor stores,

tobacco product stores, recreational cannabis shops (medical cannabis dispensaries may be permitted in MOHCD's sole discretion, but only to the extent permitted by funding sources and applicable local, state, and federal law) or other uses that cater exclusively to adults.

4. **Commercial Entity:** A legal entity, separate from the Housing Owner, who may either master lease the Commercial Space from the Housing Owner or ground lease the Commercial Space directly from the City, as provided in Permitted Legal Structures, below.
5. **Commercial Project Costs:** The total of all hard and soft costs associated with the development of the Commercial Space.
6. **Community Serving Commercial Use:** A land use, typically retail or other sales and services use, that provides a direct benefit to the community, e.g. a food market with affordable and healthy produce and other goods, community banking, or other neighborhood serving uses that have a demonstrated benefit to the residents of the Project, as determined by MOHCD in its sole discretion.
7. **Commercial Space Master Tenant:** A Commercial Entity that is an Affiliated Entity and that leases the Commercial Space from the Housing Owner and subleases Individual Tenant Space(s) to Individual Commercial Tenant(s).
8. **Housing Owner:** The owner of the residential improvements at the Project.
9. **Cold Shell:** Commercial Space improvements as defined in detail under Item 18.
10. **Individual Commercial Tenant:** An occupant of Commercial Space rented from the Housing Owner or Commercial Entity (depending on legal structure).
11. **Individual Tenant Space:** Demised portion of the Commercial Space for lease to an Individual Commercial Tenant.
12. **Net Commercial Cash Flow:** Commercial Operating Income less the Commercial Operating Expenses for a Lease Year (or portion thereof). **Commercial Operating Expenses** means the reasonable and customary expenses of reasonable operating and routine maintenance and repair expenses incurred by the Housing Owner or Commercial Entity (depending on legal structure) in the operation of the Commercial Space, debt service, and MOHCD-approved reserves. **Commercial Operating Income** means all income and receipts in any form received by the Housing Owner or Commercial Entity (depending on legal structure) from the operation of the Commercial Space, including rents, fees, deposits, and reimbursements.
13. **Project:** A mixed-use, multifamily residential and commercial project built with substantial reliance on City funding, which may include one or more subdivided residential condominium/air rights parcels and commercial condominium/air rights parcels.
14. **Public Benefit Use:** A land use, typically programs or services, that primarily benefits low-income persons, is implemented by one or more 501(c)(3) public benefit

corporations, and has been identified by the City or community as a priority use. Examples include, but are not limited to, childcare centers, adult day health centers, nonprofit office space, public libraries, supportive services for the residents of the affordable housing development, health clinics that serve the local community at no or low cost, arts-related spaces that provide programs, and classes and/or exhibition spaces available to community members at no or low cost.

- 15. Residential Space:** The entire undifferentiated residential area for future demising and occupancy by residential tenants. If the Project is subdivided, then the Residential Space would be a condominium or air rights parcel, separate from the Commercial Space(s).
- 16. Tenant Improvement Allowance:** A budget allowance sized to accommodate the build out of Warm Shell improvements, which MOHCD may approve when the Individual Commercial Tenant/s is unknown at construction loan closing.
- 17. Warm Shell:** Commercial Space improvements as defined in detail under Item 18.
- 18. Detailed definition of Cold Shell and Warm Shell improvements (see next page)**

<u>Scope/Trade</u>	<u>Cold Shell</u>	<u>Warm Shell (Cold Shell plus the following)</u> (Note: The cost of Warm Shell improvements should be included in the development budget either as a specific scope of work, if known, or as a Tenant Improvement Allowance, subject to MOHCD approval.)
Walls/Doors	Exterior/perimeter walls and doors. Exterior/perimeter walls must be finished with gyp and fire taping to Code. No partition walls or doors.	Partition walls and doors to Individual Tenant Space/s. Partition walls, doors and locks for bathrooms based on Individual Commercial Tenants and Code requirements.
Finish	Exposed concrete slab with rough-in Plumbing, depressed to allow for anticipated use (floor sinks, drains). Temporary ramps for Certificate of Completion, as required.	Finished floor to minimum specification of Individual Commercial Tenant or exposed slab with clearance to install flooring to level landing at door. Wall and ceiling finish, lighting and finish specialties in bathrooms.
Specialties	Code required signage. Exterior commercial signage program developed and approved by Planning and MOHCD.	Bathroom accessories. Exterior signage design, infrastructure, fabrication and installation.
Structural	Anchors for drop-ceiling. Anchors must be cast-in slab 4' on center in each direction. Coring or block-out for assumed HVAC rough-in.	Code required ramps and railings to assumed final finish floor and level landing at entrance(s).
Elevator	No	As required.

Mechanical	Stub out for heat-pump, space on roof for equipment, and pad (or sidewall where possible). Fire rated shaft for later ducting of restaurant hood(s); supply air / louver on exterior wall.	Venting of bathrooms and all other plumbing fixtures. Ductwork to connect location of heatpump to exterior. Code required smoke control. In the case of an approved restaurant use, minimum of one (1) grease duct plus make up air (MUA) duct to accommodate Type 1 hood. Type 2 hood shaft and venting may be considered. Does not include water heating and all other mechanical equipment.
Gas	Stub-out for gas and gas meter in meter room.	Submeters based on establishment of Individual Tenant Space/s.
Plumbing	Stub-out for domestic water supply and water meter in meter room. Storm sewer 4". Stub out all plumbing (supply and waste) to bathroom location(s). No finish.	Water meters based on establishment of Individual Commercial Tenant/s. Distribute domestic water, waste and vents to plumbing fixture locations within Individual Tenant Space/s. Finish plumbing.
Electrical	200A-600A 3 phase service. Meter in electrical room with service to Commercial Space. Stub out and conduit on ceiling for mechanical. Perimeter walls to have wall receptacles. Light fixtures in space connected to house meter to meet Certificate of Completion requirements only. Emergency lighting battery back-up.	Submeters based on established Individual Commercial Tenant/s and extension of stub-outs to Individual Tenant Space/s. Installation of sub panel at Individual Tenant Space/s.
Telco	Two (2) 2" conduits from MPOE to space for telecom/data/security. Temporary security camera connected to residential system until Commercial Space is occupied.	

Fire Protection/ Alarm	Building Fire Alarm shall be sized and zoned to include Commercial Space. State and Local SFFD Code requirements for Completion and Certificate of Occupancy must be met. Sprinkler shall be installed, activated and monitored.	Zoning of Fire Alarm to Individual Tenant Space/s and re-configuration / programming of main building fire panel.
Site Work	No	No

D. Permitted Legal Structures

a. Each of the following legal structures may be used for a Project, as permitted by MOHCD, taking into account the location of the Project, the community that the Project intends to serve, financing requirements and restrictions, and the capacity and expertise of the developer and Housing Owner. These Guidelines assume MOHCD owns the land on which the Project is located. In the rare scenario in which that is not the case, MOHCD and the Housing Owner will adjust these Guidelines accordingly to achieve the Goals articulated in Paragraph B and the same financing principles related to the use of MOHCD funds.

1. No Subdivision; Single Ground Lease. The real property is not subdivided and the entire property is ground leased to Housing Owner.

a. Direct Leases: Housing Owner leases directly to Individual Commercial Tenant(s); or

b. Commercial Master Lease: Housing Owner leases the Commercial Space to the Commercial Entity (which must be an Affiliated Entity) (the "Commercial Space Master Tenant"). The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

2. Subdivision. The real property is subdivided into a separate residential condominium or air rights parcel and a separate commercial condominium or air rights parcel (or subdivided into more than one separate parcels of either use).

a. Single Ground Lease. The real property is subdivided, and the City ground leases the entire property to the Housing Owner.

(i) Direct Leases: Housing Owner retains ownership of the leasehold for the Commercial Space and leases directly to Individual Commercial Tenant(s); or

(ii) Commercial Master Lease: Housing Owner retains ownership of the leasehold for the Commercial Space and leases the Commercial Space to a Commercial Space Master Tenant. The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

b. Separate Ground Leases.

(i) The City ground leases the Residential Space to the Housing Owner. The City separately ground leases the Commercial Space to the Commercial Entity. The Commercial Entity may or may not be an Affiliated Entity.

(ii) Where the Commercial Entity is a for-profit company, not related to the Housing Owner, and the Commercial Space will be used for Commercial Use, the City's strong preference is that the subdivision be in the form of a condominium as opposed to an air rights parcel.

E. Underwriting Guidelines for All Permitted Legal Structures

1. The eligible uses of MOHCD Funds for Commercial Project Costs are:

- a. **Hard Costs:** Subject to approval by MOHCD, Borrower may request the use of MOHCD funds for the following:
 - i. **Commercial Uses:** Cold Shell only. However, MOHCD may provide funding for Warm Shell improvements required to be installed concurrent with residential construction (e.g. restaurant flue shafts with grease ducts and access panels on each floor, drain lines and anchor bolts installed in PT floor and ceiling slabs). If Housing Owner is working with the Commercial Entity or an Individual Commercial Tenant before or during construction, Housing Owner may install ducting to the exterior (roof or louvers on building exterior) as a reimbursable cost to Housing Owner by the Commercial Entity or the Individual Commercial Tenant. Costs for all Cold Shell and Warm Shell improvements must be repaid to MOHCD, in full or in part, through non-housing sources, according to the requirements set forth in Section I below.
 - ii. **Community Serving Commercial Uses:** Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources, such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc., as appropriate for the proposed use for the purpose of reducing funding required from MOHCD.
 - iii. **Public Benefit Uses:** Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc. as appropriate for the proposed use, for the purpose of reducing funding required from MOHCD.
- b. **Soft Costs:** Subject to MOHCD approval and evaluated based on industry standards and market conditions for comparable projects and uses, including:
 - Construction management and consulting fees for coordination of tenant improvements with shell construction
 - Commercial broker fee
 - Commercial space lease-up reserve
 - Commercial space replacement reserve
 - Commercial space developer fee (see developer fee policy below)
 - Market analysis as is required by MOHCD
 - Future tenant improvements reserve
 - Pro rata share of Project development costs associated with Commercial Space (for example, financing costs and legal fees)

2. Conditions of MOHCD Funds.

- a. Market Analysis: Developer shall provide MOHCD a third party prepared market analysis (e.g. from a broker, appraiser, or market analyst) to determine appropriate terms for Market Rents, Rent Growth, Annual Rent Adjustments, Rent Concessions and/or Tenant Improvement Allowances, Vacancy, Expenses, Expense Growth, Management Fees, Leasing Agent Fees, and Reserves.
- b. Operating Budget. Developer shall provide the Housing Owner's or Commercial Entity's (depending on legal structure) commercial operating budget based on proposed use and market conditions consistent with the third party prepared Market Analysis provided for the project as defined above in 2.a. Commercial rents charged must be sufficient to cover all direct, shared, and allocated costs attributable to commercial use, including, but not limited to: pro-rata share of cleaning, maintenance and utility costs for shared bathrooms and hallways; pro-rata share of maintenance of fire sprinkler and fire alarm systems; pro-rata share of cleaning, maintenance and repair of the trash room; pro-rata share of maintenance and repair of the sidewalk, street trees and bike racks; pro-rata share of hydro-jetting of the sewer laterals; and pro-rata share of back-flow testing of the water lines. Commercial operating expenses shall include all utilities payable by the property for the Commercial Space, commercial property management and asset management fees, commercial operating and replacement reserves, and property taxes and insurance attributable to the Commercial Space.
- c. Leases and Letters of Intent. The Commercial Master Lease and business terms for Direct Leases and subleases are subject to review and approval by MOHCD, in accordance with the Market Analysis and these Guidelines.

F. Commercial Space Developer Fee

1. Commercial Uses: The lesser of \$100,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 incremental fee will be allowed for completion of the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. The Commercial Space Developer Fee is payable only from non-MOHCD sources, e.g. commercial loan proceeds or transfer of the leasehold estate in the Commercial Space, etc.
2. Public Benefit Uses and Community Serving Uses: The lesser of \$250,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 in fee will be allowed for completing the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. Half of the Commercial Space Developer Fee is payable

only from non-MOHCD sources, e.g. commercial loan proceeds, grants, or transfer of the leasehold estate in the Commercial Space.

3. Commercial Space Developer Fee; Net Developer Fee Maximums. To the extent allowable by TCAC, the Commercial Space Developer Fee is in addition to the net developer fee maximums pursuant to MOHCD Developer Fee Guidelines.

G. Change in Use

Change in use from Public Benefit Use or Community Serving Commercial Use to Commercial Use requires approval by MOHCD and will result in required repayment of the costs of Warm Shell improvements funded by MOHCD loan(s). Repayment will be calculated by amortizing the MOHCD-funded costs over the useful life of the improvements and sized based on the number of years the improvements did not serve a Public Benefit or Community Serving Commercial Use.

H. Single Ground Lease Additional Guidelines

The following ground lease terms apply where the City ground leases the entire property to the Housing Owner, whether or not the property has been subdivided.

1. Direct Lease

- a. **40% City/60% Housing Owner:** 40% of Net Commercial Cash Flow will be paid by Housing Owner to City in the form of increased ground lease payment of Residual Rent (see MOHCD Policy on Ground Leases for defined terms). Housing Owner will retain 60% of Net Commercial Cash Flow.
- b. **Limit on Commercial Revenue:** City recommends tax counsel guidance to avoid issues of unrelated business income.

2. Commercial Master Lease

- a. **40% City/60% Affiliated Entity:** 40% of Net Commercial Cash Flow will be paid by Commercial Entity to Housing Owner and subsequently paid to City in the form of increased ground lease payment of Residual Rent. 60% of Net Commercial Cash Flow is payable to the Commercial Entity (ie. the Commercial Space Master Tenant). The Commercial Entity must be an Affiliated Entity.
- b. **Limit on Commercial Revenue:** City recommends tax counsel guidance to avoid issues of unrelated business income.

I. Separate Ground Leases Additional Guidelines

The following MOHCD commercial loan repayment and commercial ground lease terms apply where the property has been subdivided, the City ground leases the Residential Space to the Housing Owner, and the City ground leases the Commercial Space(s) to the Commercial Entity(ies).

1. Reimbursement to MOHCD of Commercial Project Costs depends on the ownership structure and the type of use, as follows:

- a. Public Benefit Uses, Community Serving Commercial Uses, and Commercial Uses when the Commercial Entity is an Affiliated Entity:

Within the earlier of 90 days after 75% occupancy is achieved for Commercial Space or one year after the issuance of a Temporary Certificate of Occupancy or Certificate of Occupancy for the Commercial Space, the Commercial Entity must obtain a commercial loan commitment to repay MOHCD for all Commercial Project Costs included in MOHCD financing. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval. The commercial loan must close within 90 days following the issuance of a loan commitment. In the event that the commercial loan is not large enough to fully repay MOHCD for Commercial Project Costs, MOHCD will retain a second position Deed of Trust against the Commercial Space, securing a Note in the amount of any unpaid balance. Any outstanding balance on a MOHCD commercial loan will be payable upon refinance or transfer of the Commercial Space.

- b. Commercial Uses when the Commercial Entity is an unrelated third-party:

The Commercial Entity must repay MOHCD for all Commercial Project Costs included in MOHCD financing at close of purchase of the leasehold interest in the commercial condominium/air rights parcel and/or execution of the commercial ground lease. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval.

2. Commercial Space Ground Lease Payment and Payment on Any Outstanding MOHCD Commercial Loan

- a. Public Benefit Uses & Community Serving Commercial Uses: Annual ground lease payment equal to 40% of Net Commercial Cash Flow. However, if there is an outstanding MOHCD commercial loan, the 40% Net Commercial Cash Flow will first be used to pay down the MOHCD commercial loan and then to the annual ground lease payment. Commercial Entity will retain 60% of Net Commercial Cash Flow.
- b. Commercial Uses: Annual ground lease payment equal to market rent based on current comparable leases. Sizing of Base Rent and Residual Rent to be negotiated. If there is an outstanding MOHCD commercial loan (only applicable when the Commercial Entity is an Affiliated Entity), 40% Net Commercial Cash Flow will be used to pay off the MOHCD commercial loan and then go towards payment of Residual Rent, if applicable. Commercial Entity will retain 60% of Net Commercial Cash Flow.

3. Any transfer or sale of the Housing Owner's or Commercial Owner's ground lease interest in the Commercial Space parcel is subject to MOHCD approval as ground lessor. If the Project was developed as air rights parcels, MOHCD may require that the air rights subdivision be converted to condominiums before the Commercial Space may be transferred to an unaffiliated for-profit entity for Commercial Use.

4. Ground Lease Term: To be negotiated based on Market Analysis (see section E.2.a. for requirements for Market Analysis.)

EXHIBIT P
Residual Receipts Policy

[To be attached]

Mayor's Office of Housing and Community Development
City and County of San Francisco



Mark E. Farrell
Mayor

Kate Hartley
Director

TO: Citywide Affordable Housing Loan Committee
FROM: Dan Adams
RE: Residual Receipts Cap on Outstanding Loans;
Request to Delegate Modification Authority
DATE: July 5, 2018

The purpose of this memorandum is to request, on behalf of the Mayor's Office of Housing and Community Development ("MOHCD"), that the Citywide Affordable Housing Loan Committee (the "Committee") delegate to the director of MOHCD (the "Director") the authority to modify a provision in the loan agreements for certain residual receipts loans previously approved by the Committee (the "Loan Agreements").

1. SUMMARY OF REQUEST

MOHCD hereby requests that the Committee delegate to the Director the authority to modify the language in the Loan Agreements that caps a borrower's share of a project's residual receipts at a specific dollar amount per unit per year (the "Cap"). An example of the language implementing this Cap is attached hereto as EXHIBIT A. Any such modification will be undertaken only upon request of the relevant borrower and will be conditioned upon mutual agreement of the parties. Also, any modification will only apply from the date upon which it is finalized; MOHCD will not refund any previously collected payments.

2. RATIONALE FOR REQUEST

As described below, removing the Cap via a delegated process would ensure consistency with current policy and would reduce the hardship for many affordable housing developers created by the Cap, all in an administratively efficient manner.

Consistency with Current Policy. MOHCD's current Residual Receipts Policy, which was effective as of April 1, 2016, removed the Cap—in part because the Cap tends to reduce the real value of borrowers' residual receipts over time due to expense escalation and price inflation.

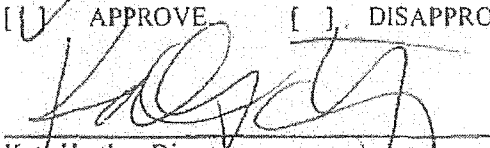
Hardship on Affordable Housing Developers. Over time, the Cap has negatively affected developers with a high proportion of projects serving predominantly low-income households. Because such developers tend to operate on slimmer margins than their market-rate counterparts, they rely heavily on the residual receipts from individual housing assets to fund long-term capital needs for their portfolio. Consequently, removing the Cap for such developers would free up a significant amount of needed capital. For example, removing the Cap on projects operated by Tenderloin Neighborhood Development Corporation ("TNDC") would result in annual savings of nearly \$700,000, all of which could be applied to portfolio-wide capital needs.

Administrative Efficiency. The requested delegation of authority will allow MOHCD to process a large number of modification requests, each related to relatively small dollar amounts, without overburdening Committee agendas. For example, the \$700,000 in savings for TNDC described above would be distributed across 19 projects, making the size of the average modification request approximately \$37,000. Rather than present to the Committee dozens of such requests for multiple developers over the next few months, MOHCD is requesting the authority to modify the Cap for each project through its own administrative process.

3. LOAN COMMITTEE ACTION

Approval indicates approval with modifications, when so determined by the Committee.

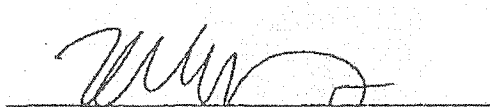
☒ APPROVE ☐ DISAPPROVE. ☐ TAKE NO ACTION.



Kate Hartley, Director
Mayor's Office of Housing and Community Development

Date: 7/20/18

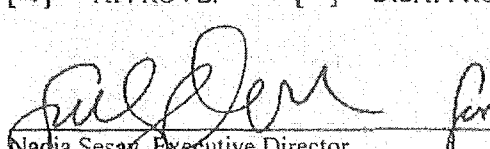
☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.



Kerry Abbott, Deputy Director for Programs
Department of Homelessness and Supportive Services

Date: 7-20-18

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.



Nagia Sesay, Executive Director
Office of Community Investment and Infrastructure

Date: 7-20-18

EXHIBIT A

Borrower's Use of Residual Receipts for Development. To the extent that making a Distribution is not inconsistent with any other financing agreement for the Project, and subject to the limitations in this Article, *Borrower may retain a portion of Residual Receipts in an amount equal to the lesser of thirty-three percent (33%) of Residual Receipts or \$500 per Unit per year* in lieu of using them to repay the Loan with the City's prior written approval. Borrower may use Distributions paid from Residual Receipts at its discretion for activities associated with the development or preservation of affordable housing in San Francisco, *provided that* the costs and activities would be eligible uses of Project Income under program regulations for the federal CDBG Program, except to the extent the regulations prohibit the use of funds for new construction. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note. [Emphasis added]

Mayor's Office of Housing and Community Development

Residual Receipts Policy

Effective April 1, 2016

INTRODUCTION

The Mayor's Office of Housing and Community Development (MOHCD) typically requires annual payments under the Ground Leases and Loans provided for the purpose of developing or preserving affordable housing to the extent that making payments is feasible and does not jeopardize the long-term affordability or maintenance of safe and secure housing for its residents. Payments may be required under one or a combination of several structures, including amortization, deferral, or payment from residual receipts, depending on the circumstances.

When a development financed by MOHCD is projected to enjoy more income than is needed to pay expenses, service other debt, fully fund its reserves, and make approved payments out of surplus, it is MOHCD's policy that a portion of the remaining "residual" income be directed toward repayment of MOHCD's investment.

MOHCD also permits a modest portion of "residual" income to be distributed by the borrower. Distribution of any portion of "residual receipts" is conditioned on MOHCD's annual determination that certain performance standards and benchmarks have been met.

SUMMARY (see below for detailed requirements)

I. Definition of Residual Receipts	As depicted in the approved MOHCD Operating Budget Proforma for each project, the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments of surplus. .
II. Annual Residual Receipts Payments Due to MOHCD	Generally, 2/3 rd s of residual receipts is payable to the City. Larger Tax Credit projects may be eligible to use an alternative ½ - ½ split for up the first 10 years of a new tax credit period, see the Developer Fee Policy for more details.
III. When more than one MOHCD contract requires residual payments	The approved MOHCD Operating Budget Proforma is a required exhibit to the last-executed MOHCD contract and must reflect a comprehensive summary of approved cash flow waterfall, listing of all lenders, relative lien positions, underlying loan terms and amounts owed to MOHCD annually across all MOHCD contracts.
IV. When a project has other Lenders in addition to MOHCD that require residual payments	The portion to be repaid to each Lender is typically determined by the proportional amount of capital funded under each loan. The approved MOHCD Operating Budget Proforma must include a list of all loans and details about projected amounts owed annually, including how the portion of residual receipts to be paid to each lender will be calculated, if not based on a proportional amount.
V. Conditions to Distribution of Residual Receipts to Borrower	Distribution of Residual Receipts may be made only upon: (1) MOHCD approval of Annual Monitoring Report; (2) determination by MOHCD that borrower is not in default; and (3) approval by MOHCD of amount of

	Distribution.
VI. Use of Residual Receipts Distributed to the Borrower	MOHCD strongly encourages borrowers to use distributions for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).
VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project	Any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
MOHCD Repayment Waiver Option	The repayment waiver option has been terminated.

I. Definition of Residual Receipts

- A. Residual Receipts is the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments from surplus.
- B. The project-specific Funding Agreements and/or Ground Leases define what Project Income entails and which Project Expenses are allowable. In general, the definition of allowable Project Expenses will include mandatory or "hard" debt service payments, minimum or Base Rent owed under a Ground or Land lease, and required annual payments into Reserve accounts. Each MOHCD contract will include a copy of the approved Operating Budget Proforma.
- C. When MOHCD requires repayments from Residual Receipts, the formula usually requires payment of a portion of the available Residual Receipts. The use of a proportional formula makes it is essential to clearly define which uses of surplus cash have been approved for payment prior to the calculation of the amount owed to MOHCD.
- D. The approved uses of any available surplus may also be referred to as the cash flow waterfall. The approved MOHCD Operating Budget Proforma is used to document the approved cash flow waterfall. In general, the following expenses may be a part of a cash flow waterfall:
 - 1. Fees payable to the project, the GP, the LP or the parent entity
 - 2. Fees payable to project funders
 - 3. "Soft" debt repayments to lenders / lessors

Please see the City's Developer Fee Policy and Operating Fees Policy for a list of allowable fees and any applicable limits.

- E. Limited Partnership Agreements may also provide a narrative summary of the cash flow waterfall. In the event that a Limited Partnership Agreements is found to be inconsistent with the MOHCD Funding Agreement and/or the approved MOHCD Operating Budget Proforma, the MOHCD documents shall control.

II. Annual Residual Receipts Payments due under MOHCD Ground Leases & Loans

Except as recommended by the Loan Committee and approved by the Mayor on a project by project basis, the portion to be paid to the City shall be $\frac{2}{3}$ rds of Residual Receipts. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period and the borrower's portion of Residual Receipts shall be considered payment of Deferred Developer Fee. See the Developer Fee Policy for more details.

Any residual receipts payments shall be applied toward the unpaid balance of MOHCD loan/s according to the terms in the Promissory Note and/or Funding Agreement, and toward the payments required under the MOHCD Ground Lease.

III. When more than one MOHCD contract requires residual payments:

Some projects supported by MOHCD may be governed by more than one MOHCD contract. The MOHCD Operating Budget Proforma provides a comprehensive summary of the approved cash flow waterfall, a listing of all lenders, the relative position of each lien, the amounts owed and the relevant repayment terms, and will also reflect the cumulative amount of repayments owed to MOHCD annually across all MOHCD contracts. Projects governed by more than one MOHCD contract that extend or initiate a MOHCD contract after the effective date of this policy will be required to get approval of a new MOHCD Operating Budget Proforma.

IV. When a project has other Lenders in addition to MOHCD that require residual payments

A. If any other project lenders besides MOHCD require repayment from residual receipts, the portion to be repaid to each Lender will typically be determined by the proportional amount of capital supplied under each loan. For example, if a project received a \$2 million loan from MOHCD and a \$3 million loan from another lender, MOHCD would receive $\frac{2}{5}$ ths of the amount available to be repaid, and the other lender would receive $\frac{3}{5}$ ths of the amount available to be repaid. The approved MOHCD Operating Budget Proforma must include a list of all Loans and provide an appropriate amount of detail about the projected amounts owed annually including details about how the portions to be paid to each lender will be calculated. If a project makes an agreement with any other lender/s after executing a MOHCD contract containing the final MOHCD-approved Operating Budget Proforma, prior to making any payments to such other lender/s, the project must request and be approved in writing to amend the MOHCD-approved Operating Budget Proforma to include the new lender/s.

B. During operations, MOHCD will require Residual Receipts payments using MOHCD's method of calculating surplus and any amounts owed to the MOHCD. If there is a difference in the amount calculated to be owed to any other lenders under another lender's repayment calculation method when compared to MOHCD method, then each lender will be paid according to its calculation, so long as doing so would not result in a reduction in the amount payable to MOHCD.

V. Conditions to Distribution of Residual Receipts to Borrower

- A. Distribution of Residual Receipts to the borrower of a MOHCD loan, or lessee of a MOHCD ground lease, may be made only upon:
1. MOHCD approval of the Annual Monitoring Report submitted for that year; and
 2. Determination by MOHCD that the borrower is not in default under terms of the Loan; and

3. Approval by MOHCD of the amount to be distributed.

B. No distribution of Residual Receipts shall be made under any of the following circumstances:

1. When a written notice of default has been issued by any lender or investor and such default has not been cured; or
2. When the City determines that the borrower or the borrower's management agent has failed to maintain the housing and its surroundings in a safe and sanitary manner in accordance with local health, building, and housing codes; or
3. If any operating expense, including debt service on non-City loans remains unpaid; or
4. If any required reserve account is not fully funded according to the terms of the MOHCD contract/s; or
5. In the event of any other material failure to comply with the provisions of the MOHCD contract/s.

VI. Use of Residual Receipts Distributed to the Borrower

MOHCD strongly encourages borrowers to use the portion of Residual Receipts that is not applied toward repayment of MOHCD's loan or payment of residual rent under a MOHCD ground lease for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).

VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project

- A. With the exception of Residual Receipts retained by a borrower pursuant to this policy, any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
- B. The Loan Committee may approve variations of this policy on a project-specific basis, including the payment of costs associated with the provision of social, educational, vocational, counseling or other supportive services to residents either as a project expense or out of that portion of Residual Receipts that would otherwise be repaid to the City.

LEASE

THIS LEASE, made this 1st day of November, 2018, between the United States of America, acting through the Secretary of Health and Human Services, by the Program Manager, Real Property Management Services, Program Support Center, U.S. Department of Health and Human Services (hereinafter referred to as "Lessor"), under and pursuant to the power and authority delegated by the 40 U.S.C. §550, as amended (hereinafter referred to as "the Act"), and regulations promulgated pursuant thereto at 45 C.F.R. Part 12, and Title V of the McKinney-Vento Homeless Assistance Act (42 U.S.C. §11411), as amended, and regulations promulgated thereto at 45 C.F.R. Part 12a, and the City and County of San Francisco (hereinafter, including its successors or assigns, called the Lessee).

WITNESSETH

WHEREAS, the Lessee has made application for the transfer, by lease, of certain surplus real property consisting of two parcels of land, totaling 1.2 acres, more or less, (hereinafter called the Property), for homeless assistance purposes; and

WHEREAS, the Lessor has determined that said Property is needed and is usable by the Lessee for said purposes and has requested the assignment of the Property for transfer to the Lessee; and

WHEREAS, by letter dated April 26, 2018, the Administrator of General Services has assigned the Property to the Lessor for homeless assistance purposes.

NOW, THEREFORE, the Lessor, for and in consideration of the foregoing and of the observance and performance by the Lessee of the covenants, conditions and restrictions hereinafter contained, hereby leases to the Lessee for a period of 3 years beginning this 1st day of November, 2018, renewable with mutual consent for a total lease term not to exceed twenty years, the Property, situate, lying, and being in the City and County of San Francisco, State of California, and more particularly described as follows:

PARCEL I:

BEGINNING at a point on the northwesterly line of Mission Street, distant thereon 325 feet northeasterly from the northeasterly line of 7th Street; running thence northeasterly along said line of Mission Street 25 feet; thence at a right angle northwesterly 85 feet; thence at a right angle southwesterly 25 feet; thence at a right angle southeasterly 85 feet to the point of beginning.

BEING part of 100 VARA BLOCK NO. 393.

PARCEL II:

BEGINNING at a point on the southeasterly line of Stevenson Street, distant thereon 350 feet southwesterly from the southwesterly line of 6th Street; running thence

southwesterly along said line of Stevenson Street 150 feet; thence at a right angle southeasterly 265 feet; thence at a right angle northeasterly 25 feet; thence at a right angle southeasterly 85 feet to the northwesterly line of Mission Street; thence at a right angle northeasterly along said line of Mission Street 125 feet; thence at a right angle northwesterly 200 feet to the former northwesterly line of Jessie Street, as said Jessie Street existed prior to closing of a portion thereof; thence at a right angle southwesterly along said former northwesterly line of Jessie Street, as it existed prior to the closing of a portion thereof 25 feet; thence at a right angle northwesterly 75 feet; thence at a right angle northeasterly 25 feet; thence at a right angle northwesterly 75 feet to the point of beginning.

BEING a part of 100 Vara Block 393 and a portion of Jessie Street, as it existed prior to closing of a portion thereof.

The Lessee, by acceptance of this Lease, covenants and agrees for itself, its successors and assigns, that the Property is transferred on an "as is, where is," basis, without warranty of any kind, either expressed or implied, including as to the condition of the Property. The Lessee also covenants and agrees for itself, its successors and assigns, that the Lessor has no obligation to provide any additions, improvements, or alterations to the Property.

TO HAVE AND TO HOLD the Property, subject, however, to each of the following conditions subsequent, which shall be binding upon and enforceable against the Lessee, its successors and assigns, as follows:

1. For the period of this lease or any renewal thereof, the Property herein conveyed shall be used continuously for homeless assistance purposes in accordance with the proposed program and plan of the Lessee as set forth in its application to lease dated May 31, 2017 and subsequently amended June 23, 2017 and July 27, 2017 and for no other purpose except such as may be agreed to in writing by the Lessor.
2. The Lessee will not sublease any part of the Property or any interest therein except as the Lessor may authorize in writing. Nor will Lessee permit any person or entity to use any part of the Property or any interest therein except as the Lessor may authorize in writing.
3. Where construction or major renovation is not required or proposed the Property must be placed into use within twelve (12) months from the date of this lease. Where construction or major renovation is contemplated at the time of transfer, the Property must be placed into use within thirty-six (36) months from the date of this lease. Lessee, is required to fully occupy and secure the property as of the date of this lease.
4. One year from the date of this lease and annually thereafter for the period of this lease and any renewal thereof, the

Lessee will file with the Lessor a report on the operation and maintenance of the Property and will furnish, as requested by the Lessor, such pertinent data evidencing continuous use of the Property solely for the authorized purpose.

5. During the period of this lease and any renewal thereof, the Lessee will at all times remain a tax-supported or a private nonprofit organization.
6. That, for the period during which the Property is used for the purpose for which the Federal assistance is hereby extended by the Lessor or for another purpose involving the provision of similar services or benefits, the Lessee hereby agrees that it will comply with the requirements of section 606 of the Act (40 U.S.C. § 476); the Fair Housing Act (42 U.S.C. § 3601-19) and implementing regulations; and as applicable, Executive Order 11063 (Equal Opportunity in Housing) and implementing regulations; Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d to d-4) (Nondiscrimination in Federal Assisted Programs) and implementing regulations; Title IX of the Education Amendments of 1972 (20 U.S.C. § 1681) and implementing regulations; and the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. § 6101-07) and implementing regulations; and the prohibitions against otherwise qualified individuals with handicaps under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) and implementing regulations, and all requirements imposed by or pursuant to the Regulations of the Lessor (45 CFR Parts 12, 12a, 80, 84, and 91) issued pursuant to said Acts and now in effect, to the end that, in accordance with said Acts and Regulations, no person in the United States shall, on the ground of race, color, national origin, sex, age, or handicap, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under the program and plan referred to in condition numbered 1 above.
7. Lessee covenants and agrees that the Property will be used for secular purposes, with no more than a de minimis level of other activity.
8. Lessee covenants and agrees that the Property will be used for homeless assistance purposes throughout the duration of the lease. However, in the event Lessee proposes to use any part of the Property for a nonconforming use, and Lessor approves that nonconforming use in writing, Lessee shall pay Fair Market Rent (FMR) for that portion of the Property.

The Administrator of General Services has determined that current Fair Market Rent for the entire Property is \$41,000 per month. The actual rental

payment will be determined should the Lessee's nonconforming use proposal be approved. Upon execution of a written agreement memorializing the terms of that approval, the initial prorated payment shall be made within thirty (30) calendar days. All subsequent rental payments for the period of nonconforming use shall be made on or before the first day of each month, in such a manner as may be specified by Lessor. Lessor reserves the right to cancel its approval of the nonconforming use upon thirty (30) days written notice.

9. Lessee covenants and agrees that the leasehold interest will not be used as collateral unless prior approval, in writing, is obtained from the Lessor. Lessee further covenants and agrees that it will promptly pay all costs associated with its use of the Property including, but not limited to, maintenance and utilities costs, taxes, assessments, etc. and that it will not cause, either by action or inaction, any liens or other potential encumbrances on title to the Property.

In the event of a breach of any of the conditions subsequent set forth above, or in the event of a breach of any other terms or conditions of this lease, whether caused by legal or other inability of the Lessee to perform any of such terms and conditions as herein set forth, the Lessor will, at its option, have an immediate right of reentry thereon, and to terminate this lease.

The failure of the Lessor to insist, in any one or more instances, upon performance of any of the terms, conditions, or covenants of this lease, shall not be construed as a waiver or relinquishment of the Lessor's right to the future performance of any such terms, conditions, or covenants, and Lessee's obligations with respect to such future performance shall continue in full force and effect.

Lessee, at its own expense, shall so protect, preserve, maintain, and repair the leased property that the same will at all times be kept in as good a condition as when received hereunder; subject, however, to ordinary wear and tear and loss or damage for which the Lessee is not liable hereunder.

During the period of this lease or any renewal thereof, Lessee shall have the right to install such of its own machinery and equipment to make such (minor) improvements and additions and to attach such removable fixtures in or upon the leased premises as may be necessary for its use of the leased property pursuant to this lease and in accordance with program(s) of use set forth in its application to lease dated the May 31, 2017 and subsequently amended June 23, 2017 and July 27, 2017 and the further right to remove same at any time prior to the expiration of this lease or any renewal thereof; PROVIDED, that in the event of termination of this lease or any renewal thereof upon less than thirty days notice, Lessee may remove such items within thirty days from the receipt of notice of termination. All property not so removed shall be deemed abandoned by the Lessee and may be used or disposed of by the Government in any manner whatsoever without liability to account to the Lessee therefor, but such abandonment shall in no way reduce any obligation of the Lessee for restoration under the terms of this lease.

It is expressly understood and agreed that Lessee will make no substantial alterations, additions, or betterments to, or installations upon, the leased property except those set forth in the application to lease dated the May 31, 2017 and subsequently amended June 23, 2017 and July 27, 2017 as being necessary to carry out the proposed public health program of use set forth or described in said application and which have received the prior approval of the Lessor; and then, only subject to the terms and conditions of such approval, which may include an obligation of removal and restoration upon the expiration or termination of this lease, including any extension or renewal thereof. Except insofar as said terms and conditions may expressly provide otherwise, all such alterations, additions, betterments, or installations made by the Lessee shall become the property of the Lessor when annexed to the leased property or any part thereof. Parties acknowledge that the Property is in the Area of Potential Effect for the neighboring historic James R. Browning Courthouse. Any proposed alteration must be in compliance with the National Historic Preservation Act and its implementing regulations.

Lessee shall bear all risk of loss of or damage to the leased Property arising from any cause whatsoever, with or without fault of the Lessee; provided, however, that Lessee's liability for any loss or damage from risks expressly required to be insured against under the lease shall not exceed the amount of insurance so required or the amount actually procured and maintained, whichever shall be the greater; provided further that the maintenance of the required insurance shall effect no limitation on Lessee's liability with respect to any loss or damage resulting from the willful misconduct, lack of good faith, or negligence of the Lessee or any of its officers, agents, servants, employees, subtenants, licensees, or invitees.

The Lessor acknowledges that, for such period as the Lessee is in possession of the leased Property pursuant to the terms and conditions of this lease or any renewal thereof, the Lessee is a self-insured municipal entity. There will be no insurance proceeds in event of loss. Nothing herein shall be construed as an obligation upon the Lessor to repair, restore, or replace the leased Property or any part thereof.

The Lessee covenants that it will indemnify and save and keep harmless, the United States of America, its officers, agents, and employees against any and all loss, cost damage, claim, expense or liability whatsoever due to personal injury or death or damage to property of others directly or indirectly arising out of the condition, state of repair, or the use or operation of the Property, including all acts or omissions of its officers, agents, servants, employees, subtenants, licensees, or invitees in the use or occupancy of the Property.

The Lessee, its successor or assigns, shall be solely liable for all costs relating to any damage to the property, personal injury, illness, disability or death, of the Lessee, or the Lessee's successors, assigns, employees, invitees, or any other person, including members of the general public, arising from or incident to the purchase, transportation, handling, storage, use, release, or disposal, or other activity causing or leading to contact of any kind whatsoever with hazardous or toxic substances, during use of the property by said Lessee, its successors or assigns.

The lease is subject to all outstanding easements and rights-of-way for the location of any type of facility or system in, on, under, over, across, or upon the leased Property or any portion thereof, and to the right of the Lessor to grant such additional easements or rights-of-way, in, on, under, over, across, or upon the leased Property as it may be determined to be in

the public interest; PROVIDED that any such additional easement or right-of-way shall be conditioned upon the assumption by the Lessee thereof of liability to the Lessee for such damages as Lessee shall suffer for property destroyed or property rendered unusable on account of Lessee's exercise of its rights thereunder. There is hereby reserved to the holders of such easements and rights-of-way as are presently outstanding or which may hereafter be granted; to any persons officially engaged in the construction, operation, repair, or replacement of facilities or systems located thereon; and to any Federal, State, or local officials engaged in the official inspection thereof, such reasonable rights of ingress and egress over the leased Property as shall be necessary for the performance of their duties with regard to such facilities or systems.

During the period of this lease or any renewal thereof, the Lessor shall have access to the leased Property at all reasonable times for any purposes not inconsistent with the quiet use and enjoyment thereof by the Lessee, including, but not limited to, the purpose of inspection.

This lease may be renewed by mutual agreement upon written application by the Lessee, at least sixty days before the end of the period of this lease or any renewal thereof.

The Lessee, by acceptance of this lease, covenants and agrees for itself, its successors and assigns that, upon the expiration of this lease, any extension thereof or the prior termination of this lease or extension thereof by either party, Lessee shall quietly and peacefully remove itself and its property from the leased Property and surrender possession thereof to the Lessor; Provided, in the event the Lessor shall terminate this lease upon less than thirty days notice, Lessee shall be allowed a reasonable period of time, as determined by the Lessor, but in no event to exceed thirty days from the receipt of notice of termination, in which to remove all of its property from and terminate its operations on the leased Property. During such period prior to surrender, all obligations of the Lessee under this lease shall remain in full force and effect, and the Lessee will continue to provide protection and maintenance of the leased Property until such time as actual possession is taken by the Lessor, including the period of any notice of cancellation. Such protection and maintenance shall, at a minimum, conform to the standards prescribed by the General Services Administration in its regulations, FMR (41 CFR §102-75.965-98) in effect as of the date of this lease and a copy of which is attached hereto and made a part hereof as Exhibit "A."

The Lessee shall comply with all applicable Federal, State, municipal, and local laws, rules, orders, ordinances and regulations, except for local zoning regulations, in the occupation, use, and operation of the Property.

No member of or delegate to the Congress or resident Commissioner shall be admitted to any share or part of this lease contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to the contract of lease if made with a Corporation for its general benefit.

The Lessee warrants that it has not employed or retained any person or agency to solicit or secure this contract upon any agreement or understanding for a commission, percentage, brokerage, or contingent fee excepting bona fide employees or bona fide commercial agencies maintained by the Lessee for the purpose of securing business. Breach or violation of this warranty shall give the Lessor the right to annul the contract without

liability or, in its discretion, to recover from the Lessee the amount of such commission, percentage, brokerage, or contingent fee in addition to the consideration herein set forth, if any.

The Lessee is hereby informed and does acknowledge that the building on the Property and existing on the date of this lease was constructed prior to 1978 and, as with all such Property, a lead-based paint hazard may be present. The Lessee shall not permit the use of any such structures for residential habitation unless the Lessee has eliminated the hazards of lead-based paint by treating any defective lead-based paint surface in accordance with all applicable laws and regulations. According to the Consumer Product Safety Commission and the President's Council of Environmental Quality, lead is a special hazard to small children. The Property is being sold "as is" and the Lessee shall be responsible for any and all liabilities, damages, loss, expenses or judgments arising out of or related to health problems which are the result or exposure to lead-based paint where the exposure occurred after the Property was conveyed to the Lessee.

Asbestos containing materials (ACM) are present in the building. Lessee covenants and agrees, on behalf of themselves, their successors and assigns, that in their use and occupancy of the Property, or any part thereof, they will comply with all Federal, state and local laws relating to asbestos. Lessor assumes no liability for damages for personal injury, illness, disability or death, to the Lessee, or the Lessee's successors, assigns employees, invitees, or to any other person subject to the control or direction of Lessee, its successors or assigns, or to any person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, disposition, or other activity causing or leading to contact of any kid whatsoever with asbestos on the Property described in this lease, whether the Lessee, its successors or assigns has or have properly warned or failed to properly warn the individual(s) injured. GSA Fire Safety & Environmental Survey Report dated January 18, 1995 is available to Lessee.

The Lessee is notified that the United States has determined that a radon hazard potentially exists in subject building(s) on the Property and from the Property itself. Results of previous studies performed by the United States are available to the Lessee. Radon is a naturally occurring radioactive gas emanating from the ground that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time, and which falls with the CERCLA "Limitations on Response" standards at 42 U.S.C. 9604 (a)(3). Additional information regarding radon and radon testing may be obtained from the EPA and county and state health units.

Information provided to the Lessee with respect to the Property is based on the best information available to the U.S. General Services Administration and is believed to be correct, but any error or omission, including but not limited to the omission of any information available to the agency having custody over the Property and/or any other Federal agency, will not constitute grounds for liability for damages by the Government for personal injury, illness, disability, or death, to the Lessee, its successors, assigns, employees, invitees, or any other person subject to the Lessee's control or direction.

Lessee covenants and agrees, on behalf of themselves, their successors and assigns, that in their use and occupancy of the Property, or any part thereof, they are responsible for compliance with all Federal, state and local laws relating to PCB and mercury; and that, by

virtue of this lease, Lessor assumes no liability for damages for personal injury, illness, disability or death, to the Lessee, or to Lessee's successors, assigns, employees, invitees, or to any other person subject to the control or direction of Lessee, its successors or assigns, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, disposition, or other activity causing or leading to contact of any kind whatsoever with PCB and mercury on the Property described in this lease, whether the Lessee, its successors or assigns has or have properly warned or failed properly to warn the individual(s) injured.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

UNITED STATES OF AMERICA
Acting by and through the Secretary
of Health and Human Services

By: _____

Theresa Ritta, Program Manager
Federal Real Property Assistance Program
Real Property Management Services
Program Support Center

ACCEPTED:

LESSEE: City and County of San Francisco

By: _____

Andrico Q. Penick, Director of Real Estate

Date: 10/31/18

APPROVED AS TO FORM:
CITY ATTORNEY

By: Heidi Gewertz, Deputy City Attorney

Date: 10/31/18

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of the document.

State of California)
County of San Francisco)

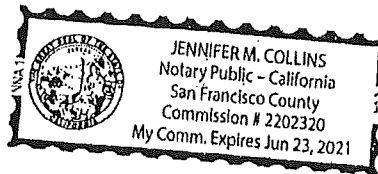
On November 1, 2018, before me, Jennifer M. Collins,
Notary Public, personally appeared Andrico D Penick, who
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

Jennifer M. Collins



(Seal)

virtue of this lease, Lessor assumes no liability for damages for personal injury, illness, disability or death, to the Lessee, or to Lessee's successors, assigns, employees, invitees, or to any other person subject to the control or direction of Lessee, its successors or assigns, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, disposition, or other activity causing or leading to contact of any kind whatsoever with PCB and mercury on the Property described in this lease, whether the Lessee, its successors or assigns has or have properly warned or failed properly to warn the individual(s) injured.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

UNITED STATES OF AMERICA
Acting by and through the Secretary
of Health and Human Services

By: Theresa Ritta
Theresa Ritta, Program Manager
Federal Real Property Assistance Program
Real Property Management Services
Program Support Center

ACCEPTED:

LESSEE: City and County of San Francisco

By: _____
Andrico Q. Penick, Director of Real Estate

Date: _____

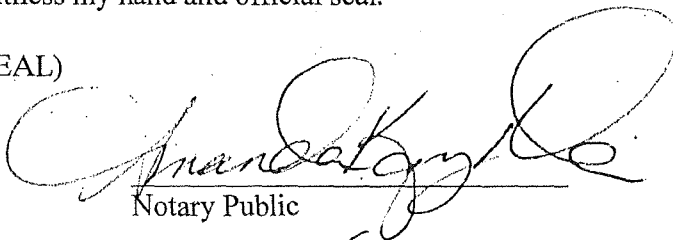
ACKNOWLEDGMENT

STATE OF MARYLAND)
COUNTY OF FREDERICK) SS

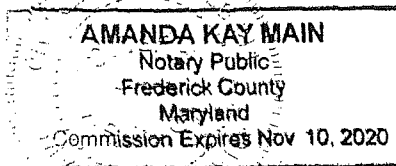
On this 1st day of November 2018, before me the undersigned officer, personally appeared Theresa Ritta, known to me to be the Program Manager, Real Property Management Services, Program Support Center, Department of Health and Human Services, and known to me to be the person who executed the foregoing instrument on behalf of the Secretary of Health and Human Services, for the United States of America, and acknowledged to me that she subscribed to the said instrument in the name of the Secretary of Health and Human Services and on behalf of the United States of America.

Witness my hand and official seal.

(SEAL)


Notary Public

My commission expires NOV 10 2020



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Request For Qualifications

For the development of new supportive housing at:

1064-1068 Mission Street

(Assessor's Parcels: Block 3703, Lot 040 and Block 3703, Lot 084)

Issued: October 10, 2017 by: Anne Romero

San Francisco Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Responses due by 5:00 pm on November 13, 2017

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ATTACHMENTS

Attachment 1 - Map of site

Attachment 2 - RFQ Registration Form

Attachment 3 - Respondent Description

Attachment 4 - Projected Staffing Workload

Attachment 5 - Service Provider Residential Experience

Attachment 6 - Disclosures

I. INTRODUCTION

The City and County of San Francisco (the “City”), acting through the Mayor's Office of Housing and Community Development (“MOHCD”), is seeking a qualified developer to work with the City (the “Selected Developer”), to develop supportive housing and ground floor community-serving space on parcels that will be owned by the City (the “Project”). The parcels, 1064-1068 Mission Street (the “Site”), are adjacent to the James R. Browning Courthouse at the corner of 7th and Mission Street, which is to the west of the Site. Immediately to the east is 1036 Mission Street, an affordable housing development that is currently under construction.

The Site consists of 2 parcels:

- 1064 Mission Street - Block 3703, Lot 084, is comprised of 48,719 square feet (approximately 1.12 acres) and is currently being used as an improved 175 space parking lot with frontage on Stevenson Street and the terminus of Jessie Street alley.
- 1068 Mission Street - Block 3703, Lot 040, is comprised of 2,125 square feet and is improved with a two-story plus mezzanine and basement, reinforced concrete structure built in 1913.

A map showing the location and configuration of the Site is attached as **Attachment 1**.

Disposition of both parcels is described further in this Request for Qualifications.

The intent of this Request for Qualifications (“RFQ”) is to select a single corporate entity or partnership whose function will be to create a development proposal for the Site, and to carry out that proposal through community outreach, planning, design, financing, construction, ownership, and operation of the development. This RFQ describes the general type of development sought by the City on the Site, the process to transfer a leasehold interest in the Site to the developer, the criteria that will be used to select a developer, and the submission requirements for those responding to this request.

This RFQ further describes the unique nature of the City’s acquisition of and responsibilities for the Site. Through the U.S. Department of Housing and Urban Development’s Federal Property Assistance Program (FPAP), which allows transfers to local governments and non-profits for homeless housing and services, the City is able to offer this permanent supportive housing opportunity subject to specific development schedule restrictions. To meet the FPAP time constraints, the City will require the Selected Developer to utilize modular construction technologies that can provide efficient and accelerated delivery of the housing.

Respondents to this RFQ must be comprised of the following: a non-profit developer with experience developing affordable permanent supportive housing in San Francisco or a for-profit developer working in partnership with a nonprofit developer, of which one of the joint venture partners must have experience developing affordable permanent supportive housing in San Francisco (the “Developer”); a property manager with experience serving the target population; a qualified supportive service provider with experience serving the target population; and an architect with experience designing affordable housing and conducting a community design

process. The development team must have demonstrated experience conducting effective community outreach and engagement. Furthermore, at least one entity of the development team must have experience successfully designing and/or constructing modular residential buildings. Such experience may be held by Owner/Developer, Architect, or other consultants (i.e. Construction Manager, associate Architect, etc.). All members of the Respondent will be evaluated according to the criteria set forth below, including experience with comparable projects, capacity, and the ability to deliver and maintain an excellent Project.

In addition to fulfillment of the goals and requirements of the FPAP, this RFQ and the City's plans for the Site reflect the City's priorities for the development of affordable housing for homeless adults and seniors described in MOHCD's Consolidated Plan (2015), San Francisco's Local Homeless Coordinating Board's Strategic Plan Framework (2014-2019), and the Department of Homelessness and Supportive Housing's Five Year Strategic Framework (2017). After the City's acquisition from the federal government, MOHCD is proposing to transfer the Site (subject to final approval by the Board of Supervisors) to a qualified developer for this purpose through a long-term ground lease, as further described in this RFQ.

As a condition of disposition from the federal government, the proposed permanent supportive housing must be operational within 3 years (36 months) of a fully executed Grant Deed between the City and the U.S. Department of Health and Human Services. As part of the Qualifications submission, respondent should demonstrate their ability to meet this timeline.

Development Program Objectives:

a) HOUSING:

- To provide two permanent supportive housing structures containing up to 250 units for formerly homeless adults and seniors.
- Building "A" would face Mission Street and provide approximately 150 units for formerly homeless adults.
- Building "B" would face Stevenson Alley and provide approximately 100 units for formerly homeless seniors age 62 and older.
- MOHCD and partner agency, Department of Homelessness and Supportive Housing (HSH), intend to target this housing to chronically homeless persons who are prioritized utilizing the newly developed Coordinated Entry System (CES).
- Up to one half of the units would include proposed financing from the State of California No Place Like Home (NPLH) program which targets adults with serious mental illness who are chronically homeless.
- The buildings are to take advantage of modular construction and related technologies to construct the buildings with the explicit goals of reducing construction costs and shortening the development timeline.

b) COMMUNITY BENEFITS:

- To the extent feasible, establish open space fronting Mission Street that is open to the public for some portion of the day.
- Utilize the City's First Source Hiring Program and its ties to community-based organizations to fill the project's permanent jobs with qualified local residents.

Hard copy and electronic responses to this RFQ must be received by the Mayor's Office of Housing and Community Development no later than 5:00 p.m., November 13, 2017. Facsimile responses will not be accepted.

II. IMPORTANT DATES AND SUBMISSION PROCESS

A. IMPORTANT DATES

RFQ available on MOHCD website	October 10, 2017
Pre-submission conference at MOHCD	October 19, 2017
Deadline for questions and requests for additional information	October 27, 2017
Deadline for submitting qualifications	November 13, 2017
Notification to developer teams who failed to meet submission requirements	November 20, 2017
Developer team interviews, if necessary	Week of November 27, 2017 or December 4, 2017
Staff recommendation to MOHCD Director	Week of December 11, 2017
Notification to developer teams	December 31, 2017

B. PRE-SUBMISSION MEETING

A pre-submission conference will be held at MOHCD, located at 1 South Van Ness Avenue, 5th Floor, San Francisco, on October 19, 2017 at 1:30 p.m. The purpose of the meeting is to ensure that interested developers understand the programmatic design, anticipated financing and target population requirements. Questions raised at the conference may be answered verbally at that time. If any substantive new information is provided in response to questions raised at the pre-submission conference, MOHCD will issue a written addendum to the RFQ with this information to all parties that have registered for the RFQ. No questions or requests for interpretation will be accepted after October 27, 2017 at 12:00 p.m. Attendance at the pre-submission conference is not mandatory but is highly recommended. Please see below regarding **Attachment 2**, RFQ Registration Form.

C. REGISTRATION FOR RFQ REQUIRED

In order to receive MOHCD's responses to requests for additional information and to questions about this RFQ and to submit a qualification submission, all interested parties must submit a completed RFQ Registration Form to MOHCD. The form is included with the RFQ as **Attachment 2**.

D. QUESTIONS AND REQUESTS FOR INFORMATION

All questions and requests for additional information regarding this RFQ must be received in writing by MOHCD, by hand, overnight delivery, mail, fax, or e-mail by October 27, 2017, at 12:00 p.m. Questions received after the deadline will not be answered. All addenda, responses and additional information will be distributed to all parties who have submitted a registration form in accordance with Section IIC above. MOHCD reserves the sole right to determine the timing and content of the response, if any, to all questions and requests for additional information.

E. CONTACT PERSON, SUBMISSION DEADLINE AND PLACE

All communications about this RFQ should be directed to Anne Romero, Senior Project Manager, at (415) 701-5525, Fax (415) 701-5501, anne.romero@sfgov.org, or at the address below.

Respondents to this RFQ must submit one (1) hard original plus five (5) hard copies of their proposals, as well as one electronic copy on a flash drive, or Dropbox link, to the MOHCD receptionist no later than:

5:00 p.m. on Monday, November 13, 2017

at

**Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Deputy Director of Housing Development**

III. SELECTION PROCESS, ELIGIBILITY AND SUBMISSION REQUIREMENTS

A. SELECTION PROCESS

MOHCD staff will review all submittals for completeness and satisfaction of minimum experience and capacity requirements.

A Selection Panel will be appointed by the Director of the Mayor's Office of Housing and Community Development composed of persons with expertise in the areas of development, affordable housing financing, property management and resident supportive services, at least one of which will represent the surrounding community. Additionally, a member of the Arts Commission Design Review Committee may be appointed. The Selection Panel will interview the top-scoring Respondents, at which time Respondents will be asked to present and explain the major characteristics of their qualifications, particularly as they relate to the Scoring Criteria, and respond to questions from the Selection Panel. After all interviews have been completed, the Selection Panel will meet to determine the final ranking of all responses and present this ranking to the Director.

The Selection Panel's scoring of each proposal will be done by consensus and will be final.

The MOHCD Director will then select a development team, and MOHCD will exclusively negotiate ground leases for the Site in accordance with the terms of this RFQ. Interested parties may only object to the development team selected according to the process set forth in Section VI(D).

B. ELIGIBILITY AND MINIMUM REQUIREMENTS

1. Development Team Overview Minimum Requirements:

Non-profit or for-profit housing development corporations and partnerships in which a non-profit or for-profit developer is the managing general partner are eligible for selection under this RFQ. Applicants must have previous affordable housing development experience in San Francisco in order to be considered under this RFQ. The proposed Development Team must include:

- At least one community-based non-profit development entity as sole developer or joint-venture partner, defined as a nonprofit organization whose mission includes the development of affordable housing in low income communities, with experience developing housing for formerly homeless adults and/or formerly homeless seniors in San Francisco;
- A lead architectural firm with experience in design and construction of affordable housing in San Francisco, preferably with experience designing supportive housing for formerly homeless, or other populations with special needs;
- A property management entity with experience managing housing for formerly homeless adults and/or formerly homeless seniors, preferably in San Francisco;

- A community-based, service-providing entity with experience providing culturally competent services appropriate for formerly homeless adults and formerly homeless seniors in a supportive housing context and experience billing to Medi-Cal;
- At least one entity of the development team must have experience successfully designing and/or constructing modular residential buildings. Such experience may be held by Owner/Developer, Architect, or other consultants (i.e. Construction Manager, associate Architect, etc.) identified as part of the Development Team.

Letters of Intent or Memoranda of Understanding from service providers and property management entities that are not affiliated with the developer must be submitted with the application.

2. Team Member Specific Minimum Requirements

- a. **Minimum Developer Requirements** - Lead Developer itself or in partnership with other co-developers must provide evidence of the following experience:

- New construction of at least two affordable housing developments that are both high-density infill sites, with an aggregate unit count of approximately 150 units or more
- Development of at least one supportive affordable housing development for formerly homeless adults and/or formerly homeless seniors (may be new construction or substantial rehabilitation of an existing building)
- Use of Low Income Housing Tax Credit financing

For joint-venture Development partners, the experience of either entity may suffice for the joint-venture partnership. A Memorandum of Understanding between joint-venture Development partners must be submitted with the application.

Furthermore, a Respondent can qualify for development experience by contracting with a development consultant for comprehensive project management services. Project management services should include financial packaging, selection of other consultants, selection of construction contractor and property management agent, oversight of architectural design, construction management, and consultation on major aspects of the development process. The contract for development services must be submitted with the RFQ response and must be acceptable to MOHCD.

- b. **Minimum Ownership Experience** - The proposed Owner of the Project must have owned at least one supportive formerly homeless project in San Francisco for at least 5 years prior to the Submittal Deadline of this RFQ. In addition, the Owners must each provide evidence of experience with owning housing financed with Low Income Housing Tax credits. This experience does not have to be on the same project that satisfies the 5-year ownership requirement. If the Selected Developer entity is not the same entity as the proposed Owner, MOHCD reserves the right to require that certain members of the

Selected Developer remain active in the ownership for whatever length of time MOHCD deems necessary to ensure operating and financial stability.

For purposes of this requirement, the managing general partner of the tax credit partnership intended to take ownership of the completed Project and to provide asset management for the Project is the proposed "Owner".

- c. **Minimum Architect Requirements** - The proposed Lead Architectural firm must provide evidence of experience with the design and construction of at least one new construction high-density residential or mixed-use residential/commercial development. In addition, the architectural team must provide evidence of experience working in San Francisco, and experience designing affordable housing. Preferably the Architect will have demonstrable experience in the design of supportive housing for formerly homeless or other special needs population.
- d. **Minimum Property Manager Requirements** - The proposed property manager for the Project must have managed at least three supportive formerly homeless or supportive senior rental projects, including at least one in San Francisco, each for at least 36 months. In addition, the Property Manager for the Project must provide evidence of experience with managing housing financed with Low Income Housing Tax credits.
- e. **Minimum Service Provision Requirements** - The proposed service provider(s) must have at least 36 months' experience providing supportive services to formerly homeless adults and/or formerly homeless seniors including case management and comprehensive services for homeless households in a residential setting in San Francisco. The proposed service provider(s) must have the infrastructure to supervise and train the onsite staff and their supervisors. The service provider must also have experience with and capacity to bill Medi-Cal.
- f. **Other Consultants** – For any Respondent team, the experience of key staff members or "other consultants" may be substituted for the experience of the organization as a whole as long as the staff member's or consultant's experience in other firms was substantive and involved responsibilities similar to what they are anticipated to perform as a member of the Respondent's team. Furthermore, respondent development teams must include at least one or more team member(s) with experience successfully designing and/or constructing modular residential buildings. Such experience may be held by Owner/Developer, Architect, or other consultants (i.e. Construction Manager, associate Architect, etc.) identified as part of the Development Team.

C. SUBMISSION REQUIREMENTS

Respondents must document their experience and capacity to successfully plan, design, and develop the proposed Project, manage the property efficiently once completed, and provide services appropriate to the resident population. This documentation should include narrative with examples of relevant completed projects, as well as description of the experience and

capacity of key staff, their workloads, and the organizational structure for supporting staff. In addition, Respondents must complete and submit RFQ Attachments 2 – 6.

a. **Developer**

Describe Developer(s) experience in each of the following areas (project examples may serve to demonstrate experience in more than one area):

- New construction of affordable housing in San Francisco
- Development of supportive affordable housing for formerly homeless adults and/or formerly homeless seniors (may be new construction or substantial rehabilitation of an existing building)
- Experience as lead organizer of collaborative community outreach and planning effort for development of supportive and/or affordable housing
- Description of demonstrated capacity to complete complex urban infill projects within established budget parameters and within constrained timeframes.
- Detailed description of complex financing structures that the respondent successfully secured, including terms of the financing and number of applications required to secure financing

Respondents should provide sufficient examples of completed projects to meet the minimum qualifications described above, and are encouraged to provide additional examples that communicate depth of experience relevant to the proposed Project. However, for scoring purposes under this RFQ, a maximum of six (6) projects will be considered.

Finally, respondent developers should summarize the organizational structure of each Project Development Team member, including the roles of Developer, Co-Developer and Development Consultant, as appropriate. Identify and briefly describe the experience of key development staff. Provide an **Attachment 4 - Projected Staffing Workload** for the Project.

b. **Owner**

Describe ownership experience of permanent supportive housing developments for formerly homeless adults or seniors owned for at least five (5) years by the organization that will assume ownership of the proposed Project, including its location, non-residential uses, number of units, completion dates, capital financing and target population.

Describe the current asset management structure, staffing, and portfolio of the proposed owner, and its capacity for assuming asset management of an expanded portfolio once development is complete.

c. **Architect**

Provide a narrative and project description of not more than six (6) representative projects that demonstrate the Architect's capacity to develop affordable housing in San Francisco, complete projects on tight infill sites, and serve populations with special needs. Representative projects should be chosen that most reflect the site context, program, and target population of the proposed Project under this RFQ.

Respondents should highlight experience participating in collaborative community outreach and planning efforts related to affordable housing design and development.

d. **Property Manager**

Describe experience of property management team, including previous work with permanent supportive housing for the homeless. The preferred Respondent will include a property management company that has demonstrated successful approaches to managing buildings with formerly homeless households, including utilization of a low-barrier tenant selection process and implementation of policies and practices to prevent evictions and to facilitate the implementation of reasonable accommodation policies. Respondents should provide sufficient examples of completed projects to meet the minimum qualifications described above, and are encouraged to provide additional examples that communicate depth of experience relevant to the proposed Project. Property descriptions should include the following:

- List the total number of buildings in the property management company's portfolio and the number of years each building has been successfully managed. Identify which buildings are permanent supportive housing or have a permanent supportive housing component.
- Describe the firm's experience with formerly homeless tenants, or similar population, including its standard procedures regarding resident meetings, resident outreach and interaction with service providers.
- Describe the firm's experience with trauma-informed systems, including knowledge, skill and ability to work with tenants who have been chronically traumatized.

e. **Service Provider**

The successful provision of support services for the residents is critical to the overall success of the development program. The submittal should demonstrate the service provider(s)' track record of effective collaboration, coordination and delivery of services and other resources needed by households being served within a housing program.

Provide an **Attachment 5 – Service Provider Residential Experience** for the Project

- Describe the service provider(s) experience of at least 36 months providing

supportive services to formerly homeless adults and/or formerly homeless seniors in San Francisco in a residential setting.

- The selected Development Team will be expected to pursue new No Place Like Home (NPLH) state funding that is anticipated to be available in 2018. As such, the lead service provider shall have at least 36 months' experience serving persons who qualify as members of one or more special needs populations whose service needs are similar to those of the Target Population. If this experience does not include experience serving persons in permanent supportive housing, it must include experience helping persons address barriers to housing stability. In general terms, describe the Service Provider(s)' types of services made available to formerly homeless adults and/or formerly homeless seniors; where services are provided, how clients' needs are assessed and how a plan for addressing those needs is developed; how clients are linked to the City's safety net of services and assisted in their efforts to access those services.
- Specify the duration of services contracts with City departments, contact information for any public agency providing funding for services, and documentation of quality of services provided such as contract monitoring reports or funding source evaluations;
- Describe the service provider's experience with billing to Medi-Cal.

f. **Community Engagement**

- Describe the development team's experience implementing community engagement plans for housing developments, including description of the level of community engagement, the duration of the plan and community engagement, and the number of community groups or adults involved. Describe any positive or negative results of the team's community engagement plans including any opposition to the team's projects that may have resulted from the team's engagement with the community.
- Include in the description of experience examples of overcoming community opposition to a development project and how the team member(s) addressed the opposition.
- Finally, characterize the team's knowledge and familiarity with the Downtown Area Plan, the surrounding neighborhood, local community groups and area stakeholders.

g. **Modular Construction**

Describe the experience of development team or individual members of the development team in successfully designing and/or constructing modular residential buildings.

Descriptions should include role of team member in the development process (developer,

architect, consultant, etc.) as well as a summary of key project components such as program, location, scale, etc. Describe both successes of each modular project listed, as well as any challenges confronted in implementing modular construction and a description of techniques and strategies used to overcome those challenges.

D. SCORING

Teams will be scored based on the extent to which they demonstrate experience and capacity beyond conformity with the minimum requirements up to the maximum point totals listed below.

a.	Development and Ownership Experience	40 pts
b.	Architecture & Design	20 pts
c.	Property Management	20 pts
d.	Service Provision	20 pts
e.	Community Engagement	10 pts
f.	Modular Construction	5 pts

E. ADDITIONAL SUBMITTALS

Complete responses must include all of the following elements in the order specified below:

1. Development Team

Using **Attachment 3 - Respondent Description**, provide the name of each organization, names of the organization's Director (or equivalent position) and primary contact persons, and phone numbers and email addresses for each of the following:

- Lead Developer and Co-Developers (if applicable)
- Narrative description of developer and/or co-developer's corporate structure, mission, and history.
- Development Consultant (if applicable)
- Owner(s) (if applicable)
- Lead Architect and other Architect(s)
- Property Manager(s)
- Service Provider(s)
- Other consultant(s) as necessary to demonstrate experience in the design and/or construction of modular housing

For each Lead Developer or Co-Developer, submit a current copy of the following documents:

- Certificate of good standing from California Secretary of State
- Certification of 501(c)(3) status from the Internal Revenue Service (for any nonprofit corporations).
- The latest two (2) years of either signed federal income tax returns (including schedules or attachments, if any); or audited financial statements (with management letters, if any).

Using **Attachment 4 – Projected Staffing Workload Form**, list work assignments (existing or contemplated) associated with each staff person expected to work on the Project for Developer and Architectural Firm.

Using **Attachment 5 – Service Provider Residential Experience**, list service provision experience in permanent supportive housing settings.

2. EVIDENCE OF AUTHORITY

Provide a certified corporate resolution of the applicant or, in the case of a partnership, the applicant's general partner, expressly authorizing the applicant to provide a response to this RFQ and, if selected by the City, to enter into negotiations with the City for the long-term lease of the MOHCD Site.

3. DISCLOSURE FORM

Submit a completed and signed copy of **Attachment 6 – Disclosures**, which requires any respondent to this RFQ to disclose defaults, lawsuits, legal proceedings, bankruptcy filings or financial interests affiliated with MOHCD staff or Citywide Affordable Housing Loan Committee members.

IV. BACKGROUND

A. SITE

The Site is comprised of 2 parcels located at 1064 Mission Street and 1068 Mission Street. The Site is adjacent to the James R. Browning Courthouse – 95 7th Street, at the corner of 7th and Mission Street to the west, and another affordable housing development currently under construction at 1036 Mission Street to the east.

- 1064 Mission Street - Block 3703, Lot 084, 48,719 square feet (approximately 1.12 acres). This parcel is currently being used as an improved 175-space parking lot with frontage on Stevenson Street and the terminus at Jessie Street alley.
- 1068 Mission Street - Block 3703, Lot 040, 2,125 square feet. This parcel is improved with a two-story plus mezzanine and basement, reinforced concrete structure built in 1913.
- Total land area for the combined parcels is 50,844 square feet, or 1.17 acres.

As previously stated, The City and County of San Francisco recently submitted an application to acquire the Site from the federal government. MOHCD is currently in negotiations with the Department of Health and Human Services and the General Services Administration. As a condition of disposition from the federal government, the proposed permanent supportive housing must be operational within 3 years (36 months) of a fully executed Grant Deed between the City and the U.S. Department of Health and Human Services. Respondent must demonstrate ability to complete developments quickly in order to meet this timeline. An Environmental Assessment will be completed by MOHCD by November 8, 2017.

B. SOIL CONDITIONS

A Phase I Environmental Site Assessment for the Site indicates a number of recognized environmental conditions (REC). The Phase I can be found on the MOHCD website at: <http://sfmohcd.org/nofas-rfp-rfq-bids-jobs>

A Preliminary Geotechnical Evaluation for the Site can be found on the MOHCD website at: <http://sfmohcd.org/nofas-rfp-rfq-bids-jobs>

As part of the Selected Developer's predevelopment scope of work, a Phase II will be required to further evaluate environmental conditions.

For purposes of this RFQ, Respondents should assume that following any required mitigation, soil and subsoil conditions on the Site are sufficient to support a development that complies with the maximum allowable height, bulk and density limitations of the Site's applicable zoning requirements.

C. ZONING, LAND USE RESTRICTIONS

The parcels are currently zoned C-3-G – Downtown General Commercial District (See Planning Code Section 210.2) with a 90X height limit. The Site's zoning allows a Floor Area Ratio of 6.0 square feet of building area for every one square foot of lot area. There is no residential density limit as a ratio of units to lot area; density is regulated by the permitted height and bulk and required setbacks, exposure and open space of the development lot. Parking is not required for non-residential uses. Dwellings in a C-3-G zoned project where 100% of the units are affordable are exempt from off-street parking requirements.

The Site is located in the Downtown Area Plan. The Downtown Area Plan states "housing close to downtown contributes greatly to downtown vitality, helping to ensure that it remains active after working hours....To preserve the scale and character of outlying neighborhoods and promote the vitality of downtown, most new housing should be located adjacent to downtown in underused industrial and commercial areas. At the same time, the existing housing supply in and adjacent to downtown should be protected from demolition or conversions to nonresidential uses."

The Downtown Area Plan includes among its objectives, the following:

- Expand the supply of housing in and adjacent to downtown. (Objective 7)
- Protect residential uses in and adjacent to downtown from encroachment by commercial uses. (Objective 8)
- Provide quality open space in sufficient quantity and variety to meet the needs of downtown workers, residents and visitors. (Objective 9)

The Downtown Area Plan can be found [here](#).

Although this RFQ does not require submission of any site or architectural plans, Respondents should be aware of key zoning and land use provisions applicable to the Site, which include the following:

- Ground level Ceiling Height: Non-residential uses must have a floor-to-floor height of at least 14 feet;
- Streetscape and Pedestrian Improvements: Required
- Downtown Project Authorization is required for new construction in a C-3 District;
- The Downtown Project Authorization may be eligible for administrative approval pursuant to Planning Code Section 315;
- Maximum 90 ft building height;
- No off-street automobile parking required for residential or commercial uses; maximum limits apply (sec. 151.1);
- Bicycle parking will be required. (sec. 155.1);
- Institutional Uses, as defined in Section 102, are Permitted (*Institutional Use*. A Use Category that includes Child Care Facility, Community Facility, Private Community Facility, Hospital, Job Training, Medical Cannabis Dispensary, Philanthropic Administrative Services, Religious Institution, Residential Care Facility, Social Service or Philanthropic Facility, Post-Secondary Educational Institution, Public Facility, School, and Trade School.); and
- Public Art (Section 429).

It will be the sole responsibility of the Selected Developer to verify all planning and zoning requirements pertinent to the Site's development as housing for the formerly homeless.

V. DEVELOPMENT PLAN – Respondents are not required to submit a development plan with their submissions. The following information, in addition to the Development Program Objectives previously provided, is being provided to convey established goals and requirements imposed on the project.

A. DEVELOPMENT PROGRAM

1. Housing Program Objectives:

a) INCOME TARGETING:

- All residential units targeted to formerly homeless adults.
- At least 100 units targeted to formerly chronically homeless seniors who are 62 years of age and older.

2. Housing Financing:

A financing plan is not required with this submission, however, the Selected Developer will be expected to adhere to the following project financing parameters:

a) HOUSING DEVELOPMENT SOURCES ASSUMPTIONS:

- 4% low-income housing tax credits and tax-exempt bond financing (9% LIHTC proposals will not be considered).
- Federal Home Loan Bank Affordable Housing Program funds.
- Additional, non-MOHCD sources of funds that meet the City's affordability goals and reduce to the greatest extent feasible required MOHCD gap funding, including State of

California Affordable Housing and Sustainable Communities (AHSC) funding or No Place Like Home (NPLH) funding.

- MOHCD gap funds (in the form of a 55-year, residual receipts loan), minimized to the greatest extent feasible by other funding sources.
- The development must be financially feasible, including realistic development and operating budget projections that conform to industry standards and maximize the use of available financing.

b) 1ST FULL YEAR HOUSING OPERATING BUDGETS ASSUMPTIONS:

- Operating Income, including:
 - Tenant-paid rents for formerly homeless households (exclusive of utilities) currently estimated at \$250 PUPM for 1BR units. Actual tenant-paid rents for formerly homeless units will be based on 30% of household incomes.
 - Funding from the City's Local Operating Subsidy Program ("LOSP"), through a 15-year contract with MOHCD, to cover the difference between tenant-paid rents for all homeless units (LOSP units) and operating expenses attributable to LOSP units. LOSP operating subsidy calculations should account for all typical costs of operations, reserves and fees on a pro-rata basis. LOSP subsidies may not be used to pay hard debt service, other than qualified minimal debt service payments for state financing.
 - LOSP subsidies may not be used to pay deferred developer fee.
- Operating Expenses, including:
 - 24-hour desk coverage every day.
 - All typical costs of operations, including annual reserves deposits, administrative and management fees and other expenses in conformance with MOHCD's Underwriting Guidelines.
 - The operating budget should exclude support services such as case management and counseling but may include one FTE Services Coordinator/Connector.
- A 20-Year Cash Flow Projection, including:
 - Annual income increases at 2.5%
 - Annual expense increases at 3.5%
 - Typical waterfall surplus cash distributions including, as applicable, soft lender payments, and incentive management fees, all in conformance with MOHCD's Underwriting Guidelines and Operating Fee Policy.

B. OCCUPANY PREFERENCES

1. Lease-Up Preferences

The Selected Developer will retain final selection authority over all resident applicants.

HSH will refer homeless adults and seniors age 62 and older and individuals.

HSH will follow the definition of “homeless” provided below to determine eligibility. In addition, households can only be referred by HSH for occupancy at the Project if their annual household income does not exceed 30% of AMI.

42 U.S. Code § 11302 - General definition of homeless individual:

(a) In general For purposes of this chapter, the terms “homeless”, “homeless individual”, and “homeless person” means:

- (1) an individual or family who lacks a fixed, regular, and adequate nighttime residence;
- (2) an individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;
- (3) an individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including hotels and motels paid for by Federal, State, or local government programs for low-income adults or by charitable organizations, congregate shelters, and transitional housing);
- (4) an individual who resided in a shelter or place not meant for human habitation and who is exiting an institution where he or she temporarily resided;
- (5) an individual or family who—
 - (A) will imminently lose their housing, including housing they own, rent, or live in without paying rent, are sharing with others, and rooms in hotels or motels not paid for by Federal, State, or local government programs for low-income adults or by charitable organizations, as evidenced by—
 - (i) a court order resulting from an eviction action that notifies the individual or family that they must leave within 14 days;
 - (ii) the individual or family having a primary nighttime residence that is a room in a hotel or motel and where they lack the resources necessary to reside there for more than 14 days; or
 - (iii) credible evidence indicating that the owner or renter of the housing will not allow the individual or family to stay for more than 14 days, and any oral statement from an individual or family seeking homeless assistance that is found to be credible shall be considered credible evidence for purposes of this clause;
 - (B) has no subsequent residence identified; and
 - (C) lacks the resources or support networks needed to obtain other permanent housing; and
- (6) unaccompanied youth and homeless families with children and youth defined as

homeless under other Federal statutes who—

(A) have experienced a long term period without living independently in permanent housing,

(B) have experienced persistent instability as measured by frequent moves over such period, and

(C) can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse, the presence of a child or youth with a disability, or multiple barriers to employment.

(b) **Domestic violence and other dangerous or life-threatening conditions**

Notwithstanding any other provision of this section, the Secretary shall consider to be homeless any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions in the individual's or family's current housing situation, including where the health and safety of children are jeopardized, and who have no other residence and lack the resources or support networks to obtain other permanent housing.

(c) **Income eligibility**

(1) **In general**

A homeless individual shall be eligible for assistance under any program provided by this chapter, only if the individual complies with the income eligibility requirements otherwise applicable to such program.

(2) **Exception**

Notwithstanding paragraph (1), a homeless individual shall be eligible for assistance under title I of the Workforce Innovation and Opportunity Act [29 U.S.C. 3111 et seq.].

(d) **Exclusion**

For purposes of this chapter, the term "homeless" or "homeless individual" does not include any individual imprisoned or otherwise detained pursuant to an Act of the Congress or a State law.

(e) **Persons experiencing homelessness**

Any references in this chapter to homeless adults (including homeless persons) or homeless groups (including homeless persons) shall be considered to include, and to refer to, adults experiencing homelessness or groups experiencing homelessness, respectively.

2. Affirmative Marketing Plan:

No marketing plan is required as all units will be direct referrals from HSH.

C. RESIDENT SERVICES

1. Services Plans: A Services Plan is not required with this submission, however, the Selected Developer will be required to develop a services plan that includes the following:

- a) A trauma-informed systems services plan ("Services Plan") that demonstrates an understanding of the housing and services needs of formerly homeless households who have experienced chronic trauma.
- b) The Services Plan should include access to and coordination with mainstream community services, subcontracted and/or partner services, and a commitment by each service provider to coordinate with onsite supportive services and property management through regularly scheduled meetings to ensure sound operational and building management practices.
 - (1) For services provided off-site, the plan must describe what public or private transportation options will be available to tenants in order to provide them reasonable access to these services. Reasonable access is access that does not require walking more than ½ mile.
 - (2) Description of how the supportive services are culturally and linguistically competent for persons of different races, ethnicities, sexual orientations, gender identities, and gender expressions. This includes explaining how services will be provided to tenants who do not speak English, or have other communication barriers, including sensory disabilities, and how communication among the services providers, the property manager and these tenants will be facilitated;
 - (3) Description of how the supportive services staff and property management staff will work together to prevent evictions, to adopt and ensure compliance with harm reduction principles, and to facilitate the implementation of reasonable accommodation policies from rent-up to ongoing operations of the Project;
 - (4) General service provider and property manager communication protocols;
 - (5) Description of how the physical design of the Project fosters tenant engagement, onsite supportive services provision, safety and security, and sustainability of furnishings, equipment, and fixtures; and
 - (6) Other information needed to evaluate the supportive services to be offered consistent with the Program.
- c) The Services Plan must include a description of the minimum services to be provided and the estimated frequency of proposed services, indicating, as appropriate, services specifically geared for homeless households. Examples of the services activities the supportive services staff performs may include:
 - Early intervention with Property Management in Resident Selection to conduct assessments.

- Ongoing outreach and engagement of the tenant population, with specific emphasis seniors.
- Assistance with developing tenant leadership including support for the formation of a tenant council.
- Assistance with overcoming disorganization due to homelessness, mental health concerns and adverse childhood experiences.
- Engagement with service providers that promote safety and stability in home and in community residing within the building.
- Collaboration with other trauma-informed services providers to teach self-reliance and empowerment.
- Aggressive outreach to outside providers to teach, coach and mentor residents on various key areas, i.e. hoarding and cluttering, domestic violence and hunger security.
- Connections with key service providers such as nursing programs, workforce development, legal aid and beauty and barber to encourage adult education, skill development, and job placement/retention opportunities.
- Connections to benefits and educational opportunities as appropriate.
- Trauma-informed, ongoing training for services staff and property management teams.
- Referrals and assistance with accessing primary medical care and other community services as needed and connection with neighborhood community clinics.
- Referrals and assistance with accessing basic needs such as clothing and food.
- Eviction prevention support and referrals.
- Referrals to supported pre-vocational/vocational activities appropriate for the skill level of residents of the building.
- Referral to and onsite support for mental health and substance use management and recovery with a focus on harm reduction.
- Conflict resolution among tenants using trauma-informed principles.
- Recreation, community building, social, and/or other group programming.
- Coordination and supervision of In Home Support Services and other housekeeping assistance.

d) The Services Plan must also include staffing information (number of FTEs or percent thereof, type of services staff, roles of services staff). Services for all the units must be provided through a case manager to unit ratio of no less than 1 case manager for every 35 units.

2. Services Funding and Budgets:

a) For the formerly homeless residents: services for single adults and seniors will be funded separately HSH through a direct contract with the Project's service provider.

b) HSH's Tier 5 funding level of \$4,902 per unit per year in service funding for the formerly homeless units will be in place. For RFQ submission purposes, a Respondent can assume a minimum project size of 250 residential units.

c) Services funding will be conditioned on continuous compliance with the terms of the Respondent's Local Operating Subsidies Program ("LOSP") agreements with MOHCD.

d) Providers will be expected to bill as many services as possible to Medi-Cal.

D. COMMUNITY ENGAGEMENT

This RFQ does not require respondents to submit a community engagement plan for the Site. Rather, the Selected Developer will be expected to work with the MOHCD and community stakeholders to formulate a plan that includes interaction with community groups around urban design issues, as well as traditional community stakeholder input for the planned project. Prior to commencing preparation of a development plan, the Selected Developer must work with MOHCD staff to design and implement a community outreach program that will engage the community, including consultation with adjacent government tenants, to solicit input on construction and design parameters and process, and community concerns and desires regarding community space and neighborhood amenities.

E. DISPOSITION OF THE SITE

1. Ground Lease Option

For demonstration of site control as required for financing applications, MOHCD will provide the Selected Developer with an Option to Ground Lease. Exercise of the option will be conditioned on satisfaction of certain conditions including the following:

- MOHCD approval of a community outreach and plan for the Site;
- Commitments of all financing necessary to construct and operate the proposed development;
- Issuance of all required permits and approvals necessary to construct and operate the proposed development;
- Board of Supervisors approval of the ground lease for the MOHCD Parcel; and
- Timely satisfaction of any other conditions imposed by the City.

2. Ground Lease

MOHCD intends to transfer the Site to the Selected Developer through a long-term ground lease of 65 years with an option to extend another 34 years for a total of 99 years. Transfer of the Site will be "as is" with respect to the physical and regulatory condition of the Site. The Ground Lease will be structured to include an annual rent obligation equivalent to 10% of the appraised value of the Site for the term of the lease. Payments shall consist of an annual Base Rent of up to \$15,000 which may be reduced given that all rental units are permanent supportive housing and Residual Rent. Annual rent is re-determined on the 15th anniversary date of ground lease and

every 15 years thereafter. The City's execution of a long-term ground lease for the Site will be subject to approval of the City's Board of Supervisors, in its sole and absolute discretion.

F. UNDERWRITING GUIDELINES.

The Selected Developer's underwriting assumptions must conform to MOHCD's most current Underwriting Guidelines (<http://sfmohcd.org/documents-reports-and-forms>) and other published MOHCD policies, such as its Developer Fee Policy.

G. PREDEVELOPMENT FUNDING.

MOHCD will provide up to \$3,000,000 in predevelopment funding to the Selected Developer, subject to the Selected Developer's demonstration of its compliance with the City's vendor requirements and approval by the San Francisco Citywide Affordable Housing Loan Committee.

VI. TERMS AND CONDITIONS OF REQUEST FOR QUALIFICATIONS

A. DEVELOPER RESPONSIBILITIES

The Selected Developer will be responsible for all aspects of development of the Site, including but not limited to the following:

- Involving local community stakeholders in the program setting and initial design of the Site.
- Conducting all appropriate due diligence, investigating and determining conditions of the Site and the suitability of the Site for the proposed Development.
- Securing all required development approvals, including but not limited to any necessary permits or approvals from the City's Planning Department and Department of Building Inspection, and from federal and State agencies associated with environmental and historic preservation reviews (including Certificates of Appropriateness) as applicable.
- Obtaining adequate financing for all aspects of the proposed Development, including predevelopment, construction and operation.
- Designing and building the Development in a manner that produces a high-quality, enduring living environment.
- Owning, managing, and operating the Development in a manner that ensures its long-term financial viability and the ongoing satisfaction of residents.
- Complying with the requirements of any financing for the Development, including but not limited to:
 - a. Equal Employment Opportunities – The Selected Developer will be required to comply with local and federal procurement requirements, including the provision of equal employment opportunities for disadvantaged business consultants, architects, contractors, and other potential development team members to participate in the Development. To ensure that equal opportunity plans are consistent with City and

Federal procurement requirements, sponsors should meet with MOHCD and San Francisco Contract Monitoring Division (CMD) staff prior to hiring their development team to develop a plan for such compliance. Although the City's Contract Monitoring Division (CMD) does not require prior approval or monitoring of procedures for selecting the architect for purposes of responding to this RFQ, the architect's Small Business Enterprise (SBE) status will be counted toward the overall Development's procurement goals which will be set at a later date.

b. Environmental Review - Depending on conditions at the Development Site and on Development plans, the proposed Development will be subject to review under the California Environmental Quality Act (CEQA), the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA) and specifically the Section 106 historical resources preservation review. Department of City Planning design review may also be required.

c. Accessibility Requirements - Development sponsors will be responsible for meeting all applicable accessibility standards related to publicly-funded multifamily housing under Section 504 of the Rehabilitation Act of 1973, the Architectural Barriers Act, the Americans with Disabilities Act, and certain statutes and regulations of the City and County of San Francisco. At least 50% of all units must be adaptable and a minimum of 10% of the units must be accessible, including units for the visually and hearing impaired.

d. Prevailing Wages – This Development will be subject to applicable local, state or federal requirements with regard to labor standards. Developers should take prevailing wage requirements and labor standards into account when seeking estimates for contracted work, especially the cost of construction, and other work to which the requirements apply, and when preparing development budgets overall.

e. Employment and Training – The Selected Developer will be required to work with the CityBuild initiative of the Office of Economic and Workforce Development to comply with local and federal requirements regarding the provision of employment opportunities for local and low-income residents and small businesses during both the development and operation of the Development, including complying with the City's First Source Hiring requirements.

f. Sustainable Design - The Mayor's Office of Housing seeks to maximize the overall sustainability of financed projects. The selected development team will be required to pursue any funding that may become available to help pay for the cost of planning and implementing green building components.

g. Insurance Requirements – see Exhibit A -- Insurance Requirements

B. ERRORS AND OMISSIONS IN RFQ

Respondents are responsible for reviewing all portions of this RFQ. Respondents are to promptly notify MOHCD, in writing, if the respondent discovers any ambiguity, discrepancy, omission, or other error in the RFQ. Any such notification should be directed to MOHCD promptly after discovery, but in no event later than five (5) working days prior to the date for receipt of proposals. Modifications and clarifications will be made by addenda as provided below.

C. ADDENDA TO RFQ

MOHCD may modify the RFQ, prior to the response due date, by issuing written addenda. Addenda will be sent via email to the last known address of each person or firm listed with MOHCD as having received a copy of the RFQ for proposal purposes. MOHCD will make reasonable efforts to notify Respondents in a timely manner of modifications to the RFQ. Notwithstanding this provision, the Respondent shall be responsible for ensuring that its proposal reflects any and all addenda issued by MOHCD prior to the proposal due date regardless of when the proposal is submitted.

D. OBJECTIONS

1. RFQ Terms - Should any interested party object on any ground to any provision or legal requirement set forth in this RFQ, that party must provide written notice to MOHCD setting forth with specificity the grounds for the objection within 14 calendar days of the developer selection announcement date. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.
2. Notice of Non-Responsiveness - Should a Respondent object on any ground to a determination that its proposal is non-responsive to this RFQ, that party must provide written notice to MOHCD setting forth with specificity the grounds for the objection no more than 7 calendar days after the date of the letter notifying the Respondent of MOHCD's determination of non-responsiveness. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.
3. Selection of Respondent for Exclusive Negotiations - Should any interested party object on any ground to the MOHCD Director's authorization to proceed with exclusive negotiations with a selected Respondent, that party must provide written notice to MOHCD setting forth with specificity the grounds for the objection no more than 7 calendar days after the developer selection is made public and exclusive negotiations are authorized. If a Respondent files a timely objection, MOHCD's authorization to enter into exclusive negotiations with the selected Respondent will not be binding until the MOHCD Director denies the protest. A Mayoral decision to grant the protest will void MOHCD's prior exclusive negotiations authorization. Failure to

object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.

4. Delivery of Objections - Objections must be submitted in writing, addressed to the person identified on in this RFQ and delivered to the MOHCD receptionist during business days between the hours of 8:00 a.m. and 5:00 p.m. at 1 South Van Ness Avenue, 5th Floor by the dates due in order to be considered. If an objection is mailed, the objector bears the risk of non-delivery by the deadlines specified above. Objections should be transmitted by a means that will provide written confirmation of the date MOHCD received the objections.

E. CLAIMS AGAINST MOHCD

No Respondent will obtain by its response to this RFQ, and separately by its response waives, any claim against MOHCD by reason of any or all of the following: any aspect of this RFQ, any part of the selection process, any informalities or defects in the selection process, the rejection of any or all proposals, the acceptance of any proposal, entering into exclusive negotiations, conditioning exclusive negotiations, terminating exclusive negotiations, approval or disapproval of plans or drawings, entering into any transaction documents, the failure to enter into a lease or lease disposition and development agreement, any statements, representations, acts, or omissions of MOHCD, the exercise of any discretion set forth in or concerning any of the above, and any other matters arising out of all or any of the above.

F. SUNSHINE ORDINANCE

In accordance with San Francisco Administrative Code Section 67.24(e), contractors' bids, responses to RFQ's and all other records of communications between the City and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

G. RESERVATIONS OF RIGHTS BY THE CITY

1. The issuance of this RFQ and the selection of a developer pursuant to this RFQ are in no way a limitation of the discretion of any City board, commission, department, employee or official with respect to any review or approval required in connection with the proposed Development. The City's selection of a developer is in no way deemed to be the final approval of any Development proposed by the developer.

2. The information in this RFQ is provided solely for the convenience of respondents.

3. The City expressly reserves the right at any time to do waive or correct any defect or technical error in any response or procedure, as part of the RFQ or any subsequent negotiation process; reject any or all responses, without indicating the reasons for such rejection; reissue a Request for Proposals; modify or suspend any and all aspects of the selection procedure, the scope of the proposed Development or the required responses, or the processes indicated in this RFQ; request that respondents clarify, supplement or modify the information submitted; extend deadlines for accepting responses, or request amendments to responses after expiration of deadlines; negotiate with any, all or none of the respondents to this RFQ; make a selection based directly on the proposals, or negotiate further with one or more of the respondents; during negotiation, expand or contract the scope of the proposed Development, or otherwise alter the Development concept in order to respond to new information, community or environmental issues; if at any time prior to the execution of binding agreements with the developer MOHCD, in its sole discretion, determines that the Selected Developer will be unable to proceed with a timely and feasible Development in accordance with this RFQ, MOHCD may terminate negotiations with the highest ranked respondent and begin negotiations with the next highest ranked respondent; or determine that no Development will be pursued.

4. The issuance of this RFQ does not obligate the City to pay any costs whatsoever incurred by any respondent, including but not limited to costs incurred in connection with the preparation or presentation of responses or negotiations with the City. Developer teams responding to this RFQ do so at their own expense.

5. The issuance of this RFQ is only an invitation to submit qualifications, and does not constitute an agreement by the City that any contract will actually be entered into by the City. This RFQ does not in any way limit the discretion of any City board, commission, employee or official with respect to any review or approval of any aspect of a proposed Development.

6. The City will not approve any ground lease for the Site that would allow for its development until there has been compliance with the California Environmental Quality Act (CEQA), and, as applicable, the National Environmental Protection Act (NEPA). If the proposed Development is found to cause significant adverse impacts, the City reserves absolute discretion to require additional environmental analysis, and to: (a) modify the Development to mitigate significant adverse environmental impacts; (b) select feasible alternatives which avoid significant adverse impacts of the proposed Development; or (c) reject or proceed with the Development as proposed, depending upon a finding of whether or not the economic and social benefits of the Development outweigh otherwise unavoidable significant adverse impacts of the Development.

7. The City reserves the right to disqualify any respondent to this RFQ based on any real or apparent conflict of interest that is disclosed by the responses submitted or on the basis of other information available to the City. The City may exercise this right in its sole discretion.

Exhibit A: Insurance Requirements

1. Developer, Contractors.

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

(b) commercial general liability insurance, with limits no less than One Million Dollars (\$1,000,000) combined single limit per occurrence and Two Million Dollars (\$2,000,000) annual aggregate limit for bodily injury and property damage, including coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Developer is conducting any activity on, alteration or improvement to the Family Site with risk of explosions, collapse, or underground hazards;

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

(d) professional liability insurance of no less than One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Developer's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Developer shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars (\$50,000) each claim must be reviewed by Risk Management; and

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

(f) pollution liability and/or asbestos pollution liability applicable to the work being performed with a limit no less than One Million Dollars (\$1,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This coverage shall be endorsed to include Non-Owned Disposal Family Site coverage. This policy may be provided by the Developer's contractor, provided that the policy must be "claims made" coverage and Developer must require Developer's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance.

Developer must maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds as follows:

(a) Prior to construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all improvements prior to commencement of construction and City property in the care, custody and control of the Developer or its contractor, including coverage in transit and storage off-Family Site; the cost of debris removal and demolition as may be made reasonably necessary by such perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(b) During the course of construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Developer or its contractor, including coverage in transit and storage off-Family Site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-Development basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(ii) Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Developer as dual obligees or other completion security approved by the City in its sole discretion.

(c) Upon completion of construction:

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

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

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

3. Commercial Space.

Developer must require that all nonresidential tenants' liability insurance policies include Developer and the City as additional insureds, as their respective interests may appear. Throughout the term of any lease of Commercial Space in the Development, Developer must require commercial tenants to maintain insurance as follows:

(a) to the extent the tenant has "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident;

(b) commercial general 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 coverage for contractual liability; personal injury; advertisers' liability; including coverage for loss of income due to an insured peril for twelve (12) months; owners' and contractors' protective; broadform property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

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

(d) with respect to any tenant who has (or is required by Law to have) a liquor license and who is selling or distributing alcoholic beverages and/or food products on the leased premises, to maintain liquor and/or food products liability coverage with limits not less than One Million Dollars (\$1,000,000), as appropriate;

(e) special form coverage insurance, including vandalism and malicious mischief, in the amount of 100% of the full replacement cost thereof, covering all furnishings, fixtures, equipment, leasehold improvements, alterations and property of every kind of the tenant and of persons claiming through the tenant; and

(f) full coverage plate glass insurance covering any plate glass on the commercial space.

4. General Requirements.

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

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to the City before cancellation or intended non-renewal is effective.

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

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

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

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

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

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

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

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

Appendices

Attachment 1 - Map of Site

Attachment 2 - RFQ Registration Form

Attachment 3 - Respondent Description

Attachment 4 - Projected Staffing Workload

Attachment 5 - Service Provider Residential Experience

Attachment 6 - Disclosures

Attachment 1

Map of the Site

Attachment 2

RFQ Registration Form

Attachment 3

Respondent Description

Attachment 4

Projected Staffing Workload

Attachment 5

Service Provider Residential Experience

Attachment 6

Disclosures



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #:

191114

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION	
TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	
2. CITY ELECTIVE OFFICE OR BOARD	
OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members
3. FILER'S CONTACT	
NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
office of the Clerk of the Board	Board.of.Supervisors@sfgov.org
4. CONTRACTING DEPARTMENT CONTACT	
NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Anne Romero	415-701-5525
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MOH Mayor's Office of Housing	anne.romero@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR 1064 Mission, L.P.	TELEPHONE NUMBER 415-355-7111
STREET ADDRESS (including City, State and Zip Code) Mercy Hsg; 1256 Market Street San Francisco CA 94110	EMAIL

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 191114
DESCRIPTION OF AMOUNT OF CONTRACT Ground lease with 75 year term and 24 year extension option		
NATURE OF THE CONTRACT (Please describe) Authorization for the City and County of San Francisco to enter into a long term ground lease with 1064 Mission, L.P., with a lease term of 75 years and a 24 year extension option, and with an annual base rent of \$1.00, in order to construct and operate 256 units of permanent supportive housing plus two resident manager units at 1064-1068 Mission Street.		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Stokes	Mary Elizabeth	CEO
2	Callandrillo	Chris	COO
3	Lara	Eric	CFO
4	Bayley	Amy	Other Principal Officer
5	Gualco	Barbara	Board of Directors
6	Saab	Bruce	Board of Directors
7	Shoemaker	Doug	Other Principal Officer
8	Holder	Ed	Other Principal Officer
9	Graf	Jane	Other Principal Officer
10	Dolin	Jennifer	Other Principal Officer
11	Rosenblum	Joe	Other Principal Officer
12	Clayton	Melissa	Other Principal Officer
13	Dare	Ramie	Other Principal Officer
14	Ciraulo	Rich	Other Principal Officer
15	Daues	Stephan	Other Principal Officer
16	Spears	Steve	Other Principal Officer
17	Agostino	Val	Other Principal Officer
18	Dodds	Vince	Other Principal Officer
19	Springwater	Richard	Board of Directors

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☐ Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK	DATE SIGNED
BOS Clerk of the Board	



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STREET ADDRESS (including City, State and Zip Code) Mercy Hsg; 1256 Market Street, San Francisco, CA 94102	EMAIL

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 191114
DESCRIPTION OF AMOUNT OF CONTRACT up to \$74,408,049		
NATURE OF THE CONTRACT (Please describe) Amended and Restated Loan Agreement in the amount of up to \$74,408,049 to fund the development of 258 units of new permanent supportive housing with 153 units for adults experiencing homelessness plus one resident manager unit and 103 units for senior households experiencing homelessness where at least one household member is age 55 years and older plus one resident staff unit; as well as to construct the commercial shell of a culinary job training program for people experiencing homelessness (the "Public Benefit Use Commercial Space") which will be known as the CHEFS Program, all contained in a leasehold interest on land that will be conveyed to the City and County of San Francisco under the federal Title V program by the Department of Health and Human Services ("HHS").		

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