

**AMENDED AND RESTATED LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO
2015 GENERAL OBLIGATION BOND FOR AFFORDABLE HOUSING, CPMC FUNDS,
HOME FUNDS, HOPE SF CERTIFICATE OF PARTICIPATION)**

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

SUNNYDALE BLOCK 6 HOUSING PARTNERSHIP, L.P.,
A California limited partnership,

for

**SUNNYDALE HOPE SF BLOCK 6
242 HAHN STREET
up to \$18,647,014
2015 GENERAL OBLIGATION BOND FOR AFFORDABLE HOUSING, HOME FUNDS,
CPMC FUNDS, HOPE SF CERTIFICATES OF PARTICIPATION**

Dated as of _____

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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 Interagency Workforce MOU
- E Governmental Requirements
- F Lobbying/Debarment Certification Form
- G Form of HOPE SF Data Report
- H Form of Annual Monitoring Report
- I Tenant Selection Plan Policy
- J MOHCD Tenant Screening Criteria Policy
- K Reserved
- L Insurance Requirements
- M MOHCD Deed of Trust
- N MOHCD Declaration of Restriction
- O MOHCD Note
- P MOHCD Residual Receipts Policy
- Q Form of Assignment Agreement
- R Form of Assigned Promissory Note

AMENDED AND RESTATED LOAN AGREEMENT

(City and County of San Francisco
2015 General Obligation Bond for Affordable Housing, HOME Funds, CPMC Funds, HOPE SF
Certificates of Participation)
242 Hahn Street

THIS AMENDED AND RESTATED LOAN AGREEMENT ("Agreement") is entered into as of _____, 20__ 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 **SUNNYDALE BLOCK 6 HOUSING PARTNERSHIP, L.P.**, a California limited partnership ("Borrower").

RECITALS

A. On November 3, 2015, the voters of the City and County of San Francisco approved Proposition A, which provided for the issuance of up to \$310 million in general obligation bonds to finance the construction, acquisition, improvement, rehabilitation, preservation and repair of certain affordable housing improvements (the "2015 General Obligation Bond for Affordable Housing"). To the extent permitted by law, the City intends to reimburse with proceeds of the Bond amounts disbursed under this Agreement to Borrower for the development of affordable housing.

B. The City is authorized under a HOME Investment Partnership Agreement with the United States Department of Housing and Urban Development ("HUD"), executed pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 (42 U.S.C. §§ 12701 *et seq.* and 24 CFR §§ 92) to distribute HOME Investment Partnership Program funds (the "HOME Funds") under this Agreement for the specific and special purpose of increasing the housing stock in the City for low- and very low-income persons.

C. Under the Exhibit G -Housing Program of the Development Agreement by and between the City and County of San Francisco and Sutter West Bay Hospitals, which was approved by the San Francisco Board of Supervisors on July 9, 2013 under Ordinance 138-13, Sutter West Bay Hospital is required to deposit funds into the Citywide Affordable Housing Fund (the "CPMC Funds"). The CPMC Fund funds are to be used for predevelopment and development expenses and administrative costs associated with acquisition, construction, or rehabilitation of permanently affordable housing units in San Francisco. Under Ordinance 138-13, MOHCD is authorized to administer the CPMC Fund and enforce agreements relating to them.

D. The City has issued certificates of participation to provide funds under this Agreement for the development of affordable housing (the "HOPE SF Certificates of Participation Funds"). (Together, the 2015 General Obligation Bond for Affordable Housing , HOME Funds, CPMC Funds, and the HOPE SF Certificate of Participation Funds are the "Funds" under this Agreement.)

E. Borrower intends to acquire a leasehold interest in the real property located at 242 Hahn Street, in San Francisco, California (the "Land") under a ground lease (the "Ground Lease"), by and between Borrower and The Housing Authority of the City and County of San Francisco ("Ground Lessor"). Borrower desires to use the Funds to construct a 167-unit multifamily rental housing development (the "Improvements") for low-income households, which will be known as Sunnydale HOPE SF Block 6 (the "Project"). The development of the Project is intended to assist with the relocation of tenants from the larger Sunnydale development located adjacent to the Site, as defined below. The Project is part of Phase 1A1 and 1A2 of a proposed larger master development that will demolish 775 existing public housing units and construct up to approximately 1,770 new units of replacement public housing, affordable housing, and market rate housing, commonly known as the Sunnydale HOPE SF development (the "Master Development").

F. City provided a loan of FOUR MILLION (\$4,000,000) ("Original Loan") to Borrower pursuant to that certain Loan Agreement dated October 17, 2017 ("Original Agreement"), for the purpose of financing Borrower's costs related to predevelopment activities of the Project. As evidence of the Original Loan, Borrower executed that certain Secured Promissory Note dated October 17, 2017 ("Original Note").

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 increase the loan of Funds to Borrower (the "Loan") by FOURTEEN MILLION, SIX HUNDRED FORTY SEVEN THOUSAND FOURTEEN (\$14,647,014 for a total funding amount up to EIGHTEEN MILLION SIX HUNDRED FORTY SEVEN THOUSAND FOURTEEN and No/100 Dollars (\$18,647,014) (the "Funding Amount") under this Agreement to fund certain costs related to the construction, including permanent financing of the Project. The Funding Amount is comprised of (i) 2015 General Obligation Bond for Affordable Housing in the amount of FOUR MILLION FIVE HUNDRED SIXTY ONE THOUSAND FORTY EIGHT and No/100 Dollars (\$4,561,048), (ii) HOME Funds in the amount of FIVE MILLION TWO HUNDRED THOUSAND and No/100 Dollars (\$5,200,000), CPMC Funds in the amount of THREE MILLION FIVE HUNDRED SEVENTY EIGHT THOUSAND NINE HUNDRED FORTY SEVEN and No/100 Dollars (\$3,578,947), and HOPE SF Certificates of Participation Funds in the amount up to FIVE MILLION THREEHUNDRED SEVEN THOUSAND NINETEEN and No/100 Dollars (\$5,307,019). Borrower has secured the following additional financing for the Project (as defined below):

1. a commitment from HUD for rental assistance payments for 107 units of Project Based Section 8 ("PBV") from the Housing Authority of the City and County of San Francisco (SFHA) (the "PBV AHAP Contract");
2. a commitment from HUD for rental assistance payments for 18 units under a Rental Assistance Demonstration Commitment to Enter Into Housing Assistance Payment ("RAD CHAP") and budget authority in the amounts of THREE MILLION SIX HUNDRED TWENTY FOUR THOUSAND FOUR HUNDRED EIGHTY and No/100 Dollars (\$3,624,480.00), respectively;

3. 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 July 17, 2019; and
4. an equity contribution from Borrower in the amount of FIVE HUNDRED THOUSAND and No/100 Dollars (\$500,000.00).
5. a construction and permanent loan from Wells Fargo Bank to Borrower in the amount of ONE HUNDRED SIX MILLION SIX HUNDRED EIGHTY THOUSAND and No/100 Dollars (\$106,680,000.00).

H. City has agreed to make a loan of Funds to Borrower in the amount noted above. The Funding Amount includes sufficient funds to bridge an anticipated Affordable Housing Program ("AHP") grant in the amount of Five Hundred Forty Thousand and No/100 Dollars (\$1,660,000) (the "AHP Bridge Loan").

I. Sunnydale Infrastructure, LLC (the "Infrastructure Developer") will assign a portion of its obligation to repay the Phase 1A1 and 1A2 Infrastructure Gap Funds ("Assigned Funds") to Borrower through an Infrastructure Reimbursement and Assignment Agreement (the "Assignment Agreement"), attached hereto as **Exhibit Q**, in substantially final form. The Assigned Funds will be evidenced by a new note (the "Assigned Promissory Note") which substantially final form is attached hereto as **Exhibit R**.

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.

"AHP" means funding means the Affordable Housing Program, which provides funds from a Federal Reserve Bank.

"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**.

“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”.

“At Risk Developer Fee” means a portion of the total Developer Fee that is at-risk for payment due to cost overruns that exceed the available contingency funds in the final project budget approved by MOHCD at construction loan closing.

"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 Sunnydale Block 6 Housing Partnership, L.P., a California limited partnership whose managing general partner is Sunnydale Block 6 LLC, a Delaware limited liability company (the “Managing General Partner”), and whose administrative general partner is Related/Sunnydale Block 6 Development Co. LLC, a California limited liability company (the “Administrative General Partner” and collectively with the Managing General Partner, "General Partner"), 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.

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

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

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

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

"Control of the Site" means execution of the Ground Lease with the Ground Lessor.

"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 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 a lien on the Borrower's leasehold interest in 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 Mercy Housing California and The Related Companies of California, LLC, a California limited liability company

"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.

"Existing Tenants" means any Tenant lawfully residing at Sunnydale as of the date of April 1, 2016, who is required to move from a dwelling unit scheduled for revitalization.

"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 G**.

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

"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 Sunnydale Block 6 LLC, a Delaware limited liability company and Related/Sunnydale Block 6 Development Co., 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 E**.

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

"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.

“HOPE SF Monthly Report” has the meaning set forth in **Section 10.2**.

"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.

"HUD Requirements" means the RAD Requirements and the PBV Requirements, each as for the term applicable to the Project or to Units within the Project.

“HUD Use Agreement” means the Use Agreement to be executed by Borrower and recorded against the Borrower’s leasehold interest in the Land in connection with the RAD program.

"Improvements" has the meaning set forth in **Recital E**.

"in 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 be sufficient to complete acquisition/construction/rehabilitation of the Project, as determined by the City in its sole discretion.

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

"Indemnification Payment" has the meaning set forth in **Section 23.3**.

"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."

"Land" means the real property owned by Ground Lessor on which the Site is located.

"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 SFHA permitting Borrower to access the Property prior to the date on which Borrower obtains Control of the Site on the terms and conditions more particularly set forth therein.

"Limited Partner" means Wells Fargo Affordable Housing Community Development Corporation, and its permitted successors and assigns.

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

"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 AMI" means the annual percentage increase to the AMI that is limited to the lesser of (1) the percentage necessary to adjust the AMI to match the then-current year's AMI or (2) four percent (4%).

"Neighborhood Preference Certificate Holder" means a "Residential Certificate of Preference Holder" as defined in the Preferences Ordinance.

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

"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**

”Partnership Agreement” means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of _____, as amended from time to time.

"PBV HAP Contract" means that contract entered into between the Borrower and SFHA, the contract administrator, that sets forth the rights and duties of Borrower and SFHA with respect to the Project and the payments under the contract. For the purpose of this Agreement the term means the following agreements: Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation- Part I (HUD Form 52531A) to be entered into between the Lessor and the Lessee; Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation - Part II (HUD Form 52531B), and any other HUD-required riders to the HAP Contract, to be entered into between the SFHA and Borrower.

"PBV Program" means the Section 8 Project Based Voucher Program established pursuant to Section 8(o)(13) of the Act.

"PBV Requirements" means all applicable requirements of the PBV Program as set forth in the PBV AHAP Contract, as defined in Recital G, and PBV HAP Contract.

"Payment Date" means the first June 30th after the end of the calendar year of the Completion Date and each succeeding June 30th until the Maturity Date.

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

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

"Project" means the development described in **Recital E**. 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, together with any other amounts due and payable under the loan documents evidencing such junior and senior financing; (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) annual "Base Rent" payments under the Ground Lease; (g) the approved annual asset management fees and fees for providing Supportive Services, each as indicated in the Annual Operating Budget and approved by the City; (h) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account); and (g) credit adjusters. Project Fees are not Project Expenses.

"Project Fees" means deferred Developer Fee, annual partnership management fees and limited partner fees in amounts approved by the City in the Annual Operating Budget.

"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. Tenant security deposits, capital contributions, loan proceeds, and 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**.

"Publication" means any report, article, educational material, handbook, brochure, pamphlet, press release, public service announcement, webpage, audio or visual material or other communication for public dissemination, which relates to all or any portion of the Project or is paid for in whole or in part using the Funding Amount.

"Qualified Household" 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 Household" includes each category of Tenant designated in **Exhibit A**.

"RAD" or "RAD Program" means the Rental Assistance Demonstration Program authorized by the Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55), approved November 18, 2011, and the Consolidated Appropriations Act of 2014 (Public Law 113-76, approved January 17, 2014), and as further described in Notice PIH-2012-

32 (HA), REV-1 issued July 2, 2013, with technical corrections issued on February 6, 2014, and as further revised in Notice PIH-2012-32 (HA), REV-2, issued on June 15, 2015, as further revised by FR-6195-N-01, published July 3, 2018.

"RAD-Assisted Units" means the eighteen (18) Units assisted by the RAD HAP Contract.

"RAD Conversion Commitment" means the Rental Assistance Demonstration Conversion Commitment between HUD, SFHA and Borrower dated as of _____, as amended.

"RAD Documents" means, collectively, the RAD Conversion Commitment, the HUD Use Agreement, the RAD HAP Contract, and any other documents applicable to the Project under the RAD program.

"RAD HAP Contract" means that contract entered into between the Borrower and SFHA, the contract administrator, that set forth the rights and duties of Borrower and SFHA with respect to the project and the payments under the contract. For the purpose of this Agreement the term means the following agreements: Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation- Part I (HUD Form 52530A) to be entered into between the Lessor and the Lessee; Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation - Part II (HUD Form 52530A) to be entered into between SFHA and Borrower; Rental Assistance Demonstration (RAD); Rider to the Section 8 Project-based Voucher (PBV) Housing Assistance Payment (HAP) Contract for New Construction or Rehabilitated Housing (Public Housing Conversions: First Component (HUD Form - 52621).

"RAD Requirements" means all requirements of the RAD Program applicable to Borrower as set forth in the RAD Documents and any other rules or regulations promulgated by HUD for the RAD Program.

"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 Cost" means all hard construction costs of the Project, not including the cost of site work and foundations but including construction contingency, for the purpose of establishing the amount of the Replacement Reserve Account. This defined term is not intended to affect any other calculation of replacement cost for any other purpose.

"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**.

"Right to Return" means pursuant to the City of San Francisco's Right to Revitalized Housing Ordinance, those Existing Tenants who remain in Good Standing, meaning those who are in lease compliance (including payment of rent), not having been evicted, or in the process of eviction, have the Right to Return to a revitalized housing unit.

"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.

"Site" means the Land and the Improvements.

"Sunnydale" means both the Sunnydale and Velasco public housing site, owned by SFHA, that consisted of 775 units before revitalization began, and that is currently slated for demolition in phases.

"Supportive Services" means services provided in accordance with services plan as approved by HOPE SF Director, see also Section 3.8.

"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 Household.

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

"Title Policy" means an ALTA extended coverage lender's policy of title insurance in form and substance satisfactory to the City, issued by an insurer selected by Borrower and satisfactory to the City, together with any endorsements and policies of coinsurance and/or

reinsurance required by the City, in a policy amount equal to the Funding Amount, insuring the Deed of Trust and indicating the Declaration of Restrictions as valid liens on the Site, each subject only to the Permitted Exceptions.

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

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

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

“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 up to the Funding Amount in order to finance construction related activities for the Project. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement. Borrower and Lender hereby acknowledge that, at the time of the execution of the Loan Documents, it was intended by the parties that, subject to the consent of the Mayor's Office, the principal amount of the Loan might be adjusted to the extent necessary to meet the Borrower's pre-construction and construction financing needs. Pursuant to that understanding, the parties agree that the principal amount of the Loan may be increased to the Funding Amount, such increased principal amount to be reflected in the Note and Deed of Trust.

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

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

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

2.5 Loan Closing Conditions. The following conditions apply to the Borrower as conditions to Loan closing:

- The Borrower will obtain an appraisal by August 30, 2019 in order to assess the restricted value;
- Borrower will provide for MOHCD to review the Request for Proposals (RFP) for the equity investor before the RFP is issued to investors;
- Borrower will provide for MOHCD to review all responses to lender and investor RFP prior to selections;
- Borrower's loan amount will be reduced if investor does not require six months operating reserves;
- Borrower will work with HUD to update the RAD contract award before construction closing;
- MOHCD must approve below-the-line cash flow split.

2.6 Loan Conditions prior to Completion Date .

- Borrower will provide to MOHCD, and HOPE SF Director must review and approve, final services plan and budget, operations security plan and budget, and marketing/lease up plan and budget; and,
- Borrower will provide plan for lease-up of 2 small family childcare units.
- Borrower must apply to AHP in 2020 if AHP not awarded in the 2019 round, unless MOHCD deems the Project ineligible, based on competitive scoring analysis;
- Borrower will research and, to the extent practical and feasible, make good faith efforts to and apply for other funding that could lower MOHCD's gap;
- In the event that SFHA payment standards increase, the Borrower will make an attempt to underwrite additional debt to off-set MOHCD's gap award;
- Borrower will work with SFHA and MOHCD to investigate the potential use of public housing DDTF funds to augment the RAD rents by \$500-\$600 per unit per month. If this is permissible, the Project could potentially generate additional debt and Borrower will make good faith efforts to secure such additional debt such that the MOHCD gap could be reduced;
- Borrower will work with SFHA and MOHCD to determine appropriate rent increase assumptions in cash flow over time, given SFHA's funding needs; and,

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, but in no event later than December 31, 2077 (the "Maturity Date") provided however that if Borrower fails to acquire Control of the Site on or before December 1, 2019 (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's failure to acquire Control of the Site by the Outside Acquisition Date is not caused by Borrower's acts or omissions, whether direct or indirect, and if Borrower has acted in good faith and no event has occurred and is continuing that constitutes an Event of Default or, with the passage of time would become an Event of Default under any of the City Documents, then in such an event, Borrower shall deliver to City all of the Work Product, the Note shall be deemed satisfied in full and Borrower shall be deemed to be released from all obligation or liability with respect to this Agreement and the Loan.

For the AHP Bridge Loan, repayment shall be due on the date that Borrower closes a loan for AHP funds and the AHP funds are disbursed to Borrower; provided, however, that if the Project never receives AHP funding or receives AHP funding sufficient for only partial repayment of the AHP Bridge Loan, the unpaid principal balance of the AHP Bridge Loan and unpaid costs and fees incurred shall be due and payable at the Maturity Date.

3.2 Reimbursement and Assignment of Loan Funds. Borrower has agreed to repay the Assigned Funds (as defined in Recital I). The Assigned Promissory Note executed by Borrower will be administratively attached to this Agreement after it is executed.

3.3 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.

3.4 Interest. The outstanding principal balance of the Loan will bear simple interest at a rate of three percent (3%) per annum, as provided in the Note. The outstanding principal balance of the Assigned Funds will bear interest at a rate of zero percent (0%), as provided in the Assigned Promissory Note.

3.5 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.

3.6 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.

3.7 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 (with the consent of the Borrower) to modify the terms of this Agreement based upon any new information so provided, in its reasonable discretion.

3.8 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.

3.9 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, which may be revised by Borrower and approved by HOPE SF Director and MOHCD, 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 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 feasible to restore the Supportive Services within a reasonable period of time.

3.10 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.

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

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, (iii) the Deed of Trust; (iv) the Declaration of Restrictions; (v) the Opinion; (vi) the Authorizing Resolutions; and (ix) 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) 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.

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

4.4 Disbursement of Funds. 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 travel expenses, Borrower's travel expenses must be reasonable and must comply with the following:

(i) Lodging, meals and incidental expenses shall not exceed the then-current per diem rates set forth by the United States General Services Administration for the County of San Francisco found at: <https://www.gsa.gov/portal/category/104711>.

(ii) Air transportation expenses must use fares for coach-class accommodations, provided that purchases for air travel must occur no less than one week before the travel day.

(iii) If ground transportation is required, the City urges the use of public transit or courtesy shuttles if provided by a lodging. If courtesy transportation is not provided by a lodging, ground transportation expenses for travel to or from regional airports must not exceed Fifty Dollars (\$50.00) each way. Other ground transportation expenses must not exceed then-current San Francisco taxi rates found at: <https://www.sfmta.com/getting-around/taxi/taxi-rates>. Ground transportation shall not include any expenses for luxury transportation services, such as a limousine, or any expenses related to travel to or from Project site meetings by Borrower's employees.

(iv) Miscellaneous travel expenses must not exceed Fifty Dollars (\$50.00) without prior written approval of the City.

(v) Any Expenditure Request for travel expenses must include supporting documentation, including, without limitation, original itemized receipts showing rates and cost, air travel itinerary, proof of payment, and any written justification requested by the City.

For the purpose of this Section, the terms "lodging," "meals" and "incidental expenses" shall have the same meanings defined in 41 CFR Part 300-3; the term "coach-class" shall have the same meaning defined in 41 CFR Part 301-10.121(a); and the term "miscellaneous" means copying services, printing services, communication services, or other services reasonably related to travel for the Project and approved by the City.

(d) 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.

(e) The Loan must be in balance.

4.5 Loan In Balance. From and after the closing date of Borrower's financing for construction or rehabilitation of the Project, 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 that the Loan is out of balance. When the City is satisfied that the Loan is again in balance, the City will recommence making Disbursements for Expenditure Requests meeting the conditions set forth above.

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

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

4.7 Retention.

(a) In addition to the other conditions to Disbursements, Borrower acknowledges that 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 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.

ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION.

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, notwithstanding the foregoing, the parties may agree on a modification of this process, as outlined above.

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 construction of the Project by a date no later than December 1, 2019, (b) complete construction of the Project by a date no later than December 31,

2022 and (c) achieve initial occupancy of one hundred percent (100%) of the Units by a date no later April 2023.

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 HOPE SF'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 HOPE SF Marketing and Tenant Selection Plan, as approved by the City.

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

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

(b) A plan that satisfies the requirement to give preference in occupying units, first to Certificate of Preference Holders in accordance with the Operational Rules and the Preferences Ordinance.

(c) A plan that satisfies the requirement to give preference in occupying units second to Displaced Tenant Preference Certificate Holders and third to Neighborhood Preference Certificate Holders and fourth to those that live or work in San Francisco in accordance with the Operational Rules and the Preferences Ordinance; provided, however, that depending on the requirements of non-City funding approved by the City for the Project, the preferences set forth in this paragraph may not apply.

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

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

(f) Notices to SFHA.

(g) Notices to MOHCD.

(h) To the extent practicable, Borrower must give preference to potential tenants who have been displaced from other units in the City by rehabilitation or construction work financed in whole or part by the City. To implement this requirement, Borrower agrees to give preferential consideration to applications of displaced persons provided to Borrower by the City.

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

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

(k) Any applicable SFHA or HUD requirements.

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 I. The Marketing and Tenant Selection Plan must be kept on file at the Project at all times.

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

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

6.5 Waiting List. Borrower's Marketing and Tenant Selection Plan must contain, at a minimum, policies and criteria that provide for the selection of tenants from a written waiting list that complies with the Marketing and Tenant Selection Plan (the "Waiting List"). The Marketing and Tenant Selection Plan may allow an applicant to refuse an available Unit for good cause without losing standing on the Waiting List but shall limit the number of refusals without cause as approved by the City. Borrower shall at all times maintain the Waiting List. Upon the vacancy of any Unit, Borrower shall first attempt to select the new Tenant for such Unit from the Waiting List, and shall only market the Unit to the general public after determining that no

applicants from the Waiting List qualify for such Unit. The Waiting List must be kept on file at the Project at all times.

6.6 HUD Requirements. Notwithstanding anything to the contrary contained in this Section 6, City acknowledges and agrees that for any Units receiving a federal low-income housing tax credits or subsidy from HUD, the requirements set forth in this Section 6 shall be subject and subordinate to any HUD requirements, and in the event of any inconsistencies, the HUD requirements shall control. SFHA will establish and maintain a site-based waiting list for the RAD and Project Based Section 8 units for which the Project expects to receive an AHAP (and/or HAP) from which the Management Agent will receive referrals for lease-up.

6.7 Right to Return Households. Notwithstanding anything to the contrary contained in this Section 6 or in this Agreement, Existing Tenants shall have the Right to Return to a revitalized housing unit subject to the affordability restrictions in Section 7.3(g) below.

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 Household at expiration of either the Compliance Term or the 3-year period referred to in **Subsection (b)** above, until the Qualified Household 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 one Unit reserved for the manager of the Project) at all times to households certified as Qualified Household at initial occupancy, as set forth in **Exhibit A**. Borrower further covenants that no HOME funds will be allocated to the construction or rehabilitation of the manager's Unit.

(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 Households as provided in **Section 7.1**.

(c) Notwithstanding the foregoing, and subject to the terms of the HUD Use Agreement, if the PBV Program or RAD Program project-based rental assistance is terminated or substantially reduced, the occupancy restrictions under this Section 7.2, and the corresponding rent restrictions under Section 7.3(a), may be adjusted, but only to the minimum extent required for Project financial feasibility, as determined by MOHCD, in its reasonable discretion in

accordance with substantially similar underwriting criteria used by MOHCD to evaluate the Project's financial feasibility prior to the Agreement Date, and in any event not to exceed sixty percent (60%) of area median income (as determined under TCAC requirements). In such event, MOHCD shall use good faith efforts to meet with the Borrower, within fifteen (15) days after Borrower's written request, and determine any rent increase within sixty (60) days after Borrower's initial written request to meet. In the event of a conflict or inconsistency between the foregoing requirements and HUD Requirements (during such time that the HUD Requirements are in effect), the HUD Requirements shall be controlling.

7.3 Rent Restrictions.

(a) Rent charged to each Qualified Household 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 Household 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 Household 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 Household 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 Household 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)**.

(g) Existing Tenants shall remain subject to Rents not to exceed thirty percent (30%) of their income level, but shall not be subject to any income restrictions.

(h) Except as otherwise provided for in Sections 7.3(c) through 7.3(f), Rents may only be increased consistent with a calculation based on the MOHCD AMI formula.

7.4 Certification.

(a) As a condition to initial occupancy, each person who desires to be a Qualified Household 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 Household certifies that he/she or his/her household qualifies as a Qualified Household. 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 Household in the Project must recertify his/her household income to Borrower one time in the year after the first year of tenancy in accordance with tax credit requirements. Each Qualified Household in the Project must also recertify his/her household income to Borrower one time in every 6th year of the Project's affordability period using the full recertification method required by the HOME program. Interim recertifications are also required annually but may be done using the abbreviated annual income recertification method which requires Tenants to submit income certification forms but does not require verification of income or assets

(c) Income certifications with respect to each Qualified Household 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 Household if the Tenant has made any material misrepresentation in the initial income certification. The form of lease must also comply with 24 CFR § 92.253.

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

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

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1 Borrower's Responsibilities.

(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 during construction. 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 Mercy Housing Management Group 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. Construction-related requirements will not apply until Borrower has acquired 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. In the event HUD formally amends, waives or repeals any HUD administrative regulation previously applicable to Borrower's performance under this Agreement, MOHCD expressly reserves the right, upon giving notice to HUD and Borrower, to require Borrower's performance as though the regulation were not amended, waived or repealed, subject only to written and binding objection by HUD. 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; and

(ii) the provisions of 24 CFR part 92, "HOME Investment Partnership Program," and incorporated sections of 24 CFR part 84, "Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations."

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 “HOPE SF Monthly Report”) 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 HOPE SF Monthly Report must be submitted by email until such time as the Project Completion Report is submitted to the City pursuant to **Section 10.5** below.

10.3 Additional HOPE SF Reporting. Borrower must submit reports (the “HOPE SF Data Report”). The HOPE SF Data Report must be in substantially the form attached as **Exhibit G** or as later modified during the Compliance Term.

10.4 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 H** 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.

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

10.6 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 ninety (90) days after the Completion Date, a project completion audit, or other audit required under the HOME Program, performed by an independent certified public accountant identifying the sources and uses of all Project funds including the Funds;

(b) compliance with all reporting requirements of the Workforce MOU within the time frames and in the forms required of the borrower by the Workforce MOU; and 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

(c) within ninety (90) days prior to the commencement of demolition, 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.

10.7 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.

10.8 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.

10.9 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 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.**

10.10 Records Retention. Borrower must retain all records required for the periods required under applicable Laws, including 24 CFR Section 92.508.

ARTICLE 11 USE OF INCOME FROM OPERATIONS.

11.1 Project Operating Account.

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

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

ARTICLE 12 REQUIRED RESERVES.

12.1 Replacement Reserve Account.

(a) Commencing no later than the date of Project permanent financing closing, 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: \$400 per unit per year, provided that the \$400 per unit per year amount may be adjusted upon mutual agreement of Borrower and MOHCD.

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

12.2 Operating Reserve Account.

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

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

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

ARTICLE 13 DISTRIBUTIONS.

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

13.2 Conditions to Distributions. The 20-Year Cash Flow Proforma attached hereto as Exhibit B-2 includes projections of annual Distributions. Exhibit B-2 is not intended to impose limits on the amounts to be annually distributed. Distributions for a particular fiscal year may be made only following: (a) City approval of the Annual Monitoring Report submitted for that year; (b) the City's determination that Borrower is not in default under this Agreement or any other

agreement entered into with the City and County of San Francisco or the City for the Project; and (c) the City's determination that the amount of the proposed Distribution satisfies the conditions of this Agreement. The City will be deemed to have approved Borrower's written request for approval of a proposed Distribution unless the City delivers its disapproval or request for more information to Borrower within thirty (30) business days after the City's receipt of the request for approval.

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

- (a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or
- (b) when the City determines that Borrower or Borrower's management agent has failed to comply with this Agreement; or
- (c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or
- (d) if the Replacement Reserve Account, Operating Reserve Account or any other reserve account required for the Project is not fully funded under this Agreement; or
- (e) if the Loan is to be repaid from Residual Receipts, Borrower failed to make a payment when due on a Payment Date and the sum remains unpaid; or
- (f) during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any time from and after the closing date of Borrower's financing for construction 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 receive a cash Developer Fee in the amount in an amount not to exceed TWO Million Eight Hundred Seventy Thousand Dollars (\$2,870,000) for developing the Project (“Developer Fees”). The Borrower will receive One Million One Hundred Thousand Dollars (\$1,100,000) as project management fee and One Million Seven Hundred Seventy Thousand Dollars (\$1,770,000) as At-Risk Developer Fee.

15.2 Payment Schedule. Developer Fees shall be disbursed according to the following schedule, provided however that if at the time of the scheduled payment there is an existing uncured default under any of the City Documents, Borrower shall not be permitted to disburse any Developer Fees until such default has been cured:

Payment Milestone	% of Project Mgmt. Fee	Amount
At closing of preconstruction financing	14%	\$150,000
Submission of joint CDLAC and TCAC application	18%	\$200,000
During or at completion of predevelopment/ construction closing	25%	\$275,000
During Construction	25%	\$275,000
End of Construction	18%	\$200,000
Total Project Management Fee	100%	\$1,100,000
At-Risk Fee		\$1,770,000
<i>Total Cash Fee</i>		<i>\$2,870,000</i>
<i>GP Capital Contribution</i>		<i>\$500,000</i>
<i>Deferred Developer Fee</i>		<i>\$5,630,666</i>
<i>Total Developer Fee</i>		<i>\$9,900,666</i>

At-Risk Developer Fee Payment

Payment Milestone	% of At Risk Fee	Amount
95% Leased Up and Draft Cost Certification	20.00%	\$354,000
Permanent Loan Closing/Conversion (Final Cost Certification)	50.00%	\$885,000
Project Close Out (See Project Management Project Close-Out milestone activities)	30.00%	\$531,000
Total At Risk Fee		\$1,770,000

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 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/or as otherwise permitted by Borrower's Partnership Agreement; or (f) the grant or exercise of an option or right of first refusal agreement between Borrower and Borrower's general partner or manager or any of Borrower's affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by the City. Further, City shall not unreasonably withhold or delay its approval of the removal or replacement of a General Partner by the Limited Partner, pursuant to the terms of the Tenant's Partnership Agreement. 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) 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

(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) 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

(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; provided that, if the Borrower provides an alternate funding source to cover a loss of funding or rental subsidy that is reasonably satisfactory to the City, a material adverse impact shall not be deemed to have occurred; or

(m) 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

(n) Borrower is in default of its obligations with respect to the Ground Lease, but only 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, and the default remains uncured following the expiration of any applicable cure periods.

The City agrees that Borrower's limited partner shall have the right, but not the obligation, to cure any default under the City Documents under the same terms as provided to Borrower and the City agrees to accept any such cure as if tendered by 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 that might affect Borrower or the Project adversely in any material respect.

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

(e) None of Borrower, Borrower's principals or Borrower's general contractor, if applicable, has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its general contractor if applicable," 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.

(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, 5 th Floor San Francisco, CA 94103 Attn: Director
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To Borrower: 1256 Market Street
San Francisco, CA 94103
Attn: Barbara Gualco

with a copy to: 44 Montgomery Street, Suite 1300
San Francisco, CA 94104
Attn: Anne Silverberg

With a copy to
Borrower's Limited
Partner at: Wells Fargo Affordable Housing Community Development
Corporation
MAC #D1053-170
301 South College Street
Charlotte, North Carolina 28288-0170
Attention: Director of Tax Credit Asset Management

and
Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603
Attention: Philip C. Spahn

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 the Project, and not engage in or otherwise permit the occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Section will prevent Borrower from contesting, in good faith and by appropriate proceedings, any interpretation or application of Environmental Laws; *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 the License Agreement ("License Agreement Activities"); 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 "Indemnitee") 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 any License Agreement Activities and subsequently 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 any License Agreement Activities and subsequently 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 Indemnitee that relates to or arises out of the City Documents, the Loan, the Site (from any License Agreement Activities and subsequently 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 any License Agreement Activities and subsequently 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 notwithstanding the foregoing, the City, subject to the budgetary discretion of the City's Board of Supervisors is using good faith best efforts to provide funding for the Project consistent with the processes contained in Exhibit O of the Development Agreement.

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

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

24.24 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 Interagency Workforce MOU
- E Governmental Requirements
- F Lobbying/Debarment Certification Form
- G Form of HOPE SF Data Report
- H Form of Annual Monitoring Report
- I Tenant Selection Plan Policy
- J MOHCD Tenant Screening Criteria Policy
- K Reserved
- L Insurance Requirements

M Deed of Trust
N Declaration of Restriction
O MOHCD Note
P MOHCD Residual Receipts Policy
Q Form of Assignment Agreement
R Form of Assigned Promissory Note

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

THE CITY:

BORROWER:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

SUNNYDALE BLOCK 6 HOUSING PARTNERSHIP, L.P., a California limited partnership

By: _____
London N. Breed
Mayor

By: Sunnydale Block 6 LLC, a Delaware limited liability company, its managing general partner

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

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

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: Related/Sunnydale Block 6 Development Co., LLC, California limited liability company, its administrative general partner

By: The Related Companies of California, LLC a California limited liability company, its sole member

By: _____
Heidi J. Gewertz
Deputy City Attorney

By: _____
Name: _____
Its: _____

EXHIBIT A
Schedules of Income and Rent Restrictions

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) Except as otherwise provided in Sections 2 and 3 below, with the exception of one Unit reserved for the manager of the Project, Units in the Project will at all times be rented only to tenants who qualify as Qualified Household at initial occupancy, specifically:

Unit Size	No. of Units	Maximum Income Level
1 BR	18	50% of Median Income
1 BR	3	74% of Median Income
2 BR	60	50% of Median Income
2 BR	35	74% of Median Income
3 BR	36	50% of Median Income
3 BR	3	74% of Median Income
3 BR	1	Managers Unit
4 BR	11	50% of Median Income

In addition:

b) At least 75% of Units must be rented at all times to tenants holding RAD, Section 8 vouchers or certificates or an equivalent rental subsidy program as long as these subsidies are available.

c) Except as otherwise provided in Sections 2 and 3 below, the total amount for rent and utilities (with the maximum allowance for utilities determined by the San Francisco Housing Authority) charged to a Qualified Household may not exceed the greater of:

d) thirty percent (30%) of the applicable maximum income level, adjusted for household size, provided that Rents may be adjusted annually, subject to the limitations below; or

e) as applicable, the maximum restricted rent authorized for such Unit by the applicable HUD rental subsidy.

f) 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.

g) with the City's prior written approval, rent increases for Units exceeding the amounts permitted under Section 1(b)(iii) 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 1(b)(i) and Section 1(b)(ii). City approval for such Rent increases that are necessary to meet all approved Project Expenses shall not be unreasonably withheld.

h) For any Qualified Household 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 1(b)(i) and Section 1(b)(ii). There is no limit on the number of Rent adjustments that can be made in a year under this provision.

i) For any Qualified Household 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 1(b)(i) and Section 1(b)(ii).

j) 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 Household exceeds the maximum permissible income during occupancy of a Unit, then, upon no less than thirty (30) days' prior written notice to the Household or as otherwise required under the Household's lease or occupancy agreement, Borrower may adjust the charges for Rent for the previously Qualified Household to be equal to thirty percent (30%) of the Household's adjusted household income. Rents charged under this provision may exceed the Maximum Rent permitted under Section 1(b)(1) and Section 1(b)(ii).

k) Existing tenants shall remain subject to Rents not to exceed thirty percent (30%) of their income level, but shall not be subject to any income restrictions.

l) Except as otherwise provided for in Sections 1(b)(iv) through 1(b)(vii), Rents may only be increased consistent with a calculation based on the MOHCD AMI formula.

2. Notwithstanding the foregoing, and subject to the terms of the HUD Use Agreement, if the PBV Program or RAD Program project-based rental assistance is terminated or substantially reduced, the occupancy restrictions set forth in this Declaration may be adjusted, but only to the minimum extent required for Project financial feasibility, as determined by MOHCD, in its reasonable discretion in accordance with substantially similar underwriting criteria used by MOHCD to evaluate

the Project's financial feasibility prior to the Agreement Date, and in any event not to exceed sixty percent (60%) of area median income, as published by TCAC (the "TCAC Median Income" and the monthly rent paid by the Qualified Households may not exceed (a) thirty percent (30%) of sixty percent (60%) of TCAC Median Income (b) less utility allowance. On an annual basis, Borrower will convert the TCAC Median Income and maximum rent to the corresponding published MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation. In such event, MOHCD shall use good faith efforts to meet with the Borrower, within fifteen (15) days after Borrower's written request, and determine any rent increase within sixty (60) days after Borrower's initial written request to meet. In the event of a conflict or inconsistency between the foregoing requirements and HUD Requirements (during such time that the HUD Requirements are in effect), the HUD Requirements shall be controlling.

3. Notwithstanding anything to the contrary contained herein, for all Units, for so long as the RAD Documents and PBV HAP Contract are in effect, Borrower shall also comply with all RAD Requirements, PBV Requirements and the applicable provisions as set forth in more detail in the Administrative Plan with respect to Tenants and leasing restrictions, including but not limited to the following:

a) Borrower shall not subject any Existing Tenants to rescreening, income eligibility, or income targeting provisions. For example, a Unit with a household that is over-income at time of conversion shall continue to be treated as RAD Assisted Unit, and once that remaining household moves out, the Unit must be leased to a Qualified Household in accordance with this Declaration. Nothing in this subsection shall be deemed to prohibit Borrower from obtaining income certifications from the Existing Tenants, in accordance with the requirements of TCAC; provided, however, in no event shall such income certification be used to deny or otherwise impair the Existing Tenants' rights to return to, and occupy, a Unit in the Project in accordance with the Relocation Plan or the RAD Program;

b) Any Existing Tenants that may need to be temporarily relocated to facilitate rehabilitation or construction will have a right to return to a Unit once rehabilitation or construction is completed or voluntarily accept an offer to permanently relocate in accordance with the Uniform Relocation Assistance Act;

c) Borrower must renew all Tenant leases upon lease expiration, unless good cause for refusing renewal exists. This provision must be incorporated into each Tenant lease;

d) If an Existing Tenant's tenant-paid portion of monthly rent increases by more than the greater of 10% or \$25 purely as a result of the RAD conversion, the rent increase must be phased in pursuant to the percentage increases allowed by the RAD Program. Borrower and City acknowledge that such increase complies with the policy set forth in the Administrative Plan specifying the circumstances under which an increase will be phased in;

e) Borrower must provide Tenants with the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment. Borrower shall provide \$25 per occupied Unit per year for resident education, organizing around tenancy issues and training activities, of which at least \$15 per occupied Unit per year must be provided to a legitimate resident association if one exists at the Site and/or, to the extent permitted by the HUD Requirements, used for outreach activities in support of residents and resident organizations. In addition, all net income from laundry and vending machines at the Site must be provided to support the operations of the resident organization; and

f) Borrower shall comply with certain additional requirements regarding notice of termination of the lease and regarding grievance process hearings, all as may be further set forth in a Tenant lease rider to be provided by HUD prior to, or in conjunction with, Loan closing.

g) Notwithstanding anything to the contrary contained herein, Borrower hereby acknowledges and agrees that, in accordance with the HUD Use Agreement, the Tenant protections requirements set forth in this Section 3 shall apply to Tenants residing in any Unit, regardless of whether the Unit is a RAD-Assisted Unit or a PBV-Assisted Unit.

4. 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.

5. 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.

EXHIBIT B-1

Table of Sources and Uses of Funds

Application Date: 4/5/19
 Project Name: Sunnydale Block 6
 Project Address: 242 Hahn Steet
 Project Sponsor: Mercy Housing Calwest

Units: 167
 # Bedrooms: 375
 # Beds:

SOURCES	Total Sources							Comments
	18,647,014	9,086,000	43,107,000	5,420,466	60,925,177	11,000,000	500,000	

Uses	Name of Sources:	MOHCD/OCII	Tax-Exempt Perm Loan	Tax-Exempt Perm Loan - Sec 8 Tranche	Deferred Developer Fee	LP Equity	Infrastructure MOHCD Loan	General Partner
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ACQUISITION								
Acquisition cost or value	1							1
Legal / Closing costs / Broker's Fee								0
Holding Costs								0
Transfer Tax								0
TOTAL ACQUISITION	1	0	0	0	0	0	0	1

CONSTRUCTION (HARD COSTS)								
Unit Construction/Rehab		2,856,691	43,107,000		37,944,803			83,908,494
Commercial Shell Construction								0
Demolition								0
Environmental Remediation								0
Onsite Improvements/Landscaping					1,655,915			1,655,915
Offsite Improvements					1,056,664			1,056,664
Infrastructure Improvements						11,000,000		11,000,000
Parking		1,571,693						1,571,693
GC Bond Premium/GC Insurance/GC Taxes					1,968,860			1,968,860
GC Overhead & Profit					3,658,734			3,658,734
CG General Conditions					1,912,291			1,912,291
<i>Sub-total Construction Costs</i>	<i>0</i>	<i>4,428,384</i>	<i>43,107,000</i>	<i>0</i>	<i>48,197,267</i>	<i>11,000,000</i>	<i>0</i>	<i>106,732,657</i>
Design Contingency (remove at DD)					7,039,312			7,039,312
Bid Contingency (remove at bid)								0
Plan Check Contingency (remove/reduce during Plan Review)								0
Hard Cost Construction Contingency					5,688,598			5,688,598
<i>Sub-total Construction Contingencies</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>12,727,910</i>	<i>0</i>	<i>0</i>	<i>12,727,910</i>
TOTAL CONSTRUCTION COSTS	0	4,428,384	43,107,000	0	60,925,177	11,000,000	0	119,460,561

Construction line item costs as a % of hard costs
 includes escalation
 2.0%
 3.7%
 1.9%

SOFT COSTS								
Architecture & Design								
Architect design fees		3,711,040						3,711,040
Design Subconsultants to the Architect (incl. Fees)								0
Architect Construction Admin								0
Reimbursables								0
Additional Services								0
<i>Sub-total Architect Contract</i>	<i>0</i>	<i>3,711,040</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,711,040</i>
Other Third Party design consultants (not included under Architect contract)								0
Total Architecture & Design	0	3,711,040	0	0	0	0	0	3,711,040

Consultants not covered under architect contract; name consultant type and contract amount

Engineering & Environmental Studies								
Survey	44,000							44,000
Geotechnical studies								0
Phase I & II Reports								0
CEQA / Environmental Review consultants								0
NEPA / 106 Review								0
CNA/PNA (rehab only)								0
Other environmental consultants	300,000							300,000
Total Engineering & Environmental Studies	344,000	0	0	0	0	0	0	344,000

Financing Costs								
Construction Financing Costs								
Construction Loan Origination Fee	483,098							483,098
Construction Loan Interest	7,077,862	946,576						8,024,438
Title & Recording	60,000							60,000
CDLAC & CDIAAC fees	31,838							31,838
Bond Issuer Fees	461,825							461,825
Other Bond Cost of Issuance	57,994							57,994
Other Lender Costs (Syndicating Costs)	155,000							155,000
<i>Sub-total Const. Financing Costs</i>	<i>8,327,617</i>	<i>946,576</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>9,274,193</i>
Permanent Financing Costs								
Permanent Loan Origination Fee	260,965							260,965
Credit Enhance. & Appl. Fee	10,000							10,000
Title & Recording	20,000							20,000
<i>Sub-total Perm. Financing Costs</i>	<i>290,965</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>290,965</i>
Total Financing Costs	8,618,582	946,576	0	0	0	0	0	9,565,158

Includes \$1,195,757 accrued / deferred interest

Legal Costs								
Borrower Legal fees								0
Land Use / CEQA Attorney fees								0
Tax Credit Counsel	50,000							50,000
Bond Counsel	80,000							80,000
Construction Lender Counsel	75,000							75,000
Permanent Lender Counsel	65,000							65,000
Other Legal (closing)	162,193							162,193
Total Legal Costs	432,193	0	0	0	0	0	0	432,193

Other Development Costs								
Appraisal	10,000							10,000
Market Study	10,000							10,000
Insurance	700,000							700,000
Property Taxes	0							0
Accounting / Audit	32,000							32,000
Organizational Costs								0
Entitlement / Permit Fees	1,968,920							1,968,920
Marketing / Rent-up	627,115							627,115
Furnishings	334,000							334,000
PGE / Utility Fees								0
TCAC App / Alloc / Monitor Fees	128,335							128,335
Financial Consultant fees								0
Construction Management fees / Owner's Rep	150,000							150,000
Security during Construction	350,000							350,000
Relocation								0
Other (specify)								0
Other (specify)								0
Other (specify)								0
Total Other Development Costs	4,310,370	0	0	0	0	0	0	4,310,370

\$2,000/unit; See MOHCD U/W Guidelines on: <http://sfmohcd.org/documents-reports-and-forms>

Total Soft Cost Contingency as % of Total Soft Costs
 4.7%

SOFT COST CONTINGENCY								
Contingency (Arch, Eng, Fin, Legal & Other Dev)	867,208							867,208
TOTAL SOFT COSTS	14,572,353	4,657,616	0	0	0	0	0	19,229,969

Should be either 10% or 5% of total soft costs.

RESERVES								
Operating Reserves	1,204,660							1,204,660
Replacement Reserves								0
Tenant Improvements Reserves								0
Other (specify)								0
Other (specify)								0
Other (specify)								0
TOTAL RESERVES	1,204,660	0	0	0	0	0	0	1,204,660

602330

DEVELOPER COSTS								
Developer Fee - Cash-out Paid at Milestones	1,100,000							1,100,000
Developer Fee - Cash-out At Risk	1,770,000							1,770,000
Developer Fee - GP Equity (also show as source)						500,000		500,000
Developer Fee - Deferred (also show as source)			5,420,466					5,420,466
Development Consultant Fees								0
Other (specify)								0
TOTAL DEVELOPER COSTS	2,870,000	0	5,420,466	0	0	500,000	0	8,790,466

TOTAL DEVELOPMENT COST	18,647,014	9,086,000	43,107,000	5,420,466	60,925,177	11,000,000	500,000	148,685,657
Development Cost/Unit by Source	111,659	54,407	258,126	32,458	364,821	65,868	2,994	890,333
Development Cost/Unit as % of TDC by Source	12.5%	6.1%	29.0%	3.6%	41.0%	7.4%	0.3%	100.0%

Acquisition Cost/Unit by Source	0	0	0	0	0	0	0	0
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Construction Cost (inc Const Contingency)/Unit By Source	0	26,517	258,126	0	364,821	65,868	0	715,333
Construction Cost (inc Const Contingency)/SF	0.00	18.17	176.87	0.00	249.98	45.13	0.00	490.15

City Subsidy/Unit 111,659

Tax Credit Equity Pricing: 1.01
 Construction Bond Amount: 76,680,000
 Construction Loan Term (in months): 25 months
 Construction Loan Interest Rate (as %): 5.25%

EXHIBIT B-2
Annual Operating Budget

Application Date: 4/5/2019 Project Name: Sunnysdale Block 6
 Total # Units: 167 Project Address: 242 Hahn Steet
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021 Project Sponsor: Mercy Housing Calwest
TCAC Income Limits In Use!

INCOME	Total	Comments
Residential - Tenant Rents	2,645,844	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	2,865,612	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	0	0%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income	0	
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	0	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	Links from 'Commercial Op. Budget' Worksheet
Withdrawal from Capitalized Reserve (deposit to operating account)		
Gross Potential Income	5,511,456	
Vacancy Loss - Residential - Tenant Rents	(132,292)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(143,281)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial		Links from 'Commercial Op. Budget' Worksheet
EFFECTIVE GROSS INCOME	5,235,883	PUPA: 31,353

OPERATING EXPENSES		
Management		
Management Fee	152,304	
Asset Management Fee	22,670	
Sub-total Management Expenses	174,974	PUPA: 1,048

Salaries/Benefits		
Office Salaries	74,880	2 FTE high level assistant mgr
Manager's Salary	72,000	1 Senior PM
Health Insurance and Other Benefits	0	
Other Salaries/Benefits	86,963	32% all in emp payroll tax, benefits and WC
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	233,843	PUPA: 1,400

Administration		
Advertising and Marketing	1,670	
Office Expenses	0	
Office Rent	0	
Legal Expense - Property	31,229	
Audit Expense	17,201	
Bookkeeping/Accounting Services	25,050	
Bad Debts		
Miscellaneous	39,510	\$47.00 PUPA for Compliance monitoring and review of all new move-ins and recertification.
Sub-total Administration Expenses	114,660	PUPA: 667

Utilities		
Electricity	75,484	
Water	91,850	
Gas	103,874	
Sewer	148,630	
Sub-total Utilities	419,838	PUPA: 2,514

Taxes and Licenses		
Real Estate Taxes	3,000	
Payroll Taxes	0	
Miscellaneous Taxes, Licenses and Permits	0	
Sub-total Taxes and Licenses	3,000	PUPA: 18

Insurance		
Property and Liability Insurance	215,772	Per Mercy Risk Mgr July 2018 estimate
Fidelity Bond Insurance		
Worker's Compensation		
Director's & Officers' Liability Insurance		
Sub-total Insurance	215,772	PUPA: 1,292

Maintenance & Repair		
Payroll	129,040	1 FTE MM, 1 FTE MT and 1 FTE Jan
Supplies	22,879	
Contracts	117,401	
Garbage and Trash Removal	131,429	
Security Payroll/Contract	180,708	\$114,114 based on proposed cost per officer for 2 officers consist of 354 days at \$38.50=
HVAC Repairs and Maintenance	4,175	
Vehicle and Maintenance Equipment Operation and Repairs	4,175	tenant association cost
Miscellaneous Operating and Maintenance Expenses	5,000	
Sub-total Maintenance & Repair Expenses	594,807	PUPA: 3,562

Supportive Services	167,520	1.67 RSC II FTE on site + .20 FTE RSM + supplies & benefits
Commercial Expenses	0	Links from 'Commercial Op. Budget' Worksheet

TOTAL OPERATING EXPENSES 1,924,414 PUPA: 11,523

Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	15,000	Francisco Housing Authority Provide additional comments here, if needed.
Bond Monitoring Fee		
Replacement Reserve Deposit	66,800	\$400 per unit per year
Operating Reserve Deposit		
Other Required Reserve 1 Deposit	83,500	Estimate Community Association dues
Other Required Reserve 2 Deposit		
Required Reserve Deposits, Commercial	0	Links from 'Commercial Op. Budget' Worksheet
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	165,300	PUPA: 990

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	2,089,714	PUPA: 12,513	Min DSCR: 1.09 Mortgage Rate: 5.00%
NET OPERATING INCOME (INCOME minus OP EXPENSES)	3,146,169	PUPA: 18,839	Term (Years): 30 Supportable 1st Mortgage Pmt: 2,886,393 Supportable 1st Mortgage Amt: \$44,806,837 Proposed 1st Mortgage Amt: \$6,800,000

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender	502,252	Tax Exempt Perm Loan Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	2,244,866	Tax Exempt Perm Loan - Secta Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	Links from 'Commercial Op. Budget' Worksheet
TOTAL HARD DEBT SERVICE	2,747,118	PUPA: 16,450

CASH FLOW (NOI minus DEBT SERVICE)	399,051	
USES OF CASH FLOW BELOW (This row also shows DSCR.)	1.15	

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		
"Below-the-line" Asset Mgt Fee (uncommon in new projects, see policy)	22,650	3rd
Partnership Management Fee (see policy for limits)	19,750	2nd
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	1st
Other Payments		
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	175,826	Def. Develop. Fee split: 50% Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	223,226	PUPA: 1,337

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	175,825	
Residual Receipts Calculation		
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease? No
Will Project Defer Developer Fee?	Yes	
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	50%	Max Deferred Developer Fee Amt (Use for data entry above. Do not link.): 175,825
% of Residual Receipts available for distribution to soft debt lenders in	50%	

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. recpts	\$28,109,924	100.00%
MOHCD/OCII - Ground Lease Value	Ground Lease		0.00%
HCD (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	175,825	50% of residual receipts, multiplied by 100% - MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	676,791	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 amt proposed for loan repymt.

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)		
Owner Distributions/Incentive Management Fee	0	
Other Distributions/Uses	0	
Final Balance (should be zero)	0	

EXHIBIT B-3
20-Year Cash Flow Proforma

Sunnydale Block 6

Total # Units: 167

	% annual increase	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
INCOME																					
Residential - Tenant Rents	2.5%	2,645,844	2,771,990	2,779,790	2,849,285	2,920,517	2,993,530	3,068,368	3,145,077	3,223,704	3,304,297	3,386,904	3,471,577	3,558,366	3,647,325	3,738,508	3,831,971	3,927,770	4,025,965	4,126,614	4,229,779
Residential - Tenant Assistance Payments (Non-LOSP Commercial Space)	2.5%	2,865,612	2,937,252	3,010,684	3,085,951	3,163,099	3,242,177	3,323,231	3,406,312	3,491,470	3,578,757	3,668,226	3,759,931	3,853,930	3,950,278	4,049,035	4,150,261	4,254,017	4,360,368	4,469,377	4,581,111
Other Income	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Potential Income		5,511,456	5,649,242	5,790,473	5,935,235	6,083,616	6,235,707	6,391,599	6,551,389	6,715,174	6,883,053	7,055,130	7,231,508	7,412,296	7,597,603	7,787,543	7,982,232	8,181,787	8,386,332	8,595,990	8,810,890
Vacancy Loss - Residential - Tenant Rents	n/a	(132,292)	(135,600)	(138,989)	(142,464)	(146,026)	(149,676)	(153,418)	(157,254)	(161,185)	(165,215)	(169,345)	(173,579)	(177,918)	(182,366)	(186,925)	(191,599)	(196,389)	(201,298)	(206,331)	(211,489)
Vacancy Loss - Residential - Tenant Assistance Payment	n/a	(143,281)	(146,863)	(150,534)	(154,298)	(158,155)	(162,109)	(166,162)	(170,316)	(174,573)	(178,938)	(183,411)	(187,997)	(192,696)	(197,514)	(202,452)	(207,513)	(212,701)	(218,018)	(223,469)	(229,056)
Vacancy Loss - Commercial	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME		5,235,883	5,366,780	5,500,950	5,638,474	5,779,435	5,923,921	6,072,019	6,223,820	6,379,415	6,538,901	6,702,373	6,869,932	7,041,681	7,217,723	7,398,166	7,583,120	7,772,698	7,967,015	8,166,191	8,370,346
OPERATING EXPENSES																					
Management	3.5%	174,974	181,098	187,437	193,997	200,787	207,814	215,088	222,616	230,407	238,472	246,818	255,457	264,398	273,652	283,229	293,142	303,402	314,022	325,012	336,388
Salaries/Benefits	3.5%	233,843	242,028	250,498	259,266	268,340	277,732	287,453	297,514	307,927	318,704	329,859	341,404	353,353	365,720	378,520	391,769	405,480	419,672	434,361	449,563
Administration	3.5%	114,660	118,673	122,827	127,126	131,575	136,180	140,946	145,880	150,985	156,270	161,739	167,400	173,259	179,323	185,600	192,095	198,819	205,777	212,980	220,434
Utilities	3.5%	419,838	434,532	449,741	465,482	481,774	498,636	516,088	534,151	552,846	572,196	592,223	612,951	634,404	656,608	679,589	703,375	727,993	753,473	779,845	807,139
Taxes and Licenses	3.5%	3,000	3,105	3,214	3,326	3,443	3,563	3,688	3,817	3,950	4,089	4,232	4,380	4,533	4,692	4,856	5,026	5,202	5,384	5,572	5,768
Insurance	3.5%	215,772	223,324	231,140	239,230	247,603	256,269	265,239	274,522	284,131	294,075	304,368	315,021	326,046	337,458	349,269	361,493	374,146	387,241	400,794	414,822
Maintenance & Repair	3.5%	594,807	615,625	637,172	659,473	682,555	706,444	731,170	756,761	783,247	810,661	839,034	868,400	898,794	930,252	962,811	996,509	1,031,387	1,067,486	1,104,848	1,143,517
Supportive Services	3.5%	167,520	173,384	179,452	185,733	192,233	198,962	205,925	213,133	220,592	228,313	236,304	244,575	253,135	261,994	271,164	280,655	290,478	300,645	311,167	322,058
Commercial Expenses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES		1,924,414	1,991,769	2,061,481	2,133,633	2,208,310	2,285,600	2,365,597	2,448,392	2,534,086	2,622,779	2,714,576	2,809,587	2,907,922	3,009,699	3,115,039	3,224,065	3,336,908	3,453,699	3,574,579	3,699,689
Reserves/Ground Lease Base Rent/Bond Fees																					
Ground Lease Base Rent		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Bond Monitoring Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement Reserve Deposit		66,800	66,800	66,800	66,800	66,800	66,800	66,800	66,800	66,800	66,800	66,800	66,800	66,800	66,800	66,800	66,800	66,800	66,800	66,800	66,800
Operating Reserve Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 1 Deposit		83,500	83,500	83,500	83,500	83,500	83,500	83,500	83,500	83,500	83,500	83,500	83,500	83,500	83,500	83,500	83,500	83,500	83,500	83,500	83,500
Other Required Reserve 2 Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Required Reserve Deposit/s, Commercial		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total Reserves/Ground Lease Base Rent/Bond Fees		165,300																			
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)		2,089,714	2,157,069	2,226,781	2,298,933	2,373,610	2,450,900	2,530,897	2,613,692	2,699,386	2,788,079	2,879,876	2,974,887	3,073,222	3,174,999	3,280,339	3,389,365	3,502,208	3,618,999	3,739,879	3,864,989
NET OPERATING INCOME (INCOME minus OP EXPENSES)		3,146,169	3,209,711	3,274,169	3,339,541	3,405,826	3,473,021	3,541,123	3,610,127	3,680,029	3,750,822	3,822,497	3,895,046	3,968,459	4,042,723	4,117,827	4,193,755	4,270,491	4,348,016	4,426,312	4,505,357
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)																					
Hard Debt - First Lender		502,252	502,252	502,252	502,252	502,252	502,252	502,252	502,252	502,252	502,252	502,252	502,252	502,252	502,252	502,252	502,252	502,252	502,252	502,252	502,252
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)		2,244,866	2,244,866	2,244,866	2,244,866	2,244,866	2,244,866	2,244,866	2,244,866	2,244,866	2,244,866	2,244,866	2,244,866	2,244,866	2,244,866	2,244,866	2,244,866	2,244,866	2,244,866	2,244,866	2,244,866
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE		2,747,118																			
CASH FLOW (NOI minus DEBT SERVICE)		399,051	462,593	527,051	592,423	658,708	725,903	794,005	863,009	932,911	1,003,704	1,075,379	1,147,928	1,221,341	1,295,605	1,370,709	1,446,637	1,523,373	1,600,898	1,679,194	1,758,239
USES OF CASH FLOW BELOW (This row also shows DSCR.)																					
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																					
Deferred Developer Fee (Enter amt <= Max Fee from row 131)		175,826	204,572	236,016	267,890	299,896	333,248	366,921	399,167	-	-	-	-	-	-	-	-	-	-	-	-
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)	3.5%	22,650	25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619	33,598	34,606	35,644	36,822	38,183	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	19,750	23,450	24,270	25,119	25,999	26,900	27,851	28,851	29,900	30,999	32,147	33,346	34,595	35,894	37,243	38,642	40,091	41,590	43,139	44,738
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Other Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Payments Preceding MOHCD		223,226	258,022	291,036	324,532	358,212	392,655	427,084	461,491	495,900	530,312	564,729	599,152	633,581	668,016	702,457	736,904	771,357	805,816	840,281	874,752
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)		175,825	204,572	236,016	267,891	300,496	333,248	366,921	400,618	434,327	468,044	501,773	535,511	569,259	603,017	636,784	670,551	704,318	738,085	771,852	805,619
Does Project have a MOHCD Residual Receipt Obligation?	Yes																				
Will Project Defer Developer Fee?	Yes																				

EXHIBIT C
Tenant Income Certification Form

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
If over \$5000

\$ _____ X

Passbook Rate
0.06%

= (J) Imputed Income

\$ _____

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

TOTAL INCOME FROM ASSETS (K)

\$ _____

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

\$ _____

HOUSEHOLD CERTIFICATION & SIGNATURES

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

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

Signature

(Date)

Signature

(Date)

Signature

(Date)

Signature

(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY

RECERTIFICATION ONLY:

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1

\$

Unit Meets Federal Income Restriction at:
 60% 50%

Current Federal LIHTC Income Limit x 140%:
 \$ _____

Current Federal LIHTC Income Limit per Family Size: \$ _____

Unit Meets Deeper Targeting Income Restriction at:
 Other _____%

Household Income exceeds 140% at recertification:
 Yes No

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

Household Income as of Move-in: \$ _____

Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Monthly Rent: \$ _____
 Monthly Utility Allowance: \$ _____
 Other Monthly Non-optional charges: \$ _____

Federal Rent Assistance: \$ _____ *Source: _____
 Non-Federal Rent Assistance: \$ _____ (*0-8)
Total Monthly Rent Assistance: \$ _____

GROSS MONTHLY RENT FOR UNIT:
 (Tenant paid rent plus Utility Allowance & other non-optional charges)

\$

- *Source of Federal Assistance
 1 **HUD Multi-Family Project Based Rental Assistance (PBRA)
 2 Section 8 Moderate Rehabilitation
 3 Public Housing Operating Subsidy
 4 HOME Rental Assistance
 5 HUD Housing Choice Voucher (HCV), tenant-based
 6 HUD Project-Based Voucher (PBV)
 7 USDA Section 521 Rental Assistance Program
 8 Other Federal Rental Assistance
 0 Missing

Maximum Federal LIHTC Rent Limit for this unit: \$ _____

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

Unit Meets Federal Rent Restriction at: 60% 50%

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

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

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

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

yes no

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

Enter 1-5

*Student Explanation:

- 1 AFDC / TANF Assistance
- 2 Job Training Program
- 3 Single Parent/Dependent Child
- 4 Married/Joint Return
- 5 Former Foster Care

PART VIII. PROGRAM TYPE

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

a. Tax Credit

b. HOME

c. Tax Exempt Bond

d. AHDP

e. _____
 (Name of Program)

See Part V above.

Income Status

- ≤ 50% AMGI
- ≤ 60% AMGI
- ≤ 80% AMGI
- OI**

Income Status

- 50% AMGI
- 60% AMGI
- 80% AMGI
- OI**

Income Status

- 50% AMGI
- 80% AMGI
- OI**

Income Status

- _____
- OI**

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

SIGNATURE OF OWNER/REPRESENTATIVE

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

 SIGNATURE OF OWNER/REPRESENTATIVE

 DATE

PART IX. SUPPLEMENTAL INFORMATION FORM

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

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

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

The Following Race Codes should be used:

- 1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.
- 2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as “Haitian” 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)	<i>Enter the greater of the total in Column (I) or (J)</i>	
Row (L)	<i>Total Annual Household Income From all Sources</i>	<i>Add (E) and (K) and enter the total</i>

HOUSEHOLD CERTIFICATION AND SIGNATURES

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

Part V – Determination of Income Eligibility

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

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

Part VI - Rent

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

Part VII - Student Status

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

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

Part VIII – Program Type

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

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

SIGNATURE OF OWNER/REPRESENTATIVE

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

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

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

PART IX. SUPPLEMENTAL INFORMATION

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

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

EXHIBIT D
Interagency Workforce MOU

**Memorandum of Understanding -
SUNNYDALE-VELASCO HOPE SF PROJECT
(Surplus Cash Distributions)**

This MEMORANDUM OF UNDERSTANDING-SUNNYDALE-VELASCO HOPE SF PROJECT (the "**MOU**"), is entered into as of March 3, 2017 by and between the Housing Authority of the City and County of San Francisco, a public body corporate and politic (the "**Authority**"), and 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 ("**MOHCD**"), ("**MOHCD**", and together with the Authority, the "**Parties**").

RECITALS

A. The Authority is a public housing authority formed pursuant to California Health and Safety Code section 34200 et seq., and governed by certain regulations promulgated by the United States Department of Housing and Urban Development ("**HUD**"). The Authority's governing board of commissioners (the "**Authority Commission**") is appointed by the Mayor of the City.

B. The Authority is the owner of the seven hundred seventy five (775) residential units at the Sunnydale public housing development and the Velasco public housing development ("**Sunnydale-Velasco**"), located in San Francisco, California, on real property owned by the Authority more particularly described in the attached Exhibit A (the "**Sites**").

C. The Authority desires to improve the Sites and the living conditions for the residents living at the Sites and the surrounding area. In response to a Request for Qualifications issued by the Authority on October 16, 2007, the Authority selected the Developer's predecessors in interest, Mercy Housing California and The Related Companies of California, LLC (the "**Initial Developer**") to develop a master development plan to revitalize the Project Site. The development rights of the Initial Developer were assigned to the Sunnydale Development Company, LLC, a California limited liability company (the "**Developer**"), pursuant to the terms of an Assignment and Assumption Agreement dated April 10, 2015 between the Initial Developer and the Developer with the consent of the Authority.

D. The Authority and the Initial Developer entered in an Exclusive Negotiating Rights Agreement on September 11, 2008, as amended by that certain Amended and Restated Exclusive Negotiating Rights Agreement dated May 16, 2011, and as further amended by the First Amendment to the Amended and Restated Exclusive Negotiating Rights Agreement dated October 24, 2013, and the Authority and the Developer entered into that Second Amended and Restated Exclusive Negotiating Rights Agreement dated October 22, 2015 (all collectively, the "**ENRA**"), in which the Authority and the Developer negotiated the terms of the MDA in connection with the Development (as defined below).

E. The ENRA contemplates that the Developer, the Authority and City will enter into that certain Master Development Agreement (the "**Master Development Agreement**" or "**MDA**"), certain ground leases and/or disposition and development agreements pursuant to which the Developer will, among other matters, (i) demolish Sunnydale-Velasco, (ii) construct on the Sites certain infrastructure improvements, and in multiple phases, up to one thousand seven hundred (1,700) new dwelling units, including one-for-one replacement of the existing public housing units, affordable rental units, and market-rate for-sale units; (iii) construct up to sixteen thousand two hundred (16,200) square feet of neighborhood-servicing retail space; (iv) construct up to seventy-two thousand five hundred (72,500) square feet of community service, recreational and educational facilities and space; (v) develop approximately eleven and one-half (11.50) acres of new parks and open spaces, including a community garden, a farmer's market pavilion and secure outdoor courtyards within residential buildings; and (vi) the development of approximately twelve and two-tenths (12.2) acres of a new and reconfigured street network, all of which is intended to be constructed to Leadership in Energy Efficient Design ("**LEED**") Neighborhood Development standards (collectively, the "**Improvements**") on the Sites (the "**Development**"). The Master Development will be constructed as a green and sustainable community.

F. The Development will include approximately one thousand seven hundred (1,700) rental units, which will include seven hundred and seventy five (775) replacement public housing units (the "**Sunnydale Resident and Community Replacement Units**") and approximately two hundred and nineteen (219) affordable rental housing units (the "**Affordable Housing Units**", together with the Sunnydale Resident and Community Replacement Units, the "**Affordable Housing Development**").

G. The Affordable Housing Development will be developed under the City's HOPE SF ("**HOPE SF**") Program, which seeks to provide financing and services to rebuild San Francisco's most distressed public housing sites, while increasing affordable housing and ownership opportunities and improving the quality of life for existing residents and the surrounding communities. The Parties have contributed and will contribute land and financing to assist in the revitalization of the Sites.

H. Prior to the conveyance or leasing of any portion of the Site, the Parties wish to enter into this MOU to set forth their agreements with regards to the proportional share of surplus cash that each Party will receive in connection with the public contributions made to the Affordable Housing Development.

I. Any undefined capitalized terms set forth herein shall have the meaning provided for such term in the MDA or the Ground Lease between the Authority and the Affordable Housing Development Owner.

NOW, THEREFORE, in consideration of the foregoing recitals, and for good and valuable consideration, the receipt and adequacy of which the Parties hereby acknowledge, the Parties hereby agree as follows:

1. Site. Prior to ground leasing of each Affordable Housing Development Site, the Authority shall commission an appraisal for that site, which shall determine its Restricted

Appraised Value. The Parties acknowledge and agree that part of SFHA's contribution to the Development is its willingness to lease the Affordable Housing Development Sites at the lease amount that is less than the fair market lease amount. Prior to conveying any Market Rate Housing Ownership Site, the Authority shall commission an appraisal for that site to determine its Fair Market Value, as described further in Section 1.b below.

a. Ground Lease Rent for Long-Term Leases. Each Affordable Housing Ownership Site will be conveyed to an Affordable Housing Development Owner through a series of long-term ground lease(s) for an annual rent in the amount of \$15,000, plus a **Residual Rent equal to ten percent (10%) of the Restricted Appraised Value** of the applicable Affordable Housing Development Site. The Residual Rent will be paid to the extent of any of the Authority's proportional share of Available Surplus Cash Flow, as defined in Section 2, is available in a given year, and any unpaid Residual Rent will not accrue.

b. Market Rate Amount for Fee Simple Transfer Parcels. The Authority shall convey that portion of the Sites which will be developed as market rate housing to the Market Rate Housing Development Owners at a price equal to the fair market value of the Market Rate Housing Development Site. The fair market value of the Market Rate Housing Development Site shall be determined by an appraisal pursuant to the terms of the Disposition and Development Agreement between the Authority and the Market Rate Housing Development Owner (the "DDA"), which will provide the terms and conditions for the conveyance of the Market Rate Housing Development Site.

2. Determination of Surplus Cash Flow.

a. In General. The Authority and MOHCD hereby agree that Surplus Cash Flow is defined as "Project Income" **minus** "Project Expenses" and Project Fees for each Affordable Housing Development, as those terms are defined in the MOHCD loan agreement for each Affordable Housing Development Site ("**Loan Agreement**").

b. Accounting. Surplus Cash Flow shall be due from and paid by each Affordable Housing Development Owner on the annual Payment Date. The Parties further agree (consistent with the Loan Agreement and in accordance with the requirements of the MDA), during the first fifteen (15) annual Payment Dates, each Affordable Housing Development Owner will apply 50% of the Surplus Cash Flow to pay any outstanding Developer Fees. The remaining fifty percent (50%) of the Surplus Cash Flow (the "**Available Cash Flow**") shall be distributed on a proportional basis as set forth below. At the earlier of the full repayment of the Deferred Development Fees or the sixteenth (16th) annual Payment Date, one third of the Surplus Cash Flow shall be distributed as an incentive management fee to the Affordable Housing Development Owner and the remaining Surplus Cash Flow (hereafter included in the definition of Available Cash Flow) will be allocated among the Parties based on each Party's proportional share as set forth below.

c. Proportional Share. The Parties agree to the following allocation of Available Surplus Cash Flow distributions for each Affordable Housing Development:

(i) Authority: The amount of the Available Surplus Cash Flow equal to the annual Residual Rent;

(ii) MOHCD: The remaining Available Surplus Cash Flow for payments due on any outstanding loans from MOHCD.

Payments to each entity shall be made from Available Surplus Cash Flow only pursuant to Section 2(b). The proportional share of the Available Surplus Cash Flow will be the sole measurement for payment to the Parties. The Parties can apply their allocation of Surplus Cash Flow in whatever manner such Party deems appropriate. Notwithstanding the above, the Parties agree that if an Affordable Housing Development Owner receives financing from any public agency, such financing will be included in the above payments of Available Surplus Cash Flow between the public agency and the Parties' proportional share as set forth above.

3. Timing of Surplus Cash Flow and Distribution to the Parties. Notwithstanding anything to the contrary contained herein, the Parties agree that Available Surplus Cash Flow associated with any Affordable Housing Development prior to the completion of all affordable rental housing (including the Sunnydale Replacement Units) phases of the Development (or the final determination pursuant to the MDA that the Developer has failed to satisfy the requirements necessary to develop any remaining incomplete phases) shall be used to finance the construction of the affordable rental housing (including the Sunnydale Replacement Units) for all phases of the Development and shall not be distributed to any of the Parties. Such Available Surplus Cash Flow will be held, administered and disbursed by MOHCD in accordance with this Section. MOHCD shall loan, or otherwise provide these funds, through a financing structure acceptable to the Parties, the Affordable Housing Development Owners, or its affiliate or successor, for the development of the appropriate Development phase. MOHCD shall provide evidence of its compliance with the provision of this subsection to the other Parties in a reasonable manner.

4. Net Proceeds from Market Rate Housing Development For Sale Units.

a. Proceeds Received During Development. Notwithstanding anything to the contrary contained herein, the Parties agree that any net proceeds from the fee simple sale of any portion of the Sites for purposes of the development of the Market Rate Housing Developments shall be used to finance the construction of the affordable rental units (including the Sunnydale Replacement Units) for all phases of the Development and shall not be distributed to any of the Parties as provided in this MOU, until completion of the entire Development, whereupon the net proceeds shall be disbursed as set forth in subsection (b) below. Such proceeds will be held and administered by MOHCD and will be used to fund grants or loans for Affordable Housing Development Sites for any of the HOPE SF sites. For purposes of this MOU, "net proceeds" shall mean any gross proceeds from a sale of any housing unit or Market Rate Housing Development Site less any reasonable costs, fees and expenses associated with the marketing and sale of such housing units or Market Rate Housing Development Site.

b. Proceeds Received After Completion of the Development. Any net proceeds

received after completion of the Development shall be used to repay MOHCD in full for any gap financing provided by MOHCD for the development of the Affordable Housing Development Sites. Thereafter, any remaining proceeds shall be paid to the Authority within one hundred and twenty (120) days of receipt by MOHCD. Any such proceeds shall be held and administered by MOHCD, and shall be distributed in accordance with this subsection (b).

5. Term. The term of this MOU shall begin on the date it is signed by all of the Parties below and shall end on the earlier of (i) the date when the Parties enter into an agreement which, by its terms, terminates this MOU or (ii) with respect to any Party, the date on which such Party delivers written notice of termination of this MOU to the other Parties.

6. Discretion of Parties. Authority and MOHCD, including their respective boards, commissions, departments, and officials, each shall exercise its sole discretion over all matters relating to the Development over which it has jurisdiction consistent with legal requirements, customary practices, and public health, safety, convenience and welfare, and each shall retain, at all times, its respective authority to take any action under its jurisdiction that is necessary to protect the health, safety, convenience and welfare of the public.

7. Authority. All matters requiring MOHCD's approval shall be approved of by the Director of MOHCD or his or her designee. All matters requiring the Authority's approval shall be approved of by the Board of Commissioners of the Authority, or if designated, by its Acting Executive Director.

8. Miscellaneous.

a. This MOU may be amended or modified only by a writing signed by the Executive Director of the Authority, or his or her designee, the Director of MOHCD, or his or her designee, subject to the Authority described in Section 7.

b. No waiver by any Party of any of the provisions of this MOU shall be effective unless in writing and signed by an authorized representative, and only to the extent expressly provided in such written waiver.

c. This MOU contains the entire understanding between the Parties as of the date of this MOU, and all prior written or oral negotiations, discussions, understandings and agreements are merged herein.

d. All transactions described herein are subject to and must be conducted in accordance with the applicable requirements of the City's Charter and codes and applicable state and/or federal laws.

e. In the event of any inconsistency between the terms of this MOU and the terms of any other Development document (including but not limited to the MDA, the DDA, or any ground lease entered into with respect to the Affordable Housing Development), the terms of this MOU shall in all instances be controlling.

9. Recitals. The Recitals above are expressly incorporated herein and made a part of this MOU by this reference.

10. Counterparts. This MOU may be executed in counterparts, each of which shall be deemed original, but all of which, together, shall constitute one instrument.

IN WITNESS WHEREOF, the Parties have caused this MOU to be executed as of the date first written above.

AUTHORITY:

HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic

APPROVED AS TO FORM AND LEGALITY:

By: Barbara T. Smith
Barbara T. Smith
Acting Executive Director

Dianne Jackson McLean
Dianne Jackson McLean
Goldfarb & Lipman LLP
Special Counsel

Date: 2/29/17

MOHCD:

MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

APPROVED AS TO FORM:

By: Olson Lee
Olson Lee, Director

DENNIS J. HERRERA,
City Attorney,
as counsel to MOHCD

Date: 2/24/17

By: Heidi J. Gewertz
Name: Heidi J. Gewertz
Title: Deputy City Attorney

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 24 CFR § 84.42, 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 in addition to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. §§ 4601 *et seq.*) and implementing regulations at 49 CFR part 24 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 to conduct any meeting of its governing board that addresses any matter relating to the Project or to Borrower's performance under this Agreement as a passive meeting. Further, Borrower specifically agrees that any meeting of the governing body of its general partner/manager that addresses any matter relating to the Project or to Borrower's performance under this Agreement will be conducted as a passive meeting.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT F
Lobbying/Debarment Certification Form

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

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

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

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

SUNNYDALE BLOCK 6 HOUSING PARTNERSHIP, L.P.

BY: _____

NAME: _____

TITLE: _____

DATE: _____

EXHIBIT G
Form of HOPESF Data Report

HOPE SF Monthly Project Update

Please email your completed Monthly Project Update to your MOHCD Project Manager [\[Insert Name, and email address\]](#), Lisa Motoyama (lisa.motoyama@sfgov.org), Erin Caron (erin.carson@sfgov.org), Malik Looper (malik.looper@sfgov.org) and Saidah Leatutufu (saidah.leatutufu@sfgov.org), by the **tenth of each month**.

Project:	[PROJECT NAME]
Sponsor:	
Sponsor PM:	
MOHCD PM:	

Month Covered:	[MONTH, YEAR]	Date of Report:	[Month, Day, Year]
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Instructions:

- 1 The Project Name and Month covered will show up on each tab, after it is inputted on the Intro Tab
- 2 Multiple contributors may be responsible for different tabs, Developer PM should review all information for consistency and accuracy
- 3 Reporting pertains to active MOHCD loans (Master Planning, Vertical, and Infrastructure).
- 4 For each infrastructure and vertical loan, create a new tab and label appropriately with Phase # or Parcel/Block #
- 5 Blue text is included as instructions on each tab, save a blank template for reference. Please change color to black once new text is added
- 6 Master Planning Loan tabs are yellow, infrastructure are orange and vertical are blue.

HOPE SF Monthly Project Update

[PROJECT NAME]

[MONTH, YEAR]

MASTER PLANNING			
Completed By:	<i>Name of person filling out this form</i>	Date Completed:	
Total Master Planning Loan amount:		Total Remaining Funds for Disbursement:	
Repayment Amount to Date (indicate in-kind, assigned or paid):	In-kind	Assigned	Paid
Report on Affordable Units completed to date (Build/Planned/unit set asides):	<i>List total # of affordable and # of replacement required in DA; List total of affordable in predevelopment, in construction and completed with # of replacement</i>		
Report on Master Planning Market Rate Units completed to date:	<i>List total # total units buildable under DA; List approximate number of market rate to be built as described in purchase agreements</i>		
Any changes in the Master Planning scope?			
Any Major Costs implications or changes*?			
Any Schedule Modifications*?			
SUPPORT REQUESTED – Issues/concerns that may require MOHCD or HOPE SF involvement.			
Milestones Achieved in Reporting Month			
Milestones Targeted for Upcoming Month			
For MOHCD/HOPE SF Staff Use Only			
Major issues, delays, etc.			
Items for discussion with Director			

HOPE SF Monthly Project Update

[PROJECT NAME]

[MONTH, YEAR]

WORKFORCE DEVELOPMENT - Non Construction

Completed By:		Name of person filling out this form		Date Completed:	
HOPE SF Resident Hire Information (non-construction only):	Total # of hours worked by all employees:	Total # of hours worked by HOPE SF resident hires:	% of hours worked by HOPE SF resident hires (Section 3):		
	% of HOPE SF resident employment retention (consecutive 90 days):	Total # of HOPE SF residents hired in the reporting month:	Total number of HOPE SF residents hired to date:		
	Total # of HOPE SF residents still employed to date:	Total # of new HOPE SF residents still employed in the reporting month:	#/% of HOPE SF residents referred to employment and job training:		
Placement Details*					
Location Employed	Status: FTE/PTE	Training Received	Successes	Barriers	
Discuss current placement trends (including employment, education, and training) and what factors have contributed to increases or decreases in placement.					
Identify ongoing challenges for workforce and plans to address them** :					
Client Success Stories:					
SUPPORT REQUESTED – Issues/concerns that may require MOHCD or HOPE SF involvement.					
Milestones Achieved in Reporting Month					
Milestones Targeted for Upcoming Month					
For MOHCD/HOPE SF Staff Use Only					
Major issues, delays, etc.					
Items for discussion with Director					

*In this section, please list where residents are employed, PTE or FTE, Training received, etc. Add additional lines for each resident as needed

**Under the Challenges section, please include specific barriers for individual participants, including issues of violence, transportation, education, etc.

HOPE SF Monthly Project Update

[PROJECT NAME]

[MONTH, YEAR]

WORKFORCE DEVELOPMENT - Construction				
Completed By:	Name of person filling out this form		Date Completed:	
HOPE SF Resident Hire Information (construction only):	% of HOPE SF resident employment retention (consecutive 90 days):	Total # of HOPE SF residents hired in the reporting month:	Total number of HOPE SF residents hired to date:	
	Total # of HOPE SF residents employed in date:	Total # of new HOPE SF residents employed in the reporting month:	#/% of HOPE SF residents referred to employment and job training:	
Placement Details*				
Location Employed	Status: FTE/PTE	Training Received	Successes	Barriers
Discuss current placement trends (including employment, education, and training) and what factors have contributed to increases or decreases in placement.				
Identify ongoing challenges for workforce and plans to address them** :				
Client Success Stories:				
SUPPORT REQUESTED – Issues/concerns that may require MOHCD or HOPE SF involvement.				
Milestones Achieved in Reporting Month				
Milestones Targeted for Upcoming Month				
For MOHCD/HOPE SF Staff Use Only				
Major issues, delays, etc.				
Items for discussion with Director				

*In this section, please list where residents are employed, PTE or FTE, Training received, etc. Add additional lines for each resident as needed

**Under the Challenges section, please include specific barriers for individual participants, including issues of violence, transportation, education, etc.

HOPE SF Monthly Project Update

[PROJECT NAME]

[MONTH, YEAR]

HOUSING RETENTION and RENT PAYMENT			
Completed By:	Name of person filling out this form	Date Completed:	
# of Notices to terminate tenancy served:	Reasons for Notices		
	# of nonpayment of rent:	# of house Rules violation*	
# Formal/Informal grievance hearings requested:		# Formal/ Informal grievance hearings held:	
Unlawful detainers filed during reporting month:	Outcome of UDs:		
	Move out:	Stay:	
Notes:			
List number of evictions in process and reason:			
Households current on rent:	Households delinquent on rent (this monthly only):	Total households delinquent on rent (cumulative):	
Total Back Rent Due:	Households in repayment agreements:		
	In Compliance:	Out of compliance:	
Notes:			
# of Incident reports made in reporting month:		# of SFFD calls made in reporting month:	
		# of SFPD calls made in reporting month:	
Notes:			
SUPPORT REQUESTED – Issues/concerns that may require MOHCD or HOPE SF involvement.			
Milestones Achieved in Reporting Month			
Milestones Targeted for Upcoming Month			
For MOHCD/HOPE SF Staff Use Only			
Major issues, delays, etc.			
Items for discussion with Director			

*Harassment and violent behavior

HOPE SF Monthly Project Update

[PROJECT NAME]

[MONTH, YEAR]

INFRASTRUCTURE PHASE [#]				
Completed By:	Name of person filling out this form		Date Completed:	
Date License signed with SFHA:		Total # of units to be demolished:		
Mapping Status:				
Current MOHCD Loan Type (predev/gap):		Total Remaining Funds for Disbursement:		
Projected MOHCD gap commitment (excluding MOHCD funding committed to date):		Expected date when MOHCD infrastructure gap funds needed:		
Repayment Amount to Date (indicate in-kind, assigned or paid):				
Infrastructure construction start date:	% Complete as of latest Pay Application:	On Schedule?	On Budget?	Projected Board of Supervisors acceptance date:
Please explain any changes in the scope, major costs implications, or schedule modifications*				
Procurement and bidding (architect, consultants and contractors)				
Entitlements, permits and utilities (Planning Dept., DBI, SFFD, DPW, SFWD, MOD, PG&E etc.)				
Description of Community Amenities scope and work completed within this phase				
SUPPORT REQUESTED – Issues/concerns that may require MOHCD or HOPE SF involvement.				
Milestones Achieved in Reporting Month				
Milestones Targeted for Upcoming Month				
For MOHCD/HOPE SF Staff Use Only				
Major issues, delays, etc.				
Items for discussion with Director				

*Attach updated budget and/or schedule if any have occurred since prior month.

HOPE SF Monthly Project Update

[PROJECT NAME]

[MONTH, YEAR]

Vertical [#]				
Completed By:	Name of person filling out this form		Date Completed:	
Current MOHCD Loan Type (predev/gap):		Total Remaining Funds for Disbursement:		
Previous amount committed by MOHCD:		Date Funds expended:		
Projected MOHCD gap commitment (excluding MOHCD funding committed to date)*:			Expected date when MOHCD gap funds needed by phase:	
Amount of Infrastructure/Master Plan to be Assigned to Project:				
Total # Affordable Units to be built in this Project:		Total # PBV & RAD units to be built in this Project:		
Date of Construction Closing/Ground Lease execution	Housing construction start date:	% Complete as of latest Pay Application:	On Schedule?	On Budget?
Describe any changes in the scope, major costs implications, or schedule modifications**				
Procurement and bidding (architect, consultants and contractors) status:				
SUPPORT REQUESTED – Issues/concerns that may require MOHCD or HOPE SF involvement.				
Milestones Achieved in Reporting Month				
Milestones Targeted for Upcoming Month				
For MOHCD/HOPE SF Staff Use Only				
Major issues, delays, etc.				
Items for discussion with Director				

*N/A if already in Gap commitment

**Attach updated budget and/or schedule if any have occurred since prior month.

HOPE SF Monthly Project Update

[PROJECT NAME]

[MONTH, YEAR]

Vertical [#]				
Completed By:	Name of person filling out this form		Date Completed:	
Current MOHCD Loan Type (predev/gap):		Total Remaining Funds for Disbursement:		
Previous amount committed by MOHCD:		Date Funds expended:		
Projected MOHCD gap commitment (excluding MOHCD funding committed to date)*:		Expected date when MOHCD gap funds needed by phase:		
Amount of Infrastructure/Master Plan to be Assigned to Project:				
Total # Affordable Units to be built in this Project:		Total # PBV & RAD units to be built in this Project:		
Date of Construction Closing/Ground Lease execution	Housing construction start date:	% Complete as of latest Pay Application:	On Schedule?	On Budget?
Describe any changes in the scope, major costs implications, or schedule modifications**				
Procurement and bidding (architect, consultants and contractors) status:				
SUPPORT REQUESTED – Issues/concerns that may require MOHCD or HOPE SF involvement.				
Milestones Achieved in Reporting Month				
Milestones Targeted for Upcoming Month				
For MOHCD/HOPE SF Staff Use Only				
Major issues, delays, etc.				
Items for discussion with Director				

*N/A if already in Gap commitment

**Attach updated budget and/or schedule if any have occurred since prior month.

EXHIBIT H
Form of Annual Monitoring Report

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 1/10/2019

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 <i>first unit in the project</i> . 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 <i>first unit in the project</i> . 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)

<http://sfmohcd.org/documents-reports-and-forms>

[Program Income Overview](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH_ProgIncomeOverview.pdf)

http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH_ProgIncomeOverview.pdf

[MOHCD Residual Receipt Policy](http://sfmohcd.org/sites/default/files/Documents/CURRENTResidualRecPolicy%202016.pdf)

<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)

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)

<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**

#	<i>IDENTIFYING INFO</i>
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")
	<i>CONTACT INFO</i>
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.) If you answer "yes", skip questions 26 through 39 below, and continue with question 40. Also, you must complete worksheet "1B.TransitionalProg."			
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)			

#5

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. (Click on #5 at left to jump to Narrative worksheet.)**

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		<p># 2</p> <p>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. (Click on #2 at left to jump to Narrative worksheet.)</p>
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		<p># 3</p> <p>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. (Click on #3 at left to jump to Narrative worksheet.)</p>
46		<p># 3</p> <p>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. (Click on # 3 at left to jump to Narrative worksheet.)</p>

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.

POPULATION SERVED

Target / Actual Populations: As of the last day of the reporting period, what are the Actual and Target Populations (expressed as Number of Households) for the Project?

Under Target Population, enter the number of units at the project that, as a requirement of a specific funding source (e.g. 202, HOPWA, McKinney), are targeted to and set aside for the target populations shown in the table. Under Actual Population, enter the number of households at the project that, as of the end of the reporting period, contained at least one person who is a member of the populations shown in the table.

			Target Population		Actual Population	
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!

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	
25	0	Permanent Housing Subtotal	
26		Transitional Housing for homeless persons	TRANSITIONAL
27		Moved in with family or friends <i>TEMPORARILY</i>	
28	0	Transitional Housing Subtotal	
29		Psychiatric hospital	INSTITUTIONAL
30		Inpatient alcohol or other drug treatment facility	
31		Jail/Prison	
32		Medical Facility	
33	0	Institutional Subtotal	
34		Emergency Shelter	OTHER
35		Places not meant for human habitation (e.g. street)	
36		Unknown	
37		Other	
38	0	Other Subtotal	
39	0	TOTAL # HH's that left the program	

Annual Monitoring Report - 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 the 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)

	B	D	F	H	J
15	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:	1/0/1900	End Date:	1/0/1900
18	Number of Units-->	0			
19		Account			
20	Description of Income Accounts	Number	Residential	Non-Residential	Total
21	Rental Income				
22	Housing Units - Gross Potential Tenant Rents	5120			
23	Rental Assistance Payments (Identify ALL sources in row below if applicable, including LOSP funding)	5121			
24	Source(s)-->				
25	Commercial Unit Rents	5140			
26	sub-total Gross Rental Income:		\$0.00	\$0.00	\$0.00
27	Vacancy Loss - enter amounts as negative numbers!				vacancy rate
28	Housing Units	5220			
29	Commercial	5240			0.00%
30	sub-total Vacancies:		\$0.00	\$0.00	\$0.00
31					
32					
33	NET RENTAL INCOME:				
34			\$0.00	\$0.00	\$0.00
35	Other Income				
36	Garage and Parking Spaces	5170			
37	Miscellaneous Rent Income	5190			
38	Supportive Services Income - Do not enter supportive services income if it is tracked in a separate budget and not appropriate per MOHCD loan terms to be included in Residual Receipts calculation.	5300			
39	Supportive Services Income Source(s)- Identify program source(s) if applicable -->				
40	Interest Income - Project Operations (From Operating Account Only)	5400			
41	Laundry and Vending	5910			
42	Tenant Charges	5920			
43	Other Revenue	5990			
44	sub-total Other Income Received:		\$0.00	\$0.00	\$0.00
45					
46	TOTAL INCOME RECEIVED:		\$0.00	\$0.00	\$0.00
47					
48	INCOME & EXPENSES				
49					
50	Description of Expense Accounts	Account Number	Residential	Non-Residential	Total
51	Management				
52	Management Fee	6320			
53	"Above the Line" Asset Management Fee (amount allowable may be limited, see Asset Mgt. Fee Policy)				
54	sub-total Management Expense:		\$0.00	\$0.00	\$0.00
55	Salaries/Benefits				
56	Office Salaries	6310			
57	Manager's Salary	6330			
58	Employee Benefits: Health Insurance & Disability Insurance	6723			
59	Employee Benefits: Retirement & Other Salary/Benefit Expenses				
60	Administrative Rent Free Unit	6331			
61	sub-total Salary/Benefit Expense:		\$0.00	\$0.00	\$0.00
62	Administration				
63	Advertising and Marketing	6210			
64	Office Expenses	6311			
65	Office Rent	6312			
66	Legal Expense - Property	6340			
67	Audit Expense	6350			
68	Bookkeeping/Accounting Services	6351			
69	Bad Debts	6370			
70	Miscellaneous Administrative Expenses (must click & explain if >\$10k)	6390			
71	sub-total Administrative Expense:		\$0.00	\$0.00	\$0.00
72	Utilities				
73	Electricity	6450			
74	Water	6451			
75	Gas	6452			
76	Sewer	6453			
77	sub-total Utilities Expense:		\$0.00	\$0.00	\$0.00
78	Taxes and Licenses				
79	Real Estate Taxes	6710			
80	Payroll taxes	6711			
81	Miscellaneous Taxes, Licenses, and Permits	6719			
82	sub-total Taxes and License Expense:		\$0.00	\$0.00	\$0.00
83	Insurance				
84	Property and Liability Insurance	6720			
85	Fidelity Bond Insurance	6721			
86	Workers' Compensation	6722			
87	Directors & Officers Liabilities Insurance	6724			
88	sub-total Insurance Expense:		\$0.00	\$0.00	\$0.00
89	Maintenance and Repairs				
90	IMPORTANT NOTE RE: TREATMENT OF CAPITAL AND NON-CAPITAL MAINTENANCE REPAIR EXPENSES ELIGIBLE FOR PAYMENT BY REPLACEMENT RESERVE: If possible, include those from this section. If you do include those expenses here, be sure to record the amounts in rows 103 (non-capital) and 210-215 below (capital).				
91	Payroll	6510			
92	Supplies	6515			
93	Contracts	6520			
94	Garbage and Trash Removal	6525			
95	Security Payroll/Contract	6530			
96	HVAC Repairs and Maintenance	6546			
97	Vehicle and Maintenance Equipment Operation and Repairs	6570			
98	Miscellaneous Operating and Maintenance Expenses (must click & explain if >\$10k)	6590			
99	sub-total Maintenance Repair Expense:		\$0.00	\$0.00	\$0.00
100	Supportive Services: do not enter supportive services expenses if tracked in separate budget and not eligible to be counted against project income for residual receipts calculation.	6930			
101	SUB-TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
102	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-Eligible Expenditures below, beginning from row 207. Amounts provided in F210-215 will be linked to cell F102 and netted out from operating expenses.		\$0.00		
103	Non-Capital Maintenance Repair Expenses eligible for payment by Replacement Reserve. Only enter amounts here if they were included in amounts entered for Maintenance & Repairs section above and will be reimbursed by Replacement Reserve. Amount will be netted out from operating expenses. Enter as positive number.				
104	TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
105					
106	Ground Lease Base Rent/Bond Fees/Reserves	Name of Lessor/ Bond Monitoring Agency/ Reserve Account			
107	Ground Lease - Base Rent (provide Lessor name to the right)				\$0.00
108	Bond Monitoring Fee				\$0.00
109	Replacement Reserve Required Annual Deposit (Source is Operating Account.) Enter as positive number.	1320			\$0.00
110	Operating Reserve Deposits (Source is Operating Account.) Enter as positive number.	1365			\$0.00
111	Operating Reserve Account Withdrawals (For deposits to Operating Account.) Enter as positive number.				\$0.00
112	Other Required Reserve Account Deposits (Source is Operating Account. Enter as positive number. Identify reserve account in next col (1330).				\$0.00
113	Other Required Reserve Account Withdrawals (For deposit to Operating account. Enter as positive number. Identify account in next col -->)				\$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/GL Base Rent/ Bond Fees)		\$0.00	\$0.00	\$0.00
117		Acct Num	Residential	Non-Residential	Total
118	1. TOTAL INCOME RECEIVED:		\$0.00	\$0.00	\$0.00
119	2. TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00

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15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development				
120	3. NET OPERATING INCOME:		\$0.00	\$0.00	\$0.00

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development				
121					
122	4. Debt Service (Principal and Interest)	Name of Lender / Describe Other Amt Paid	Residential	Non-Residential	Total
123	Lender1 - Principal Paid (provide lender name to the right)				
124	Interest Paid				
125	Other Amount (describe to the right)				
126	Lender2 - Principal Paid (provide lender name to the right)				
127	Interest Paid				
128	Other Amount (describe to the right)				
129	Lender3 - Principal Paid (provide lender name to the right)				
130	Interest Paid				
131	Other Amount (describe to the right)				
132	Lender4 - Principal Paid (provide lender name to the right)				
133	Interest Paid				
134	Other Amount (describe to the right)				
135	Total Debt Service Payments		\$0.00	\$0.00	\$0.00
136					
137	Surplus Cash, Detail (NOI minus Debt Service and Reserve Activity)		\$0.00	\$0.00	\$0.00
138					
139	Surplus Cash, Total ----->				\$0.00
140	<i>Distribution of Surplus Cash/Residual Receipts - (Response Required.) In the space below, please provide a detailed narrative summary of allowable distributions of Surplus Cash that accurately reflects the requirements under all MOHCD agreements as well as the requirements of other funders and any other agreements that govern. Please include the calculation methodology, applicable annual increases, etc. For proposed distribution amounts entered in column J, rows 143-165, select the distribution priority for each of the uses of cash flow/surplus cash in column H. If distribution of surplus cash is not allowed under MOHCD agreements or other funder agreements, enter N/A in the box below.</i>				
141					
142	USES OF SURPLUS CASH THAT ARE AUTHORIZED TO BE PAID PRIOR TO CALCULATION OF RESIDUAL RECEIPTS PAYMENTS (IF APPLICABLE)				
143				Distribution Priority (select below)	Leave cells below blank if Surplus Cash is <= \$0.
144	5. Operating Reserve Replenishments (Deposits made out of surplus cash to satisfy minimum balance requirements)				
145	6. "Below-the-line" Asset Mgt fee (prior written authorization from City/SFRA may be required, see Asset Mgt. Fee Policy)				
146	7a. Partnership Management fee due from this reporting period, if any (tax credit projects only, not allowed if project is beyond 15-year compliance period)				
147	7b. Partnership Management fee accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only, per City policy, not allowed if project is beyond 15-year compliance period)				
148	8a. Investor Services Fee (aka LP Asset Management Fee) due from this reporting period, if any (tax credit projects only, per City policy, not allowed if project is beyond 15-year compliance period)				
149	8b. Investor Services Fee (aka LP Asset Management Fee) accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only, per City policy, not allowed if project is beyond 15-year compliance period)				
150	9. Deferred Developer fee, if any				
151	10. Other payments: use question #1 on the Narrative (worksheet #4) to provide details about any fees or other payments, including ground lease residual rent payments for a non-MOHCD/OCII ground lease. Failure to provide details will result in disallowance of this expense. You may only include payments that were approved by MOHCD at time of funding that are also explicitly authorized by a Partnership Agreement or similar project document.				
152	11a. Debt Pmt to other lender1: Principal Paid (note lender name to right)				
153	11a. Debt Pmt to other lender1: Interest Paid				
154	11b. Debt Pmt to other lender2: Principal Paid (note lender name to right)				
155	11b. Debt Pmt to other lender2: Interest Paid				
156	Total Payments preceding Residual Receipts Calculation:				\$0.00
157					
158	12. RESIDUAL RECEIPTS			Distribution Priority (select below)	Leave cells below blank if Surplus Cash is <= \$0.
159					
160	12a. MOHCD Residual Receipts Due for Loan Repayment				
161	12b. MOHCD Residual Receipts Due for Ground Lease Residual Rent Payment				
162	12c. <i>Subtotal Residual Receipts Payments to MOHCD</i>				\$0.00
163	12d. Residual Receipts Debt Pmt to other lender3 (note lender name to right)				
164	12e. Residual Receipts Debt Pmt to other lender4 (note lender name to right)				
165	12f. Residual Receipts Debt Pmt to other lender5 (note lender name to right)				
166	Total Residual Receipts Payments:				\$0.00
167	DO NOT SUBMIT YOUR PROPOSED RESIDUAL RECEIPT PAYMENT TO MOHCD WITH THIS AMR. MOHCD WILL REVIEW YOUR PROPOSED PAYMENT AND GENERATE AN INVOICE IF THE CALCULATION CAN BE VERIFIED AS APPROPRIATE; IF THE CALCULATION CANNOT BE VERIFIED, MOHCD WILL CONTACT YOU.				
168	Remaining Balance				\$0.00
170					
171	Proposed Owner Distributions (provide description in column D and enter amount in column J. If an amount is entered, a description is required.)				
172	Proposed Other Distributions/Uses (provide description in column D and enter amount in column J. If an amount is entered, a description is required. If you had a Calendar Year LOSP surplus, please acknowledge that and note exact amount.)				
173					
174	Final Balance: should be ZERO except when Surplus Cash (cell F136) is negative				\$0.00

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development				
175	RESERVE ACCOUNT DETAILS				
176	OPERATING RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead.)				
177	Minimum Required Balance:				
180	Beginning Balance:				
181	Actual Annual Deposit (don't edit - taken from page 1 account number 1365):				
182			\$0.00		
183	Interest Earned:				
184	Annual Withdrawal Amount (enter as negative number):				
185					
186	Ending Balance (don't edit cell -- calculated):				
187			\$0.00		
188	Required Annual Deposit:				
189	Total Operating Expenses plus debt service (don't edit cell -- calculated):				
190			\$0.00		
191	If the calculated percentage shown to the right (Op Reserve Account Ending Balance divided by Total Op Expenses) is less than 23.5%, you must describe how the project will remedy the shortfall in the adjacent cell.				
192	If the calculated percentage shown to the right is greater than 26.5%, you must explain why the Op Reserve balance exceeds MOHCD's requirement in the adjacent cell.				
193			0.000%		
194	REPLACEMENT RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead.)				
195	Minimum Required Balance:				
196	Beginning Balance:				
197	Actual Annual Deposit:				
198					
199	Interest Earned:				
200	Annual Withdrawal Amount (enter as negative number):				
201					
202	Ending Balance (don't edit cell -- calculated):				
203			\$0.00		
204	Required Annual Deposit (do not edit - taken from page 1 account number 1320):				
205			\$0.00		
206	Describe how the amount of annual deposit and the minimum required balance is determined.				
207					
208	CHANGES TO REAL ESTATE ASSETS				
209	Enter Beginning and Ending Balances in each of the categories listed below. Changes in asset categories will auto-calculate.				
210		Balance, 1/00/1900	Changes	Balance, 1/00/1900	
211	Building & Improvements			\$0.00	
212	Offsite Improvements			\$0.00	
213	Site Improvements			\$0.00	
214	Land Improvements			\$0.00	
215	Furniture, Fixtures & Equipment			\$0.00	
216	Other			\$0.00	
217				\$0.00	
218	Replacement Reserve-Eligible Expenditures: Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible.				
219	Capital Repairs and Improvements: Enter capital repairs and improvement costs associated with the reporting year. For each category in rows 200-205 above that shows a positive change, an entry is required in each corresponding category in rows 210-215. If the operating account is used initially to fund the repair, and is later 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.				
220	Capital Repairs and Improvements Funded By:				
221	Capital Repairs and Improvements - Categories	Replacement Reserve	Operating Account	Other Source	Total Amount
222	Building & Improvements				\$0.00
223	Offsite Improvements				\$0.00
224	Site Improvements				\$0.00
225	Land Improvements				\$0.00
226	Furniture, Fixtures & Equipment				\$0.00
227	Other				\$0.00
228	Total	\$0.00	\$0.00	\$0.00	\$0.00
229	Description of Capital Repairs and Improvements				
230					
231	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 explanations.				
232	Source				Amount
233	Paid out of Operating Budget, to be reimbursed by RR (shows the amount entered in row 103 above)				\$0.00
234	Paid Directly from Replacement Reserve				
235	Other Source				
236					
237	Explanation of Non-Capital Replacement Reserve Eligible Expenditures				
238					Total
239					\$0.00
240	TOTAL REPLACEMENT RESERVE ELIGIBLE EXPENDITURES: the Replacement Reserve Withdrawal for the reporting period should not exceed the Total RR-eligible Expenditures. You must provide more details above or an explanation below if the RR withdrawal amount exceeds the Total RR-Eligible Expenditures.				
241		RR Withdrawal Amount-->	\$0.00	Total RR-Eligible Expenditures-->	\$0.00
242	Notes About RR Withdrawal Amount in excess of Total RR-eligible Expenditures:				
243					
244					
245					

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15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development				
231	FEDERAL PROGRAM INCOME REPORT				
232	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, use the following link or copy this web address for manual navigation:				
233	http://www.ci-moh.org/Modules/ShowDocument.aspx?documentid=5141				
234	Overview of Federal (HOME and CDBG) Program Income				
235					
236					
237	CDBG PROGRAM INCOME				
	Proposed amounts to be used to fund eligible CDBG activities as described in the Federal CDBG Program Regulations at 24 CFR 570.201-206 and consistent with the City's 2015-2019 Consolidated Plan, 2018-2019 Action Plans as follows:				
238		AMOUNT	DESCRIPTION		
239	Amount to be used for CDBG eligible activity#1 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
240	Amount to be used for CDBG eligible activity#2 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
241	Amount to be used for CDBG eligible activity#3 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
242	Amount to be deposited for use on future eligible CDBG activities that will be undertaken by June 30, 2017 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
243	Other (provide amount in cell to the right, plus activity description and regulation citation in column furthest to the right):				
244	Total CDBG Program Income Calculation (see instructions for guidance on how to calculate)				
245	To ensure the eligible use of CDBG Program Income, the recipient of federal CDBG funding hereby requests approval by the Mayor's Office of Housing and Community Development for the use of CDBG program income received during the 2018 reporting period as depicted above.				

**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 - 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.

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. ****

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.

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.

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. A description of the work done to analyze the cause/s of the shortfall, and what the identified causes are; and
- b. A description of the work done to identify remedies for the shortfall, 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.
- d. 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.



Project Street Address:

**Schedule of Operating Revenues
For the Year Ended January 0, 1900**

	<u>Total</u>
Rental Income	
5120 Gross Potential Tenant Rents	\$0
5121 Rental Assistance Payments (inc. LOSP)	\$0
5140 Commercial Unit Rents	\$0
Total Rent Revenue:	<u>\$0</u>
Vacancies	
5220 Apartments	\$0
5240 Stores & Commercial	\$0
Total Vacancies:	<u>\$0</u>
Net Rental Income: (Rent Revenue Less Vacancies)	<u>\$0</u>
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)	\$0
5910 Laundry & Vending Revenue	\$0
5920 Tenant Charges	\$0
5990 Misc. Revenue	\$0
Total Other Revenue:	<u>\$0</u>
Total Operating Revenue:	<u>\$0</u>

Project Street Address:

**Schedule of Operating Expenses
For the Year Ended January 0, 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 Expenses
For the Year Ended January 0, 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**

Amount computed in cell E139 should match audited financial statement.

Project Street Address:

**Computation of Operating Cash Flow/Surplus Cash
For the Year Ended January 0, 1900**

	Total
Operating Revenue	<u>\$0</u>
Interest earned on restricted accounts	<u>\$0</u>
Adjusted Operating Revenue	<u>\$0</u>
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	<u>\$0</u>
Withdrawals from Other Required Reserve Account	<u>\$0</u>
Total Other Activity:	<u>\$0</u>
Allocation of Non-Residential Surplus (LOSP only)	<u> </u>
Operating Cash Flow/Surplus Cash:	<u>\$0</u>

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									
<table border="1" style="width: 100%; height: 100%;"><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr></table>										
Total Cash Available for Residual Receipts Distribution:	<u>\$0</u>									

Distribution of Residual Receipts

Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid with remaining residual receipts.

	Total				
<table border="1" style="width: 100%; height: 100%;"><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr></table>					
Total Residual Receipts Distributions to Lenders:	<u>\$0</u>				
Proposed Owner Distribution	\$0				
Proposed Other Distribution/Uses	\$0				

Total Residual Receipts Distributions to Lenders and Owners: \$0

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	\$0	\$0
Withdrawals	\$0	\$0
Balance, December 31, 1900	\$0	\$0

**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 - 196)	incomplete
Changes to Real Estate Assets (Rows 198 - 205)	incomplete
Replacement Reserve Eligible Expenditures (Rows 209 - 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
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Worksheet 6. Services Funding	To Be Determined
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Exhibit I

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.
- **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 J

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

(f) 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. 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

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:
APN#: _____
Address: 242 Hahn Street

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

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**
(Property Address: 242 Hahn Street, San Francisco, CA 94134)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of _____, _____, by **SUNNYDALE BLOCK 6 HOUSING PARTNERSHIP, L.P.**, a California limited partnership ("Trustor"), whose address is 1360 Mission Street, Suite 300, San Francisco, California 94013, to **OLD REPUBLIC TITLE COMPANY**, a _____ ("Trustee"), whose address is 275 Battery Street, Suite 1500, 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 167-unit multifamily rental housing development for low-income households, which will be known as Sunnydale HOPE SF Block 6 (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 ("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 _____, 20____ by and between The Housing Authority of 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 and profits, including prepaid rent and security deposits ("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 5(d)**; 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.

This Deed of Trust constitutes a security agreement under, and a fixture filing in accordance with, the California Uniform Commercial Code, as it may be amended from time to time. The filing of a financing statement pertaining to personal property may not be construed in any way as derogating from or impairing the lien of, or the rights or obligations of the parties under, this Deed of Trust.

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 the Loan Agreement made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "Note") and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the Note in the original principal amount of EIGHTEEN MILLION SIX HUNDRED FORTY SEVEN THOUSAND FOURTNEEN and No/100 Dollars (\$18,647,014), with interest, according to the terms of the Agreement and the Note;

(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. 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.

4. Insurance and Condemnation Proceeds.

(a) Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.

(b) Any condemnation award or insurance proceeds must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to the lien of another lender for the Project, according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Note and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City Document unless the default has been cured by the application or release of funds.

5. Further Agreements. Trustor further acknowledges and agrees as follows:

(a) Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

(b) Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

(d) As additional security, Trustor hereby irrevocably, absolutely and unconditionally assigns to Beneficiary all Rents, whether now due, past due or to become due, subject to Beneficiary's grant to Trustor of a license to collect and retain Rents as they become due and payable so long as Trustor has not defaulted in performance of the Secured Obligations.

(e) 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.

(f) 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.

(g) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. The term Beneficiary shall mean the holder of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(h) 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.

6. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods ("Event of Default"):

(a) Trustor's license to collect and retain Rents will terminate automatically.

(b) Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

(c) Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property ("Notice of Default"), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("Notice of Sale") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

7. 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.

ALL SIGNATURES MUST BE NOTARIZED

"TRUSTOR:"

SUNNYDALE BLOCK 6 HOUSING PARTNERSHIP, L.P.,
A California Limited Partnership

By: Sunnydale Block 6 LLC,
a Delaware limited liability company,
its managing general partner

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

By: _____
Name: _____
Its: _____

By: Related/Sunnydale Block 6 Development Co., LLC,
a California limited liability company,
its administrative general partner

By: The Related Companies of California, LLC
a California limited liability company,
its sole member

By: _____
Name: _____
Its: _____

[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:

Exhibit N
Declaration of Restrictions

Free Recording Requested Pursuant to
Government Code Section 27383

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: 242 Hahn Street

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

DECLARATION OF RESTRICTIONS
242 Hahn Street, Francisco

THIS DECLARATION OF RESTRICTIONS ("Declaration") is made as of _____, 20____, by **SUNNYDALE BLOCK 6 HOUSING PARTNERSHIP, 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 Affordable Housing Bond Program funds, CPMC Funds, HOME Funds, and HOPE SF Certificate of Participation 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 _____, 20____ 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 through 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 "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) Except as otherwise provided in Sections 2 and 3 below, with the exception of one Unit reserved for the manager of the Project, Units in the Project will at all times be rented only to tenants who qualify as Qualified Household at initial occupancy, specifically:

Unit Size	No. of Units	Maximum Income Level
1 BR	18	50% of Median Income
1 BR	3	74% of Median Income
2 BR	60	50% of Median Income
2 BR	35	74% of Median Income
3 BR	36	50% of Median Income
3 BR	3	74% of Median Income
3 BR	1	Managers Unit
4 BR	11	50% of Median Income

In addition:

b) At least 75% of Units must be rented at all times to tenants holding RAD, Section 8 vouchers or certificates or an equivalent rental subsidy program as long as these subsidies are available.

c) Except as otherwise provided in Sections 2 and 3 below, the total amount for rent and utilities (with the maximum allowance for utilities determined by the San Francisco Housing Authority) charged to a Qualified Household may not exceed the greater of:

d) thirty percent (30%) of the applicable maximum income level, adjusted for household size, provided that Rents may be adjusted annually, subject to the limitations below; or

e) as applicable, the maximum restricted rent authorized for such Unit by the applicable HUD rental subsidy.

f) 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.

g) with the City's prior written approval, rent increases for Units exceeding the amounts permitted under Section 1(b)(iii) 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 1(b)(i) and Section 1(b)(ii). City approval for such Rent increases that are necessary to meet all approved Project Expenses shall not be unreasonably withheld.

h) For any Qualified Household 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 1(b)(i) and Section 1(b)(ii). There is no limit on the number of Rent adjustments that can be made in a year under this provision.

i) For any Qualified Household 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 1(b)(i) and Section 1(b)(ii).

j) 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 Household exceeds the maximum permissible income during occupancy of a Unit, then, upon no less than thirty (30) days' prior written notice to the Household or as otherwise required under the Household's lease or occupancy agreement, Borrower may adjust the charges for Rent for the previously Qualified Household to be equal to thirty percent (30%) of the Household's adjusted household income. Rents charged under this provision may exceed the Maximum Rent permitted under Section 1(b)(1) and Section 1(b)(ii).

k) Existing tenants shall remain subject to Rents not to exceed thirty percent (30%) of their income level, but shall not be subject to any income restrictions.

l) Except as otherwise provided for in Sections 1(b)(iv) through 1(b)(vii), Rents may only be increased consistent with a calculation based on the MOHCD AMI formula.

2. Notwithstanding the foregoing, and subject to the terms of the HUD Use Agreement, if the PBV Program or RAD Program project-based rental assistance is terminated or substantially reduced, the occupancy restrictions set forth in this

Declaration may be adjusted, but only to the minimum extent required for Project financial feasibility, as determined by MOHCD, in its reasonable discretion in accordance with substantially similar underwriting criteria used by MOHCD to evaluate the Project's financial feasibility prior to the Agreement Date, and in any event not to exceed sixty percent (60%) of area median income, as published by TCAC (the "TCAC Median Income" and the monthly rent paid by the Qualified Households may not exceed (a) thirty percent (30%) of sixty percent (60%) of TCAC Median Income (b) less utility allowance. On an annual basis, Borrower will convert the TCAC Median Income and maximum rent to the corresponding published MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation. In such event, MOHCD shall use good faith efforts to meet with the Borrower, within fifteen (15) days after Borrower's written request, and determine any rent increase within sixty (60) days after Borrower's initial written request to meet. In the event of a conflict or inconsistency between the foregoing requirements and HUD Requirements (during such time that the HUD Requirements are in effect), the HUD Requirements shall be controlling.

3. Notwithstanding anything to the contrary contained herein, for all Units, for so long as the RAD Documents and PBV HAP Contract are in effect, Borrower shall also comply with all RAD Requirements, PBV Requirements and the applicable provisions as set forth in more detail in the Administrative Plan with respect to Tenants and leasing restrictions, including but not limited to the following:

a) Borrower shall not subject any Existing Tenants to rescreening, income eligibility, or income targeting provisions. For example, a Unit with a household that is over-income at time of conversion shall continue to be treated as RAD Assisted Unit, and once that remaining household moves out, the Unit must be leased to a Qualified Household in accordance with this Declaration. Nothing in this subsection shall be deemed to prohibit Borrower from obtaining income certifications from the Existing Tenants, in accordance with the requirements of TCAC; provided, however, in no event shall such income certification be used to deny or otherwise impair the Existing Tenants' rights to return to, and occupy, a Unit in the Project in accordance with the Relocation Plan or the RAD Program;

b) Any Existing Tenants that may need to be temporarily relocated to facilitate rehabilitation or construction will have a right to return to a Unit once rehabilitation or construction is completed or voluntarily accept an offer to permanently relocate in accordance with the Uniform Relocation Assistance Act;

c) Borrower must renew all Tenant leases upon lease expiration, unless good cause for refusing renewal exists. This provision must be incorporated into each Tenant lease;

d) If an Existing Tenant's tenant-paid portion of monthly rent increases by more than the greater of 10% or \$25 purely as a result of the RAD conversion, the rent increase must be phased in pursuant to the percentage increases

allowed by the RAD Program. Borrower and City acknowledge that such increase complies with the policy set forth in the Administrative Plan specifying the circumstances under which an increase will be phased in;

e) Borrower must provide Tenants with the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment. Borrower shall provide \$25 per occupied Unit per year for resident education, organizing around tenancy issues and training activities, of which at least \$15 per occupied Unit per year must be provided to a legitimate resident association if one exists at the Site and/or, to the extent permitted by the HUD Requirements, used for outreach activities in support of residents and resident organizations. In addition, all net income from laundry and vending machines at the Site must be provided to support the operations of the resident organization; and

f) Borrower shall comply with certain additional requirements regarding notice of termination of the lease and regarding grievance process hearings, all as may be further set forth in a Tenant lease rider to be provided by HUD prior to, or in conjunction with, Loan closing.

g) Notwithstanding anything to the contrary contained herein, Borrower hereby acknowledges and agrees that, in accordance with the HUD Use Agreement, the Tenant protections requirements set forth in this Section 3 shall apply to Tenants residing in any Unit, regardless of whether the Unit is a RAD-Assisted Unit or a PBV-Assisted Unit.

4. 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.

5. 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.

"BORROWER" SUNNYDALE BLOCK 6 HOUSING PARTNERSHIP, L.P.,
A California Limited Partnership

By: Sunnydale Block 6 LLC,
a Delaware limited liability company,
its managing general partner

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

By: _____
Name: _____
Its: _____

By: Related/Sunnydale Block 6 Development Co., LLC,
a California limited liability company,
its administrative general partner

By: The Related Companies of California, LLC
a California limited liability company,
its sole member

By: _____
Name: _____
Its: _____

[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:

Exhibit O
MOHCD Note

SECURED PROMISSORY NOTE

(2015 General Obligation Bond For Affordable Housing Bond Program, HOME Funds, CPMC Funds, and HOPE SF Certificate of Participation)

Principal Amount: up to \$18,647,014

San Francisco, CA

Date:

FOR VALUE RECEIVED, the undersigned, **SUNNYDALE BLOCK 6 HOUSING PARTNERSHIP, 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 up **EIGHTEEN MILLION SIX HUNDRED FORTY SEVEN THOUSAND FOURTEEN** and No and No/100 Dollars (\$18,647,014.00) (the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below as provided in this Note.

1. Agreement. 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 to be recorded pursuant to the Agreement, 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 October 17, 2017 (the "Original Note"), shall be cancelled and returned to the Maker. This Note replaces the Original Note in its entirety. Capitalized terms used herein and not otherwise defined shall have the same mean as in the Agreement.

2. Interest. Interest will accrue on the principal balance outstanding under this Note from time to time at the rate of Three percent (3%) per annum, simple interest, from the date of disbursement of funds by Holder through the date of full payment of all amounts owing under the City Documents. Interest will be calculated on the basis of actual days elapsed and a 360-day year, which will result in higher interest charges than if a 365-day year were used.

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.

4.1 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 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, but in all events prior to December 31, 2077 (the "Maturity Date"), provided however that if Maker fails to acquire Control of the Site on or before December 1, 2019 (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's failure to acquire Control of the Site on or before the Outside Acquisition is not caused by Borrower's acts or omissions, whether direct or indirect, and if Borrower has acted in good faith and no event has occurred and is continuing that constitutes an Event of Default or, with the passage of time would become an Event of Default under any of the City Documents, then in such an event, Borrower shall deliver to City all of the Work Product, the Note shall be deemed satisfied in full and Borrower shall be deemed to be released from all obligation or liability with respect to this Agreement and the Loan. Any Payment Date, including any Excess Proceeds Payment Date and the Maturity Date that falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

4.2 Subject to Section 13.4 of the Agreement, Maker must make payments of principal and interest (each, an "Excess Proceeds Payment") in an amount equal to the Excess Proceeds, if any, on the date that is thirty (30) days after the later of the date on which Maker receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Maker receives Excess Proceeds from its limited partner or other financing sources (the "Excess Proceeds Payment Date"). All Excess Proceeds 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.

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

6. Terms of Payment.

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

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

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

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

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

6.6 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.

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"

SUNNYDALE BLOCK 6 HOUSING PARTNERSHIP, L.P.,
A California Limited Partnership

By: Sunnydale Block 6 LLC,
a Delaware limited liability company,
its managing general partner

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

By: _____
Name: _____
Its: _____

By: Related/Sunnydale Block 6 Development Co., LLC,
a California limited liability company,
its administrative general partner

By: The Related Companies of California, LLC
a California limited liability company,
its sole member

By: _____
Name: _____
Its: _____

Exhibit P
MOHCD Residual Receipts Policy

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 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.

Exhibit Q
Form of Assignment Agreement

This document is exempt from payment of a recording fee pursuant to California Government Code Section 27383

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

**Housing Authority of the City and County of San Francisco
1815 Egbert Street, Suite 300
San Francisco, CA 94124
Attention: Barbara T. Smith
Acting Executive Director**

Recorder's Stamp

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this "**Assignment**"), is made and entered into as of August __, 2019 (the "**Effective Date**"), by and between SUNNYDALE DEVELOPMENT CO., LLC, a California limited liability company ("**Assignor**"), and SUNNYDALE BLOCK 6 HOUSING PARTNERSHIP, a California limited partnership ("**Assignee**"), and consented to by the HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic (the "**Authority**"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "**City**").

RECITALS

A. The Authority, the City and Assignor enter into that certain Master Development Agreement dated December 3, 2017, as recorded on March 3, 2017 as Instrument No. 2017-K416598-00 (the "**MDA**") in the Official Records of the City and County of San Francisco (the "Official Records"), and the certain Development Agreement dated March 3, 2017 and recorded on March 3, as Instrument No. 2017-K416604- 00 in the Official Records (the "**DA**") for the redevelopment of the Sunnydale public housing development and the Velasco public housing development in San Francisco, California, to be developed in phases, as more particularly described in the MDA and the DA (the "**Master Development**").

B. The MDA and the DA contemplate the transformation of the Site into approximately one thousand seven hundred (1,700) rental units, which will include seven hundred and seventy five (775) replacement public housing units, and approximately two hundred and nineteen (219) affordable rental housing units.

C. The Authority, the City and the Assignor have entered into various agreements, including the MDA and the DA in connection with the proposed development of the Master Development (collectively, the "**Agreements**").

D. In connection with the development of replacement public housing units and other

affordable rental units in Block 6 within Phase 1A-1 and Phase 1A-2 as defined in the MDA and DA, as more particularly described in Exhibit A ("**Block 6**"), Assignor has formed Assignee to be the developer of the approximate one hundred and sixty-seven (167) affordable units to be constructed within Block 6. The project is intended to assist with the relocation of Existing Households from the Site located adjacent to Block 6.

E. Assignor has requested the Authority's consent to Assignor's desire to assign all of its rights, interests, and obligations under the Agreements with respect to Block 6 to Assignee and that Assignee assume all of Assignor's obligations under the Agreements with respect to Block 6.

F. Assignor desires to assign all of its rights, interests and obligations under the Agreements with respect to Block 6, and Assignee desires to accept the assignment thereof, on the terms and conditions contained herein.

AGREEMENT

NOW, THEREFORE, in consideration of the Recitals, the promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Assignment.

As of the Effective Date, Assignor hereby assigns to Assignee all of its rights and obligations under the Agreements with respect to Block 6.

2. Assumption.

As of the Effective Date, Assignee hereby assumes all of Assignor's obligations under the Agreements with respect to Block 6 and agrees that it shall be bound by the terms and provisions of the Agreements as if Assignee had executed the same in place of Assignor. Assignee agrees to indemnify, protect, defend, and hold Assignor harmless from and against any and all claims, damages, losses, costs and expenses (including reasonable attorney's fees) arising out of, in connection with or relating to, Assignor's obligations under the Agreements, and originating after the Effective Date.

3. Successors and Assigns.

This Assignment shall be binding on and inure to the benefits of the parties hereto and their respective successors and assigns, subject to any applicable approval by the United States Department of Housing and Urban Development.

4. Consent of the Authority.

The Authority hereby consents to the assignment of the Agreements by Assignor to Assignee as set forth in this Assignment.

5. Notices, Demands, Communications.

Formal notices, demands, and communications among the parties shall not be deemed given unless dispatched by certified mail, return receipt requested, or express delivery service with a delivery receipt, or personal delivery with a delivery receipt, to the parties' principal offices as follows:

To Assignor: Sunnydale Development Co., LLC
c/o Mercy Housing California
1256 Market Street
San Francisco, CA 94102
Attn: Ramie Dare

Sunnydale Development Co., LLC
c/o The Related Companies of California
44 Montgomery Street, Suite 1300
San Francisco CA 94104
Attn: Ann Silverberg

To Assignee: Sunnydale Block Housing 6 Partnership, L.P.
c/o Mercy Housing California
1256 Market Street
San Francisco, CA 94102
Attn: Ramie Dare

Sunnydale Block 6 Housing Partnership, L.P.
c/o The Related Companies of California
44 Montgomery Street, Suite 1300
San Francisco CA 94104
Attn: Ann Silverberg

and to: Gubb & Barshay
505 14th Street, Suite 450
Oakland, CA 94612
Attn: Evan Gross, Esq.

Bocarsly Emden Cowen Esmail & Arndt LLP
633 W. 5th Street, 64th Floor
Los Angeles, CA 90071
Attn: Lance Bocarsly, Esq.

To Authority: Housing Authority of the City and County of San Francisco
1815 Egbert Avenue
San Francisco, CA 94124
Attn: Barbara T. Smith, Acting Executive Director

and to: Goldfarb & Lipman LLP
1300 Clay Street, 11th Floor
City Center Plaza
Oakland, CA 94612
Attn: Dianne Jackson McLean, Esq.

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

and to: Dennis J. Herrera, Esq.
City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Real Estate/Finance

Such written notices, demands, and communications may be sent in the same manner to such other addresses as the affected party may from time to time designate as provided in this Section. Receipt shall be deemed to have occurred on the date marked on a written receipt for delivery, refusal of delivery or the date the notice was returned as undeliverable.

6. Section Titles.

Any titles of the sections or subsections of this Assignment are inserted for convenience of reference only and shall be disregarded in interpreting any part of the Assignment's provisions.

7. Governing Law.

This Assignment shall be interpreted under and pursuant to the laws of the State of California.

8. Severability.

If any term of this Assignment is held in a final disposition by a court of competent jurisdiction to be invalid, then the remaining terms shall continue in full force unless the rights and obligations of the parties have been materially altered by such holding of invalidity, in which event the parties shall modify this Assignment to remedy such holding of invalidity.

9. Attorneys' Fees.

If any legal action is commenced to interpret or to enforce the terms of this Assignment or to collect damages as a result of any breach of this Assignment, then the party or parties prevailing in any such action shall be entitled to recover against the non-prevailing party or parties all reasonable attorneys' fees and costs incurred in such action.

10. Amendment; Modification.

This Assignment shall not be modified or amended except by written instrument executed by and among the Assignor, Assignee, and the Authority.

11. Counterparts.

This Assignment may be executed in any number of counterparts, provided each of the parties hereto executes at least one counterpart; each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

[Remainder of page intentionally blank.]

[Signatures on following pages.]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written.

ASSIGNOR:

SUNNYDALE DEVELOPMENT CO., LLC, a California limited liability company

By: Mercy Housing California, a California nonprofit public benefit corporation

Its: Member

By: _____
Name: _____
Title: _____

By: The Related Companies of California, LLC, a California limited liability company

Its: Member

By: _____
Name: _____
Title: _____

ASSIGNEE:

SUNNYDALE BLOCK 6 HOUSING PARTNERSHIP, L.P., a California limited partnership

By: Mercy Housing Calwest., a California nonprofit public benefit corporation, its managing general partner

By: _____
Its: _____

By: Related/Sunnydale Block 6 Development Co., LLC, a California limited liability company, its administrative general partner

By: The Related Companies of California, LLC, a California limited liability company, its sole member

By: _____
Its: _____

[Signatures continue on following page.]

AUTHORITY:

HOUSING AUTHORITY OF CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic

By: _____
Barbara T. Smith,
Acting Executive Director

APPROVAL AS TO FORM AND LEGALITY

Dianne Jackson McLean, Esq.
Goldfarb & Lipman LLP,
Special Counsel to Authority

Dated: _____

CITY:

MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT, a municipal corporation

By: _____
Daniel Adams, Acting Director

APPROVED AS TO FORM

DENNIS J. HERRERA
City Attorney

By: _____
Heidi Gewertz, Deputy City Attorney

Dated: _____

EXHIBIT A

Block 6- Legal Description

[insert metes and bounds description]

Exhibit R
Form of Assigned Promissory Note

ASSIGNMENT PROMISSORY NOTE
(LOW MODERATE INCOME HOUSING ASSET FUND)

Principal Amount: \$ 11,000,000

San Francisco, CA

Date:

FOR VALUE RECEIVED, the undersigned, **SUNNYDALE BLOCK 6 HOUSING PARTNERSHIP, 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 Eleven Million and No/100 Dollars (\$11,000,000.00) (the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, as provided in this Assignment Promissory Note.

1. Agreement. This Assignment Promissory Note ("Note") is given under the terms of that certain Infrastructure Reimbursement and Assignment Agreement by and between Maker and SUNNYDALE INFRASTRUCTURE, LLC, a California limited liability company ("Infrastructure LLC") (the "Assignment Agreement") dated as of the date set forth above, which Assignment Agreement is incorporated herein by reference. Maker's obligations under this Note and the Assignment Agreement are secured by the pledge of Work Product contained in that certain Amended and Restated Loan Agreement by and between Holder and Infrastructure LLC dated May 20, 2019 (the "Infrastructure Loan Agreement"). Definitions and rules of interpretation set forth in the Infrastructure Loan Agreement apply to this Note. In the event of any inconsistency between the Infrastructure Loan 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 entire principal balance of the Loan, together with all accrued and unpaid interest and other unpaid fees and costs incurred (all together, the "Payment"), will be due and payable on the fifty-seventh (57th) anniversary of MOHCD authorization of the issuance of the Notice to Proceed for the Block 6 phase of the Project, but in no event later than December 31, 2077 (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 pledge of Work Product.

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'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, 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"

SUNNYDALE BLOCK 6 HOUSING PARTNERSHIPS, L.P.,
A California Limited Partnership

By: Sunnydale Block 6 LLC,
a Delaware limited liability company,
its managing general partner

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

By: _____
Name: _____
Its: _____

By: Related/Sunnydale Block 6 Development Co.,
LLC, a California limited liability company,
its Administrative General Partner

By: The Related Companies of California, LLC,
a California limited liability company,
its sole member

By: _____
Name: _____
Its: _____