NO FEE – RECORDING PURSUANT TO GOVERNMENT CODE SEC. 27383

WHEN RECORDED RETURN TO:

Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, CA 94111
Attention: Vincent Truong

APN: Block: 3506; Lots: 9, 19 and 11
Property Address: 1500-1580 Mission Street, San Francisco, California

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

by and between the

CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA,

and

1500 MISSION URBAN HOUSING, LP,
a Delaware limited partnership

Dated as of November 1, 2017

Relating to:
City and County of San Francisco, California
Multifamily Housing Revenue Bonds
(1500 Mission Street Apartments)
Series 2017E

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REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

This REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (the "**Regulatory Agreement**") is made and entered into as of November 1, 2017, by and between the CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA a municipal corporation, and chartered city and county, duly organized and validly existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the "**City**"), 1500 MISSION URBAN HOUSING, LP, a Delaware limited partnership (the "**Owner**"), owner of a fee interest in the land described in Exhibit A attached hereto.

RECITALS

A. WHEREAS, pursuant to the Charter of the City, Article I of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as now in effect and as may be subsequently amended or supplemented (collectively, the "**Act**"), the City is authorized to issue revenue notes and bonds to make loans to any person in order to finance the acquisition, construction and development of multifamily rental housing; and

B. WHEREAS, the Board of Supervisors of the City has authorized the execution and delivery of a multifamily mortgage revenue note and the issuance of multifamily mortgage revenue bonds under the Act in connection with the acquisition, development and construction of a 550-unit mixed-income multifamily residential rental housing project located in a high-rise tower on the site described in Exhibit A hereto and to be known as 1500 Mission Street Apartments (as further described herein, the "**Project**"), which Project shall be subject to the terms and provisions hereof; and

C. WHEREAS, in furtherance of the purposes of the Act and as a part of the City's plan of financing affordable housing, the City is issuing its revenue bonds designated "City and County of San Francisco, California Multifamily Housing Revenue Bonds (1500 Mission Street Apartments), Series 2017E" (the "**Bonds**") pursuant to terms of an Indenture of Trust (the "**Indenture**") of even date herewith between the City and U.S. Bank National Association, as trustee (the "**Trustee**"), the proceeds of which are being used by the City to make a loan to the Owner (the "**Loan**") pursuant to the Loan Agreement of even date herewith (the "**Loan Agreement**") by and among the City, the Trustee and the Owner. The proceeds of the Loan shall be used to finance the acquisition, development and construction of the Project; and

D. WHEREAS, the City hereby certifies that all things necessary to make the Bonds, when issued as provided in the Indenture, the valid, binding and limited obligations of the City have been done and performed, and the execution and delivery of the Indenture and Loan Agreement and the issuance of the Bonds, subject to the terms thereof, in all respects have been duly authorized; and

E. WHEREAS, the Code (as hereinafter defined) and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Project be restricted in certain respects and in order to ensure that the Project will be acquired, constructed, equipped, used and operated in accordance with the Code and the Act, the City and the Owner have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, development, construction and operation of the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the City and the Owner agree as follows:

1. Definitions and Interpretation. Capitalized terms used herein have the meanings assigned to them in this Section 1, unless the context in which they are used clearly requires otherwise:

"Act" - The Charter of the City, Article I of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented.

"Adjusted Income" - The adjusted income of a person (together with the adjusted income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) as calculated in the manner prescribed pursuant to Section 8 of the Housing Act, or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under Section 142 of the Code and the Act.

"Administrative General Partner" - 1500 Holdco, LLC, a Delaware limited liability company, and/or any other Person that the partners of the Owner, have selected to be an administrative general partner of the Owner, and any successor administrative general partner of the Owner, in each case to the extent required and permitted under the Loan Documents and hereunder.

"Affiliated Party" - (a) a Person whose relationship with an Owner would result in a disallowance of losses under Section 267 or 707(b) of the Code, (b) a Person who together with an Owner are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein), (c) a partnership and each of its partners (and their spouses and minor children) whose relationship with an Owner would result in a disallowance of losses under Section 267 or 707(b) of the Code, and (d) an S corporation and each of its shareholders (and their spouses and minor children) whose relationship with an Owner would result in a disallowance of losses under Section 267 or 707(b) of the Code.

"Affordable Project" - A portion of the Project consisting of all of the Restricted Units (i.e., the one hundred ten (110) Very Low Income Units or DRS Units, plus one (1) manager's unit).

"Affordable Project Lease Agreement" - The air rights parcel lease, in a form satisfactory to the City pursuant to Section 6(i) hereof, by and between the Owner and the Affordable Project Lessee leasing, on or around the completion of construction of the Project, the Affordable Project to the Affordable Project Lessee.

"Affordable Project Lessee" - 1500 Mission Housing Partners, L.P., a California limited partnership.

"Area" - The HUD Metro Fair Market Rent Area (HMFA), or successor area determined by HUD in which the Project is located.

"Authorized Owner Representative" - Any person who at the time and from time to time may be designated as such, by written certificate furnished to the City and the Trustee containing the specimen signature of such person and signed on behalf of the Owner by its Managing General Partner, which certificate may designate an alternate or alternates.

"Available Units" - Residential units in the Project (except for not more than one (1) unit set aside for resident managers) that are actually occupied and residential units in the Project that are vacant and have been occupied at least once after becoming available for occupancy, provided that (a) a residential unit that is vacant on the later of (i) the date the construction of the Project is completed or (ii) the date of execution and delivery of the Bonds is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after the renovations are completed.

"Bonds" - $[316,800,000] City and County of San Francisco, California Multifamily Housing Revenue Bonds (1500 Mission Street Apartments), Series 2017E, executed and delivered pursuant to the Indenture.

"CDLAC" - The California Debt Limit Allocation Committee.

"CDLAC Requirements" - The requirements described in Section 7 of this Regulatory Agreement.

"CDLAC Resolution" - The resolution described in Section 7 of this Regulatory Agreement.

"Certificate of Continuing Program Compliance" - The Certificate with respect to the Project to be executed and filed by an Authorized Owner Representative or by the Affordable Project Lessee with the City and the Program Administrator, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit D or such other form as is provided by the City.

"Certificate of Preference" - A residential Certificate of Preference issued by the City pursuant to the City's Certificate of Preference Program.

"City" - The City and County of San Francisco, California.

"City Median Income" - The "Maximum Income by Household Size" derived by the Mayor's Office of Housing and Community Development and published annually, based on the unadjusted area median income for the Area, as determined annually by HUD in a manner consistent with determinations of area median gross income under Section 8 of the Housing Act and Section 3009a of the Housing and Economic Recovery Act of 2008 or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination, and being adjusted for household size but unadjusted for high housing costs.

"Closing Date" - The date of the issuance of the Bonds, being November __, 2017.

"Code" - The Internal Revenue Code of 1986, as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Commercial Space" – Approximately 48,485 square feet of commercial space of the Project.

"Completion Certificate" - The certificate of completion of the construction of the Project required to be executed by an Authorized Owner Representative and delivered to the City, with a copy to the Trustee, by the Owner pursuant to Section 2(d) of this Regulatory Agreement, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit C.

"Completion Date" - The date of completion of the construction of the Project, as that date shall be certified as provided in Section 2(d) of this Regulatory Agreement.

"CTCAC" - The California Tax Credit Allocation Committee.

"DRS Unit" - as defined in Section 4(a) hereof.

"DRS Tenant" - as defined in Section 4(a) hereof.

"Facilities" - The multifamily buildings, structures and other improvements on the Site to be acquired, developed, constructed, improved, and equipped with proceeds of the Loan, and all fixtures and other property owned by the Owner and located on the Site, or used in connection with, such buildings, structures and other improvements. The Facilities include the Commercial Space.

"General Partner" - Collectively, (i) the Administrative General Partner; (ii) the Managing General Partner; and/or (iii) any other Person that the partners of Owner have admitted as a general partner in accordance with the Partnership Agreement, and any successor general partner of the Owner, to the extent permitted under the Loan Documents and hereunder.

"Housing Act" - 42 U.S.C. § 1437, known as the United States Housing Act of 1937, as amended.

"Housing Law" - Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended.

"HUD" - The United States Department of Housing and Urban Development, its successors and assigns.

"Income Certification Form" - A fully completed and executed Income Certification Form substantially in the form designated in Exhibit B, or such other form as may be provided by the City.

"Indenture" - is defined in Recital C.

"Inducement Date" - July 21, 2017, the effective date of the Inducement Resolution.

"Inducement Resolution" - Resolution No. 277-17 adopted by the Board of Supervisors of the City and approved by the Mayor of the City on the Inducement Date, indicating its intention to issue the Bonds to finance a portion of the Project.

"Life of the Project" – The period of time from completion of the Project and initial occupancy and thereafter for so long as the Project continues to operate as a multi-family residential rental project.

"Loan" - The loan of the proceeds of the Bonds made to the Owner pursuant to the Loan Agreement to provide financing for the acquisition and construction of the Project.

"Loan Agreement" - The Loan Agreement of even date herewith between the City and the Owner, pursuant to which the Loan was made.

"Loan Documents" - Collectively, the Indenture and the Loan Agreement.

"Managing General Partner" - 1500 Mission Housing Partners GP LLC, a California limited liability company, and/or any other Person that the partners of Owner select, in accordance with the Partnership Agreement, to be a managing general partner of Owner, and any successor managing general partner of the Owner, to the extent permitted under the Loan Documents and hereunder.

"Market Rate Units" - The residential units in the Project that are not Restricted Units.

"Median Income for the Area" - The median gross income for the Area, as determined in a manner consistent with determinations of area median gross income under Section 8 of the Housing Act and Section 3009a of the Housing and Economic Recovery Act of 2008 (Pub.L. 110-289, 122 Stat 2654) or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under Section 142 of the Code and the Act, including adjustments for household size.

"Mortgage" - The Deed of Trust (as defined in the Indenture).

"Mortgagee" - [Deutsche Bank Securities, Inc. as [Servicer or Bondholder Representative] (as defined in the Indenture) and any mortgage lender holding a mortgage lien on the Project].

"Notice of Special Restrictions" - The Notice of Special Restrictions Under The Planning Code executed June 14, 2017, by Goodwill SF Urban Development, LLC, an affiliate of Owner, and recorded June 19, 2017 (2017K465184) relating to the Site.

"Owner" - 1500 Mission Urban Housing, LP, a Delaware limited partnership, its successors and assigns.

"Partnership Agreement" - The [Amended and Restated] Agreement of Limited Partnership of the Owner, by and among the General Partners of the Owner and its limited partner.

"Permitted Encumbrances" - Has the definition given to it in the Mortgage.

"Program Administrator" - A governmental agency, a financial institution, a certified public accountant, an apartment management firm, a mortgage insurance company or other business entity performing similar duties or otherwise experienced in the administration of restrictions on bond financed multifamily housing projects, which shall be the City initially and, at the City's election, any other person or entity appointed by the City who shall enter into an administration agreement in a form acceptable to the City.

"Project" - The Facilities and the Site, as further described in Recital B.

"Project Costs" - To the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Owner with respect to the acquisition, development and construction of the Project, whether paid or incurred prior to or after the Inducement Date, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractor's and Owner's overhead and supervisors' fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project), and interest accrued during construction and prior to the Completion Date.

"Qualified Project Costs" - Project Costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to the capital account (or would be so chargeable with a proper election by the Owner or but for a proper election by the Owner to deduct such costs) in accordance with general Federal income tax principles and in accordance with United States Treasury Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate or persons or entities treated as related to the Owner within the meaning of Sections 1504, 267 and 707 of the Code (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the date of a declaration of "official intent" to reimburse costs paid with respect to the Project (within the meaning of §1.150-2 of the United States Treasury Regulations) or the date of issue of the Bonds, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Bonds such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of United States Treasury Regulations §1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition or construction of the Project that do not exceed twenty percent (20%) of the issue price of the Bonds (as defined in United States Treasury Regulations §1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid).

"Qualified Project Period" - The period beginning on the later of the Closing Date or the first day on which at least ten percent (10%) of the units in the Project are first occupied, and ending on the later of the following:

(a) the date that is fifteen (15) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied;

(b) the first date on which no Tax-Exempt private activity notes or bonds with respect to the Project are Outstanding;

(c) if applicable, the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates;

(d) the date that is the later of: (i) seventy-five (75) years after the Closing Date or (ii) the Life of the Project; or

(e) such later date as may be provided in Section 5, 7 or 12 hereof.

"Regulations" - The income tax regulations promulgated by the Internal Revenue Service or the United States Department of the Treasury pursuant to the Code from time to time.

"Regulatory Agreement" - This Regulatory Agreement and Declaration of Restrictive Covenants, together with any amendments hereto or supplements hereof.

"Restricted Unit" - A Very Low Income Unit or a DRS Unit.

"Section 8" - Section 1437f of the Housing Act, unless explicitly referring to a section of this Regulatory Agreement (e.g., "Section 8 hereof").

"Site" - The parcel or parcels of real property described in Exhibit A, which is attached hereto, and all rights and appurtenances thereto, and in which the Owner has a fee interest.

"SSI" - Supplemental Security Income administered pursuant to P.L. 74-271, approved August 14, 1935, 49 Stat. 620, as now in effect and as it may from time to time hereafter be amended or supplemented.

"State" - The State of California.

"Tax Certificate" - Collectively, the Certificate as to Arbitrage of the City, dated the date of issuance and delivery of the Bonds, executed and delivered by the City and the Owner, as amended or supplemented from time to time, and the Certificate Regarding Use of Proceeds of the Owner, dated the date of execution, issuance and delivery of the Bonds, as amended or supplemented from time to time.

"Tax Counsel" - Jones Hall, A Professional Law Corporation and/or any other attorney or firm of attorneys designated by the City having a national reputation for skill in connection with the authorization and issuance of municipal obligations under Sections 103 and 141 through 150 (or any successor provisions) of the Code.

"TANF" - The Temporary Assistance for Needy Families program administered pursuant to 42 U.S.C. §§ 601-687.

"Tax-Exempt" - With respect to the status of interest on the Bonds, the exclusion of interest thereon from gross income of the applicable Holder for federal income tax purposes pursuant to Section 103(a) of the Code (other than interest on any portion of the Bonds owned by a "substantial user" of the Project or a "related person" within the meaning of Section 147 of the Code).

"Tenant" - At any time of determination thereof, all persons who together occupy a single residential unit in the Project, and upon the occupancy of a unit by any individual in addition to the previous Tenant of such unit, such unit shall be deemed to be occupied by a new Tenant.

"Trustee" - is defined in Recital C.

"Very Low Income Tenant" - Any Tenant in the Project whose Adjusted Income does not exceed fifty percent (50%) of the lower of City Median Income or Median Income for the Area; provided, however, if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code) who fail to be described in Section 42(i)(3)(D) of the Code, such occupants shall not qualify as Very Low Income Tenants. The determination of a Tenant's status as a Very Low Income Tenant shall initially be made by the Owner on the basis of the Income Certification Form executed by the Tenant upon such Tenant's occupancy of a Restricted Unit in the Project and upon annual recertification thereafter. In determining if any Tenant is a Very Low Income Tenant for purposes of any requirement of the City hereunder, the maximum Adjusted Income shall be based on the applicable percentage of the lower of the City Median Income or Median Income for the Area.

"Very Low Income Units" - The dwelling units in the Project required to be rented to, or designated for occupancy by, Very Low Income Tenants pursuant to Section 4 of this Regulatory Agreement.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender used in this Regulatory Agreement shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

2. Acquisition, Development and Construction of the Project. The Owner hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Owner has incurred, or will incur within six (6) months after the Closing Date, a substantial binding obligation to a third party to commence the construction of the Project, pursuant to which the Owner is or will be obligated to expend an amount equal to

or greater than five percent (5%) of the aggregate principal amount of the Bonds for the payment of Qualified Project Costs.

(b) The Owner's reasonable expectations respecting the total cost of construction of the Project and the disbursement of proceeds from the Bonds are accurately set forth in the Tax Certificate, which has been delivered to the City on the Closing Date.

(c) The Owner will proceed with due diligence to complete the acquisition, development and construction of the Project and expects to expend the maximum authorized amount of the Loan for Project Costs within three (3) years of the Closing Date.

(d) No later than ten (10) days after the Completion Date, the Owner will submit to the City with a copy to the Trustee a duly executed and completed Completion Certificate.

(e) The Owner shall prepare and submit to the City a final allocation of the proceeds of the Bonds to the payment of Qualified Project Costs, which allocation shall be consistent with the Cost Certification, as defined in the Partnership Agreement, within sixty (60) days after the Completion Date, but in any event no later than the earlier of: (1) eighteen (18) months from the placed in service date for the Project; (2) the latest maturity date for the Bonds; or (3) the fifth anniversary of the Closing Date.

(f) On the date on which fifty percent (50%) of the units in the Project are first rented, the Owner will submit to the City with a copy to the Trustee a duly executed and completed Certificate as to Commencement of Qualified Project Period, in the form of Exhibit E hereto.

(g) Money on deposit in any fund or account in connection with the Bonds, whether or not such money was derived from other sources, shall not be used by or under the direction of the Owner in a manner which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and the Owner specifically agrees that the investment of money in any such fund shall be restricted as may be necessary to prevent the Bonds from being "arbitrage bonds" under the Code.

(h) The Owner (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take any action if such action or omission would in any way cause the proceeds from the Bonds to be applied in a manner contrary to the requirements of the Loan Documents or this Regulatory Agreement.

(i) On or concurrently with the final draw by the Owner of amounts representing proceeds of the Bonds, the expenditure of such draw, when added to all previous disbursements representing proceeds of the Bonds, will result in not less than ninety-five percent (95%) of all disbursements of proceeds from the Bonds having been used to pay or reimburse the Owner for Qualified Project Costs and less than twenty-five percent (25%) of all disbursements having been used to pay for the acquisition of land or any interest therein.

(j) The statements made in the various certificates delivered by the Owner to the City on the Closing Date are true and correct.

(k) All of the amounts received by the Owner from the proceeds of the Bonds and earnings from the investment of such proceeds will be used to pay Project Costs; and no more than two percent (2%) of the proceeds of the Bonds shall be used to pay issuance costs of issuing and delivering the Bonds, within the meaning of Section 147(g) of the Code.

(l) The Owner will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-Exempt status of interest on the Bonds (other than with respect to interest on any portion thereof for a period during which such portion is held by a "substantial user" of any facility financed with the proceeds of the Bonds or a "related person," as such terms are used in Section 147(a) of the Code), and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(m) The Owner will take such action or actions as may be necessary, in the written opinion of Tax Counsel to the City, to comply fully with the Act, the Code and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service to the extent necessary to maintain the Tax-Exempt status of interest on the Bonds (other than with respect to interest on any portion of thereof for a period during which such portion is held by a "substantial user" of any facility financed with the proceeds of the Bonds or a "related person," as such terms are used in Section 147(a) of the Code).

(n) No portion of the proceeds of the Bonds shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No portion of the proceeds of the Bonds shall be used for an office unless the office is located on the premises of the facilities constituting the Project and unless not more than a *de minimis* amount of the functions to be performed of such office is not related to the day-to-day operations of the Project.

(o) In accordance with Section 147(b) of the Code, the average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the facilities being financed by the bonds.

(p) The Owner will proceed with due diligence to complete the construction of the Project.

(q) The statements made in the various certificates delivered by the Owners to the City on the Closing Date are true and correct [in all material respects].

3. Qualified Residential Rental Property. The Owner hereby acknowledges and agrees that the Project will be owned, managed and operated as a "qualified residential rental project" (within the meaning of Section 142(d) of the Code). The City hereby elects to have the Project meet the requirements of Section 142(d)(1)(A) of the Code and the Owner hereby elects and covenants that it shall comply with Section 142(d)(1)(A) of the Code. To that end, and for the term of this Regulatory Agreement, the Owner hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Project is being acquired, developed and constructed for the purpose of providing multifamily residential rental property, including certain facilities related thereto, and the Owner shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the residential dwelling units in the Project will be similarly constructed units, and, to the extent required by the Code and the Regulations, each residential dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range (which may be a countertop cooking range), refrigerator and sink.

(c) None of the residential dwelling units in the Project will at any time be used on a transient basis (e.g., subject to leases that are less than thirty (30) days duration) (including use as a corporate suite), or be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park.

(d) Except to the extent the Project has already been subdivided into air-rights condominium parcels or other legal subdivisions, no part of the Project will at any time be owned as a condominium or by a cooperative housing corporation, nor shall the Owner take any steps in connection with a conversion to such ownership or uses during the Qualified Project Period. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Bureau of Real Estate, the Owner shall not take any steps in connection with a conversion of the Project to a condominium ownership except with the prior written opinion of Tax Counsel that the interest on the Bonds will not thereby become includable in the gross income of the Holders thereof for federal income tax purposes under Section 103 of the Code during the Qualified Project Period.

(e) All of the residential dwelling units in the Project will be available for rental on a continuous basis to members of the general public and the Owner will not give preference to any particular class or group in renting the residential dwelling units in the Project, except to the extent required by (i) this Regulatory Agreement or the Notice of Special Restrictions, (ii) any regulatory or restrictive use agreement to which the Project is or becomes subject pursuant to Section 42 of the Code, (iii) any additional tenant income and rent restrictions imposed by any other federal, State or local governmental agencies, and (iv) any other legal or contractual requirement not excepted by clauses (i) through (ii) of this paragraph, upon receipt by the Trustee and the City of an opinion of Tax Counsel to the effect that compliance with such other requirement will not adversely affect the Tax-Exempt status of interest on the Bonds.

(f) The Site consists of a parcel or parcels that are contiguous and all of the Facilities will comprise a single geographically and functionally integrated project for residential rental property (including the portions of the common areas allocated to the Project), as evidenced by the ownership, management, accounting and operation of the Project.

(g) No residential dwelling unit in the Project shall be occupied by the Owner. Notwithstanding the foregoing, if the Project contains five (5) or more residential dwelling units, this Section shall not be construed to prohibit occupancy of residential dwelling units by one or more resident managers or maintenance personnel any of whom may be the Owner; provided that the number of such managers or maintenance personnel is not unreasonable given industry standards in the area for the number of residential dwelling units in the Project.

(h) The Owner shall not discriminate on the basis of race, creed, religion, color, sex, source of income (e.g., TANF, Section 8 or SSI), physical disability (including HIV/AIDS), age, national origin, ancestry, marital or domestic partner status, sexual preference or gender identity in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the construction, operation and management of the Project, except to the extent required hereby.

(i) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by assignment of the fee interest in the Project in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the City from enforcing the requirements of the Code and the Regulations, or condemnation or similar event, the Owner covenants that, within a "reasonable period" determined in accordance with the Regulations, it will either prepay the Loan or, if permitted under the provisions of the Mortgage and the Indenture, as applicable, the Owner will apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(j) The Owner agrees to maintain the Project, or cause the Project to be maintained, during the term of this Regulatory Agreement (i) in a reasonably safe condition and (ii) in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof such that the Project shall be in substantially the same condition at all times as the condition it is in at the time of the completion of the construction of the Project with the proceeds of the Loan, ordinary wear and tear excepted. Notwithstanding the foregoing, the Owner's obligation to repair or rebuild the Project in the event of casualty or condemnation shall be subject to the terms of the Loan Agreement and the Mortgage.

(k) The Project will have five hundred and fifty (550) residential rental dwelling units, at least one (1) of which will be a manager's unit.

(l) No Very Low Income Units within the Project will be sold during the term of the Regulatory Agreement and no dwelling units within the Project will be sold while parts (a), (b) or (c) of the Qualified Project Period are in effect.

4. Restricted Units. The Owner hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(a) Income and Rent Restrictions. In addition to the requirements of Section 5, hereof, the Owner shall comply with the income and rent restrictions of this Section 4(a), and any conflict or overlap between any two or more of such provisions shall be resolved

in favor of the most restrictive of such provisions, that is, in favor of the lowest income and rent.

(i) Very Low Income Units. One hundred ten (110) of the units in the Project shall be rented to and continuously occupied by households who qualify as Very Low Income Tenants. The monthly rent charged for all the Very Low Income Units shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the lower of City Median Income or Median Income for the Area.

(ii) [Reserved].

(iii) Income Restrictions Pursuant to the Code. Pursuant to the requirements of Section 142(d) of the Code, for the Qualified Project Period, not less than twenty percent (20%) of the total number of completed units in the Project shall be designated as Restricted Units and during the Qualified Project Period shall be rented to and continuously occupied by Tenants whose Adjusted Income does not exceed fifty percent (50%) of Median Income for the Area; provided, however, if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code) who fail to be described in Section 42(i)(3)(D) of the Code, such occupants shall not be qualified Tenants pursuant to this sentence.

The Owner hereby elects to have Section 142(d)(4)(B) (deep rent skewing) of the Code apply to the Project. Accordingly, for purposes of the preceding paragraph, at least fifteen percent (15%) of the Restricted Units (the "**DRS Units**") shall be occupied by Tenants (the "**DRS Tenants**") who satisfy the requirements herein for Very Low Income Tenants, except the maximum Adjusted Income shall not exceed forty percent (40%) of Median Income for the Area, rather than fifty percent (50%) of Median Income for the Area.

The gross rent with respect to each Restricted Unit shall not exceed thirty percent (30%) of the applicable income limit, and shall not exceed fifty percent (50%) of the average gross rent with respect to Market Rate Units of comparable size in the Project. For purposes of this Section 4(a)(iii), the term "gross rent" includes any payment under Section 8 of the United States Housing Act of 1937 and any utility allowance as determined by the Secretary of the U.S. Department of Housing and Urban Development after taking into account such determinations under said Section 8. For purposes of this Section 4(a)(iii), the term "applicable income limit" means the applicable income limit for a Tenant described in this Section 4(a)(iii) (i.e. 50% of Median Income for the Area or 40% Median Income for the Area).

(iv) Income and Rent Restrictions Pursuant to the Act. Pursuant to the requirements of Section 52080(a)(1)(A) of the Housing Law, for the Qualified Project Period, not less than twenty percent (20%) of the total number of completed units in the Project or one hundred and ten (110) units, shall be designated as affordable units and during the Qualified Project Period shall be rented to and continuously occupied by Tenants whose Adjusted Income does not exceed fifty percent (50%) of the Median Income for the Area; provided, however, that if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code) who fail to be described in Section 42(i)(3)(D) of the Code, such occupants shall not be qualified Tenants pursuant to this sentence. Pursuant to the requirements

of Section 52080(a)(1)(A) of the Housing Law, the monthly rent charged for such units shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area. The Owner shall satisfy the requirements of this Section 4(a)(iv) by complying with the requirements of Section 4(a)(i), to the extent such compliance meets the requirements of Section 52080(a)(1)(A) of the Housing Law.

(v) CDLAC Requirements. To the extent the income and rent restrictions contained in the CDLAC Requirements are more restrictive than any of the foregoing requirements, the Owner shall comply with the CDLAC Requirements.

(vi) City Requirements. The parties acknowledge that the City has imposed income and rent restrictions ("affordability restrictions") and other requirements with respect to the Project, as set forth in the Notice of Special Restrictions, which may be different than and are independent of the restrictions and requirements imposed herein. Nothing contained in this Regulatory Agreement is intended to limit the restrictions, requirements or obligations in the Notice of Special Restrictions, and nothing contained in the Notice of Special Restrictions is intended to limit the restrictions, requirements or obligations in this Regulatory Agreement. For avoidance of doubt, it is the City's intention that the affordability restrictions described herein shall continue for no less than the longer of 75 years from the date on which at least fifty percent (50%) of the units in the Project are first occupied or the Life of the Project.

(b) Over-Income Tenants. Notwithstanding the foregoing provisions of Section 4(a), no Tenant who satisfies the applicable income limit for a Restricted Unit upon initial occupancy shall be denied continued occupancy of a Restricted Unit in the Project solely because, after admission, the aggregate Adjusted Income of all Tenants in the Restricted Unit increases to exceed the qualifying limit for such Restricted Unit.

However, should the aggregate Adjusted Income of Tenants in a Very Low Income Unit or a DRS Unit, as of the most recent determination thereof, exceed one hundred seventy percent (170%) of the applicable income limit for such Restricted Unit occupied by the same number of Tenants, the next Available Unit that is a Restricted Unit must be rented to (or held vacant and available for immediate occupancy by) a DRS Tenant. The unit occupied by such Tenants whose aggregate Adjusted Income exceeds such applicable income limit shall continue to be treated as occupied by a Very Low Income Tenant or DRS Tenant for purposes of the requirements of Section 4(a) hereof unless and until an Available Unit that is a Restricted Unit is rented to persons other than a DRS Tenant. Moreover, a unit previously occupied by a Very Low Income Tenant or DRS Tenant and then vacated shall be considered occupied by a Very Low Income Tenant or DRS Tenant, respectively, until reoccupied, other than a reoccupation for a temporary period, at which time the character of the unit shall be re-determined. In no event shall such temporary period exceed thirty-one (31) days.

(c) Income Certifications. The Owner will obtain, complete and maintain on file an income certification, in the form referenced in Exhibit B, for each Tenant in a Restricted Unit (i) immediately prior to the initial occupancy of a Restricted Unit by such Tenant, and (ii) thereafter, annually, by completing the Income Certification Form together with such information, documentation and certifications as are required therein or by the

City, in its discretion, to substantiate the Tenant's income. In addition, the Owner will provide such further information as may be required in the future by the State, CDLAC, the City (on a reasonable basis), the Program Administrator, the Act, Section 142(d) of the Code and/or the Treasury Regulations, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code.

(d) Certificate of Continuing Program Compliance. Upon the commencement of the Qualified Project Period, and on each February 1st thereafter (or such other date as shall be requested in writing by the City or the Program Administrator, if other than the City) during the term of this Regulatory Agreement, the Owner shall advise the Program Administrator of the status of the occupancy of the Project by delivering to the Program Administrator (with a copy to the Trustee and Mortgagee) a Certificate of Continuing Program Compliance (a form of which is attached hereto as Exhibit D). The Owner shall also timely provide to the City such information as is requested by the City to comply with any reporting requirements applicable to it with respect to the Bonds or the Project under any federal or State law or regulation, including without limitation, CDLAC regulations (Division 9.5 of Title 4 of the California Code of Regulations).

(e) Recordkeeping. The Owner will maintain complete and accurate records pertaining to the Restricted Units, and will permit any duly authorized representative of the City, the Program Administrator (if other than the City), the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Owner pertaining to the Project upon reasonable notice during normal business hours, including those records pertaining to the occupancy of the Restricted Units, but specifically excluding any material which may be legally privileged.

(f) Annual Certification to Secretary of Treasury. The Owner shall submit to the Secretary of the Treasury annually on or before March 31 of each year, or such other date as is required by the Secretary of the Treasury, a completed Internal Revenue Service Form 8703, and shall provide a copy of each such form to the Program Administrator and the Trustee. Failure to comply with the provisions of this paragraph will subject the Owner to penalty, as provided in Section 6652(j) of the Code.

(g) Lease Provisions Regarding Income Certification Reliance. All leases pertaining to Restricted Units do and shall contain clauses, among others, wherein each Tenant who occupies a Restricted Unit: (1) certifies the accuracy of the statements made in the Income Certification Form; (2) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such Tenant, that such Tenant will comply promptly with all requests for information with respect thereto from the Owner or the Program Administrator on behalf of the City, and that the failure to provide accurate information in the Income Certification or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such Tenant; (3) acknowledges that the Owner has relied on the Income Certification Form and supporting information supplied by the Tenant in determining qualification for occupancy of the Restricted Unit, and that any material misstatement in such certification (whether intentional or otherwise) will be cause for immediate termination of such lease or rental agreement; and (4) agrees that the Tenant's income is subject to annual certification in accordance with Subsection 4(c) hereof and

that failure to cooperate with the annual recertification process reasonably instituted by the Owner pursuant to Subsection 4(c) above may provide grounds for termination of the lease.

(h) Maintenance of Tenant Lists and Applications. All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business which is unrelated to the Project and shall be maintained, as required from time to time by the Program Administrator on behalf of the City or the Trustee, in a reasonable condition for proper audit and subject to examination upon reasonable notice during normal business hours by representatives of the Trustee or the City. Failure to keep such lists and applications or to make them available to the City or the Trustee shall be a default hereunder.

(i) Tenant Lease Subordination. All tenant leases or rental agreements shall be subordinate to this Regulatory Agreement.

(j) No Encumbrance, Demolition or Non-Rental Residential Use. The Owner shall not take, or permit, any of the following actions:

(i) other than the Permitted Encumbrances, encumber any portion of the Project or grant commercial leases of any part thereof (except the Commercial Space), or permit the conveyance, transfer or encumbrance of any part of the Project (except for apartment leases), except (i) pursuant to the provisions of this Regulatory Agreement and on a basis subordinate to the provisions of this Regulatory Agreement, to the extent applicable, (ii) upon receipt by the Owner, the Trustee, the Mortgagee and the City of an opinion of Tax Counsel that such action will not adversely affect the Tax-Exempt status of interest on the Bonds, or (iii) upon a sale, transfer or other disposition of the Project in accordance with the terms of this Regulatory Agreement; or

(ii) demolish any part of the Project or substantially subtract from any real or personal property of the Project (other than in the ordinary course of business); or

(iii) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

(k) Compliance with Regulatory Agreement. The Owner shall exercise reasonable diligence to comply or cause compliance with the requirements of this Regulatory Agreement and shall notify the City within fifteen (15) days and correct any noncompliance within sixty (60) days after such noncompliance is first discovered by the Owner or would have been discovered by the exercise of reasonable diligence, unless such noncompliance is not reasonably susceptible to correction within sixty (60) days, in which event the Owner shall have such additional time as may be reasonably necessary to effect such correction provided the Owner has commenced such correction after discovery and is diligently prosecuting such correction.

5. Additional Requirements of the City.

(a) Minimum Lease Term. The term of the lease for any Restricted Unit shall be not less than one (1) year.

(b) Limitation on Rent Increases. Annual rent increases on an occupied Restricted Unit shall be limited to the percentage of the annual increase in the lower of the City Median Income or the applicable Median Income for the Area for that Restricted Unit. Rent increases which are permitted but not made in a given year may not be carried forward and made in any subsequent year.

(c) Appointment of Program Administrator. The Owner acknowledges that the City may appoint a Program Administrator (other than the City), at the sole cost and expense of the City, to administer this Regulatory Agreement and to monitor performance by the Owner of the terms, provisions and requirements hereof. In such event, the Owner shall comply with any reasonable request by the City and the Program Administrator to deliver to any such Program Administrator, in addition to or instead of the City, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection during normal business hours with reasonable notice by the Program Administrator as an agent of the City. The City may change the Program Administrator at its sole and exclusive discretion. The Owner shall have the right to rely on any consent or direction given by the Program Administrator on the same basis as if given by the City.

(d) Management Agent. The Owner shall not enter into any agreement providing for the management or operation of the Project with any party other than Related Management Company, L.P., a New York limited partnership, without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed, except as contemplated by the Affordable Project Lease Agreement.

(e) Certificate of Preference Program. To the fullest extent permitted by law, the Owner shall comply with the City's Certificate of Preference Program pursuant to San Francisco Administrative Code Section 24.8, to the extent such compliance is not in conflict with any other requirements imposed on the Project pursuant to Section 42 and Section 142(d) of the Code, the Act, the CDLAC Resolution, or CTCAC.

(f) Nondiscrimination Based on Section 8, Household Size, or Source of Income. The Owner shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, or any successor program or similar federal, State or local governmental assistance program. The Owner shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants and the Owner shall not refuse to rent to any tenant on the basis of household size as long as such household size does not exceed two (2) persons for a studio unit; three (3) persons for a one-bedroom unit; five (5) persons for a two-bedroom unit and seven (7) persons for a three-bedroom unit. The Owner shall not collect any additional fees or payments from such a tenant except security deposits or other deposits required of all tenants. The Owner shall not collect security deposits or other deposits from Section 8 certificate or voucher holders in excess of that allowed under the Section 8 program. The Owner shall not discriminate against tenant applicants on the basis of legal source of income (e.g., TANF, Section 8 or SSI), and the Owner shall consider a prospective tenant's previous rent history of at least one (1) year as evidence of the ability to pay the applicable rent (i.e., ability to pay shall be demonstrated if such a tenant can show that the same percentage or more of the tenant's income has been consistently paid on time for rent in the past as will be required to be paid for the rent applicable to the unit to be occupied, provided that such tenant's expenses have not increased materially). Further, Owner shall comply with all applicable notice provisions set forth in the Housing Act prior to terminating

any lease to which any Tenant previously certified by the Owner as a Very Low Income Tenant is a party. The Owner acknowledges that (i) federal notice requirements under the Housing Act are distinct from those under State law or City law and the Owner shall comply with all federal, State and local laws in connection with any such notice requirements, and (ii) compliance with the law of one jurisdiction shall not be deemed compliance with the laws of all jurisdictions.

(g) ***{Under Review.}*** [Overincome Provisions after Expiration of Qualified Project Period. Notwithstanding the provisions of Section 4(b), from and after the expiration of the Qualified Project Period, in the event that Owner's certification of a Very Low Income Tenant's income or a DRS Tenant's income, pursuant to Section 4(c), indicates that such Very Low Income Tenant's income exceeds one hundred twenty percent (120%) of the lower of the City Median Income or the Median Income for the Area (and in the case of a DRS Tenant, exceeds one hundred twenty percent (120%) of the Median Income for the Area), the Owner shall terminate such lease upon one hundred twenty (120) days prior written notice to the Tenant, and the lease for each Restricted Unit shall contain a statement to the foregoing effect. Notwithstanding the foregoing, the Owner shall not be required to terminate said Tenant's lease if any regulation or statute governing the Project or the financing thereof prohibits the termination of said Tenant's lease in this manner.]

(h) Consideration for Restrictions. It is hereby acknowledged and agreed that any restrictions imposed on the operation of the Project herein and which are in addition to those imposed pursuant to Section 142(d) of the Code or the Act are at the request of the Owner, and that the Owner has voluntarily agreed to such additional restrictions in order to obtain financial assistance from the City and an allocation of private activity bond volume cap from CDLAC.

(i) Marketing Plan. Owner will market the Restricted Units in accordance with the marketing plan, if any, approved by the City.

(j) Extension of Qualified Project Period. Notwithstanding any other provision herein, the Qualified Project Period shall not expire earlier than, and the requirements of this Section 5 shall be in effect until the date that is the later of (i) seventy-five (75) years after the Closing Date and (ii) the Life of the Project; [provided that certain provisions shall survive and remain in full force and effect following the end of the Qualified Project Period as specified in Section 12 hereof.]

(k) Amendment or Waiver by City; Conflicting Provisions. The requirements of Section 4(a)(i) and of Section 5 hereof may be amended, modified or waived (but not increased or made more onerous), at the City's sole discretion, by written amendment signed by the City and the Owner, or expressly waived by the City in writing, but no such waiver by the City shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the City and the Trustee have received an opinion of Tax Counsel to the effect that any such provision is not required by the Code or the Act and may be waived without adversely affecting the Tax-Exempt status of interest on the Bonds. Any requirement of Subsection 4(a)(i) or Section 5 shall be void and of no force and effect if the City, the Mortgagee, the Trustee and the Owner receive a written opinion of Tax Counsel to the effect that compliance with such requirement would be in conflict with the Act or any other applicable state or federal law.

6. Additional Requirements of State Law. In addition to the requirements set forth above, the Owner hereby agrees that it shall also comply with each of the requirements of Section 52080 of the Housing Law, in each case, for the term of this Regulatory Agreement as set forth in Section 12 hereof, including the following:

(a) Tenants Under Section 8 of the Housing Act. The Owner shall accept as tenants, on the same basis as all other prospective tenants, low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, and shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(b) Availability on Priority Basis. The Restricted Units shall remain available on a priority basis for occupancy at all times by the Very Low Income Tenants and DRS Tenants.

(c) Binding Covenants and Conditions. The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Owner.

(d) Recordation of Regulatory Agreement. This Regulatory Agreement shall be recorded in the office of the county recorder of the City and County of San Francisco, California, and shall be recorded in the grantor-grantee index under the name of the Owner as grantor and to the name of the City as grantee.

(e) Restricted Income Units of Comparable Quality. The Restricted Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units which are available to other tenants and shall be distributed throughout the Project.

(f) ***{Under Review.}*** [Availability Following Expiration of Qualified Project Period. Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure, redemption of the Bonds, assignment of the fee interest in the Project in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as required by Subsection 4(a)(iv) shall remain available to any eligible Tenant occupying a Restricted Unit at the date of such expiration or termination, at the rent determined by Subsection 4(a)(iv), until the earliest of: (1) the household's income exceeds one hundred twenty percent (120%) of the maximum eligible income specified therein, except as specified in Section 5(g); (2) the household voluntarily moves or is evicted for good cause, as provided in the Housing Law; (3) seventy-five (75) years after the date of the commencement of the Qualified Project Period; or (4) the Owner pays the relocation assistance and benefits to households if required by, and as provided in, Section 7264(b) of the California Government Code.]

(g) ***{Under Review.}*** [Availability Preceding Expiration of Qualified Project Period. During the three (3) years prior to the later of (i) the expiration of the Qualified Project Period or (ii) the date that is seventy-five (75) years after the date of commencement of the Qualified Project Period, the Owner shall continue to make available Restricted Units to eligible households that have been vacated to the same extent that non-Restricted Units, if any, are made available to non-eligible households.]

(h) Notice and Other Requirements. The Owner shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including the requirements for providing notices in Sections (b), (c), (d) and (e) thereof, and shall comply with all applicable requirements of Section 65863.11 of the California Government Code.

(i) Syndication of the Affordable Project. Any syndication of tax credits with respect to all or a portion of the Project shall require the prior written approval of the Director of the Mayor's Office of Housing and Community Development of the City, which approval shall be granted only after the City determines that the terms and conditions of such syndication, including the Affordable Project Lease Agreement, (1) shall not reduce or limit any of the requirements of the Act or regulations adopted or documents executed pursuant to the Act, (2) shall not cause any of the requirements of the City set forth in this Section 6 hereof to be subordinated to the syndication agreement, and (3) shall not result in the provision of fewer Restricted Units, or the reduction of any benefits or services, than were in existence prior to the proposed syndication.

7. CDLAC Requirements. The Owner hereby agrees that the acquisition, development, construction, equipping and operation of the Project and the financing thereof is and shall be in compliance with the conditions set forth in Exhibit A to CDLAC Resolution No. 17-___, adopted on September 20, 2017, attached hereto as Exhibit F (the "**CDLAC Resolution**"), which conditions (the "**CDLAC Requirements**") are incorporated herein by reference and are made a part hereof. Annually on February 1, and as otherwise requested by CDLAC, the Owner shall prepare and submit to the City a Certificate of Compliance in substantially the form attached hereto as Exhibit G, executed by an Authorized Owner Representative.

8. Indemnification. The Owner hereby releases the City, the Trustee and their respective officers, members, directors, officials and employees from, and covenants and agrees to indemnify, hold harmless and defend the City and the Trustee and the officers, members, directors, officials, agents and employees of each of them (collectively, the "Indemnified Parties," and each an "**Indemnified Party**") from and against any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint and several (including, without limitation, costs of investigation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, the Loan or the use thereof, or the execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Project or the making of the Loan or otherwise, including without limitation, any advances of the Loan, or any failure by the Trustee to make any advance thereunder; (c) arising from any act or omission of the Owner or any of its agents, servants, employees or licensees, in connection with the Loan or the Project; (d) arising in connection with the issuance and sale, resale or reissuance of any note, bond, including any secondary market transaction with respect thereto, or any certifications or representations made by any person other than the City or the party seeking indemnification in connection therewith and the carrying out by the Owner of any of the transactions contemplated by the Loan Documents and this Regulatory Agreement; (e) arising in connection with the operation of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, or construction of, the Project or any part thereof; and (f) arising out of or in connection with the exercise by the Trustee of its powers or duties under the Indenture, and this Regulatory Agreement or any other agreements in connection therewith to which either of them is a party; provided, however, that this provision shall not require the Owner to indemnify (i) the Trustee from any claims, costs, fees, expenses or liabilities arising from the negligence or willful misconduct of the Trustee, or (ii) the City for any claims, costs, fees, expenses or liabilities arising solely from the willful misconduct of the City. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Owner, upon written notice from the Indemnified Party, shall assume the investigation and

defense thereof, including the engagement of counsel selected by the Owner and reasonably approved by the Indemnified Party and the Owner shall assume the payment of all reasonable fees and expenses related thereto (provided however that if the Indemnified Party is the City, the selection of counsel is at the sole discretion of the City Attorney and the Owner shall assume the payment of all reasonable fees and expenses related thereto) with full power to litigate, compromise or settle the same in its discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Notwithstanding the foregoing, no indemnification obligation shall give rise to an obligation to pay principal and interest on the Loan, which is not otherwise set forth in the Loan Documents, the Bonds or any other agreement relating to the Bonds.

The Owner also shall pay and discharge and shall indemnify and hold harmless the City and the Trustee from (i) any lien or charge upon payments by the Owner to the City and the Trustee hereunder and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the City or the Trustee shall give prompt notice to the Owner, and the Owner shall have the sole right and duty to assume, and the Owner will assume, the defense thereof, including the engagement of counsel selected by Owner and reasonably approved by the Indemnified Party and the payment of all reasonable fees and expenses related thereto (provided that if the Indemnified Party is the City, the selection of counsel is at the sole discretion of the City Attorney and the Owner shall assume the payment of all reasonable fees and expenses related thereto), with full power to litigate, compromise or settle the same in its discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. If a potential conflict exists between the Owner's defense and the interests of an Indemnified Party, then such Indemnified Party shall have the right to engage separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Owner shall pay the reasonable fees and expenses of such separate counsel.

Notwithstanding any transfer of the Project to another Owner in accordance with the provisions of Section 11 of this Regulatory Agreement, the Owner shall remain obligated to indemnify the City pursuant to this Section 8 if such subsequent Owner fails to so indemnify the City, unless at the time of transfer the City has consented to the transfer to the extent such consent is required hereunder.

The provisions of this Section 8 shall survive the term of the Bonds and this Regulatory Agreement, including the termination of this Regulatory Agreement pursuant to the second paragraph of Section 12 hereof.

The obligations of the Owner under this Section are independent of any other contractual obligation of the Owner to provide indemnity to the Indemnified Parties or otherwise, and the obligation of the Owner to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Owner. The Indemnified Parties shall be entitled simultaneously to seek indemnity under this Section and any other provision under which they are entitled to indemnification.

In addition thereto, the Owner will pay upon demand all reasonable fees and expenses paid or incurred by the Indemnified Parties in enforcing the provisions hereof.

9. Consideration. The City has executed, issued and delivered the Bonds and made the Loan to provide funds for the purpose of financing the Project, all for the purpose, among others, of inducing the Owner to acquire, construct, equip and operate the Project. In consideration of the making of the Loan by the City, the Owner has entered into this Regulatory Agreement and has agreed to restrict the use of the Project on the terms and conditions set forth herein.

10. Reliance. The City and the Owner hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, and in the Tax-Exempt status of the interest on the Bonds. In performing its duties and obligations hereunder, the City may rely upon statements and certificates of the Owner and the Very Low Income Tenants, and upon audits of the books and records of the Owner pertaining to the Project. In addition, the City may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the City hereunder in good faith and in conformity with such opinion.

11. Sale or Transfer of the Project. The Owner intends to hold its interest in the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the Project, except as otherwise expressly provided herein, hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder or by the Affordable Housing Project Lease or the leasing of the Commercial Space on terms acceptable to the City) or interest therein, including any direct interest in the Owner, without obtaining the prior written consent of the City, which consent shall not be unreasonably withheld, and receipt by the City of (i) evidence satisfactory to the City that the Owner's purchaser or transferee has assumed in writing and in full, the Owner's duties and obligations under this Regulatory Agreement, (ii) an opinion of counsel of the transferee that the transferee has duly assumed the obligations of the Owner under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iii) evidence acceptable to the City that either (A) the purchaser or assignee has experience in the ownership, operation and management of rental housing projects in the City such as the Project without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects, or (B) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subparagraph (A) above or (alternatively if the purchaser or assignee does not have management experience, the City may cause the Program Administrator to provide on-site training in program compliance if the City determines such training is necessary, (iv) evidence satisfactory to the City that no event of default exists under this Regulatory Agreement, the Loan Documents or any document related to the Loan, beyond the expiration of any applicable notice and cure period, and that payment of all fees and expenses of the City and the Trustee due under any of such documents is current, and (v) an opinion of Tax Counsel to the effect that such transfer will not, in itself, cause interest on the Bonds to become includable in the gross income of the recipients thereof for federal income tax purposes, except to the extent held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 11 shall be null, void and without effect, shall cause a reversion of title to the Owner, and shall be ineffective to relieve the Owner of its obligations under this Regulatory Agreement. Nothing in this Section 11 shall affect any provision of any other document or instrument between the Owner and any other party which requires the Owner to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project. Not less than sixty (60) days prior to consummating any sale, transfer or disposition of any interest in the Project, the Owner shall

deliver to the City a notice in writing explaining the nature of the proposed transfer. Notwithstanding the foregoing, the provisions of this Section 11 shall not apply to the transfer of all or any portion of (a) the Administrative General Partner's interest in the Owner to an affiliate of the Administrative General Partner in accordance with the Partnership Agreement, (b) the Managing General Partner's interest to an affiliate of the Managing General Partner in accordance with the Partnership Agreement, (c) the transfer of the interest of a limited partner of the Owner to the Administrative General Partner or an affiliate of the Administrative General Partner or (d) the Project or any partnership interest in the Owner by foreclosure, exercise of power of sale, transfer of title by deed in lieu of foreclosure, transfer of title by assignment in lieu of foreclosure of the fee interest in the Project or partners in the Owner in each case to the Trustee or an Affiliate thereof or a Mortgagee.

12. Term. Subject to the following paragraph of this Section 12, Section 8 hereof and to any other provision expressly agreed herein to survive the termination of this Regulatory Agreement, this Regulatory Agreement and all of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect for the Qualified Project Period.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement, except for the provisions of Section 8 hereof [and any other provision expressly agreed herein to survive the termination hereof] shall terminate and be of no further force and effect in the event of (i) involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date, which prevents the City from enforcing such provisions, or (ii) foreclosure, exercise of power of sale, transfer of title by deed in lieu of foreclosure, transfer of title by assignment in lieu of foreclosure of the fee interest in the Project, or condemnation or a similar event, but only if, in case of the events described in either clause (i) or (ii) above, within a reasonable period, either the Bonds are paid in full or canceled or amounts received as a consequence of such event are used to provide a project that meets the requirements hereof; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure, exercise of power of sale, or the delivery of a deed in lieu of foreclosure, transfer of title by assignment in lieu of foreclosure of the fee interest in the Project or a similar event, the Owner or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Owner hereby agrees that, following any foreclosure, exercise of power of sale, transfer of title by deed in lieu of foreclosure or similar event, neither the Owner nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. Notwithstanding any other provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated upon agreement by the City and the Owner subject to compliance with any of the provisions contained in this Regulatory Agreement only if there shall have been received by the City an opinion of Tax Counsel that such termination will not adversely affect the Tax-Exempt status of the interest on the Bonds or the exemption from State personal income taxation of the interest on the Bonds. The Owner shall provide written notice to the City of the occurrence of any of the events described in (i) or (ii) above.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

13. [Reserved]

14. Covenants to Run With the Land. The Owner hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The City and the Owner hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. No breach of any of the provisions of this Regulatory Agreement shall defeat or render invalid the lien of a mortgage made in good faith and for value encumbering the Site.

15. Burden and Benefit. The City and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Project is rendered less valuable thereby. The City and the Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Very Low Income Tenants and DRS Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were executed, issued and delivered.

16. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Site.

17. Enforcement. If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Regulatory Agreement, and if such default remains uncured for a period of sixty (60) days (the "**cure period**") after written notice thereof shall have been given by the City to the Owner (and a copy of such notice shall also be given to the Trustee by the City, provided however that the failure of the City to provide such copy to the Trustee shall have no effect on the sufficiency of the notice to the Owner), the City may, at its sole option, extend the cure period if the default is of the nature which would reasonably require more than sixty (60) days to cure and if the Owner provides the City, if requested by the City, with an opinion of Tax Counsel to the effect that such extension will not adversely affect the Tax-Exempt status of interest on the Bonds. The Owner shall be responsible for promptly providing each Mortgagee with a copy of such notice, provided however that the failure of the Owner to provide a copy to any Mortgagee shall have no effect on the sufficiency of the notice. Upon the expiration of such cure period, as the same may be extended as aforesaid, then the City may declare an "event of default" to have occurred hereunder, and, subject to the provisions of the Indenture, may take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, require the Owner to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the City hereunder; or

(b) have access to and inspect, examine and make copies of all of the books and records of the Owner pertaining to the Project; or

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder.

Notwithstanding anything contained in this Regulatory Agreement to the contrary, the occurrence of an event of default under this Regulatory Agreement shall not be deemed, under any circumstances whatsoever, to be a default under the Mortgage or the Loan Agreement, except as may be otherwise specified in the Mortgage or the Loan Agreement, respectively.

Notwithstanding anything contained in this Regulatory Agreement to the contrary, the City agrees that any cure of any default made or tendered by the investor limited partner of the Affordable Project Lessee shall be deemed to be a cure by the Owner and shall be accepted or rejected on the same basis as if made or tendered by the Owner.

Notwithstanding anything contained in this Regulatory Agreement to the contrary, any action taken to enforce the provisions of the Regulatory Agreement shall be maintained against the Owner any and no action shall be [maintained] or liability on recourse sought or obtained against any partner or partners, member or shareholder of any partner, and any officer, director, manager, employee or agent of any of the foregoing.

18. Recording and Filing. The Owner shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the City and County of San Francisco, California and in such other places as the City may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording.

19. Payment of Fees. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of any of the Loan Documents, the Owner shall continue to pay the City's annual administrative fee as calculated and described below. Upon the occurrence of an event of default hereunder, the Owner shall continue to pay to the City compensation for any services rendered by the City hereunder and reimbursement for all expenses incurred by it in connection therewith.

The Owner shall pay to the City (i) an initial issuance fee of $_____ (which is equal to one quarter of one percent (0.25%) of the maximum principal amount of the Bonds (the "**Issuance Fee**"), and (ii) an annual administrative fee (the "**Annual Fee**"), and together these fees are referred to as "Issuer Fee" in the Indenture on the Closing Date and on each anniversary thereof through the remaining term of this Regulatory Agreement, one eighth of one percent (0.125%) of the principal amount of the Bonds outstanding on each such anniversary date, but no less than $2,500. As applicable, amounts due shall be pro-rated for any partial period based on the actual number of days elapsed and the actual number of days in the period. The total amount payable to the City on the Closing Date shall be $_____, consisting of the Issuance Fee plus the first installment of the Annual Fee. The next installment of the Annual Fee shall be payable commencing on the first anniversary of the Closing Date and thereafter on each anniversary date of the Closing Date during the term of this Regulatory Agreement.

In case any action at law or in equity, including an action for declaratory relief, is brought against the Owner to enforce the provisions of this Regulatory Agreement, the Owner agrees to pay reasonable attorney's fees and other reasonable expenses incurred by the City, CDLAC and/or the Program Administrator in connection with such action should such entities be the prevailing party in such action.

20. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California.

21. Amendments. To the extent any amendments to the Act, the Treasury Regulations or the Code shall, in the written opinion of Tax Counsel filed with the City, the Trustee and the Owner, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement which must be complied with in order to maintain the Tax-Exempt status of interest on the Bonds, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements. Otherwise, this Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the City and County of San Francisco, California, provided that any amendment to the CDLAC Requirements shall also be subject to the consent of CDLAC, and provided further, that any amendment to Sections 3 and 4 hereof shall require an opinion of Tax Counsel filed with the City, the Trustee, and the Owner (with a copy to promptly provided by Borrower to each Mortgagee), to the effect that such amendment will not adversely affect the Tax-Exempt status of interest on the Bonds.

22. City Contracting Provisions. The Owner covenants and agrees to comply with the provisions set forth in Exhibit H to this Regulatory Agreement, which is incorporated in and made a part of this Regulatory Agreement by this reference.

23. Notice. All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered or the business day after deposit with a reputable overnight carrier for overnight delivery, or on the second day following the date on which the same have been mailed by first class mail, postage prepaid, addressed as follows:

If to the City:	City and County of San Francisco City Hall, 1 Dr. Carlton B. Goodlett Place, Room 316 San Francisco, California 94102 Attention: City Controller
With copies to (none of which copies shall constitute notice):	City and County of San Francisco City Hall, 1 Dr. Carlton B. Goodlett Place, Room 140 San Francisco, California 94102 Attention: City Treasurer
	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 Attention: Director
	Office of the City Attorney City Hall, 1 Dr. Carlton B. Goodlett Place, Room 234 San Francisco, California 94102 Attention: Finance Team

If to the Owner:	1500 Mission Urban Housing, LP c/o Related California 44 Montgomery Street, Suite 1300 San Francisco, California 94104 Attention: Geno Canori
With copies to:	The Related Companies, L.P. 60 Columbus Circle, 19th Floor New York, NY 10023 Attention: Jennifer McCool, Chief Legal Officer
	Levitt & Boccio, LLP 423 West 55th Street, 8th Floor New York, NY 10019 Attention: David S. Boccio, Esq.
	Cox, Castle & Nicholson LLP 50 California Street, Suite 3200 San Francisco, California 94111 Attention: Steven Ryan, Esq.
If to the Mortgagee:	_____ _____ _____ Attention: _____
With a copies to:	_____ _____ _____ Attention: _____
If to the Trustee:	US. Bank National Association One California Street, Suite 1000 San Francisco, CA 94111 Attention: Global Corporate Trust Services

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

24. Interpretation; Severability. The parties to this Regulatory Agreement acknowledge that each party and their respective counsel have participated in the drafting of this Regulatory Agreement. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Regulatory Agreement or any supplement or exhibit hereto. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

25. Multiple Counterparts. This Regulatory Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

26. Third-Party Beneficiaries. The parties to the Regulatory Agreement recognize and agree that the terms of the Regulatory Agreement and the enforcement of those terms are entered into for the benefit of various parties, including CDLAC. The parties hereto acknowledge that CDLAC and the Trustee, on behalf of the Holders of the Bonds, are third party beneficiaries of this Regulatory Agreement. CDLAC shall accordingly have contractual rights in this Regulatory Agreement and shall be entitled (but not obligated) to enforce, in accordance with Section 17 hereof, the terms hereof and the terms of the CDLAC Resolution. Notwithstanding the above, CDLAC shall be entitled solely to enforce the terms of the CDLAC Resolution, and any enforcement of the terms and provisions of the CDLAC Resolution by CDLAC shall not adversely affect the interests of the Holders of the Bonds, and shall otherwise be subject to the terms, conditions and limitations otherwise applicable to the enforcement of remedies under this Regulatory Agreement.

Pursuant to Section 52080(k) of the Housing Law, the provisions of Section 4(a)(iv) and Section 6 hereof may be enforced either in law or in equity by any resident, local agency, entity, or by any other person adversely affected by the Owner's failure to comply with that Section.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the City and the Owner have executed this Regulatory Agreement by their duly authorized representatives, all as of the date first written hereinabove.

CITY AND COUNTY OF SAN FRANCISCO,
CALIFORNIA

By: _____
Kate Hartley, Acting Director
Mayor's Office of Housing and
Community Development

Approved as to Form:

DENNIS J. HERRERA
City Attorney

By: _____
Kenneth Roux
Deputy City Attorney

[Signatures continue on following page.]

OWNER:

1500 MISSION URBAN HOUSING, LP,
a Delaware Limited Partnership

By: 1500 Mission Housing Partners GP LLC,
a California limited liability company,
its Managing General Partner

By: Turk Street, Inc.,
a California nonprofit public benefit
corporation, its Sole Member

By: _____
Donald S. Falk
Chief Executive Officer

By: 1500 Holdco, LLC,
a Delaware limited liability company,
its Administrative General Partner

By: _____
Geno Canori
[Executive] Vice President

EXHIBIT A

LEGAL DESCRIPTION OF THE SITE

EXHIBIT B

FORM OF INCOME CERTIFICATION FORM

A current version of the CTCAC form may be downloaded from the State Treasurer's website at the following link: http://www.treasurer.ca.gov/ctcac/compliance/tic.pdf

EXHIBIT C

COMPLETION CERTIFICATE

CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103

The undersigned (the "Owner") hereby certifies that all aspects of the construction of the Project (as that term is used in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of November 1, 2017, by and between the City and County of San Francisco, California and the Owner (the "Regulatory Agreement")) were substantially completed and available for occupancy by tenants in the Project (as defined in the Regulatory Agreement) as of _____.

The undersigned hereby certifies that:

(a) the aggregate amount disbursed on the Loan (as that term is defined in the Regulatory Agreement) to date is $_____;

(b) all amounts disbursed on the Loan have been applied to pay or reimburse the undersigned for the payment of Project Costs (as that term is defined in the Regulatory Agreement) and none of the amounts disbursed on the Loan has been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and

(c) as shown on the attached sheet (showing the breakdown of expenditures for the Project and the source of the funds which were used to pay such costs), at least 95 percent of the amounts disbursed on the Loan (as that term is defined in the Regulatory Agreement) have been applied to pay or reimburse the Owner for the payment of Qualified Project Costs (as that term is defined in the Regulatory Agreement) and less than 25 percent of the amounts disbursed on the Loan, exclusive of amounts applied to pay the costs of issuing the Bonds (as that term is defined in the Regulatory Agreement), have been applied to pay or reimburse the Owner for the cost of acquiring land.

[Signatures appear on the next page]

Date:

OWNER:

1500 MISSION URBAN HOUSING, LP,
a Delaware Limited Partnership

By: 1500 Mission Housing Partners GP LLC,
a California limited liability company,
its Managing General Partner

By: Turk Street, Inc.,
a California nonprofit public benefit
corporation, its Sole Member

By: _____
Donald S. Falk
Chief Executive Officer

By: 1500 Holdco, LLC,
a Delaware limited liability company,
its Administrative General Partner

By: _____
Geno Canori
[Executive] Vice President

cc: U.S. Bank National Association, as trustee

EXHIBIT D

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE
(of the Owner)

Project Name: 1500 Mission Street Apartments

CDLAC Application Number(s): 17-346

CDLAC Resolution Numbers: __-___

Property Address: 1500-1580 Mission Street, San Francisco, California

Project Completion Date (if completed, otherwise mark N/A):

Name of the Bonds: City and County of San Francisco, California Multifamily Housing Revenue Bonds (1500 Mission Street Apartments), Series 2017E

I. The undersigned authorized representative of 1500 MISSION URBAN HOUSING, LP, a Delaware limited partnership (the "Owner") hereby certifies that he/she has read and is thoroughly familiar with the provisions of the various documents associated with its participation in the City and County of San Francisco, California (the "City") Multifamily Housing Program, such documents including:

1. the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of November 1, 2017, between the Owner and the City (the "Regulatory Agreement"); and

2. the Loan Agreement, dated as of November 1, 2017, between the City and the Owner relating to the above-captioned bonds.

and further certifies that:

A. There have been no changes to the ownership entity, principals or property management of the Project since the Bonds were issued and delivered, or since the last certification was provided (as applicable), except as described below:

(If so please attach a request to revise the CDLAC Resolution, noting all pertinent information regarding the change, otherwise state "NONE")

If Project has not yet been placed in service, mark N/A for the balance of the items below:

B. During the preceding twelve months (i) such Project was continually in compliance with the Regulatory Agreement executed in connection with the Loan (as that term is defined in the Regulatory Agreement) from the City and (ii) and excluding the one manager unit, _____ of the units in the Project were occupied by Very Low Income Tenants (as such term is defined in the Regulatory Agreement).

C. As of the date of this Certificate, the following percentages of completed residential units in the Project (as defined in the Regulatory Agreement) (i) were occupied by Very Low Income Tenants and were occupied by DRS Tenants (as such term is defined in the Regulatory Agreement), or (ii) are currently vacant and being held available for such

occupancy and have been so held continuously since the date a Very Low Income Tenant or DRS Tenant, vacated such unit, as indicated below:

Occupied by Very Low Income Tenants:

1 bedroom units: _____ Unit Nos. _____
2 bedroom units: _____ Unit Nos. _____
3 bedroom units: _____ Unit Nos. _____
4 bedroom units: _____ Unit Nos. _____
5 bedroom units: _____ Unit Nos. _____

Total percentage occupied by Very Low Income Tenants: _____%

Held vacant for occupancy continuously since last occupied by a Very Low Income Tenant:

_____%; Unit Nos. _____

Occupied by DRS Tenants:

1 bedroom units: _____ Unit Nos. _____
2 bedroom units: _____ Unit Nos. _____
3 bedroom units: _____ Unit Nos. _____
4 bedroom units: _____ Unit Nos. _____
5 bedroom units: _____ Unit Nos. _____

Total percentage occupied by DRS Tenants: _____%

Held vacant for occupancy continuously since last occupied by a DRS Tenant:

_____%; Unit Nos. _____

It hereby is confirmed that each tenant currently residing in a Restricted Unit (as that term is defined in the Regulatory Agreement) in the Project has completed an Income Certification Form in the form approved by the City and that since commencement of the Qualified Project Period (as such term is defined in the Regulatory Agreement), ____ of the occupied units (excluding at least one manager's unit) in the Project have been rented to (or are vacant and last occupied by) ____ Very Low Income Tenants and ____ DRS Tenants. The undersigned hereby certifies that the Owner is not in default under any of the terms and provisions of the above documents.

D. The units occupied by Very Low Income Tenants and DRS Tenants are of similar size and quality to other units and are dispersed throughout the Project.

E. Select appropriate certification: [No unremedied default has occurred under this Regulatory Agreement, the Bonds, the Loan Agreement or the Mortgage.] [A default has occurred under the _____. The nature of the default and the measures being taken to remedy such default are as follows: _____.]

F. There has been no change of use for the Project, except as follows: (please describe if any, or otherwise indicate “NONE”)

G. Select appropriate certification: The undersigned hereby certifies that the Project [has satisfied all] [except as described below, has satisfied all] of the requirements memorialized in the Exhibit A of the CDLAC Resolution, a copy of which is attached hereto (i.e. qualifying project completion, qualifying depreciable asset purchase, qualifying loan originations, the use of public funds, manager units, income rent restrictions, sustainable building methods, etc., as applicable), and thus has achieved all public benefit requirements (excluding service amenities) as presented to CDLAC.

[Describe any requirements not satisfied: _____]

H. As captured in Exhibit A of the CDLAC Resolution, the Project has committed to and is currently providing the following service amenities for a minimum of ten years, on a regular and ongoing basis, which are provided free of charge (with the exception of day care services):

Please check the services that apply or write N/A where appropriate:

_____ After-school Programs

_____ Educational, health and wellness, or skill building classes

_____ Health and Wellness services and programs (not group classes)

_____ Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)

_____ Bona-Fide Service Coordinator/ Social Worker

1) For this reporting period, attached is evidence (i.e. MOUs, contracts, schedules, calendars, flyers, sign-up sheets, etc.) confirming that the above listed services are being provided and have met the requirements of Exhibit A of the CDLAC Resolution.

2) If any of the above services requirements were not met, what corrective action is being taken to comply?

(Please also attach the completed project sponsor certification form as provided in the CDLAC Resolution)

(Please also attach the completed Occupancy and Rent Information form attached hereto)

I. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief, and the undersigned acknowledges and agrees that the City will be relying solely on the foregoing certifications and accompanying documentation, if any, in making its certification to CDLAC pursuant to Section 5144 of the CDLAC Regulations, and agrees to provide to the City such documentation or evidence, in support of the foregoing certifications, as the City or CDLAC may reasonably request.

Date: _____

OWNER:

1500 MISSION URBAN HOUSING, LP,
a Delaware Limited Partnership

By: 1500 Mission Housing Partners GP LLC,
a California limited liability company,
its Managing General Partner

By: Turk Street, Inc.,
a California nonprofit public benefit
corporation, its Sole Member

By: _____
Donald S. Falk
Chief Executive Officer

By: 1500 Holdco, LLC,
a Delaware limited liability company,
its Administrative General Partner

By: _____
Geno Canori
[Executive] Vice President

EXHIBIT E

CERTIFICATE AS TO COMMENCEMENT OF QUALIFIED PROJECT PERIOD

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:
City and County of San Francisco, California
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attention: Executive Director

$[316,800,000]
City and County of San Francisco, California
Multifamily Housing Revenue Bonds
(1500 Mission Street Apartments), Series 2017E

The undersigned, being the authorized representatives of 1500 Mission Urban Housing, LP, a Delaware limited partner hereby certifies that: (complete blank information):

Ten percent (10%) of the dwelling units in the Project financed in part from the proceeds of the captioned Bonds were first occupied on _____; and

Fifty percent (50%) of the dwelling units in the Project financed in part from the proceeds of the captioned Bonds were first occupied on _____.

[Signatures appear on next page]

DATED:

1500 MISSION URBAN HOUSING, LP,
a Delaware Limited Partnership

By: 1500 Mission Housing Partners GP LLC,
a California limited liability company,
its Managing General Partner

By: Turk Street, Inc.,
a California nonprofit public benefit
corporation, its Sole Member

By: _____
Donald S. Falk
Chief Executive Officer

By: 1500 Holdco, LLC,
a Delaware limited liability company,
its Administrative General Partner

By: _____
Geno Canori
[Executive] Vice President

Acknowledged:
City and County of San Francisco, California

By: _____
Name, Title

EXHIBIT F

CDLAC RESOLUTION

EXHIBIT G

CERTIFICATE OF COMPLIANCE (CDLAC RESOLUTION)

Project Name: 1500 Mission Street Apartments

CDLAC Application No.: 17-346

Pursuant to Section 13 of Resolution No. 17-___ (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on September 20, 2017, I, _____, an Officer of the Project Sponsor (as such term is defined in the Resolution), hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand Section 3 of the Resolution, which specifies that once the Bonds (as such term is defined in the Resolution)are executed and delivered, the terms and conditions set forth in the Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy (as further explained in Section 13 of the Resolution).

Please check or write N/A to the items listed below:

____ The project is currently in the Construction or Rehabilitation (as such terms are defined in the Resolution) phase.

____ The project has incorporated the minimum specifications into the project design for all new construction and rehabilitation projects as evidenced by the applicable third party certification attached (HERS Rater, Green Point Rater or US Green Building Council.) For projects under construction or rehabilitation, the information is due following receipt of the verification but in no event shall the documentation be submitted more than two years after the execution and delivery of the Bonds.

____ For projects that received points for exceeding the minimum requirements please attach the appropriate California Energy Commission compliance form for the project which shows the necessary percentage improvement better than the appropriate standards. The compliance form must be signed by a California Association of Building Consultants, Certified Energy Plans Examiner or HERS Rater as applicable.

_____ _____

Signature of Officer Date

_____

Printed Name of Officer

_____

Title of Officer

EXHIBIT H

CITY AND COUNTY OF SAN FRANCISCO
MANDATORY CONTRACTING PROVISIONS

The following provisions shall apply to this Regulatory Agreement as if set forth in the body thereof. Capitalized terms used but not defined in this Exhibit shall have the meanings given in this Regulatory Agreement.

1. Conflict of Interest. Through its execution of this Agreement, Owner acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

2. Proprietary or Confidential Information of City. Owner understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Owner may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Owner agrees that all information disclosed by City to Owner shall be held in confidence and used only in performance of the Agreement. Owner shall exercise the same standard of care to protect such information as a reasonably prudent Owner would use to protect its own proprietary data.

3. Local Business Enterprise Utilization; Liquidated Damages.

a. **The LBE Ordinance.** Owner shall comply with all the requirements of the Local Business Enterprise and Non-Discrimination in Contracting Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "LBE Ordinance"), provided such amendments do not materially increase Owner's obligations or liabilities, or materially diminish Owner's rights, under this Agreement. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Agreement as though fully set forth in this section. Owner's willful failure to comply with any applicable provisions of the LBE Ordinance is a material breach of Owner's obligations under this Agreement and shall entitle City, subject to any applicable notice and cure provisions set forth in this Agreement, to exercise any of the remedies provided for under this Agreement, under the LBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Agreement expressly provides that any remedy is exclusive. In addition, Owner shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

b. **Enforcement.** If Owner willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Agreement pertaining to LBE participation, Owner shall be liable for liquidated damages in an amount equal to Owner's net profit on this Agreement, or 10% of the total amount of this Agreement, or $1,000, whichever is greatest. The Director of the City's Contracts Monitoring Division or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "Director of CMD") may also impose other sanctions against Owner authorized in the LBE Ordinance, including declaring the Owner to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Owner's LBE certification. The Director of CMD will determine the sanctions to be imposed, including the amount of liquidated

damages, after investigation pursuant to Administrative Code §14B.17. By entering into this Agreement, Owner acknowledges and agrees that any liquidated damages assessed by the Director of the CMD shall be payable to City upon demand. Owner further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Owner on any contract with City. Owner agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Agreement, and shall make such records available for audit and inspection by the Director of CMD or the Controller upon request.

4. Nondiscrimination; Penalties.

a. **Owner Shall Not Discriminate.** In the performance of this Agreement, Owner agrees not to discriminate against any employee, City and County employee working with such Owner or Subcontractor, applicant for employment with such Owner or Subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, 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.** Owner shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and shall require all Subcontractors to comply with such provisions. Owner's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

c. **Nondiscrimination in Benefits.** Owner 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, on real property owned by San Francisco, or where work is being performed for the City elsewhere in 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 §12B.2(b) of the San Francisco Administrative Code.

d. **Condition to Contract.** As a condition to this Agreement, Owner 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 form by the San Francisco Contracts Monitoring Division (formerly 'Human Rights Commission').

e. **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C 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. Owner shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Owner understands that pursuant to §§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 Owner and/or deducted from any payments due Owner.

5. MacBride Principles—Northern Ireland. Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco 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 and County of San Francisco 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 Owner acknowledges and agrees that he or she has read and understood this section.

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

7. Drug-Free Workplace Policy. Owner acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Owner agrees that any violation of this prohibition by Owner, its employees, agents or assigns will be deemed a material breach of this Agreement.

8. Resource Conservation. Chapter 5 of the San Francisco Environment Code ("Resource Conservation") is incorporated herein by reference. Failure by Owner to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

9. Compliance with Americans with Disabilities Act. Owner acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through an Owner, must be accessible to the disabled public. Owner shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Owner agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Owner, its employees, agents or assigns will constitute a material breach of this Agreement.

10. Sunshine Ordinance. In accordance with San Francisco Administrative Code §67.24(e), contracts, Owners' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person 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. Information provided which is covered by this paragraph will be made available to the public upon request.

11. Limitations on Contributions. Through execution of this Agreement, Owner acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Owner acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in

a fiscal year have a total anticipated or actual value of $50,000 or more. Owner further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Owner's board of directors; Owner's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Owner; any Subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Owner. Additionally, Owner acknowledges that Owner must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Owner further agrees to provide to City the names of each person, entity or committee described above.

12. Requiring Minimum Compensation for Covered Employees.

a. Owner agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Sections 12P.5 and 12P.5.1 of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco. A partial listing of some of Owner's obligations under the MCO is set forth in this Section. Owner is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

b. The MCO requires Owner to pay Owner's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Owner is obligated to keep informed of the then-current requirements. Any subcontract entered into by Owner shall require the Subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is Owner's obligation to ensure that any Subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any Subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Owner.

c. Owner shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

d. Owner shall maintain employee and payroll records as required by the MCO. If Owner fails to do so, it shall be presumed that the Owner paid no more than the minimum wage required under State law.

e. The City is authorized to inspect Owner's job sites and conduct interviews with employees and conduct audits of Owner.

f. Owner's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Owner fails to comply with these requirements. Owner agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for Owner's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

g. Owner understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law.

If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Owner fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Owner fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

h. Owner represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

i. If Owner is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than $25,000, but Owner later enters into an agreement or agreements that cause Owner to exceed that amount in a fiscal year, Owner shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Owner and this department to exceed $25,000 in the fiscal year.

13. Requiring Health Benefits for Covered Employees.

Owner agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of section 12Q.5.1 of Chapter 12Q are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

a. For each Covered Employee, Owner shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Owner chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

b. Notwithstanding the above, if the Owner is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (a) above.

c. Owner's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Owner if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Owner fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Owner fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

d. Any Subcontract entered into by Owner shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Owner shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Owner shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Owner based on the Subcontractor's failure to comply, provided that City has first provided Owner with notice and an opportunity to obtain a cure of the violation.

e. Owner shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Owner's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

f. Owner represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

g. Owner shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

h. Owner shall keep itself informed of the current requirements of the HCAO.

i. Owner shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

j. Owner shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten business days to respond.

k. Owner shall allow City to inspect Owner's job sites and have access to Owner's employees in order to monitor and determine compliance with HCAO.

l. City may conduct random audits of Owner to ascertain its compliance with HCAO. Owner agrees to cooperate with City when it conducts such audits.

m. If Owner is exempt from the HCAO when this Agreement is executed because its amount is less than $25,000 ($50,000 for nonprofits), but Owner later enters into an agreement or agreements that cause Owner's aggregate amount of all agreements with City to reach $75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Owner and the City to be equal to or greater than $75,000 in the fiscal year.

14. Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, Owner may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. Owner agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Owner violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit Owner from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider Owner's use of profit as a violation of this section.

15. Preservative-treated Wood Containing Arsenic. Owner may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" 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. Owner 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 Owner 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.

16. Compliance with Laws. Owner shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

17. Protection of Private Information. Owner 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. Owner agrees that any failure of Owner to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Contract. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Contract, bring a false claim action against the Owner pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Owner.

18. Food Service Waste Reduction Requirements. Owner 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, Owner agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Owner 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 Owner's failure to comply with this provision

19. Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code §21.35, any Owner, Subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A Owner, Subcontractor or consultant will be deemed to have submitted a false claim to the City if the Owner, 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.

20. Sugar-Sweetened Beverage Prohibition. The Owner agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Agreement.