

**LOAN AGREEMENT  
(CITY AND COUNTY OF SAN FRANCISCO  
2020 HEALTH & RECOVERY GENERAL OBLIGATION BOND)**

By and Between

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

and

**MERCY HOUSING CALIFORNIA 108, L.P.,**  
a California limited partnership

for

**1633 VALENCIA STREET  
1633 Valencia Street, San Francisco, CA**

[\$41,036,048]  
2020 HEALTH & RECOVERY GENERAL OBLIGATION BOND

Dated as of \_\_\_\_\_, 2024

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**LOAN AGREEMENT**  
(City and County of San Francisco  
(2020 Health & Recovery General Obligation Bond)  
(1633 Valencia Street)

**THIS LOAN AGREEMENT** ("Agreement") is entered into as of [\_\_\_\_\_], 2024 by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and **MERCY HOUSING CALIFORNIA 108, L.P.**, a California limited partnership ("Borrower").

**RECITALS**

A. On November 3, 2020, the voters of the City and County of San Francisco approved Proposition A (Ordinance 116-20), which provided for the issuance of up to \$487.5 million in general obligation bonds to finance the acquisition or improvement of real property, including facilities to house and/or deliver services for persons experiencing mental health challenges, substance use disorder, and/or homelessness; parks, open space, and recreation facilities, including green and climate resilient infrastructure; and streets, curb ramps, street structures and plazas (the "2020 Health & Recovery GO Bond"). To the extent permitted by law, the City intends to reimburse with proceeds of the 2020 Health & Recovery GO Bond amounts disbursed under this Agreement to Borrower for the development and construction of permanent supportive housing. The funds provided under this Agreement will be referred to herein as the "Funds."

B. Borrower owns a fee interest in the real property located at 1633 Valencia Street, San Francisco, California (the "Site"). Borrower desires to use the Funds to repay construction financing that supported the construction of a 146-unit (including one manager's unit) permanent supportive housing development affordable to low-income households and targeted to serve seniors age 55 and older who are Homeless, plus resident common areas and supportive services space, which will collectively be known as 1633 Valencia Street (the "Project"). The maximum income and rent requirements set forth in **Exhibit A** will remain in effect even if the Local Operating Subsidy is no longer available to the Project, as further described in **Exhibit A**.

C. The Citywide Affordable Housing Loan Committee has reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, has recommended to the Mayor that the City make a loan of Funds to Borrower (the "Loan") in the amount of up to [Forty One Million Thirty Six Thousand Forty Eight and No/100 Dollars (\$41,036,048.00)] (the "Funding Amount") under this Agreement to fund certain costs related to the Project.

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

1. A Construction Loan made by The San Francisco Housing Accelerator Fund, a California nonprofit public benefit corporation ("SFHAF") in the amount of [Eighteen

Million Eight Hundred Fifteen Thousand Nine Hundred Thirty Seven and No/100 Dollars (\$18,815,937)] (“HAF Construction Loan”);

2. A Construction and Permanent Loan in the amount Sixteen Million and No/Dollars (\$16,000,000) originally made by SFHAF and assigned to Senior Lender (the "Senior Loan");

3. a senior tax exempt construction loan from Zions Bancorporation, N.A. dba California Bank & Trust to Borrower in the amount of [Forty Two Million Six Hundred Thirty Four Thousand Seven Hundred Sixty Six and No/100 Dollars (\$42,634,766)];

4. federal low income housing tax credits reserved or allocated to the Project by the California Tax Credit Allocation Committee ("TCAC"), pursuant to its Preliminary Reservation of Low Income Housing Tax Credits dated [\_\_\_\_\_]; and

5. an equity contribution from Borrower’s general partner in the amount of One Hundred and No/100 Dollars (\$100.00).

E. On [\_\_\_\_\_], 2024, the City’s Board of Supervisors and the Mayor approved this Agreement by Resolution No. [\_\_\_\_\_] for the purpose of developing the Project.

## **AGREEMENT**

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

### **ARTICLE 1 DEFINITIONS.**

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

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

"Agreement" means this Loan Agreement.

"Agreement Date" means the date first written above.

“AHP” means the Affordable Housing Program, which provides funds from a Federal Home Loan Bank.

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

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

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

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

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

"Borrower" means Mercy Housing California 108, L.P., a California limited partnership, whose general partner is Mercy Housing California 108 LLC, and its authorized successors and assigns.

“Cash Out Policy” means the MOHCD Cash Out Acquisition/Rehabilitation, Resyndication, And Refinancing Policy dated June 19, 2020, as it may be amended from time to time.

"CFR" means the Code of Federal Regulations.

"Charter Documents" means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement.

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

"City Documents" means this Agreement, the Note, the Deed of Trust, the Declaration of Restrictions, the Developer Fee Agreement, the Purchase Option and Right of First Refusal Agreement, the LOSP Agreement, and any other documents executed or, delivered in connection with this Agreement.

“Purchase Option and Right of First Refusal Agreement” means that option and right of first refusal agreement entered into by borrower and City on or about date hereof.

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

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



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

"Completion Date" means the date Borrower has completed construction of the Project in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion.

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

“Conversion Date” means the date on which construction financing for the Project is either repaid, using the Loan funds, or converted into permanent financing and the Deed of Trust and Declaration of Restrictions have been recorded in the Official Records.

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

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

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

"Developer" means Mercy Housing California, a California nonprofit public benefit corporation, and its authorized successors and assigns.

“Developer Fee Policy” means the MOHCD Policy on Development Fees for Tax Credit Projects dated October 16, 2020, as amended from time to time, attached hereto as **Exhibit J**.

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

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

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

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

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

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

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

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

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

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

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

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

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

"General Partner" means Mercy Housing California 108 LLC, a California limited liability company.

"Governmental Agency" means: (a) any government or municipality or political subdivision of any government or municipality; (b) any assessment, improvement, community facility or other special taxing district; (c) any governmental or quasi-governmental agency,

authority, board, bureau, commission, corporation, department, instrumentality or public body; or (d) any court, administrative tribunal, arbitrator, public utility or regulatory body.

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

"HCD" means the California Department of Housing and Community Development.

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

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

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

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

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

"In Balance" means that the sum of undisbursed Funds and any other sources of funds that Borrower has closed or for which Borrower has firm commitments will be sufficient to complete acquisition/construction/rehabilitation of the Project, as determined by the City in its sole discretion.

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

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

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

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

“Limited Partner” means [NEF Assignment Corporation, an Illinois not-for-profit corporation], and its permitted successors and assigns.

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

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

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

“LOSP Agreement” means the grant agreement between City and Borrower governing the distribution of LOSP funds for the Project.

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

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

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

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

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

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

"Note" means the promissory note executed by Borrower in favor of the City in the original principal amount of the Funding Amount, in form and substance acceptable to the City.

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

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

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

"Partnership Agreement" means the Amended and Restated Limited Partnership Agreement of the Borrower dated as of [\_\_\_\_\_], 2024, as amended from time to time.

"Partnership Fees" means annual partnership management fees in the amount of \$25,999, escalating 3.5% per year, and annual investor services fees in the amount of \$5,000, as each is shown in the Annual Operating Budget approved by the City.

"Payment Date" means the first [May 1<sup>st</sup>] following the Completion Date and each succeeding [May 1<sup>st</sup>] until the Maturity Date.

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

approves in writing in its escrow instructions, including, but not limited to the deed of trust securing the Senior Loan.

“Preferences and Lottery Manual” means MOHCD’s Marketing, Housing Preferences and Lottery Procedures Manual dated October 19, 2020, as amended from time to time.

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

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

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

"Project Income" means all income and receipts in any form received by Borrower from the operation of the Project, including, but not limited to, the following: (a) rents, fees, charges, and deposits (other than tenant’s refundable security deposits); (b) Section 8 or other rental subsidy payments received for the Project, supportive services funding (if applicable); (c) price index adjustments and any other rental adjustments to leases or rental agreements; (d) proceeds from vending and laundry room machines; (e) the proceeds of business interruption or similar insurance; (f) any accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established; (g) reimbursements and other charges paid to Borrower in connection with the Project; and (h) other consideration actually received from the operation of the Project, including non-residential uses of the Site. Project Income does not include interest accruing on any portion of the Funding Amount or tenant’s refundable security deposits.

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

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

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

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

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

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

"Residual Receipts Policy" means the Mayor's Office of Housing and Community Development Residual Receipts Policy effective April 1, 2016, as amended from time to time, attached hereto as **Exhibit P**.

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

"Senior Lender" means Bay Area Housing Innovation Fund, LLC, a California limited liability company, and its permitted successors or assigns, the holder of the Senior Loan.

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

"SFHA" means the San Francisco Housing Authority.

"Site" means the real property described in **Recital C** of this Agreement.

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

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

"TCAC" means the California Tax Credit Allocation Committee.

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

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

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

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

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

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

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

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

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

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



## ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to finance repayment of construction financing utilized to construct a 146-unit (including one manager's 2-BR unit) permanent supportive housing development affordable to low-income households and targeted to serve seniors age 55 and older who are Homeless, plus a ground floor community room, laundry room, offices for property management, bike room, and a supportive services suite area with case management and resident services offices. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Notwithstanding anything to the contrary contained herein, City will not approve expenditure of Funds for expenses incurred by Borrower prior to the Agreement Date. Notwithstanding the foregoing, City will not approve any expenditure of Funds for expenses incurred by Borrower earlier than sixty (60) days prior to the City's declaration of its official intent to reimburse such expenses with proceeds of the 2020 Health and Recovery General Obligation Bond.

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

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

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

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

3.1 Maturity Date. Borrower will repay all amounts owing under the City Documents on the date that is the fifty fifth (55<sup>th</sup>) anniversary of the Conversion Date (the "Maturity Date").

3.2 Compliance Term; Declaration of Restrictions. Borrower will comply with all provisions of the City Documents relating to the use of the Site and the Project as set forth in the Declaration of Restrictions to be recorded in the Official Records, for the period commencing on the date the Deed of Trust is recorded in the Official Records and continuing for the Life of the Project (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed before the end of the Compliance Term.

3.3 Interest. The outstanding principal balance of the Loan will bear simple interest at a rate of one percent (1%) per annum, as provided in the Note.

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

3.5 Repayment of Principal and Interest. Except as set forth in Sections 3.5.1 and 3.5.2 below, the outstanding principal balance of the Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Note. Except as set forth in the Note, no prepayment of the Loan will be permitted without the prior written consent of the City in its sole and absolute discretion.

3.5.1 Notification and Repayment of Excess Proceeds. Borrower will notify the City in writing within thirty (30) days after the later of the date on which Borrower receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Borrower receives Excess Proceeds from its Limited Partner or other financing sources. Borrower will repay all Excess Proceeds to the City no later than sixty (60) days after receipt of such notification, unless the City has elected to waive such payment. The City will use such Excess Proceeds to reduce the balance of the Loan.

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

3.7 Additional City Approvals. Borrower understands and agrees that City is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. Borrower understands and agrees that neither entry by City into this Agreement nor any approvals given by City under this Agreement will be deemed to imply that Borrower will obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, City is in no way

modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property will require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property, which may include, without limitation, the San Francisco City Planning Commission and the San Francisco Board of Supervisors. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

3.8 Reserved.

#### ARTICLE 4 CLOSING; DISBURSEMENTS.

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

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

4.3 Conditions Precedent to Closing. The City will authorize the close of the Loan only upon satisfaction of all conditions precedent in this Section as follows:

(a) Borrower will have delivered to the City fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the City: (1) this Agreement; (2) the Note; (3) the Deed of Trust; (4) the Declaration of Restrictions; (5) the Developer Fee Agreement; (6) the Authorizing Resolutions; (7) the Opinion; (8) LOSP Agreement; (9) the Purchase Option and Right of First Refusal Agreement; and any other documents reasonably requested by the City.

(b) Reserved.

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

(d) Borrower has completed construction of the Project in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion; and

(e) A certificate, satisfactory to MOHCD, from either the Borrower's architect or engineer, stating that (1) the Project has been constructed substantially in accordance with the Plans and Specifications and is free from defects in materials and workmanship, and (2) the construction of the Project and the intended operation of the Project are in substantial compliance with the applicable zoning, environmental, preservation and all other applicable laws, ordinances, rules, regulations, restrictions and governmental requirements.

(f) Borrower has achieved occupancy of [ninety five percent (95%)] of the Units by no later than [thirty (30)] days prior to the Conversion Date.

(g) Borrower will have used best efforts to secure non-City operating or rent subsidies to supplement or replace the operating portion of the LOSP grant. If Borrower is unsuccessful, Borrower must provide evidence of infeasibility of other options to MOHCD.

(h) Borrower must have submitted an application for an AHP loan for permanent financing of the Project to the Federal Home Loan Bank of San Francisco in 2025. If Borrower's submitted application for the AHP loan is subsequently denied, Borrower will apply again in 2026. If the Borrower submits an application in 2026, this condition shall be deemed satisfied, provided MOHCD reviews and approves Borrower's application assumptions. If awarded AHP funds, and subject to any requirements of the San Francisco Federal Home Loan Bank Affordable Housing Program, Borrower will use the AHP loan amount to repay the SFHAF Construction Loan. Borrower must submit to MOHCD a preliminary AHP application with a self-score prior to submission to Federal Home Loan Bank. Failure to receive an AHP award will not be deemed a failure to satisfy this condition precedent, provided that Borrower otherwise complies with this subsection (h).

(i) Borrower will have used best efforts to lower Project Expenses.

(j) Borrower will have submitted a final services plan and budget for HSH and MOHCD final approval by no later than April 1, 2025, and prior to executing the HSH services contract.

(k) The Borrower will have provided MOHCD with an updated budget in MOHCD format and satisfactory to MOHCD that meets the requirements of MOHCD and the LOSP Policies & Procedures underwriting guidelines including, but not limited to, the following:

(1) Budgets must assume no more than 2.5% annual growth in operating income and no less than 3.5% annual growth in operating expenses.

(2) Residential Vacancy Loss assumption of 5% based on residential rent.

(l) All escrows, reserves and accounts for the Project required as of such date to be funded shall be fully funded in their required amounts, as evidenced by bank statements, or shall be fully funded concurrent with the Loan closing.

(m) Reserved.

(n) Borrower will have delivered a Draft Cost Certification that is being submitted as part of the TCAC Placed in Service Package and IRS Tax Form 8609 Request.

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

(p) Borrower will have delivered to the City: (i) Borrower's Charter Documents; (ii) a comprehensive maintenance and operating plan for the Project duly approved by Borrower's governing body that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection; and (iii) the Opinion. The Charter Documents will be delivered to the City in their original form and as amended from time to time and be accompanied by a certificate of good standing for Borrower issued by the California Secretary of State and, if Borrower is organized under the laws of a state other than California, a certificate of good standing issued by the Secretary of State of the state of organization, issued no more than ninety (90) days before the Conversion Date.

(q) Borrower will have delivered to the City evidence of all insurance policies and endorsements required under **Exhibit L** of this Agreement and, if requested by the City, copies of such policies.

(r) No Event of Default, or event that with notice or the passage of time or both could constitute an Event of Default, may have occurred that remains uncured as of the Conversion Date.

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

(t) Reserved.

(u) The Escrow Agent will have received and is prepared to record the Declaration of Restrictions and Deed of Trust as valid liens in the Official Records, subject only to the Permitted Exceptions.

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

(w) Zions Bancorporation, N.A. dba California Bank & Trust and HAF will have delivered to MOHCD estoppel certificates that state that no event of default of which it has given written notice remains uncured (or has not otherwise been waived).

(x) Borrower will have received the first, second, third, and fourth capital contributions from the Limited Partner (provided that the fourth capital contribution may be funded concurrent with the Loan closing).

(y) Senior Lender will have executed a subordination agreement in form and substance acceptable to the City, that provides that: (i) Senior Lender subordinates the Senior Lender's deed of trust to the Declaration of Restrictions; and (ii) the City subordinates the Deed of Trust, and the City's rights under that certain option agreement and the memorandum of option to the Senior Lender's deed of trust.

4.5 Disbursement of Funds. Following satisfaction of the Disbursement conditions in **Section 4.3**, the City will deliver the Funding Amount, to the Escrow Agent. Following satisfaction of the Closing conditions in **Section 4.4**, the City will authorize the Escrow Agent to release the Funds in escrow in accordance with the City's escrow instructions.

## ARTICLE 5 RESERVED

## ARTICLE 6 MARKETING.

Borrower will use access points and accept referrals from HSH, or its successor agencies, or as otherwise approved by HSH, and will comply with the tenant selection criteria approved by the City for all Units during the term of the LOSP Agreement. The below Article 6 provisions shall not apply for so long as the LOSP Agreement is in place, provided, however, that if applicable, Borrower will comply with the requirements below in the event the LOSP Agreement is terminated.

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

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

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

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

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

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

(e) Notices to SFHA.

(f) Notices to MOHCD

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

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

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

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

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

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

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

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

## ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

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

### 7.2 Borrower's Covenant.

(a) Borrower covenants to rent all Units (except one Unit reserved for the manager of the Project) at all times to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**. In addition, One Hundred Forty Five (145) Units will be rented to Tenants who are Homeless and who are seniors 55 years of age or older, during the period in which the City's Local Operating Subsidy Program is in operation and the City provides the Local Operating Subsidy to the Project.

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



### 7.3 Rent Restrictions.

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

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

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

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

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

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

#### 7.4 Certification.

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

(b) Borrower will require each Qualified Tenant in the Project to recertify to Borrower on an annual basis the Qualified Tenant's household income and in accordance with applicable tax credit requirements.

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

7.5 Form of Lease. The form of lease for Tenants will provide for termination of the lease and consent to immediate eviction for failure to: (i) qualify as a Qualified Tenant if the Tenant has made any material misrepresentation in the initial income certification, or (ii) submit to Borrower an annual recertification of income. The initial term of the lease will be for a period of not less than one (1) year. Borrower will not terminate the tenancy or refuse to renew any lease of a Unit except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Laws or other good cause. Any termination or refusal to renew the lease for a Unit will be preceded by not less than thirty (30) days' written notice to the Tenant specifying the grounds for the action.

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

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

## ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

### 8.1 Borrower's Responsibilities.

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

### 8.2 Contracting With Management Agent.

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

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

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

### 8.4 Damage and Destruction.

(a) If the Improvements or any part thereof are damaged or destroyed by any cause covered by any policy of insurance required to be maintained by Borrower under this Agreement, Borrower will promptly commence and diligently complete the restoration of the Improvements as nearly as possible to the condition thereof before such damage or destruction.. All proceeds of any policy of insurance required to be maintained by Borrower under this

Agreement will, subject to any applicable rights of Senior Lender, be used by Borrower for that purpose and Borrower will make up from its own funds or obtain additional financing as reasonably approved by the City any deficiency between the amount of insurance proceeds available for the work of restoration and the actual cost.

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

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

## ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS.

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

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

## ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

### 10.1 Generally.

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

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

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

### 10.2 reserved

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

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

### 10.5 reserved

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

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

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

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

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

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

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

## ARTICLE 11 USE OF INCOME FROM OPERATIONS.

### 11.1 Project Operating Account.

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

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

## ARTICLE 12 REQUIRED RESERVES.

### 12.1 Replacement Reserve Account.

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

(b) Monthly deposits will equal the lesser of: (i) 1/12<sup>th</sup> of 0.6% of Replacement Cost; or (ii) 1/12<sup>th</sup> of the following amount: \$[87,600].

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

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

### 12.2 Operating Reserve Account.

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

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

(c) Borrower may withdraw funds from the Operating Reserve Account solely to alleviate cash shortages resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancies and other expenses that vary seasonally or from month to month in the Project. Borrower may not withdraw funds

(including any accrued interest) from the Operating Reserve Account for any other purpose without the City's prior written approval.

12.3 Lease-Up and Stabilization Reserve. Commencing no later than the Conversion Date, or any other date the City designates in writing, Borrower will establish or cause to be established a segregated interest-bearing lease-up and stabilization reserve depository account (the "Stabilization Reserve Account") in the amount of [Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000)]. Borrower may withdraw funds from the Stabilization Reserve Account solely to pay for nonpayment of rent, legal, additional management and maintenance staffing, overtime staffing and site security, repair damages and insurance deductibles during lease-up and the initial three-year stabilization period after lease-up. Any remainder of this reserve not utilized by December 31, 2028 will go to proportionally offset the operations funding amount provided under the LOSP agreement that will be disbursed in January 2029. The City may review the adequacy of deposits to the Stabilization Reserve Account periodically and require adjustments as it deems necessary, subject to availability of funds. Borrower will report on utilization of this reserve in the Project's submittal of Annual Monitoring Reports.

## ARTICLE 13 DISTRIBUTIONS.

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

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

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

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



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

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

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

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

(f) during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any time the City determines the Loan is out of balance) under any City Document.

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

#### ARTICLE 14 SYNDICATION PROCEEDS.

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

#### ARTICLE 15 DEVELOPER FEES.

15.1 Amount. The City has approved the payment of development fees to the Developer in an amount not to exceed [Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00)] for developing the Project ("Developer Fees"), subject to the Developer Fee Policy and the terms and conditions set forth in full in the Developer Fee Agreement between the City and Developer.

#### ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower will not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership

interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units and/or Commercial Space in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion, or any foreclosure, or deed in lieu of foreclosure, by the Senior Lender; (c) transfers from Borrower to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Borrower or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity or is the manager of a limited liability company that is the sole general partner or manager of that entity; (d) transfers of the general partnership or manager's interest in Borrower to a nonprofit public benefit corporation approved in advance by the City; (e) transfers of any limited partnership or membership interest in Borrower to an investor pursuant to the tax credit syndication of the Project; (f) the grant or exercise of an option agreement between Borrower and Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by the City; or (g) to remove or replace the General Partner in accordance with the terms of the Partnership Agreement, a transfer of any general partnership interest to a new general partner approved in advance by the City. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

#### ARTICLE 17 INSURANCE AND BONDS; INDEMNITY.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower will procure and keep in effect, and cause its contractors and subcontractors to obtain and maintain at all times during any work or construction activities on the Property, the insurance and bonds as set forth in **Exhibit L** from the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County until the expiration of the Compliance Term at no expense to the City.

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

Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring before the expiration of the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 9.2 and 18.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct.

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

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

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

## ARTICLE 18 **HAZARDOUS SUBSTANCES.**

18.1 **Borrower's Representations.** Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as disclosed in the Updated

Phase I Environmental Site Assessment dated April \_\_, 2024, by Langan Engineering and Environmental Services, Inc., Updated Phase I Environmental Site Assessment dated July 6, 2022 by Langan Engineering and Environmental Services, Inc., Phase II Environmental Site Assessment dated May 10, 2021 by Langan Engineering and Environmental Services, Inc., or otherwise in writing: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

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

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

ARTICLE 19 DEFAULT.

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

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

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

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

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

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

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

substantially all of the assets of Borrower are sold or otherwise transferred except as permitted under **Section 16.1**; or

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

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

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

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

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

(l) Any material adverse change occurs in the financial condition or operations of Borrower, such as a loss of services funding or rental subsidies, that has a material adverse impact on the Project, provided that, if the Borrower provides an alternate funding source to cover a loss of funding or rental subsidy that is reasonably satisfactory to the City, a material adverse impact shall not be deemed to have occurred; or

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

(n) reserved; or

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

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

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

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

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

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

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

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

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

(g) All costs, expenses, charges and advances of the City in exercising its remedies or to protect the Project will be deemed to constitute a portion of the principal balance

of the Note, even if it causes the principal balance to exceed the face amount of the Note, unless Borrower reimburses the City within ten (10) days of the City's demand for reimbursement.

19.3 Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of the City or Borrower rendered impossible to perform while the event continues: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls, including, but not limited to, government health orders related to a pandemic or epidemic; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty and other causes beyond the control of the party obligated to perform. The occurrence of a force majeure event will excuse Borrower's performance only in the event that Borrower has provided notice to the City within thirty (30) days after the occurrence or commencement of the event or events, and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

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

## ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

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

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

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

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

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

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the City, the Department of Industrial Relations, or any Governmental Agency, nor has Borrower, any of its principals or its general contractor, if applicable, been suspended, disciplined or prohibited from contracting with the City or any Governmental Agency. Further, Borrower certifies that neither it nor any of its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily



excluded from receiving the Funds on the Agreement Date. In addition, Borrower will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities in addition to obtaining the certification of each contractor or subcontractor whose bid is accepted.

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

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

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

#### ARTICLE 21 NOTICES.

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

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

To Borrower:                Mercy Housing California 108, L.P.,  
Mercy Housing California  
1256 Market Street  
San Francisco, CA 94102  
Attn: Director

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

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

Balance; or (c) will have a material adverse effect on Borrower's operation of the Property or ability to repay the Loan.

## ARTICLE 22 GENERAL PROVISIONS.

22.1 Subordination. The Deed of Trust shall be subordinated to the Senior Lender's deed of trust, and may be subordinated to other financing secured by and used for development of the Project (in each case, a "**Senior Lien**"), but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval. The Declaration of Restrictions will not be subordinated to any financing secured by and used for the Project.

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

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

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

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

22.6 Borrower Solely Responsible. Borrower is an independent contractor with the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance contemplated under this Agreement. Borrower is solely responsible for: (a) its own acts and those of its agents, employees and contractors and all matters relating to their performance, including compliance with Social Security, withholding and all other Laws governing these matters and requiring that contractors include in each contract that they will be solely responsible for similar matters relating to their employees; (b) any losses or damages incurred by Borrower, any of its contractors or subcontractors and the

City and its officers, representatives, agents and employees on account of any act, error or omission of Borrower in the performance of this Agreement or any other City Document and the development and operation of the Project; and (c) all costs and expenses relating to Borrower's performance of obligations under the City Documents, the delivery to the City of documents, information or items under or in connection with any of the City Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any City Document or document required under any City Document.

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

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

22.9 Governing Law; Venue. This Agreement is governed by California law and the City's Charter and Municipal Code without regard to its choice of law rules. Any legal suit, action, or proceeding arising out of or relating to this Agreement shall be instituted in the Superior Court for the City and County of San Francisco, and each party agrees to the exclusive jurisdiction of such court in any such suit, action, or proceeding (excluding bankruptcy matters). The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action, or proceeding in such court and irrevocably waive and agree not to plead or claim that any suit, action, or proceeding brought in San Francisco Superior Court relating to this Agreement has been brought in an inconvenient forum. The Parties also unconditionally and irrevocably waive any right to remove any such suit, action, or proceeding to Federal Court.

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

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

22.12 Reserved.

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

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

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

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

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

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

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

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

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

#### EXHIBITS

- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma
- C Form of Tenant Income Certification

D Reserved  
E Governmental Requirements  
F Lobbying/Debarment Certification Form  
G Form of Annual Monitoring Report  
H Tenant Selection Plan Policy  
I MOHCD Tenant Screening Criteria Policy  
J Developer Fee Policy  
K Hold Harmless Policy  
L Insurance Requirements  
M Reserved  
N Reserved  
O Reserved  
P MOHCD Residual Receipts Policy

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

**THE CITY:**

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: \_\_\_\_\_  
London N. Breed  
Mayor

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

APPROVED AS TO FORM:

DAVID CHIU  
City Attorney

By: \_\_\_\_\_  
Jessica Alfaro-Cassella  
Deputy City Attorney

**BORROWER:**

MERCY HOUSING CALIFORNIA 108, L.P., a California limited partnership

By: Mercy Housing California 108 LLC, a California limited liability company, its general partner

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

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT A**  
**Schedules of Income and Rent Restrictions**

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

<b>Unit Size</b>	<b>No. of Units</b>	<b>Maximum Income Level</b>
Studio	145	50% of Median Income
2-BR	1	Manager's Unit

One Hundred Forty Five (145) Units will be rented at all times to tenants who are seniors age 55 and older.

One Hundred Forty Five (145) Units will be made available to those who are Homeless during the period in which the City's Local Operating Subsidy program is in operation and the City provides such subsidy to the Project under the LOSP Agreement.

If the LOSP is terminated, discontinued or reduced at no fault of Borrower with respect to the Project, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City's reasonable discretion, provided that:

(a) Borrower diligently pursues an additional or alternative source of income or subsidy acceptable to the City to replace the rental subsidies.

(b) One hundred percent (100%) of the Units formerly under the LOSP will at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed sixty percent (60%) of Median Income and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of sixty percent (60%) of Median Income, (b) less utility allowance. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

(c) If the Project continues to demonstrate financial infeasibility after the rent alterations above, to the extent financially feasible as determined in City's reasonable discretion, the City will waive the average income restriction of sixty percent (60%) of Median Income for all Units, and increase rents to the extent necessary for Project to remain financially feasible (not past TCAC maximums); provided that one hundred percent (100%) of the Units will at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed eighty percent (80%) of area median income, as published by TCAC (the "TCAC Median Income"), and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of eighty percent (80%) of TCAC Median Income (b) less utility allowance. On an annual basis, Borrower will convert the TCAC Median Income and maximum rent to the corresponding published

MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation. The maximum initial occupancy income level restrictions when averaged for all Units in the Project may not exceed sixty percent (60%) of TCAC Median Income and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance.

In such event, the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. The relief provided by the foregoing will not be construed as authorizing Borrower to exceed any income or rent restriction imposed on the Project by CDLAC, CTCAC, or under any other agreement. Borrower covenants and warrants that it will obtain all necessary approvals or relief from any other applicable income or rent limitations before implementing the relief provided in this paragraph.

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

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

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

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

3. To the extent the Borrower needs to repay the full outstanding loan balance by the Maturity Date, the rent restrictions above may be altered, but only to the extent necessary for the Project to refinance and repay the full outstanding loan balance by the Maturity Date, as determined in City's reasonable discretion. One hundred percent (100%) of the Units must at all times be occupied by Qualified Households whose adjusted income does not exceed sixty percent (60%) of area median income as determined by TCAC, and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of sixty percent (60%) of area median income as determined by TCAC (b) less utility allowance. The maximum initial occupancy income level restrictions when averaged for all Residential Units in the Project may not exceed sixty percent (60%) of area median income as determined by TCAC and shall be subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance. In such event, Borrower will provide the City with a written request no less than one year prior to the Maturity Date, and the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.



**EXHIBIT B-1**

**Table of Sources and Uses of Funds**

Application Date: 2/1/24  
 Project Name: 1633 Valencia  
 Project Address: 1633 Valencia St  
 Project Sponsor: Mercy Housing California

# Units: 146  
 # Bedrooms: 147  
 # Beds:

LOSP Project

SOURCES	Total Sources						Comments
		16,000,000	39,036,048	27,569,430	100	2,000,000	
		SFHAF Permanent Loan	SF Health & Recovery (HSH) Loan	Tax Credit Equity	Sponsor Contribution	AHP Bridge	

USES

ACQUISITION		5,209,464	45,230	330,240	100	5,585,034
Acquisition cost or value		5,209,464	45,230	330,240	100	5,585,034
Legal / Closing costs / Broker's Fee		10,000				10,000
Holding Costs						0
Transfer Tax		35,399				35,399
<b>TOTAL ACQUISITION</b>	<b>0</b>	<b>5,254,863</b>	<b>45,230</b>	<b>330,240</b>	<b>100</b>	<b>5,630,433</b>

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab		1,329,321	37,139,167	3,013,162		2,000,000	43,481,650	Include FF&E
* Commercial Shell Construction							0	
* Demolition		456,786					456,786	
Environmental Remediation		196,022					196,022	
* Onsite Improvements/Landscaping		1,003,027	914,178				1,917,205	
* Offsite Improvements		739,728					739,728	
* Infrastructure Improvements							0	HOPE SF/OCII costs for streets etc.
Parking							0	
GC Bond Premium/GC Insurance/GC Taxes							0	Design-Builder contingency
GC Overhead & Profit				5,281,417			5,281,417	Includes bond/insurance/taxes
CG General Conditions				2,079,598			2,079,598	
<i>Sub-total Construction Costs</i>	<i>0</i>	<i>3,724,884</i>	<i>38,053,345</i>	<i>10,374,177</i>	<i>0</i>	<i>2,000,000</i>	<i>54,152,406</i>	
Design Contingency (remove at DD)							0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)							0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)							0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency		2,689,436					2,689,436	5% new construction / 15% rehab
<i>Sub-total Construction Contingencies</i>	<i>0</i>	<i>2,689,436</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,689,436</i>	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>0</b>	<b>6,414,320</b>	<b>38,053,345</b>	<b>10,374,177</b>	<b>0</b>	<b>2,000,000</b>	<b>56,841,842</b>	

SOFT COSTS

<b>Architecture &amp; Design</b>								
Architect design fees		1,213,664					1,213,664	See MOHCD A&E Fee Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
Design Subconsultants to the Architect (incl. Fees)		771,000		62,719			833,719	
Architect Construction Admin				489,586			489,586	
Reimbursables							0	
Additional Services							0	
<i>Sub-total Architect Contract</i>	<i>0</i>	<i>1,984,664</i>	<i>0</i>	<i>552,305</i>	<i>0</i>	<i>0</i>	<i>2,536,969</i>	
Other Third Party design consultants (not included under Architect contract)								Design-Build Engineering: \$921,000 (Intermountain Electric-\$375,000, Sullivan Plumbing-\$146,000, O'Brien Mech-\$200,000, Blackrock Concrete-\$100,000, Sit-co-\$10,000, OTIS-\$10,000, Solar-\$14,000, Site Lighting/fire protection/performance-\$51,000) + Owner contract consultants \$391,340 (Commissioning Agent-\$65,000, Permit Consultant-\$120,000, Peer Review Checkset-\$41,040, Joint-Trench Engineer-\$90,000)
<b>Total Architecture &amp; Design</b>	<b>0</b>	<b>2,621,661</b>	<b>0</b>	<b>1,152,348</b>	<b>0</b>	<b>0</b>	<b>3,774,009</b>	
<b>Engineering &amp; Environmental Studies</b>								
Survey		34,282		5,718			40,000	
Geotechnical studies		29,105	90,000	6,195			125,300	Includes Corrosive and geotech engineering in construction
Phase I & II Reports		13,000					13,000	
CEQA / Environmental Review consultants		38,783		129,667			168,450	Vapor Mat Engineering, SMP, final report, Const observation
NEPA / 106 Review							0	
CNA/PNA (rehab only)							0	
Other environmental consultants				243,933			243,933	Kanyon Consulting (Tribal Monitoring)-\$175,000, Precita Eyes Mural Restoration-\$68,933
<b>Total Engineering &amp; Environmental Studies</b>	<b>0</b>	<b>115,170</b>	<b>90,000</b>	<b>385,513</b>	<b>0</b>	<b>0</b>	<b>590,683</b>	
<b>Financing Costs</b>								
<b>Construction Financing Costs</b>								
Construction Loan Origination Fee				696,080			696,080	Tax-exempt construction loan, SFHAF Construction loan
Construction Loan Interest			72,703	5,571,173			5,643,876	Tax-exempt construction loan, SFHAF Construction loan, SFHAF perm construction loan interest
Title & Recording				75,000			75,000	
CDLAC & CDIAC fees				19,980			19,980	
Bond Issuer Fees				85,299			85,299	CalHFA App fee, Initial Fee and Monitoring Fee
Other Bond Cost of Issuance				27,000			27,000	Trustee Initial and Fees during construction
Construction Lender Expenses, Admin Fee for Loan Servicing				138,000			138,000	
<i>Sub-total Const. Financing Costs</i>	<i>0</i>	<i>0</i>	<i>72,703</i>	<i>6,612,532</i>	<i>0</i>	<i>0</i>	<i>6,685,235</i>	
<b>Permanent Financing Costs</b>								
Permanent Loan Origination Fee				160,000			160,000	
Credit Enhance. & Appl. Fee							0	
Title & Recording				30,000			30,000	
<i>Sub-total Perm. Financing Costs</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>190,000</i>	<i>0</i>	<i>0</i>	<i>190,000</i>	
<b>Total Financing Costs</b>	<b>0</b>	<b>0</b>	<b>72,703</b>	<b>6,802,532</b>	<b>0</b>	<b>0</b>	<b>6,875,235</b>	
<b>Legal Costs</b>								
Borrower Legal fees		5,000	8,500	186,500			200,000	
Land Use / CEQA Attorney fees		5,652					5,652	
Tax Credit Counsel				50,000			50,000	
Bond Counsel				75,000			75,000	
Construction Lender Counsel		5,000		75,000			80,000	CHPC
Permanent Lender Counsel				175,000			175,000	
COI Contingency				25,920			25,920	
<b>Total Legal Costs</b>	<b>0</b>	<b>15,652</b>	<b>8,500</b>	<b>587,420</b>	<b>0</b>	<b>0</b>	<b>611,572</b>	
<b>Other Development Costs</b>								
Appraisal		10,688		1,813			12,500	
Market Study		10,000					10,000	
Insurance				694,000			694,000	
Property Taxes							0	
Accounting / Audit				65,000			65,000	
Organizational Costs		6,641		859			7,500	
Entitlement / Permit Fees		618,677		228,613			847,290	Includes Impact Fees, BOE Fees for Soil Offhaul
Marketing / Rent-up		11,283		280,718			292,000	
Furnishings				900,000			900,000	\$2,000/unit: See MOHCD U/W Guidelines on: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
PGE / Utility Fees		62,800		269,562			332,362	
TCAC App / Alloc / Monitor Fees		30,002		59,860			89,862	
Financial Consultant fees		25,000		55,000			80,000	
Construction Management fees / Owner's Rep		38,700		159,300			198,000	
Security during Construction							0	
Relocation							0	
Predevelopment Loan and LOC Interest		152,482		6,478			158,960	
Special Inspections				279,000			279,000	
Community Engagement				312,500			312,500	
<b>Total Other Development Costs</b>	<b>0</b>	<b>966,272</b>	<b>0</b>	<b>3,312,702</b>	<b>0</b>	<b>0</b>	<b>4,278,974</b>	
<b>Soft Cost Contingency</b>								
Contingency (Arch, Eng, Fin, Legal & Other Dev)		332,062	16,270	546,666			894,998	Should be either 10% or 5% of total soft costs.
<b>TOTAL SOFT COSTS</b>	<b>0</b>	<b>4,050,817</b>	<b>187,473</b>	<b>12,787,181</b>	<b>0</b>	<b>0</b>	<b>17,025,471</b>	5.5%

RESERVES

* Operating Reserves				1,857,832			1,857,832	Capitalized 6 mo
* Replacement Reserves							0	
* Tenant Improvements Reserves							0	
* Lease-up and stabilization reserve			750,000				750,000	See loan evaluation for background
* Other (specify)							0	
* Other (specify)							0	
<b>TOTAL RESERVES</b>	<b>0</b>	<b>0</b>	<b>750,000</b>	<b>1,857,832</b>	<b>0</b>	<b>0</b>	<b>2,607,832</b>	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones		280,000		500,000			780,000	
Developer Fee - Cash-out At Risk				1,720,000			1,720,000	
Commercial Developer Fee							0	
Developer Fee - GP Equity (also show as source)							0	
Developer Fee - Deferred (also show as source)							0	
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)							0	
<b>TOTAL DEVELOPER COSTS</b>	<b>0</b>	<b>280,000</b>	<b>0</b>	<b>2,220,000</b>	<b>0</b>	<b>0</b>	<b>2,500,000</b>	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source		16,000,000	39,036,048	27,569,430	100	2,000,000	84,605,578
Development Cost/Unit as % of TDC by Source		109,589	267,370	188,832	1	13,699	579,490
	0.0%	18.9%	46.1%	32.6%	0.0%	2.4%	100.0%

Acquisition Cost/Unit by Source		35,681	310	2,262	1	0	38,254
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Construction Cost (inc Const Contingency)/Unit By Source		43,934	260,639	71,056	0	13,699	389,328
Construction Cost (inc Const Contingency)/SF	0.00	93.23	553.08	150.78	0.00	29.07	826.17

\*Possible non-eligible GO Bond/COP Amount: 0  
 City Subsidy/Unit

Tax Credit Equity Pricing: 0.965  
 Construction Bond Amount: 42,799,116  
 Construction Loan Term (in months): 28 months  
 Construction Loan Interest Rate (as %): 7.08%

**EXHIBIT B-2**  
**Annual Operating Budget**

Application Date: 2/1/2024  
 Total # Units: 146  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2026

Project Name: 1633 Valencia  
 Project Address: 1633 Valencia St  
 Project Sponsor: Mercy Housing California

Correct errors noted in Col N!

INCOME	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Residential - Tenant Rents	391,500	0	391,500	Links from 'New Proj - Rent & Unit Mix' Worksheet				2,682
Residential - Tenant Assistance Payments (SOS Payments)	0	0	0	Comments				-
Residential - Tenant Assistance Payments (Other Non-LOSP)	0	0	0	Links from 'New Proj - Rent & Unit Mix' Worksheet				-
Residential - LOSP Tenant Assistance Payments	2,235,309	0	2,235,309					15,416
Commercial Space	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Residential Parking	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
*LOSP B* Funding	0	0	0	This is 'LOSP B' funding of \$1,158,969 for annual 18 year debt service; first payment due 1/1/2027 so zero for CY 2026.		0.00%	100.00%	Anne/Mike
Supportive Services Income	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Interest Income - Project Operations	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Laundry and Vending	8,760	0	8,760	Links from 'Utilities & Other Income' Worksheet				60
Tenant Charges	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Miscellaneous Residential Income	0	0	0	Links from 'Utilities & Other Income' Worksheet				-
Other Commercial Income	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0					-
<b>Gross Potential Income</b>	<b>2,635,569</b>	<b>0</b>	<b>2,635,569</b>					
Vacancy Loss - Residential - Tenant Rents	(19,575)	0	(19,575)	Vacancy loss is 5% of Tenant Rents.				(134)
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0					-
Vacancy Loss - Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
<b>EFFECTIVE GROSS INCOME</b>	<b>2,615,994</b>	<b>0</b>	<b>2,615,994</b>	<b>PUPA: 17,918</b>				

OPERATING EXPENSES	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
<b>Management</b>								
Management Fee	140,160	0	140,160	1st Year to be set according to HUD schedule.				960
Asset Management Fee	26,009	0	26,009	\$26,009 for Sponsor Asset Management Fee; \$2,500 for MOHCD asset management fee				178
<b>Sub-total Management Expenses</b>	<b>166,169</b>	<b>0</b>	<b>166,169</b>	<b>PUPA: 1,138</b>				
<b>Salaries/Benefits</b>								
Office Salaries	247,205	0	247,205	Links from 'Staffing' Worksheet				1,693
Manager's Salary	224,496	0	224,496	Links from 'Staffing' Worksheet				1,538
Health Insurance and Other Benefits	152,518	0	152,518	Health Benefits; Retirements				1,045
Other Salaries/Benefits	42,787	0	42,787	Office Salaries, Manager & Maintenance bonuses				293
Administrative Rent-Free Unit	0	0	0					-
<b>Sub-total Salaries/Benefits</b>	<b>667,006</b>	<b>0</b>	<b>667,006</b>	<b>PUPA: 4,569</b>				
<b>Administration</b>								
Advertising and Marketing	5,000	0	5,000					34
Office Expenses	31,000	0	31,000	Office supplies, postage, computer support and software, commuter checks, staff training				212
Office Rent	0	0	0					-
Legal Expense - Property	15,000	0	15,000					103
Audit Expense	11,500	0	11,500					79
Bookkeeping/Accounting Services	24,000	0	24,000					164
Bad Debts	0	0	0					-
Miscellaneous	2,200	0	2,200	Travel, Training, and Employee Recognition				15
<b>Sub-total Administration Expenses</b>	<b>88,700</b>	<b>0</b>	<b>88,700</b>	<b>PUPA: 608</b>				
<b>Utilities</b>								
Electricity	255,000	0	255,000	Based on comparable project actuals, with addition of E hot water				1,747
Water	75,000	0	75,000	Based on comparable project actuals				514
Gas	0	0	0	All Electric				-
Sewer	96,500	0	96,500	Based on comparable project actuals				661
<b>Sub-total Utilities</b>	<b>426,500</b>	<b>0</b>	<b>426,500</b>	<b>PUPA: 2,921</b>				
<b>Taxes and Licenses</b>								
Real Estate Taxes	10,000	0	10,000	100% Welfare Tax Exemption				68
Payroll Taxes	83,800	0	83,800					574
Miscellaneous Taxes, Licenses and Permits	1,500	0	1,500	Business Renewal, Loading Zone renewal				10
<b>Sub-total Taxes and Licenses</b>	<b>95,300</b>	<b>0</b>	<b>95,300</b>	<b>PUPA: 653</b>				
<b>Insurance</b>								
Property and Liability Insurance	265,000	0	265,000	Based on quote dated 3/20/24				1,815
Fidelity Bond Insurance	0	0	0					-
Worker's Compensation	15,000	0	15,000					103
Director's & Officers' Liability Insurance	0	0	0					-
<b>Sub-total Insurance</b>	<b>280,000</b>	<b>0</b>	<b>280,000</b>	<b>PUPA: 1,918</b>				
<b>Maintenance &amp; Repair</b>								
Payroll	341,688	0	341,688	Links from 'Staffing' Worksheet				2,340
Supplies	30,000	0	30,000	Janitorial and maintenance supplies				205
Contracts	126,500	0	126,500	Window washing (25K), FA/FS (30K), Elevator (37.5K), Exterminating (7.5K), Grounds				866
Garbage and Trash Removal	68,000	0	68,000					466
Security Payroll/Contract	146,032	0	146,032	Links from 'Staffing' Worksheet				1,000
HVAC Repairs and Maintenance	20,000	0	20,000					137
Vehicle and Maintenance Equipment Operation and Repairs	0	0	0					-
Miscellaneous Operating and Maintenance Expenses	25,000	0	25,000	Telecommunications				171
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>757,220</b>	<b>0</b>	<b>757,220</b>	<b>PUPA: 5,186</b>				
<b>Supportive Services</b>	0	0	0	Links from 'Staffing' Worksheet				-
<b>Commercial Expenses</b>	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
<b>TOTAL OPERATING EXPENSES</b>	<b>2,480,895</b>	<b>0</b>	<b>2,480,895</b>	<b>PUPA: 16,992</b>				

RESERVES/GROUND LEASE BASE RENT/BOND FEES	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Ground Lease Base Rent	0	0	0	Provide additional comments here, if needed.				-
Bond Monitoring Fee	14,000	0	14,000	Issuer Fee (\$7.5K), Trustee Fee (\$6.5K)				96
Replacement Reserve Deposit	87,600	0	87,600	\$600/PUPY				600
Operating Reserve Deposit	0	0	0					-
Other Required Reserve 1 Deposit	0	0	0					-
Other Required Reserve 2 Deposit	0	0	0					-
Required Reserve Deposits, Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>	<b>101,600</b>	<b>0</b>	<b>101,600</b>	<b>PUPA: 696</b>				
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond)</b>	<b>2,582,495</b>	<b>0</b>	<b>2,582,495</b>	<b>PUPA: 17,688</b>				
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>	<b>33,499</b>	<b>0</b>	<b>33,499</b>	<b>PUPA: 229</b>				

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
Hard Debt - First Lender	0	0	0	SFHAF Permanent Loan First payment will be due 1/1/2027, so zero for 25&26				-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Le	0	0	0	Provide additional comments here, if needed.				-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0	Provide additional comments here, if needed.				-
Hard Debt - Fourth Lender	0	0	0	Provide additional comments here, if needed.				-
Commercial Hard Debt Service	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%				-
<b>TOTAL HARD DEBT SERVICE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>PUPA: 0</b>				
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>	<b>33,499</b>	<b>0</b>	<b>33,499</b>					
Commercial Only Cash Flow	0	0	0					-
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)	0	0	0					-
<b>AVAILABLE CASH FLOW</b>	<b>33,499</b>	<b>0</b>	<b>33,499</b>					

USES OF CASH FLOW BELOW (This row also shows DSCR.)	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>								
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	2,500	0	2,500	MOHCD MONITORING FEE				-
Partnership Management Fee (see policy for limits)	25,999	0	25,999	Y1 - 2025 AMF = 26,009; AMF/PMF total: 52,008; PMF = 25,999; "below				3
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	0	5,000					2
Other Payments	0	0	0					1
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.				-
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.				-
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	0	0	0	#DIV/0!				-
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>	<b>33,499</b>	<b>0</b>	<b>33,499</b>	<b>PUPA: 229</b>				

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS)	LOSP - A	LOSP - B	Total	Comments	Alternative LOSP Split	Master Lease	Approved By (reqd)	PUPA
<b>Residual Receipts Calculation</b>								
Does Project have a MOHCD Residual Receipt Obligation?	Yes			Project has MOHCD ground lease?	No			
Will Project Defer Developer Fee?	No							
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	33%							
% of Residual Receipts available for distribution to soft debt lenders if	67%							
Sum of DD F from LOSP and non-LOSP:	0							
Ratio of Sum of DDF and calculated 50%:	#VALUE!							

Soft Debt Lenders with Residual Receipts Obligations	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans		0.00%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	\$5,848,928	100.00%
HCD (soft debt loan) - Lender 3		0.00%
Other Soft Debt Lender - Lender 4		0.00%
Other Soft Debt Lender - Lender 5		0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE	LOSP - A	LOSP - B	Total	Comments
Proposed MOHCD Residual Receipts Amount to Replacement Reserve	0	0	0	MOHCD res recs to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt.
<b>REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE	LOSP - A	LOSP - B	Total	Comments

**EXHIBIT B-3**  
**20-Year Cash Flow Proforma**

1633 Valencia

Total # Units:	LOSP Units		Comments	Year 1 2026			Year 2 2027			Year 3 2028		
	146	145		LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
<b>INCOME</b>	<b>annual inc</b>	<b>% annual increase</b>										
Residential - Tenant Rents	1.0%	2.5%		391,500	-	391,500	395,415	-	395,415	399,369	-	399,369
Residential - SOS Payments		4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		2,235,309	-	2,235,309	2,317,201	-	2,317,201	2,403,841	-	2,403,841
Commercial Space	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding	0.0%	0.0%	This is "LOSP B" funding of \$1,158,969 for annual payment of HAF loan starting in 2027	-	-	-	1,158,969	-	1,158,969	-	1,158,969	1,158,969
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		8,760	-	8,760	8,979	-	8,979	9,203	-	9,203
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>				<b>2,635,569</b>	<b>-</b>	<b>2,635,569</b>	<b>2,721,595</b>	<b>1,158,969</b>	<b>3,880,564</b>	<b>2,812,413</b>	<b>1,158,969</b>	<b>3,971,382</b>
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(19,575)	-	(19,575)	(19,771)	-	(19,771)	(19,968)	-	(19,968)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>				<b>2,615,994</b>	<b>-</b>	<b>2,615,994</b>	<b>2,701,824</b>	<b>1,158,969</b>	<b>3,860,793</b>	<b>2,792,445</b>	<b>1,158,969</b>	<b>3,951,414</b>
<b>OPERATING EXPENSES</b>												
<b>Management</b>												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	140,160	-	140,160	145,066	-	145,066	150,143	-	150,143
Asset Management Fee	3.5%	3.5%	per MOHCD policy	26,009	-	26,009	26,919	-	26,919	27,861	-	27,861
<b>Sub-total Management Expenses</b>				<b>166,169</b>	<b>-</b>	<b>166,169</b>	<b>171,985</b>	<b>-</b>	<b>171,985</b>	<b>178,004</b>	<b>-</b>	<b>178,004</b>
<b>Salaries/Benefits</b>												
Office Salaries	3.5%	3.5%		247,205	-	247,205	255,857	-	255,857	264,812	-	264,812
Manager's Salary	3.5%	3.5%		224,496	-	224,496	232,353	-	232,353	240,486	-	240,486
Health Insurance and Other Benefits	3.5%	3.5%		152,518	-	152,518	157,856	-	157,856	163,381	-	163,381
Other Salaries/Benefits	3.5%	3.5%		42,787	-	42,787	44,285	-	44,285	45,835	-	45,835
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>				<b>667,006</b>	<b>-</b>	<b>667,006</b>	<b>690,351</b>	<b>-</b>	<b>690,351</b>	<b>714,514</b>	<b>-</b>	<b>714,514</b>
<b>Administration</b>												
Advertising and Marketing	3.5%	3.5%		5,000	-	5,000	5,175	-	5,175	5,356	-	5,356
Office Expenses	3.5%	3.5%		31,000	-	31,000	32,085	-	32,085	33,208	-	33,208
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		15,000	-	15,000	15,525	-	15,525	16,068	-	16,068
Audit Expense	3.5%	3.5%		11,500	-	11,500	11,903	-	11,903	12,319	-	12,319
Bookkeeping/Accounting Services	3.5%	3.5%		24,000	-	24,000	24,840	-	24,840	25,709	-	25,709
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		2,200	-	2,200	2,277	-	2,277	2,357	-	2,357
<b>Sub-total Administration Expenses</b>				<b>88,700</b>	<b>-</b>	<b>88,700</b>	<b>91,805</b>	<b>-</b>	<b>91,805</b>	<b>95,018</b>	<b>-</b>	<b>95,018</b>
<b>Utilities</b>												
Electricity	3.5%	3.5%		255,000	-	255,000	263,925	-	263,925	273,162	-	273,162
Water	3.5%	3.5%		75,000	-	75,000	77,625	-	77,625	80,342	-	80,342
Gas	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer	3.5%	3.5%		96,500	-	96,500	99,878	-	99,878	103,373	-	103,373
<b>Sub-total Utilities</b>				<b>426,500</b>	<b>-</b>	<b>426,500</b>	<b>441,428</b>	<b>-</b>	<b>441,428</b>	<b>456,877</b>	<b>-</b>	<b>456,877</b>
<b>Taxes and Licenses</b>												
Real Estate Taxes	3.5%	3.5%		10,000	-	10,000	10,350	-	10,350	10,712	-	10,712
Payroll Taxes	3.5%	3.5%		83,800	-	83,800	86,733	-	86,733	89,769	-	89,769
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		1,500	-	1,500	1,553	-	1,553	1,607	-	1,607
<b>Sub-total Taxes and Licenses</b>				<b>95,300</b>	<b>-</b>	<b>95,300</b>	<b>98,636</b>	<b>-</b>	<b>98,636</b>	<b>102,088</b>	<b>-</b>	<b>102,088</b>
<b>Insurance</b>												
Property and Liability Insurance	3.5%	3.5%		265,000	-	265,000	274,275	-	274,275	283,875	-	283,875
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		15,000	-	15,000	15,525	-	15,525	16,068	-	16,068
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>				<b>280,000</b>	<b>-</b>	<b>280,000</b>	<b>289,800</b>	<b>-</b>	<b>289,800</b>	<b>299,943</b>	<b>-</b>	<b>299,943</b>
<b>Maintenance &amp; Repair</b>												
Payroll	3.5%	3.5%		341,688	-	341,688	353,647	-	353,647	366,025	-	366,025
Supplies	3.5%	3.5%		30,000	-	30,000	31,050	-	31,050	32,137	-	32,137
Contracts	3.5%	3.5%		126,500	-	126,500	130,928	-	130,928	135,510	-	135,510
Garbage and Trash Removal	3.5%	3.5%		68,000	-	68,000	70,380	-	70,380	72,843	-	72,843
Security Payroll/Contract	3.5%	3.5%		146,032	-	146,032	151,143	-	151,143	156,433	-	156,433
HVAC Repairs and Maintenance	3.5%	3.5%		20,000	-	20,000	20,700	-	20,700	21,425	-	21,425
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		25,000	-	25,000	25,875	-	25,875	26,781	-	26,781
<b>Sub-total Maintenance &amp; Repair Expenses</b>				<b>757,220</b>	<b>-</b>	<b>757,220</b>	<b>783,723</b>	<b>-</b>	<b>783,723</b>	<b>811,153</b>	<b>-</b>	<b>811,153</b>
<b>Supportive Services</b>	3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Commercial Expenses</b>			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>				<b>2,480,895</b>	<b>-</b>	<b>2,480,895</b>	<b>2,567,726</b>	<b>-</b>	<b>2,567,726</b>	<b>2,657,597</b>	<b>-</b>	<b>2,657,597</b>
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>												
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
Ground Lease Base Rent				-	-	-	-	-	-	-	-	-
Bond Monitoring Fee				14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit				87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>				<b>101,600</b>	<b>-</b>	<b>101,600</b>	<b>101,600</b>	<b>-</b>	<b>101,600</b>	<b>101,600</b>	<b>-</b>	<b>101,600</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)</b>				<b>2,582,495</b>	<b>-</b>	<b>2,582,495</b>	<b>2,669,326</b>	<b>-</b>	<b>2,669,326</b>	<b>2,759,197</b>	<b>-</b>	<b>2,759,197</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>				<b>33,499</b>	<b>-</b>	<b>33,499</b>	<b>32,498</b>	<b>1,158,969</b>	<b>1,191,467</b>	<b>33,248</b>	<b>1,158,969</b>	<b>1,192,217</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>												
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	-	-	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>	<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>				<b>33,499</b>	<b>-</b>	<b>33,499</b>	<b>32,498</b>	<b>-</b>	<b>32,498</b>	<b>33,248</b>	<b>-</b>	<b>33,248</b>
Commercial Only Cash Flow				-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				-	-	-	-	-	-	-	-	-
<b>AVAILABLE CASH FLOW</b>				<b>33,499</b>	<b>-</b>	<b>33,499</b>	<b>32,498</b>	<b>-</b>	<b>32,498</b>	<b>33,248</b>	<b>-</b>	<b>33,248</b>
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>												
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL												
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	MOHCD Asset Management Fee	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	25,999	-	25,999	24,998	-	24,998	25,748	-	25,748
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase									

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INCOME	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 4 2029			Year 5 2030			Year 6 2031		
				LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
Residential - Tenant Rents	1.0%	2.5%		403,363	-	403,363	407,396	-	407,396	411,470	-	411,470
Residential - SOS Payments		4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		2,493,604	-	2,493,604	2,586,604	-	2,586,604	2,682,953	-	2,682,953
Commercial Space	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding	0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		9,434	-	9,434	9,669	-	9,669	9,911	-	9,911
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>				<b>2,906,401</b>	<b>1,158,969</b>	<b>4,065,370</b>	<b>3,003,670</b>	<b>1,158,969</b>	<b>4,162,639</b>	<b>3,104,335</b>	<b>1,158,969</b>	<b>4,263,304</b>
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(20,168)	-	(20,168)	(20,370)	-	(20,370)	(20,574)	-	(20,574)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>				<b>2,886,233</b>	<b>1,158,969</b>	<b>4,045,202</b>	<b>2,983,300</b>	<b>1,158,969</b>	<b>4,142,269</b>	<b>3,083,761</b>	<b>1,158,969</b>	<b>4,242,730</b>
<b>OPERATING EXPENSES</b>												
<b>Management</b>												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	155,398	-	155,398	160,837	-	160,837	166,466	-	166,466
Asset Management Fee	3.5%	3.5%	per MOHCD policy	28,837	-	28,837	29,846	-	29,846	30,891	-	30,891
<b>Sub-total Management Expenses</b>				<b>184,235</b>	<b>-</b>	<b>184,235</b>	<b>190,683</b>	<b>-</b>	<b>190,683</b>	<b>197,357</b>	<b>-</b>	<b>197,357</b>
<b>Salaries/Benefits</b>												
Office Salaries	3.5%	3.5%		274,081	-	274,081	283,673	-	283,673	293,602	-	293,602
Manager's Salary	3.5%	3.5%		248,903	-	248,903	257,614	-	257,614	266,631	-	266,631
Health Insurance and Other Benefits	3.5%	3.5%		169,099	-	169,099	175,018	-	175,018	181,144	-	181,144
Other Salaries/Benefits	3.5%	3.5%		47,439	-	47,439	49,099	-	49,099	50,818	-	50,818
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>				<b>739,521</b>	<b>-</b>	<b>739,521</b>	<b>765,405</b>	<b>-</b>	<b>765,405</b>	<b>792,194</b>	<b>-</b>	<b>792,194</b>
<b>Administration</b>												
Advertising and Marketing	3.5%	3.5%		5,544	-	5,544	5,738	-	5,738	5,938	-	5,938
Office Expenses	3.5%	3.5%		34,370	-	34,370	35,573	-	35,573	36,818	-	36,818
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		16,631	-	16,631	17,213	-	17,213	17,815	-	17,815
Audit Expense	3.5%	3.5%		12,750	-	12,750	13,197	-	13,197	13,658	-	13,658
Bookkeeping/Accounting Services	3.5%	3.5%		26,609	-	26,609	27,541	-	27,541	28,504	-	28,504
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		2,439	-	2,439	2,525	-	2,525	2,613	-	2,613
<b>Sub-total Administration Expenses</b>				<b>98,343</b>	<b>-</b>	<b>98,343</b>	<b>101,785</b>	<b>-</b>	<b>101,785</b>	<b>105,348</b>	<b>-</b>	<b>105,348</b>
<b>Utilities</b>												
Electricity	3.5%	3.5%		282,723	-	282,723	292,618	-	292,618	302,860	-	302,860
Water	3.5%	3.5%		83,154	-	83,154	86,064	-	86,064	89,076	-	89,076
Gas	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer	3.5%	3.5%		106,991	-	106,991	110,736	-	110,736	114,612	-	114,612
<b>Sub-total Utilities</b>				<b>472,868</b>	<b>-</b>	<b>472,868</b>	<b>489,419</b>	<b>-</b>	<b>489,419</b>	<b>506,548</b>	<b>-</b>	<b>506,548</b>
<b>Taxes and Licenses</b>												
Real Estate Taxes	3.5%	3.5%		11,087	-	11,087	11,475	-	11,475	11,877	-	11,877
Payroll Taxes	3.5%	3.5%		92,911	-	92,911	96,162	-	96,162	99,528	-	99,528
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		1,663	-	1,663	1,721	-	1,721	1,782	-	1,782
<b>Sub-total Taxes and Licenses</b>				<b>105,661</b>	<b>-</b>	<b>105,661</b>	<b>109,359</b>	<b>-</b>	<b>109,359</b>	<b>113,187</b>	<b>-</b>	<b>113,187</b>
<b>Insurance</b>												
Property and Liability Insurance	3.5%	3.5%		293,810	-	293,810	304,094	-	304,094	314,737	-	314,737
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		16,631	-	16,631	17,213	-	17,213	17,815	-	17,815
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>				<b>310,441</b>	<b>-</b>	<b>310,441</b>	<b>321,306</b>	<b>-</b>	<b>321,306</b>	<b>332,552</b>	<b>-</b>	<b>332,552</b>
<b>Maintenance &amp; Repair</b>												
Payroll	3.5%	3.5%		378,836	-	378,836	392,095	-	392,095	405,818	-	405,818
Supplies	3.5%	3.5%		33,262	-	33,262	34,426	-	34,426	35,631	-	35,631
Contracts	3.5%	3.5%		140,253	-	140,253	145,162	-	145,162	150,242	-	150,242
Garbage and Trash Removal	3.5%	3.5%		75,393	-	75,393	78,032	-	78,032	80,763	-	80,763
Security Payroll/Contract	3.5%	3.5%		161,908	-	161,908	167,575	-	167,575	173,440	-	173,440
HVAC Repairs and Maintenance	3.5%	3.5%		22,174	-	22,174	22,950	-	22,950	23,754	-	23,754
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		27,718	-	27,718	28,688	-	28,688	29,692	-	29,692
<b>Sub-total Maintenance &amp; Repair Expenses</b>				<b>839,543</b>	<b>-</b>	<b>839,543</b>	<b>868,927</b>	<b>-</b>	<b>868,927</b>	<b>899,340</b>	<b>-</b>	<b>899,340</b>
<b>Supportive Services</b>	3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Commercial Expenses</b>			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>				<b>2,750,613</b>	<b>-</b>	<b>2,750,613</b>	<b>2,846,884</b>	<b>-</b>	<b>2,846,884</b>	<b>2,946,525</b>	<b>-</b>	<b>2,946,525</b>
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>												
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
e/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.												
Ground Lease Base Rent				-	-	-	-	-	-	-	-	-
Bond Monitoring Fee				14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit				87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>				<b>101,600</b>	<b>-</b>	<b>101,600</b>	<b>101,600</b>	<b>-</b>	<b>101,600</b>	<b>101,600</b>	<b>-</b>	<b>101,600</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)</b>				<b>2,852,213</b>	<b>-</b>	<b>2,852,213</b>	<b>2,948,484</b>	<b>-</b>	<b>2,948,484</b>	<b>3,048,125</b>	<b>-</b>	<b>3,048,125</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>												
				<b>34,020</b>	<b>1,158,969</b>	<b>1,192,989</b>	<b>34,816</b>	<b>1,158,969</b>	<b>1,193,785</b>	<b>35,636</b>	<b>1,158,969</b>	<b>1,194,605</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>												
e/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.												
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>				<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>	<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>	<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>												
Commercial Only Cash Flow				34,020	-	34,020	34,816	-	34,816	35,636	-	35,636
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				-	-	-	-	-	-	-	-	-
<b>AVAILABLE CASH FLOW</b>				<b>34,020</b>	<b>-</b>	<b>34,020</b>	<b>34,816</b>	<b>-</b>	<b>34,816</b>	<b>35,636</b>	<b>-</b>	<b>35,636</b>
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>												
DSCR: <b>1.03</b>												
e/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.												
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	MOHCD Asset Management Fee	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	26,520	-	26,520	27,316	-	27,316	28,136	-	28,136
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase	5,000	-	5,000	5,000	-	5,000	5,000	-	5,000
Other Payments				-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)				-	-	-	-	-	-	-	-	-
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>				<b>34,020</b>	<b>-</b>	<b>34,020</b>	<b>34,816</b>	<b>-</b>	<b>34,816</b>	<b>35,636</b>	<b>-</b>	<b>35,636</b>
<b>RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)</b>												
Does Project have a MOHCD Residual Receipt Obligation?												

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	Total # Units: 146	LOSP Units 145 100.00%	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 7 2032			Year 8 2033			Year 9 2034		
						LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
<b>INCOME</b>														
Residential - Tenant Rents			1.0%	2.5%		415,585	-	415,585	419,741	-	419,741	423,938	-	423,938
Residential - SOS Payments				4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)			n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments			n/a	n/a		2,781,925	-	2,781,925	2,885,304	-	2,885,304	2,992,399	-	2,992,399
Commercial Space			n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking			2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding			0.0%	0.0%	This is "LOSP B" funding of \$1,158,969 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending			2.5%	2.5%		10,159	-	10,159	10,413	-	10,413	10,673	-	10,673
Tenant Charges			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income			n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)			n/a	n/a		-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>						<b>3,207,669</b>	<b>1,158,969</b>	<b>4,366,638</b>	<b>3,315,458</b>	<b>1,158,969</b>	<b>4,474,427</b>	<b>3,427,011</b>	<b>1,158,969</b>	<b>4,585,980</b>
Vacancy Loss - Residential - Tenant Rents			n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(20,779)	-	(20,779)	(20,987)	-	(20,987)	(21,197)	-	(21,197)
Vacancy Loss - Residential - Tenant Assistance Payments			n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial			n/a	n/a		-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>						<b>3,186,889</b>	<b>1,158,969</b>	<b>4,345,858</b>	<b>3,294,471</b>	<b>1,158,969</b>	<b>4,453,440</b>	<b>3,405,814</b>	<b>1,158,969</b>	<b>4,564,783</b>
<b>OPERATING EXPENSES</b>														
<b>Management</b>														
Management Fee			3.5%	3.5%	1st Year to be set according to HUD schedule.	172,292	-	172,292	178,323	-	178,323	184,564	-	184,564
Asset Management Fee			3.5%	3.5%	per MOHCD policy	31,972	-	31,972	33,091	-	33,091	34,249	-	34,249
<b>Sub-total Management Expenses</b>						<b>204,264</b>	<b>-</b>	<b>204,264</b>	<b>211,413</b>	<b>-</b>	<b>211,413</b>	<b>218,813</b>	<b>-</b>	<b>218,813</b>
<b>Salaries/Benefits</b>														
Office Salaries			3.5%	3.5%		303,878	-	303,878	314,514	-	314,514	325,522	-	325,522
Manager's Salary			3.5%	3.5%		275,963	-	275,963	285,622	-	285,622	295,618	-	295,618
Health Insurance and Other Benefits			3.5%	3.5%		187,484	-	187,484	194,045	-	194,045	200,837	-	200,837
Other Salaries/Benefits			3.5%	3.5%		52,596	-	52,596	54,437	-	54,437	56,342	-	56,342
Administrative Rent-Free Unit			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>						<b>819,921</b>	<b>-</b>	<b>819,921</b>	<b>848,618</b>	<b>-</b>	<b>848,618</b>	<b>878,320</b>	<b>-</b>	<b>878,320</b>
<b>Administration</b>														
Advertising and Marketing			3.5%	3.5%		6,146	-	6,146	6,361	-	6,361	6,584	-	6,584
Office Expenses			3.5%	3.5%		38,107	-	38,107	39,441	-	39,441	40,821	-	40,821
Office Rent			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property			3.5%	3.5%		18,439	-	18,439	19,084	-	19,084	19,752	-	19,752
Audit Expense			3.5%	3.5%		14,136	-	14,136	14,631	-	14,631	15,143	-	15,143
Bookkeeping/Accounting Services			3.5%	3.5%		29,502	-	29,502	30,535	-	30,535	31,603	-	31,603
Bad Debts			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous			3.5%	3.5%		2,704	-	2,704	2,799	-	2,799	2,897	-	2,897
<b>Sub-total Administration Expenses</b>						<b>109,035</b>	<b>-</b>	<b>109,035</b>	<b>112,851</b>	<b>-</b>	<b>112,851</b>	<b>116,801</b>	<b>-</b>	<b>116,801</b>
<b>Utilities</b>														
Electricity			3.5%	3.5%		313,460	-	313,460	324,431	-	324,431	335,786	-	335,786
Water			3.5%	3.5%		92,194	-	92,194	95,421	-	95,421	98,761	-	98,761
Gas			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer			3.5%	3.5%		118,623	-	118,623	122,775	-	122,775	127,072	-	127,072
<b>Sub-total Utilities</b>						<b>524,277</b>	<b>-</b>	<b>524,277</b>	<b>542,627</b>	<b>-</b>	<b>542,627</b>	<b>561,619</b>	<b>-</b>	<b>561,619</b>
<b>Taxes and Licenses</b>														
Real Estate Taxes			3.5%	3.5%		12,293	-	12,293	12,723	-	12,723	13,168	-	13,168
Payroll Taxes			3.5%	3.5%		103,012	-	103,012	106,617	-	106,617	110,349	-	110,349
Miscellaneous Taxes, Licenses and Permits			3.5%	3.5%		1,844	-	1,844	1,908	-	1,908	1,975	-	1,975
<b>Sub-total Taxes and Licenses</b>						<b>117,148</b>	<b>-</b>	<b>117,148</b>	<b>121,248</b>	<b>-</b>	<b>121,248</b>	<b>125,492</b>	<b>-</b>	<b>125,492</b>
<b>Insurance</b>														
Property and Liability Insurance			3.5%	3.5%		325,753	-	325,753	337,154	-	337,154	348,954	-	348,954
Fidelity Bond Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation			3.5%	3.5%		18,439	-	18,439	19,084	-	19,084	19,752	-	19,752
Director's & Officers' Liability Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>						<b>344,191</b>	<b>-</b>	<b>344,191</b>	<b>356,238</b>	<b>-</b>	<b>356,238</b>	<b>368,707</b>	<b>-</b>	<b>368,707</b>
<b>Maintenance &amp; Repair</b>														
Payroll			3.5%	3.5%		420,022	-	420,022	434,723	-	434,723	449,938	-	449,938
Supplies			3.5%	3.5%		36,878	-	36,878	38,168	-	38,168	39,504	-	39,504
Contracts			3.5%	3.5%		155,501	-	155,501	160,943	-	160,943	166,576	-	166,576
Garbage and Trash Removal			3.5%	3.5%		83,589	-	83,589	86,515	-	86,515	89,543	-	89,543
Security Payroll/Contract			3.5%	3.5%		179,511	-	179,511	185,793	-	185,793	192,296	-	192,296
HVAC Repairs and Maintenance			3.5%	3.5%		24,585	-	24,585	25,446	-	25,446	26,336	-	26,336
Vehicle and Maintenance Equipment Operation and Repairs			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses			3.5%	3.5%		30,731	-	30,731	31,807	-	31,807	32,920	-	32,920
<b>Sub-total Maintenance &amp; Repair Expenses</b>						<b>930,817</b>	<b>-</b>	<b>930,817</b>	<b>963,395</b>	<b>-</b>	<b>963,395</b>	<b>997,114</b>	<b>-</b>	<b>997,114</b>
<b>Supportive Services</b>			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Commercial Expenses</b>														
<b>TOTAL OPERATING EXPENSES</b>						<b>3,049,653</b>	<b>-</b>	<b>3,049,653</b>	<b>3,156,391</b>	<b>-</b>	<b>3,156,391</b>	<b>3,266,865</b>	<b>-</b>	<b>3,266,865</b>
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>														
<b>PUPA (w/o Reserves/GL Base Rent/Bond Fees)</b>														
Ground Lease Base Rent						-	-	-	-	-	-	-	-	-
Bond Monitoring Fee						14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit						87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial						-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>						<b>101,600</b>	<b>-</b>	<b>101,600</b>	<b>101,600</b>	<b>-</b>	<b>101,600</b>	<b>101,600</b>	<b>-</b>	<b>101,600</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>						<b>3,151,253</b>	<b>-</b>	<b>3,151,253</b>	<b>3,257,991</b>	<b>-</b>	<b>3,257,991</b>	<b>3,368,465</b>	<b>-</b>	<b>3,368,465</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>						<b>35,636</b>	<b>1,158,969</b>	<b>1,194,605</b>	<b>36,480</b>	<b>1,158,969</b>	<b>1,195,449</b>	<b>37,349</b>	<b>1,158,969</b>	<b>1,196,318</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>														
Hard Debt - First Lender					Enter comments re: annual increase, etc.	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service					from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>						<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>	<b>-</b>	<b>1,158,969</b>				



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	Total # Units: 146	LOSP Units 145 100.00%	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 10 2035			Year 11 2036			Year 12 2037		
						LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
<b>INCOME</b>														
Residential - Tenant Rents			1.0%	2.5%		428,178	-	428,178	432,460	-	432,460	436,784	-	436,784
Residential - SOS Payments				4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)			n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments			n/a	n/a		3,103,341	-	3,103,341	3,218,264	-	3,218,264	3,337,310	-	3,337,310
Commercial Space			n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking			2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding			0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending			2.5%	2.5%		10,940	-	10,940	11,214	-	11,214	11,494	-	11,494
Tenant Charges			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income			n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)			n/a	n/a		-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>						<b>3,542,459</b>	<b>1,158,969</b>	<b>4,701,428</b>	<b>3,661,937</b>	<b>1,158,969</b>	<b>4,820,906</b>	<b>3,785,588</b>	<b>1,158,969</b>	<b>4,944,557</b>
Vacancy Loss - Residential - Tenant Rents			n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(21,409)	-	(21,409)	(21,623)	-	(21,623)	(21,839)	-	(21,839)
Vacancy Loss - Residential - Tenant Assistance Payments			n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial			n/a	n/a		-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>						<b>3,521,050</b>	<b>1,158,969</b>	<b>4,680,019</b>	<b>3,640,314</b>	<b>1,158,969</b>	<b>4,799,283</b>	<b>3,763,749</b>	<b>1,158,969</b>	<b>4,922,718</b>
<b>OPERATING EXPENSES</b>														
<b>Management</b>														
Management Fee			3.5%	3.5%	1st Year to be set according to HUD schedule.	191,024	-	191,024	197,710	-	197,710	204,629	-	204,629
Asset Management Fee			3.5%	3.5%	per MOHCD policy	35,448	-	35,448	36,688	-	36,688	37,972	-	37,972
<b>Sub-total Management Expenses</b>						<b>226,471</b>	<b>-</b>	<b>226,471</b>	<b>234,398</b>	<b>-</b>	<b>234,398</b>	<b>242,602</b>	<b>-</b>	<b>242,602</b>
<b>Salaries/Benefits</b>														
Office Salaries			3.5%	3.5%		336,915	-	336,915	348,707	-	348,707	360,912	-	360,912
Manager's Salary			3.5%	3.5%		305,965	-	305,965	316,674	-	316,674	327,757	-	327,757
Health Insurance and Other Benefits			3.5%	3.5%		207,866	-	207,866	215,142	-	215,142	222,672	-	222,672
Other Salaries/Benefits			3.5%	3.5%		58,314	-	58,314	60,355	-	60,355	62,468	-	62,468
Administrative Rent-Free Unit			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>						<b>909,061</b>	<b>-</b>	<b>909,061</b>	<b>940,878</b>	<b>-</b>	<b>940,878</b>	<b>973,809</b>	<b>-</b>	<b>973,809</b>
<b>Administration</b>														
Advertising and Marketing			3.5%	3.5%		6,814	-	6,814	7,053	-	7,053	7,300	-	7,300
Office Expenses			3.5%	3.5%		42,250	-	42,250	43,729	-	43,729	45,259	-	45,259
Office Rent			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property			3.5%	3.5%		20,443	-	20,443	21,159	-	21,159	21,900	-	21,900
Audit Expense			3.5%	3.5%		15,673	-	15,673	16,222	-	16,222	16,790	-	16,790
Bookkeeping/Accounting Services			3.5%	3.5%		32,710	-	32,710	33,854	-	33,854	35,039	-	35,039
Bad Debts			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous			3.5%	3.5%		2,998	-	2,998	3,103	-	3,103	3,212	-	3,212
<b>Sub-total Administration Expenses</b>						<b>120,889</b>	<b>-</b>	<b>120,889</b>	<b>125,120</b>	<b>-</b>	<b>125,120</b>	<b>129,499</b>	<b>-</b>	<b>129,499</b>
<b>Utilities</b>														
Electricity			3.5%	3.5%		347,539	-	347,539	359,703	-	359,703	372,292	-	372,292
Water			3.5%	3.5%		102,217	-	102,217	105,795	-	105,795	109,498	-	109,498
Gas			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer			3.5%	3.5%		131,520	-	131,520	136,123	-	136,123	140,887	-	140,887
<b>Sub-total Utilities</b>						<b>581,276</b>	<b>-</b>	<b>581,276</b>	<b>601,620</b>	<b>-</b>	<b>601,620</b>	<b>622,677</b>	<b>-</b>	<b>622,677</b>
<b>Taxes and Licenses</b>														
Real Estate Taxes			3.5%	3.5%		13,629	-	13,629	14,106	-	14,106	14,600	-	14,600
Payroll Taxes			3.5%	3.5%		114,211	-	114,211	118,208	-	118,208	122,345	-	122,345
Miscellaneous Taxes, Licenses and Permits			3.5%	3.5%		2,044	-	2,044	2,116	-	2,116	2,190	-	2,190
<b>Sub-total Taxes and Licenses</b>						<b>129,884</b>	<b>-</b>	<b>129,884</b>	<b>134,430</b>	<b>-</b>	<b>134,430</b>	<b>139,135</b>	<b>-</b>	<b>139,135</b>
<b>Insurance</b>														
Property and Liability Insurance			3.5%	3.5%		361,168	-	361,168	373,809	-	373,809	386,892	-	386,892
Fidelity Bond Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation			3.5%	3.5%		20,443	-	20,443	21,159	-	21,159	21,900	-	21,900
Director's & Officers' Liability Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>						<b>381,611</b>	<b>-</b>	<b>381,611</b>	<b>394,968</b>	<b>-</b>	<b>394,968</b>	<b>408,792</b>	<b>-</b>	<b>408,792</b>
<b>Maintenance &amp; Repair</b>														
Payroll			3.5%	3.5%		465,686	-	465,686	481,985	-	481,985	498,854	-	498,854
Supplies			3.5%	3.5%		40,887	-	40,887	42,318	-	42,318	43,799	-	43,799
Contracts			3.5%	3.5%		172,407	-	172,407	178,441	-	178,441	184,686	-	184,686
Garbage and Trash Removal			3.5%	3.5%		92,677	-	92,677	95,921	-	95,921	99,278	-	99,278
Security Payroll/Contract			3.5%	3.5%		199,027	-	199,027	205,993	-	205,993	213,202	-	213,202
HVAC Repairs and Maintenance			3.5%	3.5%		27,258	-	27,258	28,212	-	28,212	29,199	-	29,199
Vehicle and Maintenance Equipment Operation and Repairs			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses			3.5%	3.5%		34,072	-	34,072	35,265	-	35,265	36,499	-	36,499
<b>Sub-total Maintenance &amp; Repair Expenses</b>						<b>1,032,013</b>	<b>-</b>	<b>1,032,013</b>	<b>1,068,134</b>	<b>-</b>	<b>1,068,134</b>	<b>1,105,518</b>	<b>-</b>	<b>1,105,518</b>
<b>Supportive Services</b>			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Commercial Expenses</b>						-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>						<b>3,381,205</b>	<b>-</b>	<b>3,381,205</b>	<b>3,499,547</b>	<b>-</b>	<b>3,499,547</b>	<b>3,622,032</b>	<b>-</b>	<b>3,622,032</b>
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>														
<b>PUPA (w/o Reserves/GL Base Rent/Bond Fees)</b>														
Ground Lease Base Rent						-	-	-	-	-	-	-	-	-
Bond Monitoring Fee						14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit						87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial						-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>						<b>101,600</b>	<b>-</b>	<b>101,600</b>	<b>101,600</b>	<b>-</b>	<b>101,600</b>	<b>101,600</b>	<b>-</b>	<b>101,600</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>						<b>3,482,805</b>	<b>-</b>	<b>3,482,805</b>	<b>3,601,147</b>	<b>-</b>	<b>3,601,147</b>	<b>3,723,632</b>	<b>-</b>	<b>3,723,632</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>														
						<b>38,245</b>	<b>1,158,969</b>	<b>1,197,214</b>	<b>39,167</b>	<b>1,158,969</b>	<b>1,198,136</b>	<b>40,117</b>	<b>1,158,969</b>	<b>1,199,086</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>														
Hard Debt - First Lender					Enter comments re: annual increase, etc.	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service					from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>						<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>	<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>	<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>														
Commercial Only Cash Flow						38,245	-	38,245	39,167	-	39,167	40,117	-	40,117
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)						-	-	-	-	-	-	-	-	-
<b>AVAILABLE CASH FLOW</b>						<b>38,245</b>	<b>-</b>	<b>38,245</b>	<b>39,167</b>	<b>-</b>	<b>39,167</b>	<b>40,117</b>	<b>-</b>	<b>40,117</b>
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>														
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>														
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)			3.5%	3.5%	MOHCD Asset Management Fee	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Partnership Management Fee (see policy for limits)			3.5%	3.5%	per MOHCD policy	30,745	-	30,745	3					

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	Total # Units: 146	LOSP Units 145 100.00%	annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 13 2038			Year 14 2039			Year 15 2040		
						LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
<b>INCOME</b>														
Residential - Tenant Rents			1.0%	2.5%		441,152	-	441,152	445,564	-	445,564	450,019	-	450,019
Residential - SOS Payments				4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)			n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments			n/a	n/a		3,459,644	-	3,459,644	3,587,345	-	3,587,345	3,719,618	-	3,719,618
Commercial Space			n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking			2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding			0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	
Supportive Services Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending			2.5%	2.5%		11,781	-	11,781	12,076	-	12,076	12,378	-	12,378
Tenant Charges			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income			n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)			n/a	n/a		-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>						<b>3,912,577</b>	<b>1,158,969</b>	<b>5,071,546</b>	<b>4,044,984</b>	<b>1,158,969</b>	<b>5,203,953</b>	<b>4,182,015</b>	<b>1,158,969</b>	<b>5,340,984</b>
Vacancy Loss - Residential - Tenant Rents			n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(22,058)	-	(22,058)	(22,278)	-	(22,278)	(22,501)	-	(22,501)
Vacancy Loss - Residential - Tenant Assistance Payments			n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial			n/a	n/a		-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>						<b>3,890,520</b>	<b>1,158,969</b>	<b>5,049,489</b>	<b>4,022,706</b>	<b>1,158,969</b>	<b>5,181,675</b>	<b>4,159,514</b>	<b>1,158,969</b>	<b>5,318,483</b>
<b>OPERATING EXPENSES</b>														
<b>Management</b>														
Management Fee			3.5%	3.5%	1st Year to be set according to HUD schedule.	211,791	-	211,791	219,204	-	219,204	226,876	-	226,876
Asset Management Fee			3.5%	3.5%	per MOHCD policy	39,301	-	39,301	40,677	-	40,677	42,101	-	42,101
<b>Sub-total Management Expenses</b>						<b>251,093</b>	<b>-</b>	<b>251,093</b>	<b>259,881</b>	<b>-</b>	<b>259,881</b>	<b>268,977</b>	<b>-</b>	<b>268,977</b>
<b>Salaries/Benefits</b>														
Office Salaries			3.5%	3.5%		373,544	-	373,544	386,618	-	386,618	400,149	-	400,149
Manager's Salary			3.5%	3.5%		339,229	-	339,229	351,102	-	351,102	363,390	-	363,390
Health Insurance and Other Benefits			3.5%	3.5%		230,465	-	230,465	238,531	-	238,531	246,880	-	246,880
Other Salaries/Benefits			3.5%	3.5%		64,654	-	64,654	66,917	-	66,917	69,259	-	69,259
Administrative Rent-Free Unit			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>						<b>1,007,892</b>	<b>-</b>	<b>1,007,892</b>	<b>1,043,168</b>	<b>-</b>	<b>1,043,168</b>	<b>1,079,679</b>	<b>-</b>	<b>1,079,679</b>
<b>Administration</b>														
Advertising and Marketing			3.5%	3.5%		7,555	-	7,555	7,820	-	7,820	8,093	-	8,093
Office Expenses			3.5%	3.5%		46,843	-	46,843	48,483	-	48,483	50,180	-	50,180
Office Rent			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property			3.5%	3.5%		22,666	-	22,666	23,459	-	23,459	24,280	-	24,280
Audit Expense			3.5%	3.5%		17,377	-	17,377	17,985	-	17,985	18,615	-	18,615
Bookkeeping/Accounting Services			3.5%	3.5%		36,266	-	36,266	37,535	-	37,535	38,849	-	38,849
Bad Debts			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous			3.5%	3.5%		3,324	-	3,324	3,441	-	3,441	3,561	-	3,561
<b>Sub-total Administration Expenses</b>						<b>134,032</b>	<b>-</b>	<b>134,032</b>	<b>138,723</b>	<b>-</b>	<b>138,723</b>	<b>143,578</b>	<b>-</b>	<b>143,578</b>
<b>Utilities</b>														
Electricity			3.5%	3.5%		385,323	-	385,323	398,809	-	398,809	412,767	-	412,767
Water			3.5%	3.5%		113,330	-	113,330	117,297	-	117,297	121,402	-	121,402
Gas			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer			3.5%	3.5%		145,818	-	145,818	150,922	-	150,922	156,204	-	156,204
<b>Sub-total Utilities</b>						<b>644,471</b>	<b>-</b>	<b>644,471</b>	<b>667,027</b>	<b>-</b>	<b>667,027</b>	<b>690,373</b>	<b>-</b>	<b>690,373</b>
<b>Taxes and Licenses</b>														
Real Estate Taxes			3.5%	3.5%		15,111	-	15,111	15,640	-	15,640	16,187	-	16,187
Payroll Taxes			3.5%	3.5%		126,628	-	126,628	131,060	-	131,060	135,647	-	135,647
Miscellaneous Taxes, Licenses and Permits			3.5%	3.5%		2,267	-	2,267	2,346	-	2,346	2,428	-	2,428
<b>Sub-total Taxes and Licenses</b>						<b>144,005</b>	<b>-</b>	<b>144,005</b>	<b>149,045</b>	<b>-</b>	<b>149,045</b>	<b>154,262</b>	<b>-</b>	<b>154,262</b>
<b>Insurance</b>														
Property and Liability Insurance			3.5%	3.5%		400,433	-	400,433	414,448	-	414,448	428,954	-	428,954
Fidelity Bond Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation			3.5%	3.5%		22,666	-	22,666	23,459	-	23,459	24,280	-	24,280
Director's & Officers' Liability Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>						<b>423,099</b>	<b>-</b>	<b>423,099</b>	<b>437,908</b>	<b>-</b>	<b>437,908</b>	<b>453,234</b>	<b>-</b>	<b>453,234</b>
<b>Maintenance &amp; Repair</b>														
Payroll			3.5%	3.5%		516,314	-	516,314	534,385	-	534,385	553,088	-	553,088
Supplies			3.5%	3.5%		45,332	-	45,332	46,919	-	46,919	48,561	-	48,561
Contracts			3.5%	3.5%		191,150	-	191,150	197,840	-	197,840	204,765	-	204,765
Garbage and Trash Removal			3.5%	3.5%		102,753	-	102,753	106,349	-	106,349	110,071	-	110,071
Security Payroll/Contract			3.5%	3.5%		220,664	-	220,664	228,388	-	228,388	236,381	-	236,381
HVAC Repairs and Maintenance			3.5%	3.5%		30,221	-	30,221	31,279	-	31,279	32,374	-	32,374
Vehicle and Maintenance Equipment Operation and Repairs			3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses			3.5%	3.5%		37,777	-	37,777	39,099	-	39,099	40,467	-	40,467
<b>Sub-total Maintenance &amp; Repair Expenses</b>						<b>1,144,211</b>	<b>-</b>	<b>1,144,211</b>	<b>1,184,259</b>	<b>-</b>	<b>1,184,259</b>	<b>1,225,708</b>	<b>-</b>	<b>1,225,708</b>
<b>Supportive Services</b>			3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Commercial Expenses</b>						-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>						<b>3,748,803</b>	<b>-</b>	<b>3,748,803</b>	<b>3,880,011</b>	<b>-</b>	<b>3,880,011</b>	<b>4,015,811</b>	<b>-</b>	<b>4,015,811</b>
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>														
<b>PUPA (w/o Reserves/GL Base Rent/Bond Fees)</b>														
Ground Lease Base Rent						-	-	-	-	-	-	-	-	-
Bond Monitoring Fee						14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit						87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial						-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>						<b>101,600</b>	<b>-</b>	<b>101,600</b>	<b>101,600</b>	<b>-</b>	<b>101,600</b>	<b>101,600</b>	<b>-</b>	<b>101,600</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>						<b>3,850,403</b>	<b>-</b>	<b>3,850,403</b>	<b>3,981,611</b>	<b>-</b>	<b>3,981,611</b>	<b>4,117,411</b>	<b>-</b>	<b>4,117,411</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>						<b>40,117</b>	<b>1,158,969</b>	<b>1,199,086</b>	<b>41,095</b>	<b>1,158,969</b>	<b>1,200,064</b>	<b>42,103</b>	<b>1,158,969</b>	<b>1,201,072</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>														
Hard Debt - First Lender					Enter comments re: annual increase, etc.	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service					from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>						<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>	<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>	<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>						<b>40,117</b>	<b>-</b>	<b>40,117</b>	<b>41,095</b>	<b>-</b>	<b>41,095</b>	<b>42,103</b>	<b>-</b>	<b>42,103</b>
<b>Commercial Only Cash Flow</b>														
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)						-	-	-	-	-	-	-	-	-
<b>AVAILABLE CASH FLOW</b>						<b>40,117</b>	<b>-</b>	<b>40,117</b>	<b>41,095</b>	<b>-</b>	<b>41,095</b>	<b>42,103</b>	<b>-</b>	<b>42,103</b>
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>														
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>														
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)			3.5%	3.5%	MOHCD Asset Management Fee	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Partnership Management Fee (see policy for limits)			3.5%	3.5%	per MOHCD policy	32,6								

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Total # Units:	LOSP Units		Comments	Year 16 2041			Year 17 2042			Year 18 2043		
	146	145		LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total	LOSP - A	LOSP - B	Total
<b>INCOME</b>	<b>annual inc LOSP</b>	<b>% annual increase</b>										
Residential - Tenant Rents	1.0%	2.5%		454,519	-	454,519	459,065	-	459,065	463,655	-	463,655
Residential - SOS Payments		4.0%		-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		3,813,484	-	3,813,484	3,954,322	-	3,954,322	4,100,200	-	4,100,200
Commercial Space	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-
"LOSP B" Funding	0.0%	0.0%	This is "LOSP B" funding of \$1,158,979 for annual payment of HAF loan starting in 2027	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		12,687	-	12,687	13,004	-	13,004	13,329	-	13,329
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>				<b>4,280,691</b>	<b>1,158,969</b>	<b>5,439,660</b>	<b>4,426,391</b>	<b>1,158,969</b>	<b>5,585,360</b>	<b>4,577,184</b>	<b>1,158,969</b>	<b>5,736,153</b>
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(22,726)	-	(22,726)	(22,953)	-	(22,953)	(23,183)	-	(23,183)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>				<b>4,257,965</b>	<b>1,158,969</b>	<b>5,416,934</b>	<b>4,403,437</b>	<b>1,158,969</b>	<b>5,562,406</b>	<b>4,554,002</b>	<b>1,158,969</b>	<b>5,712,971</b>
<b>OPERATING EXPENSES</b>												
<b>Management</b>												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	234,817	-	234,817	243,035	-	243,035	251,542	-	251,542
Asset Management Fee	3.5%	3.5%	per MOHCD policy	43,574	-	43,574	45,099	-	45,099	46,678	-	46,678
<b>Sub-total Management Expenses</b>				<b>278,391</b>	<b>-</b>	<b>278,391</b>	<b>288,135</b>	<b>-</b>	<b>288,135</b>	<b>298,219</b>	<b>-</b>	<b>298,219</b>
<b>Salaries/Benefits</b>												
Office Salaries	3.5%	3.5%		414,155	-	414,155	428,650	-	428,650	443,653	-	443,653
Manager's Salary	3.5%	3.5%		376,109	-	376,109	389,273	-	389,273	402,897	-	402,897
Health Insurance and Other Benefits	3.5%	3.5%		255,521	-	255,521	264,464	-	264,464	273,720	-	273,720
Other Salaries/Benefits	3.5%	3.5%		71,683	-	71,683	74,192	-	74,192	76,789	-	76,789
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>				<b>1,117,468</b>	<b>-</b>	<b>1,117,468</b>	<b>1,156,579</b>	<b>-</b>	<b>1,156,579</b>	<b>1,197,059</b>	<b>-</b>	<b>1,197,059</b>
<b>Administration</b>												
Advertising and Marketing	3.5%	3.5%		8,377	-	8,377	8,670	-	8,670	8,973	-	8,973
Office Expenses	3.5%	3.5%		51,936	-	51,936	53,754	-	53,754	55,635	-	55,635
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		25,130	-	25,130	26,010	-	26,010	26,920	-	26,920
Audit Expense	3.5%	3.5%		19,267	-	19,267	19,941	-	19,941	20,639	-	20,639
Bookkeeping/Accounting Services	3.5%	3.5%		40,208	-	40,208	41,616	-	41,616	43,072	-	43,072
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		3,686	-	3,686	3,815	-	3,815	3,948	-	3,948
<b>Sub-total Administration Expenses</b>				<b>148,603</b>	<b>-</b>	<b>148,603</b>	<b>153,805</b>	<b>-</b>	<b>153,805</b>	<b>159,188</b>	<b>-</b>	<b>159,188</b>
<b>Utilities</b>												
Electricity	3.5%	3.5%		427,214	-	427,214	442,166	-	442,166	457,642	-	457,642
Water	3.5%	3.5%		125,651	-	125,651	130,049	-	130,049	134,601	-	134,601
Gas	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer	3.5%	3.5%		161,671	-	161,671	167,330	-	167,330	173,186	-	173,186
<b>Sub-total Utilities</b>				<b>714,536</b>	<b>-</b>	<b>714,536</b>	<b>739,545</b>	<b>-</b>	<b>739,545</b>	<b>765,429</b>	<b>-</b>	<b>765,429</b>
<b>Taxes and Licenses</b>												
Real Estate Taxes	3.5%	3.5%		16,753	-	16,753	17,340	-	17,340	17,947	-	17,947
Payroll Taxes	3.5%	3.5%		140,394	-	140,394	145,308	-	145,308	150,394	-	150,394
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		2,513	-	2,513	2,601	-	2,601	2,692	-	2,692
<b>Sub-total Taxes and Licenses</b>				<b>159,661</b>	<b>-</b>	<b>159,661</b>	<b>165,249</b>	<b>-</b>	<b>165,249</b>	<b>171,033</b>	<b>-</b>	<b>171,033</b>
<b>Insurance</b>												
Property and Liability Insurance	3.5%	3.5%		443,967	-	443,967	459,506	-	459,506	475,589	-	475,589
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		25,130	-	25,130	26,010	-	26,010	26,920	-	26,920
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>				<b>469,098</b>	<b>-</b>	<b>469,098</b>	<b>485,516</b>	<b>-</b>	<b>485,516</b>	<b>502,509</b>	<b>-</b>	<b>502,509</b>
<b>Maintenance &amp; Repair</b>												
Payroll	3.5%	3.5%		572,447	-	572,447	592,482	-	592,482	613,219	-	613,219
Supplies	3.5%	3.5%		50,260	-	50,260	52,020	-	52,020	53,840	-	53,840
Contracts	3.5%	3.5%		211,932	-	211,932	219,349	-	219,349	227,026	-	227,026
Garbage and Trash Removal	3.5%	3.5%		113,924	-	113,924	117,911	-	117,911	122,038	-	122,038
Security Payroll/Contract	3.5%	3.5%		244,655	-	244,655	253,217	-	253,217	262,080	-	262,080
HVAC Repairs and Maintenance	3.5%	3.5%		33,507	-	33,507	34,680	-	34,680	35,894	-	35,894
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		41,884	-	41,884	43,350	-	43,350	44,867	-	44,867
<b>Sub-total Maintenance &amp; Repair Expenses</b>				<b>1,268,608</b>	<b>-</b>	<b>1,268,608</b>	<b>1,313,009</b>	<b>-</b>	<b>1,313,009</b>	<b>1,358,964</b>	<b>-</b>	<b>1,358,964</b>
<b>Supportive Services</b>	3.5%	3.5%		-	-	-	-	-	-	-	-	-
<b>Commercial Expenses</b>			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>				<b>4,156,365</b>	<b>-</b>	<b>4,156,365</b>	<b>4,301,837</b>	<b>-</b>	<b>4,301,837</b>	<b>4,452,402</b>	<b>-</b>	<b>4,452,402</b>
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>												
Ground Lease Base Rent				-	-	-	-	-	-	-	-	-
Bond Monitoring Fee				14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Replacement Reserve Deposit				87,600	-	87,600	87,600	-	87,600	87,600	-	87,600
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>				<b>101,600</b>	<b>-</b>	<b>101,600</b>	<b>101,600</b>	<b>-</b>	<b>101,600</b>	<b>101,600</b>	<b>-</b>	<b>101,600</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>				<b>4,257,965</b>	<b>-</b>	<b>4,257,965</b>	<b>4,403,437</b>	<b>-</b>	<b>4,403,437</b>	<b>4,554,002</b>	<b>-</b>	<b>4,554,002</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>				<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>	<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>	<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>												
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	1,158,969	1,158,969	-	1,158,969	1,158,969	-	1,158,969	1,158,969
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>				<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>	<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>	<b>-</b>	<b>1,158,969</b>	<b>1,158,969</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>												
Commercial Only Cash Flow				-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				-	-	-	-	-	-	-	-	-
<b>AVAILABLE CASH FLOW</b>												
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>												
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>												
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	MOHCD Asset Management Fee	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase	-	-	-	-	-	-	-	-	-
Other Payments				-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1			Enter									



**EXHIBIT C**  
**Tenant Income Certification Form**

# TENANT INCOME CERTIFICATION

Initial Certification     Recertification     Other \_\_\_\_\_

Effective Date: \_\_\_\_\_  
 Move-In Date: \_\_\_\_\_  
 (MM-DD-YYYY)

## PART I - DEVELOPMENT DATA

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

## PART II. HOUSEHOLD COMPOSITION

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

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	Student Status (Check One)	Last 4 digits of Social Security #
1				HEAD		FT <input type="checkbox"/> /PT <input type="checkbox"/> /NA <input type="checkbox"/>	
2						FT <input type="checkbox"/> /PT <input type="checkbox"/> /NA <input type="checkbox"/>	
3						FT <input type="checkbox"/> /PT <input type="checkbox"/> /NA <input type="checkbox"/>	
4						FT <input type="checkbox"/> /PT <input type="checkbox"/> /NA <input type="checkbox"/>	
5						FT <input type="checkbox"/> /PT <input type="checkbox"/> /NA <input type="checkbox"/>	
6						FT <input type="checkbox"/> /PT <input type="checkbox"/> /NA <input type="checkbox"/>	
7						FT <input type="checkbox"/> /PT <input type="checkbox"/> /NA <input type="checkbox"/>	

## PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

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

Add totals from (A) through (D), above TOTAL INCOME (E): \$  

## PART IV. INCOME FROM ASSETS

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

TOTALS: \$ \_\_\_\_\_

Enter Column (H) Total Passbook Rate  
 If over \$5000 \$ \_\_\_\_\_ X 0.06% = (J) Imputed Income \$ \_\_\_\_\_

Enter the greater of the total of column I, or J: imputed income **TOTAL INCOME FROM ASSETS (K)** \$  

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

## HOUSEHOLD CERTIFICATION & SIGNATURES

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

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

Signature	(Date)	Signature	(Date)
Signature	(Date)	Signature	(Date)

**PART V. DETERMINATION OF INCOME ELIGIBILITY**

**RECERTIFICATION ONLY:**

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

Unit Meets Federal Income Restriction at:  
 60%  50%  
 Or Federal A.I.T. at:  
 80%  70%  60%  50%  
 40%  30%  20%

Current Federal LIHTC Income Limit x 140%:  
 \$ \_\_\_\_\_  
 Household Income exceeds 140% at recertification:  
 Yes  No

Current Federal LIHTC Income Limit per Family Size (Federal Income Restriction at 60%, 50% or A.I.T. (20% - 80%)): \$ \_\_\_\_\_

If Applicable, Current Federal Bond Income Limit per Family Size: \$ \_\_\_\_\_  
 Household Income as of Move-in: \$ \_\_\_\_\_

Unit Meets State Deeper Targeting Income Restriction at:  
 Other \_\_\_\_\_%

Household Size at Move-in: \_\_\_\_\_

**PART VI. RENT**

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

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

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

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

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

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

Unit Meets Federal Rent Restriction at:  60%  50%  
 Or Federal A.I.T. at:  80%  70%  60%  
 50%  40%  30%  
 20%  
 If Applicable, Unit Meets Bond Rent Restriction at:  60%  50%  
 Unit Meets State Deeper Targeting Rent Restriction at:  Other: \_\_\_\_\_%

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

**PART VII. STUDENT STATUS**

ARE ALL OCCUPANTS FULL TIME STUDENTS?  
 Yes  No

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

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

Enter 1-5

**PART VIII. PROGRAM TYPE**

Identify the program(s) for which this household's unit will be counted toward the property's occupancy requirements.

**Select one of the following.**  
 9% Allocated Federal Housing Tax Credit  
 4% Allocated Federal Housing Tax Credit  
 Tax-Exempt Bond Only (No tax credits)

**Select all that apply.**  
 HOME (including TCAP)  
 CDBG  
 Other HUD, including 202, 811, and 236  
 National Housing Trust Fund  
 USDA Rural Housing Service, including 514, 515, and 538  
 Other state or local housing programs

**SIGNATURE OF OWNER/REPRESENTATIVE**

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

\_\_\_\_\_  
 SIGNATURE OF OWNER/REPRESENTATIVE

\_\_\_\_\_  
 DATE

**PART IX. SUPPLEMENTAL INFORMATION FORM**

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

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

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

**The Following Race Codes should be used:**

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

- 6 – Other
- 7 – Did not respond. **(Please initial below)**

*Note: Multiple racial categories may be indicated as such: 31 – American Indian/Alaska Native & White, 41 – Asian & White, etc.*

**The Following Ethnicity Codes should be used:**

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

**Disability Status:**

- 1 – Yes
  - If any member of the household is disabled according to Fair Housing Act definition for handicap (disability):
    - A physical or mental impairment which substantially limits one or more major life activities; a record of such an impairment or being regarded as having such an impairment. For a definition of “physical or mental impairment” and other terms used, please see 24 CFR 100.201, available at <http://fairhousing.com/legal-research/hud-regulations/24-cfr-100201-definitions>.
    - “Handicap” does not include current, illegal use of or addiction to a controlled substance.
    - An individual shall not be considered to have a handicap solely because that individual is a transgender.
- 2 – No
- 3 – Did not respond **(Please initial below)**

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

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



# **INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION**

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

## **Part I - Development Data**

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

Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual income recertification's, this effective date should be no later than one year from the effective date of the previous (re)certification.
Move-In Date	Enter the most recent date the household tax credit qualified. This could be the move-in date or in an acquisition rehab property, this is not the date the tenant moved into the unit, it is the most recent date the management company income qualified the unit for tax credit purposes.
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
TCAC#	Enter the project number assigned to the property by TCAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: CA-2010-123
BIN #	Enter the building number assigned to the building (from IRS Form 8609).
Address	Enter the physical address of the building, including street number and name, city, state, and zip code.
If applicable, CDLAC#	If project is awarded 4% bonds please enter the project number assigned to the property by CDLAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: 16-436
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.
Square Footage	Enter the square footage for the entire unit.
Vacant Unit	Check if unit was vacant on December 31 of requesting year. For example, for the collection of 2011 data, this would refer to December 31, 2011.

## **Part II - Household Composition**

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

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

Date of Birth	Enter each household member's date of birth.
Student Status	Check FT for Full-time student, PT for Part-time student, or N/A if household member is not a student and question does not apply.
Last Four Digits of Social Security Number	For each tenant 15 years of age or older, enter the last four digits of the social security number or the last four digits of the alien registration number. If the last four digits of SSN or alien registration is missing, enter 0000. For tenants under age 15, social security number not required, although please enter 0000.

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

### Part III - Annual Income

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

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

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

### Part IV - Income from Assets

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

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

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

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

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

### HOUSEHOLD CERTIFICATION AND SIGNATURES

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

### Part V – Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current Federal LIHTC Income Limit per Unit Meets Federal Income Restriction at 60%, 50% or A.I.T (20% - 80%)	Enter the Current Move-in Income Limit for the household size – specifically, the max income limit for the federal 60%, 50% or A.I.T (20% - 80%) set aside.
Current Bond Income Limit per Family Size	Enter the Current most restrictive Move-in Income Limit for the household size – specifically, the max income limit incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.

Household Income at Move-in	For recertifications only. Enter the household income from the move-in certification.
Household Size at Move-in	Enter the number of household members from the move-in certification.
Current Federal LIHTC Income Limit x 140%	For recertifications only. Multiply the current LIHTC Maximum Move-in Income Limit by 140% and enter the total. <b>140% is based on the Federal Set-Aside of 20/50 or 40/60, or A.I.T. (20% - 60% = 140% X 60%, 70% = 140% X 70% and 80% = 140% X 80%) as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc.</b> Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the LIHTC Income Limit per Family Size at Move-in date (above), then the available unit rule must be followed.
Unit Meets Federal Income Restriction at or Federal A.I.T. at	Check the appropriate box for the income restriction that the household meets according to what is required by the federal set-aside(s) for the project.
Unit Meets State Deeper Targeting Income Restriction at	If your agency requires an income restriction lower than the federal limit, enter the percent required.

#### Part VI - Rent

Tenant Paid Monthly Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Federal Rent Assistance	Enter the amount of rent assistance received from a federal program, if any.
Non-Federal Rent Assistance	Enter the amount of non-federal rent assistance received, if any.
Total Monthly Rent Assistance	Enter the amount of total rent assistance received, if any.
Source of Federal Rent Assistance	If federal rent assistance is received, indicate the single program source.
Monthly Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other Monthly Non-Optional Charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Monthly Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges. The total may NOT include amounts other than Tenant Paid Rent, Utility Allowances and other non-optional charges. In accordance with the definition of Gross Rent in IRC §42(g)(2)(B), it may not include any rent assistance amount.
Maximum LIHTC Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent limit for the federal 50%, 60% or A.I.T. (20% - 80%) set aside. This does not include state deeper targeting levels.
Maximum LIHTC Bond Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.
Unit Meets Federal Rent Restriction at or Federal A.I.T. at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal set-aside(s) for the project.
Unit Meets Bond Rent Restriction at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal and state law for the project.
Unit Meets State Deeper Targeting Rent Restriction at	If your agency requires a rent restriction lower than the federal limit, enter the percent required.

#### Part VII - Student Status

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

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

**Part VIII – Program Type**

Select the program(s) for which this household’s unit will be counted toward the property’s occupancy requirements. One response from the first column must be selected.

**SIGNATURE OF OWNER/REPRESENTATIVE**

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

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

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

**PART IX. SUPPLEMENTAL INFORMATION**

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

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

**EXHIBIT D**

Intentionally omitted.

**EXHIBIT E**  
**Governmental Requirements**

1. Prevailing Wages and Working Conditions. Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 6.1. Every contract for the rehabilitation or construction of housing assisted with Funds must comply with Chapter I (commencing with Section 1720) of Part 7 of the California Labor Code (pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations) and contain a provision requiring: (1) the payment of not less than the Prevailing Rate of Wage to all laborers and mechanics employed in the development of any part of the housing, (2) provide the same hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with state law and San Francisco Administrative Code Section 6.22(n), (collectively, “Prevailing Wage Requirements”). The Prevailing Wage Requirements of this Section apply to all laborers and mechanics employed in the development of the Project, including portions other than the assisted Units. Borrower agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements. If applicable, Borrower must include, and require its Contractors and Subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Chapter 6.

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

3. Conflict of Interest.

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

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

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

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

5. Lead-Based Paint. Borrower will satisfy the requirements of Chapter 36 of the San Francisco Building Code ("Work Practices for Exterior Lead-Based Paint") and the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821 *et seq.*) and implementing regulations at 24 CFR part 35. Borrower will also comply with the

provisions contained in 17 CCR 350000 *et seq.*, and 8 CCR 1532.1 and all other applicable Laws governing lead-based hazards.

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

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

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

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

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

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



(e) Incorporation of Administrative Code Provisions by Reference.

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

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

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

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

12. Submitting False Claims; Monetary Penalties. Any borrower, grantee, contractor, subcontractor or consultant who submits a false claim will be liable to the

City for the statutory penalties set forth in that section. A borrower, grantee, contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the borrower, grantee, contractor, subcontractor or consultant:

- (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval;
- (b) knowingly makes, uses or causes to be made or used a false record or statement to get a false claim paid or approved by the City;
- (c) conspires to defraud the City by getting a false claim allowed or paid by the City;
- (d) knowingly makes, uses or causes to be made or used a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the City; or
- (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

13. Sunshine Ordinance.

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

(b) By executing this Agreement, Borrower agrees to comply with the provisions of Chapter 12L of the San Francisco Administrative Code to the extent applicable. By executing this Agreement, Borrower agrees to open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the San Francisco Administrative Code. Borrower further agrees to make good faith efforts to promote community membership on its Board of Directors in the manner set forth in Section 12L.6 of the Administrative Code. Borrower acknowledges that its material failure to comply with any of the provisions of this paragraph will constitute a material breach of this Agreement. Borrower further acknowledges that such material breach of

the Agreement will be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

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

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

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

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

(a) Borrower will remove all graffiti from any real property owned or leased by Borrower in the City and County of San Francisco within forty eight (48) hours of the earlier of Borrower's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Borrower to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" will not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

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

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

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

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

(b) The requirements of Chapter 12T will only apply to a Borrower's or Subcontractor's operations to the extent those operations are in furtherance of the performance of this Agreement, will apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, will apply only when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco, and will not apply when the

application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

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

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

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

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

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

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

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully

set forth. This provision is a material term of this Agreement. By entering into this Agreement, Borrower agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Borrower agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount will not be considered a penalty, but rather agreed monetary damages sustained by City because of Borrower's failure to comply with this provision.

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

21. Public Power. Pursuant to San Francisco Administrative Code Chapter 99, the San Francisco Public Utilities Commission ("PUC") will examine the feasibility of supplying electricity to all new City developments, particularly those that would potentially yield the highest benefit to the City, including projects occupying any portion of public land and projects funded in whole or in part by local, State, or Federal funds. If, after considering the cost of providing service to the Project, the PUC deems the Project to be beneficial to the City, Borrower will work with the PUC to prepare an assessment of the feasibility of the City providing electric service to the Project. Such assessment will include, but not be limited to, the following: (1) electric load projection and schedule; (2) evaluation of existing electric infrastructure and new infrastructure that will be needed; (3) the potential for on-site generation and load reduction through energy efficiency and demand response; (4) business structure cost analysis; and (5) financial and cost recovery period analysis. The assessment will determine whether the addition of the Project will benefit the City and its existing customers, considering the additional costs to serve the Project. Subject to required approvals and the foregoing assessment, the PUC will supply electricity to Project, to the extent consistent with its responsibility for the exclusive management, jurisdiction, and control of energy supplies and utilities of the City as provided in Section 8B.121 of the San Francisco Charter.

**EXHIBIT F**  
**Lobbying/Debarment Certification Form**

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

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

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

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

[signature follows]

**MERCY HOUSING CALIFORNIA 108, L.P.**, a California limited partnership

By: Mercy Housing California 108 LLC, a California limited liability company, its general partner

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

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_



**EXHIBIT G**  
**Form of Annual Monitoring Report**

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



**London N. Breed**  
Mayor

**Eric D. Shaw**  
Director

**October 21, 2020**

**Notice of Availability of 2020 Annual Monitoring Report Form**  
(plus reminders of Marketing Procedure and Serious Incident Protocol)

The Mayor's Office of Housing and Community Development (MOHCD) is pleased to announce the availability of the Annual Monitoring Report (AMR) forms for Reporting Year 2020 (RY2020). The forms are now available to be downloaded from the [Asset Management page](#) of the MOHCD web site. In addition, training videos on how to complete the AMR are available. See below for more information.

**IMPORTANT INFORMATION RELATED TO COVID-19**

MOHCD recognizes the impact that the COVID-19 crisis is having on the organizations that we support, especially those providing essential services. It is vitally important to take measures to protect your staff, residents and clients from contracting and spreading COVID-19. We urge all affordable housing owners and managers to follow the guidelines, recommendations and orders from the U.S. [Centers for Disease Control](#), the [State of California](#) and the San Francisco [Department of Public Health](#). MOHCD is also taking action to address the needs of the projects under our purview:

- MOHCD [published a memo](#) clarifying MOHCD's current Operating Reserves requirements.
- MOHCD extended the 2020 AMR due date by one month (see below for detailed info) for projects whose business year ran from 7/1/2019 to 6/30/2020.

MOHCD is allowing project sponsors to retain a larger share of 2020 surplus cash/residual receipts than is allowed under their financing agreements with MOHCD. For more information, read the notice regarding the [COVID-19 Allowance](#). This opportunity is limited to projects whose business year ran from 7/1/2019 to 6/30/2020. The COVID-19 Allowance may not be available to some projects that are subject to MOHCD financing, regulatory or ground lease agreements that include limits on distributions of surplus cash/residual receipts. To benefit from the Allowance, owners of such projects will have to request amendments to those agreements that would remove such limits. For more information, read the ["Notice Regarding Option to Remove Caps on Distributions of Residual Receipts."](#)

If this crisis is preventing you from responding thoroughly and quickly to any request from MOHCD, please do whatever you can to let us know of your limitations and to propose alternatives. Thank you for everything that you are doing on behalf of the people your organization serves and for all of the people of San Francisco.

**Deadline:** For projects whose business year ended June 30, 2020, the report will be due on January 8, 2021, for the period 7/1/2019-6/30/2020, unless noted otherwise in a project-specific notice sent by MOHCD. For any projects whose 2020 business year ended or will end on different dates than those above, the report will be due 5 months from the last date of that business year.

### **Completion and Submission Instructions**

The Annual Monitoring Report consists of the following four parts:

**I. AMR\_RY2020 – project name.xlsx** – This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

Instructions	3C. Demographic Summary
1A. Property & Residents	4. Narrative
1B. Transitional Programs	5. Project Financing
1C. Eviction Data	6. Services Funding
2. Fiscal Activity	7. Supplementary Audit Information Required by MOHCD
3A. Occupancy & Rent Info	➤ Completeness Tracker
3B. Demographic Information	

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

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

Submit this report as an Excel file only; do not convert it to pdf or another file type. Changing the format of AMR\_RY2020.xlsx without MOHCD's prior approval is not allowed. Do not overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. If you need to revise the form in order to successfully complete the report, submit a request to [moh.amr@sfgov.org](mailto:moh.amr@sfgov.org).

## **II. Owner Compliance Certification Form and Documentation of Insurance**

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

## **III. Audited Financial Statements**

Provide financial statements for the project for Reporting Year 2020. They must be prepared by a certified public accountant in accordance with generally accepted accounting principles, applicable regulations and laws and with the City's "[Audit Requirements for MOHCD-Funded Projects](#)" a copy of which is posted on [MOHCD's Asset Management web page](#). If the project is owned by a single asset entity, provide separate financial statements just for the project, otherwise provide audited statements for the parent corporation. Also include copies of any Management Letters and special notes from the auditor that pertain to the property and the financial statements.

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

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

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

**IMPORTANT:** Audited financial statements are a required submittal of the Annual Monitoring Report. Do not submit the AMR until the audit has been finalized. AMRs that are submitted without an audit or with a draft audit will not be accepted.

## **IV. Waiting List**

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

- name of head-of-household
- contact information
- date of application
- number of people in the household

- stated household income
- desired unit size

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

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

### **AMR Training – On-Demand Videos**

To facilitate completion of the AMR by project sponsors, MOHCD has created training videos that provide step-by-step instructions on how to complete the Excel reporting form and how to submit the report overall. There are ten video modules that vary in length from two to 30 minutes and may be viewed on-demand from the [Asset Management page](#) of the MOHCD web site. We strongly encourage all persons who are involved in preparing the AMR to watch the videos. If you experience any technical difficulties with accessing and viewing the videos, please contact Ricky Lam at [ricky.lam@sfgov.org](mailto:ricky.lam@sfgov.org) or 415-701-5542.

### **Marketing Procedure for Available Units and Waiting List Openings**

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

### **Serious Incident Protocol**

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

MOHCD requests that owners of projects financed by this office notify us in writing if a serious incident occurs at their properties and meets one or more of the following parameters:

- Involves serious injury or death
- Is a serious, violent crime that involves a major police action (e.g. shooting)
- Causes the building or a significant number of units to be off-line
- Requires a resident to move out of a unit one month or longer
- Damage to the building is significant enough to require the use of reserves

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

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

**Asset Management Team**

MOHCD 1 South Van Ness Avenue, 5<sup>th</sup> Floor San Francisco, CA 94103

<http://sfmohcd.org> P. 415-701-5500 F. 415-701-5501

**Owner Compliance Certification and Insurance & Tax Certification Form  
2020 Annual Monitoring Report  
San Francisco Mayor’s Office of Housing and Community Development**

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

Complete this form, sign and date it, scan it along with current liability and property insurance certificates into a single PDF file, then email the file along with AMR\_RY2020 – project name.xlsx, audited financial statements, and current waiting list to [moh.amr@sfgov.org](mailto:moh.amr@sfgov.org).

Project Name: \_\_\_\_\_

Project Street Address: \_\_\_\_\_

Reporting Period – Start Date: \_\_\_\_\_ End Date: \_\_\_\_\_

**Owner Compliance Certification**

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

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

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

**Owner Compliance Certification and Insurance & Tax Certification Form  
2020 Annual Monitoring Report  
San Francisco Mayor's Office of Housing and Community Development**

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



**Owner Compliance Certification and Insurance & Tax Certification Form  
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	True	False	
			project. Asset Management Fees taken beyond pre-approved levels have been documented as required in response to question 7 in Section 4 - Narrative.
22			The calculation of cash flow in Worksheet 2 - Fiscal Activity accurately reflects all expenses incurred and income earned, and the proposed distribution of any Residual Receipts would be in accordance with all relevant agreements and policies.
23			The Waiting List that has been submitted with the 2020 Annual Monitoring Report is an accurate and correct record as of the last day of the reporting period of the households who have applied to live at the Project, including the name of the head-of-household (or a suitable alternative), date of application, number of people in the household, stated household income and desired unit size.

**Property and Liability Insurance**

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

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

**Tax Certification**

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

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

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

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

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

## Annual Monitoring Report - Instructions - Reporting Year 2020 - Mayor's Office of Housing & Community Development

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

Updated 12/21/2020

### 1A. Property & Residents

Please follow the instructions provided on the worksheet.

### 1B. Transitional Programs Only

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

### 1C. Eviction Data

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

## 2. Fiscal Activity

### Income and Expenses

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

#### INSTRUCTIONS:

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

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

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

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

#### Income

##### Rental Income

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

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

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

##### Vacancy Loss

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

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

##### Other Income

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

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

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

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

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

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

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

### **Expenses**

#### **Management**

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

#### **Salaries/Benefits**

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

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

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

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

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

#### **Administration**

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

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

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

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

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

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

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

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

#### **Utilities**

6450 Electricity

6451 Water

6452 Gas

6453 Sewer

#### **Taxes and Licenses**

6710 Real Estate Taxes. This account records payments made for real estate taxes of the project.

6711 Payroll Taxes (Project's Share). This account records the project's share of FICA and State and Federal Unemployment taxes.

6790 Miscellaneous Taxes, Licenses and Permits. This account records any taxes, licenses, permit fees or costs of insurance assessed to the property and not otherwise categorized in the 6700 Series.

#### **Insurance**

6720 Property and Liability Insurance. This account records the cost of project property and commercial general/auto liability insurance.

6721 Fidelity Bond Insurance. This account records the cost of insuring project employees who handle cash.

6722 Workers' Compensation. This account records the cost of workers' compensation insurance for project employees.

6724 Directors and Officers Liabilities Insurance. This account records the cost of insurance to cover financial protection for the directors and officers of the ownership entity in the event they are sued in conjunction with the performance of their duties as they relate to the property.

#### **Maintenance and Repairs**

6510 Payroll. This account records the salaries of project employees whose perform services including but not limited to janitorial/cleaning, exterminating, grounds, repairs, elevator maintenance and decorating. This account does not include the property's share of payroll taxes (FICA and Unemployment) or other employee benefits paid by the property.

6515 Supplies. This account records all cost of supplies charged to the property for janitorial cleaning, exterminating, grounds, repairs and decorating.

6520 Contracts. This account records the cost of contracts the owner or agent executes with third parties on behalf of the property for janitorial/cleaning, exterminating, grounds, repairs, elevator maintenance and decorating.

6525 Garbage and Trash Removal. This account records the cost of removing garbage and rubbish from the project. The account does not include salaries paid to janitors who collect the trash.

6530 Security Payroll/Contract. This account records the project's payroll costs attributable to the protection of the project or the costs of a protection contract that the owner or agent executes on behalf of the project.

6546 HVAC Repairs and Maintenance. This account records the cost of repairing and maintaining heating or air conditioning equipment owned by the project. Agents should capitalize repairs of significant amounts which extend the useful life of the equipment.

6570 Vehicle and Maintenance Equipment Operation and Repairs. This account records the cost of operating and repairing project motor vehicles and maintenance equipment. Motor vehicle insurance is not included in this account but is charged to account 6720.

6590 Miscellaneous Operating and Maintenance Expenses. This account records the cost of maintenance and repairs not otherwise classified in the 6400 and 6500 account Series. If the project had miscellaneous operating and maintenance expenses greater than \$10,000, a detailed itemization of these expenses must be provided in the Narrative worksheet.

#### **Supportive Services**

6900 Supportive Service Expenses. Accounts in this series are used primarily by group home projects and other projects restricted to a special needs population. The accounts record expenses directly related to special services provided to the tenants (e.g., food, housekeeping, case managers, social activity coordinator, etc.).

#### **Reserve Account Activity**

1320 Replacement Reserve Required Annual Deposits. This account records the required amount of deposits made to a segregated Replacement Reserve bank account from the project's Operating Account during the reporting period. See below for more guidance about data entry required for replacement reserve eligible expenditures.

1365 Operating Reserve Deposits. This account records amount of deposits made to a segregated Operating Reserve bank account from the project's Operating Account during the report period.

XXXX Operating Reserve Account Withdrawals. Enter the total amount of withdrawals made from the Operating Reserve, which will be deposited into the project's Operating Account during the reporting period.

1330 Other Reserve Accounts - Deposits. This account records amount of deposits made to segregated reserve bank accounts not identified above during the report period. Deposits are assumed to have been funded by the project's operating account and will decrease the surplus cash amount in row 136. You should provide the name of the account in cell D132.

XXXX Other Reserve Accounts - Withdrawals. This line is used to record the amount of withdrawals made from other segregated reserve bank accounts during the reporting period. Withdrawals entered are assumed to have been deposited into the project's operating account and will increase the surplus cash amount in row 136. You should provide the name of the account in cell D133.

### **3A. Occupancy & Rent Info**

Accurate and complete household and tenancy data must be submitted on the Occupancy & Rent Info worksheet as evidence that the project complies with the income eligibility and rent affordability restrictions of MOHCD's funding agreements. Enter the data described below into the chart in Section 3A - Occupancy & Rent Info for the tenant population that occupied the project as of the end of the reporting period.

- **NEW:** for each VACANT unit, in column D, enter the unit number, follow by "- Vac". For example, if Unit 201 was vacant, in column D, enter "201 - Vac."  
- Identify manager's unit with the unit number, follow by "- Mgr". For example, if the manager occupies Unit 501, in column D, enter "501 - Mgr."  
- For vacant units and manager's units, you must supply data in columns D, E, P, R and T. All other columns should be left blank.

COLUMN	DESCRIPTION
--------	-------------

C.	<b>Row Number.</b> Do not enter data in this column.
----	--

D.	<b>Unit No.</b> Enter the unit number (or bed number for transitional or group housing) for each unit/bed in the property.
----	--

E.	<b>Unit Type.</b> Use the drop down menu to select the unit type (also shown below):
----	--

**Bed** = (measurement for Group homes or transitional housing)

"**SRO**" = Single Room Occupancy unit

"**Studio**" = Studio unit

"**1BR**" = 1 Bedroom unit

- “2BR” = 2 Bedroom unit
- “3BR” = 3 Bedroom unit
- “4BR” = 4 Bedroom unit
- “5+BR” = 5 or more Bedroom unit

- F. **Is the Unit Fully-Accessible or Adaptable?** Use the drop down menu to indicate which
- “Accessible - Mobility” = The unit is fully-accessible for persons with mobility impairment.
  - “Accessible - Communication” = The unit is fully-accessible for persons with visual and hearing impairment.
  - “Mobility & Communication” = The unit is fully-accessible for persons with mobility, visual and hearing impairment.
  - “Adaptable” = The unit was designed to be accessible, but some accessibility features may have been omitted or concealed.
  - “Not Accessible or Adaptable” = Not Accessible or Adaptable.
- G. **Date of Initial Occupancy.** Enter the date when the tenant occupied their *first unit in the project*. For tenants who have transferred to another unit in the project, this date will be different than the date when they moved into their current unit.
- H. **Household Annual Income at Initial Occupancy.** Enter the tenant’s annual household income from the initial income certification that was done before they moved into their *first unit in the project*. For tenants who have transferred to another unit in the project, this amount will be different than the amount from the certification that was done when they moved into their current unit.
- I. **Household Size at Initial Occupancy.** Enter the number of people that was in the tenant’s household when they occupied their first unit in the project. For tenants who have transferred to another unit in the project, this number may be different than it was when they moved into their current unit.
- J. **Date of Most Recent Income Recertification.** Enter date of most recent income recertification. Leave blank for vacant units.
- K. **Household Annual Income as of Most Recent Recertification within reporting period.** Enter annual income of the household from the most recent recertification. OK to leave blank ONLY if ALL funders do not require annual income recertifications.
- L. **Household Size as of Most Recent Recertification within reporting period.** Enter the number of occupants in the unit from the most recent recertification within the reporting period.
- M. **Minimum Occupancy for Unit Type.** The data here is automatically entered from items 25-31 on Worksheet #1A.
- N. **Maximum Occupancy for Unit Type.** The data here is automatically entered from items 25-31 on Worksheet #1A.
- O. **Overhoused or Overcrowded?** The data here is automatically generated based on entries in column K and on items 26-32 on Worksheet #1A.
- P. **Overhoused or Overcrowded - Narrative** A household is “Overhoused” if there are fewer people residing in the unit than the minimum occupancy. “Overcrowded” means that there are more people residing in the unit than the maximum occupancy. If the data in column N indicates that the household is overhoused or overcrowded, please describe any extenuating circumstances that justify the overhoused/overcrowded status and summarize efforts that you have made to transfer the tenant to a unit that is appropriate for the size of the household, if applicable.
- Q. **Is this Unit a HOPWA set-aside unit? (yes/no).** “HOPWA set-aside” units are required when HOPWA capital funding is used to acquire, construct or rehab a project.
- R. **Rental Assistance.** From the drop-down menu, select one code only to indicate the type of assistance, if any, being provided to the tenant (low-income units only). Select “None” if no rental assistance comes with the unit or none is provided to the tenant.
- “RAD - PBV” = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a RAD Project-Based Section 8 subsidy that will remain with the unit after the tenant moves out.
  - “TPV” = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a HUD Tenant Protection Voucher subsidy to help prevent displacement and/or stabilize the property.
  - “Section 8 - Project Based” = The unit comes with Section 8 subsidy that will remain with the unit after the tenant moves out.
  - “Section 8 - Tenant Voucher” = Tenant is receiving assistance through the Section 8 Certificate or Voucher programs.
  - “PRAC - 202” = The unit receives a subsidy through a Project Rental Assistance Contract from HUD’s 202 program.
  - “PRAC - 811” = The unit receives a subsidy through a Project Rental Assistance Contract from HUD’s 811 program.
  - “S+C” = Tenant is receiving tenant-based assistance, or the unit has project-based assistance, from the Shelter Plus Care program.

**"HOPWA"** = The unit is a HOPWA-designated unit under the project funding from the Housing Opportunities for People With AIDS program. While HOPWA is not a source of tenant-based assistance, if the tenant is receiving any other form of subsidy, please report on the amount of Rental Assistance on this worksheet and note the source of the Rental Assistance in the Narrative section of the AMR.

**"VASH"** = Tenant is receiving tenant-based assistance, or the unit comes with project-based rental assistance, from the Veterans Administration Supportive Housing program.

**"LOSP"** = The unit receives a subsidy through the City's Local Operating Subsidy Program.

**"DAH (DPH)"** = The unit receives a subsidy through the City's Direct Access to Housing Program of DPH.

**"HSA Master Lease"** = The unit receives a subsidy through the City's Master Lease Program of the Human Services Agency.

**"MHSA"** = The unit receives a subsidy under CA HCD's Mental Health Services Act.

**"HOME TBA"** = Tenant receives assistance from a HOME-funded rental assistance program.

**"Rent Supplement"** = Tenant receives a supplemental rent payment from an outside agency.

**"Other"** = Tenant is receiving, or unit comes with, rental assistance through another Federal, State or local program.

- S. **Amount of Rental Assistance.** Enter the dollar amount of rental assistance that is paid on behalf of the household/tenant.
- T. **Amount of Maximum Gross Rent Allowed for Unit.** Enter the maximum rent for the unit that is allowed by the most restrictive funder of the project.
- U. **Amount of Tenant Paid Rent for Unit.** Enter only the amount of rent that the tenant pays. Do not include any rental assistance paid on behalf of the tenant by another party.
- V. **Utility Allowance.** If the tenant pays for utilities, enter the Utility Allowance allowed for the unit. Enter zero (0) if the Utilities are paid by the project.
- W. **Household Rent Burden.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE. If the rent burden is 100% or greater, it is likely that the amount of tenant paid rent and/or the amount of HH income is incorrect, please review the data for accuracy. Typically, rent burdens should be 60% or less. If a unit has a rent subsidy, the typical requirement is for tenants to pay 30% of income toward rent.
- X. **Date of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter date of most recent rent increase for unit.
- Y. **Amount of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter amount of most recent rent increase for unit.
- Z. **Percentage of Most Recent Rent Increase.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE.

### 3B. Demographic

Gender and Sexual Orientation: on June 30, 2017, MOHCD published and distributed a Notice regarding new requirements to collect this demographic data. Click this cell to review the [Notice](#) if you have any questions about this.

**Gender.** Provide info for the Head of Household. The 8 possible answers for Gender are:

- Female
- Male
- Genderqueer/Gender Non-binary
- Trans Female
- Trans Male
- Not listed
- Declined/Not Stated
- Question Not Asked

**Sexual Orientation.** Provide info for the Head of Household. The 7 possible answers for Sexual Orientation are:

- Bisexual
- Gay /Lesbian/Same-Gender Loving
- Questioning /Unsure
- Straight/Heterosexual
- Not listed
- Decline to Answer
- Not Stated

**Elderly Household.** For each residential unit, enter "Yes" if the anyone in the household is a person that is at least 62 years of age. Enter "No" if everyone in the household is younger than 62.

**Number of Children Under Age 18 in Household.** Enter the number of occupants in the unit that were under age 18 as of the end date of the reporting period.

**Disability.** If any members of the household have any of the listed disabilities, select the disability from the drop-down menu. Select "None" if the unit is not occupied by any tenants with a listed disability.

### 3C. Summary of Reported Household Demographics

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No data entry required. Output based on information reported from Worksheets 3A and 3B.

#### **4. Narrative**

Please follow the instructions provided on the worksheet.

#### **5. Project Financing**

Supply the info requested about all current financing of the project. Lenders should be listed in lien order, i.e., with the most-senior lender in the first lien position, the most-junior lender in last lien position.

#### **6. Services Funding**

For each service that is provided based on your answers to questions 51-61 on Worksheet 1A, you must supply additional info about each service provider on Worksheet 6. Services Funding.

#### **7. Supplementary Audit Information - Required by MOHCD**

Use this template to satisfy the audit requirement for MOHCD-funded projects. Project Owners/auditors may enter data directly into this worksheet and then print it to create the required Supplemental Schedules in the Audited Financial Statement. Alternatively, the audit requirement may be satisfied by using a form generated by the Sponsor's accounting system, as long as the form includes all the elements contained within MOHCD's template.

#### **Completeness Tracker**

Use this worksheet to track your work and to verify that you have completed all required data entry.

#### **Links to Relevant Policies**

Double click on the following web links to access the policy documents posted at SFGOV for your reference. The web address of the pages on the web are included for manual navigation as well.

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[MOHCD Forms Page at SFMOHCD.ORG](http://sfmohcd.org)

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

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

[http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH\\_ProgIncomeOverview.pdf](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH_ProgIncomeOverview.pdf)

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

<http://sfmohcd.org/sites/default/files/Documents/CURRENTResidualRecPolicy%202016.pdf>

[MOHCD Insurance Requirements Policy](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K_2014-05-21.pdf)

[http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K\\_2014-05-21.pdf](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K_2014-05-21.pdf)

[MOHCD Operating Fees Policy](http://sfmohcd.org/sites/default/files/Documents/CURRENT%20OperatingFeesPolicy%202016.pdf)

<http://sfmohcd.org/sites/default/files/Documents/CURRENT%20OperatingFeesPolicy%202016.pdf>

**Annual Monitoring Report - Property & Residents - Reporting Year 2020 -  
Mayor's Office of Housing & Community Development**

<b>IDENTIFYING INFO</b>	
1	Reporting Period Start Date (m/d/yyyy)
2	Reporting Period End Date (m/d/yyyy)
3	Property <b>Name</b> (select from drop down)
4	Property <b>Full Street Address</b> (e.g. "123 Main Street")
<b>CONTACT INFO</b>	
5	<b>Sponsor Executive Director Name</b>
6	<b>Phone Number</b>
7	<b>E-mail</b>
8	<b>Property Management Company</b>
9	<b>Property Manager Name</b>
10	<b>Phone Number</b>
11	<b>E-mail</b>
12	<b>Property Supervisor Name</b>
13	<b>Phone Number</b>
14	<b>E-mail</b>
15	<b>Property Owner Name</b>
16	<b>Property Owner Contact Person</b>
17	<b>Phone Number</b>
18	<b>E-mail</b>
19	<b>Asset Manager Name</b>
20	<b>Phone Number</b>
21	<b>E-mail</b>
22	<b>AMR Preparer's Name</b>
23	<b>Phone Number</b>
24	<b>E-mail</b>

<b>PROPERTY/MARKETING INFO</b>	
25	Is the project any of the following: Transitional Housing, Residential Treatment Program, Shelter or Transitional Group Home? (select "yes" or "no" from the drop-down menu to the left.) <b><i>If you answer "yes", skip questions 26 through 39 below, and continue with question 40. Also, you must complete worksheet "1B.TransitionalProg."</i></b>

**What is the Unit Mix for the Property?** Please include any manager's units in this tally.

Unit Types	Number Of Units	Occupancy Standard: Minimum HH Size for this Unit Type*	Occupancy Standard: Maximum HH Size for this Unit Type*	*Occupancy Standards should be described in project's Approved Tenant Selection and Marketing Plan. If not defined there, supply the standards used organization-wide.
26	Single Room Occupancy (SRO) Units	1		
27	Studio Units	1		
28	One-Bedroom (1BR) Units	1		
29	Two-Bedroom (2BR) Units			
30	Three-Bedroom (3BR) Units			
31	Four-Bedroom (4BR) Units			
32	Five- or More (5+BR) Bedroom Units			
33	<b>TOTAL # Units----&gt;</b>	<b>0</b>		



34		<b>Vacancies</b> - How many vacancies occurred at the project during the reporting period? (Be sure that the number you report here is not less than the number of vacant units that are included on worksheet 3.)
35	0	<b>Evictions</b> - How many evictions occurred during the reporting year? (This data in this field is automatically calculated from the data that is entered on worksheet 1C. You must complete worksheet 1C, unless the project is transitional housing, a residential treatment program, a shelter or a transitional group home.)
36		<b>Vacant Unit Rent-Up Time</b> - <i>(in DAYS)</i> State the average vacant unit rent-up time. This is the period from the time a household moves out to when the unit is rented again. <b># 4</b> Please EXCLUDE any units that are being held vacant to support rehabilitation or other temporary relocation needs. <i>If this period exceeds 30 days, you must answer Question # 4 on the Narrative worksheet. (Click on # 4 at left to jump to Narrative worksheet.)</i>
37		<b>Waiting List</b> - How many applicants are currently on the waiting list? <i>(Please also submit a copy of the waiting list, see AMR submission instructions.)</i>
38		When was the waiting list last updated? (m/yyyy)
39		<b>Affirmative Marketing</b> - Did you conduct any marketing of the project during the reporting period? <i>If you conducted marketing during the reporting period, you must answer Question #5 on the Narrative worksheet. (Click on #5 at left to jump to Narrative worksheet.)</i> <b># 5</b>
40		What is the date of the last Capital Needs Assessment? (m/d/yyyy)
41		What is the projected date of the next Capital Needs Assessment? (m/d/yyyy)
42		How many <b>Health, Building or Housing Code Violations</b> were issued against the property in the reporting year? (If there were no violations enter "0"). <i>If the property was cited for code violations in the reporting year or has open, unresolved violations from prior years as indicated below, you must answer Question #2 on the Narrative worksheet. (Click on #2 at left to jump to Narrative worksheet.)</i> <b># 2</b>
43		<b># 2</b> How many <b>Health, Building or Housing Code Violations</b> were open from <i>prior</i> years?
44		How many <b>Health, Building or Housing Code Violations</b> were cleared in the reporting year?
45		Are there urgent <b>Major Property Repairs</b> needed on the property in the next two years? ( <b>Yes/No</b> ) <i>If there are needed major repairs you must answer Question #3 on the Narrative worksheet. (Click on #3 at left to jump to Narrative worksheet.)</i> <b># 3</b>

46		<p>If the property has <b>Immediate Capital Needs</b> and lacks adequate funds in the Replacement Reserve (or elsewhere) to cover the costs, please supply the amount of funds needed to make up the difference, <b>and supply additional explanation in question #3 of the Narrative report.</b> (Click on # 3 at left to jump to Narrative worksheet.)</p>
----	--	--

**Resident Services:** AN ANSWER IS REQUIRED FOR questions 51-61. Indicate below any services that were available to the residents free of charge, on site or at another designated location within 1/4 mile of the project. You must also provide additional information about each of the marked services below on Worksheet "6.Services"

47		Go To WS6	After School Program/s (y/n)
48		Go To WS6	Licensed Day Care Service ( <i>participant fees are allowable for day care ONLY</i> ) (y/n)
49		Go To WS6	Youth Program/s (y/n)
50		Go To WS6	Educational Classes (e.g. basic skills, computer training, ESL) (y/n)
51		Go To WS6	Health and Wellness Services/Programs (y/n)
52		Go To WS6	Employment Services (y/n)
53		Go To WS6	Case Management, Information and Referrals (y/n)
54		Go To WS6	Benefits Assistance and Advocacy; Money Management; Financial Literacy and Counseling (y/n)
55		Go To WS6	Support Groups, Social Events, Organized Tenant Activities (y/n)
56		Go To WS6	Other Service #1 - Please specify in column G.
57		Go To WS6	Other Service #2 - Please specify in column G.

**POPULATION SERVED**

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

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

		Target Population		Actual Population	
58		0	Families	0	Families
59		0	Persons with HIV/AIDS	0	Persons with HIV/AIDS
60		0	Housing for Homeless	0	Housing for Homeless
61		0	Mentally or Physically Disabled	0	Mentally or Physically Disabled

62		0	Senior Housing	0	Senior Housing
63		0	Substance Abuse	0	Substance Abuse
64		0	Domestic Violence Survivor	0	Domestic Violence Survivor
65		0	Veterans	0	Veterans
66		0	Formerly Incarcerated	0	Formerly Incarcerated
67		0	Transition-Aged Youth ("TAY")	0	Transition-Aged Youth ("TAY")

Remember, **SAVE YOUR WORK!**

**Annual Monitoring Report - Transitional Programs - Reporting Year 2020 - Mayor's Office of Housing & Community Development**

Project Address:

**Project Capacity:** What is the target capacity of this project? (All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

	A. Num Singles Not in Families	B. Num Families	C1. Num Adults in Families	C2. Num Children in Families	D. Num of Beds
1					
2	0		<b>Total Households (Singles and Families) That Can Be Served</b>		

**Persons Served During Operating Year** (All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

	A. Num Singles Not in Families	B. Num Families	C1. Num Adults in Families	C2. Num Children in Families	
3					Num on the first day of operating year
4					Num entering the program during the operating year
5	0		<b>Total Households (Singles and Families) Served</b>		
6					Num who left the program during the operating year
7	0	0	0	0	Num in the program on the last day of the operating year
8	0		<b>Total Households in program on the last day of the operating year</b>		
9					<b>&lt;-Capacity Utilization Rate (by Household as of last Day of Operating Year)</b>

If the Capacity Utilization Rate is **LESS** than 75% you must respond to the following:

10		1. Explain the reason(s) why the capacity utilization rate is as low as it is; <b>and</b>
11		2. Describe plan/s to raise the capacity utilization rate to at least 75%, with specific timeline.

**Length of Stay:** For the 0 households that LEFT the program during the operating year, how many were in the project for the following lengths of time? (Total in cell H28 should match total of cells H14 + I14. All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

12		Less than 1 month
13		1 to 2 months
14		3 - 6 months
15		7 months -12 months
16		13 months - 24 months
17		25 months - 3 years
18	0	<b>TOTAL # HH's that left the program</b>

**Destination:** For the 0 households reported to have LEFT the program during the operating year, how many left for the following destinations? (Total in cell H53 should match total of cells H14 + I14. All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

19		Rental - House or Apartment (no subsidy)	PERMANENT
20		Public Housing	
21		Section 8 Voucher	
22		Subsidized Rental - house or apartment	
23		Homeownership	
24		Moved in with family or friends	TRANSITIONAL
25	0	<b>Permanent Housing Subtotal</b>	
26		Transitional Housing for homeless persons	TRANSITIONAL
27		Moved in with family or friends <i>TEMPORARILY</i>	
28	0	<b>Transitional Housing Subtotal</b>	INSTITUTIONAL
29		Psychiatric hospital	
30		Inpatient alcohol or other drug treatment facility	
31		Jail/Prison	
32		Medical Facility	
33	0	<b>Institutional Subtotal</b>	OTHER
34		Emergency Shelter	
35		Places not meant for human habitation (e.g. street)	
36		Unknown	
37		Other	
38	0	<b>Other Subtotal</b>	OTHER
39	0	<b>TOTAL # HH's that left the program</b>	

**Annual Monitoring Report - Eviction Data - Reporting Year 2020 - Mayor's Office of Housing & Community Development**

Project Address:

This section of the AMR must be completed for all projects, except for transitional housing or residential treatment services.

**Number of households who lived in the project during the reporting period:**

1 Number of households who lived in the project AT ANY TIME during the reporting period. Be sure to include all households that moved in during the reporting period.

**Number of households in the project who received Notices of Eviction during the reporting period for each of the following reasons:**  
(If more than one reason applies to a household, report only the primary reason.)  
*You MUST answer every question (i.e., enter zero if applicable).*

**Ethnicity and Race data for households that received Notices of Eviction during the reporting period:**

		enter # below	enter # below
2	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
3	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
4	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
5	Demolition	Asian - Chinese	Other Black
6	Denial of Access to Unit	Asian - Filipino	North African
7	Development Agreement	Asian - Japanese	West Asian
8	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
9	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
10	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
11	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
12	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
13	Lead Remediation	Other Asian	White - European
14	Non-payment of Rent	Latino - Caribbean	Other White
15	Nuisance	Latino - Central American	Not Reported
16	Other	Latino - Mexican	0 Total (must match Total number in E29)
17	Owner Move In	Latino - South American	
18	Roommate Living in Same Unit	Other Latino	<b>Gender data for households that received Notices of Eviction during the reporting period:</b>
19	Substantial Rehabilitation	<b>Sexual Orientation data for households that received Notices of Eviction during the reporting period:</b>	
20	Unapproved Subtenant	Bisexual	Female
21	0 Total number of households who received Notices of Eviction	Gay/Lesbian/Same-Gender Loving	Male
		Questioning/Unsure	Genderqueer/Gender Non-Binary
		Straight/Heterosexual	Trans Female
		Not Listed	Trans Male
		Declined / Not Stated	Not Listed
		0 Total (must match Total number in E29)	0 Total (must match Total number in E29)

**Number of Unlawful Detainer actions filed in court by the owner against tenants in the project during the reporting period for each of the following reasons:**  
(If more than one reason applies to a household, report only the primary reason.)  
*You MUST answer every question (i.e., enter zero if applicable).*

**Ethnicity and Race data for households for which Unlawful Detainers were filed during the reporting period:**

		enter # below	enter # below
22	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
23	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
24	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
25	Demolition	Asian - Chinese	Other Black
26	Denial of Access to Unit	Asian - Filipino	North African
27	Development Agreement	Asian - Japanese	West Asian
28	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
29	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
30	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
31	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
32	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
33	Lead Remediation	Other Asian	White - European
34	Non-payment of Rent	Latino - Caribbean	Other White
35	Nuisance	Latino - Central American	Not Reported
36	Other	Latino - Mexican	0 Total (must match Total number in E56)
37	Owner Move In	Latino - South American	
38	Roommate Living in Same Unit	Other Latino	<b>Gender data for households for which Unlawful Detainers were filed during the report period:</b>
39	Substantial Rehabilitation	<b>Sexual Orientation data for households for which Unlawful Detainers were filed during the report period:</b>	
40	Unapproved Subtenant	Bisexual	Female
41	0 Total number of unlawful detainer actions filed	Gay/Lesbian/Same-Gender Loving	Male
		Questioning/Unsure	Genderqueer/Gender Non-Binary
		Straight/Heterosexual	Trans Female
		Not Listed	Trans Male
		Declined / Not Stated	Not Listed
		0 Total (must match Total number in E56)	0 Total (must match Total number in E56)

**Number of households Evicted from the project during the reporting period for each of the following reasons:**  
(If more than one reason applies to a household, report only the primary reason.)  
*You MUST answer every question (i.e., enter zero if applicable).*

**Ethnicity and Race data for households that were Evicted during the reporting period:**

		enter # below	enter # below
42	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
43	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
44	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
45	Demolition	Asian - Chinese	Other Black
46	Denial of Access to Unit	Asian - Filipino	North African
47	Development Agreement	Asian - Japanese	West Asian
48	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
49	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
50	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
51	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
52	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
53	Lead Remediation	Other Asian	White - European
54	Non-payment of Rent	Latino - Caribbean	Other White
55	Nuisance	Latino - Central American	Not Reported
56	Other	Latino - Mexican	0 Total (must match Total number in E83)
57	Owner Move In	Latino - South American	
58	Roommate Living in Same Unit	Other Latino	<b>Gender data for households that were Evicted during the reporting period:</b>
59	Substantial Rehabilitation	<b>Sexual Orientation data for households that were Evicted during the reporting period:</b>	
60	Unapproved Subtenant	Bisexual	Female
61	0 Total number of households evicted (flows to question #35 on Worksheet 1A)	Gay/Lesbian/Same-Gender Loving	Male
		Questioning/Unsure	Genderqueer/Gender Non-Binary
		Straight/Heterosexual	Trans Female
		Not Listed	Trans Male
		Declined / Not Stated	Not Listed
		0 Total (must match Total number in E83)	0 Total (must match Total number in E83)

	B	D	F	H	J
15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
16	<b>INCOME &amp; EXPENSES</b>				
17	12 Month Report Period	Start Date:	1/0/1900	End Date:	1/0/1900
18	Number of Units-->	0			
19		Account			
20	Description of Income Accounts	Number	Residential	Non-Residential	Total
21					
22	<b>Rental Income</b>				
23	Housing Units - Gross Potential Tenant Rents	5120			
24	Rental Assistance Payments (identify ALL sources in row below if applicable, including LOOSP funding)	5121			
25	Source/s---->				
26	Commercial Unit Rents	5140			
27	<b>sub-total Gross Rental Income:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
28	<b>Vacancy Loss - enter amounts as negative numbers!</b>				vacancy rate
29	Housing Units	5220		<b>Must click &amp; explain if Residential Vac Rate is &gt; 15%</b>	
30	Commercial	5240			0.00%
31	<b>sub-total Vacancies:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
32					
33	<b>NET RENTAL INCOME:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
34					
35	<b>Other Income</b>				
36	Garage and Parking Spaces	5170			
37	Miscellaneous Rent Income	5190			
38	Supportive Services Income - Do not enter supportive services income if it is tracked in a separate budget and not appropriate per MOHCD loan terms to be included in Residual Receipts calculation.	5300			
39	Supportive Services Income Source/s- identify program source(s) if applicable -->				
40	Interest Income - Project Operations (From Operating Account Only)	5400			
41	Laundry and Vending	5910			
42	Tenant Charges	5920			
43	Other Revenue	5990			
44	<b>sub-total Other Income Received:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
45					
46	<b>TOTAL INCOME RECEIVED:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
47					
48	<b>INCOME &amp; EXPENSES</b>				
49		Account Number	Residential	Non-Residential	Total
50	Description of Expense Accounts				
51	<b>Management</b>				
52	Management Fee	6320			
53	"Above the Line" Asset Management Fee (amount allowable may be limited, see Asset Mgt. Fee Policy)				
54	<b>sub-total Management Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
55	<b>Salaries/Benefits</b>				
56	Office Salaries	6310			
57	Manager's Salary	6330			
58	Employee Benefits: Health Insurance & Disability Insurance	6723			
59	Employee Benefits: Retirement & Other Salary/Benefit Expenses				
60	Administrative Rent Free Unit	6331			
61	<b>sub-total Salary/Benefit Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
62	<b>Administration</b>				
63	Advertising and Marketing	6210			
64	Office Expenses	6311			
65	Office Rent	6312			
66	Legal Expense - Property	6340			
67	Audit Expense	6350			
68	Bookkeeping/Accounting Services	6351			
69	Bad Debts	6370			
70	Miscellaneous Administrative Expenses (must click & explain if >\$10k)	6390			
71	<b>sub-total Administrative Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
72	<b>Utilities</b>				
73	Electricity	6450			
74	Water	6451			
75	Gas	6452			

	B	D	F	H	J
15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
76	Sewer	6453			
77	<b>sub-total Utilities Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
78	<b>Taxes and Licenses</b>				
79	Real Estate Taxes	6710			
80	Payroll taxes	6711			
81	Miscellaneous Taxes, Licenses, and Permits	6719			
82	<b>sub-total Taxes and License Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
83	<b>Insurance</b>				
84	Property and Liability Insurance	6720			
85	Fidelity Bond Insurance	6721			
86	Workers' Compensation	6722			
87	Directors & Officers Liabilities Insurance	6724			
88	<b>sub-total Insurance Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
89	<b>Maintenance and Repairs</b>				
90	<b>IMPORTANT NOTE RE: TREATMENT OF CAPITAL AND NON-CAPITAL MAINTENANCE REPAIR EXPENSES ELIGIBLE FOR PAYMENT BY REPLACEMENT RESERVE: If possible, exclude those from this section. If you do include those expenses here, be sure to record the amounts in rows 103 (non-capital) and 210:215 below (capital).</b>				
91	Payroll	6510			
92	Supplies	6515			
93	Contracts	6520			
94	Garbage and Trash Removal	6525			
95	Security Payroll/Contract	6530			
96	HVAC Repairs and Maintenance	6546			
97	Vehicle and Maintenance Equipment Operation and Repairs	6570			
98	<u>Miscellaneous Operating and Maintenance Expenses (must click &amp; explain if &gt;\$10k)</u>	6590			
99	<b>sub-total Maintenance Repair Expense:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
100	<b>Supportive Services:</b> do not enter supportive services expenses if tracked in separate budget and not eligible to be counted against project income for residual receipts calculation.	6930			
101	<b>SUB-TOTAL OPERATING EXPENSES:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
102	<b>Capital Maintenance Repairs/Improvements eligible for payment by Replacement Reserve.</b> If capital costs were entered in amounts for Maintenance & Repairs section above and are eligible for payment by the Replacement Reserve, please enter details in Replacement Reserve-Eligible Expenditures below, beginning from row 207. Amounts provided in F210:215 will be linked to cell F102 and netted out from operating expenses.		\$0.00		
103	<b>Non-Capital Maintenance Repair Expenses eligible for payment by Replacement Reserve.</b> Only enter amounts here if they were included in amounts entered for Maintenance & Repairs section above and will be reimbursed by Replacement Reserve. Amount will be netted out from operating expenses. Enter as positive number.				
104	<b>TOTAL OPERATING EXPENSES:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
105		Name of Lessor/ Bond Monitoring Agency/ Reserve Account			
106	<b>Ground Lease Base Rent/Bond Fees/Reserves</b>				
107	Ground Lease - Base Rent (provide Lessor name to the right)				\$0.00
108	Bond Monitoring Fee				\$0.00
109	Replacement Reserve Required Annual Deposit (Source is Operating Account.) Enter as positive number.	1320			\$0.00
110	Operating Reserve Deposits (Source is Operating Account.) Enter as positive number.	1365			\$0.00
111	Operating Reserve Account Withdrawals (For deposits to Operating Account.) Enter as positive number.				\$0.00
112	Other Required Reserve Account Deposits (Source is Operating Account. Enter as positive number. Identify reserve account in next col) (1330)				\$0.00
113	Other Required Reserve Account Withdrawals (For deposit to Operating account. Enter as positive number. Identify account in next col ---->				\$0.00
114	<b>Sub-total Ground Lease Base Rent/Bond Fees/Reserves</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
115					
116	<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
117		Acct Num	Residential	Non-Residential	Total
118	<b>1. TOTAL INCOME RECEIVED:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
119	<b>2. TOTAL OPERATING EXPENSES:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
120	<b>3. NET OPERATING INCOME:</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
121					
122	<b>4. Debt Service (Principal and Interest)</b>	Name of Lender / Describe Other Amt Paid	Residential	Non-Residential	Total
123	Lender1 - Principal Paid (provide lender name to the right)				
124	Interest Paid				
125	Other Amount (describe to the right)				
126	Lender2 - Principal Paid (provide lender name to the right)				
127	Interest Paid				
128	Other Amount (describe to the right)				
129	Lender3 - Principal Paid (provide lender name to the right)				

	B	D	F	H	J
15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
130	Interest Paid				
131	Other Amount (describe to the right)				
132	Lender4 - Principal Paid (provide lender name to the right)				
133	Interest Paid				
134	Other Amount (describe to the right)				
135	<b>Total Debt Service Payments</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
136					
137	<b>Surplus Cash, Detail (NOI minus Debt Service and Reserve Activity)</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
138					
139	If amount for Surplus Cash above is negative: - you must provide a detailed explanation to question #8 on the Narrative worksheet - you must NOT supply data for any of the fields for Uses of Surplus Cash below		<a href="#">Go to ws4 Narrative question #8</a>		
140	<b>Surplus Cash, Total</b>				<b>\$0.00</b>
141	<b>Distribution of Surplus Cash/Residual Receipts - (Response Required.)</b> In the space below, please provide a detailed narrative summary of allowable distributions of Surplus Cash that accurately reflects the requirements under all MOHCD agreements as well as the requirements of other funders and any other agreements that govern. Please include the calculation methodology, applicable annual increases, etc. For proposed distribution amounts entered in column J, rows 143-165, select the distribution priority for each of the uses of cash flow/surplus cash in column H. <b>If distribution of surplus cash is not allowed under MOHCD agreements or other funder agreements, enter N/A in the box below.</b>				
142					
143	<b>USES OF SURPLUS CASH THAT ARE AUTHORIZED TO BE PAID PRIOR TO CALCULATION OF RESIDUAL RECEIPTS PAYMENTS (IF APPLICABLE)</b>			<b>Distribution Priority</b> (select below)	Leave cells below blank if Surplus Cash is <= \$0.
144	5. Operating Reserve Replenishments (Deposits made out of surplus cash to satisfy minimum balance requirements).				
145	6. "Below-the-line" Asset Mgt fee (prior written authorization from City/SFRA may be required, see Asset Mgt. Fee Policy).				
146	7a. Partnership Management fee due from this reporting period, if any (tax credit projects only; not allowed if project is beyond 15-year compliance period).				
147	7b. Partnership Management fee accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only; per City policy, typically must be paid out of owner distribution, entries usually not allowed here).				
148	8a. Investor Services Fee (aka LP Asset Management Fee) due from this reporting period, if any (tax credit projects only; per City policy, not allowed if project is beyond 15-year compliance period).				
149	8b. Investor Services Fee (aka LP Asset Management Fee) accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only; per City policy, typically must be paid out of owner distribution, entries usually not allowed here).				
150	9. Deferred Developer fee, if any				
151	10. Other payments: use question #1 on the Narrative (worksheet #4) to provide details about any fees or other payments, including ground lease residual rent payments for a non-MOHCD/OCII ground lease. Failure to provide details will result in disallowance of this expense. You may only include payments that were approved by MOHCD at time of funding that are also explicitly authorized by a Partnership Agreement or similar project document.	<a href="#">Go to ws4 Narrative question #1</a>			
152	11ai. Debt Pmt to other lender1: Principal Paid (note lender name to right)				
153	11aai. Debt Pmt to other lender1: Interest Paid				
154	11bi. Debt Pmt to other lender2: Principal Paid (note lender name to right)				
155	11bii. Debt Pmt to other lender2: Interest Paid				
156	<b>Total Payments preceding Residual Receipts Calculation:</b>				<b>\$0.00</b>
157					
158	<b>12. RESIDUAL RECEIPTS</b>				<b>\$0.00</b>
159				<b>Distribution Priority</b> (select below)	Leave cells below blank if Surplus Cash is <= \$0.
160	12a. MOHCD Residual Receipts Due for Loan Repayment				
161	12b. MOHCD Residual Receipts Due for Ground Lease Residual Rent Payment				
162	12c. Subtotal Residual Receipts Payments to MOHCD				<b>\$0.00</b>
163	12d. Residual Receipts Debt Pmt to other lender3 (note lender name to right)				



	B	D	F	H	J
15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
164	12e. Residual Receipts Debt Pmt to other lender4 (note lender name to right)				
165	12f. Residual Receipts Debt Pmt to other lender5 (note lender name to right)				
166	<b>Total Residual Receipts Payments:</b>				<b>\$0.00</b>
167	<b>DO NOT SUBMIT YOUR PROPOSED RESIDUAL RECEIPT PAYMENT TO MOHCD WITH THIS AMR. MOHCD WILL REVIEW YOUR PROPOSED PAYMENT AND GENERATE AN INVOICE IF THE CALCULATION CAN BE VERIFIED AS APPROPRIATE; IF THE CALCULATION CANNOT BE VERIFIED, MOHCD WILL CONTACT YOU.</b>				
168					
169	<b>Remaining Balance</b>				<b>\$0.00</b>
170					
171	<b>Proposed Owner Distributions</b> (provide description in column D and enter amount in column J. If an amount is entered, a description is required.)				
172	<b>Proposed Other Distributions/Uses</b> (provide description in column D and enter amount in column J. If an amount is entered, a description is required. If you had a Calendar Year LOSP surplus, please acknowledge that and note exact amount.)				
173					
174	Final Balance: should be ZERO except when Surplus Cash (cell J140) is negative				<b>\$0.00</b>
175					
176	<b>RESERVE ACCOUNT DETAILS</b>				
177					
178	<b>OPERATING RESERVE</b> (Do not leave blanks for any questions asking for a number, enter zero instead.)				
179	<b>Minimum Required Balance:</b>				
180	<b>Beginning Balance:</b>				
181	<b>Actual Annual Deposit from Operating Budget in Current Reporting Period</b> (not editable, data entered in cash flow above, account number 1365):		\$0.00		
182	<b>Additional Deposit</b> (use ONLY to record deposits from the Op Budget attributable to a prior reporting period, or deposits made from an external source)				
183	<b>Interest Earned:</b>				
184	<b>Annual Withdrawal Amount</b> (enter as negative number):				
185	<b>Ending Balance</b> (don't edit cell -- calculated):		\$0.00		
186	<b>Required Annual Deposit:</b>				
187	<b>Total Operating Expenses plus debt service</b> (don't edit cell -- calculated)		\$0.00		
188	If the calculated percentage shown to the right (Op Reserve Account Ending Balance divided by Total Op Expenses) is less than 23.5%, you must describe how the project will remedy the shortfall in the adjacent cell.  If the calculated percentage shown to the right is greater than 26.5%, you must explain why the Op Reserve balance exceeds MOHCD's requirement in the adjacent cell.		0.000%		
189					
190	<b>REPLACEMENT RESERVE</b> (Do not leave blanks for any questions asking for a number, enter zero instead.)				
191	<b>Minimum Required Balance:</b>				
192	<b>Beginning Balance:</b>				
193	<b>Actual Annual Deposit:</b>				
194	<b>Interest Earned:</b>				
195	<b>Annual Withdrawal Amount</b> (enter as negative number):				
196	<b>Ending Balance</b> (don't edit cell -- calculated):		\$0.00		
197	<b>Required Annual Deposit</b> (do not edit - taken from page 1 account number 1320):		\$0.00		
198	<b>Describe how the amount of annual deposit and the minimum required balance is determined.</b>				
199					
200	<b>CHANGES TO REAL ESTATE ASSETS</b>				
201	Enter Beginning and Ending Balances in each of the categories listed below. Changes in asset categories will auto calculate.		<b>Balance, 1/00/1900</b>	<b>Changes</b>	<b>Balance, 1/00/1900</b>
202	Building & Improvements			\$0.00	
203	Offsite Improvements			\$0.00	
204	Site Improvements			\$0.00	
205	Land Improvements			\$0.00	
206	Furniture, Fixtures & Equipment			\$0.00	
207	Other			\$0.00	
208	<b>Replacement Reserve-Eligible Expenditures:</b> Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible.				

	B	D	F	H	J
15	<b>Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing &amp; Community Development</b>				
209	<b>Capital Repairs and Improvements:</b> Enter capital repairs and improvement costs associated with the reporting year. For each category in rows 201-207 above that shows a positive change, an entry is required in each corresponding category in rows 212-217. If the operating account is used initially to fund the repair, and is later reimbursed by the replacement reserve during the reporting year, show the repair cost under "Replacement Reserve". If the operating account is used to fund the repair and was not reimbursed by the replacement reserve during the reporting year, show the repair cost under "Operating Account." Use the section below to supply a description of the capital repairs and improvements made.				
210	<b>Capital Repairs and Improvements Funded By:</b>				
211	Capital Repairs and Improvements - Categories	Replacement Reserve	Operating Account	Other Source	Total Amount
212	Building & Improvements				\$0.00
213	Offsite Improvements				\$0.00
214	Site Improvements				\$0.00
215	Land Improvements				\$0.00
216	Furniture, Fixtures & Equipment				\$0.00
217	Other				\$0.00
218	<b>Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
219	Description of Capital Repairs and Improvements				
220					
221	<b>Non-Capital Replacement Reserve Eligible Expenditures (i.e., labor costs):</b> Enter the amounts used to fund non-capital replacement reserve eligible expenditures. Use section below to supply explanations.				
222	Source				Amount
223	Paid out of Operating Budget, to be reimbursed by RR (shows the amount entered in row 103 above)				\$0.00
224	Paid Directly from Replacement Reserve				
225	Other Source				
226	Explanation of Non-Capital Replacement Reserve Eligible Expenditures	<b>Total</b>			<b>\$0.00</b>
227					
228	<b>TOTAL REPLACEMENT RESERVE ELIGIBLE EXPENDITURES:</b> the Replacement Reserve Withdrawal for the reporting period should not exceed the Total RR-eligible Expenditures. You must provide more details above or an explanation below if the RR withdrawal amount exceeds the Total RR-Eligible Expenditures.	RR Withdrawal Amount-->	\$0.00	Total RR-Eligible Expenditures-->	\$0.00
229	Notes About RR Withdrawal Amount in excess of Total RR-eligible Expenditures:				
230					
231					
232	<b>FEDERAL PROGRAM INCOME REPORT</b>				
233	<b>This section must be completed if the project received any CDBG funding, even if the amount of CDBG program income during the reporting period was zero. For more information, use the following link or copy this web address for manual navigation:</b>				
234					
235	<a href="http://www.sf-moh.org/Modules/ShowDocument.aspx?documentid=5141">http://www.sf-moh.org/Modules/ShowDocument.aspx?documentid=5141</a>				
236	<a href="#">Overview of Federal (HOME and CDBG) Program Income</a>				
237					
238	<b>CDBG PROGRAM INCOME</b>				
239	Proposed amounts to be used to fund eligible CDBG activities as described in the Federal CDBG Program Regulations at 24 CFR 570.201-206 and consistent with the City's 2020-2024 Consolidated Plan, 2020-2021 Action Plans as follows:	AMOUNT	DESCRIPTION		
240	Amount to be used for CDBG eligible activity#1 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
241	Amount to be used for CDBG eligible activity#2 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
242	Amount to be used for CDBG eligible activity#3 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
243	Amount to be deposited for use on future eligible CDBG activities that will be undertaken by June 30, 2019 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
244	Other (provide amount in cell to the right, plus activity description and regulation citation in column furthest to the right):				
245	<b>Total CDBG Program Income Calculation</b> (see instructions for guidance on how to calculate)				
246	<b>To ensure the eligible use of CDBG Program Income, the recipient of federal CDBG funding hereby requests approval by the Mayor's Office of Housing and Community Development for the use of CDBG program income received during the 2020 reporting period as depicted above.</b>				





**Annual Monitoring Report - Summary of Reported Household Demographics - Reporting Year 2020 -  
Mayor's Office of Housing & Community Development**

Project Address:	Last Day of Reporting Period	1/0/1900	# Units:	0
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**Household Size**

	# Reported Households	% of Total
One Person Household	0	
Two Person Household	0	
Three Person Household	0	
Four Person Household	0	
Five Person Household	0	
Six Person Household	0	
Seven or more Person Household	0	
<b>TOTAL Households*</b>	<b>0</b>	
<b>TOTAL Residents</b>	<b>0</b>	

\*Excludes 0 unit(s) reported as manager's or vacant unit(s).

**Other Household Demographics**

	# Reported
Elderly Households	0
Households with Children Under 18	0
Number of Children Under 18	0
Households with Tenant with Physical Disability	0
Households with Tenant with Visual Disability	0
Households with Tenant with Hearing Disability	0
Households with Tenant with Mental/Devt Disability	0
Households with Tenant with Other Disability	0
Households with Tenant with More than One Disability	0
Households with Tenant with No Disability	0

**Gender**

	# Reported Head of HH	% of Total
Female	0	
Male	0	
Genderqueer/Gender Non-binary	0	
Trans Female	0	
Trans Male	0	
Not listed	0	
Declined/Not Stated	0	
Question Not Asked	0	
<b>Total Head of Households</b>	<b>0</b>	

**Sexual Orientation**

	# Reported Head of HH	% of Total
Bisexual	0	
Gay /Lesbian/Same-Gender Loving	0	
Questioning /Unsure	0	
Straight/Heterosexual	0	
Not listed	0	
Decline to Answer	0	
Not Stated	0	
Question Not Asked	0	
<b>Total Head of Households</b>	<b>0</b>	

**Target and Actual Population Served**

<i>Target Population</i>		<i>Actual Population</i>	
0	<i>Families</i>	0	<i>Families</i>
0	<i>Persons with HIV/AIDS</i>	0	<i>Persons with HIV/AIDS</i>
0	<i>Housing for Homeless</i>	0	<i>Housing for Homeless</i>
0	<i>Mentally or Physically Disabled</i>	0	<i>Mentally or Physically Disabled</i>
0	<i>Senior Housing</i>	0	<i>Senior Housing</i>
0	<i>Substance Abuse</i>	0	<i>Substance Abuse</i>
0	<i>Domestic Violence Survivor</i>	0	<i>Domestic Violence Survivor</i>
0	<i>Veterans</i>	0	<i>Veterans</i>
0	<i>Formerly Incarcerated</i>	0	<i>Formerly Incarcerated</i>
0	<i>Transition-Aged Youth ("TAY")</i>	0	<i>Transition-Aged Youth ("TAY")</i>

**Annual Monitoring Report - Narrative - Reporting Year 2020 -  
Mayor's Office of Housing & Community Development**

Project Street Address:

Reporting Period - Start Date: 1/0/1900

Reporting Period - End Date: 1/0/1900

*MOHCD created the questions below to allow project owners to supply additional information about a small number of measurements that may indicate that a project is having difficulties. By providing this information, project owners will help provide context for the conclusions that can be made about the measurements. MOHCD will use the measurements and the information below to prioritize the projects that need closer scrutiny and support. Please supply as much information as is readily available.*

**1. Explanations & Comments**

Use this space to record notes about any peculiarities in the data entry process. For example, if you entered a formula instead of a single number for a field, make a note here re: for which question on which worksheet that was done, and describe the formula & underlying numbers. Also use this field to describe in detail any amounts entered for "Other payments" on the worksheet "2.Fiscal," item 10.

**2. Code Violations**

Provide the following for any violations or citations of Health or Building or Housing Codes that were issued during the reporting period, or were issued in a prior reporting period but remained open during any time of the current reporting period:

<b>Violation or Citation #</b>	<b>Date Issued</b>	<b>Issued By</b>	<b>Description</b>	<b>Cleared? (y/n)</b>

(add additional rows as needed)

**\*\* ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. \*\***

Violation or Citation #	Date Cleared	Issued By	Description of Remedy

(add additional rows as needed)

**\*\* ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. \*\***

### 3. Major Repairs

Describe any major repair or replacement needs that have been identified as being required within the next 2 years, and any related plans to pay for whatever is needed.

### 4. Vacant Unit Rent-Up Time

If the project had an average VACANT UNIT RENT-UP TIME greater than 30 days for question 36 on the worksheet "1A.Prop&Residents," you must supply the following:

- a. A description of the work done to analyze the cause/s of the high turnaround time, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the turnaround time, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

**5. Affirmative Marketing**

Did you conduct any marketing of the project during the reporting period? If yes, please describe the marketing that was conducted, including

- a. when the marketing was conducted and how it was intended to reach populations least likely to apply for the project;
- b. any advertising, direct mailings, emailings and web postings that were done; and
- c. how many households were on the waiting list prior to the marketing and how many were on it after the marketing was completed.

**6. Vacancy Rate -----**

If the project had a VACANCY RATE greater than 15%, as may be shown above from the Income Expense section of the worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the vacancy rate, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the vacancy rate, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

**7. Miscellaneous Expenses: Administrative/Operating & Maintenance**

If the project had miscellaneous administrative or miscellaneous operating & maintenance expenses greater than \$10,000 respectively, you must provide a detailed itemization of these individual expenses below. Total expenses must equal the total amount reported on the worksheet "2.Fiscal."



**Misc. Admin Expenses**

Expense Description	Amount	HUD Acct #	Notes
<b>Total:</b>	0.00		
<b>Diff. from Fiscal Activity WS:</b>			

**Misc. Operating & Maintenance Expenses**

Expense Description	Amount	HUD Acct #	Notes
<b>Total:</b>	0.00		
<b>Diff. from Fiscal Activity WS:</b>			

**8. Negative Cash Flow**

If the project had NEGATIVE CASH FLOW, as may be shown above from the Income Expense section of worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the shortfall, and what the identified causes are; and
- b. A description of the work done to identify remedies for the shortfall, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.
- d. If the project has a Project-Based Section 8 Housing Assistance Payments (HAP) contract, please also supply the date of the last increase to the HAP contract, the date when the project will submit the next HAP contract rent increase, and any related comments about whether the project has been diligent in seeking annual increases to the HAP contract.





Project Street Address:

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

	<u>Total</u>
<b>Rental Income</b>	
5120 Gross Potential Tenant Rents	\$0
5121 Rental Assistance Payments (inc. LOSP)	\$0
5140 Commercial Unit Rents	\$0
<b>Total Rent Revenue:</b>	<u><b>\$0</b></u>
<b>Vacancies</b>	
5220 Apartments	\$0
5240 Stores & Commercial	\$0
<b>Total Vacancies:</b>	<u><b>\$0</b></u>
<b>Net Rental Income: (Rent Revenue Less Vacancies)</b>	<u><b>\$0</b></u>
<b>Other Revenue</b>	
5170 Rent Revenue - Garage & Parking	\$0
5190 Misc. Rent Revenue	\$0
5300 Supportive Services Income	\$0
5400 Interest Revenue - Project Operations (From Operating Acct Only)	\$0
5400 Interest Revenue - Project Operations (From All Other Accts)	\$0
5910 Laundry & Vending Revenue	\$0
5920 Tenant Charges	\$0
5990 Misc. Revenue	\$0
<b>Total Other Revenue:</b>	<u><b>\$0</b></u>
<b>Total Operating Revenue:</b>	<u><b>\$0</b></u>

Project Street Address:

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

	<u>Total</u>
<b>Management</b>	
6320 Management Fee	\$0
"Above the Line" Asset Management Fee	\$0
Total Management Expenses:	<u><b>\$0</b></u>
<b>Salaries/Benefits</b>	
6310 Office Salaries	\$0
6330 Manager's Salary	\$0
6723 Employee Benefits: Health Insurance & Disability Insurance	\$0
Employee Benefits: Retirement & Other Salary/Benefit Expenses	\$0

6331 Administrative Rent Free Unit	\$0
Total Salary/Benefit Expenses:	<u>\$0</u>

**Administration**

6210 Advertising and Marketing	\$0
6311 Office Expenses	\$0
6312 Office Rent	\$0
6340 Legal Expense - Property	\$0
6350 Audit Expense	\$0
6351 Bookkeeping/Accounting Services	\$0
6370 Bad Debts	\$0
6390 Miscellaneous Administrative Expenses	\$0
Total Administrative Expenses:	<u>\$0</u>

**Utilities**

6450 Electricity	\$0
6451 Water	\$0
6452 Gas	\$0
6453 Sewer	\$0
Total Utilities Expenses:	<u>\$0</u>

**Taxes and Licenses**

6710 Real Estate Taxes	\$0
6711 Payroll taxes	\$0
6790 Miscellaneous Taxes, Licenses, and Permits	\$0
Total Taxes and Licenses Expenses:	<u>\$0</u>

**Insurance**

6720 Property and Liability Insurance	\$0
6721 Fidelity Bond Insurance	\$0
6722 Workers' Compensation	\$0
6724 Directors & Officers Liabilities Insurance	\$0
Total Insurance Expenses:	<u>\$0</u>

Project Street Address:

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

<b>Maintenance and Repairs</b>	<b>Total</b>
6510 Payroll	\$0
6515 Supplies	\$0
6520 Contracts	\$0
6525 Garbage and Trash Removal	\$0
6530 Security Payroll/Contract	\$0
6546 HVAC Repairs and Maintenance	\$0
6570 Vehicle and Maintenance Equipment Operation and Repairs	\$0
6590 Miscellaneous Operating and Maintenance Expenses	\$0
Total Maintenance and Repairs Expenses:	<u>\$0</u>

6900 Supportive Services	\$0
Capital and Non-Capital Expenditures to be Reimbursed from Replacement Reserve	\$0
<b>Total Operating Expenses:</b>	<b>\$0</b>

**Financial Expenses**

*Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.*

6820 Interest on Mortgage (or Bonds) Payable	
6825 Interest on Other Mortgages	
6830 Interest on Notes Payable (Long Term)	
6840 Interest on Notes Payable (Short Term)	
6850 Mortgage Insurance Premium/Service Charge	
6890 Miscellaneous Financial Expenses	
Total Financial Expenses:	\$0

6000	<b>Total Cost of Operations before Depreciation:</b>	<b>\$0</b>
5060	<b>Operating Profit (Loss):</b>	<b>\$0</b>

**Depreciation & Amortization Expenses**

*Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.*

6600 Depreciation Expense	
6610 Amortization Expense	
<b>Operating Profit (Loss) after Depreciation &amp; Amortization:</b>	<b>\$0</b>

**Net Entity Expenses**

*the right.*

7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
<b>Total Net Entity Expenses:</b>	<b>\$0</b>	

3250	<b>Change in Total Net Assets from Operations (Net Loss)</b>	<b>\$0</b>
	<i>Amount computed in cell E139 should match audited financial statement.</i>	

Project Street Address:

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

	<b>Total</b>
<b>Operating Revenue</b>	\$0
Interest earned on restricted accounts	\$0
Adjusted Operating Revenue	\$0
<b>Operating Expenses</b>	\$0
<b>Net Operating Income</b>	\$0
<b>Other Activity</b>	
Ground Lease Base Rent	\$0
Bond Monitoring Fee	\$0
Mandatory Debt Service - Principal	\$0
Mandatory Debt Service - Interest	\$0
Mandatory Debt Service - Other Amount	\$0
Deposits to Replacement Reserve Account	\$0
Deposits to Operating Reserve Account	\$0
Deposits to Other Restricted Accounts per Regulatory Agreement	\$0
Withdrawals from Operating Reserve Account	\$0
Withdrawals from Other Required Reserve Account	\$0
Total Other Activity:	\$0
Allocation of Non-Residential Surplus (LOSP only)	\$0
<b>Operating Cash Flow/Surplus Cash:</b>	<b>\$0</b>

**Distribution of Surplus Cash Ahead of Residual Receipts Payments**

*Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid **ahead** of residual receipts payments.*

	<b>Total</b>
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<b>Total Cash Available for Residual Receipts Distribution:</b>	<b>\$0</b>

**Distribution of Residual Receipts**

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


**Total**

Total Residual Receipts Distributions to Lenders: \$0

Proposed Owner Distribution \$0

Proposed Other Distribution/Uses \$0

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



Project Street Address:

**Summary of Replacement Reserve and Operating Reserve Activity  
For the Year Ended January 0, 1900**

	<b>Replacement Reserve</b>	<b>Operating Reserve</b>
Balance, January 0, 1900	\$0	\$0
Actual Annual Deposit	\$0	\$0
Interest Earned	\$0	\$0
Withdrawals	\$0	\$0
Balance, January 0, 1900	\$0	\$0

**Annual Monitoring Report - Completeness Tracker - Reporting Year 2020 -  
Mayor's Office of Housing & Community Development**

This checklist is a tool to help you track progress toward completion. NOTE: Do not submit the AMR until all items are "COMPLETED."

**Reporting Start Date:** 1/0/00  
**Reporting End Date:** 1/0/00

**Project Address:** \_\_\_\_\_

**Submission Instructions:**

Once all worksheets below are "COMPLETED", email the AMR, completed Owner Compliance Certification, along with the attachments required under the Insurance and Tax Certification per page 3 of the Owner Certification, waitlist, and audited financial statements to: [moh.amr@sfgov.org](mailto:moh.amr@sfgov.org).

The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit: name of head-of-household, contact information, date of application, number of people in the household, stated household income and desired unit size. Prior to submittal, the waiting list must be redacted to exclude any private information that should not be shared publicly, for example, Social Security numbers, ID numbers from other forms of identification, information related to disabilities or other health conditions. Please confer with legal counsel and let MOHCD know if you have any questions prior to submitting a copy of the project's waitlist. This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

<b>Worksheet 1A. Property &amp; Residents</b>	<b>INCOMPLETE</b>	
Questions 1 thru 4		incomplete
Questions 5 thru 24		incomplete
Questions 25 thru 39		incomplete
Questions 40 thru 46		incomplete
Questions 51 thru 57		incomplete
<b>Worksheet 1B. Transitional Programs</b>	<b>To Be Determined</b>	
Questions 1 thru 11		To Be Determined
Questions 12 thru 18		To Be Determined
Questions 19 thru 39		To Be Determined
<b>Worksheet 1C. Eviction Data</b>	<b>To Be Determined</b>	
Question 1		To Be Determined
Questions 2 thru 21		To Be Determined
Questions 22 thru 41		To Be Determined
Questions 42 thru 61		To Be Determined
<b>Worksheet 2. Fiscal Activity</b>	<b>INCOMPLETE</b>	
Rental Income - Housing Unit GPTR		incomplete
Vacancy Loss - Housing Units		incomplete
Operating Expenses		incomplete
Surplus Cash/Residual Receipts (Rows 140 - 174)		incomplete
Operating Reserve (Rows 177 - 187)		incomplete
Replacement Reserve (Rows 189 - 197)		incomplete
Changes to Real Estate Assets (Rows 202 - 207)		incomplete
Replacement Reserve Eligible Expenditures (Rows 210 - 229)		incomplete
Program Income (Rows 240 - 245)		OK
<b>Worksheet 3A. Occupancy &amp; Rent Info</b>	<b>INCOMPLETE</b>	
Does number of units entered on Worksheet 3A match total units entered on Worksheet 1A or the total households that can be served in Worksheet 1B?		To Be Determined
For each row for which a Unit Number is supplied, was data entered in all of the required cells?		To Be Determined
Narrative Provided for All rows indicating Overhoused or Overcrowded?		To Be Determined
<b>Worksheet 3B. Demographic Information</b>	<b>To Be Determined</b>	
Is Gender and Sexual Orientation/Identity selected for each household?		To Be Determined
<b>Worksheet 4. Narrative</b>	<b>To Be Determined</b>	
2		To Be Determined
3		To Be Determined
4		To Be Determined
5		To Be Determined
6		To Be Determined
7		To Be Determined
8		To Be Determined
<b>Worksheet 5. Project Financing</b>	<b>INCOMPLETE</b>	
<b>Worksheet 6. Services Funding</b>	<b>To Be Determined</b>	

## EXHIBIT H

### Tenant Selection Plan Policy

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

#### Application Process

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

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

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

### **Reasonable Accommodation and Modification Policy**

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

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

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

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

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

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

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

### **Notice of Denial and Appeal Process**

- The housing provider will:

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

## **EXHIBIT I**

### **Tenant Screening Criteria Policy**

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

#### **Screening Criteria**

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

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

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

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

**EXHIBIT J**

Developer Fee Policy



**Mayor's Office of Housing and Community Development**  
**Policy on Development Fees For Tax Credit Projects**  
**Effective October 16, 2020**

This MOHCD Policy on Development Fees for Tax Credit Projects applies to all developments seeking City funding in conjunction with new Tax Credit financing for the current project, including recapitalization projects with existing MOHCD loans. This does not apply to non-Tax Credit projects such as Small Sites Program (SSP) projects, which are subject to the SSP Program Guidelines. It also does not apply to HOPE SF or RAD projects, which are subject to separate developer fee policies.

Developers may include fees in their project budgets according to the terms below.

**I. MINIMUM FEES:** 5% of total development costs.

**II. MAXIMUM FEES:** Notwithstanding any other section of this Policy, the maximum Total Fee that may be included in basis is the Tax Credit limit (currently 15% of Eligible Basis) subject to the additional limitations identified below.

**A. Total Development Fee**

("Total Fee") for different project types are further detailed below, and reflect the sum of the Cash-Out Fee (Base, Additional, and Deferred) and Non Cash-Out Fee (Deferred and General Partner Equity Contribution).

**B. Fee Components**

1. Cash-Out Fee (Base and Additional)

<b>Project Type</b>	<b>9% Project - Maximum Cash-Out Fee</b>	<b>4% Project - Maximum Cash-Out Fee</b>	<b>Notes</b>
New Construction	TCAC Maximum	The lesser of TCAC Maximum or \$2,200,000 (Base) + \$10,000 per unit over 100 units (Additional), if additional cash-out requires no additional MOHCD gap funding.	
Newly Acquired and Substantially Rehabilitated (Per unit Hard Cost >= \$75,000)	TCAC Maximum	Same as new construction fee.	-Hard Cost is defined as "Total Construction Costs" summed in the MOHCD Application in cell K37, Tab 4b-Perms&U.
Substantial Rehabilitation (Per unit Hard Cost >=\$75,000) by Existing or Affiliate GP -- <b>Includes New City Funds or Re-structured City Debt</b>	50% TCAC Maximum	The lesser of TCAC maximum or \$1,100,000 (Base) + \$10,000 per unit over 100 units (Additional), if additional cash-out requires no additional MOHCD gap funding.	-Sponsor may take the allowable fee for Newly Acquired and Rehabilitated projects described above if 1) in the project's original syndication, sponsor did not take the maximum allowable developer fee; or 2) sponsor adds new affordable units to the project.

			<p>-Hard Cost is defined as “Total Construction Costs” summed in the MOHCD Application in cell K37, Tab 4b-Perms&amp;U.</p> <p>-Sponsor cash out permissible only per MOHCD Cash Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy.</p>
<p>Recapitalization, acquisition, or transfer with less than \$75,000 Per unit hard cost capital improvements</p>	No Fee	No Fee	<p>-Hard Cost is defined as “Total Construction Costs” summed in the MOHCD Application in cell K37, Tab 4b-Perms&amp;U.</p> <p>-Sponsor cash out permissible only per MOHCD Cash Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy.</p>

- a. A note about Cash-Out Additional Fee: If Eligible Basis is less than Threshold Basis, projects over 100 units may take up to \$10,000 per unit over 100 as cash-out fee, but only if such cash payment does not require additional gap funding from MOHCD (see MOHCD Application, Tab 8-DevFeeCalc, for calculation).
2. Cash-Out Fee (Deferred): If Eligible Basis is less than Threshold Basis, Developers may include a Cash-Out Deferred Fee component in the Total Fee up to the aggregate of 50% of surplus cash flow taken over the project’s first 15 years of operation (after typical payments of base ground rent, the general partner management fee, and investor asset management fee, if applicable). Cash-Out Deferred Fee is shown as both a source and a use of funds in the capital budget. Developers may use industry standard inflators of income and expenses to calculate Cash-Out Deferred Fee.
  - a. Distributions of surplus cash as Deferred Fee are in lieu of (not in addition to) the typical 33.3% distribution of surplus cash to the Sponsor. At Year 15 of operations, or earlier if the Deferred Fee is fully repaid before then, a surplus cash distribution shall commence at 33.3% of surplus cash (after typical payments of base ground rent, the general partner management fee, and investor asset management fee, if applicable).
  - b. For projects supported by the Local Operating Subsidy Program, Cash-Out Deferred Fee must be taken over a minimum time period of 5 years.
3. Non-Cash Out Fee (Deferred and General Partner Equity Contribution): Where Eligible Basis is less than Threshold Basis, Developers should include in Total Fee the maximum amount available for re-contribution as General Partner Equity or as Non-Cash Out Deferred Fee. It is

MOHCD’s intent to use Deferred Fee and General Partner Equity Contribution up to 15% of Eligible Basis to reduce MOHCD’s overall contribution to projects, so that MOHCD may invest its funds in the most projects possible. MOHCD will work with developers, lenders, and investors to ensure that the developer fee structure meets MOHCD financing goals and feasibility considerations.

4. Commercial Developer Fee is not addressed in this Policy. Please see MOHCD’s Commercial Underwriting Guidelines for information regarding development fees associated with Commercial, Community Serving Commercial, and Public Benefit Use spaces.

**III. FEE DISTRIBUTION:** The Cash-Out Base Fee shall be divided equally between “Project Management Fee” and “At-Risk Fee” (subject to the “At-Risk Fee Adjustment” described below). Any Cash-Out Additional Fee will be distributed as At-Risk Fee. Cash-Out Fees (Base and Additional) shall be distributed according to achievement of certain development milestones, as follows:

*Example below assumes Base Fee is \$2.2 M and Additional Fee is \$300,000.*

<b>Project Management Milestone</b>	<b>% of Fee Distributed</b>	<b>Fee Amount</b>
Acquisition, if applicable, or predevelopment loan closing (or another agreed-upon milestone if acquisition is not applicable, e.g. being awarded a City-owned site through a RFQ/RFP process)*	15%	\$165,000
During Predevelopment with no more than 50% of the total Project Management Fee to be disbursed prior to construction closing*	35%	\$385,000
At Construction Closing	20%	\$220,000
During Construction (disbursed upon request depending on % of construction completion) or at Completion of Construction	20%	\$220,000
Project Close-Out: Placed-In-Service application; 100% lease-up; City approval of sponsor’s project completion report and documents; and City acceptance of final cost certification.	10%	\$110,000
<b>TOTAL PROJECT MANAGEMENT FEE</b>	<b>100%</b>	<b>\$1,100,000</b>

**\*Joint Venture development team partners must split all Fee during the pre-development period 50%-50%. This helps ensure the new or emerging partner has access to Fee upfront to support their participation in the project and their capacity building.**

<b>At-Risk Fee Milestone</b>	<b>% of Fee Distributed</b>	<b>Fee Amount</b>
Qualified Occupancy (95% Leased up and Draft Cost Certification Audit)	20%	\$280,000
Permanent Loan Closing/Conversion (Final Cost Certification Audit)	50%	\$700,000
Project Close-Out: Placed-In-Service application; 100% lease-up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification.	30%	\$420,000
<b>TOTAL AT-RISK FEE</b>	<b>100%</b>	<b>\$1,400,000</b>

**A. At-Risk Fee Adjustment**

When outside funding sources limit the Cash Out Fee to a value less than allowed under this Policy (e.g., California's Department of Housing and Community Development), the Developer may still be paid a maximum of \$1.1M as a Project Management Fee and the At-Risk Fee shall be reduced to bring the total Cash-Out Fee (Base and Additional) in line with the outside funding source cap.

**IV. WAIVERS OF THE DEVELOPER FEE POLICY**

The Citywide Affordable Housing Loan Committee may approve a waiver or modification of any portion of this Policy for the purpose of assuring project feasibility. All recommendations related to this Policy are subject to the Mayor's approval in his or her sole discretion.

**V. CDBG or HOME REQUIREMENTS**

If MOHCD uses CDBG or HOME funds to pay the development fee, it is considered "program income", and, should MOHCD request it, the Sponsor must provide a report to MOHCD on its use of developer fees.

Recipients of CDBG administrative funding may not also receive a Project Management Fee for the same project covering the same time period.

**VI. POLICY IMPLEMENTATION**

This Policy applies to any development that has not received its gap financing commitment or debt restructuring approval from MOHCD by the effective date of the Policy.

**EXHIBIT K**

Hold Harmless Policy

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



**London N. Breed**  
Mayor

**Kate Hartley**  
Director

**Hold Harmless Policy for MOHCD's Income Limits & Maximum Rents**  
*Effective: 5/3/2019 (update to the initial policy that was effective 2/19/2016)*

**Background**

Every year, the United States Department of Housing and Urban Development ("HUD") publishes area median income ("AMI") data for jurisdictions across the United States. The City and County of San Francisco, acting through its Mayor's Office of Housing and Community Development ("MOHCD"), is a part of the San Francisco HUD Metropolitan Fair Market Rent Area ("SF HMFA"), which contains San Francisco, San Mateo and Marin County. MOHCD uses HUD's unadjusted AMI for SF HMFA as opposed to adjusted AMI, which is inflated to reflect high cost factors, to establish the income limits, maximum rents and sales prices that apply to affordable housing projects and programs regulated by MOHCD.

In 2016, MOHCD established a Hold Harmless Policy which stated that in any year when AMI decreased, MOHCD would maintain the income limits, maximum rents and sales prices at the previous year's levels in order to protect the operational integrity of affordable and inclusionary housing developments.

**Purpose**

This update to the Hold Harmless Policy (this "Policy") adds a limit to annual increases to income limits, maximum rents and sales prices published by MOHCD in order to mitigate the significant financial burden on low- and moderate-income tenants and homebuyers during periods of high escalation of AMI in San Francisco.

This Policy establishes the following:

- Limit annual increases to income limits, maximum rents, and sale prices to a maximum of 4%<sup>i</sup>
- Uphold the current policy of maintaining income limits, maximum rents and sales prices at the previous year's levels in years when AMI, as published by HUD, has decreased.

This Policy is intended to limit harm by:

1. Protecting tenants from displacement due to annual rent increases that would cause a significant financial burden; and
2. Protecting the operational integrity of housing developments so that owners are able to cover operating costs that typically increase annually, even when AMI decreases; and

- Ensuring that San Francisco’s low-, moderate- and middle-income workforce retain access to homeownership opportunities.

**Hold Harmless Limits**

For the purpose of this Policy:

“**HUD SF AMI**” means the maximum income by household size, maximum rent by unit type, and maximum sales prices as published annually by MOHCD, derived from the median income determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as “Unadjusted Median Income”.

“**MOHCD AMI**” means the maximum income by household size, maximum rent by unit type, and maximum sales prices as published annually by MOHCD under this Policy.

“**Housing Provider**” means any person or entity that owns a multi-family property that is restricted for the purpose of affordable housing and/or subject to MOHCD administration, regulations, or policies.

Limited Increases: Annual increases to MOHCD AMI shall be limited to the lesser of: (1) the percentage amount necessary to adjust MOHCD AMI to match the then-current year’s HUD SF AMI, or (2) four percent (4%)<sup>i</sup>. This Policy limits year-over-year increases to MOHCD AMI to 4% in periods of high HUD SF AMI escalation, while allowing MOHCD AMI to “catch up” to HUD SF AMI during periods when HUD SF AMI grows slowly, is static, or decreases.

Limited Decreases: This update to the Policy does not eliminate the Hold Harmless Policy adopted in 2016. In years when the MOHCD AMI matches the HUD SF AMI, and the subsequent year’s HUD SF AMI decreases, MOHCD will maintain the MOHCD AMI from the previous year. If, in subsequent years, HUD SF AMI decreases again, stays flat, or increases to a level that is still lower than before the initial decrease, MOHCD will maintain its published AMI until such time as the HUD SF AMI increases to a level that is greater than the MOHCD AMI.

The application of this Policy may result in the creation of a calculation of MOHCD AMI that is different than the HUD SF AMI. The below chart demonstrates how this Policy would be applied over a hypothetical 6-year period:

	Base Year	Year 2		Year 3		Year 4		Year 5		Year 6	
	AMI	AMI	% Change	AMI	% Change	AMI	% Change	AMI	% Change	AMI	% Change
<b>HUD SF AMI</b>	100.0	108.0	8.0%	107	-0.9%	111	3.9%	109.0	-2.0%	112.5	3.2%
<b>MOHCD AMI</b>	100.0	104.0	4.0%	107	2.9%	111	3.9%	111	0.0%	112.5	1.2%

Utility Allowances

Notwithstanding anything to the contrary in this Policy, it is important to note that a Housing Provider will be required to lower net rents (i.e. tenant-paid rent) as the result of increases in utility allowances in years when the MOHCD AMI matches the HUD SF AMI, and HUD SF AMI has decreased or remained flat. MOHCD AMI establishes the limits for maximum gross rent (aka “Tier 2 rent” under the City’s Inclusionary Housing Manual),” which consists of tenant rent plus utility allowance. If HUD SF AMI decreases or remains flat, and therefore MOHCD AMI remain the same as the previous year, an increase in the utility allowance means that the tenant rent would have to be lowered.

Limited Hardship Waiver

MOHCD will consider, in its sole discretion, a waiver of this Policy from a Housing Provider with rental units restricted under contracts (i.e., loan agreement, grant agreement, or other agreement for funding from the City) with MOHCD upon demonstration that: (1) the MOHCD AMI imposes a financial hardship that puts at risk the Housing Provider's ability to cover reasonable operating costs and debt service, (2) existing tenants will not be unreasonably financially burdened by the Housing Provider's proposed rent increases, and (3) the Housing Provider is not in default under any contract with MOHCD. Any waiver from this Policy approved by MOHCD, in its sole discretion, shall apply for only one year. Housing Providers are solely responsible for providing MOHCD with any documentation requested by MOHCD to support a hardship waiver of this Policy.

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<sup>i</sup> The application of the 4% increase is made on the amount for the 100% AMI level for a 4-person family. MOHCD continues to using rounding to the nearest \$50 on the calculations for all of the other income levels and household sizes. The use of rounding may create nominal differences in the percentage increases for all of the other max income levels and household sizes, as well as for all of the maximum rents.



**EXHIBIT L**  
**Insurance Requirements**

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

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

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

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

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

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

(e) a crime policy or fidelity bond covering Borrower's officers and employees against dishonesty with respect to the Funds of no less than One Million Dollars (\$1,000,000) each loss, with any deductible not to exceed Fifty Thousand Dollars (\$50,000) each loss, including the City as additional obligee or loss payee;

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

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

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

(a) Upon completion of construction:

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

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Twenty Five Thousand Dollars (\$25,000) each loss, including the City as loss payee.

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

(b) During the course of any construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Fifty Thousand Dollars (\$50,000) each loss, including the City and all subcontractors as loss payees.

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

(c) Upon completion of construction:

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

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Twenty Five Thousand Dollars (\$25,000) each loss, including the City as loss payee.

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

### 3. General Requirements.

(a) Required Endorsements. Borrower's insurance policies will include the following endorsements:

(i) Commercial General Liability and Commercial Automobile Liability Insurance policies will be endorsed to name as "Additional Insured" the City and County of San Francisco, its officers, agents, and employees.

(ii) The Workers' Compensation policy(ies) will be endorsed with a waiver of subrogation in favor of the City for all work performed by the Borrower, its employees, agents, contractor(s), and subcontractors.

(iii) Commercial General Liability and Commercial Automobile Liability Insurance policies will provide that such policies are primary insurance to any other insurance available to the "Additional Insureds," with respect to any claims arising out of this Agreement, and that the insurance applies separately to each insured against whom claim is made or suit is brought.

(iv) All policies will be endorsed to provide thirty (30) days' advance written notice to the City of cancellation for any reason, intended non-renewal, or reduction in coverages. Notices will be sent to the City address set forth in **Section 21.1** of the Agreement.

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

(b) Certificates of Insurance. By no later than Loan closing and annually thereafter, Borrower will furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above. Approval of the insurance by City shall not relieve or decrease Borrower's liability under this Agreement.

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

(d) Claims Based Policies. All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made form, Borrower will maintain coverage as follows:

(i) for builder's risk, continuously for a period ending no less than three (3) years after recordation of a notice of completion without lapse, to the effect that, if any occurrences give rise to claims made after completion of the Project, then those claims will be covered by the claims-made policies; or

(ii) for all other insurance under this Exhibit L, continuously through the Compliance Term and, without lapse, for a period of no less than three (3) years beyond the expiration of the Compliance Term, to the effect that, if any occurrences during the Compliance Term give rise to claims made after expiration of the Agreement, then those claims will be covered by the claims-made policies.

(e) Additional Requirements.

(i) If any of the required insurance is provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit will be double the occurrence or claims limits specified above.

(ii) Any and all insurance policies required under this Exhibit L will contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(iii) On City's request, Borrower and City will periodically review the limits and types of insurance carried under this Exhibit L. If the general commercial practice in the City and County of San Francisco is to carry liability insurance in an amount or coverage materially greater than the amount or coverage then being carried by Borrower for risks comparable to those associated with the Permit Area, then City in its sole discretion may require Permittee to increase the amounts or coverage carried by Borrower to conform to the general

commercial practice, unless Borrower demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Borrower.

(iv) Borrower's compliance with the insurance requirements under this Exhibit L will in no way relieve or decrease Borrower's indemnification obligations under this Agreement or any of Borrower's other obligations under this Agreement.

**Exhibit M**  
**Reserved.**

**EXHIBIT N**  
Reserved

**EXHIBIT O**  
Reserved



**EXHIBIT P**  
Residual Receipts Policy

# Mayor's Office of Housing and Community Development

## Residual Receipts Policy

### Effective April 1, 2016

#### INTRODUCTION

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

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

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

#### SUMMARY (see below for detailed requirements)

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

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

**I. Definition of Residual Receipts**

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

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

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

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

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

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

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

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

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

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

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

**V. Conditions to Distribution of Residual Receipts to Borrower**

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

3. Approval by MOHCD of the amount to be distributed.
- B. No distribution of Residual Receipts shall be made under any of the following circumstances:
1. When a written notice of default has been issued by any lender or investor and such default has not been cured; or
  2. When the City determines that the borrower or the borrower's management agent has failed to maintain the housing and its surroundings in a safe and sanitary manner in accordance with local health, building, and housing codes; or
  3. If any operating expense, including debt service on non-City loans remains unpaid; or
  4. If any required reserve account is not fully funded according to the terms of the MOHCD contract/s; or
  5. In the event of any other material failure to comply with the provisions of the MOHCD contract/s.

**VI. Use of Residual Receipts Distributed to the Borrower**

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

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

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