

**FIRST AMENDMENT TO LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO HOUSING TRUST FUND,
OUR CITY OUR HOME FUND)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (this “First Amendment”) 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 **2530 18th, LLC, a California limited liability company** (“Borrower”).

RECITALS

A. In November 2018, the voters of the City approved Proposition C, which created the Homelessness Gross Receipts Tax Ordinance under Business and Tax Regulations Code Article 28 with all collected monies to be deposited into the Our City, Our Home Fund under Administrative Code Section 10.100-64 (“OCOH Fund”). The City is authorized to use a portion of the OCOH Fund for the construction, acquisition, rehabilitation, lease, preservation, and operation of permanent supportive housing units, which include a rental subsidy and onsite supportive services for formerly homeless adults, families, and youth, or the acquisition, rehabilitation, master lease, and operation of SRO Buildings (as defined in Business & Tax Regulations Code Section 2810(h)(2)), or portions thereof, newly acquired or master leased on or after January 1, 2019. The funds provided from the OCOH Fund to the Borrower under this Agreement will be referred to herein as the “OCOH Funds.”

B. The City previously made a loan of Housing Trust Funds in the principal amount of Four Million Nine Hundred Thousand Dollars (\$4,900,000) (the “Loan”) to Borrower related to the acquisition of property located at 2530 18th Street, San Francisco (the “Site”), for the purpose of developing new, permanent affordable housing for families, with at least 50% of units provided for families experiencing homelessness. The Loan is evidenced by the following documents dated as of October 3, 2023: (1) Loan Agreement (Housing Trust Funds) (“the Loan Agreement”); (2) Secured Promissory Note made by Borrower in an amount of the Loan to the order of the City (the “Original Note”); (3) a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, recorded on October 18, 2023, as Instrument No. 2023076815 (“Deed of Trust”); and (4) Declaration of Restrictions and Affordable Housing Covenants. Capitalized terms use herein and not otherwise define shall have the meanings set forth in the Loan Agreement.

C. In conjunction with Borrower’s acquisition of the Site, Borrower obtained a loan in the principal amount of \$2,000,000 from CommonSpirit Health Operating Investment Pool, LLC (“Acquisition Loan”). Borrower desires to repay the Acquisition Loan to decrease the holding costs of the Site until it can be financed and start construction.

D. The Borrower has requested the City to increase the Loan in an amount not to exceed Two Million Dollars (\$2,000,000) to (the “Additional Loan Amount”) to repay the Acquisition Loan. The Citywide Affordable Housing Loan Committee has reviewed Borrower's application for additional Funds and, in reliance on the accuracy of the statements in that

application, has recommended to the Mayor that the City make an additional loan of OCOH Funds to Borrower (the "Additional Loan") in the amount of the Additional Loan Amount, for a total loan of Funds ("Loan") in an amount not to exceed Six Million Nine Hundred Thousand and No/100 Dollars (\$6,900,000.00) (the "Funding Amount") subject to the terms and conditions of the Agreement, as amended by this First Amendment.

E. City and Borrower desire to amend the Loan Agreement, Original Note, and the Deed of Trust for the purposes of providing the Additional Loan to Borrower.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, City and Borrower agree as follows:

AGREEMENT

1. Amendments to Loan Agreement. The Loan Agreement is hereby amended as follows:

(a) **Recital D** is hereby deleted in its entirety and replaced with the following:

D. In November 2018, the voters of the City approved Proposition C, which created the Homelessness Gross Receipts Tax Ordinance under Business and Tax Regulations Code Article 28 with all collected monies to be deposited into the Our City, Our Home Fund under Administrative Code Section 10.100-64 ("OCOH Fund"). The City is authorized to use a portion of the OCOH Fund for the construction, acquisition, rehabilitation, lease, preservation, and operation of permanent supportive housing units, which include a rental subsidy and onsite supportive services for formerly homeless adults, families, and youth, or the acquisition, rehabilitation, master lease, and operation of SRO Buildings (as defined in Business & Tax Regulations Code Section 2810(h)(2)), or portions thereof, newly acquired or master leased on or after January 1, 2019. The funds provided from the OCOH Fund to the Borrower under this Agreement will be referred to herein as the "OCOH Funds."

(b) **Recital E** is hereby deleted in its entirety and replaced with the following:

On August 18, 2023, the Citywide Affordable Housing Loan Committee reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, recommended to the Mayor that the City make an initial loan of Funds to Borrower (the "Original Loan") in the amount of Four Million Nine Hundred Thousand and No/100 Dollars (\$4,900,000.00) (the "Original Loan Amount") under this Agreement to fund certain costs related to the Project. The Citywide Affordable Housing Loan Committee has reviewed Borrower's application for additional Funds and, in reliance on the accuracy of the statements in that application, has recommended to the Mayor that the City make an additional loan of OCOH Funds to Borrower (the "Additional Loan") in the amount of the Two Million and No/100 Dollars (\$2,000,000), for a total loan of Funds (the "Loan") in an amount not to exceed Six Million Nine Hundred Thousand and No/100 Dollars (\$6,900,000.00) (the "Funding Amount")

subject to the terms and conditions of this Agreement, as amended by the First Amendment to the Loan Agreement.

(c) The definitions under **Section 1.1 (Defined Terms)** are hereby deleted in their entirety and replaced as follows:

“Agreement” means this Loan Agreement, including any written amendments executed by the parties.

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

“Funds” means, collectively, the funds provided from the Housing Trust Fund and the OCOH Fund, and supersedes the definition under Recital A.

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

2. Amendments to the Note and Deed of Trust. Concurrently herewith, Borrower will execute, in form and substance acceptable to the City, the following: (a) an Amended and Restated Promissory Note in favor of the City (the “Note”) to evidence the Loan Agreement as amended by this First Amendment, and (b) a First Amendment to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (“Deed Amendment”). Accordingly, the City hereby acknowledges and agrees that the Note will supersede and replace the Original Note upon delivery to the City, the Original Note will be canceled, returned to Borrower and of no further force or effect. Borrower will record, or will cause to record, the Deed Amendment in the Official Records..

3. Miscellaneous.

(a) References. No reference to this First Amendment is necessary in any instrument or document at any time referring to the Loan Agreement, Note, or any other City Document. Any reference to such documents shall be deemed a reference to such documents as amended by this First Amendment.

(b) No Other Amendments. Except as amended by this First Amendment, the Loan Agreement shall remain unmodified and in full force and effect.

(c) Counterparts. This First Amendment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.

- (d) Successors and Assigns. The terms, covenants and conditions contained in this First Amendment shall bind and inure to the benefit of Borrower and the City and, except as otherwise provided herein, their personal representatives and successors and assigns.
- (e) Further Instruments. City and Borrower hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Amendment.
- (f) No Thirty Party Beneficiaries. Nothing contained in this Amendment, 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.

SIGNATURES FOLLOW ON THE NEXT PAGE

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

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

BORROWER:

2530 18th, LLC, a California limited liability company

By: Homeless Prenatal Program, Inc., a California nonprofit public benefit corporation, its sole member and manager

By: _____
Shellena Eskridge, Executive Director

By: _____
Joshua Arce, Board Chair

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Keith Nagayama
Deputy City Attorney