

File No. 140795

Committee Item No. 7

Board Item No. 29

COMMITTEE/BOARD OF SUPERVISORS AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Sub-Committee

Date July 27, 2016

Board of Supervisors Meeting

Date August 2, 2016

Cmte Board

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Completed by: Linda Wong Date July 22, 2016

Completed by: Linda Wong Date July 28, 2016

AMENDED IN COMMITTEE
7/27/16

FILE NO. 160795

RESOLUTION NO.

1 [Agreements - Purchase and Sale for Real Estate and Ground Lease - 1036 Mission
2 Associates, L.P - 1036 Mission Street - \$5,476,250 and \$15,000 Respectively]

3 **Resolution approving and authorizing the execution and performance of an Agreement of**
4 **Purchase and Sale of Real Estate in connection with the acquisition of the parcel located**
5 **at 1036 Mission Street (Assessor's Parcel Block No. 3703, Lot No. 162) ("the Property"), for**
6 **\$5,476,250, and a long term, 85-years with a 14-year extension option, Ground Lease of the**
7 **Property for \$15,000 annual base rent, with 1036 Mission Associates, L.P., to construct a**
8 **100% affordable, 83-unit multifamily rental housing development for low-income**
9 **households and formally homeless families and a commercial shell for a 1,061 square foot**
10 **commercial space; adopting findings that the project was properly analyzed in the**
11 **Negative Declaration prepared under the California Environmental Quality Act, and that**
12 **the conveyance and lease are consistent with the City's General Plan, and the priority**
13 **policies of Planning Code Section 101.1; and authorizing and directing the Director of**
14 **Property and Director of the Mayor's Office of Housing and Community Development to**
15 **execute documents, make certain modifications, and take certain actions in furtherance of**
16 **this Resolution, as defined herein.**

17
18 WHEREAS, In April 2006, the Mayor's Office of Housing (now the Mayor's Office of
19 Housing and Community Development) ("MOHCD") issued a Notice of Funding Availability
20 ("NOFA") to provide financing assistance for the development of low income affordable rental
21 family housing; and

22 WHEREAS, Tenderloin Neighborhood Development Corporation ("TNDC"), a California
23 nonprofit public benefit corporation, submitted an application in response to the NOFA and
24 was selected to be the developer for an apartment building for low income families, including
25

1 homeless families to be located at 1036 Mission Street (Assessor's Block 3703, Lot 162) (the
2 "Property"); and

3 WHEREAS, TNDC established 1036 Mission Associates, L.P., a California
4 limited partnership ("Seller/Lessee"), as a separate entity under which to develop the
5 Project; and

6 WHEREAS, Seller/Lessee acquired the property in 2007 for \$5,500,000, using a
7 \$100,000 acquisition loan from the former San Francisco Redevelopment Agency (now known
8 as the Successor Agency to the Redevelopment Agency of the City And County of San Francisco, a
9 public body organized and existing under the laws of the State of California, commonly known as the
10 Office of Community Investment and Infrastructure (the "Successor Agency" or "OCII"), (the
11 "Redevelopment Agency Loan"), and a \$5,476,250 acquisition loan from MOHCD (the
12 "MOHCD Acquisition Loan"); and

3 WHEREAS, MOHCD desires to acquire the Property from Seller/Lessee
14 pursuant to a Purchase and Sale Agreement ("PSA") in substantially the form on file
15 with the Clerk of the Board of Supervisors in File No. 160795, incorporated herein by
16 reference; and

17 WHEREAS, In consideration of the Seller/Lessee's agreement to convey the
18 Property, MOHCD shall credit the outstanding balance and accrued interest of the
19 MOHCD Acquisition Loan and reconvey the related Deed of Trust subject to the
20 conditions described in the PSA; and

21 WHEREAS, MOHCD is also providing the Seller/Lessee with new financial assistance
22 to leverage equity from an allocation of low-income housing tax credits and other funding
23 sources in order to construct a 100% affordable, 83-unit multifamily rental housing
24 development for low-income households and formally homeless families and a commercial
25 shell for a 1,061 square foot commercial space on the Property (the "Project"); and

1 WHEREAS, Seller/Lessee has obtained all entitlements and is ready to begin
2 construction of the Project; and

3 WHEREAS, An appraisal dated March 26, 2016 valued the Property at
4 \$17,480,000 with entitlements; and

5 WHEREAS, MOHCD and the Director of Property have approved the form of the
6 Ground Lease between MOHCD and the Seller/Lessee, pursuant to which MOHCD will lease
7 the Property to the Seller/Lessee for Fifteen Thousand Dollars (\$15,000.00) per year Base
8 Rent, in exchange for the Seller/Lessee's agreement, among other things, to operate the
9 Project with rent levels affordable to households up to 50% San Francisco Area Median
10 Income (AMI). A copy of the Ground Lease in substantially the form approved is on file with
11 the Clerk of the Board of Supervisors in File No. 160795, and is incorporated herein by
12 reference; and,

13 WHEREAS, The Ground Lease provides, among other conditions, for a term of [85]
14 years and one [14] year option to extend; and,

15 WHEREAS, The Planning Department analyzed the project in the 1036 Mission
16 Street Mitigated Negative Declaration, which was adopted on May 14, 2009 in Planning
17 Commission Resolution No. 19135 (Planning Case No. 2007.1464E). The Planning
18 Commission adopted a Mitigation Monitoring and Reporting Program as part of such
19 adoption and approval of the Project

20 WHEREAS, The Planning Department found that the Acquisition and Ground
21 Lease are consistent with the City's General Plan and with the Eight Priority Policies
22 under Planning Code Section 101.1 for the reasons set forth in the letter of the
23 Department of City Planning dated April 21, 2016, which is on file with the Clerk of the
24 Board of Supervisors in File No. 160795; now, therefore, be it
25

1 RESOLVED, That the Board of Supervisors hereby finds that the Acquisition
2 and Ground Lease are consistent with the City's General Plan and with the Eight
3 Priority Policies under Planning Code Section 101.1 for the same reasons set forth in
4 the letter of the Department of City Planning dated April 21, 2016, and hereby
5 incorporates such findings by reference as though fully set forth in this Resolution; and,
6 be it

7 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the
8 Acquisition is consistent with CEQA per the 1036 Mission Street Mitigated Negative
9 Declaration, adopted on May 14, 2009 (Planning Case No. 2007.1464E) and, be it

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

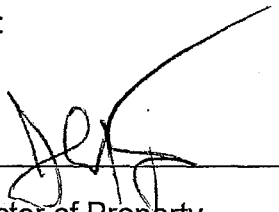
18 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director
19 of Property (or his designee) and the Director of MOHCD (or his designee), in
20 consultation with the City Attorney, to enter into any additions, amendments or other
21 modifications to the Purchase and Sale Agreement and the Ground Lease (including in
22 each instance, without limitation, the attachment of exhibits), that the Director of
23 Property and the Director of MOHCD determine are in the best interests of the City, do
24 not materially decrease the benefits to the City with respect to the Property, or
25 otherwise materially increase the obligations or liabilities of the City, and are necessary

1 or advisable to complete the transaction contemplated herein, effectuate the purpose
2 and intent of this Resolution, and are in compliance with all applicable laws, including
3 the City's Charter. Documents that include amendments from what was previously
4 submitted to the Board shall be provided to the Clerk of the Board, as signed by the
5 parties, together with a marked copy to show any changes, within 30 days of execution
6 for inclusion in the official file; and, be it

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

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RECOMMENDED:



John Updike, Director of Property



Olson Lee, Director, Mayor's Office of Housing and Community Development

<p>Item 7 File 16-0795</p>	<p>Department: Mayor's Office of Housing and Community Development (MOHCD)</p>
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EXECUTIVE SUMMARY

Legislative Objectives

The proposed resolution would: (1) authorize a purchase and sale agreement for 1036 Mission Street L.P., an affiliate of Tenderloin Neighborhood Development Corporation (TNDC), to sell 1036 Mission Street to the City for \$5,476,250; and (2) authorize an 85-year ground lease, with one 14-year option to extend, between the City and 1036 Mission Associates to construct an 83-unit 100 percent affordable housing development at the site.

Key Points

- The Mayor's Office of Housing and Community Development (MOHCD) and the former Redevelopment Agency awarded TNDC \$5,576,250 for site acquisition and predevelopment costs in 2006 to purchase land at 1036 Mission Street in the South of Market Area (SOMA) neighborhood in order to develop a 100 percent affordable housing development.
- TNDC was unable to secure capital financing for construction of the project in 2010 due to the economic conditions at the time. In 2013, TNDC was able to secure partial permanent financing from state and federal sources, and move forward with the project. MOHCD approved a \$14,046,092 loan to the project to fill the remaining gap in financing.
- The proposed development is a 9-story, 83-unit 100 percent affordable housing project, which includes 40 units specifically for homeless families. The development also includes on-site management and services for residents, and commercial retail space.
- MOHCD proposes to purchase 1036 Mission Street from TNDC, and enter into an 85-year ground lease, with one 14-year option to extend with TNDC for use of the property, for a 99-year ground lease.

Fiscal Impact

- MOHCD would purchase 1036 Mission Street from 1036 Mission Associates, an affiliate of TNDC, for \$5,476,250, which is the same amount that was loaned to TNDC to purchase the property in 2006 (\$5,576,250 less the \$100,000 loan from the Redevelopment Agency).
- The total rent payable by TNDC to MOHCD over the term of the 85-year lease would be \$15,000 per year or \$1,275,000 over 85 years.

Policy Consideration

- TNDC's proposal to construct a nine-story, 83-unit building is three to four stories lower, and results in 39 to 70 fewer affordable housing units than is permitted under the current C-3-G Downtown General Zoning. MOHCD staff cites increased cost constraints related to building taller than nine stories that could make the project infeasible at this time.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter Section 9.118(c) states that any lease of real property for a period of ten or more years, including options to renew, or having anticipated revenue to the City of \$1 million or more, and the modification of such lease, is subject to Board of Supervisors approval.

Administrative Code Section 23.4 authorizes the Director of the City's Real Estate Division to accept deeds granting real property to the City subject to Board of Supervisors approval.

BACKGROUND

1036 Mission Associates, L.P., an affiliate of Tenderloin Neighborhood Development Corporation (TNDC), a non-profit organization, currently owns a 15,200 square foot (SF) vacant parking lot at 1036 Mission Street between Sixth and Seventh Streets in the South of Market Area (SOMA) neighborhood of the City. TNDC intends to develop a 9-story, 83-unit 100 percent affordable housing development for low-income and formerly homeless families on the site.

Site Acquisition & Predevelopment

The former Redevelopment Agency issued a Notice of Funding Availability (NOFA) in 2006 for permanent affordable housing for very-low income and homeless families. Based on a competitive process, TNDC was awarded \$5,800,000 to cover site acquisition and predevelopment costs of 1036 Mission Street. \$5,700,000 in funding was from MOHCD, and \$100,000 was from the Redevelopment Agency.

TNDC purchased the property at 1036 Mission Street from a private owner for \$5,576,250 in 2007.¹ In 2009, TNDC secured entitlements from the Planning Department for a 7-story, 88 unit building. The total costs for the original development were expected to be \$40,313,989.

Project Delays

TNDC was unable to secure capital financing for the construction of the project in 2010 due to the economic conditions at the time, and chose to hold the land instead. During this time, TNDC leased the site on a month-to-month basis to Priority Parking, which operated a pay-per-space parking lot. This lease terminated in May 2016.

In 2013, TNDC secured partial permanent financing from state and federal sources for the remaining phases of the project, and notified MOHCD that it would begin to move forward with the construction of the project.

Proposed Development at 1036 Mission Street

Entitlements for the original project expired by 2013, so TNDC secured entitlements for a revised design in 2014. The revised proposal consists of 83 total units. 40 units will be set aside for homeless families earning no more than 30 percent of area median income as determined by the U.S. Department of Housing and Urban Development (HUD). Operating expenses for the 40 units are anticipated to be subsidized through the Human Service Agency's Local Operating

¹ The remaining \$123,750 in funding not expended for the purchase price of the land was used for payment of transfer tax and other related costs.

Subsidy Program (LOSP). The remaining 43 units will be for families earning less than 50 percent of San Francisco area median income.

The proposed development will include on-site management and services for residents in addition to 1,061 square feet (SF) of commercial retail space.

1036 Mission Street Property Appraisal

TNDC hired James G. Palmer Appraisals, Inc. to prepare an updated appraisal for the property in 2016 based on the highest and best use of the site. The appraisal valued the property at \$17,480,000 (or \$1,150/SF for 15,200 SF lot) based on an analysis of five comparable sales from 2013 to 2015 in SOMA, Potrero Hill, Nob Hill and Pacific Heights.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would:

- (1) Authorize a purchase and sale agreement for 1036 Mission Street L.P., an affiliate of TNDC, to sell 1036 Mission Street to the City for \$5,476,250,
- (2) Authorize an 85-year ground lease, with one 14-year option to extend, between the City and 1036 Mission Associates to construct an 83-unit 100 percent affordable housing development;
- (3) Adopt findings that the purchase, sale and lease of the property are consistent with the California Environmental Quality Act (CEQA), the General Plan and the eight policy priorities of Planning Code Section 101.1, and
- (4) Authorize the Director of the City's Real Estate Division and the Director of the Mayor's Office of Housing and Community Development (MOHCD) to execute documents and take action to further the proposed resolution.

City Purchase of Site from TNDC

According to the original 2006 loan agreement between TNDC and the Redevelopment Agency, TNDC would transfer the fee title to 1036 Mission Street to the Redevelopment Agency before TNDC closes construction financing. Transfer of the fee title to 1036 Mission Street would be used as a payment of the \$100,000 loan from the Redevelopment Agency. In addition, the MOHCD loan of \$5,476,250 provided to TNDC to purchase the property would be forgiven when the property was transferred to the Redevelopment Agency at construction closing.

Consistent with State Dissolution Law that went into effect in February 2012, MOHCD has been designated as the Housing Successor Agency, and the Successor Agency to the Redevelopment Agency (Office of Community Investment and Infrastructure or OCII) transferred all of its housing obligations and related assets to MOHCD as of February 1, 2012.

Now that the obligations related to the proposed project at 1036 Mission Street have been fulfilled under the Redevelopment Agency Loan Agreement, OCII will assign the Loan Agreement to MOHCD through an approval of the Oversight Board and the California Department of Finance, which will take place after construction financing has closed.

MOHCD will purchase 1036 Mission Street from TNDC for the amount of of \$5,476,250. The outstanding balance and accrued interest on the MOHCD loan to TNDC of \$5,476,250 will be credited against the purchase of 1036 Mission Street.

Ground Lease between the City and TNDC

The proposed resolution would approve an 85-year ground lease between the City and 1036 Mission Associates for 1036 Mission Street. Key terms for the lease are shown in Table 1 below.

Table 1: Key Lease Terms

<u>Lease Term</u>	
Size of Property	15,200 SF
Lease Period	85 years (July 2016 to July 2101)
Options to extend the lease	One 14-year option to extend the lease through 2115 for a total lease term of 99 years
Annual base rent paid by TNDC to MOHCD	\$15,000 annually, or \$1,275,000 over the 85-year period
Annual rent adjustments to base rent	None

Source: MOHCD

Planning Department Findings

The Planning Department adopted a Mitigated Negative Declaration on May 14, 2009. The Planning Department additionally determined the acquisition and ground lease are consistent with the City's General Plan, and the eight priority policies of the Planning Code.

FISCAL IMPACT

Under the proposed resolution, MOHCD would purchase 1036 Mission Street from 1036 Mission Associates, an affiliate of TNDC at 1036 Mission Street for \$5,476,250, which is the same amount that was loaned to TNDC to purchase the property in 2006 (\$5,576,250 less the \$100,000 loan from the Redevelopment Agency).

After purchasing the property, MOHCD would enter into an 85-year ground lease with TNDC with a base rent payable by TNDC to MOHCD of \$15,000 per year in exchange for TNDC's agreement to construct the affordable housing development and rent the residential units at affordable levels of up to 50 percent San Francisco area median income, as determined by HUD. According to Ms. Sara Amaral, MOHCD Project Manager, the \$15,000 base rent is the standard fee MOHCD charges non-profit developers.

The total amount of rent to be paid by TNDC to MOHCD over the term of the 85-year lease would be \$1,275,000, as shown in Table 2 below.

Table 2: Total Rent Paid by TNDC to MOHCD

Annual Rent	\$15,000
Lease Term	85 years
Total Rent	\$1,275,000

Should the project’s income exceed expenses, the project would pay MOHCD for financing provided to the project² based on a residual receipt repayment method, which divides residual receipts between the various sources that financed the project, including the City, the State, and tax credit investors.

Sources and Uses of Funds

The proposed development at 1036 Mission Street, excluding predevelopment and acquisition costs, is estimated to cost \$50,823,427, as shown in Table 3 below.

Table 3: 1036 Mission Street Development Sources and Uses of Funds

Sources of Funds	Amount
Permanent	
MOHCD Gap Financing Permanent Loan to TNDC	\$14,046,092
Deferred Interest	\$727,776
Multifamily Housing Program Loan (CA HCD)	\$3,000,000
Transit-Oriented Development Loan (CA HCD)	\$7,000,000
Affordable Housing Program	\$1,000,000
Pre-Construction Income	\$1,058,212
4% Low-Income Housing Tax Credits	\$22,891,347
TNDC Equity	\$1,100,000
Total Sources of Funds	\$50,823,427
Uses of Funds	
Permanent	
Hard Costs	\$37,719,705
Soft Costs	\$10,603,722
TNDC Developer Fee	\$2,500,000
Total Uses of Funds	\$50,823,427
Cost Per Unit (83 units)	\$612,330

Source: MOHCD

According to Ms. Amaral, the cost per unit of \$612,330 to construct the development is \$10,474, or two percent, higher than the average per unit cost of \$601,856 for other multifamily affordable projects in MOHCD’s portfolio.

The total City financing to the project of \$19,622,342 (\$5,576,250 in acquisition loan and \$14,046,092 in permanent financing) results in an investment of \$236,414 per unit for the 83 total units of housing, which is \$16,843 or 7.7 percent, higher than the average per unit subsidy of \$219,571 in MOHCD’s current affordable housing portfolio.

² As shown in Table 3, MOHCD is providing a loan of \$14,046,092 to TNDC to construct the project.

POLICY CONSIDERATION

The proposed affordable housing development is an 83-unit nine-story (85 foot) building. Developments within C-3-G Downtown General Zoning have an allowable height of 120 feet, or 12 or 13 stories, depending on other factors such as bulk and height. At the maximum height, projects can accommodate between 122 and 153 units. TNDC's proposal to construct 83 units is three to four stories lower, and 39 to 70 fewer affordable housing units than the maximum zoning allowed.

According to Mr. Benjamin McCloskey, MOHCD Deputy Director of Finance and Administration, a taller project with additional units as allowed by current zoning was deemed infeasible in May 2014, when the project was entitled, and again in April 2016 when TNDC received approval for their construction loan from MOHCD, due to the increased costs for high-rise construction.

RECOMMENDATION

Approve the proposed resolution.

AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE

by and between

1036 MISSION ASSOCIATES, L.P.,
a California limited partnership,
as Seller

and

CITY AND COUNTY OF SAN FRANCISCO,
as Buyer

For the purchase and sale of

**1036 Mission Street,
San Francisco, California**

, 2016

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LIST OF EXHIBITS

- EXHIBIT A – Real Property Description
- EXHIBIT B – Reserved
- EXHIBIT C – Grant Deed
- EXHIBIT D – Reserved
- EXHIBIT E – Reserved
- EXHIBIT F – Certificate of Transferor Other Than An Individual (FIRPTA Affidavit)
- EXHIBIT G – Designation Agreement
- EXHIBIT H – Reserved

AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE
(1036 Mission Street, San Francisco)

THIS AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE (this "Agreement") dated for reference purposes only as of _____, 2016 is by and between **1036 Mission Associates, L.P.**, a California limited partnership ("Seller"), and the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation ("Buyer" or "City").

IN CONSIDERATION of the payments and the respective agreements contained herein below, Seller and City agree as follows:

1. PURCHASE AND SALE

1.1. Property Included in Sale

Seller agrees to sell and convey to City, and City agrees to purchase from Seller, subject to the terms, covenants and conditions hereinafter set forth, the following:

(a) the real property consisting of approximately fifteen thousand two hundred (15,200) square feet of land, located in the City and County of San Francisco, commonly known as 1036-1040 Mission Street, San Francisco, California and more particularly described in Exhibit A attached hereto (the "Land");

(b) all improvements and fixtures located on the Land (collectively, the "Improvements");

(c) any and all rights, privileges, and easements incidental or appurtenant to the Land, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Land, as well as any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Land, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land or Improvements, and any and all of Seller's right, title and interest in and to all roads and alleys adjoining or servicing the Land or Improvements (collectively, the "Appurtenances");

All of the items referred to in Subsections (a), (b) and (c) above are collectively referred to as the "Property."

2. CONSIDERATION

2.1. Purchase Price

The total consideration for the purchase of the Property is Five Million Four Hundred and Seventy-Six Thousand Two Hundred Fifty Dollars (\$5,476,250) (the "Purchase Price").

2.2. Payment

On the Closing Date (as defined in Section 6.2 [Closing Date]), City shall pay the Purchase Price, adjusted pursuant to the provisions of Article 7 [Expenses and Taxes], and reduced by any credits due City hereunder, by crediting the City Loan in the amount of the Purchase Price and reconveying that certain City Deed of Trust dated May 30, 2007 and recorded with the San Francisco Assessor-Recorder's Office as document number 2007-I395121-00 to the Seller (the "City Deed of Trust"). On the Closing Date, City shall mark the City Loan promissory note (the "City Note") as being paid in full and return a copy of such cancelled City Note to Seller.

Seller acknowledges and agrees that if Seller fails at Closing to deliver to City the documents required under Section 6.3 [Seller's Delivery of Documents], such failure will constitute a failure of one of City's Conditions Precedent and the Closing cannot occur.

2.3. Funds

All payments made by any party hereto shall be in legal tender of the United States of America, paid by Controller's warrant or in cash or by wire transfer of immediately available funds to Title Company (as defined below), as escrow agent.

3. TITLE TO THE PROPERTY

3.1. Conveyance of Title to the Property

At the Closing Seller shall convey to City, or its nominee, marketable and insurable fee simple title to the Land, the Improvements and the Appurtenances, by duly executed and acknowledged grant deed in the form attached hereto as Exhibit C (the "Deed"), subject to the Accepted Conditions of Title (as defined in Section 5.1.1(d) [Title Insurance]).

3.2. Title Insurance

Delivery of title in accordance with the preceding Section shall be evidenced by the commitment of Old Republic Title Insurance Company (the "Title Company") to issue to City an ALTA extended coverage owner's policy of title insurance (2006 Form ALTA Standard Owner's Policy of Title Insurance) (the "Title Policy") in the amount of the Purchase Price, insuring fee simple title to the Land and the Appurtenances in City free of the liens of any and all deeds of trust, mortgages, assignments of rents, financing statements, creditors' claims, rights of tenants or other occupants, and all other exceptions, liens and encumbrances except solely for the Accepted Conditions of Title pursuant to Subsection 5.1.1(d) below. The Title Policy shall provide full coverage against mechanics' and materialmen's liens arising out of the construction, repair or alteration of any of the Property, shall not contain any exclusion from coverage for creditor's rights or bankruptcy and shall contain an affirmative endorsement that there are no violations of restrictive covenants, if any, affecting the Property such special endorsements as City may reasonably request.

4. BUYER'S DUE DILIGENCE INVESTIGATIONS

4.1. Due Diligence and Time for Satisfaction of Conditions

City has been given a full opportunity to investigate the Property, either independently or through agents of City's own choosing, including, without limitation, the opportunity to conduct such appraisals, inspections, tests, audits, verifications, inventories, investigations and other due diligence regarding the economic, physical, environmental, title and legal conditions of the Property as City deems fit, as well as the suitability of the Property for City's intended uses, other than title review, which shall be conducted pursuant to Section 5.1.1 below. City and its Agents may commence additional due diligence investigations on the Property on or after the date this Agreement is executed by both parties hereto. The period for completion of all such investigations shall expire on June 30, 2016 (the "Due Diligence Period"), subject to the terms and conditions provided hereinbelow. Seller agrees to deliver to City all of the Documents and other items described in Subsections 5.1.4 within three (3) days after the date hereof, provided that if Seller fails to do so, then the expiration of the Due Diligence Period shall be extended by the number of days after the end of such 3-day delivery period that Seller delivers all such items to City.

5. ENTRY

During the Due Diligence Period and at all times prior to the Closing Date Seller shall afford City and its Agents reasonable access to the Property for the purposes of satisfying City with respect to the representations, warranties and covenants of Seller contained herein and the satisfaction of the Conditions Precedent including, without limitation, the drilling of test wells and the taking of soil borings. City hereby agrees to indemnify and hold Seller harmless from any damage or injury to persons or property caused by the active negligence or willful misconduct of City or its Agents during any such entries onto the Property prior to the Closing, except to the extent such damage or injury is caused by the acts or omissions of Seller or any of its Agents. The foregoing Indemnity shall not include any claims resulting from the discovery or disclosure of pre-existing environmental conditions or the non-negligent aggravation of pre-existing environmental conditions on, in, under or about the Property, including the Improvements. In the event this Agreement is terminated for any reason other than Seller's default hereunder, City shall restore the Property to substantially the condition it was found subject to applicable laws. This indemnity shall survive the termination of this Agreement or the Closing, as applicable, provided that Seller must give notice of any claim it may have against City under such indemnity (i) within six (6) months of such termination if the claim is brought by a third party against Seller or (ii) within three (3) months of such termination or the Closing Date, as applicable, if the claim involves damage to Seller's Property or any other claim not brought by a third party against the Seller.

5.1. City's Conditions to Closing

The following are conditions precedent to City's obligation to purchase the Property (collectively, "Conditions Precedent"):

5.1.1. City shall have reviewed and approved title to the Property, as follows:

(a) Within seven (7) days after the date City and Seller execute this Agreement, Seller shall deliver to City a current extended coverage preliminary report on the Property, issued by Title Company, accompanied by copies of all documents referred to in the report (collectively, the "Preliminary Report");

(b) Within the period referred to in clause (a) above, Seller shall deliver to Buyer copies of any existing or proposed easements, covenants, restrictions, agreements or other documents that affect the Property, and are not disclosed by the Preliminary Report; and

(c) City may at its option arrange for a survey of the Real Property and Improvements prepared by a licensed surveyor (the "Survey"). Such survey shall be acceptable to, and certified to, City and Title Company and in sufficient detail to provide the basis for and the Title Policy without boundary, encroachment or survey exceptions.

(d) City shall advise Seller, prior to the end of the Due Diligence period, what exceptions to title, if any, City is willing to accept (the "Accepted Conditions of Title"). City's failure to so advise Seller within such period shall be deemed disapproval of title. Seller shall have ten (10) days after receipt of City's notice of any objections to title to give City: (A) evidence satisfactory to City of the removal of all objectionable exceptions from title or that such exceptions will be removed or cured on or before the Closing; or (B) notice that Seller elects not to cause such exceptions to be removed. If Seller gives notice under clause (B), City shall have ten (10) business days to elect to proceed with the purchase or terminate this Agreement. If City shall fail to give Seller notice of its election within such ten (10) days, City shall be deemed to have elected to terminate this Agreement. If Seller gives notice pursuant to clause (A) and fails to remove any such objectionable exceptions from title prior to the Closing Date, and City is unwilling to take title subject thereto, Seller shall be in default hereunder and City shall have the rights and remedies provided herein or at law or in equity. City and Seller hereby acknowledge and agree that the Agency Deed of Trust (as defined herein) and Agency Declaration (as defined herein) is an Accepted Condition of Title.

5.1.2. City's review and approval, within the Due Diligence Period, of the physical and environmental conditions of the Property. Such review may include an examination for the presence or absence of any Hazardous Material (as defined in Section 8.1.11). City shall be responsible for performing or arranging any such reviews at City's expense, provided that if City's consultants reasonably determine that, based upon their Phase I examination, a Phase II examination is necessary with respect to all or a part of the Real Property, City may elect to perform a Phase II examination and Seller shall pay the reasonable cost of any such Phase II examination performed by City or City's consultants.

5.1.3. City's review and approval, within the Due Diligence Period, of the compliance of the Property with all applicable laws, regulations, permits and approvals.

5.1.4. City's review and approval, within the Due Diligence Period, of (i) the following documents, all to the extent such documents exist and are either in the possession or control of Seller, or any affiliate of Seller, or may be obtained by Seller, or any affiliate of Seller, through the exercise of commercially reasonable efforts: insurance policies, insurance certificates of tenants, and reports of insurance carriers insuring the Property and each portion thereof respecting the claims history of the Property; environmental reports, studies, surveys, tests and

assessments; soils and geotechnical reports; and any other contracts or documents of significance to the Property (collectively, the "Documents"); and (ii) such other information relating to the Property that is specifically requested by City of Seller in writing during the Due Diligence Period (collectively, the "Other Information").

5.1.5. Seller shall not be in default in the performance of any covenant or agreement to be performed by Seller under this Agreement, and all of Seller's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made and shall be true and correct as of the Closing Date. At the Closing, Seller shall deliver to City a certificate certifying that each of Seller's representations and warranties contained in Section 8.1 [Representations and Warranties of Seller] below are true and correct as of the Closing Date.

5.1.6. The physical condition of the Property shall be substantially the same on the Closing Date as on the date of City's execution of this Agreement, reasonable wear and tear and loss by casualty excepted (subject to the provisions of Section 9.1 [Risk of Loss]), and, as of the Closing Date, there shall be no litigation or administrative agency or other governmental proceeding, pending or threatened, which after the Closing would materially adversely affect the value of the Property or the ability of City to operate the Property for its intended use, and no proceedings shall be pending or threatened which could or would cause the change, redesignation or other modification of the zoning classification of, or of any building or environmental code requirements applicable to, any of the Property.

5.1.7. Title Company shall be committed at the Closing to issue to City, or its nominee, the Title Policy as provided in Section 3.2 [Title Insurance] in the amount of the Purchase Price, subject only to the Accepted Conditions of Title (excluding the Ground Lease, as defined below). The City's Mayor and the Board of Supervisors, in the respective sole discretion of each, shall have enacted a resolution approving, adopting and authorizing this Agreement and the executed Ground Lease, dated _____ (the "Ground Lease"), on or before _____. The Ground Lease is being entered into between City and Seller so that Seller can construct a 100% affordable, 83-unit multifamily rental housing development for low income households and formally homeless families, including a commercial space of 1,061 square feet on the Property (the "Project").

5.1.8. Seller shall have delivered the items described in Section 6.3 below [Seller's Delivery of Documents] on or before the Closing.

5.1.9. That certain Redevelopment Agency of San Francisco loan in the original amount of \$100,000 (the "Agency Loan") secured by a Deed of Trust dated May 30, 2007, and recorded with the San Francisco Assessor-Recorder's Office as document number 2007-I395123-000 (the "Agency Deed of Trust") and by a Declaration of Restrictions recorded with the San Francisco Assessor-Recorder's Office as document number 2007-I395122-000 (the "Agency Declaration"), shall be subordinated.

The Conditions Precedent contained in the foregoing Subsections 5.1.1 through 5.1.8 are solely for the benefit of City. If any Condition Precedent is not satisfied, City shall have the right in its sole discretion either to waive in writing the Condition Precedent in question and proceed with the purchase or, in the alternative, terminate this Agreement, provided that the

Conditions Precedent described in item 5.1.7 above may not be waived. The waiver of any Condition Precedent shall not relieve Seller of any liability or obligation with respect to any representation, warranty, covenant or agreement of Seller. If City shall not have approved or waived in writing all of the Conditions Precedent by the end of the Due Diligence Period, then this Agreement may be terminate by the City's in its sole and absolute discretion. In addition, the Closing Date may be extended, at City's option, for a reasonable period of time specified by City, to allow such Conditions Precedent to be satisfied, subject to City's further right to terminate this Agreement upon the expiration of the period of any such extension if all such Conditions Precedent have not been satisfied.

In the event the sale of the Property is not consummated because of a default under this Agreement on the part of Seller or if a Condition Precedent cannot be fulfilled because Seller frustrated such fulfillment by some affirmative act or negligent omission, City may, at its sole election, either (1) terminate this Agreement by delivery of notice of termination to Seller, whereupon Seller shall pay to City any title, escrow, legal and inspection fees incurred by City and any other expenses incurred by City in connection with the performance of its due diligence review of the Property, and neither party shall have any further rights or obligations hereunder, or (2) continue this Agreement pending City's action for specific performance and/or damages hereunder, including, without limitation, City's costs and expenses incurred hereunder.

5.2. Cooperation with City

Seller shall cooperate with City and do all acts as may be reasonably requested by City with regard to the fulfillment of any Conditions Precedent including, without limitation, execution of any documents, applications or permits, but Seller's representations and warranties to City shall not be affected or released by City's waiver or fulfillment of any Condition Precedent. Seller hereby irrevocably authorizes City and its Agents to make all inquiries with and applications to any person or entity, including, without limitation, any regulatory authority with jurisdiction as City may reasonably require to complete its due diligence investigations.

5.3 Seller's Conditions to Closing

The following are conditions precedent to Seller's obligation to sell the Property (collectively, "Seller Conditions Precedent"):

Ground Lease") shall City shall have delivered the items described in Section 6.4 below [City's Delivery of Documents] on or before the Closing ("Seller Conditions Precedent").

6. ESCROW AND CLOSING

6.1. Opening of Escrow

On or before the Effective Date (as defined in Article 11 [General Provisions]), the parties shall open escrow by depositing an executed counterpart of this Agreement with Title Company, and this Agreement shall serve as instructions to Title Company as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and City agree to execute such additional or supplementary instructions as may be appropriate to enable the escrow holder to comply with the terms of this Agreement and close the transaction; provided,

however, that in the event of any conflict between the provisions of this Agreement and any additional supplementary instructions, the terms of this Agreement shall control.

6.2. Closing Date

The consummation of the purchase and sale contemplated hereby (the "Closing") shall be held and delivery of all items to be made at the Closing under the terms of this Agreement shall be made at the offices of Title Company located at 275 Battery Street, Suite 1500, San Francisco, CA 94111, San Francisco, California, on _____, 2016, or on such earlier date as City and Seller may mutually agree (the "Closing Date"), subject to the provisions of Article 5. The Closing Date may not be extended without the prior written approval of both Seller and City, except as otherwise expressly provided in this Agreement. In the event the Closing does not occur on or before the Closing Date, Title Company shall, unless it is notified by both parties to the contrary within five (5) days after the Closing Date, return to the depositor thereof items which may have been deposited hereunder. Any such return shall not, however, limit the provisions hereof or otherwise relieve either party hereto of any liability it may have for its wrongful failure to close.

6.3. Seller's Delivery of Documents and Funds

At or before the Closing, Seller shall deliver into escrow, the following:

- 6.3.1. a duly executed and acknowledged Deed;
- 6.3.2. originals of the Documents and any other items relating to the ownership or operation of the Property not previously delivered to City;
- 6.3.3. a duly executed and acknowledged Memo of Ground Lease and a duly executed Ground Lease;
- 6.3.4. a properly executed affidavit pursuant to Section 1445(b)(2) of the Federal Tax Code in the form attached hereto as Exhibit F, and on which City is entitled to rely, that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Tax Code;
- 6.3.5. a properly executed California Franchise Tax Board Form 590 certifying that Seller is a California resident if Seller is an individual or Seller has a permanent place of business in California or is qualified to do business in California if Seller is a corporation or other evidence satisfactory to City that Seller is exempt from the withholding requirements of Section 18662 of the State Tax Code;
- 6.3.6. such resolutions, authorizations, or other partnership documents or agreements relating to Seller and its partners as City or the Title Company may reasonably require to demonstrate the authority of Seller to enter into this Agreement and consummate the transactions contemplated hereby, and such proof of the power and authority of the individuals executing any documents or other instruments on behalf of Seller to act for and bind Seller;
- 6.3.7. closing statement in form and content satisfactory to City and Seller;

6.3.8. the duly executed certificate regarding the continued accuracy of Seller's representations and warranties as required by Section 5.1.5 hereof; and

6.3.9. any amounts required to close escrow in accordance with the terms of this Agreement.

6.4. City's Delivery of Documents and Funds

At or before the Closing, City shall deliver into escrow the following:

6.4.1. an acceptance of the Deed executed by City's Director of Property;

6.4.2. a closing statement in form and content satisfactory to City and Seller;

6.4.3. the reconveyance of the City Deed of Trust and the cancelled City Note;

6.4.4. a duly executed and acknowledged Memo of Ground Lease and a duly executed Ground Lease; and

6.4.5. any amounts required to close escrow in accordance with the terms of this Agreement.

6.5. Other Documents

Seller and City shall each deposit such other instruments as are reasonably required by Title Company as escrow holder or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms hereof, including, without limitation, an agreement (the "Designation Agreement") designating Title Company as the "Reporting Person" for the transaction pursuant to Section 6045(e) of the Federal Tax Code and the regulations promulgated thereunder, and executed by Seller, City and Title Company. The Designation Agreement shall be substantially in the form attached hereto as Exhibit G and, in any event, shall comply with the requirements of Section 6045(e) of the Federal Tax Code and the regulations promulgated thereunder.

7. EXPENSES AND TAXES

7.1. Closing Costs

City shall pay the cost of the Survey, the premium for the Title Policy and the cost of the endorsements thereto, and escrow and recording fees. Seller shall pay the cost of any transfer taxes applicable to the sale. Seller shall be responsible for all costs incurred in connection with the prepayment or satisfaction of any loan, bond or other indebtedness secured by the Property including, without limitation, any prepayment fees, penalties or charges. Any other costs and charges of the escrow for the sale not otherwise provided for in this Section or elsewhere in this Agreement shall be allocated in accordance with the closing customs for San Francisco County, as determined by Title Company.

7.2. Real Estate Taxes and Special Assessments

General real estate taxes payable for the tax year prior to year of Closing and all prior years shall be paid by Seller at or before the Closing. General real estate taxes payable for the tax year of the Closing shall be prorated through escrow by Seller and City as of the Closing Date. At or before the Closing, Seller shall pay the full amount of any special assessments against the Property, including, without limitation, interest payable thereon, applicable to the period prior the Closing Date.

7.3. Post-Closing Reconciliation

If any of the foregoing prorations cannot be calculated accurately on the Closing Date, then they shall be calculated as soon after the Closing Date as feasible. Either party owing the other party a sum of money based on such subsequent prorations shall promptly pay such sum to the other party.

7.4. Survival

The provisions of this Section shall survive the Closing.

8. REPRESENTATIONS AND WARRANTIES

8.1. Representations and Warranties of Seller

Seller represents and warrants to and covenants with City as follows:

8.1.1. To the best of Seller's knowledge, there are now, and at the time of the Closing will be, no material physical or mechanical defects of the Property, and no violations of any laws, rules or regulations applicable to the Property, including, without limitation, any earthquake, life safety and handicap laws (including, but not limited to, the Americans with Disabilities Act).

8.1.2. The Documents and Other Information furnished to City are all of the relevant documents and information pertaining to the condition and operation of the Property to the extent available to Seller, and are and at the time of Closing will be true, correct and complete copies of such documents.

8.1.3. No document or instrument furnished or to be furnished by the Seller to the City in connection with this Agreement contains or will contain any untrue statement of material fact or omits or will omit a material fact necessary to make the statements contained therein not misleading, under the circumstances under which any such statement shall have been made; provided however that for any documents or instruments furnished by Seller that were prepared by a third party, such representation shall only be to the best of Seller's knowledge.

8.1.4. Seller does not have knowledge of any condemnation, either instituted or planned to be instituted by any governmental or quasi-governmental agency other than City, which could detrimentally affect the use, operation or value of the Property.

8.1.5. There are no easements or rights of way which have been acquired by prescription or which are otherwise not of record with respect to the Property, and there are no easements, rights of way, permits, licenses or other forms of agreement which afford third parties the right to traverse any portion of the Property to gain access to other real property. There are no disputes with regard to the location of any fence or other monument of the Property's boundary nor any claims or actions involving the location of any fence or boundary.

8.1.6. There is no litigation pending or, after due and diligent inquiry, to the best of Seller's knowledge, threatened, against Seller or any basis therefor that arises out of the ownership of the Property or that might detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property or the ability of Seller to perform its obligations under this Agreement.

8.1.7. Seller is the legal and equitable owner of the Property, with full right to convey the same, and without limiting the generality of the foregoing, Seller has not granted any option or right of first refusal or first opportunity to any third party to acquire any interest in any of the Property.

8.1.8. Seller is a California limited partnership duly organized and validly existing under the laws of the State of California and is in good standing under the laws of the State of California; this Agreement and all documents executed by Seller which are to be delivered to City at the Closing are, or at the Closing will be, duly authorized, executed and delivered by Seller, are, or at the Closing will be, legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, are, and at the Closing will be, sufficient to convey good and marketable title (if they purport to do so), and do not, and at the Closing will not, violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject.

8.1.9. Seller represents and warrants to City that it has not been suspended, disciplined or disbarred by, or prohibited from contracting with, any federal, state or local governmental agency. In the event Seller has been so suspended, disbarred, disciplined or prohibited from contracting with any governmental agency, it shall immediately notify the City of same and the reasons therefore together with any relevant facts or information requested by City. Any such suspension, debarment, discipline or prohibition may result in the termination or suspension of this Agreement.

8.1.10. Seller knows of no facts nor has Seller failed to disclose any fact that would prevent City from using and operating the Property after Closing in the normal manner in which it is intended.

8.1.11. Seller hereby represents and warrants to and covenants with City that the following statements are true and correct and will be true and correct as of the Closing Date: (i) neither the Property nor to the best of Seller's knowledge, any real estate in the vicinity of the Property is in violation of any Environmental Laws; (ii) the Property is not now, nor to the best of Seller's knowledge has it ever been, used in any manner for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Material, **except as described in Phase I and Phase II Environmental Assessments** dated July 18, 2006 (original Phase I), April 13, 2016 (Phase I Update), September 2, 2015 (Phase II/Soils Characterization Report) and entitled May 1, 2014 ("**Seller's Environmental Disclosure**"); (iii) there has been no release and there is

no threatened release of any Hazardous Material in, on, under or about the Property during the time Seller has owned the Property; (iv) there have not been and there are not now any underground storage tanks, septic tanks or wells or any aboveground storage tanks at any time used to store Hazardous Material located in, on or under the Property, or if there have been or are any such tanks or wells located on the Property, their location, type, age and content has been specifically identified in Seller's Environmental Disclosure, they have been properly registered with all appropriate authorities, they are in full compliance with all applicable statutes, ordinances and regulations, and they have not resulted in the release or threatened release of any Hazardous Material into the environment; (v) the Property does not consist of any landfill or of any building materials that contain Hazardous Material; and (vi) the Property is not subject to any claim by any governmental regulatory agency or third party related to the release or threatened release of any Hazardous Material, and, to the best of Seller's knowledge, there is no inquiry by any governmental agency (including, without limitation, the California Department of Toxic Substances Control or the Regional Water Quality Control Board) with respect to the presence of Hazardous Material in, on, under or about the Property, or the migration of Hazardous Material from or to other property. As used herein, the following terms shall have the meanings below:

"Environmental Laws" shall mean any present or future federal, state or local laws, ordinances, regulations or policies relating to Hazardous Material (including, without limitation, their use, handling, transportation, production, disposal, discharge or storage) or to health and safety, industrial hygiene or environmental conditions in, on, under or about the Property, including, without limitation, soil, air and groundwater conditions.

"Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of the Improvements or are naturally occurring substances on or about the Property; petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids; and "source," "special nuclear" and "by-product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. Section 3011 et seq;

"Release" or "threatened release" when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into or inside any of the improvements, or in, on, under or about the Property. Release shall include, without limitation, "release" as defined in Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601).

8.1.12. Except for the lease disclosed in the Preliminary Report, there are now no leases or other occupancy agreements affecting any of the Property. At the time of Closing there will be no

outstanding leases or other occupancy agreements affecting any of the Property. Except as approved by the City, at the time of Closing there will be no outstanding written or oral contracts made by Seller for any of the Improvements that have not been fully paid for and Seller shall cause to be discharged all mechanics' or materialmen's liens arising from any labor or materials furnished to the Property prior to the time of Closing. There are no obligations in connection with the Property which will be binding upon City after Closing except for matters which are set forth in the Preliminary Report.

8.1.13. Seller is not a "foreign person" within the meaning of Section 1445(f) (3) of the Federal Tax Code.

8.2. Indemnity

Seller, on behalf of itself and its successors and assigns, hereby agrees to indemnify, defend and hold harmless City, its Agents and their respective successors and assigns, from and against any and all liabilities, claims, demands, damages, liens, costs, penalties, losses and expenses, including, without limitation, reasonable attorneys' and consultants' fees, resulting from any misrepresentation or breach of warranty or breach of covenant made by Seller in this Agreement or in any document, certificate, or exhibit given or delivered to City pursuant to or in connection with this Agreement. The foregoing indemnity includes, without limitation, costs incurred in connection with the investigation of site conditions and all activities required to locate, assess, evaluate, remediate, cleanup, remove, contain, treat, stabilize, monitor or otherwise control any Hazardous Material. The indemnification provisions of this Section shall survive beyond the Closing, or, if title is not transferred pursuant to this Agreement, beyond any termination of this Agreement.

9. RISK OF LOSS AND POSSESSION

9.1. Risk of Loss

If any of the Property is damaged or destroyed prior to the Closing Date, or if condemnation proceedings are commenced against any of the Property, then the rights and obligations of Seller and City hereunder shall be as follows:

9.1.1. If such damage or destruction is fully covered by Seller's insurance except for the deductible amount thereunder, and the insurer agrees to timely pay for the entire cost of such repair, and such damage or destruction would cost less than One Hundred Thousand and No/00 Dollars (\$100,000) (the "Threshold Damage Amount") to repair or restore, then this Agreement shall remain in full force and effect and City shall acquire the Property upon the terms and conditions set forth herein. In such event, Seller shall pay to City the deductible amount at Closing, and Seller shall assign to City at Closing all of Seller's right, title and interest in and to all proceeds of insurance on account of such damage or destruction pursuant to an instrument satisfactory to City.

9.1.2. If such damage or destruction is not fully covered by Seller's insurance, other than the deductible amount, and would cost less than the Threshold Damage Amount to repair or restore, then the transaction contemplated by this Agreement shall be consummated with Seller paying to

City an amount reasonably determined by Seller and City (after consultation with unaffiliated experts) to be the cost of repairing such damage or destruction at the Closing.

9.1.3. If the cost of such damage or destruction would equal or exceed the Threshold Damage Amount, or if condemnation proceedings are commenced against any of the Property, then, City shall have the right, at its election, either to terminate this Agreement in its entirety, or only as to that portion of the Property damaged or destroyed or subject to condemnation proceedings (in which case there shall be an equitable adjustment to the Purchase Price), or to not terminate this Agreement and purchase the Property (or the portion not damaged or affected by condemnation, as the case may be). City shall have thirty (30) days after Seller notifies City that an event described in this Subsection (c) has occurred to make such election by delivery to Seller of an election notice. City's failure to deliver such notice within such thirty (30)-day period shall be deemed City's election to terminate this Agreement in its entirety. If this Agreement is terminated in its entirety or in part pursuant to this Subsection (c) by City's delivery of notice of termination to Seller, then City and Seller shall each be released from all obligations hereunder pertaining to that portion of the Property affected by such termination. If City elects not to terminate this Agreement, Seller shall notify City of Seller's intention to repair such damage or destruction, in which case this Agreement shall remain in full force and effect, or notify City of Seller's intention to give City a credit against the Purchase Price at the Closing in the amount reasonably determined by City and Seller (after consultation with unaffiliated experts) to be the cost of repairing such damage or destruction and, in the event of a result of such condemnation proceeding, the value of any Property taken as a result of such proceeding, in which case this Agreement shall otherwise remain in full force and effect, and Seller shall be entitled to any proceeds of insurance or condemnation awards. Any repairs elected to be made by Seller pursuant to this Subsection shall be made within one hundred eighty (180) days following such damage or destruction and the Closing shall be extended until the repairs are substantially completed. As used in this Section, the cost to repair or restore shall include the cost of lost rental revenue, including additional rent and base rent.

9.2. Insurance

Through the Closing Date, Seller shall maintain or cause to be maintained, at Seller's sole cost and expense, a policy or policies of property insurance in amounts equal to the full replacement value of any Improvements, insuring against all insurable risks, including, without limitation, fire, vandalism, malicious mischief, lightning, windstorm, water, and other perils customarily covered by casualty insurance and the costs of demolition and debris removal. Seller shall furnish City with evidence of such insurance upon request by City.

9.3. Possession

Possession of the Property shall be delivered to City on the Closing Date.

10. MAINTENANCE; CONSENT TO NEW CONTRACTS

10.1. Maintenance of the Property by Seller

Between the date of Seller's execution of this Agreement and the Closing, Seller shall maintain the Property in good order, condition and repair, reasonable wear and tear excepted,

and shall make all repairs, maintenance and replacements of the Improvements and otherwise operate the Property in the same manner as before the making of this Agreement, as if Seller were retaining the Property.

City's Consent to New Contracts Affecting the Property; Termination of Existing Contracts.

10.2. City's Consent to New Contracts Affecting the Property; Termination of Existing Contracts

After May 16, 2016 Seller shall not enter into any Lease or contract, or any amendment thereof, or permit any tenant of the Property to enter into any sublease, assignment or agreement pertaining to the Property, without in each instance obtaining City's prior written consent thereto. City agrees that it shall not unreasonably withhold or delay any such consent. Except for any agreements related to the development of the Project (which will not be assumed by the City but will affect the Seller's leasehold interest in the Property), Seller shall terminate prior to the Closing, at no cost or expense to City, any and all management agreements affecting the Property that City does not agree in writing prior to the Closing to assume.

11. GENERAL PROVISIONS

11.1. Notices

Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given upon (i) hand delivery, against receipt, (ii) one (1) day after being deposited with a reliable overnight courier service, or (iii) two (2) days after being deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, and addressed as follows:

City:

Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Re: 1036 Mission St
Facsimile No.: (415) 552-9216

with copy to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Re: 1036 Mission St

Seller:

1036 Mission Associates, L.P.,
a California limited partnership
201 Eddy Street,
San Francisco, CA 94102
RE: 1036 Mission Street
Facsimile No.: ()

With a copy to:

Mayor's Office of Housing and Community
Development
1 South Van Ness, 5th Floor
San Francisco, CA 94103
Re: 1036 Mission Street
Facsimile No.: (415) 701-5501

or to such other address as either party may from time to time specify in writing to the other upon five (5) days prior written notice in the manner provided above. For convenience of the parties, copies of notices may also be given by telefacsimile, to the telephone number listed above, or such other numbers as may be provided from time to time. However, neither party may give official or binding notice by facsimile. The effective time of a notice shall not be affected by the receipt, prior to receipt of the original, of a telefacsimile copy of the notice.

11.2. Brokers and Finders

Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the purchase and sale contemplated herein. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes his or her claim shall be responsible for such commission or fee and shall indemnify and hold harmless the other party from all claims, costs, and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the indemnified party in defending against the same. The provisions of this Section shall survive the Closing.

11.3. Successors and Assigns

This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns.

11.4. Amendments

Except as otherwise provided herein, this Agreement may be amended or modified only by a written instrument executed by City and Seller.

11.5. Continuation and Survival of Representations and Warranties

All representations and warranties by the respective parties contained herein or made in writing pursuant to this Agreement are intended to be, and shall remain, true and correct as of the

Closing, shall be deemed to be material, and, together with all conditions, covenants and indemnities made by the respective parties contained herein or made in writing pursuant to this Agreement (except as otherwise expressly limited or expanded by the terms of this Agreement), shall survive the execution and delivery of this Agreement and the Closing, or, to the extent the context requires, beyond any termination of this Agreement. All statements contained in any certificate or other instrument delivered at any time by or on behalf of Seller in conjunction with the transaction contemplated hereby shall constitute representations and warranties hereunder.

11.6. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

11.7. Merger of Prior Agreements

The parties intend that this Agreement (including all of the attached exhibits and schedules, which are incorporated into this Agreement by reference) shall be the final expression of their agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous oral or written agreements or understandings. The parties further intend that this Agreement shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including, without limitation, prior drafts or changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Agreement.

11.8. Parties and Their Agents; Approvals

The term "Seller" as used herein shall include the plural as well as the singular. If there is more than one (1) Seller, then the obligations under this Agreement imposed on Seller shall be joint and several. As used herein, the term "Agents" when used with respect to either party shall include the agents, employees, officers, contractors and representatives of such party. All approvals, consents or other determinations permitted or required by City hereunder shall be made by or through City's Director of Property unless otherwise provided herein, subject to applicable law.

11.9. Interpretation of Agreement

The article, section and other headings of this Agreement and the table of contents are for convenience of reference only and shall not affect the meaning or interpretation of any provision contained herein. Whenever the context so requires, the use of the singular shall be deemed to include the plural and vice versa, and each gender reference shall be deemed to include the other and the neuter. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein. In addition, each party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purposes of the parties and this Agreement.

11.10. Attorneys' Fees

In the event that either party hereto fails to perform any of its obligations under this Agreement or in the event a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the defaulting party or the non-prevailing party in such dispute, as the case may be, shall pay the prevailing party reasonable attorneys' and experts' fees and costs, and all court costs and other costs of action incurred by the prevailing party in connection with the prosecution or defense of such action and enforcing or establishing its rights hereunder (whether or not such action is prosecuted to a judgment). For purposes of this Agreement, reasonable attorneys' fees of the City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. The term "attorneys' fees" shall also include, without limitation, all such fees incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees were incurred. The term "costs" shall mean the costs and expenses of counsel to the parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, and others not admitted to the bar but performing services under the supervision of an attorney.

11.11. Sunshine Ordinance

Seller understands and agrees that under the City's Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Gov. Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to the City hereunder public records subject to public disclosure. Seller hereby acknowledges that the City may disclose any records, information and materials submitted to the City in connection with this Agreement.

11.12. Conflicts of Interest

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

11.13. Notification of Limitations on Contributions

Through its execution of this Agreement, Seller acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to

(1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Seller acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Seller further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Seller's board of directors, chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than twenty percent (20%) in Seller; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Seller. Additionally, Seller acknowledges that Seller must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Seller further agrees to provide to City the name of each person, entity or committee described above.

11.14. Non-Liability of City Officials, Employees and Agents

Notwithstanding anything to the contrary in this Agreement, no elective or appointive board, commission, member, officer, employee or agent of City shall be personally liable to Seller, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to Seller, its successors and assigns, or for any obligation of City under this Agreement.

11.15. Counterparts

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

11.16. Effective Date

As used herein, the term "Effective Date" shall mean the date on which the City's Board of Supervisors and Mayor enact a resolution approving and authorizing this Agreement and the transactions contemplated hereby, following execution of this Agreement by both parties.

11.17. Severability

If any provision of this Agreement or the application thereof to any person, entity or circumstance shall be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law, except to the extent that enforcement of this Agreement without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Agreement.

11.18. Agreement Not to Market Prior to Effective Date

Seller agrees that unless and until this Agreement terminates pursuant to its terms, Seller shall not negotiate with any other parties pertaining to the sale of the Property and shall not market the Property to third parties.

11.19. Acceptance of Agreement by Seller

This Agreement shall be null and void unless Seller accepts it and returns to City four (4) fully executed counterparts hereof on or before 5:00 p.m. San Francisco Time on _____, 2016.

11.20. Cooperative Drafting.

This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, SELLER ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS AGREEMENT UNLESS AND UNTIL APPROPRIATE LEGISLATION OF CITY'S BOARD OF SUPERVISORS SHALL HAVE BEEN DULY ENACTED APPROVING THIS AGREEMENT AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON THE DUE ENACTMENT OF SUCH LEGISLATION, AND THIS AGREEMENT SHALL BE NULL AND VOID IF CITY'S BOARD OF SUPERVISORS AND MAYOR DO NOT APPROVE THIS AGREEMENT, IN THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH LEGISLATION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

[SIGNATURES ON FOLLOWING PAGES]

The parties have duly executed this Agreement as of the respective dates written below.

SELLER:

1036 MISSION ASSOCIATES, L.P.,
a California limited partnership

By: _____
Its: _____

Date: _____

CITY:

CITY AND COUNTY OF
SAN FRANCISCO, a municipal corporation

By: _____
John Updike
Director of Property

Date: _____

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Elizabeth Anderson
Deputy City Attorney

Title Company agrees to act as escrow holder in accordance with the terms of this Agreement and to execute the Designation Agreement (attached hereto as Exhibit G) and act as the Reporting Person (as such term is defined in the Designation Agreement). Title Company's failure to execute below shall not invalidate the Agreement between City and Seller.

TITLE COMPANY:

OLD REPUBLIC TITLE INSURANCE
COMPANY

By: _____

Its: _____

Date: _____

EXHIBIT A

REAL PROPERTY DESCRIPTION

EXHIBIT A

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

PARCEL I:

Beginning at a point on the northwesterly line of Mission Street, distant thereon 255 feet southwesterly from the southwesterly line of 6th Street; running thence southwesterly along said northwesterly line of Mission Street 47 feet, 6 inches; thence at a right angle northwesterly 160 feet to the southwesterly line of Jessie Street; thence northwesterly along said line of Jessie Street 47 feet, 6 inches; thence at a right angle southeasterly 160 feet to the northwesterly line of Mission Street and the point of beginning.

Being a portion of 100 Vara Block No. 393.

Assessor's Lot 079; Block 3703

PARCEL II:

Beginning at a point on the northwesterly line of Mission Street, distant thereon 302 feet and 6 inches southwesterly from the southwesterly line of 6th Street; running thence southwesterly along said northwesterly line of Mission Street 47 feet and 6 inches; thence at a right angle northwesterly 160 feet to the southwesterly line of Jessie Street; thence northeasterly along said line of Jessie Street 47 feet and 6 inches; thence at a right angle southeasterly 160 feet to the northwesterly line of Mission Street and the point of beginning.

Being a portion of 100 Vara Block No. 393

Assessor's Lot 080; Block 3703

EXHIBIT B

Reserved

EXHIBIT C

GRANT DEED

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Director of Property
Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102

The undersigned hereby declares this
instrument to be exempt from Recording Fees
(CA Govt. Code § 27383) and Documentary
Transfer Tax (CA Rev. & Tax Code § 11922
and S.F. Bus. & Tax Reg. Code § 1105)

(Space above this line reserved for
Recorder's use only)

GRANT DEED

(Assessor's Parcel No. _____)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, 1036 Mission Associates, L.P., a California limited partnership, hereby grants to the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the real property located in the City and County of San Francisco, State of California, described on Exhibit A attached hereto and made a part hereof (the "Property").

TOGETHER WITH any and all rights, privileges and easements incidental or appurtenant to the Property, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Property, as well as any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Property, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land and all of Grantor's right, title and interest in and to any and all roads and alleys adjoining or servicing the Property.

[SIGNATURES ON FOLLOWING PAGE]

Executed as of this ____ day of _____, 2016.

1036 Mission Associates, L.P.,
A California limited partnership

Name _____

By: _____

Its: _____

State of California)
) ss
County of San Francisco)

On _____, before me, _____, a notary public in and for said State, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the foregoing Grant Deed to the City and County of San Francisco, a municipal corporation, is hereby accepted pursuant to Board of Supervisors' Resolution No. 18110 Series of 1939, approved August 7, 1957, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

By: _____

John Updike
Director of Property

EXHIBIT D
Reserved

EXHIBIT E
Reserved

EXHIBIT F

**CERTIFICATE OF TRANSFEROR
OTHER THAN AN INDIVIDUAL
(FIRPTA Affidavit)**

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the transferee of certain real property located in the City and County of San Francisco, California, that withholding of tax is not required upon the disposition of such U.S. real property interest by 1036 Mission Associates, L.P., a California limited partnership ("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

2. Transferor's U.S. employer identification number is _____; and

3. Transferor's office address is 201 Eddy Street, San Francisco, California, 94102.

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

Dated: _____, 2016.

On behalf of:

1036 Mission Associates, L.P.,
a California limited partnership

[NAME]

a _____

By: _____
[NAME]

Its: _____

EXHIBIT G

DESIGNATION AGREEMENT

This DESIGNATION AGREEMENT (the "Agreement") dated as of _____, 2016, is by and between 1036 Mission Associates, L.P., a California limited partnership ("Seller"), the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), and OLD REPUBLIC TITLE INSURANCE COMPANY ("Title Company").

A. Pursuant to that certain Purchase Agreement entered into by and between Seller and City, dated _____, 2016 (the "Purchase Agreement"), Seller has agreed to sell to City, and City has agreed to purchase from Seller, certain real property located in City and County of San Francisco, California, more particularly described in Exhibit A attached hereto (the "Property"). The purchase and sale of the Property is sometimes hereinbelow referred to below as the "Transaction").

B. Section 6045(e) of the United States Internal Revenue Code of 1986 and the regulations promulgated thereunder (collectively, the "Reporting Requirements") require an information return to be made to the United States Internal Revenue Service, and a statement to be furnished to Seller, in connection with the Transaction.

C. Pursuant to Subsection 2(b)(i) of the Purchase Agreement, an escrow has been opened with Title Company, Escrow No. _____, through which the Transaction will be or is being accomplished. Title Company is either (i) the person responsible for closing the Transaction (as described in the Reporting Requirements) or (ii) the disbursing title or escrow company that is most significant in terms of gross proceeds disbursed in connection with the Transaction (as described in the Reporting Requirements).

D. Seller, City and Title Company desire to designate Title Company as the "Reporting Person" (as defined in the "Reporting Requirements") with respect to the Transactions.

ACCORDINGLY, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller, City and Title Company agree as follows:

1. Title Company is hereby designated as the Reporting Person for the Transaction. Title Company shall perform all duties that are required by the Reporting Requirements to be performed by the Reporting Person for the Transaction.
2. Seller and City shall furnish to Title Company, in a timely manner, any information requested by Title Company and necessary for Title Company to perform its duties as Reporting Person for the transaction.
3. Title Company hereby requests Seller to furnish to Title Company Seller's correct taxpayer identification number. Seller acknowledges that any failure by Seller to provide Title Company with Seller's correct taxpayer identification number may subject Seller to civil or criminal penalties imposed by law. Accordingly, Seller hereby certifies to Title Company, under penalties of perjury, that Seller's correct taxpayer identification number is _____.

4. The names and addresses of the parties hereto are as follows:

1. SELLER:

1036 Mission Associates, L.P.,
a California limited partnership
201 Eddy Street
San Francisco, CA 94102

Attn: _____

Facsimile No.: () _____

2. CITY:

Director of Property
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

Facsimile No.: () _____

3. TITLE COMPANY:

Attn: _____

Facsimile No.: () _____

5. Each of the parties hereto shall retain this Agreement for a period of four (4) years following the calendar year during which the date of closing of the Transaction occurs.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date and year first above written.

SELLER:

1036 Mission Associates, L.P.,
a California limited partnership
201 Eddy Street
San Francisco, CA 94102

Attn: _____

Facsimile No.: () _____

Date: _____

By: _____

Its: _____

CITY:

CITY AND COUNTY OF
SAN FRANCISCO, a municipal corporation

By: _____
JOHN UPDIKE
Director of Property

Date: _____

Title Company:

OLD REPUBLIC TITLE INSURANCE
COMPANY

Date: _____

By: _____

Its: _____

EXHIBIT H
Reserved

GROUND LEASE

This ground lease (“Ground Lease” or “Lease”) is dated as of, _____ 2016, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the “City” or “Landlord”), represented by the Mayor, acting by and through the Mayor’s Office of Housing and Community Development (“MOHCD”), and 1036 MISSION ASSOCIATES, L.P., California limited partnership, as tenant (the “Tenant”).

RECITALS

- A. The City is the fee owner of the land described in Attachment 1 attached hereto and any existing improvements located thereon (“Site”).
- B. On _____, the San Francisco Board of Supervisors and the Mayor approved Resolution No. _____, authorizing the City to purchase the Site from the Tenant pursuant to that certain Agreement of Purchase and Sale for Real Estate dated as of _____, 2016 (the “Purchase Agreement”) and enter into this Ground Lease with the Tenant for the purpose of developing the Project.
- C. The City now desires to lease the Site to Tenant for the development of approximately 83 units of affordable family housing, including housing for homeless families, and approximately 1,061 square feet of commercial/retail space (the “Project”).
- D. The City believes that the fulfillment of the terms and conditions of this Ground Lease are in the vital and best interests of the City and the health, safety, morals and welfare of its residents, and in full accord with the public purposes and provisions of applicable State and Federal laws and requirements.

NOW THEREFORE, in consideration of the mutual obligations of the parties hereto, the City hereby leases to Tenant, and Tenant hereby leases from the City, the Site, for the Term (as defined in Article 2), and subject to the terms, covenants, agreements and conditions hereinafter set forth, to each and all of which the City and Tenant hereby mutually agree.

ARTICLE 1: DEFINITIONS

Terms used herein have the meanings given them when first used or as set forth in this Article 1, unless the context clearly requires otherwise.

1.01 Agreement Date means the date first set forth above.

1.02 Area Median Income (or “AMI”) means median income as published annually by MOHCD, derived from the Income Limits determined by the United States Department of Housing and Urban Development for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as “Unadjusted Median Income.”

1.03 Effective Date means the date the City records a Memorandum of Ground Lease against the Site, but in no event shall the date be prior to the approval of the Ground Lease by the City’s Board of Supervisors and the Mayor.

1.04 First Lease Payment Year has the meaning set forth in Section 4.02(a).

1.05 First Mortgage Lender means any lender and its successors, assigns and participants or other entity holding the first deed of trust on the Leasehold Estate.

1.06 Ground Lease means this Ground Lease of the Site to the Tenant from the City, as amended from time to time.

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

1.08 Improvements means all physical construction, including all structures, fixtures and other improvements, to be constructed or rehabilitated on the Site.

1.09 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.

1.010 Lease Year means each calendar year during the term hereof, beginning on January 1 and ending on December 31, provided that the "First Lease Year" shall commence on the Effective Date and continue through December 31st of that same calendar year. Furthermore, the "Last Lease Year" shall end upon the expiration of the Term hereof.

1.011 Leasehold Estate means the estate held by the Tenant pursuant to and created by this Ground Lease.

1.012 Leasehold Mortgage means any mortgage, deed of trust, trust indenture, letter of credit or other security instrument, and any assignment of the rents, issues and profits from the Site, or any portion thereof, which constitutes a lien on the Leasehold Estate created by this Ground Lease and is approved in writing by the City.

1.013 Lender means any entity holding a Leasehold Mortgage.

1.014 Loan Documents means those certain loan agreements, notes, deeds of trust and declarations and any other documents executed and delivered in connection with the predevelopment, construction and permanent financing for the Project.

1.015 LOSP means an operating subsidy provided to Tenant by the City, the amount of which is sufficient to permit Tenant to operate the Project.

1.016 LOSP Program means the program administered by MOHCD that regulates the distribution of Local Operating Subsidy

1.017 MOHCD means the Mayor's Office of Housing and Community Development for the City.

1.018 Occupant means any person or entity authorized by Tenant to occupy a residential unit on the Site, or any portion thereof.

1.019 Permitted Limited Partner means Wincopin Circle LLLP, as investor limited partner, and its successors and assigns as approved by City.

1.020 Premises means the Site together with any Improvements thereon.

1.021 Project means the leasehold interest in the Site and the fee interest in the Improvements on the Site.

1.022 Project Expenses means the following costs, which may be paid from Project Income to the extent of available Project Income: (a) all charges incurred in the operation of the Project including but not limited to utilities, real estate and/or possessory interest taxes, assessments, and liability, fire and other hazard insurance premiums; (b) salaries, wages and other compensation due and payable to the employees or agents of Tenant who maintain, administer, operate or provide services in connection with the Project, including all withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments required for such employees; (c) payments of required interest, principal or annual servicing fees, if any, on any construction or permanent financing secured by the Project, including an annual monitoring fee equal to the greater of 12.5 basis points on the outstanding bond amount or \$2,500 per year with no annual increases; (d) all other expenses actually incurred by Tenant to cover routine operating and services provision costs of the Project, including maintenance and repair and the reasonable fee of any managing agent; (e) annual Base Rent payments (subject to the accrual provisions in Section 4.02(b), below; (f) approved annual supportive services

expenses; (g) any extraordinary expenses as approved in advance by the City; and (h) deposits to reserves accounts required to be established under the Loan Documents or Tenant's partnership agreement. Project Fees are not Project Expenses.

1.023 Project Fees means (i) deferred developer fee; (ii) a combined annual asset management and partnership management fee in the amount of \$36,870 , increasing by 3.5% annually , payable to the Tenant's general partner and (iii) an annual investor services fee in the amount of \$5,000, increasing annually by 3%, payable to Tenant's limited partner. In no event shall such fees exceed the maximum amount permitted by HCD as long as it is a Lender, as permitted by current and future regulations of HCD.

1.024 Project Income means all revenue, income receipts, and other consideration actually received from the operation of leasing the Improvements and Project, including non-residential and/or commercial uses of the Site. Project Income shall include but not be limited to: all rents, fees and charges paid by tenants or users of any portion of the Site; Section 8 or other rental subsidy payments received for the dwelling units; supportive services funding, if applicable; deposits forfeited by tenants; all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; and the proceeds of business interruption or similar insurance. Project Income shall not include tenants' security deposits, loan proceeds, capital contributions or similar advances.

1.025 Site means the real property as more particularly described in the Site Legal Description, Attachment 1.

1.026 Subsequent Owner means any successor (including a Lender or an affiliate or assignee of a Lender as applicable) to the Tenant's interest in the Leasehold Estate and the Improvements who acquires such interest as a result of a foreclosure, deed in lieu of foreclosure,

or transfer from a Lender, its affiliate, and any successors to any such person or entity.

1.027 Surplus Cash means all Project Income in any given Lease Year remaining after payment of Project Expenses and Project Fees. The amount of Surplus Cash will be based on figures contained in audited financial statements. All permitted uses and distributions of Surplus Cash shall be governed by Section 6.02(g) of this Ground Lease.

1.028 Tenant means 1036 Mission Associates, L.P., a California limited partnership and its successors and assigns (or a Subsequent Owner, where appropriate).

1.029 Very Low-Income Households means: (a) for a term of 55 years from the date on which a certificate of occupancy is issued for the Project, a tenant household with combined initial income that does not exceed fifty percent (50%) of Area Median Income; and (b) for any period of the Term (or extended term) thereafter, a tenant household with combined initial income that does not exceed sixty percent (60%) percent of area median income, as published by the California Tax Credit Allocation Committee (TCAC).

1.030 Whenever an Attachment is referenced, it means an attachment to this Ground Lease unless otherwise specifically identified. Whenever a section, article or paragraph is referenced, it is a reference to this Ground Lease unless otherwise specifically referenced.

ARTICLE 2: TERM

(a) **Initial Term.** The term of this Ground Lease shall commence upon the Agreement Date and shall end eighty five (85) years from that date ("Term"), unless extended pursuant to section (b) below or earlier terminated pursuant to the terms hereof.

(b) **Option for Extension.** Provided that the Tenant is not in default under the terms of this Ground Lease and the Loan Documents, beyond any notice, grace or cure period, either at the time of giving of an Extension Notice (as defined below), as described in section (c) below,

or on the last day of the Term (the "Termination Date"), the Term may be extended at the option of the Tenant for one fourteen (14) year period as provided below. If the Term is extended pursuant to this section, all references in this Ground Lease to the "Term" shall mean the Term as extended by this extension period.

(c) Notice of Extension. Tenant shall have one (1) option to extend the term of this Ground Lease for a period of fourteen (14) years from the Termination Date. Not later than one hundred eighty (180) days prior to the Termination Date, the Tenant may notify the City in writing that it wishes to exercise its option to extend the term of this Ground Lease (an "Extension Notice"). Upon Tenant's exercise of this option, the Initial Term shall be extended for fourteen (14) years from the Termination Date for a total Ground Lease term not to exceed ninety-nine (99) years.

(d) Rent During Extended Term. Rent for any extended term will be as set forth in Article 4.

(e) Right of First Refusal. If during the Term or extended term of this Ground Lease, the City desires to sell its interest in the Site, the Tenant will have the right of first refusal to negotiate for the purchase of the Site as set forth in Section 14.02 provided that the Tenant agrees to maintain the Site as a low and very low income housing development for fifty-five (55) years from the date of purchase.

(f) Holding Over. Any holding over after expiration of the Term or, if applicable, extended term without the City's written consent will constitute a default by Tenant and entitle the City to exercise any or all of its remedies as provided in this Ground Lease, even if the City elects to accept one or more payments of Annual Rent.

(g) Early Termination for Failure to Close Financing. Notwithstanding anything to

the contrary contained herein, in the event that the close of escrow for all financing required to construct the Project (excluding financing from HCD) does not occur by one year from the recording of the Memorandum of Ground Lease (the "Outside Effective Date"), the Term shall expire on the Outside Effective Date. If requested by Lender, the City shall execute, acknowledge and deliver to Lender a certificate certifying that the close of escrow has occurred and that, as a result, this Section 2(g) is no longer applicable.

ARTICLE 3: FINANCING

Tenant shall submit to the City in accordance with the dates specified in the Schedule of Performance, Attachment 2, for approval by the City, evidence satisfactory to the City that Tenant has sufficient equity capital and commitments for construction and permanent financing, and/or such other evidence of capacity to proceed with the construction of the Improvements in accordance with this Ground Lease, as is acceptable to the City.

ARTICLE 4: RENT

4.01 Annual Rent

(a) Tenant shall pay to the City One Million Seven Hundred and Forty-eight Thousand Dollars (\$1,748,000) (the "Annual Rent") per year for each year of the Term of this Ground Lease. Annual Rent consists of Base Rent and Residual Rent, as defined in Section 4.02 below, without offset of any kind (except as otherwise permitted by this Ground Lease) and without necessity of demand, notice or invoice. Annual Rent shall be re-determined on the fifteenth (15th) anniversary of the date of the first payment of Base Rent pursuant to Section 4.02(a) below and every fifteen (15) years thereafter, and shall be equal to ten percent (10%) of the appraised value of the Site as determined by an MAI appraiser selected by and at the sole cost of the Tenant. Any such adjustment shall be made to the Residual Rent and not to the Base

Rent.

(b) If the Tenant elects to extend the term of this Ground Lease pursuant to Article 2 above, Annual Rent (along with any potential future adjustments) during any such extended term shall be set by mutual agreement of the parties, taking into account the affordable housing restrictions contained in Section 9.02, project debt (including any accrued payment obligations payable from Surplus Cash) and the annual income expected to be generated by the Project; provided however that Annual Rent during the extended term shall in no event be less than the Annual Rent set forth in Section 4.01(a) above. If the parties cannot agree on Annual Rent for the extended term, either party may invoke a neutral third-party process and shall agree on a neutral third-party appraiser to set the Annual Rent at fair market rent in accordance with the then-prevailing practice for resolving similar rent determination disputes in San Francisco taking into account the affordable housing restrictions contained in Section 9.02 Project debt (including any accrued payment obligations payable from Surplus Cash, such as deferred developer fees) and the annual gross income expected to be generated by the Project or, in the event that there is no then-prevailing practice, in accordance with the rules of the American Arbitration Association. Notwithstanding the foregoing, after the neutral third party process, Tenant, in its sole discretion, may rescind the Extension Notice if it does not wish to extend the Term of this Ground Lease.

4.02 Base Rent

(a) "Base Rent", means, in any given Lease Year, Fifteen Thousand Dollars (\$15,000) per annum; provided, however, that in the event that the Tenant or any Subsequent Owner fails, after notice and opportunity to cure, to comply with the provisions of Section 9.02, Base Rent shall be increased to the full amount of Annual Rent. Base Rent shall be due and

payable in arrears on January 31st of each Lease Year; however, no Base Rent shall be due until after the earlier of (i) the date a certificate of occupancy for the Project is issued or (ii) the fifth (5th) anniversary of the Agreement Date (the "First Lease Payment Year"). The first Base Rent payment shall be due on the January 31st of the calendar year following the First Lease Payment Year and shall be equal to \$15,000 times the number of days in the year following receipt of the initial certificate of occupancy for the Improvements, divided by 365. Additionally, in the event that a Subsequent Owner elects pursuant to Section 26.06(ii) to operate the Project without being subject to Section 9.02 or any Subsequent Owner elects, pursuant to Section 26.06(ii), to operate the Project without compliance with such provisions, Annual Rent shall be adjusted as provided in Section 26.07.

(b) If the Project does not have sufficient Project Income to pay Base Rent in any given Lease Year after the payment of Project Expenses in items (a) through (d) in the definition of Project Expenses, above, and the City has received written notice from Tenant regarding its inability to pay Base Rent from Project Income on or prior to the Base Rent due date along with supporting documentation for Tenant's position that it is unable to pay Base Rent from Project Income, the unpaid amount shall be deferred and all such deferred amounts shall accrue without interest until paid ("**Base Rent Accrual**"). The Base Rent Accrual shall be due and payable each year from and to the extent Surplus Cash is available to make such payments. Any Base Rent Accrual shall be due and payable upon the earlier of (i) sale of the Project (but not a refinancing or foreclosure of the Project); (ii) termination of this Ground Lease unless a new lease is entered into with a mortgagee pursuant to Section 26.09 below), unless a new lease is entered into with a mortgagee pursuant to Section 26.09 below).

(c) If Tenant has not provided City with the required written notice and

documentation under Section 4.02(b) in connection with its claim that it cannot pay Base Rent due to insufficient Project Income, and/or the City has reasonably determined that Tenant's claim that it is unable to pay Base Rent is not supported by such documentation, the City shall assess a late payment penalty of two percent (2%) for each month or any part thereof that any Base Rent payment is delinquent. This penalty shall not apply to Base Rent Accrual that has been previously approved by the City pursuant to Section 4.02(b). The Tenant may request in writing that the City waive such penalties by describing the reasons for Tenant's failure to pay Base Rent and Tenant's proposed actions to insure that Base Rent will be paid in the future. The City may, in its sole discretion, waive in writing all or a portion of such penalties if it finds that Tenant's failure to pay Base Rent was beyond Tenant's control and that Tenant is diligently pursuing reasonable solutions to such failure to pay.

4.03 Residual Rent

"Residual Rent" means, in any given Lease Year, One Million Seven Hundred Thirty-three Thousand Dollars (\$1,733,000), subject to any periodic adjustments pursuant to Section 4.01. Residual Rent shall be due in arrears on May 15th following each Lease Year. Except as otherwise provided in Section 26.07(a), Residual Rent shall be payable only to the extent of Surplus Cash as provided in Section 6.02(g) below, and any unpaid Residual Rent shall not accrue. In the event that in any year Surplus Cash is insufficient to pay the full amount of the Residual Rent, Tenant shall certify to the City in writing by May 15 that available Surplus Cash is insufficient to pay Residual Rent and Tenant shall provide to City any supporting documentation reasonably requested by City to allow City to verify the insufficiency.

4.04 Triple Net Lease

This Ground Lease is a triple net lease and the Tenant shall be responsible to pay all

costs, charges, taxes, impositions and other obligations related thereto accruing after the Agreement Date. If the City pays any such amounts, whether to cure a default or otherwise protect its interests hereunder, the City will be entitled to be reimbursed by Tenant the full amount of such payments as additional rent within thirty (30) days of written demand by City. Failure to timely pay the additional rent shall be an event of default.

ARTICLE 5: CITY COVENANTS

The City is duly created, validly existing and in good standing under the Law, and has full right, power and authority to enter into and perform its obligations under this Ground Lease. City covenants and warrants that the Tenant and its tenants shall have, hold and enjoy, during the Term, peaceful, quiet and undisputed possession of the Site leased without hindrance or molestation by or from anyone so long as the Tenant is not in default under this Ground Lease.

ARTICLE 6: TENANT COVENANTS

Tenant covenants and agrees for itself and its successors and assigns to or of the Site, or any part thereof, that:

6.01 Limited Partnership Authority

Tenant is a California limited partnership and has full rights, power and authority to enter into and perform its obligations under this Ground Lease.

6.02 Use of Site and Rents

During the Term of this Ground Lease, Tenant and its successors and assigns shall comply with the following requirements:

6.02(a) Permitted Uses

Except as provided in Sections 26.06 and 26.07 of this Ground Lease, Tenant shall devote the Site to, exclusively and in accordance with, the uses specified in this Ground Lease, as specified in Article 9 hereof, which are the only uses permitted by this Ground Lease.

6.02(b) Non-Discrimination

Tenant shall not discriminate against or segregate any person or group of persons on account of race, color, creed, religion, ancestry, national origin, sex, gender identity, marital or domestic partner status, sexual orientation or disability (including HIV or AIDS status) in the sale, lease, rental, sublease, transfer, use, occupancy, tenure or enjoyment of the Site or the Improvements, or any part thereof, nor shall Tenant itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of Occupants, subtenants or vendees on the Site or Improvements, or any part thereof, except to the extent permitted by law or required by funding source. Tenant shall not discriminate against tenants with certificates or vouchers under the Section 8 program or any successor rent subsidy program.

6.02(c) Non-Discriminatory Advertising

All advertising (including signs) for sublease of the whole or any part of the Site shall include the legend "Equal Housing Opportunity" in type or lettering of easily legible size and design, or as required by applicable law.

6.02(d) Access for Disabled Persons

Comply with all applicable laws providing for access for persons with disabilities, including, but not limited to, the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973.

6.02(e) Equal Opportunity Marketing Plan

Tenant shall submit a Fair Housing Marketing Plan to be approved by the City. Any Fair Housing Marketing Plan must follow the City's marketing requirements for such plans.

6.02(f) Lead Based Paint

Tenant agrees to comply with the regulations set forth in 24 CFR Part 35 and all applicable rules and orders issued thereunder which prohibit the use of lead-based paint in certain residential structures undergoing federally assisted construction and require the elimination of lead-based paint hazards.

6.02(g) Permitted Uses of Surplus Cash

All annual Project Income, prior to the calculation of Surplus Cash, shall be used to pay, in the following order of priority: Project Expenses, including but not limited to Base Rent, and Project Fees. If the Tenant is in compliance with all applicable requirements and agreements under this Ground Lease, Tenant shall then use any Surplus Cash to make the following payments:

- i. First to Base Rent Accrual payments, if any;
- ii. Second, to replenish the operating reserve account, if necessary, up to the amount required by Lenders;
- iii. Third, two-thirds (2/3) of remaining Surplus Cash to the City. The City's portion of Surplus Cash will be applied first to repayment of all City loans according to the terms of the City loan documents, then to annual Residual Rent; and
- iv. Then, any remaining Surplus Cash may be used by Tenant for any purposes

permitted under the amended and restated limited partnership agreement of Tenant, as it may be amended from time to time.

Notwithstanding the foregoing, Tenant and City agree that the distribution of Surplus Cash may be modified based on the requirements of other Lenders. Notwithstanding subsection (iii) above, for as long as a portion of the Project Fees are being paid out of Tenant's share of Surplus Cash in accordance with HCD requirements, one half (1/2) of remaining Surplus Cash will be paid to Tenant and the remaining Surplus Cash will be split on a pro-rata basis between City and HCD (as long as HCD is a Lender).

6.03 City Deemed Beneficiary of Covenants

In amplification, and not in restriction, of the provisions of the preceding subsections, it is intended and agreed that the City shall be deemed beneficiary of the agreements and covenants provided in this Article 6 for and in its own right and also for the purposes of protecting the interests of the community and other parties, public or private, in whose favor or for whose benefit such agreements and covenants have been provided. Such agreements and covenants shall run in favor of the City for the entire period during which such agreements and covenants shall be in force and effect, without regard to whether the City has at any time been, remains, or is an owner of any land or interest therein to, or in favor of, which such agreements and covenants relate. The City shall have the exclusive right, in the event of any breach of any such agreements or covenants, in each case, after notice and the expiration of cure periods, to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach of covenants, to which it or any other beneficiaries of such agreements or covenants may be entitled.

ARTICLE 7: ANNUAL INCOME COMPUTATION AND CERTIFICATION

Forty-five (45) days after recordation of a NOC (as defined in Section 10.14) by the Tenant for the Improvements, Tenant will furnish to the City a list of the persons who are Occupants of the Improvements, the specific unit which each person occupies, the household income of the Occupants of each unit, the household size and the rent being charged to the Occupants of each unit along with an income certification, in the form set forth in Attachment 6, for each Occupant. Each Occupant in the Project must also recertify his/her household income to Tenant one time in every 6th year of the Project's affordability period using the full recertification method required by the HOME program, as applicable. Interim recertifications are also required annually but may be done using the abbreviated annual income recertification method which requires Occupants to submit income certification forms but does not require verification of income or assets. In addition, each Occupant must be required to provide any other information, documents or certifications deemed necessary by the City to substantiate the Occupant's income. If any state or federal agency requires an income certification for Occupants of the Improvements containing the above-referenced information, the City agrees to accept such certification in lieu of Attachment 6 as meeting the requirements of this Ground Lease. In addition to such initial and annual list and certification, Tenant agrees to provide the same information and certification to the City regarding each Occupant of the Improvements not later than twenty (20) business days after such Occupant commences occupancy.

ARTICLE 8: CONDITION OF SITE - "AS IS"

Neither the City, nor any employee, agent or representative of the City has made any representation, warranty or covenant, expressed or implied, with respect to the Site, its physical condition, the condition of any improvements, any environmental laws or regulations, or any other matter, affecting the use, value, occupancy or enjoyment of the Site other than as set forth

explicitly in this Ground Lease, and the Tenant understands and agrees that the City is making no such representation, warranty or covenant, expressed or implied; it being expressly understood that the Site is being leased in an "AS IS" condition with respect to all matters.

ARTICLE 9: IMPROVEMENTS AND PERMITTED USES

9.01 Schedule of Performance

Tenant agrees to undertake and complete all physical construction on the Site, if any, as approved by the City, in accordance with the Schedule of Performance, Attachment 2

9.02 Permitted Uses and Occupancy Restrictions

The permitted uses of the Project are limited to 83 units of affordable rental housing, (collectively, the "Residential Units") and common areas. Upon the completion of construction, one hundred percent (100%) of the Residential Units in the Project shall be occupied or held vacant and available for rental by Very Low Income Households. In addition, 40 of the Residential Units must be set aside for homeless households, per LOSP Program requirements; provided however that this requirement shall only apply for so long as the Project receives LOSP subsidy funding for all units designated as LOSP units. Residential Units shall be occupied and rented in accordance with all applicable restrictions imposed on the Project by this Ground Lease and by Lenders for so long as such restrictions are required by the applicable Lender.

ARTICLE 10: CONSTRUCTION OF IMPROVEMENTS

10.01 General Requirements and Rights of City

All construction documents, including but not limited to preliminary and final plans and specifications for the construction of the Improvements by Tenant (collectively the "Construction Documents") shall be prepared by a person registered in and by the State of California to practice architecture and shall be in conformity with this Ground Lease, including

any limitations established in the City's reasonable approval of the schematic drawings, if any, preliminary construction documents, and final construction documents for the Premises, and all applicable Federal, State and local laws and regulations. The architect shall use, as necessary, members of associated design professions, including engineers and landscape architects. Notwithstanding anything to the contrary contained in this Article 10, the City hereby acknowledges that for purposes of this Ground Lease, the Final Construction Documents for the Project have been approved as of the Effective Date.

10.02 City Approvals and Limitation Thereof

The Construction Documents must be approved by the City in the manner set forth below:

10.02(a) Compliance with Ground Lease

The City's approval with respect to the Construction Documents is limited to determination of their compliance with this Ground Lease. The Construction Documents shall be subject to general architectural review and guidance by City as part of this review and approval process.

10.02(b) MOHCD Does Not Approve Compliance with Construction Requirements

The City's approval is not directed to engineering or structural matters or compliance with local building codes and regulations, the Americans with Disabilities Act, or any other applicable State or Federal law relating to construction standards or requirements. Tenant further understands and agrees that City is entering into this Ground Lease in its capacity as a property owner with a proprietary interest in the Premises and not as a regulatory agency with police powers. Nothing in this Ground Lease shall limit in any way Tenant's obligation to

obtain any required approvals from City officials, departments, boards or commissions having jurisdiction over the Premises. By entering into this Ground Lease, City is in no way modifying or limiting Tenant's obligation to cause the Premises to be used and occupied in accordance with all applicable laws.

10.02(c) City Determination Final and Conclusive

The City's determination respecting the compliance of the Construction Documents with this Ground Lease shall be final and conclusive (except that it makes no determination and has no responsibility for the matters set forth in Section 10.02(b), above).

10.03 Construction to be in Compliance with Construction Documents and Law

10.03(a) Compliance with City Approved Documents

The construction shall be in compliance with the City-approved Construction Documents.

10.03(b) Compliance with Local, State and Federal Law

The construction shall be in strict compliance with all applicable local, State and Federal laws and regulations. Tenant understands and agrees that Tenant's use of the Premises and construction of the Improvements permitted hereunder will require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises, including, without limitation, City agencies. Tenant shall be solely responsible for obtaining any and all such regulatory approvals. Tenant shall not seek any regulatory approval without first obtaining the written consent of City as Landlord under this Lease. Tenant shall bear all costs associated with applying for and obtaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any such condition that could affect use or occupancy

of the Project or City's interest therein must first be approved by City in its sole discretion. Any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Tenant, and City shall have no liability, monetary or otherwise, for any such fines or penalties. Tenant shall indemnify, defend, and hold harmless the City and the other Indemnified Parties hereunder against all Claims (as such terms are defined in Section 21.01 (Tenant's Indemnity) below) arising in connection with Tenant's failure to obtain or failure by Tenant, its agents or invitees to comply with the terms and conditions of any regulatory approval, excepting only such Claims as are caused exclusively by the willful misconduct or gross negligence of the City.

10.04 Approval of Construction Documents by City

Tenant shall submit and City shall approve or disapprove the Construction Documents referred to in this Ground Lease within the times established in the Schedule of Performance. Failure by City either to approve or disapprove within the times established in the Schedule of Performance shall entitle Tenant to a day for day extension of time for completion of any activities delayed as a direct result of City's failure to timely approve or disapprove the Construction Documents. City hereby acknowledges that, as Landlord under this Ground Lease, as of the Effective Date, City has approved the Construction Documents for the Project.

10.05 Disapproval of Construction Documents by City

If the City disapproves the Construction Documents in whole or in part as not being in compliance with this Ground Lease, Tenant shall submit new or corrected plans which are in compliance within thirty (30) days after written notification to it of disapproval, and the provision of this section relating to approval, disapproval and re-submission of corrected Construction Documents shall continue to apply until the Construction Documents have been

approved by the City; provided, however, that in any event Tenant must submit satisfactory Construction Documents (i.e., approved by City) no later than the date specified therefor in the Schedule of Performance.

10.06 Reserved

10.07 Issuance of Building Permits

Tenant shall have the sole responsibility for obtaining all necessary building permits and shall make application for such permits directly to the City's Department of Building Inspection. The City understands and agrees that Tenant may use the Fast Track method of permit approval for construction of the Improvements.

10.08 Performance and Payment Bonds

Prior to commencement of construction of the Improvements, Tenant shall deliver to City performance and payment bonds, each for the full value of the cost of construction of the Improvements, which bonds shall name the City as co-obligee, or such other completion security which is acceptable to the City. The payment and performance bonds may be obtained by Tenant's general contractor and name Tenant and City as co-obligees.

10.09 City Approval of Changes after Commencement of Construction

Tenant may not approve or permit any change to the plans and specifications approved by the City without the City's prior written consent.

10.10 Times for Construction

Tenant agrees for itself, and its successors and assigns to or of the Leasehold Estate or any part thereof, that Tenant and such successors and assigns shall promptly begin and diligently prosecute to completion the construction of the Improvements upon the Site, and that such construction shall in any event commence and thereafter diligently continue and shall be

completed no later than the dates specified in the Schedule of Performance, subject to force majeure, unless such dates are extended by the City.

10.11 Force Majeure

For the purposes of any of the provisions of this Ground Lease, and notwithstanding anything to the contrary, neither the City nor Tenant, as the case may be, shall be considered in breach or default of its obligations, nor shall there be deemed a failure to satisfy any conditions with respect to the beginning and completion of construction of the Improvements, or progress in respect thereto, in the event of enforced delay in the performance of such obligations or satisfaction of such conditions, due to unforeseeable causes beyond its control and without its fault or negligence, including, but not restricted to, acts of God, or of the public enemy, acts of the Government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, general scarcity of materials and unusually severe weather or delays of subcontractors due to such causes; it being the purposes and intent of this provision that in the event of the occurrence of any such enforced delay, the time or times for the satisfaction of conditions to this Ground Lease including those with respect to construction of the Improvements, shall be extended for the period of the enforced delay; provided, however, that the party seeking the benefit of the provisions of this paragraph shall have notified the other party thereof in writing of the cause or causes thereof within thirty (30) days after the beginning of any such enforced delay and requested an extension for the period of the enforced delay; and, provided further, that this paragraph shall not apply to, and nothing contained in this paragraph shall extend or shall be construed to extend, the time of performance of any of Tenant's obligations to be performed prior to the commencement of construction, nor shall the failure to timely perform pre-commencement of construction obligations extend or be construed to extend

Tenant's obligations to commence, prosecute and complete construction of the Improvements in the manner and at the times specified in this Ground Lease.

10.12 Reports

Commencing when construction of the Improvements commences and continuing until completion of construction of the Improvements, Tenant shall make a report in writing to the City every three (3) months-, in such detail as may reasonably be required by the City, as to the actual progress of the Tenant with respect to such construction. The MOHCD Monthly Project Update required under the MOHCD Loan Documents shall satisfy this requirement.

10.13 Access to Site

Commencing as of the Effective Date, Tenant shall permit access to the Site to the City whenever and to the extent necessary to carry out the purposes of the provisions of this Ground Lease, at reasonable times and upon reasonable advance notice, and on an emergency basis without notice whenever City believes that emergency access is required. Prior to issuance of the NOC (as defined below) Tenant will have the right to have an employee, agent, or other representative of Tenant accompany the City representative at all times while the Landlord representative is present on the Site. The City and its representatives will exercise due care in entering upon and/or inspecting the Site, and will perform all entry and inspection in a professional manner and so as to preclude any damage to the Site or Improvements, or any disruption to the work of construction or operation of the Improvements. The City and its representatives will abide by any reasonable safety and security measures Tenant imposes.

10.14 Notice of Completion

Promptly upon completion of the construction of the Improvements in accordance with the provisions of this Ground Lease, Tenant shall file a Notice of Completion ("NOC") and

record such approved NOC in the San Francisco Recorder's Office. Tenant shall provide the City with a copy of the recorded NOC.

10.15 Completion of Improvements by New Developer

In the event a Lender or a successor thereto forecloses, obtains a deed in lieu of foreclosure or otherwise realizes upon the Premises and undertakes construction of the Improvements ("New Developer") (A) such New Developer shall not be bound by the provisions of the Schedule of Performance with respect to any deadlines for the completion of the Improvements but shall only be required to complete the Improvements with due diligence and in conformance with a new Schedule of Performance as agreed upon by the New Developer and the City, (B) such New Developer shall only be required to complete the Improvements in accordance with all applicable building codes and ordinances, and the approved Construction Documents with such changes that are mutually agreed upon by the City and the New Developer pursuant to Subsection (C) hereof; and (C) City and New Developer shall negotiate in good faith such reasonable amendments, and reasonable modifications to Section 10 of this Ground Lease as the parties mutually determine to be reasonably necessary based upon the financial and construction conditions then existing.

ARTICLE 11: COMPLETION OF IMPROVEMENTS

11.01 Certificate of Completion – Issuance

Promptly after completion of the construction of the Improvements in accordance with the provisions of this Ground Lease, and upon the request of Tenant, the City will furnish Tenant with an appropriate instrument so certifying (the "Certificate of Completion"). Such certification by the City shall be a conclusive determination of satisfaction and termination of the agreements and covenants of this Ground Lease with respect to the obligation of Tenant, and its successors

and assigns, to construct the Improvements in accordance with City approved Construction Documents and the dates for the beginning and completion thereof; provided however, that such determination shall only be withheld because of failure to carry out specific requirements of this Ground Lease; provided further that such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of Tenant to any Lender, or any insurer of a mortgage, securing money loaned to finance the construction or any part thereof; provided further, that City issuance of any Certificate of Completion does not relieve Tenant or any other person or entity from any and all City requirements, regulatory approvals, or conditions relating to construction or occupancy of the Improvements, which requirements or conditions must be complied with separately.

City may elect to issue to Tenant a Certificate of Completion if no events of default by Tenant are then existing under this Ground Lease and Tenant has completed the Improvements in accordance with this Agreement, except for: (1) punch list items; (2) landscaping and other outside areas of the Improvements; and (3) other items that do not adversely affect or impair Tenant's use and occupancy of the Improvements for the purposes contemplated by this Ground Lease and that do not preclude the City's issuance of a certificate of occupancy or other certificate or authorization of Tenant's use and occupancy of the Improvements. However, City will not be obligated to issue a Certificate of Completion in these circumstances unless and until Tenant has provided to the City, at the City's request, a bond, letter of credit, certificate of deposit, or other security reasonably acceptable to the City in an amount equal to 110% of the estimated cost of completing the items described in clauses (1) through (3) above, as reasonably determined by the City.

11.02 Certifications to be Recordable

All certifications provided for in this section shall be in such form as will enable them to be recorded with the Recorder of the City.

11.03 Certification of Completion - Non-Issuance Reasons

If MOHCD shall refuse or fail to provide any certification in accordance with the provisions of Section 11.01, the City shall provide Tenant with a written statement, within fifteen (15) days after receipt by the City of the original written request by Tenant, indicating in adequate detail in what respects Tenant has failed to complete the construction of the Improvements in accordance with the provisions of this Ground Lease or is otherwise in default hereunder and what measures or acts will be necessary, in the opinion of the City, for Tenant to take or perform in order to obtain such certification.

ARTICLE 12: CHANGES TO THE IMPROVEMENTS

12.01 Post Completion Changes

The City has a particular interest in the Project and in the nature and extent of the permitted changes to the Improvements. Accordingly, it desires to and does hereby impose the following particular controls on the Site and on the Improvements: during the term of this Ground Lease, neither Tenant, nor any voluntary or involuntary successor or assign, shall make or permit any Change in the Improvements (as defined in Section 12.02), unless the express prior written consent for any change shall have been requested in writing from the City and obtained, and, if obtained, upon such terms and conditions as the City may reasonably require. The City agrees not to withhold or delay its response to such a request unreasonably.

12.02 Definition of Change

'Change' as used in this Article means any alteration, modification, addition and/or substitution of or to the Site, the Improvements, and/or the density of development which differs

materially from that which existed upon the completion of construction of the Improvements in accordance with this Ground Lease, and shall include without limitation the exterior design and exterior materials. For purposes of the foregoing, exterior shall mean and include the roof of the Improvements. Changes shall not include repairs, maintenance and interior alterations in the normal course of operation of the Project, or as may be required in an emergency to protect the safety and well-being of the Project's Occupants.

12.03 Enforcement

Subject to Article 19 hereof, City shall have any and all remedies in law or equity (including without limitation restraining orders, injunctions and/or specific performance), judicial or administrative, to enforce the provisions of this Article 12, including without limitation any threatened breach thereof or any actual breach or violation thereof.

ARTICLE 13: TITLE TO IMPROVEMENTS

City acknowledges that fee title to the Improvements shall be vested in Tenant. It is the intent of the Parties that this Ground Lease and Memorandum of Lease shall create a constructive notice of severance of the Improvements from the Land without the necessity of a deed from Lessor to Lessee. City and Tenant hereby agree that fee title to the Improvements shall remain vested in Tenant during the Term, subject to Section 14.01 below; provided, however, that, subject to the rights of any Lenders and as further consideration for the City entering into this Ground Lease, at the expiration or earlier termination of this Ground Lease, fee title to all the Improvements shall vest in the City without further action of any party, without any obligation by the City to pay any compensation therefor to Tenant, and without the necessity of a deed from Tenant to the City. Notwithstanding the foregoing, if requested by City, upon expiration or sooner termination of this Ground Lease, Tenant shall execute, acknowledge, and

deliver to the City a good and sufficient grant deed conveying to City Tenant's fee interest in the Improvements. City acknowledges and agrees that any and all depreciation, amortization and tax credits for federal or state tax purposes relating to the Improvements and any and all additions thereto, substitutions therefor, fixtures therein and other property relating thereto shall be deducted or credited exclusively to Tenant during the Term and for the tax years during which the Term begins and ends.

ARTICLE 14: ASSIGNMENT, SUBLEASE OR OTHER CONVEYANCE

14.01 Assignment, Sublease or Other Conveyance by Tenant

Tenant may not sell, assign, convey, sublease, or transfer in any other mode or form all or any part of its interest in this Ground Lease or in the Improvements or any portion thereof, other than to Lender(s) or affiliates of Lender(s), or allow any person or entity to occupy or use all or any part of the Site, other than leases to residential tenants and commercial tenants in the ordinary course of business, nor may it contract or agree to do any of the same, without the prior written approval of the City, which approval shall not be unreasonably withheld or delayed. The City reserves the right to review and approve any commercial leases and commercial tenants for the Site, which approval shall not be unreasonably withheld or delayed. Notwithstanding anything contained herein to the contrary, Tenant may sell, assign, convey, sublease or transfer any or all of its interests in and to this Ground Lease to Tenant affiliate or to an affiliate or successor of Tenderloin Neighborhood Development Corporation, and may change, assign, acquire, or liquidate partnership interests in Tenant, as permitted under Article 47 of this Ground Lease.

14.02 Assignment, Sublease or Other Conveyance by City

The parties acknowledge that any sale, assignment, transfer or conveyance of all or any

part of the City's interest in the Site, the Improvements, or this Ground Lease, is subject to this Ground Lease. The City will require that any purchaser, assignee or transferee expressly assume all of the obligations of the City under this Ground Lease by a written instrument recordable in the Official Records of the City. This Ground Lease shall not be affected by any such sale, and Tenant shall attorn to any such purchaser or assignee. [In the event that the City intends to sell all or any part of the Site, the City shall notify Tenant of the proposed terms of such sale not later than ninety (90) days before the anticipated close of escrow. Tenant shall have sixty (60) days from the giving of such notice to exercise a right of first refusal to purchase the Site on the same terms and conditions of such proposed sale, provided that any sale of City's interest in the Site shall be subject to the prior approval of the City's Board of Supervisors and Mayor.

ARTICLE 15: TAXES

Tenant agrees to pay, or cause to be paid, when due to the proper authority, any and all valid taxes, assessments and similar charges on the Site which become effective after the Effective Date of this Ground Lease, including all taxes levied or assessed on the possession, use or occupancy, as distinguished from the ownership, of the Site. Tenant shall not permit any such taxes, charges or other assessments to become a defaulted lien on the Site or the Improvements thereon; provided, however, that in the event any such tax, assessment or similar charge is payable in installments, Tenant may make, or cause to be made, payment in installments; and, provided further, that Tenant may contest the legal validity or the amount of any tax, assessment or similar charge, through such proceedings as Tenant considers necessary or appropriate, and Tenant may defer the payment thereof so long as the validity or amount thereof shall be contested by Tenant in good faith and without expense to the City. In the event of any such contest, Tenant shall protect, defend and indemnify the City against all loss, cost, expense or

damage resulting there from, and should Tenant be unsuccessful in any such contest, Tenant shall forthwith pay, discharge, or cause to be paid or discharged, such tax, assessment or other similar charge. The City shall furnish such information as Tenant shall reasonably request in connection with any such contest provided that such information is in the City's possession or control or is otherwise available to the public. City hereby consents to and shall reasonably cooperate and assist with Tenant applying for and obtaining any applicable exemptions from taxes or assessments levied on the Site, the Improvements or on Tenant's interest therein.

Tenant shall have no obligation under this Section prior to the Effective Date, including but not limited to any taxes, assessments or other charges levied against the Site which are incurred prior to the Effective Date.

ARTICLE 16: UTILITIES

From and after the Effective Date, Tenant shall procure water and sewer service from the City and electricity, telephone, natural gas and any other utility service from the City or utility companies providing such services, and shall pay all connection and use charges imposed in connection with such services. From and after the Effective Date, as between the City and Tenant, Tenant shall be responsible for the installation and maintenance of all facilities required in connection with such utility services to the extent not installed or maintained by the City or the utility providing such service. All electricity necessary for operations in the Premises shall be purchased from San Francisco Public Utilities Commission ("SFPUC"), at SFPUC's standard rates charged to third parties, unless SFPUC determines, in its sole judgment, that it is not feasible to provide such service to the Premises. SFPUC is the provider of electric services to City property, and the Interconnection Services Department of SFPUC's Power Enterprise coordinates with Pacific Gas and Electric Company and others to implement this service. To

arrange for electric service to the Premises, Tenant shall contact the Interconnection Services Department in the Power Enterprise of the SFPUC.

ARTICLE 17: MAINTENANCE

Tenant, at all times during the term hereof, shall maintain or cause to be maintained the Premises in good condition and repair to the reasonable satisfaction of the City, including the exterior, interior, substructure and foundation of the Improvements and all fixtures, equipment and landscaping from time to time located on the Site or any part thereof. The City shall not be obligated to make any repairs, replacements or renewals of any kind, nature or description whatsoever to the Site or any buildings or improvements now or hereafter located thereon.

ARTICLE 18: LIENS

Tenant shall use its best efforts to keep the Site free from any liens arising out of any work performed or materials furnished by itself or its subtenants. In the event that Tenant shall not cause the same to be released of record or bonded around within twenty (20) days following written notice from the City of the imposition of any such lien, the City shall have, in addition to all other remedies provided herein and by law, the right but not the obligation to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All sums paid by the City for such purpose, and all reasonable expenses incurred by it in connection therewith, shall be payable to the City by Tenant on demand; provided, however, Tenant shall have the right, upon posting of an adequate bond or other security, to contest any such lien, and the City shall not seek to satisfy or discharge any such lien unless Tenant has failed so to do within ten (10) days after the final determination of the validity thereof. In the event of any such contest, Tenant shall protect, defend, and indemnify the City against all loss, cost, expense or damage resulting therefrom. The provisions of this Section shall not apply prior

to the Effective Date or to any liens arising prior to the Effective Date.

ARTICLE 19: GENERAL REMEDIES

19.01 Application of Remedies

The provisions of this Article 19 shall govern the parties' remedies for breach of this Ground Lease.

19.02 Notice and Cure Rights for Tenant and Permitted Limited Partner

(a) The City may not exercise its remedies under this Ground Lease for a default by the Tenant unless and until: (i) the City has given written notice of any such default, in accordance with the notice provisions of Article 38, to Tenant and Permitted Limited Partners, who have requested notice as set forth below, and (ii) such default has not been cured within sixty (60) days or such longer period as may be set forth herein, following the giving of such notice or, if such default cannot be cured within such 60-day period, such longer period as is reasonably necessary to cure such default, provided that such cure has been commenced within such 60-day period and is being prosecuted diligently to completion. If a Permitted Limited Partner cannot cure a default due to an automatic stay in Bankruptcy court because the general partner of the Tenant is in bankruptcy, any cure period will be tolled during the pendency of such automatic stay.

(b) The City will not exercise its remedy to terminate this Ground Lease if a Permitted Limited Partner is attempting to cure the default and such cure requires removal of the managing general partner, so long as the Permitted Limited Partner is proceeding diligently to remove the managing general partner in order to effect a cure of such default.

(c) Unless otherwise provided for herein, any limited partner wishing to become a Permitted Limited Partner other than any Permitted Limited Partner identified in Section 38 must

provide five (5) days written notice to the City in accordance with the notice provisions of this Ground Lease, setting forth a notice address and providing a copy of such notice to the Tenant and all of the Tenant's partners. Such limited partner will become a Permitted Limited Partner upon the expiration of the five-day period. A limited partner will not be afforded the protections of this section with respect to any default occurring prior to the time such limited partner becomes a Permitted Limited Partner.

19.03 Breach by City

If Tenant believes a material breach by the City of this Ground Lease has occurred, Tenant shall first notify the City in writing of the purported breach, giving the City sixty (60) days from receipt of such notice to cure such breach. In the event City does not then cure or, if the breach is not reasonably susceptible to cure within that sixty (60) day period, begin to cure within sixty (60) days and thereafter diligently prosecute such cure to completion, then Tenant shall be afforded all of its rights at law or in equity by taking any or all of the following remedies: (i) terminating in writing this entire Ground Lease with the written consent of each Lender; (ii) prosecuting an action for damages; (iii) seeking specific performance of this Ground Lease; or (iv) any other remedy available at law or equity.

19.04 Breach by Tenant

19.04(a) Default by Tenant

Subject to the notice and cure rights under Section 19.02, the following events each constitute a basis for the City to take action against Tenant:

- (1) Tenant fails to comply with the Permitted Uses and Occupancy Restrictions set forth in Section 9.02;
- (2) Tenant voluntarily or involuntarily assigns, transfers or attempts to

transfer or assign this Ground Lease or any rights in this Ground Lease, or in the Improvements, except as permitted by this Ground Lease or otherwise with the approval of the City;

(3) From and after the Effective Date, Tenant, or its successor in interest, shall fail to pay real estate taxes or assessments on the Premises or any part thereof when due, or shall place thereon any encumbrance or lien unauthorized by this Ground Lease, or shall suffer any levy or attachment to be made, or any material supplier's or mechanic's lien or any other unauthorized encumbrance or lien to attach, and such taxes or assessments shall not have been paid, or the encumbrance or lien removed or discharged within the time period provided in Article 18; provided, however, that Tenant shall have the right to contest any tax or assessment pursuant to Article 15 and Article 18 and, upon the posting of an adequate bond or other security, to contest any such lien or encumbrance. In the event of any such contest, Tenant shall protect, indemnify and hold City harmless against all losses and damages, including reasonable attorneys' fees and costs resulting therefrom;

(4) Tenant shall be adjudicated bankrupt or insolvent or shall make a transfer in fraud of creditors, or make an assignment for the benefit of creditors, or bring or have brought against Tenant any action or proceeding of any kind under any provision of the Federal Bankruptcy Act or under any other insolvency, bankruptcy or reorganization act and, in the event such proceedings are involuntary, Tenant is not dismissed from the same within sixty (60) days thereafter; or, a receiver is appointed for a substantial part of the assets of Tenant and such receiver is not discharged within sixty (60) days;

(5) Tenant breaches any other material provision of this Ground Lease;

(6) Tenant fails to pay any portion of Annual Rent when due in accordance with the terms and provisions of this Ground Lease.

19.04(b) Notification and City Remedies

Upon the happening of any of the events described in Section 19.04(a) above, and prior to exercising any remedies, the City shall notify Tenant, the Permitted Limited Partners, and each Lender in writing of the Tenant's purported breach, failure or act in accordance with the notice provisions of Article 38, giving Tenant sixty (60) days from receipt of such notice to cure such breach, failure or act. In the event Tenant does not cure or, if the breach, failure or act is not reasonably susceptible to cure within that sixty (60) day period, begin to cure within sixty (60) days and thereafter diligently prosecute such cure to completion, then, subject to the rights of any Lender and subject to Section 19.02 and Article 26, the City thereafter shall be afforded all of its rights at law or in equity, including without limitation any or all of the following remedies: (1) terminating in writing this Ground Lease; (2) prosecuting an action for damages; (3) seeking specific performance of this Ground Lease; or (4) in the case of default under Section 19.04(a)(1), increasing the Base Rent to the full amount of the Annual Rent.

Notwithstanding the foregoing, during the 15-year tax credit "compliance period" (as defined in Section 42 of the Internal Revenue Code, as amended) for the Project, City may only terminate this Ground Lease for a default by Tenant under Section 19.04(a)(6) above.

ARTICLE 20: DAMAGE AND DESTRUCTION

20.01 Insured Casualty

From and after the Effective Date, if the Improvements or any part thereof are damaged or destroyed by any cause covered by any policy of insurance required to be maintained by Tenant hereunder, Tenant shall promptly commence and diligently complete the restoration of the Improvements as nearly as possible to the condition thereof prior to such damage or destruction; provided, however, that if more than fifty percent (50%) of the Improvements are

destroyed or are so damaged by fire or other casualty and if the insurance proceeds do not provide at least ninety percent (90%) of the funds necessary to accomplish the restoration, Tenant, with the written consent of Lender, may terminate this Ground Lease within thirty (30) days after the later of (i) the date of such damage or destruction, or (ii) the date on which Tenant is notified of the amount of insurance proceeds available for restoration. In the event Tenant is required or elects to restore the Improvements, all proceeds of any policy of insurance required to be maintained by Tenant under this Ground Lease shall, subject to any applicable rights of Lenders, be used by Tenant for that purpose and Tenant shall 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 thereof. In the event Tenant elects to terminate this Ground Lease pursuant to its right to do so under this Section 20.01, or elects not to restore the Improvements, the insurance proceeds shall be divided in the order set forth in Section 20.03.

20.02 Uninsured Casualty

From and after the Effective Date, if (i) more than 50% of the Improvements are damaged or destroyed and ten percent (10%) or more of the cost of restoration is not within the scope of the insurance coverage; and (ii) in the reasonable opinion of Tenant, the undamaged portion of the Improvements cannot be completed or operated on an economically feasible basis; and (iii) there is not available to Tenant any feasible source of third party financing for restoration reasonably acceptable to Tenant; then Tenant may, with the written consent of each Lender, other than the City, terminate this Ground Lease upon ninety (90) days written notice to the City. If it appears that the provisions of this Section 20.02 may apply to a particular event of damage or destruction, Tenant shall notify the City promptly and not consent to any settlement or

adjustment of an insurance award without the City's written approval, which approval shall not be unreasonably withheld or delayed. In the event that Tenant terminates this Ground Lease pursuant to this Section 20.02, all insurance proceeds and damages payable by reason of the casualty shall be divided among City, Tenant and Lenders in accordance with the provisions of Section 20.03. If Tenant does not have the right, or elects not to exercise the right, to terminate this Ground Lease as a result of an uninsured casualty, Tenant shall promptly commence and diligently complete the restoration of the Improvements as nearly as possible to their condition prior to such damage or destruction in accordance with the provisions of Section 20.01 and shall, subject to any applicable rights of Lenders, be entitled to all available insurance proceeds.

20.03 Distribution of the Insurance Proceeds

In the event of an election by Tenant to terminate and surrender as provided in either Sections 20.01 or 20.02, the priority and manner for distribution of the proceeds of any insurance policy required to be maintained by Tenant hereunder shall be as follows:

- (a) First to the Lenders, in order of their priority, to control, disburse or apply to any outstanding loan amounts in accordance with the terms their respective Leasehold Mortgages;
- (b) Second, to pay for the cost of removal of all debris from the Site or adjacent and underlying property, and for the cost of any work or service required by any statute, law, ordinance, rule, regulation or order of any federal, state or local government, or any agency or official thereof, for the protection of persons or property from any risk, or for the abatement of any nuisance, created by or arising from the casualty or the damage or destruction caused thereby;
- (c) Third, to compensate City for any diminution in the value (as of the date of the damage or destruction) of the Site as a raw development site caused by or arising from the

damage or destruction; and

(d) The remainder to Tenant.

20.04 Clean Up of Housing Site

In the event the Tenant terminates this Ground Lease pursuant to the provisions of Sections 20.01 or 20.02 and the proceeds of any insurance policy are insufficient to pay the clean-up and other costs described in Article 20.03(b), Tenant shall have the obligation to pay the portion of such costs not covered by the insurance proceeds.

ARTICLE 21: DAMAGE TO PERSON OR PROPERTY; HAZARDOUS MATERIALS; INDEMNIFICATION

21.01 Damage to Person or Property - General Indemnification

City shall not in any event whatsoever be liable for any injury or damage to any person happening on or about the Site, for any injury or damage to the Premises, or to any property of Tenant, or to any property of any other person, entity or association on or about the Site, unless arising from any gross negligence or willful misconduct of the City or any of its commissioners, officers, agents or employees. Tenant shall defend, hold harmless and indemnify the City including, but not limited to, its boards, commissions, commissioners, departments, agencies and other subdivisions, officers, agents, and employees (each, an "Indemnified Party" and collectively the "Indemnified Parties"), of and from all claims, loss, damage, injury, actions, causes of action and liability of every kind, nature and description (collectively, "Claims") incurred in connection with or directly or indirectly arising from its tenancy, its use of the Site, including adjoining sidewalks and streets, and any of its or their operations or activities thereon or connected thereto; all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties,

except to the extent that such Indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Ground Lease and further excepting only such Claims as are caused exclusively by the willful misconduct or gross negligence of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's costs of investigating any Claim. Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend the City from any claim which actually or potentially falls within any indemnity provision set forth in this Ground Lease, even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Tenant by City and continues at all times thereafter. Tenant's obligations under this Article shall survive the termination or expiration of this Ground Lease.

21.02 Hazardous Materials – Indemnification

(a) Tenant shall indemnify, defend, and hold the Indemnified Parties harmless from and against any and all losses, costs, claims, damages, liabilities, and causes of action of any nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel and engineering consultants) incurred by or asserted against any Indemnified Party in connection with, arising out of, in response to, or in any manner relating to violation of any Environmental Law, or any Release, threatened Release and any condition of pollution, contamination or Hazardous Substance-related nuisance on, under or from the Site.

(b) For purposes of this Section 21.02, the following definitions shall apply:

(i) "Hazardous Substance" shall have the meaning set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended as of the date of this Ground Lease, 42 U.S.C. 9601(14), and in addition shall include, without

limitation, petroleum (including crude oil or any fraction thereof) and petroleum products, asbestos, asbestos-containing materials, polychlorinated biphenyls ("PCBs"), PCB-containing materials, all hazardous substances identified in the California Health & Safety Code 25316 and 25281(d), all chemicals listed pursuant to the California Health & Safety Code 25249.8, and any substance deemed a hazardous substance, hazardous material, hazardous waste, or contaminant under Environmental Law. The foregoing definition shall not include substances which occur naturally on the Site or commercially reasonable amounts of hazardous materials used in the ordinary course of construction and operation of a residential development.

(ii) "Environmental Law" shall include all federal, state and local laws, regulations and ordinances governing hazardous waste, wastewater discharges, drinking water, air emissions, Hazardous Substance releases or reporting requirements, Hazardous Substance use or storage, and employee or community right-to-know requirements related to the work being performed under this Ground Lease.

(iii) "Release" shall mean any spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment, including the abandonment or discharging of barrels, containers, and other closed receptacles containing any Hazardous Substance.

ARTICLE 22: INSURANCE

22.01 Insurance

The Tenant shall maintain insurance meeting the requirements of this Article.

22.01(a) Insurance Requirements for Tenant

During the term of this Ground Lease, Tenant shall procure and maintain insurance against claims for injuries to persons or damage to property which may arise from or in

connection with the performance of any work hereunder by the Tenant, its agents, representatives, employees or subcontractors and the Tenant's use and occupancy of the Site and the Improvements.

22.01(b) Minimum Scope of Insurance

Coverage shall be at least as broad as:

(1) Insurance Services Office Commercial General Liability coverage (form CG 00 01 - "Occurrence") or other form approved by the City's Risk Manager.

(2) Insurance Services Office Automobile Liability coverage, code 1 (form CA 00 01 - "Any Auto") or other form approved by the City's Risk Manager.

(3) Workers' Compensation insurance as required by the State of California and Employer's Liability insurance.

(4) Professional Liability Insurance: Tenant shall require that all architects, engineers, and surveyors for the Project have liability insurance covering all negligent acts, errors and omissions. Tenant shall provide the City with copies of consultants' insurance certificates showing such coverage.

(5) Insurance Services Office Property Insurance coverage (form CP 10 30 60 95 - "Causes of Loss - Special Form") or other form approved by the City's Risk Manager.

(6) Crime Policy or Fidelity Bond covering the Tenant's officers and employees against dishonesty with respect to the use of City funds.

22.01(c) Minimum Limits of Insurance

Tenant shall maintain limits no less than:

(1) General Liability: Commercial General Liability insurance with no less than One Million Dollars (\$1,000,000) combined single limit per occurrence and Two Million Dollars (\$2,000,000) annual aggregate limit for bodily injury and property damage, including

coverage for 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 Tenant is conducting any activity on, alteration or improvement to the Site with risk of explosion, collapse, or underground hazards.

(2) Automobile Liability: Business Automobile Liability insurance with no less than One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable.

(3) Workers' Compensation and Employers Liability: Workers' Compensation, in statutory amounts, with Employers' Liability limits not less than One Million Dollars (\$1,000,000) each accident, injury, or illness.

(4) Professional Liability: Professional Liability insurance of no less than One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Tenant's architects, engineers and surveyors. If the Professional Liability Insurance provided by the architects, engineers, or surveyors is "claims made" coverage, Tenant shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the construction or remodeling.

(5) Crime Policy or Fidelity Bond: Crime Policy or Fidelity Bond of no less than Seventy Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Five Thousand Dollars (\$5,000) each loss.

(6) Pollution Liability and/or Asbestos Pollution Liability: Pollution Liability and/or Asbestos Pollution Liability applicable to the work being performed, with a limit no less than \$1,000,000 per claim or occurrence and \$2,000,000 aggregate per policy period of one year,

this coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Tenant's contractor, provided that the policy must be "claims made" coverage and Tenant must require Tenant's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the Project.

(7) Property Insurance:

(a) Prior to construction:

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

(b) During the course of construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Tenant or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk

policy is issued on a declared-project basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(ii) Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Tenant 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 then-current replacement value of all improvements and City property in the care, custody and control of the Tenant or its contractor. For rehabilitation/construction projects that are unoccupied by residential or commercial tenants, Tenant must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion. (ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Tenant 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.

22.01(d) Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions in excess of \$25,000 must be declared to and approved by City's Risk Manager. At the option of City's Risk Manager, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions with respect to the City and County of San Francisco, and their respective commissioners, members, officers, agents, and employees; or the Tenant shall procure a financial guarantee satisfactory to the City's

Risk Manager guaranteeing payment of losses and related investigations, claim administration and defense expenses.

22.01(e) Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

(1) General Liability and Automobile Liability Coverage: The “City and County of San Francisco and their respective commissioners, members, officers, agents, and employees” are to be covered as additional insured with respect to: liability arising out of activities performed by or on behalf of the Tenant related to the Project; products and completed operations of the Tenant, premises owned, occupied or used by the Tenant related to the Project; and automobiles owned, leased, hired or borrowed by the Tenant for the operations related to the Project. The coverage shall contain no special limitations on the scope of protection afforded to the City and its Commissioners, members, officers, agents or employees.

(2) Workers' Compensation and Property Insurance: The insured shall agree to waive all rights of subrogation against the “City and County of San Francisco, and their respective commissioners, members, officers, agents, and employees” for any losses in connection with this Project.

(3) Claims-made Coverage: Should any of the required insurance be provided under a claims-made form, Tenant shall maintain such coverage continuously throughout the term of this Ground Lease and, without lapse, for a period of three years beyond the expiration of this Ground Lease, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Ground Lease, such claims shall be covered by such claims-made policies.

(4) All Coverage: Each insurance policy required by this Article shall:

(a) Be endorsed to state that coverage shall not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice has been given to City, except in the event of suspension for nonpayment of premium, in which case ten (10) days' notice shall be given.

(b) Contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(c) For any claims related to this Ground Lease, the Tenant's insurance coverage shall be primary insurance with respect to the City and its commissioners, members, officers, agents, and employees. Any insurance or self-insurance maintained by the City or its commissioners, members, officers, agents, or employees shall be in excess of the Tenant's insurance and shall not contribute with it.

(d) The Tenant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(e) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City and its commissioners, members, officers, agents, or employees.

(f) Approval of Tenant's insurance by the City will not relieve or decrease the liability of Tenant under this Ground Lease.

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

22.01(f) Acceptability of Insurers

Insurance is to be placed with insurers with a Best's rating of no less than A-VIII or as otherwise approved by the City's Risk Manager.

22.01(g) Verification of Coverage

Tenant shall furnish City with certificates of insurance and with original endorsements effecting coverage required by this clause at the commencement of this Ground Lease and annually thereafter. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. City reserves the right to require complete, certified copies of all required insurance policies, including endorsements demonstrating the coverage required by these specifications at any time.

22.01(h) Contractor, Subcontractors and Consultants Insurance

Tenant shall include all subcontractors and consultants as additional insureds under its policies or shall furnish separate certificates and endorsements for each. Tenant shall require the subcontractor(s) to provide all necessary insurance and to name the City and County of San Francisco, its officers, agents and employees and the Tenant as additional insureds. All coverage for subcontractors and consultants shall be subject to all of the requirements stated herein unless otherwise approved by the City's Risk Manager.

ARTICLE 23: COMPLIANCE WITH SITE-RELATED AND LEGAL REQUIREMENTS

23.01 Compliance with Legal Requirements

From and after the Effective Date, Tenant shall at its cost and expense, promptly comply with all applicable Laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, including without limitation the

requirements of the fire department or other similar body now or hereafter constituted and with any direction or occupancy certificate issued pursuant to any law by any public officer or officers, insofar as any thereof relates to or affects the condition, use or occupancy of the Site. In the event Tenant contests any of the foregoing, Tenant shall not be obligated to comply therewith to the extent that the application of the contested law, statute, ordinance, rule, regulation or requirement is stayed by the operation of law or administrative or judicial order and Tenant indemnifies the Indemnified Parties against all loss, cost, expense or damage resulting from noncompliance.

23.02 Regulatory Approvals

Tenant understands and agrees that the City is entering into this Ground Lease in its capacity as a landowner with a proprietary interest in the Premises and not as a regulatory agency with certain police powers. Tenant understands and agrees that neither entry by the City into this Ground Lease nor any approvals given by the City under this Ground Lease will be deemed to imply that Tenant has thereby obtained any required approvals from City departments, boards or commissions that have jurisdiction over the Premises. By entering into this Ground Lease, the City is in no way modifying or limiting the obligations of Tenant to develop the Project in accordance with all Laws and as provided in this Ground Lease.

Tenant understands that its construction of the Improvements on the Premises and development of the Project will require approval, authorization or permit by governmental agencies with jurisdiction, which may include the City's Planning Commission and/or Zoning Administrator and the Department of Building Inspection. Tenant must use good faith efforts to obtain and will be solely responsible for obtaining any such approvals required for the Project in the manner set forth in this Section. Tenant will not seek any regulatory approval without first

obtaining MOHCD's approval, which approval shall not be unreasonably withheld or delayed. Throughout the permit process for any regulatory approval, Tenant will consult and coordinate with MOHCD in Tenant's efforts to obtain permits. MOHCD will cooperate reasonably with Tenant in its efforts to obtain permits; provided, however, Tenant may not agree to the imposition of conditions or restrictions in connection with its efforts to obtain a permit from any other regulatory agency if the City is required to be a co-permittee under the permit or the conditions or restrictions could create any financial or other material obligations on the part of the City whether on or off of the Premises, unless in each instance MOHCD has approved the conditions previously in writing and in MOHCD's reasonable discretion. No approval by MOHCD will limit Tenant's obligation to pay all the costs of complying with conditions under this Section. Tenant must bear all costs associated with applying for and obtaining any necessary regulatory approval, as well as any fines, penalties or corrective actions imposed as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval.

With MOHCD's prior written consent, Tenant will have the right to appeal or contest any condition in any manner permitted by law imposed upon any regulatory approval. In addition to any other indemnification provisions of this Ground Lease, Tenant must indemnify the City and its commissioners, officers, agents or employees from and against any and all losses that may arise in connection with Tenant's failure to obtain or comply with the terms and conditions of any regulatory approval or with the appeal or contest of any conditions of any regulatory approval, except to the extent damage arises out of the gross negligence or willful misconduct of the City or its agents.

ARTICLE 24: ENTRY

(a) The City reserves for itself and its authorized representatives the right to enter the Site at all reasonable times during normal business hours upon not less than forty-eight (48) hours' written notice to Tenant (except in the event of an emergency), subject to the rights of the occupants, tenants and others lawfully permitted on the Site, for any of the following purposes:

(i) to inspect the work being performed by Tenant in developing the Project.

(ii) to determine whether the Premises is in good condition and to inspect the Premises (including soil borings or other Hazardous Material Investigations);

(iii) to determine whether Tenant is in compliance with its Ground Lease obligations and to cure or attempt to cure any Tenant default;

(iv) to serve, post or keep posted any notices required or allowed under any of the provisions of this Ground Lease;

(v) to do any maintenance or repairs to the Premises that the City has the right or the obligation, if any, to perform hereunder; and

(vi) to show the Premises to any prospective purchasers, brokers, Lenders or public officials, or, during the last year of the Term of this Lease, exhibit the Premises to prospective tenants or other occupants, and to post any reasonable "for sale" or "for lease" signs in connection therewith.

(b) In the event of any emergency, as reasonably determined by the City, at its sole option and without notice, the City may enter the Premises and alter or remove any Improvements or Tenant's personal property on or about the Premises as reasonably necessary, given the nature of the emergency. The City will have the right to use any and all means the City considers appropriate to gain access to any portion of the Premises in an emergency, in which case, the City will not be responsible for any damage or injury to any property, nor for the

replacement of any property, and no emergency entry may be deemed to be a forcible or unlawful entry onto or a detainer of the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof.

(c) The City will not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of the City's entry onto the Premises, except to the extent damage arises out of the gross negligence or willful misconduct of the City or its agents. The City will be responsible for any losses resulting from its gross negligence or willful misconduct and will repair any resulting damage promptly.

(d) Tenant will not be entitled to any abatement in Annual Rent if the City exercises any rights reserved in this Section, subject to subsection (c) above.

(e) The City will use its reasonable good faith efforts to conduct any activities on the Premises allowed under this Section in a manner that, to the extent practicable, will minimize any disruption to Tenant's use hereunder.

ARTICLE 25: MORTGAGE FINANCING

25.01 No Encumbrances Except for Development Purposes

Notwithstanding any other provision of this Ground Lease and subject to the prior written consent of the City in the form attached hereto as Attachment 3, which consent shall not be unreasonably withheld, conditioned or delayed, Leasehold Mortgages are permitted to be placed upon the Leasehold Estate only for the purpose of securing loans of funds to be used for financing the acquisition of the Project; refinancing of financing used to acquire or rehabilitate the Project; design, construction, renovation or reconstruction of the Improvements; and any other expenditures reasonably necessary and appropriate to acquire, own, develop, construct, renovate, or reconstruct the Improvements under this Ground Lease and in connection with the

operation of the Improvements; and costs and expenses incurred or to be incurred by Tenant in furtherance of the purposes of this Ground Lease. The City, acting solely in its capacity as landlord under this Ground Lease and not in its capacity as a Project Lender, hereby acknowledges and accepts JP Morgan Chase Bank, N.A. as a Lender, and consents to the Leasehold Mortgage associated with Lender's construction loan to Tenant for the Project.

25.02 Holder Not Obligated to Construct

The holder of any mortgage, deed of trust or other security interest authorized by Section 25.01 ("Holder" or "Lender"), including the successors or assigns of such Holder, is not obligated to complete any construction of the Improvements or to guarantee such completion; nor shall any covenant or any other provision of this Ground Lease be construed so to obligate such Holder. However, in the event the Holder does undertake to complete or guarantee the completion of the construction of the Improvements, except as provided in Section 26.06(ii), nothing in this Ground Lease shall be deemed or construed to permit or authorize any such Holder or its successors or assigns to devote the Site or any portion thereof to any uses, or to construct any Improvements thereon, other than those uses or Improvements authorized under Section 9.02 and any reasonable modifications in plans proposed by any Holder or its successors in interest proposed for the viability of the Project approved by City in its reasonable discretion. Except as provided in Section 26.06(ii), to the extent any Holder or its successors in interest wish to change such uses, Holder or its successors in interest must obtain the advance written consent of the City.

25.03 Failure of Holder to Complete Construction

In any case where six (6) months after assumption of obligations pursuant to Section 25.02 above, a Lender, having first exercised its option to complete the construction, has not

proceeded diligently with completion of the construction, the City shall be afforded the rights against such Holder it would otherwise have against Tenant under this Ground Lease for events or failures occurring after such assumption; subject to any extensions of time granted pursuant to Section 10.15 of this Agreement.

25.04 Default by Tenant and City's Rights

25.04(a) Right of City to Cure a Default or Breach by Tenant under a Leasehold Mortgage

In the event of a default or breach by Tenant under any Leasehold Mortgage, and Tenant's failure to timely commence or diligently prosecute cure of such default or breach, the City may, at its option, cure such breach or default at any time prior to one hundred ten (110) days after the date on which the Lender files a notice of default. In such event, the City shall be entitled to reimbursement from Tenant of all costs and expenses reasonably incurred by the City in curing the default or breach. The City shall also be entitled to a lien upon the Leasehold Estate or any portion thereof to the extent such costs and disbursements are not reimbursed by Tenant. Any such lien shall be subject to the lien of any then existing Leasehold Mortgage authorized by this Ground Lease, including any lien contemplated because of advances yet to be made. After ninety (90) days following the date of Lender filing a notice of default and expiration of all applicable cure periods of Tenant under the terms of the applicable loan documents, the City shall also have the right to assign Tenant's interest in the Ground Lease to another entity, subject to such Lender's and Permitted Limited Partner's written consent, and which consent may be conditioned, among other things, upon the assumption by such other entity of all obligations of the Tenant under the Leasehold Mortgage.

25.04(b) Notice of Default to City

Tenant shall use its best efforts to require Lender to give the City prompt written notice of any such default or breach and each Leasehold Mortgage shall so provide and shall also contain the City's right to cure as above set forth.

25.05 Cost of Mortgage Loans to be Paid by Tenant

Tenant covenants and affirms that it shall bear all of the costs and expenses in connection with (i) the preparation and securing of any Leasehold Mortgage, (ii) the delivery of any instruments and documents and their filing and recording, if required, and (iii) all taxes and charges payable in connection with any Leasehold Mortgage.

ARTICLE 26: PROTECTION OF LENDER

26.01 Notification to City

Promptly upon the creation of any Leasehold Mortgage and as a condition precedent to the existence of any of the rights set forth in this Article 26, each Lender shall give written notice to the City of the Lender's address and of the existence and nature of its Leasehold Mortgage. Execution of Attachment 3 shall constitute City's acknowledgement of Lender's having given such notice as required to obtain the rights and protections of a Lender under this Ground Lease. The City hereby acknowledges JP Morgan Chase Bank, N.A. is deemed to have given such written Notice as First Mortgage Lender.

26.02 Lender's Rights to Prevent Termination

Each Lender shall have the right, but not the obligation, at any time prior to termination of this Ground Lease and without payment of any penalty other than the interest on unpaid rent, to pay all of the rents due hereunder, to effect any insurance, to pay any taxes and assessments, to make any repairs and improvements, to do any other act or thing required of Tenant or necessary and proper to be done in the performance and observance of the agreements, covenants

and conditions hereof to prevent a termination of this Ground Lease to the same effect as if the same had been made, done and performed by Tenant instead of by Lender.

26.03 Lender's Rights When Tenant Defaults

Should any event of default under this Ground Lease occur and be continuing, and not be cured within the applicable cure period, the City shall not terminate this Ground Lease nor exercise any other remedy hereunder unless it first gives written notice of such event of default to Lender and

(i) If such event of default is a failure to pay a monetary obligation of Tenant, Lender shall have failed to cure such default within sixty (60) days from the date of written notice from the City to Lender; or

(ii) If such event of default is not a failure to pay a monetary obligation of Tenant, Lender shall have failed, within sixty (60) days of receipt of said written notice, either (a) to remedy such default; or (b) to obtain title to Tenant's interest in the Site in lieu of foreclosure; or (c) to commence foreclosure or other appropriate proceedings in the nature thereof (including the appointment of a receiver) and thereafter diligently prosecute such proceedings to completion, in which case such event of default shall be remedied or deemed remedied in accordance with Article 26.04 below.

All rights of the City to terminate this Ground Lease as the result of the occurrence of any such event of default shall be subject to, and conditioned upon, the City having first given Lender written notice of such event of default and Lender having failed to remedy such default or acquire Tenant's Leasehold Estate created hereby or commence foreclosure or other appropriate proceedings in the nature thereof as set forth in and within the time specified by this

Section 26.03, and upon the Permitted Limited Partners having failed to proceed as permitted under Sections 19.02(b) or 26.06(iv).

26.04 Default Which Cannot be Remedied by Lender

Any event of default under this Ground Lease which in the nature thereof cannot be remedied by Lender shall be deemed to be remedied as it pertains to Lender or any Subsequent Owner if (i) within sixty (60) days after receiving notice from the City setting forth the nature of such event of default, or prior thereto, Lender shall have acquired Tenant's Leasehold Estate created hereby or shall have commenced foreclosure or other appropriate proceedings in the nature thereof, (ii) Lender shall diligently prosecute any such proceedings to completion, (iii) Lender shall have fully cured any event of default arising from failure to pay or perform any monetary obligation in accordance with Section 26.03, and (iv) after gaining possession of the Improvements, Lender shall diligently proceed to perform all other obligations of Tenant as and when the same are due in accordance with the terms of this Ground Lease.

26.05 Court Action Preventing Lender's Action

If Lender is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, the times specified in Sections 26.03 and 26.04 above for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition. If this Ground Lease is terminated or rejected by Tenant in bankruptcy, the City agrees to enter into a new ground lease with the Lender on the same terms set forth in this Ground Lease. For purpose of this Article, if there is more than one Lender, the City will offer the new lease to each Lender in the order of priority until accepted.

26.06 Lender's Rights to Record, Foreclose and Assign

The City hereby agrees with respect to any Leasehold Mortgage, that:

(i) the Lender may cause same to be recorded and enforced, and upon foreclosure, sell and assign the Leasehold Estate created hereby to an assignee from whom it may accept a purchase price; subject, however, to Lender's first securing written approval from City, which approval shall not be unreasonably withheld, and if the Subsequent Owner has elected to maintain the use restrictions of Article 9, said Subsequent Owner shall be controlled by a California nonprofit public benefit corporation exempt from tax under Section 501(c)(3) of the Internal Revenue Code such that the Premises receive an exemption from state property taxes as provided under Section 214 of the California Revenue and Taxation Code (to the extent such exemption is then generally available). Lender, furthermore, may acquire title to the Leasehold Estate in any lawful way, and if the Lender becomes the assignee, may sell and assign said Leasehold Estate subject to City approval, which shall not be unreasonably withheld, and to the City's rights under Section 25.04.

(ii) each Subsequent Owner shall take said Leasehold Estate subject to all of the provisions of this Ground Lease, and shall, so long as and only so long as it shall be the owner of such estate, except as provided elsewhere in this Ground Lease, assume all of the obligations of Tenant under this Ground Lease; provided, however, that, subject to the rent provisions of Section 26.07 below, the Subsequent Owner may operate and maintain the 83 residential units without any limitations on the rents charged or the income of the occupants thereof, subject to any applicable regulatory agreement, restrictive covenant or other encumbrance.

(iii) the City shall mail or deliver to any Lender which has an outstanding Leasehold Mortgage a duplicate copy of all notices which the City may from time to time give to Tenant pursuant to this Ground Lease; and

(iv) any Permitted Limited Partners of Tenant shall have the same rights as any Lender under Sections 26.02, 26.03, and 26.06(iii), and any reference to a Lender in said section shall be deemed to include such limited partners; provided, however, that the rights of such Permitted Limited Partners shall be subordinate to the rights of any Lender.

26.07 Ground Lease Rent after Lender Foreclosure or Assignment

From and after the time that the Subsequent Owner acquires title to the Leasehold Estate, Annual Rent shall be set as follows:

(a) Any accrued Annual Rent at the time of foreclosure shall be forgiven by the City, and shall not remain an obligation of the Lender, its assignee, or the Subsequent Owner.

Subsequent to foreclosure or assignment of the Leasehold Estate to the Lender in lieu of foreclosure, if the Lender continues to operate the Project subject to the use and occupancy restrictions of Section 9.02, then Annual Rent otherwise due may, at the option of the Lender, be deferred until the earlier of the date of the Lender's sale or assignment of the Project to a Subsequent Owner that does not agree to operate the Project subject to such restrictions or the date that is sixty (60) days after Lender ceases to operate the Project in accordance with such restrictions. All deferred Annual Rent shall accrue, with simple interest at six percent (6%) per annum until paid.

(b) If the Subsequent Owner exercises its rights under Section 26.06(ii) to operate the Project without being subject to Section 9.02, Annual Rent shall be set at the then fair market rental value taking into account any affordability restrictions agreed to by the Subsequent Owner,

if any, and the Base Rent shall be increased to the new fair market rent pursuant to this Section 26.07(b) and the provisions of Section 6.02(g) shall be suspended; provided, however, that the City shall be entitled to reduce Annual Rent by any dollar amount (but not below zero) in its sole discretion and, in such case, the Subsequent Owner will be required to reduce rent charged to tenants on a dollar for dollar basis, with respect to such aggregate units occupied by Very Low Income Households as the City and the Subsequent Owner shall agree. The fair market rental value shall be determined by a jointly-commissioned appraisal (instructions prepared jointly by the Subsequent Owner and the City, with each party paying one half of the appraiser's fee) that will include a market land valuation, as well as a market land lease rent level. Absent a market land lease rent determination, the Annual Rent will be set at an amount equal to ten percent (10%) of the then appraised market land value. If the parties cannot agree on the joint appraisal instructions, either party may invoke a neutral third-party process to set the Annual Rent at fair market rent in accordance with the then-prevailing practice for resolving similar rent determination disputes in San Francisco or, in the event that there is no then-prevailing practice, in accordance with the rules of the American Arbitration Association. Provided, however, that after the neutral third party process, the Lender, in its sole discretion may rescind its written notification of intent to not comply with Section 9.02 of this Ground Lease.

26.08 Permitted Uses After Lender Foreclosure

Notwithstanding the above, in the event of a foreclosure and transfer to a Subsequent Owner, the Premises shall be operated in accordance with the uses specified in the building permit with all addenda, as approved by the City's Department of Building Inspection.

26.09 Preservation of Leasehold Benefits

Until such time as a Lender notifies the City in writing that the obligations of the Tenant under its loan documents have been satisfied, the City agrees:

(a) That subject to Section 19.04(b) the City shall not voluntarily cancel or surrender this Ground Lease, or accept a voluntary cancellation or surrender of this Ground Lease by Tenant, or amend this Ground Lease to materially increase the obligations of the Tenant or the rights of the City thereunder, without the prior written consent of the Lender (which will not be unreasonably withheld or delayed);

(b) That the City shall not enforce against a Lender any waiver or election made by the Tenant under this Ground Lease which has a material adverse effect on the value of the Leasehold Estate without the prior written consent of the Lender (which will not be unreasonably withheld or delayed);

(c) That, if a Lender makes written request for the same within fifteen (15) days after Lender receives written notice of termination of this Ground Lease, the City will enter a new lease with such Lender commencing on the date of termination of the Ground Lease and ending on the normal expiration date of the Ground Lease, on substantially the same terms and conditions as the Ground Lease and subject to the rent provisions set forth in Section 26.07, and with the same priority as against any subleases or other interests in the Premises; provided that such Lender cures all unpaid monetary defaults under the Ground Lease, through the date of such termination;

(d) That the City shall provide reasonable prior notice to each Lender of any proceedings for adjustment or adjudication of any insurance or condemnation claim involving the Premises and will permit each Lender to participate therein as an interested party.

26.10 No Merger

The Leasehold Estate in the Site pursuant to this Ground Lease shall not merge with the fee interest in the Site, notwithstanding ownership of the leasehold and the fee by the same person, without the prior written consent of each Lender.

26.11 City Bankruptcy

(a) If a bankruptcy proceeding is filed by or against the City, the City shall immediately notify each Lender of such filing and shall deliver a copy of all notices, pleadings, schedules, and similar materials regarding the bankruptcy proceedings to each Lender.

(b) The City acknowledges that (i) the Tenant seeks to construct improvements on the Premises using proceeds of the loans provided by the Lenders, and (ii) it would be unfair to both the Tenant and the Lenders to sell the Premises free and clear of the leasehold. Therefore, the City waives its right to sell the City's fee interest in the Site pursuant to section 363(f) of the Bankruptcy Code, free and clear of the leasehold interest under this Ground Lease.

(c) If a bankruptcy proceeding is filed by or on behalf of the City, the City agrees as follows: (i) the Tenant shall be presumed to have objected to any attempt by the City to sell the fee interest free and clear of the leasehold under this Ground Lease; (ii) if Tenant does not so object, each Lender shall have the right to so object on its own behalf or on behalf of the Tenant; and (iii) in connection with any such sale, the Tenant shall not be deemed to have received adequate protection under section 363(e) of the Bankruptcy Code, unless it shall have received and paid over to each Lender outstanding balance of the obligations under its respective loan.

(d) City recognizes that the Lenders are authorized on behalf of the Tenant to vote, participate in or consent to any bankruptcy, insolvency, receivership or court proceeding concerning the leasehold interest under this Ground Lease.

26.12 Amendment

From the date of this Ground Lease through the 15-year tax credit compliance period, neither Article 19, nor Articles 20, 26.02, 26.03, or 26.06 shall be amended without the written consent of Permitted Limited Partner.

ARTICLE 27: CONDEMNATION AND TAKINGS

27.01 Parties' Rights and Obligations to be Governed by Agreement

If, during the term of this Ground Lease, there is any condemnation of all or any part of the Site or any interest in the Leasehold Estate is taken by condemnation, the rights and obligations of the parties shall be determined pursuant to this Article 27, subject to the rights of any Lender.

27.02 Total Taking

If the Site is totally taken by condemnation, this Ground Lease shall terminate on the date the condemnor has the right to possession of the Site.

27.03 Partial Taking

If any portion of the Site is taken by condemnation, this Ground Lease shall remain in effect, except that Tenant may, with Lender's written consent, which consent shall not be unreasonably withheld, conditioned or delayed, elect to terminate this Ground Lease if, in Tenant's reasonable judgment, the remaining portion of the Improvements is rendered unsuitable for Tenant's continued use of the Site. If Tenant elects to terminate this Ground Lease, Tenant must exercise its right to terminate pursuant to this paragraph by giving notice to the City within thirty (30) days after the City notifies Tenant of the nature and the extent of the taking. If Tenant elects to terminate this Ground Lease as provided in this Section 27.03, Tenant also shall notify the City of the date of termination, which date shall not be earlier than thirty (30) days nor later than six (6) months after Tenant has notified the City of its election to terminate; except that this

Ground Lease shall terminate on the date the condemnor has the right to possession of the Site if such date falls on a date before the date of termination as designated by Tenant. If Tenant does not terminate this Ground Lease within such thirty (30) day notice period, this Ground Lease shall continue in full force and effect.

27.04 Effect on Rent

If any portion of the Improvements is taken by condemnation and this Ground Lease remains in full force and effect, then on the date of taking the rent shall be reduced by an amount that is in the same ratio to the rent as the value of the area of the portion of the Improvements taken bears to the total value of the Improvements immediately before the date of the taking.

27.05 Restoration of Improvements

If there is a partial taking of the Improvements and this Ground Lease remains in full force and effect pursuant to Section 27.03, Tenant may, subject to the terms of the Leasehold Mortgage, use the proceeds of the taking to accomplish all necessary restoration to the Improvements.

27.06 Award and Distribution

Any compensation awarded, paid or received on a total or partial condemnation of the Site or threat of condemnation of the Site shall belong to and be distributed in the following order:

- (a) First, to pay the balance due on any outstanding Leasehold Mortgages and other outstanding or unpaid obligations and/or liabilities, including but not limited to, trade accounts, taxes, payroll accruals and lease residuals, to the extent provided therein; and
- (b) Second, to the Tenant in an amount equal to the fair market value of Tenant's interest in the Improvements and its leasehold interest in the Site (including, but not limited to,

the value of Tenant's interest in all subleases to occupants of the Site), such value to be determined as it existed immediately preceding the earliest taking or threat of taking of the Site; and;

(c) Third, to the Landlord.

27.07 Payment to Lenders

In the event the Improvements are subject to the lien of a Leasehold Mortgage on the date when any compensation resulting from a condemnation or threatened condemnation is to be paid to Tenant, such award shall be disposed of as provided in the Leasehold Mortgages.

ARTICLE 28: ESTOPPEL CERTIFICATE

The City or Tenant, as the case may be, shall execute, acknowledge and deliver to the other and/or any Lender or a Permitted Limited Partner, promptly upon request, its certificate certifying (a) that this Ground Lease is unmodified and in full force and effect (or, if there have been modifications, that this Ground Lease is in full force and effect, as modified, and stating the modifications), (b) the dates, if any, to which rent has been paid, (c) whether there are then existing any charges, offsets or defenses against the enforcement by the City or Tenant to be performed or observed and, if so, specifying the same, and (d) whether there are then existing any defaults by Tenant or the City in the performance or observance by Tenant or the City of any agreement, covenant or condition hereof on the part of Tenant or the City to be performed or observed and whether any notice has been given to Tenant or the City of any default which has not been cured and, if so, specifying the same.

ARTICLE 29: QUITCLAIM

Upon expiration or sooner termination of this Ground Lease, Tenant shall surrender the Site to the City and, at the City's request, shall execute, acknowledge, and deliver to the City a

good and sufficient quitclaim deed with respect to any interest of Tenant in the Site. Title to the Improvements shall be conveyed to the City as provided in Article 13 herein.

ARTICLE 30: EQUAL OPPORTUNITY

In the selection of all contractors and professional consultants for the Project, Tenant must comply with the City's procurement requirements and procedures as described in the Contracting Implementation Manual (CIM) issued by MOHCD and dated July 2013, as the same may be amended from time to time, and with the requirements of the Small Business Enterprise Program ("SBE Program") as set forth in that certain Small Business Enterprise Program manual dated July 1, 2015, as the same may be amended from time to time, according to the procedures established by the City's Contract Monitoring Division. The Project must comply with the training, hiring and contracting requirements of Section 3 of the Housing and Community Development Act of 1968 and of the San Francisco Section 3 program as administered by MOHCD. Federal Section 3 requirements state that contracts and opportunities for job training and employment be given, to the greatest extent feasible, to local low-income residents. Local residents for this project are San Francisco residents. In addition, this project will be required to comply with hiring requirements as incorporated into the local Section 3 program and in conjunction with the City's low-income hiring requirements pursuant to San Francisco's First Source Hiring Ordinance (San Francisco Administrative Code Chapter 83).

ARTICLE 31: CITY PREFERENCE PROGRAMS

To the extent permitted by applicable federal and state law, Tenant agrees to comply with the requirements of the City's current housing preference programs, as amended from time to time; provided, however, that such requirements shall only apply to the extent permitted by the requirements of non-City funding approved by the City for the Project.

ARTICLE 32: LABOR STANDARDS PROVISIONS

Although the Parties acknowledge that the development of the Project is a private work of improvement, Tenant agrees that any person performing labor in the construction of the Project and any Change to the Premises, which Tenant provides under this Ground Lease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Tenant shall include in any contract for construction or demolition of the Project a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Tenant shall require any contractor to provide, and shall deliver to City upon request, certified payroll reports with respect to all persons performing labor in the construction of the Project or any Change to the Premises.

ARTICLE 33: CONFLICT OF INTEREST

No commissioner, official, or employee of the City shall have any personal or financial interest, direct or indirect, in this Ground Lease, nor shall any such commissioner, official, or employee participate in any decision relating to this Ground Lease which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested.

ARTICLE 34: NO PERSONAL LIABILITY

No commissioner, official, or employee of the City shall be personally liable to Tenant or any successor in interest in the event of any default or breach by the City or for any amount which may become due to Tenant or its successors or on any obligations under the terms of this

Ground Lease.

ARTICLE 35: ENERGY CONSERVATION

Tenant agrees that it will use its best efforts to maximize provision of, and incorporation of, both energy conservation techniques and systems and improved waste-handling methodology in the construction of the Improvements.

ARTICLE 36: WAIVER

The waiver by the City or Tenant of any term, covenant, agreement or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, agreement or condition herein contained, nor shall any custom or practice which may grow up between the parties in the administration of the terms hereof be construed to waive or to lessen the right of the City or Tenant to insist upon the performance by the other in strict accordance with the said terms. The subsequent acceptance of rent or any other sum of money hereunder by the City shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, agreement or condition of this Ground Lease, other than the failure of Tenant to pay the particular rent or other sum so accepted, regardless of the City's knowledge of such preceding breach at the time of acceptance of such rent or other sum.

ARTICLE 37: TENANT RECORDS

Upon reasonable notice during normal business hours, and as often as the City may deem necessary, there shall be made available to the City and its authorized representatives for examination all records, reports, data and information made or kept by Tenant regarding its activities or operations on the Site. Nothing contained herein shall entitle the City to inspect personal histories of residents or lists of donors or supporters. To the extent that it is permitted by law to do so, the City will respect the confidentiality requirements of Tenant in regard to the

lists furnished by Tenant pursuant to Article 7 hereof, of the names of occupants of the Premises.

ARTICLE 38: NOTICES AND CONSENTS

All notices, demands, consents or approvals which may be or are required to be given by either party to the other hereunder shall be in writing and shall be deemed to have been fully given when delivered in person to such representatives of the Tenant and the City as shall from time to time be designated by the parties for the receipt of notices, or when deposited in the United States mail, certified, postage prepaid, or by express delivery service with a delivery receipt and addressed

if to Tenant at: 1036 Mission Associates, L.P.,
 201 Eddy Street
 San Francisco, CA 94102
 Attn: Director

With a copy to the Wincopin Circle LLLP
Permitted Limited c/o Enterprise Community Asset Management, Inc.
Partner at: 70 Corporate Center
 11000 Broken Land Parkway, Suite 700
 Columbia, Maryland 21044
 Attn: General Counsel
 Tel: (410) 964-0552
 Fax: (410) 772-2630

if to the City at: San Francisco Mayor's Office of Housing and Community
 Development
 One South Van Ness Avenue, 5th Floor
 San Francisco, California 94103
 Attn.: Director

or to such other address with respect to either party as that party may from time to time designate by notice to the other given pursuant to the provisions of this Article 38. Any notice given pursuant to this Article 38 shall be effective on the date of delivery or the date delivery is refused as shown on the delivery receipt.

ARTICLE 39: HEADINGS

Any titles of the several parts and sections of this Ground Lease are inserted for

convenience of reference only and shall be disregarded in construing or interpreting any of its provisions. "Paragraph" and "section" may be used interchangeably.

ARTICLE 40: SUCCESSORS AND ASSIGNS

This Ground Lease shall be binding upon and inure to the benefit of the successors and assigns of the City and Tenant and where the term "Tenant" or "City" is used in this Ground Lease, it shall mean and include their respective successors and assigns; provided, however, that the City shall have no obligation under this Ground Lease to, nor shall any benefit of this Ground Lease accrue to, any unapproved successor or assign of Tenant where City approval of a successor or assign is required by this Ground Lease. At such time as City sells the Site to any third party, City shall require such third party to assume all of the City's obligations hereunder arising on and after the transfer in writing for the benefit Tenant and its successors and assigns.

ARTICLE 41: TIME

Time is of the essence in the enforcement of the terms and conditions of this Ground Lease.

ARTICLE 42: PARTIAL INVALIDITY

If any provisions of this Ground Lease shall be determined to be illegal or unenforceable, such determination shall not affect any other provision of this Ground Lease and all such other provisions shall remain in full force and effect.

ARTICLE 43: APPLICABLE LAW; NO THIRD PARTY BENEFICIARY

This Ground Lease shall be governed by and construed pursuant to the laws of the State of California. This Ground Lease is entered into solely among, between and for the benefit of, and may be enforced only by, the parties hereto and does not create rights in any other third party.

ARTICLE 44: ATTORNEYS' FEES

If either of the parties hereto commences a lawsuit to enforce any of the terms of this Ground Lease, the prevailing party will have the right to recover its reasonable attorneys' fees and costs of suit, including fees and costs on appeal, from the other party.

ARTICLE 45: EXECUTION IN COUNTERPARTS

This Ground Lease and any memorandum hereof may be executed in counterparts, each of which shall be considered an original, and all of which shall constitute one and the same instrument.

ARTICLE 46: RECORDATION OF MEMORANDUM OF GROUND LEASE

This Ground Lease shall not be recorded, but a memorandum of this Ground Lease shall be recorded in the form attached hereto as Attachment 5. The parties shall execute the memorandum in form and substance as required by a title insurance company insuring Tenant's leasehold estate or the interest of any Leasehold Mortgagee, and sufficient to give constructive notice of the Ground Lease to subsequent purchasers and mortgagees.

ARTICLE 47: TRANSFER OF PARTNERSHIP INTERESTS IN TENANT

Tenant may not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Tenant, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to Occupants and commercial tenants (subject to City's approval rights set forth in Section 14.01); or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion, (c) transfers from Tenant to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Tenant or an affiliated nonprofit public benefit

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

ARTICLE 48: CITY PROVISIONS

48.1 Non-Discrimination

(a) Covenant Not to Discriminate. In the performance of this Ground Lease, Tenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with Tenant, in any of Tenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Tenant.

(b) Subleases and Other Subcontracts. Tenant shall include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such subtenant or other subcontractor in substantially the form of Subsection (a) above. In addition, Tenant shall incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subtenants and other subcontractors to comply with such provisions. Tenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Ground Lease.

(c) Non-Discrimination in Benefits. Tenant does not as of the date of this Ground Lease and will not during the Term, in any of its operations in San Francisco or with respect to its operations under this Ground Lease elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits (collectively "Core Benefits"), as well as any benefits other than Core Benefits, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity 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 Lease. As a condition to this Ground Lease, Tenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Commission.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by Parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Ground Lease as though fully set forth herein. Tenant shall comply fully with and be bound by all of the provisions that apply to this Ground Lease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Tenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Lease may be assessed against Tenant and/or deducted from any payments due Tenant.

48.2 MacBride Principles – Northern Ireland. The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Tenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

48.3 Conflicts of Interest. Tenant states that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, certifies that it knows of no facts which would constitute a violation of such provisions and agrees that if Tenant becomes aware of any such

fact during the term of this Lease Tenant shall immediately notify the City. Tenant further certifies that it has made a complete disclosure to the City of all facts bearing on any possible interests, direct or indirect, which Tenant believes any officer or employee of the City presently has or will have in this Lease or in the performance thereof or in any portion of the profits thereof. Willful failure by Tenant to make such disclosure, if any, shall constitute grounds for City's termination and cancellation of this Ground Lease.

48.4 Charter Provisions. This Ground Lease is governed by and subject to the provisions of the Charter of the City and County of San Francisco. Accordingly, Tenant acknowledges and agrees that no officer or employee of the City has authority to commit the City to this Ground Lease unless and until a resolution of the City's Board of Supervisors has been duly enacted approving this Ground Lease. Therefore, any obligations or liabilities of the City under this Ground Lease are contingent upon enactment of a resolution, and this Ground Lease will be null and void unless the City's Mayor and the Board of Supervisors approve this Ground Lease, in their respective sole and absolute discretion, and in accordance with all applicable Laws. Approval of this Ground Lease by any City department, commission or agency may not be deemed to imply that a resolution will be enacted or create any binding obligations on the City.

48.5 Tropical Hardwood/Virgin Redwood Ban. Pursuant to Section 804(b) of the San Francisco Environment Code, the City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product. Except as permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Tenant shall not use any items in the rehabilitation, development or operation of the Premises or otherwise in

the performance of this Lease which are tropical hardwoods, tropical hardwood wood products, virgin redwood or virgin redwood wood products.

48.6 Tobacco Product Advertising Ban. Tenant acknowledges and agrees that no advertising of cigarettes or tobacco products may be allowed on the Premises. The foregoing prohibition will include the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product, or on any sign. The foregoing prohibition will not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

48.7 Pesticide Ordinance. Tenant shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage, and (iii) require Tenant to submit to the City's Department of the Environment an integrated pest management ("IPM") plan that (A) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the Term of this Ground Lease, (b) describes the steps Tenant will take to meet the City's IPM Policy described in Section 39.1 of the Pesticide Ordinance, and (c) identifies, by name, title, address and telephone number, an individual to act as the Tenant's primary IPM contact person with City. In addition, Tenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance. Nothing herein shall prevent Tenant, acting through the City, from seeking a determination from the

City's Commission on the Environment that Tenant is exempt from complying with certain portions of the Pesticide Ordinance as provided in Section 307 thereof.

48.8 Compliance with City's Sunshine Ordinance. Tenant understands and agrees that under the City's Sunshine Ordinance (S.F. Admin. Code, Chapter 67) and the State Public Records Law (Cal. Gov. Code §§ 6250 et seq.), this Ground Lease and any and all records, information and materials submitted to the City hereunder are public records subject to public disclosure. Tenant hereby authorizes the City to disclose any records, information and materials submitted to the City in connection with this Ground Lease as required by Law. Further, Tenant specifically agrees to conduct any meeting of its governing board that addresses any matter relating to the Project or to Tenant's performance under this Ground Lease as a passive meeting.

48.9 Notification of Limitations on Contributions. Through its execution of this Ground Lease, Tenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves.

48.10 Requiring Health Benefits for Covered Employees. Unless exempt, Tenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (the "HCAO"), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may

be amended from time to time. The provisions of Chapter 12Q are incorporated in this Ground Lease by reference and made a part of this Ground Lease as though fully set forth. The text of the HCAO is available on the web at www.sfgov.org/oca/lwlh.htm. Capitalized terms used in this Section and not defined in this Lease have the meanings assigned to them in Chapter 12Q. Notwithstanding this requirement, City recognizes that the residential housing component of the Improvements is not subject to the HCAO.

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

(b) If Tenant is a small business as defined in Section 12Q.3(d) of the HCAO, Tenant will have no obligation to comply with Subsection (a) above.

(c) Tenant's failure to comply with the HCAO will constitute a material breach of this Lease. If Tenant fails to cure its breach within thirty (30) days after receiving the City's written notice of a breach of this Lease for violating the HCAO or, if the breach cannot reasonably be cured within the 30-day period, Tenant fails to commence efforts to cure within the 30-day period, or thereafter fails diligently to pursue the cure to completion, the City will have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies will be exercisable individually or in combination with any other rights or remedies available to the City.

(d) Any sublease entered into by Tenant for commercial space in the Project must require the subtenant to comply with the requirements of the HCAO and must contain contractual obligations substantially the same as those set forth in this Section. Tenant must

notify the City's Purchasing Department when Tenant enters into a sublease and must certify to the Purchasing Department that Tenant has notified the subtenant of the obligations under the HCAO and has imposed the requirements of the HCAO on subtenant through the sublease.

Tenant will be responsible for its subtenants' compliance with this Chapter. If a subtenant fails to comply, the City may pursue the remedies set forth in this Section against Tenant based on the subtenant's failure to comply, provided that City has first provided Tenant with notice and an opportunity to obtain a cure of the violation.

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

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

(g) Tenant must keep itself informed of the current requirements of the HCAO.

(h) Tenant must provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on subtenants, as applicable.

(i) Tenant must provide City with access to records pertaining to compliance with HCAO after receiving a written request from the City to do so and being provided at least five (5) business days to respond.

(j) The City may conduct random audits of Tenant to ascertain its compliance with HCAO. Tenant agrees to cooperate with the City when it conducts audits.

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

48.11 Public Access to Meetings and Records. If Tenant receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Tenant shall comply with and be bound by all the applicable provisions of that Chapter. By executing this Ground Lease, Tenant agrees to open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the Administrative Code. Tenant further agrees to make good-faith efforts to promote community membership on its Board of Directors in the manner set forth in Section 12L.6 of the Administrative Code. Tenant acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Ground Lease. Tenant further acknowledges that such material breach of the Lease shall be grounds for City to terminate and/or not renew this Ground Lease, partially or in its entirety.

48.12 Resource-Efficient Building Ordinance. Tenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Chapter 7 relating to resource-efficient City buildings and resource-efficient pilot projects. Tenant hereby agrees it

shall comply with the applicable provisions of such code sections as such sections may apply to the Premises.

48.13 Drug Free Work Place. Tenant acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession or use of a controlled substance is prohibited on City premises. Tenant agrees that any violation of this prohibition by Tenant, its agents or assigns shall be deemed a material breach of this Ground Lease.

48.14 Preservative Treated Wood Containing Arsenic.

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

48.15 Nondisclosure of Private Information.

Tenant agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "Nondisclosure of Private Information

Ordinance"), including the remedies provided. The provisions of the Nondisclosure of Private Information Ordinance are incorporated herein by reference and made a part of this Ground Lease as though fully set forth. Capitalized terms used in this section and not defined in this Ground Lease shall have the meanings assigned to such terms in the Nondisclosure of Private Information Ordinance. Consistent with the requirements of the Nondisclosure of Private Information Ordinance, Contractor agrees to all of the following:

- (a) Neither Tenant nor any of its subcontractors shall disclose Private Information, unless one of the following is true:
 - (i) The disclosure is authorized by this Ground Lease;
 - (ii) Tenant received advance written approval from the Contracting Department to disclose the information; or
 - (iii) The disclosure is required by law or judicial order.

(b) Any disclosure or use of Private Information authorized by this Ground Lease shall be in accordance with any conditions or restrictions stated in this Ground Lease. Any disclosure or use of Private Information authorized by a Contracting Department shall be in accordance with any conditions or restrictions stated in the approval.

(c) Private Information shall mean any information that: (1) could be used to identify an individual, including without limitation, name, address, social security number, medical information, financial information, date and location of birth, and names of relatives; or (2) the law forbids any person from disclosing.

(d) Any failure of Tenant to comply with the Nondisclosure of Private Information Ordinance shall be a material breach of this Ground Lease. In such an event, in

addition to any other remedies available to it under equity or law, City may terminate this Ground Lease, debar Tenant, or bring a false claim action against Tenant.

48.16 Graffiti.

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

Tenant shall remove all graffiti from the Premises and any real property owned or leased by Tenant in the City and County of San Francisco within forty eight (48) hours of the earlier of Tenant's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require Tenant to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction Premises, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is

visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.). Any failure of Tenant to comply with this section of this Ground Lease shall constitute an event of default of this Ground Lease.

48.17 Incorporation.

Each and every provision of the San Francisco Administrative Code described or referenced in this Ground Lease is hereby incorporated by reference as though fully set forth herein. Failure of Tenant to comply with any provision of this Ground Lease relating to any such code provision shall be governed by Article 19 of this Ground Lease, unless (i) such failure is otherwise specifically addressed in this Ground Lease or (ii) such failure is specifically addressed by the applicable code section.

48.18 Food Service Waste Reduction.

Tenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Ground Lease as though fully set forth herein. This provision is a material term of this Ground Lease. By entering into this Ground Lease, Tenant agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine. Without

limiting City's other rights and remedies, Tenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Ground Lease was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Tenant's failure to comply with this provision.

48.19 Local Hire Requirements.

Unless exempt, Tenant agrees to comply with the Local Hiring Policy set forth in San Francisco Administrative Code Section 6.22(G) (the "Local Hiring Policy") in the performance of any repair or other construction work on the Site. Accordingly, before starting any work where the estimated cost may exceed \$750,000, Tenant shall contact City's Office of Economic Workforce and Development ("OEWD") to verify if the Local Hiring Policy requirements apply to the proposed work, and if OEWD determines that it does, Tenant shall comply with all such requirements. Failure to comply shall be deemed a breach of this Ground Lease, and Tenant may also be liable for penalties as set forth in Section 6.22(G). Without limiting the foregoing:

(a) For Covered Projects that exceed \$750,000, Tenant shall comply with the applicable mandatory participation levels for Project Work Hours performed by Local Residents, Disadvantaged Workers, and Apprentices as set forth in Section 6.22(G)(4).

(b) For Covered Projects that exceed \$1,000,000, Tenant shall prepare and submit to OEWD for approval a local hiring plan as set forth in Section 6.22(G)(6).

(c) Tenant shall comply with the applicable record keeping and reporting requirements and shall cooperate in City inspections and audits for compliance with the Local Hiring Policy.

Any capitalized term used in this Section that is not defined will have the meaning given to such term in the Local Hiring Policy.

48.20 Criminal History in Hiring and Employment Decisions

(a) Unless exempt, Tenant agrees to comply with and be bound by all of the provisions of San Francisco Administrative Code Chapter 12T (Criminal History in Hiring and Employment Decisions; "Chapter 12T"), which are hereby incorporated as may be amended from time to time, with respect to applicants and employees of Tenant who would be or are performing work at the Site.

(b) Tenant shall incorporate by reference the provisions of Chapter 12T in all subleases of some or all of the Site, if any, and shall require all subtenants to comply with such provisions. Tenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Ground Lease.

(c) Tenant and subtenants (if any) shall not inquire about, require disclosure of, or if such information is received base an Adverse Action (as defined in Chapter 12T) on an applicant's or potential applicant for employment, or employee's: (1) Arrest (as defined in Chapter 12T) not leading to a Conviction (as defined in Chapter 12T), unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a

Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

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

(e) Tenant and subtenants (if any) shall state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment with Tenant or subtenant at the Site, that the Tenant or subtenant will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

(f) Tenant and subtenants (if any) shall post the notice prepared by the Office of Labor Standards Enforcement ("OLSE"), available on OLSE's website, in a conspicuous place at the Site and at other workplaces within San Francisco where interviews for job opportunities at the Site occur. The notice shall be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the Site or other workplace at which it is posted.

(g) Tenant and subtenants (if any) understand and agree that upon any failure to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T or this Ground Lease, including but not limited to a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee,

applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Ground Lease.

(h) If Tenant has any questions about the applicability of Chapter 12T, it may contact the City's Real Estate Division for additional information. City's Real Estate Division may consult with the Director of the City's Office of Contract Administration who may also grant a waiver, as set forth in Section 12T.8.

48.21 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 23.61. Tenant shall require its contractors and subcontractors performing (i) labor in connection with a "public work" as defined under California Labor Code Section 1720 *et seq.* (which includes certain construction, alteration, maintenance, demolition, installation, repair, carpet laying, or refuse hauling work if paid for in whole or part out of public funds) or (ii) Covered Construction, at the Premises to (1) pay workers performing such work not less than the highest prevailing rate of wages, (2) provide the same hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ apprentices in accordance with San Francisco Administrative Code Section 23.61 (collectively, "**Prevailing Wage Requirements**"). Tenant agrees to cooperate with the City in any action or proceeding against a contractor or subcontractor that fails to comply with the Prevailing Wage Requirements.

Tenant shall include, and shall require its subtenants, and contractors and subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Section 23.61. Each such Construction Contract shall name

the City and County of San Francisco, affected workers, and employee organizations formally representing affected workers as third party beneficiaries for the limited purpose of enforcing the Prevailing Wage Requirements, including the right to file charges and seek penalties against any contractor or subcontractor in accordance with San Francisco Administrative Code Section 23.61. Tenant's failure to comply with its obligations under this Section shall constitute a material breach of this Lease. A contractor's or subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.61 against the breaching party.

Tenant shall also pay, and shall require its subtenants, and contractors and subcontractors (regardless of tier) to pay, prevailing wages for the following activities and services on the Premises as set forth in and to the extent required by San Francisco Administrative Code Chapter 21C: Motor Bus Services (as defined in Section 21C.1), Janitorial Services (as defined in Section 21C.2), Public Off-Street Parking Lots, Garages or Storage Facilities for Automobiles (as defined in Section 21C.3), Theatrical Services (as defined in Section 21C.4), Solid Waste Generated by the City in Course of City Operations (as defined in Section 21C.5), Moving Services (as defined in Section 21C.6), Trade Show and Special Event Work (as defined in Section 21C.8), and Broadcast Services (as defined in Section 21C.9).

48.22 Sugar-Sweetened Beverage Prohibition

Tenant agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Ground Lease.

48.23 Taxes, Assessments, Licenses, Permit Fees and Liens

(a) Tenant recognizes and understands that this Ground Lease may create a possessory interest subject to property taxation and that Tenant may be subject to the payment of property taxes levied on such interest.

(b) Tenant agrees to pay taxes of any kind, including possessory interest taxes, that may be lawfully assessed on the leasehold interest hereby created and to pay all other taxes, excises, licenses, permit charges and assessments based on Tenant's usage of the Premises that may be imposed upon Tenant by law, all of which shall be paid when the same become due and payable and before delinquency.

(c) Tenant agrees not to allow or suffer a lien for any such taxes to be imposed upon the Premises or upon any equipment or property located thereon without promptly discharging the same, provided that Tenant, if so desiring, may have reasonable opportunity to contest the validity of the same.

(d) San Francisco Administrative Code Sections 23.38 and 23.39 require that the City and County of San Francisco report certain information relating to this Lease, and any renewals thereof, to the County Assessor within sixty (60) days after any such transaction, and that Tenant report certain information relating to any assignment of or sublease under this Lease to the County Assessor within sixty (60) days after such assignment or sublease transaction. Tenant agrees to provide such information as may be requested by the City to enable the City to comply with this requirement.

48.24 Vending Machines; Nutritional Standards

Tenant shall not install or permit any vending machine on the Premises without the prior written consent of Landlord. Any permitted vending machine must comply with the food

nutritional and calorie labeling requirements set forth in San Francisco Administrative Code section 4.9-1(c), as may be amended from time to time (the "Nutritional Standards Requirements"). Tenant agrees to incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Premises or for the supply of food and beverages to that vending machine. Failure to comply with the Nutritional Standards Requirements or to otherwise comply with this Section 48.24 shall be deemed a material breach of this Lease. Without limiting Landlord's other rights and remedies under this Lease, Landlord shall have the right to require the immediate removal of any vending machine on the Premises that is not permitted or that violates the Nutritional Standards Requirements.

ARTICLE 49: COMPLETE AGREEMENT

There are no oral agreements between Tenant and the City affecting this Ground Lease, and this Ground Lease supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings between Tenant and the City with respect to the lease of the Site.

ARTICLE 50: AMENDMENTS

Neither this Ground Lease nor any terms or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Ground Lease, but each and every term, covenant and condition of this Ground Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Any amendments or modifications to this Ground Lease, including, without limitation, amendments to or modifications to the exhibits to this Ground Lease, shall be subject to the mutual written agreement of City and Tenant, and City's agreement may be made upon the sole approval of the City's Director of Property, or his or her designee; provided,

however, material amendments or modifications to this Lease (a) changing the legal description of the Site, (b) increasing the Term, (c) increasing the Rent, (d) changing the general use of the Site from the use authorized under this Ground Lease, and (e) any other amendment or modification which materially increases the City's liabilities or financial obligations under this Lease shall additionally require the approval of the City's Board of Supervisors.

ARTICLE 51: ATTACHMENTS

The following are attached to this Ground Lease and by this reference made a part hereof:

1. Legal Description of Site
2. Schedule of Performance
3. City Consent of Leasehold Mortgage
4. Reserved
5. Memorandum of Ground Lease
6. Form of Income Certification Form

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, TENANT ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS LEASE UNLESS AND UNTIL CITY'S BOARD OF SUPERVISORS SHALL HAVE DULY ADOPTED A RESOLUTION APPROVING THIS LEASE AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS LEASE SHALL BE NULL AND VOID IF CITY'S MAYOR AND THE BOARD OF SUPERVISORS DO NOT APPROVE THIS LEASE, IN THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF THIS LEASE BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED, NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

IN WITNESS WHEREOF, the Tenant and the City have executed this Ground Lease as of the day and year first above written.

TENANT:

1036 Mission Associates, L.P., California limited partnership

By: 1036 Mission GP LLC,
a California limited liability company,
its general partner

By: Tenderloin Neighborhood Development Corporation,
a California nonprofit public benefit corporation,
its sole member

By: _____
Name: _____
Title: _____

CITY AS LANDLORD:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
John Updike
Director of Property

By: _____
Olson Lee
Director, Mayor's Office of Housing and Community Development

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

ATTACHMENT 1

LEGAL DESCRIPTION OF THE SITE

(1036 Mission Street)

ATTACHMENT 2

SCHEDULE OF PERFORMANCE

ATTACHMENT 3

CITY CONSENT OF LEASEHOLD MORTGAGE

Date:

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

RE: 1036 Mission Street, San Francisco (LEASEHOLD MORTGAGE)

Dear Sir or Madam:

Pursuant to Section 25.01 of the 1036 Mission Street Ground Lease, dated _____, 2016, between the City and County of San Francisco ("City") and 1036 Mission Associates, L.P., California limited partnership, we are formally requesting the City's consent to our placing a leasehold mortgage upon the leasehold estate of the above referenced development. The following information is provided in order for the City to provide its consent:

Lender:
Principal Amount:
Interest:
Term:

Attached hereto are unexecuted draft loan documents, including the loan agreement, promissory note, and all associated security agreements which we understand are subject to the review and approval by the City. Furthermore, we are willing to supply any additional documentation related to the leasehold mortgage which the City deems necessary.

Sincerely,

1036 Mission Associates, L.P., California limited partnership

By: Tenderloin Neighborhood Development Corporation,
a California nonprofit public benefit corporation,
it's managing general partner

By: _____
Name: _____
Title: _____

enc.

By signing this letter, the City consents to the leasehold mortgage, pursuant to the terms and conditions of Section 25.01 of the 1036 Mission Street Ground Lease, dated _____, 2016.

Mayor's Office of Housing and Community Development

Olson Lee, Director

ATTACHMENT 4

[reserved]

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ATTACHMENT 5
MEMORANDUM OF LEASE

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Free Recording Requested Pursuant to
Government Code Section 27383

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

MEMORANDUM OF GROUND LEASE
(1036 Mission Street)

This Memorandum of Ground Lease ("Memorandum") is entered into as of _____, 2016, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "City"), acting by and through the Mayor's Office Of Housing and Community Development ("City"), and 1036 MISSION ASSOCIATES, L.P., California limited partnership ("Tenant"), with respect to that certain Ground Lease (the "Lease") dated _____, 2016, between City and Tenant.

Pursuant to the Lease, City hereby leases to Tenant and Tenant leases from City the real property more particularly described in Exhibit A, attached hereto and incorporated herein by this reference (the "Property"). The Lease shall commence on the date set forth above and shall end on the date which is 85 years from the date set forth above, subject to a 14 year option to extend, unless terminated earlier or extended pursuant to the terms of the Lease.

It is the intent of the parties to the Lease that the Lease shall create a constructive notice of severance of the Improvements (as defined in the Lease), without the necessity of a deed from Lessor to Lessee, which Improvements are and shall remain real property.

This Memorandum shall incorporate herein all of the terms and provisions of the Lease as though fully set forth herein.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Lease, of which this is a memorandum.

This Memorandum may be signed by the parties hereto in counterparts with the same

1 effect as if the signatures to each counterpart were upon a single instrument. All counterparts
2 shall be deemed an original of this Memorandum.

3
4
5 Executed as of _____, 2016 in San Francisco, California.
6

7
8 TENANT:

9
10 1036 Mission Associates, L.P.,
11 California limited partnership

12 By: Tenderloin Neighborhood Development Corporation,
13 it's managing general partner
14

15 By: _____
16 Name: _____
17 Title: _____
18

19
20 CITY:
21 CITY AND COUNTY OF SAN FRANCISCO,
22 a municipal corporation
23

24
25 By: _____
26 Olson Lee
27 Director, Mayor's Office of Housing and Community Development
28

29
30 APPROVED AS TO FORM:

31
32 DENNIS J. HERRERA, City Attorney
33

34
35 By: _____
36 Elizabeth S. Anderson
37 Deputy City Attorney
38

ATTACHMENT 6
FORM OF TENANT INCOME CERTIFICATION

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3
4

TENANT INCOME CERTIFICATION

Initial Certification
 1st Recertification
 Other

Effective Date: _____
 Move-in Date: _____
 (MM/DD/YYYY)

PART I - DEVELOPMENT DATA

Property Name: _____ County: _____ BIN #: _____
 Address: _____ Unit Number: _____ # Bedrooms: _____

PART II. HOUSEHOLD COMPOSITION

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Social Security or Alien Reg. No.
1			HEAD			
2						
3						
4						
5						
6						
7						

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$ _____	\$ _____	\$ _____	\$ _____
Add totals from (A) through (D), above			TOTAL INCOME (E):	\$ _____

PART IV. INCOME FROM ASSETS

Hshld Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$ _____	\$ _____
Enter Column (H) Total If over \$5000		\$ _____ X	Passbook Rate 2.00%	= (J) Imputed Income
Enter the greater of the total of column I, or J: imputed income			TOTAL INCOME FROM ASSETS (K)	\$ _____
(L) Total Annual Household Income from all Sources [Add (E) + (K)]				\$ _____

HOUSEHOLD CERTIFICATION & SIGNATURES

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

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

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

PART V. DETERMINATION OF INCOME ELIGIBILITY

RECERTIFICATION ONLY:

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

\$

Current Income Limit x 140%:

\$ _____

Household Income exceeds 140% at
recertification:

Yes No

Current Income Limit per Family Size: \$ _____

Household Income at Move-in: \$ _____

Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Rent \$ _____
Utility Allowance \$ _____

Rent Assistance: \$ _____
Other non-optional charges: \$ _____

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

\$

Unit Meets Rent Restriction at:
 60% 50% 40% 30% _____%

Maximum Rent Limit for this unit: \$ _____

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

yes no

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

Enter
1-5

*Student Explanation:

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

PART VIII. PROGRAM TYPE

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

a. Tax Credit

b. HOME

c. Tax Exempt

d. AHDP

e. _____
(Name of Program)

See Part V above.

Income Status

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

Income Status

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

Income Status

- 50% AMGI
 80% AMGI
 OI**

Income Status

- _____

 OI**

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

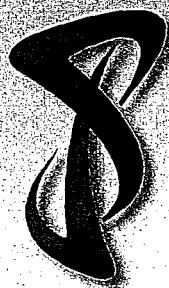
SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proofs 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

**APPRAISAL REPORT
1036 MISSION HOUSING
1036 MISSION STREET
SAN FRANCISCO, CALIFORNIA 94103**



JAMES G. PALMER
APPRAISALS INC.

**APPRAISAL REPORT
1036 MISSION HOUSING
1036 MISSION STREET
SAN FRANCISCO, CALIFORNIA 94103**

**PREPARED FOR
TENDERLOIN NEIGHBORHOOD
DEVELOPMENT CORPORATION
201 EDDY STREET
SAN FRANCISCO, CALIFORNIA 94102**

**PREPARED BY
GREGG J. PALMER, MAI
JAMES G. PALMER APPRAISALS, INC.**

**EFFECTIVE DATE OF VALUE
MARCH 10, 2016
EFFECTIVE DATE OF APPRAISAL
JUNE 15, 2016**



JAMES G. PALMER
APPRAISALS INC.

1285 W. Shaw
Suite 108
Fresno, CA 93711
T 559.226.5020
F 559.226.5063
jgpinc.com

June 15, 2016

Mr. Christopher Cummings
Tenderloin Neighborhood Development Corporation
201 Eddy Street
San Francisco, California 94102

Re: Market Valuation
1036 Mission Housing
1036 Mission Street
San Francisco, California 94103

Dear Mr. Cummings:

At your request and authorization, James G. Palmer Appraisals Inc. has completed an appraisal report on the above-mentioned real property, more particularly described in the enclosed appraisal report.

The appraisal report has been prepared to comply with the requirements of:

- Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).
- The Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation.
- The Federal Deposit Insurance Corporation (FDIC) appraisal standards, which include compliance with USPAP.
- The Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The 2014-2015 edition of USPAP states that under Standards Rules 2-2, 8-2 and 10-2, each written real property appraisal report must be prepared under one of the following two formats: Appraisal Report [Standards Rules 2-2(a), 8-2(a) and 10.2(a)] or Restricted Use Appraisal Report [Standards Rules 2-2(b), 8-2(b) and 10-2(b)]. In the case of this report, the appraisal is being communicated in an *Appraisal Report* format.

The property consists of a vacant lot located in the South of Market neighborhood in the City of San Francisco. The purpose of the appraisal was to arrive at an opinion of value the fee simple estate of the property. The value will be used for asset evaluation for submission of a tax credit application for development funding. The effective date of valuation is as of March 10, 2016.

The following value is subject to the value definitions and limiting conditions as set forth in this report. It is subject to hypothetical conditions as outlined in the report.

In the opinion of the undersigned, the value of the real property as of the date of value is as follows:

OPINION OF VALUE – AS IS

\$17,480,000.00

The undersigned hereby certify that they have no present or future intended interest in the property, and that neither the fee nor employment for this assignment was contingent upon the value reported herein and that there exists no identity of interest with the development partner(s), project sponsor, intended partner(s) or general contractor. It is also the opinion of the undersigned that the subject has no significant natural, cultural, recreational or historic value. This letter must remain attached to the report in order for the value opinion set forth to be considered valid.

This appraisal is only valid for the purpose for which it is intended. It is invalid for a third party use or to establish a sales price for limited partners or syndication. Unless prior arrangements have been made with the appraiser, the right to photocopy all or part of this appraisal is strictly prohibited.

Thank you for this opportunity of serving you.

Sincerely,



Gregg J. Palmer, MAI
Certified General Real Estate Appraiser
California License AG002880
Expiration: April 24, 2018

GP: 8654

Executive Summary

PROPERTY DESCRIPTION

Property Name	Vacant Multifamily Land
Address	1036 Mission Street
City, State, Zip	San Francisco, California 94103
County	San Francisco
MSA	San Francisco
Property Type	Vacant Multifamily

Site Description

Site Area	15,200 SF
Road Frontage (LF)	95' – WS Mission Street
Orientation	Interior
Shape	Rectangular
Zoning	C-3-G.
Description	Downtown General Commercial
Flood Zone	Unprinted Map

Improvement Description

Building Area	N/A
Year Built	N/A
Quality	N/A
Condition	N/A
Market Class	N/A
Construction Type	N/A

Real Estate Tax Data

Assessor Parcel Number(s)	3703-162
Total Assessed Value	\$6,131,256.00
Real Estate Taxes	\$76,496.20

MARKET BOUNDARIES

North	South of Market Neighborhood
South	N/A
East	N/A
West	N/A

HIGHEST & BEST USE

Land as Vacant	Multifamily
Property as Improved	Continue Current Use

PROPERTY VALUATION

Valuation Type	Current
Sales Comparison Approach	\$17,480,000.00
Cost Approach	Not Applicable
Income Capitalization Approach	Not Applicable
Final Value Opinion	\$17,480,000.00

APPRAISAL DATES

Inspection Date	March 10, 2016
Report Date	June 15, 2016
Date of Valuation	March 10, 2016
Exposure Time	12 Months

APPRAISAL REPORT

I. Purpose of Appraisal:

The purpose of the appraisal is outlined in the covering letter. The definition of "market value" is:

Market Value:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:"

- a. buyer and seller are typically motivated;
- b. both parties are well informed or well advised, and each acting in what he considers his own best interest;
- c. a reasonable time is allowed for exposure in the open market;
- d. payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and
- e. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale." Federal Deposit Insurance Corporation (FDIC) Final Rules 12 CFR § 323.2)

II. Property Right Appraised:

The property right is the leasehold estate. The definitions are follows:

Fee Simple Estate:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat." (The

III. Function of Appraisal:

The appraisal assignment is to provide a market valuation of a vacant lot located in San Francisco, California. The clients include Tenderloin Neighborhood Development Corporation. The intended user(s) include Tenderloin Neighborhood Development Corporation and or their duly appointed representatives and assignees. The intended use is to assist the client(s) in asset evaluation for the submission of a tax credit application for funding and development.

IV. Extraordinary Assumptions:

In the preparation of the report, various documents were used as obtained from the client, property owner and public records. The records used include but are not limited to site and building plans, legal descriptions, site sizes, assessment records, leases and building areas. While every effort is made to assure the accuracy of these documents, no guarantee is made as to their accuracy or correctness. It is assumed that these documents are accurate, true and correct as they are considered in the preparation of the report.

V. Hypothetical Conditions:

None

VI. Scope of Appraisal:

The scope of this report includes:

- 1) A physical inspection of the property.
- 2) Interviews with persons considered knowledgeable as to real estate values in the area.
- 3) Inquiry into and documentation of current data.

- 4) Analysis of the data obtained and correlation of the findings into final value estimates.

The data contained in this report was obtained from a variety of sources, is considered reliable, and has been utilized to document the valuation conclusions.

The appraisal assignment is to provide a market valuation of a vacant parcel of land located in San Francisco. The property is situated in the South of Market neighborhood and is more specifically situated along the west side of Mission Street in between 6th and 7th Streets. The property is vacant and undeveloped and is fully entitled for the development of a 9-story, 83-unit apartment complex.

In valuing the project, all three traditional approaches to value will be considered. These include the Sales Comparison, Cost, and Income Capitalization Approaches. In this instance, only the sales comparison approach is used. The sales comparison approach will be used in the valuation of the property as vacant.

In the Sales Comparison Approach, a value estimate will be provided through an analysis of similar properties that have been sold throughout similar areas. A total of five land sales were found that were used in the analysis. Sales were obtained from a variety of sources including brokerage firms, Loopnet, Costar and county assessor records. When possible, the sales were verified with the buyer or seller or individual knowledgeable with the sale transaction.

In summary, the appraisal assignment is to provide a market valuation of a vacant parcel of land located in the City of San Francisco in San Francisco County, California. The intended use is to assist the client in asset evaluation for the submission of a tax credit application for funding and development. The client and intended users are Tenderloin Neighborhood Development Corporation and or their duly authorized representatives or assignees. The following sections of this report will outline and describe in detail the area, site, building improvements, and methods of valuation used to provide an opinion of value of the property.

VII. Addresses:

1036 Mission Street, San Francisco California 94103

VIII. Assessor Parcel Numbers:

3703-162 (San Francisco County Assessor)

IX. Legal Description:

Beginning at a point on the northwesterly line of Mission Street (82 5' wide), distant thereon 255.00 feet southwesterly from the southwesterly line of 6th Street (82 5' wide), thence southwesterly along said northwesterly line of Mission Street 95.00; thence at a right angle northwesterly 160.00 feet to the southeasterly line of Jessie Street (40' wide); thence northeasterly along said southeasterly line of Jessie Street 95.00 feet; thence at a right angle southeasterly 160.00 feet to the northwesterly line of Mission Street and the point of beginning, as described pursuant to Certificate of Compliance recorded September 25, 2015 under Recorder's Serial Number 2015-K137764-00.

X. Ownership:

County Assessor records show title to be vested in the name(s) of the following:
1036 Mission Associates TNDC

XI. Map Designations:

Census Tract:	176.01
Flood Hazard Area:	No map printed

XII. Property History:

The property consists of a vacant parcel of land located in the South of Mission Neighborhood in San Francisco. The property contains a total of 15,200 SF. It originally consisted of two identical lots that were recently joined through a lot

line adjustment. The property has all offsite improvements and utilities. According to the client, the site is fully entitled for the development of a 9-story, 83-unit multifamily apartment complex. Upon completion, it will be operated as an affordable housing project subject to regulatory agreements and rental restrictions.

There have been no recorded transfers of the property over the past 5 years. According to public records, the last transfer of the property occurred in May of 2007. The seller was Skyline Associates and the buyer 1036 Mission Associates TNDC. The instrument number was 39500112. The total consideration paid was \$5,576,250.

XIII. Assessed Value:

In 1978, California voters passed Proposition 13, which was also known as the Jarvis-Gann Initiative. This proposition was predominantly designed to decrease the tax burden on individual property owners and to restrict the increase in property value assessments to a maximum of 2% per year. Beginning in 1981/82, all real property in the State of California was assessed at its full cash value. Full cash value is equal to the market value as determined by the appraisal staff of the County Assessor's office. Under Proposition 13, all assessments were rolled back to their 1975/76 levels and this became the new tax basis. Re-assessment is only allowed when a property is sold or substantially changed or modified. The predominant tax rate is based upon 1% of the assessed value, plus any local county, city, or special district bonds. The annual property taxes are calculated by applying the tax rate for the area to the total assessed value of the property, including land, improvements, and personal property items.

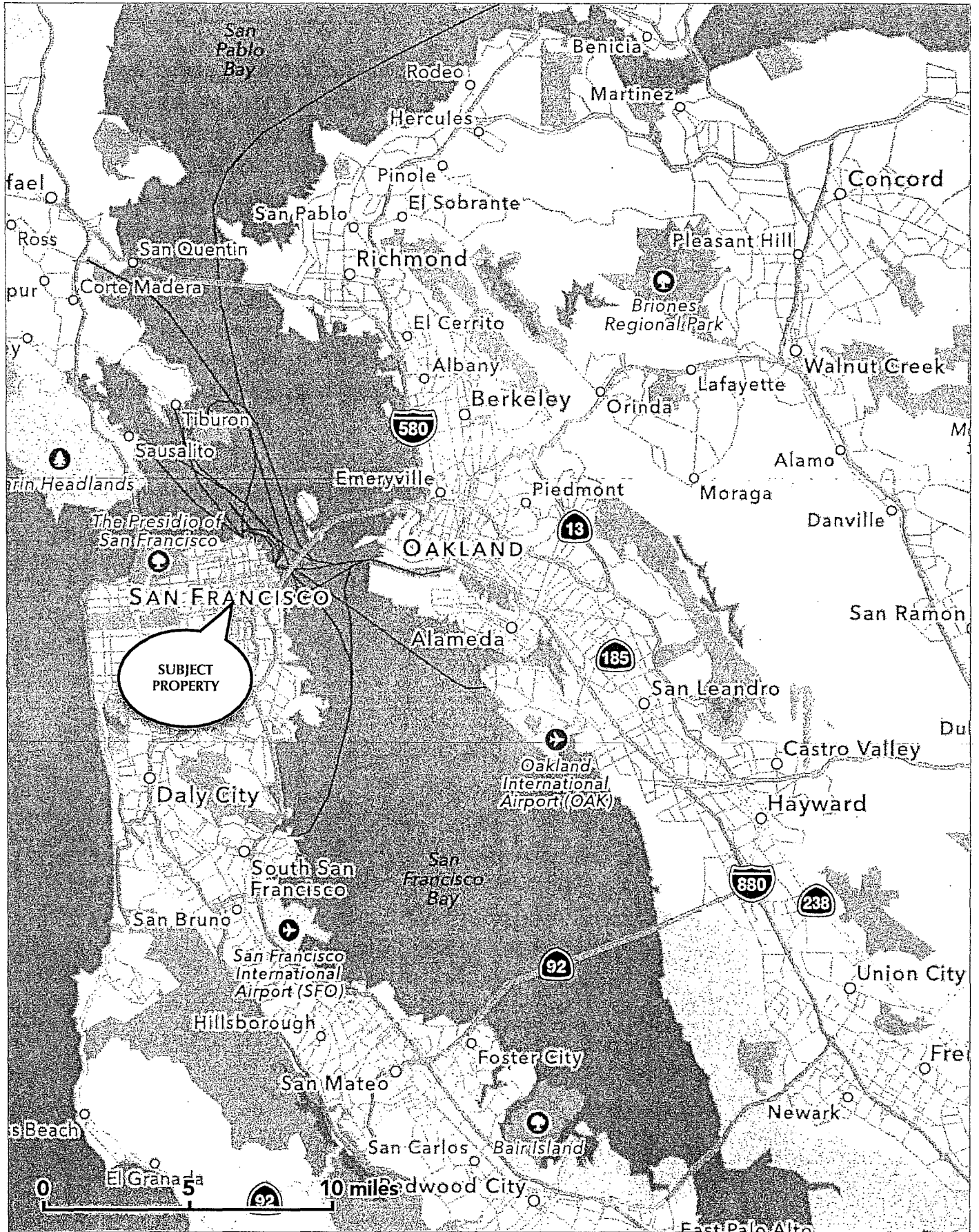
Proposition 13 was initially designed to protect elderly property owners who are on fixed incomes and assure them that their property would not be assessed at a rate which exceeded the ability to pay taxes. The following is a breakdown of the assessments for the property.

APN	Total	Improvements	Land	RE Taxes
3703-162	\$6,131,256.00	\$0.00	\$6,131,256.00	\$76,496.20

This type of unique tax system has caused a couple of interesting phenomenon in the California real estate market. In the first instance, since assessments are only allowed to increase by a maximum of 2% per year, actual market appreciation often exceeds the increase in the assessed value. When a property transfer does occur, it is reassessed and, therefore, a tremendous increase in property taxes typically occurs. This situation also leads to a second interesting phenomenon. Due to the fact that a full cash value assessment can only occur after a transfer of ownership, taxes can vary greatly from property-to-property in the same neighborhood and on similar property types. Thus, when appraising property in the State of California, it is important to be sensitive to the Proposition 13 restrictions and re-analyze the taxes assuming that a transfer of the property was to occur.

Since the property is developed as an affordable housing project, it is not subject to local real estate taxes. Under the welfare exemption program, the project enjoys tax-exempt status.

REGIONAL MAP



XIV. Regional Description:

San Francisco Bay Area

The San Francisco Bay Area consists of the nine counties including San Francisco, San Mateo, Santa Clara, Alameda, Contra Costa, Solano, Napa, Sonoma, and Marin, situated on the perimeter of San Francisco Bay and San Pablo Bay. San Francisco is in the geographical and cultural center of the region. It is surrounded by Marin, Napa, Sonoma and Solano Counties to the north; Alameda and Contra Costa Counties to the east; and San Mateo and Santa Clara Counties to the south. The large land area and highly diversified physical features of the Bay Area support a wide range of land uses. Land uses range from large agricultural areas to major urban centers, and environments range from mountain to marine.

The large land area and highly diversified physical features of the Bay Area compose one of the most varied environments in the United States, and support a wide range of land uses and living environments. The dominant influence of the area's climate is the San Francisco Bay, which moderates the temperatures in the coastal areas, while inland climates that are further removed from the Bay's influence experience a wide range of temperatures. Rainfall averages 25 inches per year and generally falls from November through March. January is the coldest month and the average daily high temperature is 55 degrees Fahrenheit; the average daily low temperature is 45 degrees Fahrenheit. September, one of the warmest months, averages a daily high of 68 degrees Fahrenheit.

The fault zones that lace the region exert the most powerful geographical influence. In 1989, the Loma Prieta earthquake caused heavy damage along the Bay Area Peninsula as well as the East Bay. This earthquake was the most serious one to occur since 1906. Most infrastructures damaged by the earthquake have been repaired. Other physical damage, including collapsed and unsafe buildings, has generally also been repaired. Despite the physical damage caused by the earthquake, the economy of the region suffered no significant long-term damage.

Population Trends

The mild climate of the Bay Area has played an important role in development, and contributes to a desirable living environment. The estimated population of the nine counties that make up the Bay Area is presented in the following table.

Population projections by county
Nine county bay area region

County	2000	2005	2010	2015	2020	2030	2000-2030 % Change
Alameda	1,443,741	1,505,300	1,549,800	1,626,100	1,705,900	1,787,300	19.2%
Contra Costa	948,816	1,023,400	1,090,300	1,130,200	1,177,400	1,225,500	29.2%
Marin	247,289	252,600	256,500	260,300	264,000	267,300	8.09%
Napa	124,279	133,700	138,800	142,300	144,600	146,300	17.7%
San Francisco	776,733	795,800	810,000	837,500	867,100	900,500	15.9%
San Mateo	707,163	721,900	733,300	766,900	801,300	832,400	17.2%
Santa Clara	1,682,585	1,763,000	1,822,000	1,945,300	2,063,100	2,185,800	29.9%
Solano	394,542	421,600	443,100	458,500	472,100	484,600	22.8%
Sonoma	458,614	479,200	497,900	509,900	522,500	535,200	16.7%
Total (all counties)	6,783,762	7,096,500	7,341,700	7,677,500	8,018,000	8,364,900	23.3%

Source: ABAG, Projections 2009

During the 1960s and 1970s, the regional population grew at an average annualized rate of 1.9%. During the 1980s, the population grew by approximately 1.4% per year. Population growth during the period from 2000 through 2010 was approximately 0.9% annually. The slowing in the rate of population growth reflects the diminishing supply of available land and the high cost of housing in the area. The highest rates of growth are projected in Contra Costa, Solano and Santa Clara counties. Santa Clara County is the Bay Area Center for the technology industry. While population growth is expected to be substantial, it has still occurred at a rate that is far slower than the growth in Southern California or many other portions of the state. The Bay Area has some of the highest housing costs in the nation. When the comparison is made between household incomes and housing costs, the Bay Area remains one of the least affordable areas in the nation.

Economic Overview

Overview: The San Francisco MSA, which encompasses the Counties of San Francisco, San Mateo, and Marin, is the nation's fourth largest metropolitan area. Historically, San Francisco has been the financial and business center of the western United States.

Beginning in late-1994 and early 1995, the strengthening high technology and computer related industries located in the southern Bay Area began to lead the state out of its deep recession. In the second half of the 1990s, the local economy was driven by the growth in technology, particularly Internet, software, and other computer related technology ventures. The technological advances during the mid to late-1990s, coupled with a strong stock market and nearly limitless availability of capital provided an environment for surging employment growth, real estate values, and overall prosperity in the region.

The explosion of the so-called dot.com industry, funded primarily from venture capital, fueled an economic boom in Bay Area in the late 1990's and early 2000 of unprecedented proportion. As a result, every aspect of the real estate market experienced huge gains. Commercial and industrial vacancy rates became almost nonexistent while lease rates doubled in some instances during this period. While sale prices never matched the increase in rents, there was significant appreciation of commercial and industrial property sales prices. Apartment availability also became extremely tight with rents climbing 30% to 40%. Home prices surged as well; appreciation was approximately 25% to 35% in this short time period. During this time a new market phenomenon also sprung out of the disparity between demand and supply of homes. Realtors began the practice of listing prices slightly below their market values to entice bidding wars. It thus became the accepted market practice to bid over the listing price, often substantially above the listing price.

In March 2001 the tech-heavy NASDAQ declined due to concerns of over-inflated stock prices as negative reports about company profitability and news about declining demand for computer related goods and services surfaced. The Dow Jones quickly followed and entire stock market, including non-tech blue-chip stocks, also tumbled. This trend continued further into 2001. As a result of the stock market tumble, both the national and local economies contracted. The stock market tumble was compounded by the September 11, 2001, terrorist attacks on the World Trade Center and the Pentagon. The risk of air piracy, attacks on large landmarks, bio-terrorism and other threats to public safety has raised the level of uncertainty in the markets. It has also severely

affected the travel and tourism business, which rely heavily on air travel.

Technology based companies were particularly affected by the stock market decline. The Bay Area, which is generally regarded as top-heavy in the technology sector, suffered considerably. Many of the newer and more financially sensitive companies went out of business, while the larger and more established companies, such as Cisco Systems, Hewlett-Packard and Oracle had significant layoffs in attempt to weather the storm. Unemployment rates have been on a declining trend since 2002. Recent information regarding national and local economic recoveries indicates that a recovery started to take place in 2004, and continued through 2006 and into 2007.

During 2007, the economic boom that had been experienced nationwide began to slow and by 2008, it became apparent that another economic downturn was well underway. During the latter part of 2008 and well into 2009, the stock market had declined in value by 50% and the housing industry had declined substantially. Real estate markets across all sectors have been affected and it is not expected that any significant recovery will begin until 2012.

Employment Growth:

Employment grew in all sectors during the economic boom experienced between 2004 and 2007. By 2008, employment began to decline in the area as with the rest of the State and Country. The following table summarizes historical and projected job data by industry for the region.

EMPLOYMENT projections BY INDUSTRY
Nine County Bay Area Region

Industry	2005	2010	2015	2020	2025	2030	2005-2030 % Change
Ag./Natural Resources	24,170	24,520	24,870	25,070	25,270	25,470	5.4%
Construction	218,350	213,930	230,920	250,750	276,150	302,180	38.4%
Manuf. /Wholesale	545,900	550,640	588,110	633,360	670,830	716,270	31.2%
Retail	367,180	347,400	370,880	399,950	453,870	491,310	33.8%
Transp. and Utilities	165,480	166,540	175,570	185,650	190,340	197,690	19.4%
Information	160,380	158,710	170,620	186,710	212,010	233,730	45.8%
Financial and Leasing	277,930	272,580	289,540	310,840	341,980	368,640	32.6%
Prof. & Manag. Serv.	502,330	494,280	534,650	582,710	648,860	707,900	40.9%
Health & Educ. Serv.	597,540	638,110	695,010	757,260	804,250	880,850	47.4%
Arts, Rec., Other Serv.	455,970	482,590	521,110	565,390	598,830	649,080	42.3%
Government	134,510	126,540	133,260	143,000	155,510	165,610	23.1%
Total (all industries)	3,449,740	3,475,840	3,734,590	4,040,690	4,379,900	4,736,730	37.4%

Source: ABAG, Projections 2009

Between 2000 and 2005, employment decreased due to the slowdown in the economy. Between 2005 and 2030 employment is projected to increase by 37.4%.

Spending, Income and Inflation

Income: The following table summarizes mean household incomes for the Bay Area counties.

BAY AREA MEAN HOUSEHOLD INCOME (IN CONSTANT 2000 DOLLARS)

County	2005	2010	2015	2020	2025	2030	2005-2030 % Change
Alameda	88,800	91,200	96,300	101,600	107,200	113,100	27.3%
Contra Costa	96,400	102,000	102,500	113,500	119,700	126,200	28.2%
Marin	121,600	127,200	134,100	141,600	148,900	157,700	29.7%
Napa	85,900	89,500	94,500	99,800	105,300	111,100	29.3%
San Francisco	97,400	102,200	107,900	113,800	120,100	126,700	30.1%
San Mateo	121,700	123,300	130,200	137,300	144,800	152,700	25.5%
Santa Clara	97,900	108,700	114,600	120,900	127,600	134,600	37.4%
Solano	84,400	85,600	90,100	94,600	99,300	104,300	23.6%
Sonoma	82,600	84,300	89,000	93,900	99,100	104,600	26.6%
Bay Area	97,300	102,000	107,600	113,600	119,800	126,400	29.9%

Source: ABAG, Projections 2009

The region's mean household income in 2000 was \$92,500. In 2005 the estimated mean household income was \$89,100. There was a decline between 2000 and 2005 due to the slowdown in the economy. Mean household income for the region is projected to grow to \$126,400 by 2030. San Mateo and Marin Counties, as of 2010, have an estimated mean household income of \$123,300 and \$127,200, respectively, which are the highest figures of the nine counties noted in the prior chart. Sonoma County, as of 2010, has an estimate mean household income of \$84,300, which is the lowest of the nine counties noted in the prior chart.

Real Estate

Residential: Housing costs in the Bay Area are among the highest in the nation. The following table presents new and existing median home price trends in the nine-Bay Area Counties since 2009.

NEW & EXISTING MEDIAN HOME PRICES – SAN FRANCISCO BAY AREA

County	June 2015	June 2014	June 2013	June 2012	June 2011	% Change 2011 - 2015
Alameda	\$665,000	\$596,000	\$521,000	\$417,000	\$409,000	62.59%
Contra Costa	\$500,000	\$413,442	\$391,000	\$319,000	\$318,000	57.23%
Marin	\$938,000	\$866,000	\$787,000	\$690,000	\$676,000	38.75%
Napa	\$509,000	\$475,000	\$414,000	\$313,442	\$362,000	40.61%
San Francisco	\$1,063,500	\$956,000	\$832,000	\$695,000	\$670,000	58.73%
San Mateo	\$990,000	\$856,000	\$771,000	\$649,000	\$622,000	59.16%
Santa Clara	\$904,000	\$808,000	\$723,000	\$600,000	\$566,000	59.72%
Solano	\$329,000	\$299,000	\$240,000	\$196,000	\$200,000	64.50%
Sonoma	\$511,000	\$474,000	\$403,000	\$344,000	\$333,000	53.45%
Bay Area	\$754,000	\$679,000	\$606,000	\$497,000	\$487,000	54.83%

Source: Zillow

As demonstrated by the above chart, home prices increased in the nine counties representing the San Francisco Bay Area between 2011 and 2015. Marin County showed the smallest increase at 38.75% while Alameda County experienced the greatest increase at 62.59%.

Governmental Forces

The Bay Area is comprised of nine separate counties. Each county has its own government, with incorporated cities within each county also having their own government. Between the city and county levels, interaction is limited. On a regional level, this concept is magnified, with limited inter-county planning. Local city and county governments within the region implement land use policies through the use of zoning laws and general plans. Support services, such as transportation, schools, health care, police, and fire protection are provided by local governments.

California's land use and growth controls are among the most stringent in the United States. These local land use controls include zoning, growth management systems, subdivision regulations, development fees and environmental restrictions. These policies raise the cost and reduce the volume of land development, especially in coastal metropolitan areas.

Education

Within the Bay Area there are over 80 public and private colleges and universities; among them are over 30 community colleges, four California State University campuses, and two University of California campuses.

Transportation

San Francisco has a highly diversified transportation system with excellent water, rail, trucking, and highway and air facilities. The Bay Area's transportation infrastructure includes 1,500 miles of highway, eight toll bridges, 17,000 miles of local streets, six public ports, five passenger ferries, and five commercial airports. Transportation in the Bay Area is diversified because of the trend toward decentralized work places. More and more people are commuting longer distances to work, putting a heavy burden on the region's transportation network.

Air transportation is available through a number of airports in the Bay Area. San Francisco International Airport, located in San Mateo County, is one of the most active commercial airports in the world and it is served by over 62 airlines. Furthermore, a two billion-dollar airport expansion was completed which expanded international travel capabilities. Additionally, Oakland International Airport in Alameda County, and Mineta San Jose International Airport in Santa Clara County offer facilities for international travel, air taxi, charter and cargo.

The Bay Area Rapid Transit system (BART), a high-speed rail system with over 75 miles of track, is a major commuter transportation system which links stations in Alameda, Contra Costa, San Mateo and San Francisco counties. BART has been extended to the San Francisco International Airport, which coincided with the aforementioned airport expansion. CalTrans operates commuter trains that travel from San Jose to San Francisco. There are freight rail lines in many Bay Area communities.

Historically, ongoing efforts to improve the roads and public transit systems in the Bay Area have lagged behind growth in the population. Traffic congestion, considered a major problem in the Bay Area, makes close in, conveniently accessed locations particularly desirable.

Cultural and Recreational Resources

San Francisco is the cultural center of the Bay Area. Cultural and entertainment

activities include nationally renowned live theaters, art museums, local symphonies, operas, and dance companies. In addition, local theaters, symphonies and ballet companies are found in Oakland, San Jose and other communities. The area supports six major professional sports teams, as well as college-level athletic programs of the University of California at Berkeley, Stanford University, and other regional colleges and universities.

Conclusion

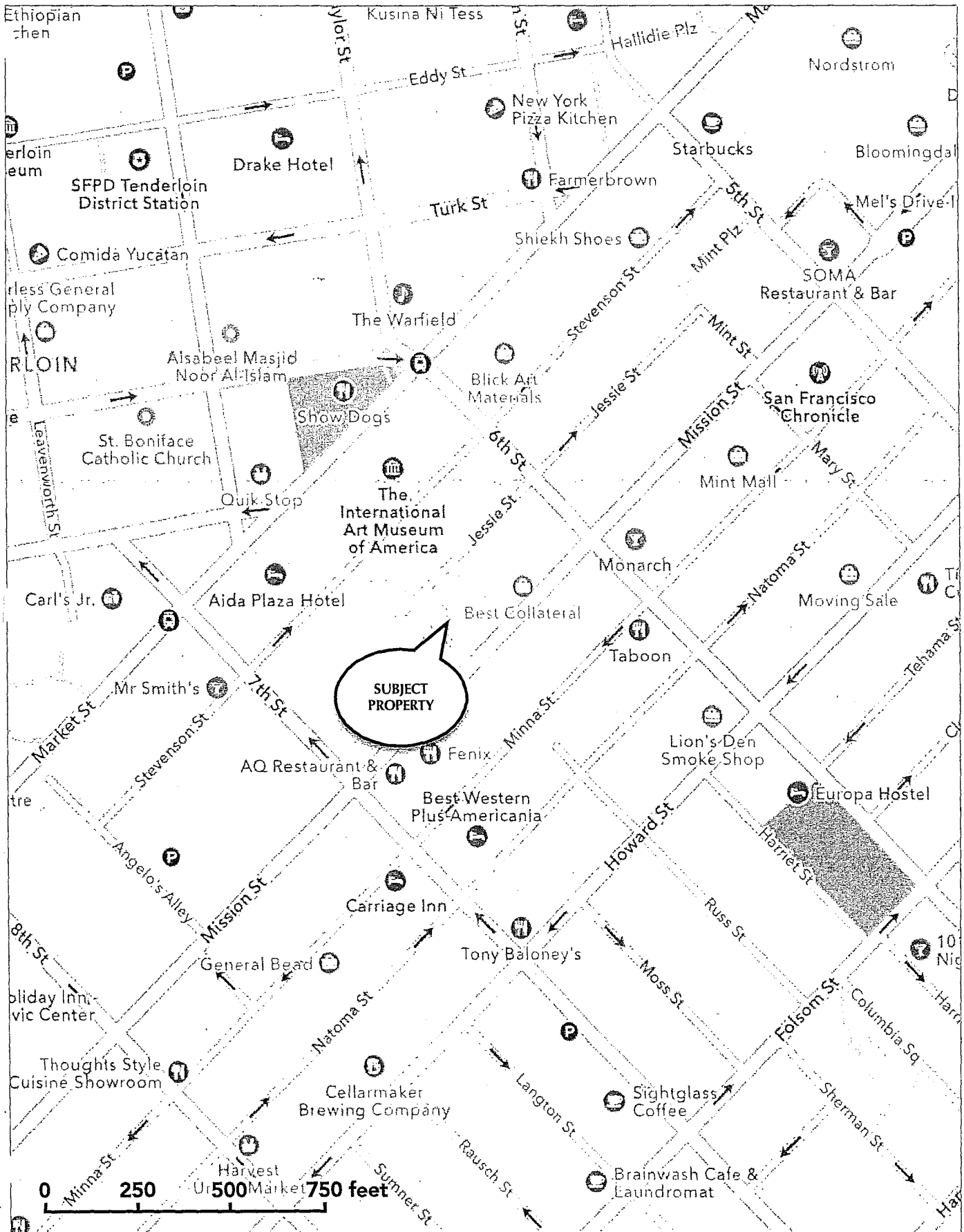
The nine-county San Francisco Bay Area is one of the nation's most vital economic regions. While San Francisco remains the center of the region, the surrounding counties have developed economic centers of their own. Future projections by ABAG indicate increased growth in population and employment, albeit at a slower rate. Growth in employment shows signs of improvement however, it is unlikely there will be major improvements in California as a whole throughout the remainder of the year.

Locational advantages, outstanding higher educational facilities, and a skilled labor force benefit the Bay Area. However, structural problems including affordable housing, transportation capacity, and water and sewer capacity, along with local slow growth initiatives, could impair the region's competitive position. Coupled with difficult economic conditions, these conditions could impact the region significantly. However, the economic base is well diversified, and should provide for moderate future growth in the Bay Area.

The Bay Area's economy has shifted towards service orientation. Agriculture, construction, and manufacturing have become less dominant while trade, finance, government, and business, professional and other services have grown in prominence. The one notable exception to this trend has been the high technology sector, particularly computer-related, and manufacturing.

The long-term future of California is uncertain due to current economic conditions and financial difficulties experienced by the State. The short-term prognosis is stabilization and improvement. The projected outlook is continued improvements throughout 2015 and probably into 2016.

NEIGHBORHOOD MAP



XV. Area Description:

SAN FRANCISCO

Geography

San Francisco County is located on the peninsula in the San Francisco Bay Area. San Francisco County is bordered by the San Francisco Bay to the east, Marin County to the north and San Mateo County to the south. San Francisco and San Mateo Counties are known colloquially as the peninsula.

San Francisco was founded on June 29, 1776 and was incorporated on April 16, 1850. It is the fourth most populous city in California and the only consolidated city-county in the State; a status it has held since 1856. It encompasses a total land area of 46.7 square miles and is the most densely populated city in the State and second most densely populated city in the country. The county is divided into eleven supervisor districts; with one supervisor elected from each district. The supervisors also act as the City Council.

Population Trends

The Association of Bay Area Governments (ABAG) predicts that the population in San Francisco County will increase from 810,000 to 837,500 between 2010 and 2015 indicating an annual growth rate of 0.67%. By 2030, it is expected to increase to 934,800. ABAG further predicts that the number of households in San Francisco County will increase from 346,680 to 359,170 between 2010 and 2015, and to 400,700 by 2030. The following table demonstrates the changes in population and households since 2005.

SAN FRANCISCO COUNTY DEMOGRAPHICS						
	2005	2010	2015	2020	2025	2030
Population	795,800	810,000	837,500	867,100	900,500	934,800
Average Change		14,200	27,500	29,600	33,400	34,300
Households	338,920	346,680	359,170	372,750	386,800	400,700
Average Change		7,760	12,490	13,630	14,050	13,900
Persons/ Hshld	2.29	2.28	2.27	2.27	2.27	2.28

Economic Forces

The following table illustrates employment growth projections by sector for San Francisco County between 2005 and 2030.

EMPLOYMENT BY INDUSTRY SAN FRANCISCO COUNTY							
Industry	2005	2010	2015	2020	2025	2030	% Change
Ag./Natural Resources	1,020	1,020	1,020	1,020	1,020	1,020	0.0%
Construction	27,010	27,060	29,390	31,810	35,540	39,020	44.47%
Manuf./Wholesale	25,580	25,760	28,580	31,920	34,570	37,920	48.24%
Retail	47,210	45,000	47,890	51,080	58,470	63,070	33.59%
Transp. and Utilities	30,060	28,150	28,960	29,970	30,170	30,970	3.02%
Information	36,640	36,860	39,260	41,590	45,570	49,420	34.88%
Financial & Leasing	79,480	79,720	83,810	89,230	96,600	103,400	30.10%
Prof. & Manag. Serv.	100,740	101,960	108,970	118,060	129,400	139,799	38.76%
Health & Educ. Serv.	93,010	101,810	109,010	115,390	119,680	129,400	39.12%
Arts, Rec. Other Serv.	87,590	96,990	104,000	110,260	114,700	123,460	40.95%
Government	24,750	24,400	25,650	26,860	29,110	30,630	23.76%
Total (all industries)	553,090	568,730	606,540	647,190	694,830	748,100	35.26%

As demonstrated above, it is expected that manufacturing and wholesale, construction and arts, recreation and other services will experience the greatest growth while industries like agricultural and transportation and utilities will experience almost no growth due to the nature of the City and its fully built out condition.

Income

The following table presents mean household income statistics in 2005 dollars.

HOUSEHOLD INCOME PROJECTION						
	2005	2010	2015	2020	2025	2030
San Francisco Co.	\$97,400	\$102,200	\$107,900	\$113,800	\$120,100	\$126,700
Bay Area Region	\$97,300	\$102,000	\$107,600	\$113,600	\$119,800	\$126,400

Mean household income in San Francisco County is slightly higher than the average of the Bay Area region. The overall growth in the City is projected to mirror that of the overall area.

Real Estate

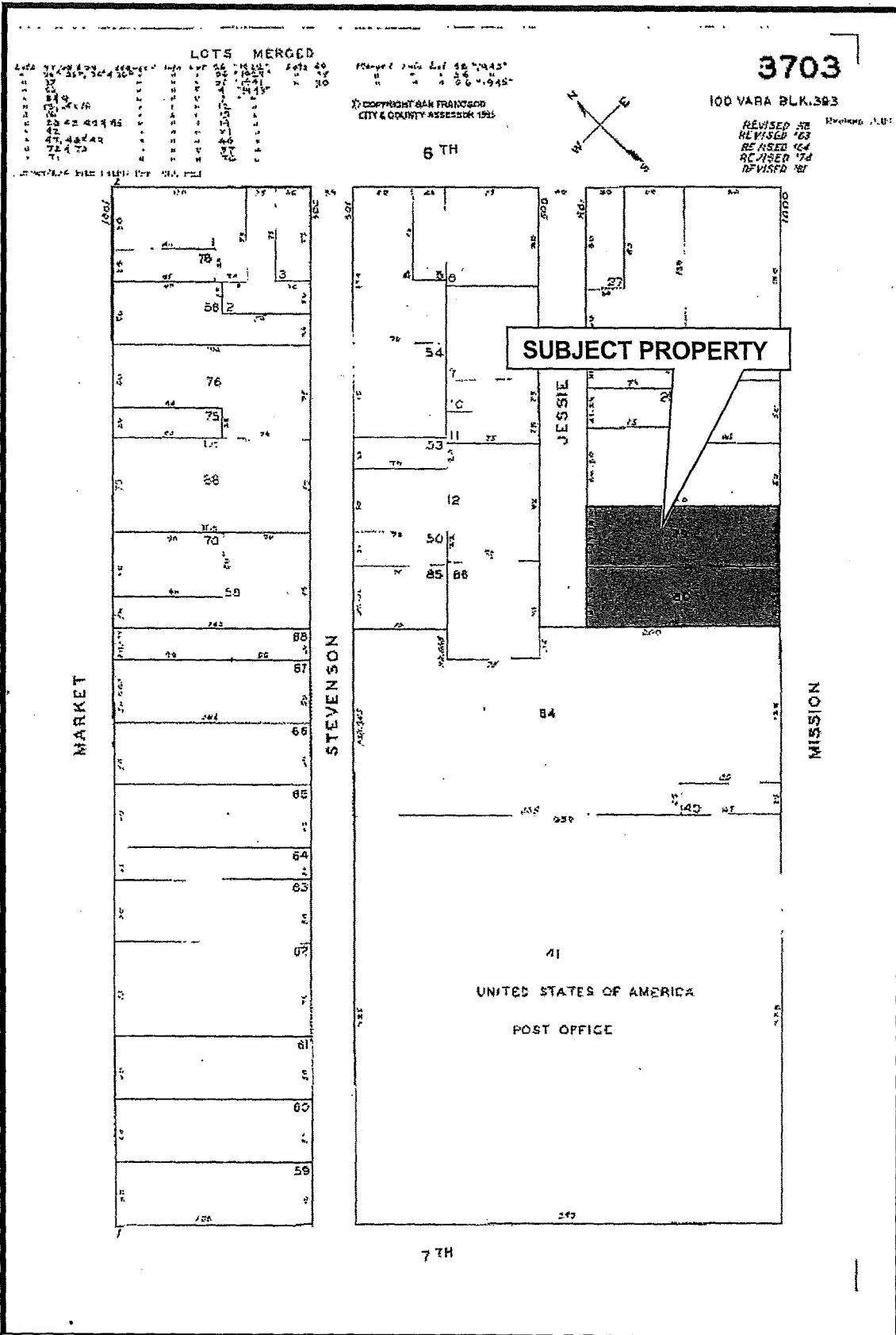
The average home price in San Francisco County, as of January 2015, was \$1,001,300 based on figures from Zillow. The January 2015 figure reflects an

11.26% increase from the 2014 figure of \$900,000, and a 30.03% increase from the 2013 figure of \$770,000.

Transportation

Highways 1 and 101 provide freeway access into San Francisco from the south and continue north over the Golden Gate Bridge up into northern California along the Pacific Coast. Both freeways extend south through the Silicon Valley region through the South bay and continue along the Pacific Coast to the Los Angeles basin. Interstate 80 is the major east/west freeway extending east from San Francisco over the Bay Bridge into Oakland and eventually ties into Highways 24, 580 and 880 in the East Bay. Interstate 580 provides freeway connection between the East Bay and Dublin, and intersects Interstate 680 at Pleasanton. The former connects Oakland to Tracy in San Joaquin County, serving the growing suburban areas and agricultural communities in the Central Valley. Commuter rail service is provided by the Bay Area Rapid Transit (BART) system and AC Transit provides bus service. San Francisco International Airport is situated in South San Francisco; an approximate 20 minute drive from San Francisco's City center.

PLAT MAP



XVI. Site Description:

The property is located in the City of San Francisco in the South of Market neighborhood. The property is vacant and undeveloped. The following is a discussion of the land included in the appraisal.

Location:

The parcel is situated in the South of Market neighborhood. The property is more specifically located along the west side of Mission Street in between 6th and 7th Streets.

Size & Shape:

The property consists of a single lot. The total site area is 0.35 acre or 15,200 SF. The parcel has 95' of frontage along the west side of Mission Street and a depth of 160'. The property is rectangular in shape.

Zoning:

The land is located within the Downtown General Commercial District or C-3-G by the City. This District covers the western portions of downtown and is composed of a variety of uses: Retail, offices, hotels, entertainment, clubs and institutions, and high-density residential. Many of these uses have a Citywide or regional function, although the intensity of development is lower here than in the downtown core area. As in the case of other downtown districts, no off-street parking is required for individual commercial buildings. In the vicinity of Market Street, the configuration of this District reflects easy accessibility by rapid transit.

The property is subject to lot development requirements under the zoning designation. The zoning requires a floor area ratio of 6.0:1. There is no residential density limit. Density is regulated by the permitted height and bulk and required setbacks, exposure and open space of each development lot. There are no onsite parking requirements. In its current configuration, the property adheres to the zoning standards.

According to the client, the property is fully entitled for the development of

a 9-story, 83-unit apartment complex. The project is expected to begin construction in mid-2016.

Utilities:

Since the property is fully developed, all of the usual public and municipal utilities and services are available to the property. These services and providers include the following:

Service	Provider
Electricity	Pacific Gas & Electric (PG&E)
Natural Gas	Pacific Gas & Electric (PG&E)
Water	San Francisco
Sewer	San Francisco
Police & Fire	San Francisco
Waste Mgmt./ Recycling	Recology
Telephone Service	AT&T, Comcast
Internet/ Broadband	AT&T, Comcast

Topography & Drainage:

The property is level and slightly above street grade. The site has been graded in such a way that water runs off onto the street alignment and into a storm drainage system.

Soils Conditions:

A soils study was unavailable as of the date of appraisal. Soils within the area are considered to be suitable for building purposes.

Easements:

A title report was provided at the time of appraisal and used in conjunction with the preparation of this appraisal. Old Republic Title prepared the report as of November 9, 2015. A review of the title report revealed that no easements exist on the property. It is therefore assumed that there are no extraordinary easements that adversely impact the property.

Streets:

The property has an interior orientation and has frontage along Mission Street. In addition, the property backs up to Jessie Street that terminates at the rear of the Subject.

Access and Exposure:

Access and exposure are considered good. The property has an interior orientation and frontage along a major thoroughfare. It also has frontage along Jessie Street along its western boundary.

Offsite Improvements:

All offsite improvements have been installed including asphalt streets, concrete curbs and gutters.

Environmental Conditions:

Toxic or Hazardous Waste:

A hazardous waste study was unavailable at the date of appraisal. As of the date of appraisal, the appraisers have no knowledge of hazardous materials on the property and are not to be considered experts in this field. Any further inquiries as to hazardous waste on the property should be directed to knowledgeable and experienced individuals. If any such materials are discovered, it may have a negative affect on the overall value as reported herein and, thus, the appraisers reserve the right to re-evaluate the property through the appraisal process.

Seismic Hazard:

The property is not within a special study zone as determined by the Alquist-Priolo Earthquake Fault Zoning Act. However, the entire San Francisco Bay Region is located within a seismic zone.

Flood Hazard:

The property is not located within a special flood hazard zone. No FEMA panels are printed or referenced for the area.

Wetlands:

The property is not within a designated wetlands area.

Summary:

In summary, the property consists of a single, irregular shaped parcel of land that is vacant and undeveloped with the dominant use in the neighborhood being mixed in nature. The site and development conform to the surrounding area and the site is similar in size, shape and zoning when compared to other comparable properties.

XVII. Highest and Best Use:

In the valuation of the subject property, consideration has been given to its highest and best use also known as the most probable use. The highest and best use analysis involved a study of the present use of the property, uses of surrounding properties, and zoning availability for the subject. "Highest and best use" may be defined as follows:

Highest and Best Use:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. (The Dictionary of Real Estate Appraisal, Fifth edition, pub. 2010)

Highest and Best Use of Land or a Site as Though Vacant:

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. (The Dictionary of Real Estate Appraisal, Fifth edition, pub. 2010)

Highest and Best Use of Property as Improved:

The use that should be made of a property as it exists. An existing property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one. (The Dictionary of Real Estate Appraisal, Fifth edition, pub. 2010)

In order to ascertain the highest and best use of a piece of property, including the land as if vacant and the property as improved; the use must meet four criteria. The criteria that must be met for the highest and best use include a use, which must be physically possible, legally permissible, maximally productive, and financially feasible.

A. Land As if Vacant:

Legal Permissibility:

The first factor considered is which type of development would be legally permissible on the site. The land is located within the Downtown General Commercial District or C-3-G by the City. This District covers the western portions of downtown and is composed of a variety of uses: Retail, offices, hotels, entertainment, clubs and institutions, and high-density residential. Many of these uses have a Citywide or regional function, although the intensity of development is lower here than in the downtown core area. As in the case of other downtown districts, no off-street parking is required for individual commercial buildings. In the vicinity of Market Street, the configuration of this District reflects easy accessibility by rapid transit.

In its current configuration, the site conforms to the basic zoning standards with respect to size, dimensions and configuration. A residential project is the most likely use under the current zoning. The zoning has no density limitations other than those opposed by height and setback requirements.

Physical Possibility:

The second factor given consideration is whether or not a development is physically possible on the property. The site consists of a single parcel containing approximately 15,200 SF. There are other properties in the immediate area that are similar in size, zoning configuration and use. When comparing the subject to other properties in the area, it is evident that it has the ability to be developed to residential uses similar to other properties in the neighborhood. The property is of sufficient size for medium to high-density residential development.

Financial Feasibility:

The third factor considered is one of financial feasibility. Unemployment rates in the Bay Area are below 5%. There is strong demand for additional residential uses in the Bay Area. While the property has an urban location, it has strong potential for residential use.

The best test of financial feasibility is typically through an analysis of the income

and expenses for a potential or given development.

Maximum Productivity:

The final factor considered is which type of development would be the maximum productive use of the site. The logical development for the property is to residential development. The site is of adequate size and shape to permit a multifamily residential development. There is a housing shortage within the bay area and high demand for additional units. It is likely that the property could be rezoned for higher density residential development.

Summary:

The highest and best use of the land as if vacant is for investment for future residential development.

XVIII. Property Valuation & Appraisal Premise:

In estimating the market value of the majority of real property, data is collected and analyzed from the market regarding recent sales of comparable properties, current building costs, and rental data and return on investment rates in the analysis of income. Three different approaches to value are traditionally evaluated using collected market data and analyzing trends in the local economy. These approaches are:

- **The Sales Comparison Approach**
- **The Cost Approach**
- **The Income Approach**

Depending upon the type of property being appraised, these methods have varying degrees of applicability, which the appraisers have selected after analysis.

In the Sales Comparison Approach, the appraisers derive a value indication by comparing the property being appraised to similar properties in competitive areas that have recently sold or been offered for sale. This procedure is accomplished by applying the appropriate units of comparison extracted from the market and then by applying adjustments to the sales prices of the comparable. This approach in the appraisal analysis is based upon the premise that an informed purchaser would pay no more for a property than a substitute property with equal utility.

The Cost Approach estimates the cost of replacing the improvements of the property. It involves the determination of the cost new of the improvements, less accrued physical deterioration and functional and/or economic obsolescence. To this remainder, the vacant land value is added to estimate a market value based on the Cost approach to value.

The Income Approach, in the analysis of properties, is used to derive a value indication by converting anticipated benefits from possible rental income into a value estimate. This approach takes into consideration possible risks of comparable properties and a rate of return or capitalization rate also derived from

income expectancies in the present market.

In the case of this appraisal, the sales comparison approach to value will be used.

A. Sales Comparison Approach:

The Sales Comparison Approach is based on the theory of substitution, which considers a property's value to be in relation with that of sales of property with similar desirability and utility over a reasonable period of time. In this approach, a value will be estimated through analysis and comparison of sales of substitute properties over time. Depending on availability of data, the Sales Comparison Approach is generally widely accepted as a reliable method of valuation by market participants.

The market determines how appraisers are to analyze sales and extract meaningful units of comparison from which to draw a valuation conclusion. Most typically, units of comparison extracted from the sales are items such as price per square foot, price per unit, or price per acre. Other units of comparison are determined through an analysis of the income and expenses the property produces or is capable of producing. Items such as gross income multiples, effective gross income multiples, overall capitalization rates, and expense ratios are used in both the Sales Comparison Approach and also in the Cost and Income Approaches to value.

After the appraisers have identified the units of comparison most widely accepted by the market for the specific property type being appraised, the sales are then analyzed and sometimes adjusted for differences between the sales and the subject property. Adjustments are typically made for items such as property rights conveyed, financing, motivation of the buyer or seller, changes in property values over time, or physical differences between the sales and the property being appraised. In the case of this appraisal, the property will be analyzed based upon a price per room and price per square foot as the component of comparison.

Comparable Land Sales

#	Location	Date Document	Grantor Grantee	Sales Price	Lot Size (Ac) Lot Size (sf)	Offsites Orientation	Zoning	\$/Acre \$/sf
1	923 Folsom Street San Francisco, California	Apr 1, 2015 41040	TUP Folsom, LLC 923 Folsom	\$20,000,000	0.56 24,375	Full Multiple	MUR Multifamily	\$35,714,286 \$820.51
2	2290 3rd Street San Francisco, California	Apr 1, 2015 42954	2290 Dog Patch, LLC DM 2290 3rd Street,	\$16,000,000	0.32 14,050	Full Corner	UMU Urban Mixed Use	\$49,535,604 \$1,138.79
3	1527 Pine Street San Francisco, California	Jan 22, 2015 10204	TUP Pine, LLC Pacific Pine, LLC	\$21,000,000	0.34 15,000	Full Multiple	RC-4 Residential Commercial	\$61,046,512 \$1,400.00
4	1401 Mission Street San Francisco, California	May 9, 2014 77190	1401 Mission Monogram Residential	\$12,800,000	0.26 11,326	Full Corner	C-3-G Downtown General	\$49,230,769 \$1,130.14
5	2655 Bush Street San Francisco, California	Dec 19, 2013 806962	AREA Property SF Bush Condos, LLC	\$38,000,000	0.76 33,522	Full Corner	NC-3 Neighborhood Commercial	\$50,000,000 \$1,133.58

1. **Vacant Multifamily Land**

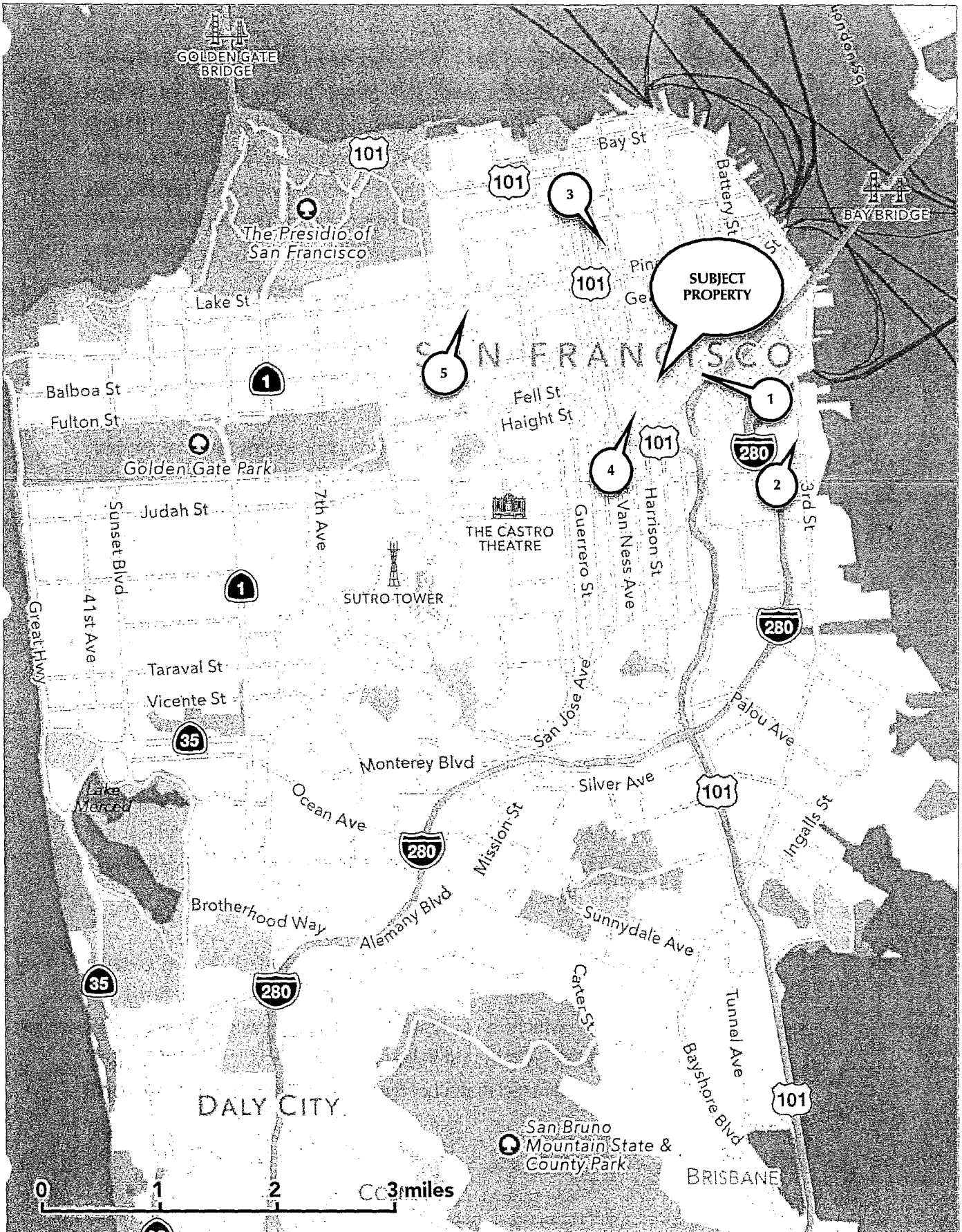
In the analysis, four vacant land sales are considered for a basis of comparison. All of the sales are situated in the City of San Francisco and are fully entitled for development. Some include improvements as interim uses. The sales occurred in 2013, 2014 & 2015. Unit prices vary from \$820.51/SF to \$1,400.00/SF. The following is a discussion of the sales included in the analysis.

Sale 1 is the most recent sale in the analysis occurring in April of 2015. The land was acquired on the basis of \$820.51/SF of site area. The property is located along Folsom Street in the Yerba Buena neighborhood and contains 24,375 SF. It was partially improved with a dilapidated industrial building. The site had all offsite improvements and was fully entitled for 114 units and 1,623 SF of ground level commercial. There will also be 48 onsite parking spaces.

Sale 2 occurred in April of 2015. It consists of a 14,050 SF parcel located at the corner of 3rd Street and 20th Street in the Portero Hill neighborhood. The site was improved with an older commercial building that was given no value in the sale. The property was purchased for development of a 71-unit apartment complex. The site was fully entitled at the date of value. Financing for the project was obtained with low-income housing tax credits. All utilities were in place at the time of sale. The site was zoned UMU or urban mixed use by the City. Analysis of this sale indicates a basic purchase price of \$1,138.79/SF.

Sale 3 occurred in January of 2015. It consists of a 15,000 SF parcel located along Pine Street between Polk and Van Ness Streets in the Nob Hill neighborhood. The site was improved with an older commercial building that was given no value in the sale. The property was purchased for development of a 103-unit apartment complex. The site was fully entitled at the date of value. All utilities were in place at the time of sale. The site was zoned RC-4 or Residential Commercial by the City. Analysis of this sale indicates a basic purchase price of \$1,400.00/SF.

COMPARABLE SALES MAP



Sale 4 occurred in May of 2014. It consists of an 11,326 SF parcel located at the corner of Mission and 10th Street in the South of Market neighborhood. The property was purchased for development of a 121-unit apartment complex. The site was fully entitled at the date of value. Financing for the project was obtained with low-income housing tax credits. All utilities were in place at the time of sale. The site was zoned C-3-G or Downtown General Commercial use by the City. Analysis of this sale indicates a basic purchase price of \$1,130.14/SF.

Sale 5 consists of a 33,522 SF parcel of land located in the Western Addition neighborhood. The property was acquired in December of 2013 for \$1,133.58/SF. The site was developed to an old vacant convalescent hospital at the time of sale. There was also a parking structure that formerly served the convalescent hospital. The parking structure was leased as an interim use at the time of sale. All offsite improvements were in place. The property was fully entitled for 83 units. It was reported that this sale exceeded the values for the area and set a new upper limit for entitled multifamily land.

2. Sales Adjustments

In valuing the property as improved, consideration is given to sales of similar properties that are used as a basis of comparison. The sales that were used include five sales from the region. Three of the sales are similar in size while two are significantly larger. While it is general knowledge that market conditions have improved in recent months, an actual adjustment for time was not quantified. However, older sales are generally given upward consideration in the reconciliation process.

In selecting an appropriate unit of comparison, consideration was given to all of the possible variables for the property. Consideration was first given to building size, which is a typical method of analyzing apartment properties. The sales yielded unit values ranging from a low of \$820.51/SF to \$1,400.00/SF. It is noted that all of the sales transactions were traditional sales.

The unit price per square foot is typical and widely used unit of comparison in the open market and is thus used in the valuation of the subject in the sales comparison approach. The sales are summarized in chart form on the facing page with detailed data sheets in the addenda section.

Before selecting an appropriate unit value, it was necessary to adjust the comparable sales. Adjustments were considered for various transactional and physical differences. Transactional differences included property rights, financing, conditions of sale, and market conditions.

After a complete analysis of the sales, it was concluded that there were no adjustments necessary for transactional differences. The following is a discussion of the adjustments considered in the report:

	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Price	\$20,000,000	\$16,000,000	\$21,000,000	\$12,800,000	\$38,000,000
Prop. Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	CEQ	CEQ	CEQ	CEQ	CEQ
Conditions	Typical	Typical	Typical	Typical	Typical
Time	4/2015	4/2015	1/2015	5/2014	12/2013
Adj. Value	\$20,000,000	\$16,000,000	\$21,000,000	\$12,800,000	\$38,000,000
\$/SF	\$820.51	\$1,138.79	\$1,400.00	\$1,130.14	\$1,133.58
Size	+10%	=	=	=	+10%
Location	=	=	-10%	=	=
Entitlements	=	=	=	=	=
Overall	+10%	=	-10%	=	+10%
Adj. \$/SF	\$902.56	\$1,138.79	\$1,260.00	\$1,130.14	\$1,246.94

Property Rights

All of the sales were fee simple transfers. No adjustments were necessary.

Financing

All of the sales were acquired on a cash or cash equivalent basis. After analysis, it was determined that no adjustments were necessary.

Conditions

All were typical arms-length transactions. No adjustments were necessary.

Time

The sales occurred during 2013, 2014 & 2015. It is noted that the market has continually improved since 2013 although an adjustment could not be quantified. This will be considered during the reconciliation of the value for the property.

Size

Sales 1 & 5 required adjustment. Both sales are considerably larger than the subject and required upward adjustments.

Location

Sale 3 has a superior location and required a downward adjustment.

Entitlements

All of the sales were fully entitled as is the subject. No adjustments were necessary.

In analyzing the sales, specific consideration is given to all of the factors as discussed above. After considering all of the differences, it was determined that one of the sales required downward adjustment and two upward adjustments. When analyzing the sales on a per square foot basis, they show the following trends:

Minimum	\$902.56
Maximum	\$1,260.00
Average	\$1,135.69
Median	\$1,138.79

The sales generally show a tight range of unit values before and after adjustment. Minimal adjustments were made to the sales. In this instance, a unit value of \$1,150.00/SF is selected. Hence, the following valuation:

Land = 15,200 SF @ \$1,150/SF =	\$17,480,000.00
ADJUSTED TO =	<u>\$17,480,000.00</u>

B. Cost Approach:

In the Cost Approach, the appraisers have considered the current costs of replacing the property or building improvements. When possible, the costs are obtained from a variety of sources that can include the Marshall Swift National Cost Index source, contractor's estimates, and the appraisers' own continuing cost files. These cost files consist of information on similar projects throughout the area, as well as existing projects in similar neighborhoods. The costs are then adjusted to comply with the immediate surrounding area.

The Cost Approach is typically most relevant when the property being appraised involves proposed or new construction or when it is a special use property and there is a lack of market data available. In addition, it is also useful in appraising very old properties where the remaining economic life on any building improvements is minimal.

The Cost Approach typically involves five steps, however, in some instances; one or more steps may be omitted. These steps include the following:

- **Estimate the land value**
- **Estimate the direct cost of the building and site improvements**
- **Estimate any indirect or soft costs**
- **Estimate a developer's or entrepreneurial profit**
- **Estimate and deduct any depreciation**
- **Combining the depreciated cost and land value**

The cost approach is purposely excluded from this appraisal. The valuation considers land only and no consideration is given to any improvements on

the property.

C. Income Approach:

The final method of valuation used in the appraisal is the Income Capitalization Approach. In the analysis of properties, the Income Approach is used to derive a value indication by converting the anticipated benefits from possible rental income into a value estimate. This approach takes into consideration the possible risks that are associated with comparable properties as well as a suitable rate of return or capitalization rate. The capitalization rate is derived from the comparable sales that were discussed in the Sales Comparison Approach. There are essentially four steps in valuing the property in the Income Capitalization Approach. These include the following:

- **Estimating anticipated income**
- **Estimating and deducting a suitable vacancy rate and collection loss,**
- **Estimating and deducting applicable expenses**
- **Selection of a suitable capitalization rate**

After all vacancy and expenses are deducted from the anticipated gross income, the resulting net income is capitalized into a value estimate. Each of these steps will be discussed in further detail as they pertain to the project.

The income approach is not considered in this appraisal.

D. <u>Final Value Opinion – As Is:</u>	
Sales Comparison Approach =	\$17,480,000.00
Cost Approach =	Not Included
Income Capitalization Approach =	Not Included
 Final Value Opinion =	 <u>\$17,480,000.00</u>

In the case of this appraisal, consideration is only given to the sales comparison approach. It is the most applicable method in the valuation of the property as improved.

XIX. Exposure Time:

Exposure time is always presumed to precede the effective date of appraisal, while marketing time is expected to follow the effective date of appraisal. Exposure time is defined as follows:

Exposure Time:

- "1. *The time a property remains on the market.*

2. *The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. (Appraisal Standards Board of The Appraisal Foundation, Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Market Value Estimates," October*

1992)."

An exposure time of 6 months is appropriate for the subject considering recent economic conditions.

CONFIDENTIALITY OF SOURCES
CERTIFICATION, QUALIFICATIONS

CONFIDENTIALITY OF SOURCES

The names of persons, who provide information as to sales, rents, marketing time, etc., have purposely been excluded from this document.

This is to protect our confidential sources of data for future assistance.

CERTIFICATION

I, Gregg J. Palmer, certify:

- That I have made a personal inspection of the property that is the subject of this report, and have considered all of the pertinent facts affecting the value thereof.
- That all market data pertaining to the final value opinion has been accumulated from various sources and, where possible, personally examined and verified as to details, motivation and validity.
- That as of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute. I am also a Certified General Appraiser, per the Office of Real Estate Appraisers, State of California, License No. AG002880.
- That the statements of fact contained in this report are true and correct.
- That the reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- That I have no present or prospective interest in the property or the transaction that is the subject of this report, and we have no personal interest with respect to the parties involved.
- That I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- That my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- That our compensation for completing the assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

CERTIFICATION, CONTINUED

- That my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- That no one provided significant professional assistance to the person signing this report.
- That the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representative(s).
- The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- That I have the appropriate education and experience to complete the assignment in a competent manner. The reader is referred to the appraisers' statement of qualifications in the Addenda.
- That the subject and the comparable sales relied upon in making said appraisal were as represented by the photographs contained in said appraisal.
- That such appraisal has been made in conformity with the appropriate State and City laws, Title VI of the 1964 Civil Rights Act, and regulations, policies and procedures applicable to appraisal of right of way for such purposes, and that to the best of my knowledge, no portion of the value assigned to such property consists of items which are noncompensable under the established law of such State and/or City.
- Unless otherwise noted in the scope of this report, I have provided no services regarding the subject property as an appraiser or in any other capacity within the three-year period immediately preceding acceptance of this assignment.



Gregg J. Palmer, MAI
AG002880 - Expires 4/24/2018

GREGG J. PALMER, MAI

QUALIFICATIONS SUMMARY

Comprehensive experience in the appraisal of complex commercial, industrial, residential, apartment, agricultural, and special purpose properties. Qualifications include MAI with the Appraisal Institute and candidacy as SR/WA with International Right of Way Association. Additionally, certified with the California Office of Real Estate Appraisers and holds a Bachelor of Arts Degree in English from Fresno State University.

CLIENT PROFILES

Performed a wide range of appraisal assignments for financial, legal, public, and private sector clients including:

Financial: Regency Bank, Western Bank, Great Western Bank, Fresno Bank of Commerce, San Joaquin Funding, Builders Mortgage, Cambridge Capital, Mercury Savings & Loan, Republic Savings & Loan, PV Financial, Central Bank, American National Bank, University Savings & Loan, Mitsubishi Bank, Bank of California, Pacific First Bank, Tokai Bank, Wells Fargo Bank, Mineral King Bank, Capital Bank, Imperial Thrift, United Security Bank, TOPA Thrift & Loan, Money Store Investment Corp., Banc One, Bank of the Sierra, WestAmerica Bank, Cypress Coast Bank, Stockton Savings Bank, Met-Life, Coopers & Lybrand, Truckee River Bank, CB Commercial, J.P. Morgan, GMAC, Washington Capital, Washington Mortgage, Banc One Capital Funding.

Industry: Wilbur Ellis Company, Hydro Conduit, Fruehauf, Pacific Choice Brands, Penniman-Thermo King, Southern Pacific Railroad, Southern California Edison.

Public: Cities of Fresno, Hanford, Sanger, Coalinga, Firebaugh, Madera, Clovis; Counties of Fresno, Kings, Madera, and Tulare; Redevelopment Agencies of Fresno, Clovis, Visalia, Sanger and Tulare; Federal Deposit Insurance Corporation (FDIC); Housing and Urban Development (HUD); California Housing Finance Agency (CHFA); Federal Aviation Administration (FAA); Resolution Trust Corporation (RTC); Department of Fish and Game.

Special Purpose: Convalescent hospitals, day care centers, churches, residential care facilities, senior citizen apartment projects, subdivisions, assessment districts, historic properties, hotels, railroad rights-of-way.

Oil Companies: Shell, Chevron, Unocal, Atlantic Richfield, Texaco.

Schools: Districts of Kerman and Hanford.

DESIGNATIONS, AFFILIATIONS

MAI Member Appraisal Institute Sacramento Sierra Chapter.

Fresno Chapter Newsletter Editor & Publisher (1992/1993).

SR/WA Candidate International Right-of-Way Association. Newsletter Editor & Publisher.
Chapter President 1996.

OREA Office of Real Estate Appraisers, State of California. Certified General Real Estate Appraiser (2/4/92).
Certification No. AG002880 (valid through April 24, 2018).

GREGG J. PALMER, MAI

Page Two

COURT

Superior Court of the State of California.

Qualified as an Expert Witness

TEACHING

California State University, Fresno

Principles of Real Estate

GEOGRAPHIC AREA

California: Counties of: Fresno, Madera, Merced, Stanislaus, Sacramento, Kings, Tulare, Kern, Inyo, San Joaquin, Santa Barbara, Mono, Los Angeles, San Diego, Del Norte, Tehema, and Imperial.

Other States: Oregon

EDUCATION, PROFESSIONAL DEVELOPMENT

California State University, Fresno

Bachelor of Arts Degree - English

American Institute of Real Estate Appraisers

Real Estate Appraisal Principles, Basic Valuation Procedures, Standards of Professional Practice, Capitalization Theory & Techniques Parts A & B, Case Studies in Real Estate Valuation, Report Writing & Valuation Analysis

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LIMITING CONDITIONS

In acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith, it has been assumed by these appraisers:

1) **Limit of Liability:**

The liability of James G. Palmer Appraisals Inc., and employees, is limited to the client only and to the fee actually received by Appraiser(s). Further, there is no accountability, obligation, or liability to any third party. If this report is disseminated to anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The Appraiser(s) is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and/or legally. In the case of limited partnerships or syndication offerings or stock offerings in real estate, client agrees that if a legal action is initiated by any lender, partner, part owner in any form of ownership, tenant, or any other party, the client will hold the Appraiser completely harmless in any such action from any and all awards or settlements of any type, regardless of outcome.

2) **Copies, Publication, Distribution, Use of Report:**

Possession of this report or any copy thereof, does not carry with it the right to publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the Appraiser(s) for the use of the client, the fee being for the analytical services only. No right is given to copy all or part of this report.

Except, as hereinafter provided, the client may distribute copies of this appraisal report in its entirety to such third parties as he may select; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations, news, sales or other media for public communication without the prior written consent of the appraiser. (See last item in following list for client agreement/consent.)

3) **Confidentiality:**

This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as set forth in the report were prepared by the Appraiser(s) whose signature(s) appear on the appraisal report, unless indicated as "Review Appraiser". No change of any item in the report shall be made by anyone other than the Appraiser(s). The Appraiser(s) and firm shall have no responsibility if any such unauthorized change is made. The Appraiser(s) may not divulge the material (evaluation) contents of the report, analytical findings, or conclusions, or give a copy of this report to anyone other than the client or his designee as specified in writing.

4) **Information Use:**

No responsibility is assumed for accuracy of information furnished by work of others, the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with James G. Palmer Appraisals Inc. and signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other source though reasonable; all are considered appropriate for inclusion to the best of our factual judgment and knowledge. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information.

5) **Testimony, Consultation, Completion, of Contract For Appraisal Service:**

The contract for appraisal, consultation, or analytical service is fulfilled and the total fee is payable upon completion of the report. The Appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post appraisal consultation with the client or third parties except under separate and special arrangement and at additional fee. If testimony or deposition is required as a result of any subpoena, the client shall be responsible for any additional time, fees, and charges, regardless of issuing party.

6) **Exhibits:**

Any sketches, maps, and photographs in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Site plans are not surveyed unless shown from separate surveyor.

7) **Legal Engineering, Financial, Structural, or Mechanical Components; Soil Quality:**

No responsibility is assumed for matters legal in character or nature, nor of any architectural, structural, mechanical, or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in the appraisal report.

The legal description is assumed to be correct as used in this report furnished by the client, his designee, or as derived by the Appraiser(s).

Please note that no advice is given regarding mechanical equipment or structural integrity or adequacy, soils and potential for settlement on drainage, matters concerning liens, title status, and legal marketability, and similar matters. The client should seek assistance from qualified architectural, engineering, or legal professionals regarding such matters. The lender and owner should inspect the property before any disbursement of funds. Further, it is likely that the lender or owner may wish to require mechanical structural inspections by a qualified and licensed contractor, civil or structural engineer, architect, or other expert.

The Appraiser(s) has inspected as far as possible, by observation, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil or hidden structural or other components. We have not critically inspected mechanical components within the improvements and no representations are made herein as to these matters unless specifically stated and considered in the report. The value estimate considers there being no such conditions that would cause a loss of value. The land or the soil of the area being appraised appears firm; however, subsidence in the area is unknown. The Appraiser(s) do not warrant against this condition or occurrence of problems arising from soil conditions.

The appraisal is based upon there being no hidden, unapparent, or apparent conditions of the site, subsoil, or structures or toxic materials which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them. All mechanical components are assumed to be in operable condition and status standard for properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment may be made by use as to adequacy of insulation, type of insulation, or energy efficiency of the improvements or equipment which is assumed standard for the subject property's age and type.

If the Appraiser(s) has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representations or warranties are made concerning the above mentioned items.

The Appraiser(s) assumes no responsibility for any costs or consequences arising due to the need, or the lack of need for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contracted to determine the actual need for Flood Hazard Insurance.

8) **Legality of Use:**

The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report, and that all applications zoning, building, use regulations and restrictions of all types have been complied with unless otherwise stated in the report. It is further assumed that all required licenses, consents, permits, or other legislative or administrative approvals from all applicable local, state, federal and/or private authorities have been or can be obtained or renewed for any use considered in the value estimate.

9) **Component Values:**

The allocation of the total valuation in this report between land and improvements, if included in this report, applies only under the use of the property which is assumed in this report. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

10) **Auxiliary and Related Studies:**

No environmental or impact studies, special market study or analysis, special highest and best use study or feasibility study has been requested or made unless specified in an agreement for services or so stated in this report.

11) **Dollar Values, Purchasing Power:**

The market value estimate and the cost used are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and value of the dollars as of the date of the value estimate.

12) **Value Change, Dynamic Market, Influences, Alteration of Estimate By Appraiser:**

The estimated market value, which is defined in the report, is subject to change with market changes over time. Value is highly related to exposure, time, promotional effort, terms, motivation, and conditions. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace as of the date of value.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value or investment value or value in use is a reflection of such benefits and Appraiser's interpretation of income and yields and other factors derived from general and specific client and market information. Such estimates are as of the date of the estimate of value, and they are thus subject to change as the market changes.

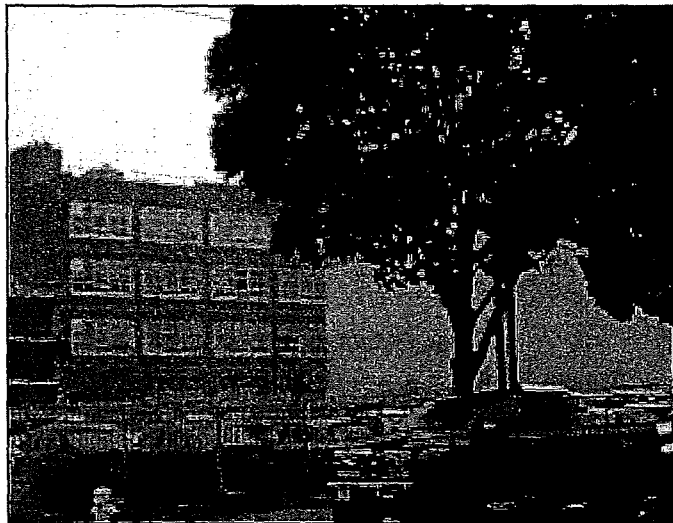
The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

The appraisal report and value estimate are subject to change if the physical or legal entity or the terms of financing are different from what is set forth in this report.

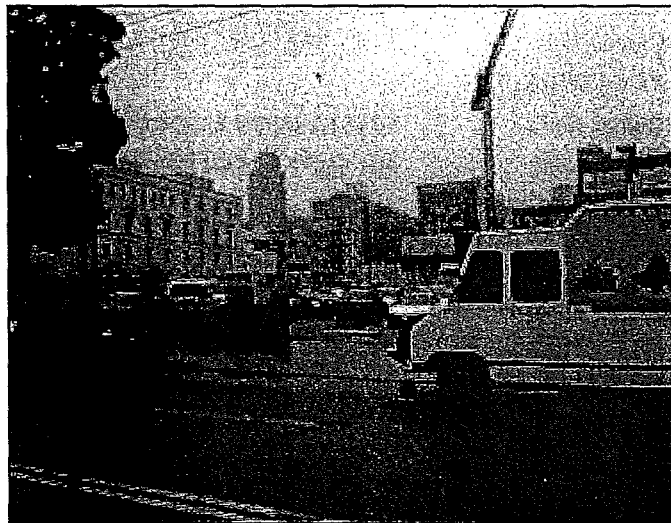
- 13) **Inclusions:**
Except as specifically indicated and typically considered as a part of the real estate, furnishings, equipment, other personal property, or business operations have been disregarded with only the real estate being considered in the value estimate. In some property types, business and real estate interests and values are combined but only if so stated.
- 14) **Proposed Improvements, Conditioned Value:**
Improvements proposed, if any, onsite or offsite, as well as any repairs required are considered for purposes of this appraisal to be completed in good and workmanlike manner according to information submitted and/or considered by the appraisers. In case of proposed construction, the appraisal is subject to change upon inspection of the property after construction is completed. This estimate of market value is as of the date shown, as proposed, as if completed, and operating at levels shown and projected, unless otherwise stated.
- 15) **Management of the Property:**
It is assumed that the property which is the subject of this report will be under typically prudent and competent management, neither inefficient nor superefficient.
- 16) **Fee:**
The fee for this appraisal or study is for the service rendered and not solely for the time spent on the physical report or the physical report itself.
- 17) **Insulation and Toxic Materials:**
Unless otherwise stated in this report, the Appraiser(s) signing this report have no knowledge concerning the presence or absence of toxic materials and/or unreaformaldehyde foam insulation in existing improvements. If such is present, the value of the property may be adversely affected.
- 18) **Change, Modifications:**
The Appraiser(s) reserve the right to alter statements, analyses, conclusions or any value estimate in the appraisal if there becomes known to them facts pertinent to the appraisal process which were unknown when the report was finished.
- 19) **Limiting Conditions:**
This report sets forth all of the limiting conditions affecting the analysis, opinions, and conclusions contained in this report.
- 20) **Acceptance:**
Acceptance and/or use of this appraisal report by the client or any third party constitutes acceptance of the above conditions. Appraiser liability extends only to the stated client and not to subsequent parties or users. And the liability is limited to the amount of fee received by the Appraiser(s).
- 21) **Americans with Disabilities Act:**
The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of the property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the property's market value. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in our market value estimates.
- 22) **Fair Housing Amendments Act:**
In accordance with the Fair Housing Amendments Act, it is illegal for an Appraiser(s) to discriminate against any person because of race, color, religion, sex, hardship, familial status, or national origin. This appraisal complies with all rules and regulations prohibiting discrimination on the basis of race, color, religion, sex, nation origin, and marital status.
- 23) **Year 2000 Compliance:**
Unless otherwise stated in this report, problems with year 2000 compliance were not investigated, nor called to the attention of, nor did the appraiser become aware of such during the appraiser's inspection. Problems with year 2000 compliance of embedded systems and the cost to correct them would affect the value of the property, but the appraiser is not qualified to recognize or estimate the cost. This appraisal is predicated on the assumption that no such year 2000 problems exist and no responsibility is assumed for any such problems, nor for any expertise or knowledge required to discover them.
- 24) **Unforeseeable Events:**
The appraiser cannot be held responsible for unforeseeable events that alter market conditions (that occur subsequent to the date of the preparation of the report, but) prior to the effective date of the appraisal.
- 25) **Prospective Valuation:**
In preparing appraisals that include prospective (future) valuations, the appraiser cannot be held responsible for the unforeseeable events that alter market conditions (those that occur subsequent to the date of preparation of the report but, prior to the effective date of appraisal).

ADDENDA

SUBJECT PHOTOGRAPHS



**SUBJECT
PROPERTY**



**SUBJECT
PROPERTY**



STREET VIEW



STREET VIEW

DETAIL REPORT

Property Address: 1036 MISSION ST SAN FRANCISCO CA 94103-2813

Ownership

Parcel# (APN): 3703 -162
 Parcel Status:
 Owner Name: 1036 MISSION ASSOCS LP
 Mailing Addr: 201 EDDY ST SAN FRANCISCO CA 94109
 Legal Description:

Assessment

Total Value:	Use Code:	VCI	Use Type:	VACANT
Land Value:	Tax Rate Area:	001-000	Zoning:	C3G
Impr Value:	Year Assd:	2015	Census Tract:	176.01/2
Other Value:	Property Tax:		Price/SqFt:	
% Improved:	Delinquent Yr:			
Exempt Amt:	HO Exempt:	N		

Sale History

	Sale1	Sale2	Sale3	Transfer
Recording date:				09/25/2015
Recording Doc:				K137764
IFields. Doc type:				
Transfer Amount:				
Seller (Grantor):				
1st Trust Dd Amt:				
2nd Trust Dd Amt:				

Property Characteristics

Bedrooms:	Fireplace:	Units:
Baths (Full):	A/C:	Stories:
Baths (Half):	Heating:	Quality:
Total Rooms:	Pool:	Building Class:
Bldg/Liv Area:	Park Type:	Condition:
Lot Acres: 0.348	Spaces:	Site influence:
Lot SqFt: 15,200	Garage SqFt:	Timber Preserve:
Year Built:	Bsmt SqFt: N/A	Ag Preserve:
Effective Year:		

SOIL REPORT

Property Address: 1036 MISSION ST SAN FRANCISCO CA 94103-2813

Ownership

Parcel# (APN): 3703 -162
 Parcel Status:
 Owner Name: 1036 MISSION ASSOCS LP
 Mailing Addr: 201 EDDY ST SAN FRANCISCO CA 94109
 Legal Description:

Assessment

Total Value:	Use Code: VCI	Use Type: VACANT
Land Value:	Tax Rate Area: 001-000	Zoning: C3G
Impr Value:	Year Assd: 2015	Census Tract: 176.01/2
Other Value:	Property Tax:	Price/SqFt:
% Improved: 0%	Delinquent Yr:	
Exempt Amt:	HO Exempt: N	

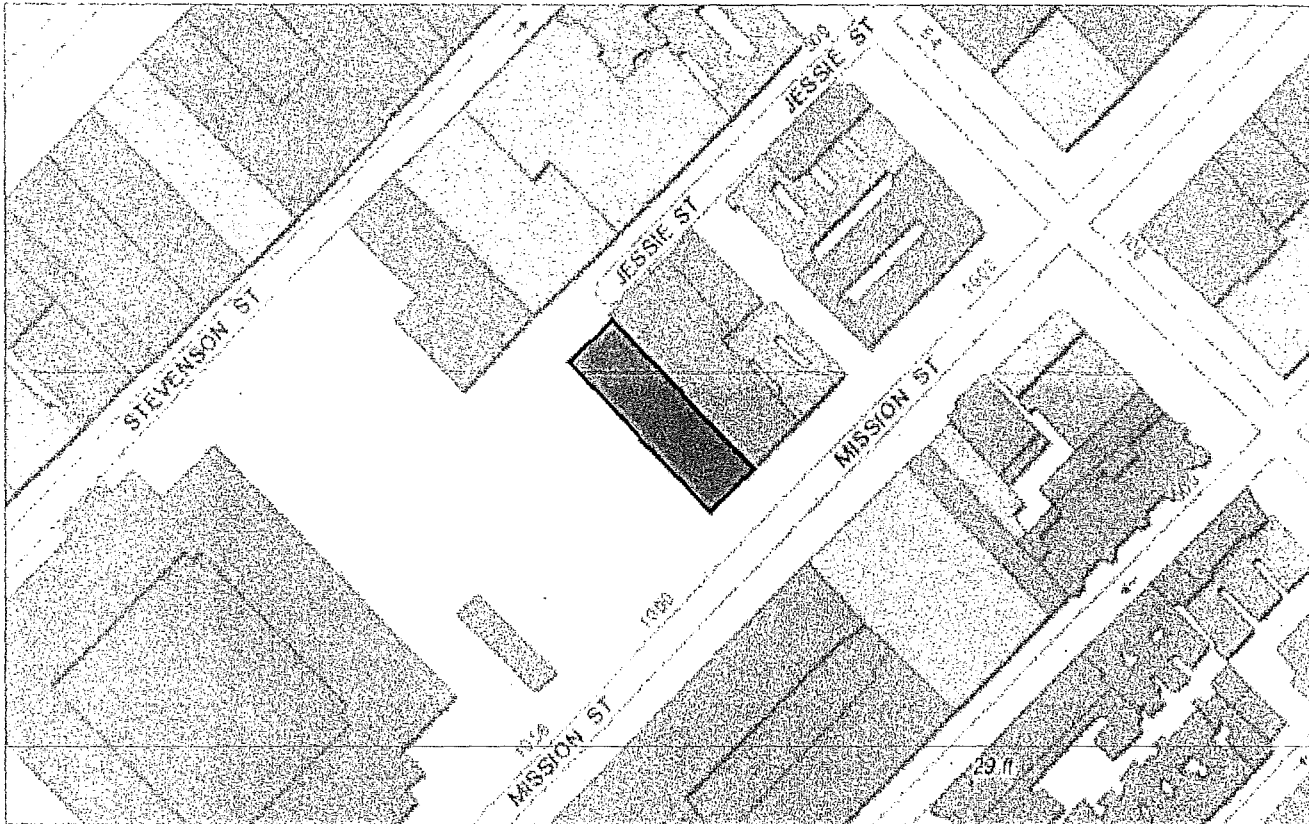


Symbol	Name	Grade Comp. Slope.	Irr Cap. Class	Non-Irr. Cap. Class	Storie Index	Acres	Parcel %
□	131 Urban land	8		8		.347	100.00%
						.347	



SAN FRANCISCO PLANNING DEPARTMENT

Report for: 1036 MISSION STREET



Property Report: 1036 MISSION STREET

General information related to properties at this location.

PARCELS (Block/Lot):

3703/079

3703/162

PARCEL HISTORY:

3703/079 became 3703/162 on 10/8/2015

3703/080 became 3703/162 on 10/8/2015

ADDRESSES:

1036 MISSION ST, SAN FRANCISCO, CA 94103 (parcel 3703/079)

NEIGHBORHOOD:

South of Market

CURRENT PLANNING TEAM:

NE Team

PLANNING DISTRICT:

District 4: Downtown

SUPERVISOR DISTRICT:

District 6 (Jane Kim)

CENSUS TRACTS:

2010 Census Tract 017601

TRAFFIC ANALYSIS ZONE:

Traffic Analysis Zone: 666

RECOMMENDED PLANTS:

Would you like to grow plants that create habitat and save water? Check out the plants that we would recommend for this property at SF Plant Finder.

CITY PROPERTIES:

None

PORT FACILITIES:

None

ASSESSOR'S REPORT:

Address:	1036-1040 MISSION #000ST
Parcel:	3703162
Assessed Values:	
Land:	-
Structure:	-
Fixtures:	-
Personal Property:	-
Last Sale:	-
Last Sale Price:	-
Year Built:	-
Building Area:	-
Parcel Area:	15,200 sq ft
Parcel Shape:	Rectangular
Parcel Frontage:	-
Parcel Depth:	60 ft
Construction Type:	-
Use Type:	Vacant Lot Comm and Ind
Units:	-
Stories:	-
Rooms:	-

Bedrooms: -
Bathrooms: -
Basement: -

Zoning Report: 1036 MISSION STREET

Planning Department Zoning and other regulations.

ZONING DISTRICTS:

C-3-G - DOWNTOWN- GENERAL

HEIGHT & BULK DISTRICTS:

120-X

SPECIAL USE DISTRICTS:

Within 1/4 Mile of the Fringe Financial Services RUD

Within 1/4 Mile of an Existing Fringe Financial Service

SPECIAL SIGN DISTRICTS:

None

LEGISLATIVE SETBACKS:

None

COASTAL ZONE:

Not in the Coastal Zone

PORT:

Not under Port Jurisdiction

LIMITED AND NONCONFORMING USES:

None

NEIGHBORHOOD-SPECIFIC IMPACT FEE AREAS:

In addition to those impact fees that apply throughout the City, the following neighborhood-specific impact fees apply to this particular property:

Downtown Park Fee

An overview of Development Impact Fees can be found on the [Impact Fees](#) website.

REDEVELOPMENT AREAS:

None

OTHER INFORMATION:

Control: *Seismic Hazard - Liquefaction*

Description: CEQA Impact: an Environmental Evaluation Application may be required for some types of

development.
Additionally, any new construction is subject to a mandatory Interdepartmental Project Review.

Added:	3/20/2013
Control:	<i>PC Section 155(r)</i>
Description:	Curb Cut Restrictions (Sec. 155(r))
Added:	
Control:	<i>Flood Notification</i>
Description:	This lot is in a block that has the potential to flood during storms. See the accompanying notice. Applicant to contact Cliff Wong at 554-8339.
Added:	2/25/2008
Control:	<i>Stormwater Management Ordinance</i>
Description:	Projects that disturb 5,000 square feet or more of the ground surface must comply with the Stormwater Design Guidelines and submit a Stormwater Control Plan to the SFPUC for review. To view the Guidelines and download instructions for preparing a Stormwater Control Plan, go to http://stormwater.sfwater.org/ . Applicants may contact stormwaterreview@sfwater.org for assistance.
Added:	8/6/2010
Control:	<i>Fringe Financial Service RUD 1/4-mile buffer</i>
Description:	No new fringe financial services shall be permitted as a principal or accessory use in the Fringe Financial Service RUD. The controls of this Section 249.35 shall also apply within a 1/4-mile of the Fringe Financial Service RUD
Added:	8/20/2012
Control:	<i>Fringe Financial Service 1/4-mile buffer</i>
Description:	No new fringe financial service shall be permitted as a principal or accessory use within 1/4 mile of an existing fringe financial service
Added:	8/20/2012
Control:	<i>Health Code Article 38 Air Pollutant Exposure Zone</i>
Description:	Site is located in an area with elevated pollutant concentrations. Sensitive use buildings, as defined in the Applicability section of the Ordinance, must comply with Health Code Article 38. CEQA Impact: An Environmental Evaluation Application may be required for projects that generate air pollutants.
Added:	12/7/2014
Control:	<i>Vision Zero Program</i>
Description:	The project is located on a 'high-injury corridor', identified through the City's Vision Zero Program . The Sponsor is encouraged to incorporate pedestrian safety streetscape measures into the project. If the project is required to submit a streetscape plan per Section 138.1 of the Planning Code, planners should refer the project to the Department's Streetscape Design Advisory Team for consideration of additional pedestrian safety streetscape measures
Added:	
Control:	<i>Noise Regulations Near Places of Entertainment</i>
Description:	Projects within 300 feet of a Place of Entertainment may be subject to an Entertainment Commission outreach process if they: (a) Are subject to the Planning Department's requirement for a Preliminary Project Assessment for residential use, pursuant to Planning Department policy; (b) Are subject to the Planning Department's Pre-Application Meeting requirement for new construction, pursuant to Planning Department policy; or (c) Are proposing a conversion of a structure from non-residential use to residential use.
Added:	5/5/2015

PLANNING AREAS:

Planning Area: Downtown

MAYOR'S INVEST IN NEIGHBORHOODS INITIATIVE AREA:

Within a Mayor's Invest in Neighborhoods Initiative Area

COMMUNITY BENEFIT DISTRICT:

Within a Community Benefit District: Central Market

SCHOOLS:

Within 1,000ft of: De Marillac Academy
Within 1,000ft of: Cross Cultural Family Center - Turk Street Center
Within 1,000ft of: Larkin Street Youth Services Academy
Within 1,000ft of: Kids By The Bay Preschool

NOTICE OF SPECIAL RESTRICTIONS:

NSR No.: J096004
Restriction: To allow construction of a new mixed use building containing approximately 100 affordable dwelling units, 1250 sq ft. Of a ground floor retail space, common community rooms and no off street parking space in a C-3-G.
Permit No: 20071464X
NSR Date: 12/8/2010
[View Notice of Special Restrictions](#)

NSR No.: J096005
Restriction: To allow construction of a new mixed use building containing approximately 100 all affordable dwelling units, 1250 sq ft. of the ground floor retail space, common community rooms.
Permit No: 20071464C
NSR Date: 12/8/2010
[View Notice of Special Restrictions](#)

NSR No.: J096006
Restriction: To construct a new 9 to 13 story mixed use building approximately 120 ft. in maximum height with 115,000 gsf of floor area on a current surface parking lot.
Permit No: 20071464V
NSR Date: 12/8/2010
[View Notice of Special Restrictions](#)

ZONING LETTERS OF DETERMINATION:

Planning App. No.: 11218ZAD
Planner: Kate Conner Tel: 415-575-6914
Record Type: Zoning Administrator Determination Letter (ZAD)
Opened: 6/24/2013
Name: 1036 Mission Street (3703/079 & 080); Letter of Determination
Description: 1036 Mission Street (3703/079 & 080); Letter of Determination
Status: Closed - Issued 10/9/2013
Parcel:
Further Information: [View](#)
Related Records: None

Historic Preservation Report: 1036 MISSION STREET

Historic preservation surveys and evaluations. The Historic Resource status shown on this page is tentative, to confirm the status of your property please speak to a Preservation Technical Specialist. Tel: 415-558-6377; Email: pic@sfgov.org

HISTORIC EVALUATION:

Parcel: 3703079
Building Name:
Address: 521 JESSIE ST
Planning Dept. Historic Resource Status: B - Unknown / Age Eligible

ARTICLE 10 DESIGNATED HISTORIC DISTRICTS AND LANDMARKS:

None

ARTICLE 11 PRESERVATION DESIGNATION:

None

NATIONAL REGISTER HISTORIC DISTRICTS:

None

CALIFORNIA REGISTER HISTORIC DISTRICTS:

None

HISTORIC RESOURCE EVALUATION RESPONSES:

None

HISTORIC SURVEYS:

None

[View DPR Survey Form for Parcel 3703079](#)

HISTORIC CONTEXT STATEMENTS:

None

ARCHITECTURE:

Unknown

Planning Applications Report: 1036 MISSION STREET

Permits are required in San Francisco to operate a businesses or to perform construction activity. The Planning Department reviews most applications for these permits in order to ensure that the projects comply with the [Planning Code](#). The 'Project' is the activity being proposed.

PLANNING APPLICATIONS:

2016-004050GPR

[Steve Wertheim](#) Tel: 415-558-6612

General Plan Referral (GPR) 1036 Mission St

The property is currently owned by Tenderloin Neighborhood Development Corp and will transfer to MOHCD in June. At that time, MOHCD will enter into a long term ground lease with TNDC in which TNDC will build 83 affordable units for families.

OPENED	STATUS	ADDRESS	FURTHER INFO
3/29/2016	Closed - Approved		<u>View</u>

4/22/2016

RELATED RECORDS: None

2015-001457LLA

Anne Brask Tel: 415-575-9078

Lot Line Adjustments-REF (LLA) 521 Jessie Street (aka 1036-1040 Mission Street)

Lot Line Adjustment - Merge two (2) lots into one (1).

OPENED	STATUS	ADDRESS	FURTHER INFO
2/10/2015	Closed - Approved 2/17/2015	521 JESSIE ST 94103	<u>View</u>

RELATED RECORDS: None

2014.0103V

Kate Conner Tel: 415-575-6914

Variance (VAR) 1036-1040 Mission Street

A 9 story mid-rise residential building, housing 83 affordable units ranging from studios (junior one-bedrooms to three bedroom flats. The project also includes common rooms, management offices, laundry, lobby, circulation & supportive service spaces designed to serve the intended family population. The 963 sq. ft. ground floor retail space is intended for neighborhood-serving retail, or could be used for non-profit use. The proposed project would include new sidewalks, utility infrastructure & landscaping as well as common open space. No off-street parking is proposed, but the project includes the requisite 84 fully compliant bicycle parking spaces and an additional 60 non-compliant bicycle parking spaces.

OPENED	STATUS	ADDRESS	FURTHER INFO
1/16/2014	Closed - Approved 6/26/2014	1036 MISSION ST 94103	<u>View</u>

RELATED RECORDS: 2014.0103
- 2014.0103V

2014.0103

Kate Conner Tel: 415-575-6914

Project Profile (PRJ) 1036-1040 Mission Street

A 9 story mid-rise residential building, housing 83 affordable units ranging from studios (junior one-bedrooms to three bedroom flats. The project also includes common rooms, management offices, laundry, lobby, circulation & supportive service spaces designed to serve the intended family population. The 963 sq. ft. ground floor retail space is intended for neighborhood-serving retail, or could be used for non-profit use. The proposed project would include new sidewalks, utility infrastructure & landscaping as well as common open space. No off-street parking is proposed, but the project includes the requisite 84 fully compliant bicycle parking spaces and an additional 60 non-compliant bicycle parking spaces.

OPENED	STATUS	ADDRESS	FURTHER INFO
1/16/2014	Closed	1036 MISSION ST 94103	<u>View</u>

RELATED RECORDS: 2014.0103
- 2014.0103C
- 2014.0103V
- 2014.0103X

RELATED BUILDING PERMITS: 201406269523

2014.0103X

Kate Conner Tel: 415-575-6914

Downtown Exception-309 (DNX) 1036-1040 Mission Street

A 9 story mid-rise residential building, housing 83 affordable units ranging from studios (junior one-bedrooms to three bedroom flats. The project also includes common rooms, management offices, laundry, lobby, circulation & supportive service spaces designed to serve the intended family population. The 963 sq. ft. ground floor retail space is intended for neighborhood-serving retail, or could be used for non-profit use. The proposed project would include new sidewalks, utility infrastructure & landscaping as well as common open space. No off-street parking is proposed, but the project includes the requisite 84 fully compliant bicycle parking spaces and an additional 60 non-compliant bicycle parking spaces.

bicycle parking spaces and an additional 60 non-compliant bicycle parking spaces.

OPENED	STATUS	ADDRESS	FURTHER INFO
1/16/2014	Closed - Approved 5/1/2014	1036 MISSION ST 94103	View

RELATED RECORDS: [2014.0103](#)
- [2014.0103X](#)

2014.0103C

[Kate Conner](#) Tel: 415-575-6914

Conditional Use Authorization (CUA) 1036-1040 Mission Street

A 9 story mid-rise residential building, housing 83 affordable units ranging from studios (junior one-bedrooms to three bedroom flats. The project also includes common rooms, management offices, laundry, lobby, circulation & supportive service spaces designed to serve the intended family population. The 963 sq. ft. ground floor retail space is intended for neighborhood-serving retail, or could be used for non-profit use. The proposed project would include new sidewalks, utility infrastructure & landscaping as well as common open space. No off-street parking is proposed, but the project includes the requisite 84 fully compliant bicycle parking spaces and an additional 60 non-compliant bicycle parking spaces.

OPENED	STATUS	ADDRESS	FURTHER INFO
1/16/2014	Closed - Approved 5/1/2014	1036 MISSION ST 94103	View

RELATED RECORDS: [2014.0103](#)
- [2014.0103C](#)

2012.1513T

[Marlo Isaac](#) Tel: 415-575-6835

Plan Code Amendment-LEG (PCA) - Mid Market Special Use District

Potential Mid-Market Special Use District and related Planning Code Amendments

OPENED	STATUS	ADDRESS	FURTHER INFO
12/12/2012	Closed - Withdrawn 7/8/2013	210 TAYLOR ST, SAN FRANCISCO, CA	View

RELATED RECORDS: [2012.1513](#)
- [2012.1513T](#)

2012.1513

[Marlo Isaac](#) Tel: 415-575-6835

Project Profile (PRJ) Mid Market Special Use District

Potential Mid-Market Special Use District and related Planning Code Amendments

OPENED	STATUS	ADDRESS	FURTHER INFO
12/12/2012	Closed 11/10/2014	210 TAYLOR ST, SAN FRANCISCO, CA	View

RELATED RECORDS: [2012.1513](#)
- [2012.1513T](#) RELATED BUILDING PERMITS: None

2010.1014R

[Joshua Switzky](#) Tel: 415-575-6815

General Plan Referral (GPR) Mid-Market Redelopment Plan

Mid-Market Redelopment Plan. Proposed Redelopment Plan in an area generally bound by Market, Fifth, Mission and Tenth Streets. T-Case description: Potential Special Use District R- Case: Redelopment Plan Review and Adoption

OPENED	STATUS	ADDRESS	FURTHER INFO
11/15/2010	Closed 12/12/2012	210 TAYLOR ST, SAN FRANCISCO, CA	View

RELATED RECORDS: [2010.1014](#)
- [2010.1014R](#)

2010.1014T

[Joshua Switzky](#) Tel: 415-575-6815

Plan Code Amendment-LEG (PCA) Mid-Market Redelopment Plan

Mid-Market Revelopment Plan. Proposed Redevelopment Plan in an area generally bound by Market, Fifth, Mission and Tenth Streets. T-Case description: Potential Special Use District R- Case: Redevelopment Plan Review and Adoption

OPENED	STATUS	ADDRESS	FURTHER INFO
11/15/2010	Closed 12/12/2012	210 TAYLOR ST, SAN FRANCISCO, CA	View

RELATED RECORDS: [2010.1014](#)
- [2010.1014T](#)

2010.1014E_3

[Planning Information Center](#) Tel: 558-6377

Environmental (ENV) Mid-Market Redelopment Plan

Mid-Market Revelopment Plan. Proposed Redevelopment Plan in an area generally bound by Market, Fifth, Mission and Tenth Streets. T-Case description: Potential Special Use District R- Case: Redevelopment Plan Review and Adoption

OPENED	STATUS	ADDRESS	FURTHER INFO
11/10/2010	Closed - Cancelled 5/7/2012	210 TAYLOR ST, SAN FRANCISCO, CA	View

RELATED RECORDS: None

2010.1014

[Planning Information Center](#) Tel: 558-6377

Project Profile (PRJ) Mid-Market Redelopment Plan

Mid-Market Revelopment Plan. Proposed Redevelopment Plan in an area generally bound by Market, Fifth, Mission and Tenth Streets. T-Case description: Potential Special Use District R- Case: Redevelopment Plan Review and Adoption

OPENED	STATUS	ADDRESS	FURTHER INFO
11/9/2010	Closed 5/9/2016	210 TAYLOR ST, SAN FRANCISCO, CA	View

RELATED RECORDS: [2010.1014](#)
- [2010.1014E](#)
- [2010.1014E-3](#)
- [2010.1014R](#)
- [2010.1014T](#)

RELATED BUILDING PERMITS: None

2010.1014E

[Planning Information Center](#) Tel: 558-6377

Environmental (ENV) Mid-Market Redelopment Plan

Mid-Market Revelopment Plan. Proposed Redevelopment Plan in an area generally bound by Market, Fifth, Mission and Tenth Streets. T-Case description: Potential Special Use District R- Case: Redevelopment Plan Review and Adoption

OPENED	STATUS	ADDRESS	FURTHER INFO
11/9/2010	Closed - Cancelled 5/7/2012	210 TAYLOR ST, SAN FRANCISCO, CA	View

RELATED RECORDS: [2010.1014](#)

2007.1464C

AHOLLIST Tel: 558-6377

Conditional Use Authorization (CUA) 1036-1040 MISSION ST

100% Affordable residential mid-rise, 106-du, with ground-floor retail, approx 116,055-gsf total, on two lots, in one structure with two bldg two masses— one 13-story, one 8-story —and two City Carshare spaces, on existing surface parking lot. (As of 11-5-2008 – "X" for construction of +/- 100 all-affordable d.u.'s in a 9- to 13-story bldg. w/ +/- 114,380 sq. ft., no off-street parking, & +/- 1,256 sq. ft. retail/non-profit space incl. request for exceptions for rear yard, building bulk & off-street loading – "C" for additional floor area over base FAR (+/- 7.7:1) pursuant to Code Section 124(f) -- & "V" for usable open space (Code Section 135) & dwelling-unit exposure (Code Section 140).

OPENED	STATUS	ADDRESS	FURTHER INFO
11/5/2008	Closed - Approved 5/14/2009		View

RELATED RECORDS: [2007.1464](#)
- [2007.1464C](#)

2007.1464V

AHOLLIST Tel: 558-6377

Variance (VAR) 1036-1040 MISSION ST

100% Affordable residential mid-rise, 106-du, with ground-floor retail, approx 116,055-gsf total, on two lots, in one structure with two bldg two masses— one 13-story, one 8-story —and two City Carshare spaces, on existing surface parking lot. (As of 11-5-2008 – "X" for construction of +/- 100 all-affordable d.u.'s in a 9- to 13-story bldg. w/ +/- 114,380 sq. ft., no off-street parking, & +/- 1,256 sq. ft. retail/non-profit space incl. request for exceptions for rear yard, building bulk & off-street loading – "C" for additional floor area over base FAR (+/- 7.7:1) pursuant to Code Section 124(f) -- & "V" for usable open space (Code Section 135) & dwelling-unit exposure (Code Section 140).

OPENED	STATUS	ADDRESS	FURTHER INFO
11/5/2008	Closed - Approved 1/14/2010		View

RELATED RECORDS: [2007.1464](#)
- [2007.1464V](#)

2007.1464X

AHOLLIST Tel: 558-6377

Downtown Exception-309 (DNX) 1036-1040 MISSION ST

100% Affordable residential mid-rise, 106-du, with ground-floor retail, approx 116,055-gsf total, on two lots, in one structure with two bldg two masses— one 13-story, one 8-story —and two City Carshare spaces, on existing surface parking lot. (As of 11-5-2008 – "X" for construction of +/- 100 all-affordable d.u.'s in a 9- to 13-story bldg. w/ +/- 114,380 sq. ft., no off-street parking, & +/- 1,256 sq. ft. retail/non-profit space incl. request for exceptions for rear yard, building bulk & off-street loading – "C" for additional floor area over base FAR (+/- 7.7:1) pursuant to Code Section 124(f) -- & "V" for usable open space (Code Section 135) & dwelling-unit exposure (Code Section 140).

OPENED	STATUS	ADDRESS	FURTHER INFO
11/5/2008	Closed - Approved 5/14/2009		View

RELATED RECORDS: [2007.1464](#)
- [2007.1464X](#)

7611PRV

JMILLER Tel: 558-6377

Project Review Meetings (PRV) 1036 Mission St - discuss massing revisions and shadow studies for construction of an affordable housing with 106 units.

1036 Mission St - discuss massing revisions and shadow studies for construction of an affordable housing with 106 units.

OPENED	STATUS	ADDRESS	FURTHER INFO
5/29/2008	Closed - Informational 6/3/2008		View

RELATED RECORDS: None

7349PRV [JMILLER](#) Tel: 558-6377

Project Review Meetings (PRV) 1036 Mission St. - Construction of an affordable housing with 106 units.

1036 Mission St. - Construction of an affordable housing with 106 units.

OPENED	STATUS	ADDRESS	FURTHER INFO
2/11/2008	Closed - Informational 2/26/2008		View

RELATED RECORDS: None

2007.1464E [ACONTRER](#) Tel: 558-6377

Environmental (ENV) 1036-1040 MISSION ST

100% Affordable residential mid-rise, 106-du, with ground-floor retail, approx 116,055-gsf total, on two lots, in one structure with two bldg two masses-- one 13-story, one 8-story --and two City Carshare spaces, on existing surface parking lot. (As of 11-5-2008 -- "X" for construction of +/- 100 all-affordable d.u.'s in a 9- to 13-story bldg. w/ +/- 114,380 sq. ft., no off-street parking, & +/- 1,256 sq. ft. retail/non-profit space incl. request for exceptions for rear yard, building bulk & off-street loading -- "C" for additional floor area over base FAR (+/- 7.7:1) pursuant to Code Section 124(f) -- & "V" for usable open space (Code Section 135) & dwelling-unit exposure (Code Section 140).

OPENED	STATUS	ADDRESS	FURTHER INFO
12/21/2007	Closed - CEQA Clearance Issued 4/22/2009		View

RELATED RECORDS: [2007.1464](#)
- [2007.1464E](#)

2007.1464K [AHOLLIST](#) Tel: 558-6377

Shadow Study (SHD) 1036-1040 MISSION ST

100% Affordable residential mid-rise, 106-du, with ground-floor retail, approx 116,055-gsf total, on two lots, in one structure with two bldg two masses-- one 13-story, one 8-story --and two City Carshare spaces, on existing surface parking lot. (As of 11-5-2008 -- "X" for construction of +/- 100 all-affordable d.u.'s in a 9- to 13-story bldg. w/ +/- 114,380 sq. ft., no off-street parking, & +/- 1,256 sq. ft. retail/non-profit space incl. request for exceptions for rear yard, building bulk & off-street loading -- "C" for additional floor area over base FAR (+/- 7.7:1) pursuant to Code Section 124(f) -- & "V" for usable open space (Code Section 135) & dwelling-unit exposure (Code Section 140).

OPENED	STATUS	ADDRESS	FURTHER INFO
12/21/2007	Closed 6/25/2008		View

RELATED RECORDS: [2007.1464](#)
- [2007.1464K](#)

2007.1464 [Planning Information Center](#) Tel: 558-6377

Project Profile (PRJ) 1036-1040 MISSION ST

100% Affordable residential mid-rise, 106-du, with ground-floor retail, approx 116,055-gsf total, on two lots, in one structure with two bldg two masses-- one 13-story, one 8-story --and two City Carshare spaces, on existing surface parking lot. (As of 11-5-

2008 -- "X" for construction of +/- 100 all-affordable d.u.'s in a 9- to 13-story bldg. w/ +/- 14,380 sq. ft., no off-street parking, & +/- 1,256 sq. ft. retail/non-profit space incl. request for exceptions for rear yard, building bulk & off-street loading -- "C" for additional floor area over base FAR (+/- 7.7:1) pursuant to Code Section 124(f) -- & "V" for usable open space (Code Section 135) & dwelling-unit exposure (Code Section 140).

OPENED	STATUS	ADDRESS	FURTHER INFO
12/21/2007	Closed		View

RELATED RECORDS: [2007.1464](#)
 - [2007.1464C](#)
 - [2007.1464E](#)
 - [2007.1464K](#)
 - [2007.1464V](#)
 - [2007.1464X](#)

RELATED BUILDING PERMITS: None

1985.533T [BEB](#) Tel: 558-6377

Plan Code Amendment-LEG (PCA) CCSF, Market, Stevenson

Conversion Note: source filed date was so record opened date was set to January 1st of case number year - Change Height & Bulk districts, proposed 90' height limit generally allowed with selected CUs for additional height for below market-rate housing.

OPENED	STATUS	ADDRESS	FURTHER INFO
1/1/1985	Closed	45 MASON ST, SAN FRANCISCO, CA 94102	View

RELATED RECORDS: [1985.533](#)
 - [1985.533T](#)

1985.220 [Planning Information Center](#) Tel: 558-6377

Project Profile (PRJ) Mid-Market St. Revitalization

Mid-Market St. Revitalization and Conservation District

OPENED	STATUS	ADDRESS	FURTHER INFO
1/1/1985	Closed	45 MASON ST, SAN FRANCISCO, CA 94102	View

RELATED RECORDS: [1985.220](#)
 - [1985.220E](#)

RELATED BUILDING PERMITS: None

1985.220E [Planning Information Center](#) Tel: 558-6377

Environmental (ENV) Mid-Market St. Revitalization

Mid-Market St. Revitalization and Conservation District

OPENED	STATUS	ADDRESS	FURTHER INFO
1/1/1985	Closed	45 MASON ST, SAN FRANCISCO, CA 94102	View

RELATED RECORDS: [1985.220](#)
 - [1985.220E](#)

1985.533Z [BEB](#) Tel: 558-6377

Zoning Map Amendment-LEG (MAP) CCSF, Market, Stevenson

Conversion Note: source filed date was so record opened date was set to January 1st of case number year - Change Height &

Bulk districts, proposed 90' height limit generally allowed with selected CUs for additional height for below market-rate housing.

OPENED	STATUS	ADDRESS	FURTHER INFO
1/1/1985	Closed	45 MASON ST, SAN FRANCISCO, CA 94102	View

RELATED RECORDS: [1985.533](#)
- [1985.533Z](#)

1985.533

[Planning Information Center](#) Tel: 558-6377

Project Profile (PRJ) CCSF, Market, Stevenson

Change Height & Bulk districts, proposed 90' height limit generally allowed with selected CUs for additional height for below market-rate housing.

OPENED	STATUS	ADDRESS	FURTHER INFO
1/1/1985	Closed	45 MASON ST, SAN FRANCISCO, CA 94102	View

RELATED RECORDS: [1985.533](#)
- [1985.533T](#)
- [1985.533Z](#)

RELATED BUILDING PERMITS: None

SHORT TERM RENTALS:

None

Building Permits Report: 1036 MISSION STREET

Applications for Building Permits submitted to the Department of Building Inspection.

BUILDING PERMITS:

Permit: [201406269523](#)
Form: 1 - New Construction
Filed: 6/26/2014
Address: 1036 MISSION ST
Parcel: 3703/079
Existing:
Proposed: APARTMENTS
Existing Units: 0
Proposed Units: 83
Status: ISSUED
Status Date: 9/11/2015 1:47:09 PM
Description: TO ERECT 9 STORIES, NO BASEMENT, 83 RESIDENTIAL APARTMENTS, RESIDENTIAL SUPPORT SPACES & RETAIL SPACES.
Cost: \$30,000,000.00

Permit: [201306119240](#)
Form: 8 - Alterations Without Plans
Filed: 6/11/2013
Address: 521 JESSIE ST
Parcel: 3703/079
Existing: PARKING LOT
Proposed: PARKING LOT

Existing Units: 0
Proposed Units: 0
Status: COMPLETE
Status Date: 11/1/2013 7:48:59 AM
Description: PERMANENT, VOLUNTARY REMOVAL OF NONCONFORMING BILLBOARD SIGN, 12FT X 25FT WIDE ON EAST CORNER, MISSION ST. SIGN STRUCTURE IS UNDER 35'-0" OVERALL HEIGHT.
Cost: \$1,000.00

Miscellaneous Permits Report: 1036 MISSION STREET

Depending on the activity being proposed a permit may need to be obtained from the Fire Department, Health Department, Police Department, Alcoholic Beverage Commission or other organization. The Planning Department reviews most applications for these permits in order to ensure compliance with the [Planning Code](#).

MISCELLANEOUS PERMITS REVIEWED BY THE PLANNING DEPT:

2015-001046MIS

[Nicholas Foster](#) Tel: 415-575-9167

Misc. Permits-REF (MIS) 1036 Mission Street

Mile Hi Valet Service, Inc.

OPENED	STATUS	ADDRESS	FURTHER INFO
1/30/2015	Closed - Approved 2/26/2015	1036 MISSION ST 94103	View

MB1301101

[Angie Beavis](#) Tel: 415-575-9021

Misc. Permits-REF (MIS) PRIORITY PARKING-CA,LLC

- See previous recommendation of approval for MB1201077 on 5/29/12. No changes to owner/operation no new review by DCP.

OPENED	STATUS	ADDRESS	FURTHER INFO
6/25/2013	Closed - Approved 9/23/2013	1086 MISSION ST, SAN FRANCISCO, CA	View

MB1201077

[Angie Beavis](#) Tel: 415-575-9021

Misc. Permits-REF (MIS) PRIORITY PARKING-CA, LLC

REVISED RECOMMENDATION: Recommend APPROVAL: continuation of existing non-conforming parking lot as previously approved by the SFFD, permitted to continue per P.C. Sec. 180. - Recommend disapproval: Parking lot is not permitted in C-3-G per P.C. Sec. 223 (l); however, P.C. Sec. 156 (n) allows temporary parking lots not to exceed 2 yrs. w/ CU authorization.

OPENED	STATUS	ADDRESS	FURTHER INFO
5/14/2012	Closed - Approved 5/29/2012	1036 MISSION ST, SAN FRANCISCO, CA	View

Complaints Report: 1036 MISSION STREET

The Planning Department and the Department of Building Inspection operate programs that ensure compliance with the San Francisco [Planning Code](#) and [Building Inspection Commission Codes](#) respectively. Additionally, they respond to customer complaints of potential code violations and initiate fair and unbiased enforcement action to correct those violations and educate property owners to maintain code compliance.

COMPLAINTS - PLANNING DEPT:

None

Appeals Report: 1036 MISSION STREET

Planning Projects, Building Permits and Zoning Determinations appealed to the San Francisco Board of Appeals.

APPEALS:

None

Block Book Notifications Report: 1036 MISSION STREET

A Block Book Notification (BBN) is a request made by a member of the public to be notified of permits on any property that is subject to the San Francisco Planning Code.

You can also sign up to be emailed when new planning applications or building permits are filed in your neighborhood through our Permits in Your Neighborhood website.

BLOCK BOOK NOTIFICATIONS:

There is an active Block Book Notification on this property. For legal reasons we cannot display this information but you may contact the San Francisco Planning Department for more details: tel: 415-558-6377, email: pic@sfgov.org

The Disclaimer: The City and County of San Francisco (CCSF) does not guarantee the accuracy, adequacy, completeness or usefulness of any information. CCSF provides this information on an 'as is' basis without warranty of any kind, including but not limited to warranties of merchantability or fitness for a particular purpose, and assumes no responsibility for anyone's use of the information.

Printed: 6/15/2016

<http://propertymap.sfplanning.org>

COMPARABLE SALE PROFILE

Land Sale 1

Location & Property Identification

Property Name: Yerba Buena Multifamily
Property Type: Transitional Multifamily
Address: 923 Folsom Street
City/ State/ Zip: San Francisco, California 94107
County: San Francisco
Submarket: Yerba Buena

Sale Information

Sale Price: \$20,000,000
CEq Price: \$20,000,000
Sale Date: April 1, 2015
Sale Status: Sale
Grantor: TUP Folsom, LLC
Grantee: 923 Folsom Acquisition, LLC
Property Rights: Fee Simple
Document: K041040
Data Source: Public Records/ CBRE

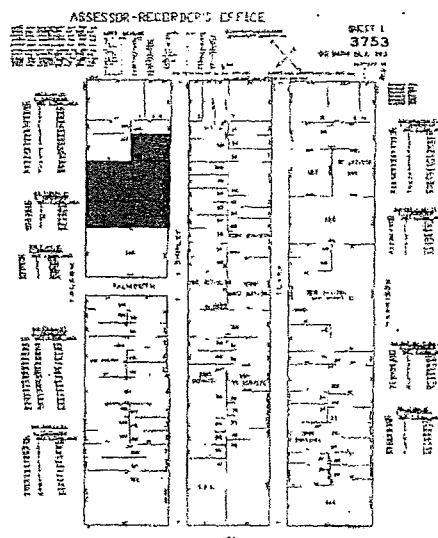
Comments

Acquisition of a partially improved industrial building that was vacant. The site was fully entitled for the development of a mid-rise multifamily development having 114 units and 48 parking spaces. It will also include 1,623 SF of ground level commercial.



Site Data & Economic Indicators

Legal/ Tax/ APN: 3753-106, 141 & 142
Acres (Gross): 0.56
Land - SF (Gross): 24,375
Zoning: MUR
Description: Multifamily
Orientation: Multiple
Offsites: Full
Price/SF - Land: \$820.51
Price/AC - Land: \$35,714,286
Net Operating Income:
Capitalization Rate:



Yerba Buena Multifamily

Location & Property Identification

Property Name: 3rd Street Multifamily
Property Type: Transitional Multifamily
Address: 2290 3rd Street
City/ State/ Zip: San Francisco, California 94107
County: San Francisco
Submarket: Potrero Hill

Sale Information

Sale Price: \$16,000,000
CEq Price: \$16,000,000
Sale Date: April 1, 2015
Sale Status: Sale
Grantor: 2290 Dog Patch, LLC
Grantee: DM 2290 3rd Street, LLC
Property Rights: Fee Simple
Document: 42954
Data Source: Public Records, CBRE

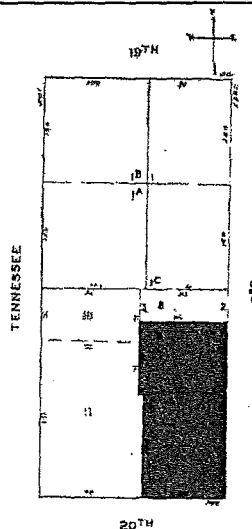


Site Data & Economic Indicators

Legal/ Tax/ APN: 4059-009
Acres (Gross): 0.32
Land - SF (Gross): 14,050
Zoning: UMU
Description: Urban Mixed Use
Orientation: Corner
Offsites: Full
Price/SF - Land: \$1,138.79
Price/AC - Land: \$49,535,604
Net Operating Income:
Capitalization Rate:

Comments

Vacant multifamily site located in the South of Market neighborhood. The property was fully entitled for 71 apartment units that were financed through low income housing tax credits. The property was improved with a commercial building having no value.



Location & Property Identification

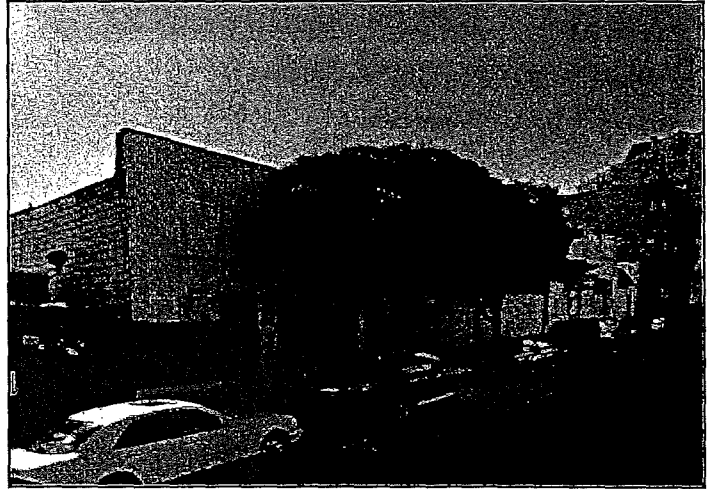
Property Name: Pacifica Pine
Property Type: Transitional Multifamily
Address: 1527 Pine Street
City/ State/ Zip: San Francisco, California 94109
County: San Francisco
Submarket: Nobb Hill

Sale Information

Sale Price: \$21,000,000
CEq Price: \$21,000,000
Sale Date: January 22, 2015
Sale Status: Sale
Grantor: TUP Pine, LLC
Grantee: Pacific Pine, LLC
Property Rights: Fee Simple
Document: 10204
Data Source: Public Records, CBRE

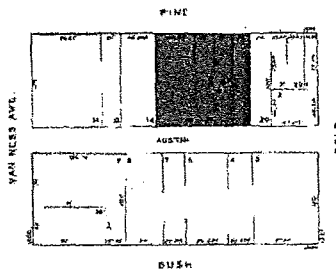
Comments

Vacant multifamily site located in the Nob Hill neighborhood. The property was fully entitled for 103 apartment units. There was an old dilapidated building on the property having no contributory value.



Site Data & Economic Indicators

Legal/ Tax/ APN: 0667-[016-019]
Acres (Gross): 0.34
Land - SF (Gross): 15,000
Zoning: RC-4
Description: Residential Commercial
Orientation: Multiple
Offsites: Full
Price/SF - Land: \$1,400.00
Price/AC - Land: \$61,046,512
Net Operating Income:
Capitalization Rate:



Location & Property Identification

Property Name: Monogram Residential
Property Type: Vacant Land
Address: 1401 Mission Street
City/ State/ Zip: San Francisco, California 94103
County: San Francisco
Submarket: South of Market

Sale Information

Sale Price: \$12,800,000
CEq Price: \$12,800,000
Sale Date: May 9, 2014
Sale Status: Sale
Grantor: 1401 Mission Affordable, LP
Grantee: Monogram Residential 1401 Mission
Property Rights: Fee Simple
Document: 77190
Data Source: Public Records, CBRE

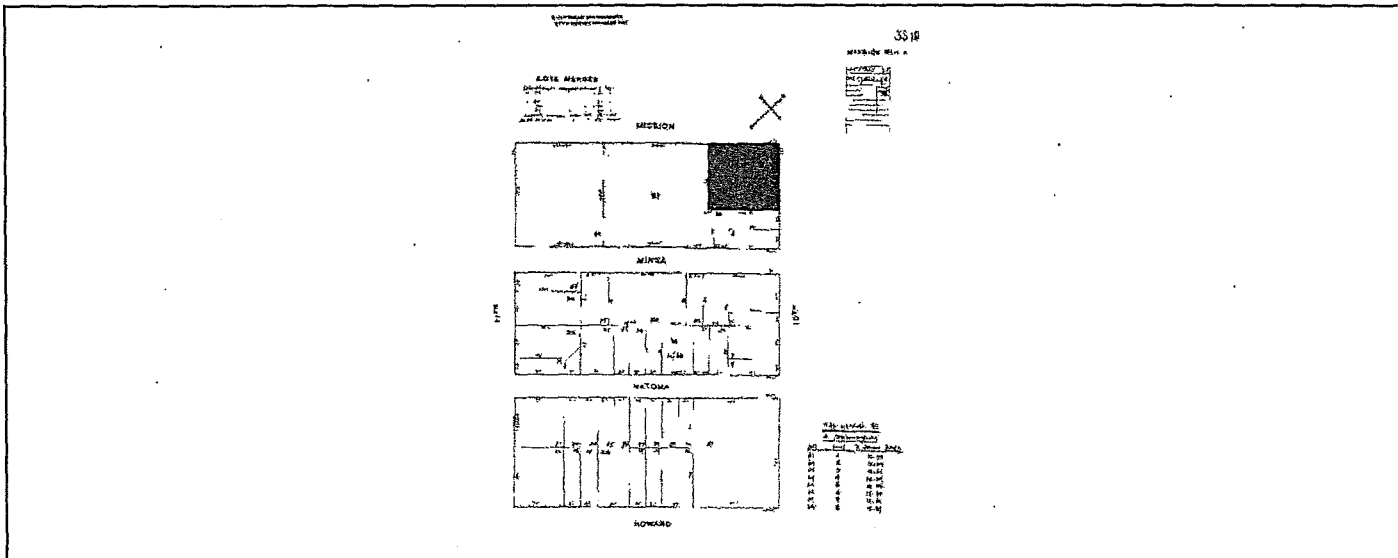


Site Data & Economic Indicators

Legal/ Tax/ APN: 3510-001
Acres (Gross): 0.26
Land - SF (Gross): 11,326
Zoning: C-3-G
Description: Downtown General Commercial
Orientation: Corner
Offsites: Full
Price/SF - Land: \$1,130.14
Price/AC - Land: \$49,230,769
Net Operating Income:
Capitalization Rate:

Comments

Vacant multifamily site located in the South of Market neighborhood. The property was fully entitled for 121 apartment units that were financed through low income housing tax credits. The basic purchase price was \$105,785 per unit.



Location & Property Identification

Property Name: SF Bush Condos
Property Type: Transitional Multifamily
Address: 2655 Bush Street
City/ State/ Zip: San Francisco, California 94115
County: San Francisco
Submarket: Western Addition

Sale Information

Sale Price: \$38,000,000
CEq Price: \$38,000,000
Sale Date: December 19, 2013
Sale Status: Sale
Grantor: AREA Property Partners
Grantee: SF Bush Condos, LLC
Property Rights: Fee Simple
Document: 806962
Data Source: Public Records, CBRE

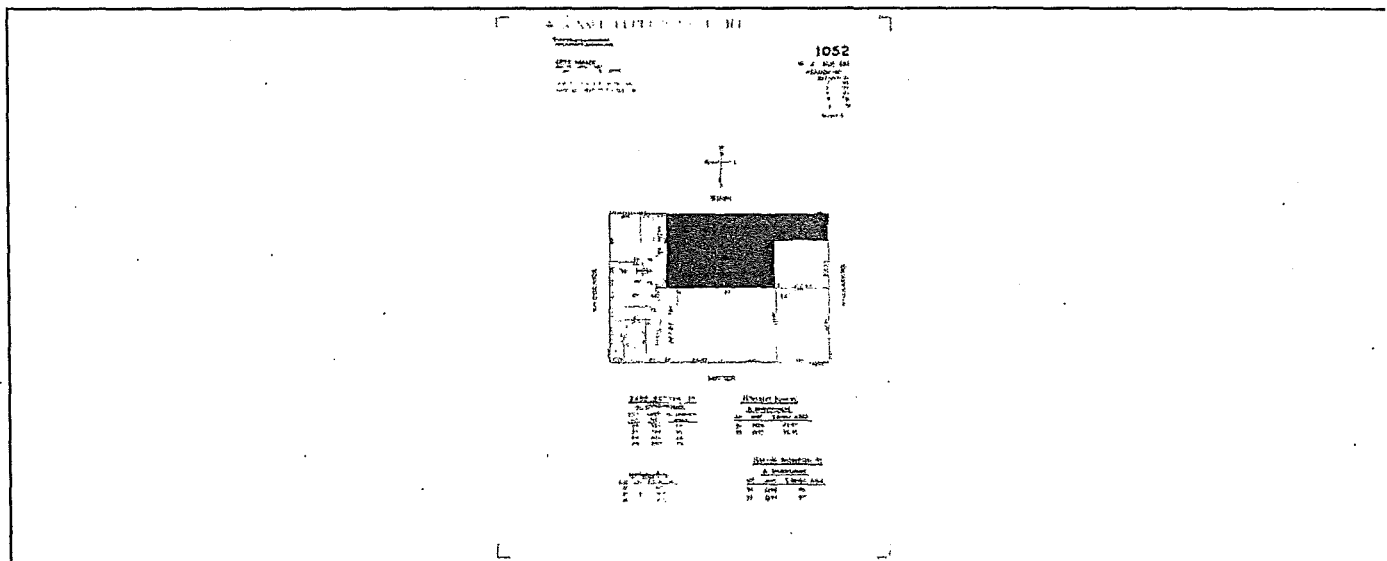
Comments

The property is improved with a vacant dilapidated convalescent hospital. The parking structure is leased and generates interim income. The property is fully entitled for 81 luxury units and parking garage.



Site Data & Economic Indicators

Legal/ Tax/ APN: 1052-024
Acres (Gross): 0.76
Land - SF (Gross): 33,522
Zoning: NC-3
Description: Neighborhood Commercial
Orientation: Corner
Offsites: Full
Price/SF - Land: \$1,133.58
Price/AC - Land: \$50,000,000
Net Operating Income:
Capitalization Rate:





OLD REPUBLIC
TITLE COMPANY

275 Battery Street, Suite 1500
San Francisco, CA 94111
(415) 397-0500 Fax: (415) 397-0199

PRELIMINARY REPORT

UPDATED

TNDC (1036 MISSION FAMILY HOUSING)
201 EDDY STREET
SAN FRANCISCO, CA 94102

Our Order Number 0227007084-MN

Attention: Chris Cummings

When Replying Please Contact:

Martha Nakagawa
MNakagawa@ortc.com
(415) 397-0500

Property Address:

1036 Mission Street, San Francisco, CA 94103

In response to the above referenced application for a policy of title insurance, OLD REPUBLIC TITLE COMPANY, as issuing Agent of Old Republic National Title Insurance Company, hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Exhibit I attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the Homeowner's Policy of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit I. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit I of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of November 9, 2015, at 7:30 AM

OLD REPUBLIC TITLE COMPANY
For Exceptions Shown or Referred to, See Attached

Page 1 of 9 Pages

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227007084-MN
UPDATED

The form of policy of title insurance contemplated by this report is:

ALTA Loan Policy - 2006. A specific request should be made if another form or additional coverage is desired.

The estate or interest in the land hereinafter described or referred or covered by this Report is:

Fee

Title to said estate or interest at the date hereof is vested in:

1036 Mission Associates, L.P., a California limited partnership

The land referred to in this Report is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Beginning at a point on the northwesterly line of Mission Street (82 5' wide), distant thereon 255.00 feet southwesterly from the southwesterly line of 6th Street (82 5' wide), thence southwesterly along said northwesterly line of Mission Street 95.00; thence at a right angle northwesterly 160.00 feet to the southeasterly line of Jessie Street (40' wide); thence northeasterly along said southeasterly line of Jessie Street 95.00 feet; thence at a right angle southeasterly 160.00 feet to the northwesterly line of Mission Street and the point of beginning, as described pursuant to Certificate of Compliance recorded September 25, 2015 under Recorder's Serial Number 2015-K137764-00.

Being a portion of 100 Vara Block No. 393

Assessor's Lot 162 (formerly Lots 079 and 080); Block 3703

At the date hereof exceptions to coverage in addition to the Exceptions and Exclusions in said policy form would be as follows:

1. Taxes and assessments, general and special, for the fiscal year 2015 - 2016, as follows:

Assessor's Parcel No	:	LOT 079; BLOCK 3703	
Bill No.	:	123538	
1st Installment	:	\$19,124.05	Marked Paid
2nd Installment	:	\$19,124.05	Marked Paid
Land	:	\$3,065,628.00	

Affects a portion of said land.

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227007084-MN
UPDATED

2. Taxes and assessments, general and special, for the fiscal year 2015 - 2016, as follows:

Assessor's Parcel No	:	LOT 080; BLOCK 3703	
Bill No.	:	123539	
1st Installment	:	\$19,124.05	Marked Paid
2nd Installment	:	\$19,124.05	Marked Paid
Land	:	\$3,065,628.00	

Affects the remainder of said land.

3. Any special tax which is now a lien and that may be levied within the City of San Francisco Unified School District Community Facilities District No. 90-1, notice(s) for which having been recorded.

NOTE: Among other things, there are provisions in said notice(s) for a special tax to be levied annually, the amounts of which are to be added to and collected with the property taxes.

NOTE: The current annual amount levied against this land is \$0.00.

NOTE: Further information on said assessment or special tax can be obtained by contacting:

Name : San Francisco Unified School District
Telephone No. : (415) 241-6480

4. Any special tax which is now a lien and that may be levied within the Central Market Community Benefit District, a notice of which was recorded as follows:

Instrument Entitled : Resolution
Recorded : August 12, 2013 in Reel K958 of Official Records, Image 242
under Recorder's Serial Number 2013-J728709-00

NOTE: Among other things, there are provisions in said Notice for a special tax to be levied annually, the amounts of which are to be added to and collected with the property taxes.

5. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq., of the Revenue and Taxation Code of the State of California.

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227007084-MN
UPDATED

6. Covenants, Conditions and Restrictions, but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as provided in an instrument.

Entitled : Declaration of Restrictions
Executed by : 1036 Mission Associates, L.P., a California limited partnership
Dated : May 25, 2007
Recorded : May 30, 2007 in Reel J401 of Official Records, Image 0165 under Recorder's Serial Number 2007-I395120-00

NOTE: "If this document contains any restriction based on race, color, religion, sex, sexual orientation, familial status, marital status, disability, national origin, source of income as defined in subdivision (p) of section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status."

7. Deed of Trust to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof,

Amount : \$5,700,000.00
Trustor/Borrower : 1036 Mission Associates, L.P., a California limited partnership
Trustee : Fidelity National Title Company
Beneficiary/Lender : City and County of San Francisco, a municipal corporation
Dated : May 30, 2007
Recorded : May 30, 2007 in Reel J401 of Official Records, Image 0166 under Recorder's Serial Number 2007-I395121-00

8. Covenants, Conditions and Restrictions, but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as provided in an instrument.

Entitled : Declaration of Restrictions
Executed by : 1036 Mission Associates, L.P., a California limited partnership, successor in interest to Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation
Dated : December 19, 2006
Recorded : May 30, 2007 in Reel J401 of Official Records, Image 0167 under Recorder's Serial Number 2007-I395122-00

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227007084-MN
UPDATED

9. Deed of Trust to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof,

Amount : \$100,000.00
Trustor/Borrower : 1036 Mission Associates, L.P., a California limited partnership, successor in interest to Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation
Trustee : Fidelity National Title Company, a California corporation
Beneficiary/Lender : Redevelopment Agency of the City and County of San Francisco, a public body corporate and politic
Dated : December 19, 2006
Recorded : May 30, 2007 in Reel J401 of Official Records, Image 0168 under Recorder's Serial Number 2007-I395123-00

10. An unrecorded lease upon the terms, covenants, and conditions contained or referred to therein,

Lessor : 1036 Mission Associates, L.P., a California limited partnership
Lessee : Priority Parking - CA, LLC
Disclosed by : Subordination, Nondisturbance and Attornment Agreement
Dated : May 22, 2007
Recorded : June 22, 2007 in Reel J418 of Official Records, Image 0003 under Recorder's Serial Number 2007-I408512-00

NOTE: Said Lease by the provisions of an agreement

Dated : June 22, 2007
Recorded : June 22, 2007 in Official Records under Recorder's Serial Number 2007-I408512-00
Executed By : 1036 Mission Associates, L.P., a California limited partnership c/o Tenderloin Neighborhood Development Corporation; Priority Parking - CA, LLC; and City and County of San Francisco, Mayor's Office of Housing

was made subordinate to the Deed of Trust referred to herein as Instrument No. 2007-I395121-00.

Matters as contained or referred to in an instrument,

Entitled : Subordination, Non-Disturbance and Attornment Agreement
Executed By : 1036 Mission Associates, L.P., a California limited partnership; and The City and County of San Francisco, a municipal corporation
Dated : May 22, 2007
Recorded : June 22, 2007 in Reel J418 of Official Records, Image 0003 under Recorder's Serial Number 2007-I408512-00

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227007084-MN
UPDATED

11. Conditions contained and/or referred to in an instrument,

Entitled : Restrictions and Conditions
Recorded : August 12, 2014 in Official Records under Recorder's Serial
Number 2014-J926080
Which Among Other
Things Provides : Conditional Use Authorization

12. Conditions contained and/or referred to in an instrument,

Entitled : Restrictions and Conditions
Recorded : August 12, 2014 in Official Records under Recorder's Serial
Number 2014-J926081
Which Among Other
Things Provides : Authorization to grant a Planning Code Section 309 Determination
of Compliance.

13. Conditions contained and/or referred to in an instrument,

Entitled : Restrictions and Conditions
Recorded : August 12, 2014 in Official Records under Recorder's Serial
Number 2014-J926082
Which Among Other
Things Provides : Future physical expansion, even in the buildable area, shall be
reviewed by the Zoning Administrator.

14. Deed of Trust to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof,

Amount : \$3,936,426.00
Trustor/Borrower : 1036 Mission Associates, L.P., a California limited partnership
Trustee : Old Republic Title Company
Beneficiary/Lender : City and County of San Francisco, a municipal corporation
Dated : December 26, 2014
Recorded : April 30, 2015 in Official Records under Recorder's Serial Number
2015-K054400-00
Returned to : 1 South Van Ness Avenue, 5th Floor, San

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227007084-MN
UPDATED

15. NOTE: A Certificate or agreement of Limited Partnership for 1036 Mission Associates, L.P. and Tenderloin Neighborhood Development Co., was recorded May 30, 2007 in Reel J401 of Official Records, Image 0158 under Recorder's Serial Number 2007-I395113-00 disclosing all the general partners as then being:

- A. 1036 Mission GP LLC
- B. Tenderloin Neighborhood Development Co.

All the general partners should sign on behalf of said partnership, or at least authorize or ratify in writing anything executed by less than all general partners.

16. The requirement that a copy of the partnership agreement for 1036 Mission Associates, L.P., a California limited partnership and any amendments thereto, together with a current list of all partners, be furnished to us for review.

The Company reserves the right to make additional exceptions and/or requirements upon examination of the foregoing.

17. Any unrecorded and subsisting leases.

18. The requirement that this Company be provided with an opportunity to inspect the land (the Company reserves the right to make additional exceptions and/or requirements upon completion of its inspection).

19. The requirement that this Company be provided with a suitable Owner's Affidavit (form ORT 174). The Company reserves the right to make additional exceptions and/or requirements upon review of the Owner's Affidavit.

20. Any claim of lien for services, labor or material arising from an improvement or work under construction or completed at the date hereof.

----- **Informational Notes** -----

A. The applicable rate(s) for the policy(s) being offered by this report or commitment appears to be section(s) 2.2(B).

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227007084-MN
UPDATED

B. NOTE: The last recorded transfer or agreement to transfer the land described herein is as follows:

Instrument

Entitled : Grant Deed
By/From : Skyline Investments, a General Partnership
To : 1036 Missiona Associates, L.P., a California limited partnership
Dated : May 23, 2007
Recorded : May 30, 2007 in Reel J401 of Official Records, Image 0157 under Recorder's Serial Number 2007-I395112-00

C. All transactions that close on or after March 1, 2015 will include a \$20.00 minimum recording service fee, plus actual charges required by the County Recorder.

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227007084-MN
UPDATED

If you anticipate having funds wired to Old Republic Title Company, our wiring information is as follows: City National Bank, One Centerpointe Drive., #160, La Palma, CA 90623, credit to the account of Old Republic Title Company, Account Number 013-358788, ABA Number 122016066.

When instructing the financial institution to wire funds, it is very important that you reference Old Republic Title's Order Number 0227007084.

**PLEASE CONTACT YOUR ESCROW OFFICER IF YOU RECEIVE NOTICE OF A
CHANGE TO THESE WIRE INSTRUCTIONS**

ON-LINE BANKING TRANSFERS ARE NOT THE SAME

"Electronic Funds Transfer" is a generic term for funds transfers, one of which is an ACH Transfer. On-line banking transfers are often completed through an ACH Transfer, not a Wire Transfer. Old Republic Title rejects all ACH Transfers and returns the funds to the sender (Government Entities/Agencies excluded.) Close of Escrow may be significantly delayed as a result of an ACH Transfer.

**OLD REPUBLIC TITLE DOES NOT AUTHORIZE FUNDS TO BE DEPOSITED DIRECTLY
INTO OUR ACCOUNT AT City National Bank LOCAL BRANCH LOCATIONS**

Funds deposited directly into an account of Old Republic Title Company at a City National Bank branch are subject to verification. Verification of unauthorized deposits is not immediate or automated following deposit. Delay in credit of funds to an escrow and delay in Close of Escrow may result.

If you want to transfer funds by Wire Transfer from a non-United States financial institution, or have questions with regard to acceptable funds, please contact your Escrow or Title Officer immediately.

**AMERICAN LAND TITLE ASSOCIATION
LOAN POLICY OF TITLE INSURANCE - 2006
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection; or the effect of any violation of these laws, ordinances, or governmental regulations.This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

EXCEPTIONS FROM COVERAGE – SCHEDULE B, PART 1, SECTION ONE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

OLD REPUBLIC TITLE COMPANY

Privacy Policy Notice

PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of OLD REPUBLIC TITLE COMPANY

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you such as on applications or other forms.
- Information about your transactions we secure from our files, or from [our affiliates or] others.
- Information we receive from a consumer reporting agency.
- Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- Financial service providers such as companies engaged in banking, consumer finance, securities and insurance.
- Non-financial companies such as envelope stuffers and other fulfillment service providers.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Disclosure to Consumer of Available Discounts

Section 2355.3 in Title 10 of the California Code of Regulation necessitates that Old Republic Title Company provide a disclosure of each discount available under the rates that it, or its underwriter Old Republic National Title Insurance Company, have filed with the California Department of Insurance that are applicable to transactions involving property improved with a one to four family residential dwelling.

You may be entitled to a discount under Old Republic Title Company's escrow charges if you are an employee or retired employee of Old Republic Title Company including its subsidiary or affiliated companies or you are a member in the California Public Employees Retirement System "CalPERS" or the California State Teachers Retirement System "CalSTRS" and you are selling or purchasing your principal residence.

If you are an employee or retired employee of Old Republic National Title Insurance Company, or its subsidiary or affiliated companies, you may be entitled to a discounted title policy premium.

Please ask your escrow or title officer for the terms and conditions that apply to these discounts.

A complete copy of the Schedule of Escrow Fees and Service Fees for Old Republic Title Company and the Schedule of Fees and Charges for Old Republic National Title Insurance Company are available for your inspection at any Old Republic Title Company office.



SAN FRANCISCO PLANNING DEPARTMENT

General Plan Referral

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Date: April 21, 2016

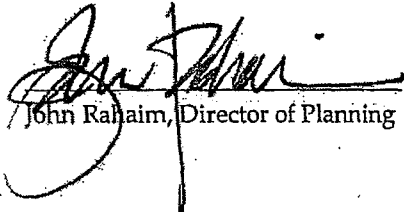
Case 2016-004050GPR
Acquisition of 1036 Mission Street

Block/Lot No.: 3703/162

Project Sponsor: Sara Amaral – (415) 701-5614
sara.amaral@sfgov.org
Mayor’s Office of Housing and Community Development
1 South Van Ness Ave., 5th floor
San Francisco, CA 94103

Staff Contact: Steve Wertheim – (415) 558-6612
steve.wertheim@sfgov.org

Recommendation: Finding the proposed acquisition of 1036 Mission Street, on balance, in conformity with the General Plan.

Recommended By: 
John Rahaim, Director of Planning

PROJECT DESCRIPTION

The Mayor’s Office of Housing and Community Development is proposing to purchase the property at 1036 Mission Street (the “Project”). The project site is 15,200 square feet. It is currently undeveloped and serves as a parking lot. This property has already been entitled for an 83-unit affordable housing development, to be constructed by the Tenderloin Neighborhood Development Corporation with funding support from the City and County of San Francisco.

ENVIRONMENTAL REVIEW

The project was fully analyzed in the 1036 Mission Street Mitigated Negative Declaration, adopted on May 14, 2009 (Planning Case No. 2007.1464E).

GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

As described below, the proposed acquisition of 1036 Mission Street is consistent with the Eight Priority Policies of Planning Code Section 101.1 and is, on balance, in conformity with the Objectives and Policies of the General Plan.

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies are in **Bold** font; staff comments are in *italic* font.

HOUSING ELEMENT

OBJECTIVE 1, IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

POLICY 1.3

Work proactively to identify and secure opportunity sites for permanently affordable housing.

Comment: The acquisition of 1036 Mission Street would secure this site for affordable housing in perpetuity.

OBJECTIVE 7, SECURE FUNDING AND RESOURCES FOR PERMANENTLY AFFORDABLE HOUSING, INCLUDING INNOVATIVE PROGRAMS THAT ARE NOT SOLELY RELIANT ON TRADITIONAL MECHANISMS OR CAPITAL.

POLICY 7.1

Expand the financial resources available for permanently affordable housing, especially permanent sources.

Comment: The acquisition of 1036 Mission Street is an example of use of financial resources to create permanently affordable housing.

PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project, demolition and replacement of the Chinese Recreation Center, is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

Eight Priority Policies Findings

The subject project is found to be consistent with the Eight Priority Policies of Planning Code Section 101.1 in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced.

The Project would have no adverse effect on neighborhood serving retail uses or opportunities for employment in or ownership of such businesses.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhood.

The Project would support neighborhood character by ensuring that the newly developed housing is affordable in perpetuity.

3. That the City's supply of affordable housing be preserved and enhanced.

The Project would enhance the City's supply of affordable housing by preserving the affordability of the newly developed housing in perpetuity.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

The Project would not result in commuter traffic impeding MUNI's transit service, overburdening the streets or altering current neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for residential employment and ownership in these sectors be enhanced.

The Project would not adversely affect the City's economic base or future opportunities for employment and/or ownership.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The Project would not adversely affect achieving the greatest possible preparedness against injury and loss of life in an earthquake.

7. That landmarks and historic buildings be preserved.

This Project would not adversely affect any landmarks or buildings of historic significance.

8. That our parks and open space and their access to sunlight and vistas be protected from development.

The Project would not adversely affect any parks or open space.

RECOMMENDATION:

Finding the acquisition of 1036 Mission Street, on balance, in-conformity with the General Plan

EXHIBIT A

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

PARCEL I:

Beginning at a point on the northwesterly line of Mission Street, distant thereon 255 feet southwesterly from the southwesterly line of 6th Street; running thence southwesterly along said northwesterly line of Mission Street 47 feet, 6 inches; thence at a right angle northwesterly 160 feet to the southwesterly line of Jessie Street; thence northwesterly along said line of Jessie Street 47 feet, 6 inches; thence at a right angle southeasterly 160 feet to the northwesterly line of Mission Street and the point of beginning.

Being a portion of 100 Vara Block No. 393.

Assessor's Lot 079; Block 3703

PARCEL II:

Beginning at a point on the northwesterly line of Mission Street, distant thereon 302 feet and 6 inches southwesterly from the southwesterly line of 6th Street; running thence southwesterly along said northwesterly line of Mission Street 47 feet and 6 inches; thence at a right angle northwesterly 160 feet to the southwesterly line of Jessie Street; thence northeasterly along said line of Jessie Street 47 feet and 6 inches; thence at a right angle southeasterly 160 feet to the northwesterly line of Mission Street and the point of beginning.

Being a portion of 100 Vara Block No. 393

Assessor's Lot 080; Block 3703



475 Sansome Street, Suite 1700
San Francisco, CA 94111
(415) 397-0500 Fax: (415) 397-0199

PRELIMINARY REPORT

Issued for the sole use of:

Our Order Number 0227007084-DP

TNDC (1036 MISSION FAMILY HOUSING)
201 EDDY STREET
SAN FRANCISCO, CA 94102

Attention: PAUL BAINS

When Replying Please Contact:

David Phillips
(415) 397-0500

Property Address:

1036-1040 Mission Street, San Francisco, CA 94114

In response to the above referenced application for a policy of title insurance, OLD REPUBLIC TITLE COMPANY hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, conditions and Stipulations of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Exhibit A attached. Limitations on Covered Risks applicable to the Homeowner's Policy of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered. It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of February 13, 2008, at 7:30 AM

OLD REPUBLIC TITLE COMPANY
For Exceptions Shown or Referred to, See Attached

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227007084-DP

The form of policy of title insurance contemplated by this report is:

ALTA Loan Policy - 2006. A specific request should be made if another form or additional coverage is desired.

The estate or interest in the land hereinafter described or referred or covered by this Report is:

Fee

Title to said estate or interest at the date hereof is vested in:

1036 Mission Associates, L.P., a California limited partnership

The land referred to in this Report is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

See Legal Description Exhibit.

At the date hereof exceptions to coverage in addition to the Exceptions and Exclusions in said policy form would be as follows:

1. Taxes and assessments, general and special, for the fiscal year 2008 - 2009, a lien, but not yet due or payable.
2. Taxes and assessments, general and special, for the fiscal year 2007 - 2008, as follows:

Assessor's Parcel No	:	LOT 079; BLOCK 3703	
Bill No.	:	120191	
1st Installment	:	\$970.86	Marked Paid
2nd Installment	:	\$970.86	NOT Marked Paid
Land	:	\$166,744.00	
Imp. Value	:	\$3,434.00	

3. Taxes and assessments, general and special, for the fiscal year 2007 - 2008, as follows:

Assessor's Parcel No	:	LOT 080; BLOCK 3703	
Bill No.	:	120192	
1st Installment	:	\$970.86	Marked Paid
2nd Installment	:	\$970.86	NOT Marked Paid
Land	:	\$166,744.00	
Imp. Value	:	\$3,434.00	

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227007084-DP

4. The herein described property lies within the boundaries of a Community Facilities District, as follows:

District No. : 90-1
For : School Maintenance and Repair
Disclosed by : Notice of Special Tax Lien recorded July 5, 1990 in Reel F160
Image 1044 of Official Records, under Recorder's Serial Number
E573343.

CONTAINED THEREIN IS A PROVISION FOR AN ONGOING SPECIAL TAX WHICH IS IN ADDITION TO BUT IS INCLUDED AND PAYABLE WITH THE GENERAL AND SPECIAL REAL PROPERTY TAXES OF THE CITY AND COUNTY OF SAN FRANCISCO.

Further information may be obtained by contacting:
San Francisco Unified School District CFD
135 Van Ness Avenue, San Francisco, CA 94102
(415) 241-6480

5. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq., of the Revenue and Taxation Code of the State of California.
6. Covenants, Conditions and Restrictions, but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as provided in an instrument.

Entitled : Declaration of Restrictions
Executed by : 1036 Mission Associates, L.P., a California limited partnership
Dated : May 25, 2007
Recorded : May 30, 2007 in Reel J401 of Official Records, Image 0165 under
Recorder's Serial Number 2007-I395120-00

NOTE: "If this document contains any restriction based on race, color, religion, sex, sexual orientation, familial status, marital status, disability, national origin, source of income as defined in subdivision (p) of section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status."

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227007084-DP

7. Deed of Trust to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof,

Amount : \$5,700,000.00
Trustor/Borrower : 1036 Mission Associates, L.P., a California limited partnership
Trustee : Fidelity National Title Company
Beneficiary/Lender : City and County of San Francisco, a municipal corporation
Dated : May 30, 2007
Recorded : May 30, 2007 in Reel J401 of Official Records, Image 0166 under Recorder's Serial Number 2007-I395121-00

8. Covenants, Conditions and Restrictions, but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as provided in an instrument.

Entitled : Declaration of Restrictions
Executed by : 1036 Mission Associates, L.P., a California limited partnership, successor in interest to Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation
Dated : December 19, 2006
Recorded : May 30, 2007 in Reel J401 of Official Records, Image 0167 under Recorder's Serial Number 2007-I395122-00

9. Deed of Trust to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof,

Amount : \$100,000.00
Trustor/Borrower : 1036 Mission Associates, L.P., a California limited partnership, successor in interest to Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation
Trustee : Fidelity National Title Company, a California corporation
Beneficiary/Lender : Redevelopment Agency of the City and County of San Francisco, a public body corporate and politic
Dated : December 19, 2006
Recorded : May 30, 2007 in Reel J401 of Official Records, Image 0168 under Recorder's Serial Number 2007-I395123-00

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227007084-DP

10. An unrecorded lease upon the terms, covenants, and conditions contained or referred to therein,

Lessor : 1036 Mission Associates, L.P., a California limited partnership
Lessee : Priority Parking - CA, LLC
Disclosed by : Subordination, Nondisturbance and Attornment Agreement
Dated : May 22, 2007
Recorded : June 22, 2007 in Reel J418 of Official Records, Image 0003 under Recorder's Serial Number 2007-I408512-00

NOTE: Said Lease by the provisions of an agreement

Dated : June 22, 2007
Recorded : June 22, 2007 in Official Records under Recorder's Serial Number 2007-I408512-00
Executed By : 1036 Mission Associates, L.P., a California limited partnership c/o Tenderloin Neighborhood Development Corporation; Priority Parking - CA, LLC; and City and County of San Francisco, Mayor's Office of Housing

was made subordinate to the Deed of Trust referred to herein as Instrument No. 2007-I395121-00.

Matters as contained or referred to in an instrument,

Entitled : Subordination, Non-Disturbance and Attornment Agreement
Executed By : 1036 Mission Associates, L.P., a California limited partnership; and The City and County of San Francisco, a municipal corporation
Dated : May 22, 2007
Recorded : June 22, 2007 in Reel J418 of Official Records, Image 0003 under Recorder's Serial Number 2007-I408512-00

11. An unrecorded lease upon the terms, covenants, and conditions contained or referred to therein,

Lessor : 1036 Mission Associates, L.P., a California limited partnership
Lessee : Clear Channel Outdoor, Inc., the successor in interest to Foster and Kleiser, a division of Metro Media, Inc.
Disclosed by : Subordination, Non-Disturbance and Attornment Agreement
Dated : May 24, 2007
Recorded : August 21, 2007 in Reel J459 of Official Records, Image 0001 under Recorder's Serial Number 2007-I441658-00

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227007084-DP

NOTE: Said Lease by the provisions of an agreement

Dated : May 24, 2007
Recorded : August 21, 2007 in Reel J459 of Official Records, Image 0001
under Recorder's Serial Number 2007-I441658-00
Executed By : 1036 Mission Associates, L.P., a California limited partnership;
Clear Channel Outdoor, Inc., the successor in interest to Foster
and Kleiser, a division of Metro Media, Inc.; and The
Redevelopment Agency of the City and County of San
Francisco, a public body, corporate and politic
was made subordinate to the Deed of Trust referred to herein as Instrument No.
2007-I395121-00.

Matters as contained or referred to in an instrument,

Entitled : Subordination, Non-Disturbance and Attornment Agreement
Executed By : 1036 Mission Associates, L.P., a California limited partnership;
Clear Channel Outdoor, Inc., the successor in interest to Foster
and Kleiser, a division of Metro Media, Inc.; and The
Redevelopment Agency of the City and County of San
Francisco, a public body, corporate and politic
Dated : May 24, 2007
Recorded : August 21, 2007 in Reel J459 of Official Records, Image 0001
under Recorder's Serial Number 2007-I441658-00

12. An unrecorded lease upon the terms, covenants, and conditions contained or referred to therein,

Lessor : 1036 Mission Associates, L.P., a California limited partnership
Lessee : Clear Channel Outdoor, Inc., the successor in interest to Foster and
Kleiser, a division of Metro Media, Inc.
Disclosed by : Subordination, Non-Disturbance and Attornment Agreement
Dated : July 25, 2007
Recorded : August 21, 2007 in Reel J459 of Official Records, Image 0002 under
Recorder's Serial Number 2007-I441659-00

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227007084-DP

NOTE: Said Lease by the provisions of an agreement

Dated : July 25, 2007
Recorded : August 21, 2007 in Reel J459 of Official Records, Image 0002
under Recorder's Serial Number 2007-I441659-00
Executed By : 1036 Mission Associates, L.P., a California limited partnership;
Clear Channel Outdoor, Inc., the successor in interest to Foster
and Kleiser, a division of Metro Media, Inc.; and The
Redevelopment Agency of the City and County of San
Francisco, a public body, corporate and politic
was made subordinate to the Deed of Trust referred to herein as Instrument No.
2007-I395121-00.

Matters as contained or referred to in an instrument,

Entitled : Subordination, Non-Disturbance and Attornment Agreement
Executed By : 1036 Mission Associates, L.P., a California limited partnership;
Clear Channel Outdoor, Inc., the successor in interest to Foster
and Kleiser, a division of Metro Media, Inc.; and The City and
County of San Francisco, a municipal corporation
Dated : July 25, 2007
Recorded : August 21, 2007 in Reel J459 of Official Records, Image 0002
under Recorder's Serial Number 2007-I441659-00

13. NOTE: A Certificate or agreement of Limited Partnership for 1036 Mission Associates, L.P. and Tenderloin Neighborhood Development Co., was recorded May 30, 2007 in Reel J401 of Official Records, Image 0158 under Recorder's Serial Number 2007-I395113-00 disclosing all the general partners as then being:

- A. 1036 Mission GP LLC
- B. Tenderloin Neighborhood Development Co.

All the general partners should sign on behalf of said partnership, or at least authorize or ratify in writing anything executed by less than all general partners.

14. The requirement that a copy of the partnership agreement for 1036 Mission Associates, L.P., a California limited partnership and any amendments thereto, together with a current list of all partners, be furnished to us for review.

The Company reserves the right to make additional exceptions and/or requirements upon examination of the foregoing.

15. Any unrecorded and subsisting leases.

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227007084-DP

16. The requirement that this Company be provided with an opportunity to inspect the land (the Company reserves the right to make additional exceptions and/or requirements upon completion of its inspection).
17. The requirement that this Company be provided with a suitable Owner's Affidavit (form ORT 174). The Company reserves the right to make additional exceptions and/or requirements upon review of the Owner's Affidavit.
18. Any claim of lien for services, labor or material arising from an improvement or work under construction or completed at the date hereof.

----- Informational Notes -----

- A. The applicable rate(s) for the policy(s) being offered by this report or commitment appears to be section(s) 2.2(B).
- B. NOTE: According to the public records, there have been no deeds conveying the property described in this report recorded within a period of 36 months prior to the date hereof except as follows:

A Grant Deed executed by Skyline Investments, a general partnership to 1036 Mission Associates, L.P., a California limited partnership recorded May 30, 2007 in Reel J401 of Official Records, Image 0157 under Recorder's Serial Number 2007-1395112-00.

- C. In addition to existing requirements pertaining to sellers who are non-residents of California, as a result of recent changes to Section 18662 of the Revenue and Taxation Code, in transactions closing after January 1, 2003 the buyer may then be responsible to withhold 3 1/3% of the sales price (as defined therein) from any seller, if this property is not the seller's principal residence. The statute, as modified, also provides for certain exemptions to the buyer's responsibility to withhold, which may apply.

O.N.
SC/lr

ORDER NO. : 0227007084-DP

LEGAL DESCRIPTION EXHIBIT

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

PARCEL I:

Beginning at a point on the northwesterly line of Mission Street, distant thereon 255 feet southwesterly from the southwesterly line of 6th Street; running thence southwesterly along said northwesterly line of Mission Street 47 feet, 6 inches; thence at a right angle northwesterly 160 feet to the southwesterly line of Jessie Street; thence northwesterly along said line of Jessie Street 47 feet, 6 inches; thence at a right angle southeasterly 160 feet to the northwesterly line of Mission Street and the point of beginning.

Being a portion of 100 Vara Block No. 393.

Assessor's Lot 079; Block 3703

PARCEL II:

Beginning at a point on the northwesterly line of Mission Street, distant thereon 302 feet and 6 inches southwesterly from the southwesterly line of 6th Street; running thence southwesterly along said northwesterly line of Mission Street 47 feet and 6 inches; thence at a right angle northwesterly 160 feet to the southwesterly line of Jessie Street; thence northeasterly along said line of Jessie Street 47 feet and 6 inches; thence at a right angle southeasterly 160 feet to the northwesterly line of Mission Street and the point of beginning.

Being a portion of 100 Vara Block No. 393

Assessor's Lot 080; Block 3703

**AMERICAN LAND TITLE ASSOCIATION
LOAN POLICY OF TITLE INSURANCE - 2006
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection; or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the data of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

EXCEPTIONS FROM COVERAGE – SCHEDULE B, PART 1, SECTION ONE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

Old Republic Title Company

Privacy Policy Notice

PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of Old Republic Title Company

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you such as on applications or other forms.
- Information about your transactions we secure from our files, or from [our affiliates or] others.
- Information we receive from a consumer reporting agency.
- Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- Financial service providers such as companies engaged in banking, consumer finance, securities and insurance.
- Non-financial companies such as envelope stuffers and other fulfillment service providers.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

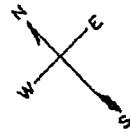
LOTS MERGED

Lot	Merged Info	Lot	Year	Lot	Merged Info	Lot	Year
37, 38, 43	"	36	"1922"	44	"	44	"
32, 33, 34, 35, 36, 44	"	35	"1929"	47	"	47	"
52	"	51	"1941"	77	"	77	"
55	"	4	"1945"	30	"	30	"
84, 9	"	7	"				
13, 14, 15	"	12	"				
18	"	13	"				
20, 43, 44, 45	"	15	"				
42	"	21	"				
47, 48, 49	"	46	"				
72, 73	"	57	"				
71	"	70	"				

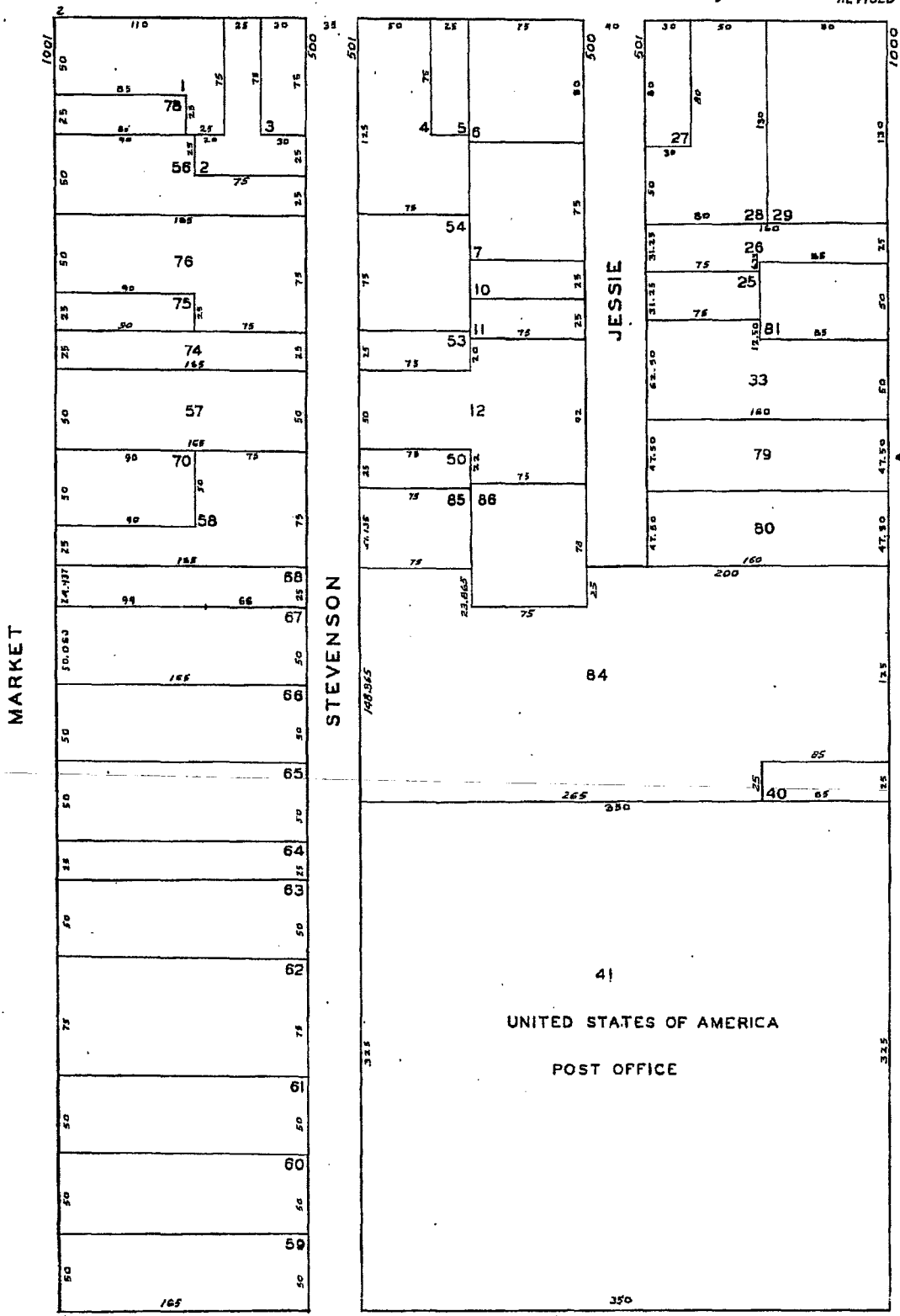
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REVISED '63
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REVISED '81



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OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *Ed* Mayor Edwin M. Lee *NE*
RE: Agreements - Purchase and Sale for Real Estate and Ground Lease -
\$5,476,250 and \$15,000, respectively – 1036 Mission Associates, L.P. -
1036 Mission Street
DATE: July 12, 2016

Attached for introduction to the Board of Supervisors is a resolution approving and authorizing (1) the execution and performance of an Agreement of Purchase and Sale of Real Estate in connection with the acquisition of the parcel located at 1036 Mission Street (Assessor's Parcel Block No. 3703, Lot No. 162) ("the Property"), for \$5,476,250, and a long term, [85] years with a [14] year extension option, Ground Lease of the Property for \$15,000 annual base rent, with 1036 Mission Associates, L.P., to construct a 100% affordable, 83-unit multifamily rental housing development for low-income households and formally homeless families and a commercial shell for a 1,061 square foot commercial space; (2) adopting findings that the conveyance and lease are consistent with the California Environmental Quality Act, the City's General Plan, and the priority policies of Planning Code Section 101.1; and (3) authorizing and directing the Director of Property and Director of MOHCD to execute documents, make certain modifications, and take certain actions in furtherance of this Resolution.

Please note that this legislation is co-sponsored by Supervisor Jane Kim.

I respectfully request that this item be calendared in Budget & Finance Committee on July 27, 2016.

Should you have any questions, please contact Nicole Elliott (415) 554-7940.

AT
2016 JUL 12 PM 2:12
AL
BOARD OF SUPERVISORS
SAN FRANCISCO

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

Contractor Information <i>(Please print clearly.)</i>
Name of contractor: 1036 Mission Associates, L.P., a California limited partnership
<p><i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i></p> <p>The borrowing entity for the 1036 Mission project is 1036 Mission Associates, L.P., a California limited partnership. This entity has no employees, and decisions are made by Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation ("TNDC"), the sole member of its general partner.</p> <p>Please see the Board of Directors list below in response to item #1. Additionally, the contractor's chief executive officer, chief financial officer, and chief operating officer are TNDC's governing officers as the contractor's relationship to TNDC.</p> <p><u>Board of Directors</u> Margaret Schrand Lisa Blakely Elizabeth Tracey Dave Kroot Samia Rashed Curtis Bradford Sally Carlson Saul Feldman Chris Gouig Lisa Le Dick McNeil Jr. Erica Mohan Josh Mukhopadhyay Patrick Murcia Jan Peters Ascanio Piomelli Nicole Rivera Loren Sanborn Amy Tharpe Kristy Wang Amory Sharpe Freddie Martin</p> <p><u>Chief Executive Officer</u> Donald S. Falk</p> <p><u>Chief Financial Officer</u> Paul Sussman</p> <p><u>Chief Operating Officer</u> Elizabeth Orlin</p> <p>Items #3-5 do not apply to 1036 Mission Associates, L.P.</p>

Contractor address: 1036 Mission Associates, L.P. c/o Tenderloin Neighborhood Development Corporation 201 Eddy Street San Francisco, California 94102	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contract: \$32,100,000
Describe the nature of the contract that was approved: The contract constitutes approval of a resolution authorizing issuance of tax-exempt multifamily housing revenue bonds for financing of an affordable housing project located at 1036 Mission Street in San Francisco. The resulting obligations will be conduit debt with no recourse to the City's general fund.	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: **San Francisco Board of Supervisors**
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

