

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Ron Lee, Esq.
Jones Hall, A Professional Law Corporation
475 Sansome St., Suite 1700
San Francisco, CA 94111

APN: [Block 3553/Lot 052]

Property Address: 2970 16th Street, San Francisco, CA 94103

REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS

by and between the

CITY AND COUNTY OF SAN FRANCISCO

and

1979 MISSION STREET PSH ASSOCIATES, L.P.,
a California limited partnership

Dated as of November 1, 2025

Relating to:

City and County of San Francisco, California
Multifamily Housing Revenue Bonds
Series 2025F-1
(2970 16th Street Project)

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REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

This REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (the “Regulatory Agreement”) is made and entered into as of November 1, 2025, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation and chartered city and county, duly organized and validly existing under its City Charter and the Constitution and laws of the State of California (together with any successor to its rights, duties and obligations, the “City”), acting by and through the Mayor’s Office of Housing and Community Development, and 1979 MISSION STREET PSH ASSOCIATES, L.P., a California limited partnership (the “Owner”), owner of a leasehold interest in the land described in Exhibit A attached hereto.

RECITALS

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

B. WHEREAS, the Board of Supervisors of the City has authorized the issuance of multifamily mortgage revenue bonds under the Act in connection with the acquisition and construction of an affordable rental housing development and related fixtures, equipment, furnishings and the Site improvements, known collectively as the “Project,” located in the city of San Francisco, California, which includes one hundred thirty-six (136) units located at 2970 16th Street (the “Project”), which shall be subject to the terms and provisions hereof; and

C. WHEREAS, in furtherance of the purposes of the Act and as a part of the City’s plan of financing affordable housing, the City is issuing its revenue bonds designated “City and County of San Francisco, California Multifamily Housing Revenue Bonds (2970 16th Street Project), Series 2025F-1” and its “City and County of San Francisco, California Multifamily Housing Revenue Bonds (2970 16th Street Project), Series 2025F-2 (Taxable)” (collectively, the “Bonds”) pursuant to the terms of an Indenture of Trust of even date herewith (the “Indenture”), between the City and [Trustee], as trustee (the “Trustee”), the proceeds of which Bonds are to be loaned to the Owner (the “Loans”) pursuant to a Loan Agreement, of even date herewith (the “Loan Agreement”), between the City and the Owner to finance a portion of the acquisition and construction of the Project; and

D. WHEREAS, in connection with the Loans and the financing of the Project, the City and the Owner will enter into this Regulatory Agreements and Declaration of Restrictive Covenants, dated as of November 1, 2025, which pertains to the site of the Project, described in Exhibit A attached hereto (“the Site”), which Project shall be subject to the terms and provisions hereof; and

E. WHEREAS, the City hereby certifies that all things necessary to make the Bonds, when issued as provided in the Resolution and Indenture, the valid, binding and limited obligations

of the City have been done and performed, and the execution and delivery of the Indenture and the issuance of the Bonds, subject to the terms thereof, in all respects have been duly authorized; and

F. WHEREAS, the Internal Revenue Code of 1986 (as further defined below, the “Code”) and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Project be restricted in certain respects and in order to ensure that the Project will be acquired, constructed, equipped, used and operated in accordance with the Code and the Act, the City and the Owner have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction and operation of the Project.

AGREEMENT

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

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

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

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

“Administrative General Partner” – means MEDA 1979 PSH LLC, a California limited liability company, and/or any other Person that the partners of Owner, with the prior written approval of City and the Lender (to the extent required under the Loan Documents), have selected to be an administrative general partner of Owner, and any successor administrative general partner of the Owner, to the extent permitted under the Loan Documents and hereunder.

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

“Annual Monitoring Report” has the meaning set forth in Section 5(l).

“Area” – The HUD Metro Fair Market (rent) Area (HMFA), or the successor area determined by HUD in which the Project is located.

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

“Available Units” – Residential units in the Project that are actually occupied and residential units in the Project that are vacant and have been occupied at least once after becoming available for occupancy, provided that (a) a residential unit that is vacant on the later of (i) the date the Project is constructed or (ii) the date of issuance of the Bonds is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after the completion of the renovations.

“Bonds” – The Tax-Exempt Bonds and the Taxable Bonds identified in Recital C.

“Bond Counsel” – An attorney or a firm of attorneys of nationally recognized standing in matters pertaining to the issuance, sale and delivery of bonds issued by states and their political subdivisions including as the context requires matters pertaining to the Act and the Code, who is selected by the City and duly admitted to the practice of law before the highest court of the State.

“CDLAC” – The California Debt Limit Allocation Committee.

“CDLAC Requirements” – The requirements described in the conditions set forth in Exhibit A to the CDLAC Resolution.

“CDLAC Resolution” – Resolution No. 25-232, adopted by CDLAC on August 5, 2025, attached hereto as Exhibit F .

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

“Certificate of Preference” – A residential Certificate of Preference issued by the City pursuant to the City’s Certificate of Preference Program, as further described in the Operational Rules attached hereto as Exhibit I.

“City” – The City and County of San Francisco, California.

“City Median Income” – The “Maximum Income by Household Size” derived by the Mayor’s Office of Housing and Community Development and published annually, based on the unadjusted area median income for the Area, as determined annually by HUD in a manner

consistent with determinations of area median gross income under Section 8 of the Housing Act and Section 3009a of the Housing and Economic Recovery Act of 2008 or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination, and being adjusted for family size but unadjusted for high housing costs.

“Closing Date” – The date of the issuance of the Bonds, being on or about [Closing Date].

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

“Completion Certificate” – The certificate of completion of the construction of the Project required to be executed by an Authorized Owner Representative and delivered to the City and the Purchaser by the Owner pursuant to Section 2(e) of this Regulatory Agreement, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit C.

“Completion Date” – The date of completion of the construction of the Project, as that date shall be certified as provided in Section 2 of this Regulatory Agreement.

“Controlling Person” – Shall have the meaning assigned to such term in the Indenture.

“Costs of Issuance” – The issuance costs for purposes of Section 147(g) of the Code incurred with respect to the issuance of the Tax-Exempt Bonds (as further defined in the Loan Agreement, but does not include fees charged by the City with respect thereto (i.e., the issuance fee). In the event of a conflict between this definition and in the requirements of the Tax Certificate, the Tax Certificate shall control.

“CTCAC” – The California Tax Credit Allocation Committee.

“Declarations of Restriction – Gap Loan” – The Declaration of Restrictions and Affordable Housing Covenants, related to the Project and the Gap Loan, made as of _____ and executed by the Owner.

“Displaced Tenant Preference Certificate Holder” – A person or household that has been issued a certificate under the Displaced Tenant Preference Program, as further described in the Operational Rules attached as Exhibit I.

“Facilities” – The multifamily buildings, structures and other improvements on the Site to be acquired, constructed, improved, and equipped, and all fixtures and other property owned by the Owner and located on the Site, or used in connection with, such buildings, structures and other improvements.

“Gap Loan” – Collectively, the loans from the City, acting through MOHCD, to the Owner and evidenced by the Amended and Restated Loan Agreement, dated as of _____, between the City, acting thru MOHCD and the Owner.

“General Partner” – means the Managing General Partner and the Administrative General Partner of Owner, and any successor general partner(s) of the Owner, to the extent permitted under the Loan Documents and hereunder.

“Ground Lease” – The Ground Lease Agreement, dated as of _____, between the Owner, as lessee and the City, as the lessor, pursuant to which the City is leasing the Site to the Owner.

“Project” - The Facilities and the Site.

“Housing Act” – 42 U.S.C. Section 1437, known as the United States Housing Act of 1937, as amended.

“Housing Authority” – The Housing Authority of the City and County of San Francisco and any of its successors.

“Housing Law” – The Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended.

“HUD” – The United States Department of Housing and Urban Development, its successors and assigns.

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

“Indenture” – The Indenture of Trust, of even date herewith, between the City and the Trustee.

“Inducement Date” – April 24, 2025, the date of adoption of the Inducement Certificate.

“Inducement Certificate” – The certificate executed by the Mayor on the Inducement Date, indicating the City’s intention to issue Tax-Exempt obligations to finance a portion of the Project.

“Investor Limited Partner” – MCC Housing LLC, a California limited liability company and any successor or assignee that has been admitted as an investor limited partner of the Owner in accordance with the Partnership Agreement.

“Life of the Project” – means the period of time from completion of the Project and initial occupancy and thereafter for so long as the Project continues to operate as a multi-family residential project in accordance with the term hereof.

“Loans” – The Taxable Loan and Tax-Exempt Loan.

“Loan Documents” – Has the meanings ascribed thereto in the Loan Agreement.

“Loan Agreement” – The Loan Agreement, of even date herewith, between the City and the Owner, pursuant to which the Loan was made.

“Low Income Tenant” – Any Tenant whose Adjusted Income does not exceed sixty percent (60%) of the lower of City Median Income or Median Income for the Area; provided, however, if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code or who fail to be described in Section 42(i)(3)(D), such occupants shall not qualify as Low Income Tenants. The determination of a Tenant’s status as a Low Income Tenant shall initially be made by the Owner on the basis of the Income Certification Form executed by the Tenant upon such Tenant’s occupancy of a Restricted Unit in the Project and upon annual recertification thereafter. In determining if any Tenant is a Low Income Tenant for purposes of any requirement of the City hereunder, the maximum Adjusted Income shall be based on the applicable percentage of the lower of the City Median Income or Median Income for the Area.

“Low Income Unit” – A dwelling unit in the Project required to be rented to, or designated for occupancy by, Low Income Tenants pursuant to Section 4 of this Regulatory Agreement.

“Managing General Partner” – means 1979 Mission PSH Housing Associates LLC, a California limited liability company, and/or any other Person that the partners of Owner, with the prior written approval of City and the Lender (to the extent required under the Loan Documents), have selected to be an managing general partner of Owner, and any successor managing general partner of the Owner, to the extent permitted under the Loan Documents and hereunder.

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

“Mortgage” – The Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement, and Fixture Filing, dated for reference purposes as of the date hereof, executed by the Owner and granting a first lien on the Project for the benefit of the City and assigned to the Purchaser, including any amendments and supplements thereto as permitted by the Indenture.

“Operational Rules” – The Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities are incorporated by reference in Exhibit I.

“Owner” – 1979 Mission Street PSH Associates, L.P., a California limited partnership, and its permitted successors and assigns.

“Partnership Agreement” – The First Amended and Restated Agreement of Limited Partnership relating to Owner, by and between the General Partner and the Investor Limited Partner.

“Permitted Encumbrances” – Has the definition given to it in the Indenture.

“Program Administrator” – A governmental agency, a financial institution, a certified public accountant, an apartment management firm, a mortgage insurance company or other business entity performing similar duties or otherwise experienced in the administration of

restrictions on bond financed multifamily housing projects, which shall be the City initially and, at the City's election, any other person or entity appointed by the City who shall enter into an administration agreement in a form acceptable to the City.

"Project Costs" – To the extent authorized by the Code, the Regulations and the Act, any and all costs, fees and expenses incurred by the Owner associated with the acquisition, construction, and equipping of the Project for use as affordable rental housing including but not limited to the cost of materials, appliances, equipment, and other items of tangible personal property, the fees and expenses of architects, contractors, engineers, attorneys, accountants, developers, surveyors, payment of capitalized interest, payment of certain costs and expenses incidental to the issuance of the Bonds and payment of any other costs shown on the Development Budget (as defined in the Indenture).

"Purchaser" – Western Alliance Business Trust, and its successor and assigns.

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

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

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

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

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

(d) the date that is the later of (i) seventy-five (75) years after the Closing Date or (ii) the end of the Life of the Project; provided, however, that if the Life of the Project is less than seventy-five (75) years due to casualty, then the end date of the Life of the Project controls; or

(e) such later date as may be provided in Section 5, Section 6 or Section 25 hereof.

“Qualified Tenant” – A Low Income Tenant or a Very Low Income Tenant.

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

“Regulatory Agreement” – This Regulatory Agreement and Declaration of Restrictive Covenants, together with any amendments hereto or supplements hereof.

“Restricted Unit” – A Low Income Unit or a Very Low Income Unit.

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

“Site” – The parcel or parcels of real property leased to the Owner by the City and described in Exhibit A, which is attached hereto, and all rights and appurtenances thereto.

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

“State” – The State of California.

“TANF” – The Temporary Assistance for Needy Families Program administered pursuant to 42 U.S.C. Sections 601-687.

“Tax Certificate” – The Certificate as to Arbitrage, dated the Closing Date, executed and delivered by the City and the Owner.

“Taxable Bonds” – City and County of San Francisco, California Multifamily Housing Revenue Bonds (2970 16th Street), Series 2025F-2 (Taxable), issued pursuant to the Indenture.

“Taxable Loan” – The loan of the proceeds of the Taxable Bonds made to the Owner pursuant to the Loan Agreement to provide financing for the acquisition and construction of the Project.

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

“Tax-Exempt Bonds” – City and County of San Francisco, California Multifamily Housing Revenue Bonds (2970 16th Street Project), Series 2025F-1, issued pursuant to the Indenture.

“Tax-Exempt Loan” – The loan of the proceeds of the Tax-Exempt Bonds made to the Owner pursuant to the Loan Agreement to provide financing for the acquisition and construction of the Project.

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

“Trustee” – Shall mean the party assigned such term in the Recitals and any successors and assigns thereof.

“Very Low Income Tenant” means any Tenant whose Adjusted Income does not exceed fifty percent (50%) of the lower of City Median Income or Median Income for the Area; provided, however, if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code or who fail to be described in Section 42(i)(3)(D), such occupants shall not qualify as Very Low Income Tenants. The determination of a Tenant’s status as a Very Low Income Tenant shall initially be made by the Owner on the basis of the Income Certification Form executed by the Tenant upon such Tenant’s occupancy of a unit in the Project and upon annual recertification thereafter. In determining if any Tenant is a Very Low Income Tenant for purposes of any requirement of the City hereunder, the maximum Adjusted Income shall be based on the applicable percentage of the lower of the City Median Income or Median Income for the Area.

“Very Low Income Unit” – A dwelling unit in the Project required to be rented to, or designated for occupancy by, Very Low Income Tenants pursuant to Section 4 of this Regulatory Agreement.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender used in this Regulatory Agreement shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and

all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

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

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

(a) The Owner has incurred, or will incur within six (6) months after the Closing Date, a substantial binding obligation to a third party to expend at least 5% of the aggregate principal amount of the Bonds for the payment of Qualified Project Costs.

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

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

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

(e) On the Completion Date, the Owner will submit to the City and the Purchaser a duly executed and completed Completion Certificate.

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

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

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

(i) On or concurrently with the final draw by the Owner of amounts representing proceeds of the Tax-Exempt Bonds, the expenditure of such draw, when added to all previous disbursements representing proceeds of the Tax-Exempt Bonds, will result in not less than ninety-seven percent (97%) of all disbursements of Tax-Exempt Bond proceeds having been used to pay or reimburse the Owner for Qualified Project Costs and less than twenty-five percent (25%) of all disbursements having been used to pay for the acquisition of land or any interest therein.

(j) The statements made in the various certificates delivered by the Owner to the City on the Closing Date in connection with the issuance and delivery of the Bonds are true and correct.

(k) All of the amounts received by the Owner from the proceeds of the Tax-Exempt Bonds and earnings from the investment of such proceeds will be used to pay Project Costs; and no more than two percent (2%) of the proceeds of the Tax-Exempt Bonds shall be used to pay Cost of Issuance of the Tax-Exempt Bonds.

(l) The Owner will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-Exempt status of the interest on the Bonds, and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(m) The Owner will take such action or actions as may be necessary, in the written opinion of Bond Counsel to the City, to comply fully with the Act, the Code and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service to the extent necessary to maintain of the Tax-Exempt status of the Tax-Exempt Bonds.

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

(o) In accordance with Section 147(b) of the Code, the average maturity of the Tax-Exempt Bonds does not exceed one hundred twenty percent (120%) of the average reasonably expected economic life of the facilities being financed by the Tax-Exempt Bonds.

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

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

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

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

(d) No part of the Project will at any time be owned as a condominium or by a cooperative housing corporation, nor shall the Owner take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Department of Real Estate and, the Owner shall not take any steps in connection with a conversion of the Project to a condominium ownership except with the prior written opinion of Bond Counsel that the Tax-Exempt status of the interest on the Tax-Exempt Bonds will not be adversely affected thereby under Section 103 of the Code.

(e) All of the residential dwelling units in the Project will be available for rental on a continuous basis to members of the general public and the Owner will not give preference to any particular class or group in renting the residential dwelling units in the Project, except to the extent required by (i) this Regulatory Agreement, (ii) the Gap Loan and the Declarations of Restrictions – Gap Loan; (iii) any regulatory or restrictive use agreement to which the Project is or becomes subject pursuant to Section 42 of the Code, (iv) any additional tenant income and rent restrictions imposed by the City, (v) any other federal, State or local governmental agencies that imposes any additional tenant income and rent restrictions, and (vi) any other legal or contractual requirement not excepted by clauses (i) through (v) of this

subsection, upon receipt by the Owner, the Trustee and the City of an opinion of Bond Counsel to the effect that compliance with such other requirement will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Bonds.

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

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

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

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

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

(k) The Project will have and continue to have one hundred thirty-six (136) residential dwelling units.

(l) The Owner will not sell dwelling units within the Project.

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

(a) Income and Rent Restrictions. In addition to the requirements of Section 5, hereof, the Project shall comply with the income and rent restrictions of this Section 4(a), and any conflict or overlap between any two (2) or more of such provisions shall be resolved in favor of the most restrictive of such provisions, that is in favor of the one that has the lowest income and rent restrictions.

(i) Very Low Income Units. One hundred thirty-six (136) units in the Project shall be rented to and continuously occupied by households who qualify as Very Low-Income Tenants. The monthly rent charged for all the Very Low Income Units shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the lower of the City Median Income or the Median Income for the Area, less the utility allowance.

(ii) CDLAC Requirements. In addition to the other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 2 through 6 hereof, the Owner hereby agrees: i) to comply with the CDLAC Resolution; ii) that the construction and operation of the Project, and the financing thereof, is and shall be in compliance with the CDLAC Requirements, which requirements are incorporated herein by this reference; and iii) that the Owner will cooperate fully with the City in connection with the City's monitoring and reporting requirements as provided herein. It is the responsibility of the Owner to report to the City compliance with the CDLAC Requirements not specifically set forth in this Regulatory Agreement. To the extent the income and rent restrictions contained in the CDLAC Requirements are more restrictive, the Owner shall comply with the CDLAC Requirements.

After the Tax-Exempt Bonds are issued, the terms and conditions set forth in the CDLAC Resolution shall be enforceable by CDLAC (or in its sole discretion the City) through an action for specific performance or any other available remedy. In addition, after the Bonds are issued, a change to any of the Items of Exhibit A to the CDLAC Resolution shall require the approval of CDLAC or the Executive Director of CDLAC for the term of the commitment.

In addition to its obligations to CDLAC set forth in the CDLAC Requirements, annually, on March 1st, until construction of the Project has been completed and the Owner has submitted to the City the Certificate of Completion, and thereafter on March 1st every three years, the Owner shall prepare and submit to the City a Certificate of Compliance II in the form required by CDLAC and referenced in the CDLAC Resolution, executed by an Authorized Owner Representative.

Any of the foregoing requirements of CDLAC contained in this Section 4(a)(ii) may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver of CDLAC of any requirement of this Section 4(a)(ii) shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement, except to the extent that the City has received an opinion of Bond Counsel that any such provision is not required by the Act or the Code and may be waived without adversely affecting the Tax-Exempt status of interest on the Tax-Exempt Bonds for federal income tax purposes; and (ii) any requirement of this Section 4(a)(ii) shall be void and of

no force and effect if the City and the Owner receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Tax-Exempt Bonds to cease to be Tax-Exempt or to the effect that any compliance with such requirement would be in conflict with the Act, the Code or any other state or federal law.

(iii) Additional MOHCD Restrictions. In addition to the above paragraphs (a)(i) and (ii), all Restricted Units shall at all times be occupied, or held vacant and available for rental, as required by the Declarations of Restrictions – Gap Loan, except where otherwise expressly restricted or prohibited by any CDLAC Requirements.

(iv) Income Restrictions Pursuant to the Code. Pursuant to the requirements of Section 142(d) of the Code, for the Qualified Project Period, not less than forty percent (40%) of the total number of completed units in the Project or fifty-five (55) units, shall be designated as affordable units and during the Qualified Project Period shall be rented to and continuously occupied by Tenants whose Adjusted Income does not exceed sixty percent (60%) of the Median Income for the Area; provided, however, that if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code or who failed to be described in Section 42(i)(3)(D), such occupants shall not be Qualified Tenants pursuant to this sentence. The Owner shall satisfy the requirements of this Subsection 4(a)(iv) by complying with the requirements of Subsection 4(a)(i) and Subsection 4(a)(ii), as applicable, to the extent such compliance meets the requirements of Section 142(d)(1)(B) of the Code.

(v) Income and Rent Restrictions Pursuant to the Housing Law. Pursuant to the requirements of Section 52080(a)(1)(B) of the Housing Law, for the Qualified Project Period, not less than forty percent (40%) of the total number of completed units in the Project or fifty-five (55) units, shall be designated as affordable units and during the Qualified Project Period shall be rented to and continuously occupied by Tenants whose Adjusted Income does not exceed sixty percent (60%) of the lower City Median Income or Median Income for the Area; provided, however, that if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code or who failed to be described in Section 42(i)(3)(D), such occupants shall not be Qualified Tenants pursuant to this sentence. Pursuant to the requirements of Section 52080(a)(1)(B) of the Housing Law, the monthly rent charged for such units shall not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area (excluding any supplemental rental assistance from the State, the Federal government, or any other public agency to those occupants or on behalf of those units). The Owner shall satisfy the requirements of this Section 4(a)(v) by complying with the requirements of Subsection 4(a)(i) and Subsection 4(a)(ii), as applicable, to the extent such compliance meets the requirements of Section 52080(a)(1)(B) of the Housing Law.

(vi) Income and Rent Restrictions in Event of Loss of Subsidy. If any rental or operating subsidy related to the Project is terminated or substantially reduced, the occupancy and rent restrictions set forth in Subsection 4(a)(i) may be altered, but only to the minimum extent required for the financial feasibility of the Project, as determined by the City in its reasonable discretion in accordance with substantially similar underwriting criteria used by the City to evaluate the Project's financial feasibility prior to the Closing Date, provided that, in any

event, one hundred percent (100%) of the Units must at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed sixty percent (60%) of Median Income for the Area and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of eighty percent (60%) of Median Income for the Area, and provided, further, the Owner first obtains and delivers to the Trustee and the City an opinion of Bond Counsel, acceptable to the City in its sole discretion, to the effect that such alteration would not adversely affect any exclusion of interest on the Tax-Exempt Bonds from gross income for federal tax purposes. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units. In such event, the City shall use good faith efforts to meet with Owner, within fifteen (15) business days after Owner's written request to meet, in order to determine the amount of any rent increase. The relief provided by this section shall not be construed as authorizing the Owner to exceed any income or rent restrictions imposed on the Project by CDLAC, CTCAC or the Declaration of Restrictions – Gap Loan, and the Owner represents and warrants that it shall have obtained any necessary approvals or relief from any other applicable income and rent limitations (including without limitation the Declaration of Restrictions – Gap Loan) prior to implementing the relief provided by this Section.

(b) Over-Income Tenants. Notwithstanding the foregoing provisions of Section 4(a), no Tenant qualifying as a Tenant upon initial occupancy shall be denied continued occupancy of a Restricted Unit in the Project because, after admission, the aggregate Adjusted Income of all Tenants in the Restricted Unit increases to exceed the qualifying limit for such Restricted Unit. If, as of the date of issuance of the Bonds (i.e. the Closing Date), at least ten percent (10%) of the units in the Project are Available Units at all times during the date beginning on the Closing Date through the date that is sixty (60) days after the Closing Date, the Project shall have a transition period of twelve (12) months, beginning on the Closing Date and ending on the date that is twelve (12) months after the Closing Date, to comply with the set-aside requirements under Section 142(d)(1)(B) of the Code as more fully set forth in Revenue Procedure 2004-39.

Following the end of such transition period, should the aggregate Adjusted Income of Tenants in a Restricted Unit, as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for such Restricted Unit occupied by the same number of Tenants, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant or a Very Low Income Tenant, as applicable. The unit occupied by such Tenants whose aggregate Adjusted Income exceeds such applicable income limit shall continue to be treated as occupied by a Low Income Tenant or a Very Low Income Tenant, as applicable, for purposes of the requirements of Section 4(a) hereof unless and until an Available Unit of comparable or smaller size is rented to persons other than Low Income Tenants or Very Low Income Tenants, as applicable. Moreover, a unit previously occupied by a Low Income Tenant or a Very Low Income Tenant, as applicable, and then vacated shall be considered occupied by a Low Income Tenant or a Very Low Income Tenant, as applicable, until reoccupied, other than a reoccupation for a temporary period, at which time the character of the unit shall be re-determined. In no event shall such temporary period exceed thirty-one (31) days. Because all of the units in the Project are required by the City to be Restricted Units pursuant to Subsection 4(a), hereof, each next available unit must be rented to or held vacant for a Low Income Tenant or a Very Low Income Tenant, as applicable.

(c) Income Certifications. The Owner will obtain, complete and maintain on file Income Certifications for each Tenant (i) immediately prior to the initial occupancy of a Restricted Unit by such Tenant, and (ii) thereafter, annually, in each case in the form attached hereto as Exhibit B, together with such information, documentation and certifications as are required therein or by the City, in its discretion, to substantiate the Tenant's income. In addition, the Owner will provide such further information as may be required in the future by the State, the City (on a reasonable basis), the Program Administrator and by the Act, Section 142(d) of the Code or the Regulations, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code.

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

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

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

(g) Lease Provisions Regarding Income Certification Reliance. All leases pertaining to Restricted Units do and shall contain clauses, among others, wherein each Tenant who occupies a Restricted Unit: (1) certifies the accuracy of the statements made in the Income Certification Form, (2) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such Tenant, that such Tenant will comply promptly with all requests for information with respect thereto from the Owner or the Program Administrator on behalf of the City, and that the failure to provide accurate information in the Income Certification Form or refusal to comply with a request for information with respect

thereto shall be deemed a violation of a substantial obligation of the tenancy of such Tenant; (3) acknowledges that the Owner has relied on the Income Certification Form and supporting information supplied by the Tenant in determining qualification for occupancy of the Restricted Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement; and (4) agrees that the Tenant's income is subject to annual certification in accordance with Subsection 4(c) hereof and that failure to cooperate with the annual recertification process reasonably instituted by the Owner pursuant to Subsection 4(d) above may provide grounds for termination of the lease.

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

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

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

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

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

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

(k) Compliance with Regulatory Agreement. The Owner shall exercise reasonable diligence to comply, or cause compliance, with the requirements of this Regulatory Agreement and shall notify the City within fifteen (15) days and correct any noncompliance within sixty (60) days after such noncompliance is first discovered or would have been discovered by the exercise of reasonable diligence, unless such noncompliance is not reasonably susceptible to correction within sixty (60) days and, in the opinion of Bond Counsel acceptable to the City, in its sole discretion, such noncompliance would not have an adverse effect on any exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, in which

event the Owner shall have such additional time as the City determines to be reasonably necessary to effect such correction provided the Owner has commenced such correction after discovery, is diligently prosecuting such correction and is keeping the City updated on the progress.

5. Additional Requirements of the City.

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

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

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

(d) Management Agent. The Owner shall not enter into any agreement providing for the management or operation of the Project with any party other than The John Stewart Company without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed.

(e) Certificate of Preference Program. To the fullest extent permitted by law [and except for any Units subsidized and reserved for Homeless Households (as defined in the Gap Loan documents)], the Owner shall comply with the City's Certificate of Preference Program pursuant to San Francisco Administrative Code Section 24.8 and the Operational Rules, to the extent such compliance is not in conflict with any other requirements imposed on the Project pursuant to Sections 42 and 142(d) of the Code, the Act, the CDLAC Resolution, CTCAC requirements or other applicable Federal or State law.

(f) Nondiscrimination Based on Section 8, Household Size, or Source of Income. The Owner shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, or any successor program or similar federal State or local governmental assistance program. The Owner shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants and the Owner shall not refuse to rent to any tenant on the basis of household size as long as such household size does not exceed two (2) persons for a studio unit; three (3)

persons for a one-bedroom unit; five (5) persons for a two-bedroom unit and seven (7) persons for a three-bedroom unit. The Owner shall not collect any additional fees or payments from such a tenant except security deposits or other deposits required of all tenants. The Owner shall not collect security deposits or other deposits from Section 8 certificate or voucher holders in excess of that allowed under the Section 8 program. The Owner shall not discriminate against tenant applicants on the basis of legal source of income (e.g., TANF, Section 8 or SSI), and the Owner shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (i.e., ability to pay shall be demonstrated if such a tenant can show that the same percentage or more of the tenant's income has been consistently paid on time for rent in the past as will be required to be paid for the rent applicable to the unit to be occupied, provided that such tenant's expenses have not increased materially). Further, Owner shall comply with all notice provisions set forth in the Housing Act prior to terminating any lease to which any Tenant is a party. The Owner acknowledges that (i) federal notice requirements under the Housing Act are distinct from those under State law or City law and the Owner shall comply with all federal, State and local laws in connection with any such notice requirements, and (ii) compliance with the law of one jurisdiction shall not be deemed compliance with the laws of all jurisdictions.

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

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

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

(j) Extension of Qualified Project Period. Notwithstanding any other provision herein, the Qualified Project Period shall not expire earlier than, and the requirements of this Section 5 shall be in effect until the later of (i) the date that is seventy-five (75) years from the Closing Date or (ii) the end of the Life of the Project, provided, however, that if the Life of the Project is less than 75 years due to casualty, then the term of the Life of the Project controls; provided that certain provisions of this Section 5 shall survive and remain in full force and effect following the end of the Qualified Project Period, as specified in Section 11 hereof.

(k) Marketing and Tenant Selection Plan. Owner will market the Restricted Units in accordance with the marketing and tenant selection plan approved by the City, which shall be substantially in the form referred to in Exhibit K, as may be updated by the City from time to time.

(l) Annual Reporting. Owner must file with the City annual reports (the "Annual Monitoring Report") no later than one hundred twenty (120) days after the end of Owner's fiscal year. The Annual Monitoring Report must be in substantially the form attached as Exhibit H, as may be updated by the City from time to time. Thereafter and for the remainder of the Life of the Project, the Owner shall maintain sufficient records of the information generally requested in the Annual Monitoring Report.

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

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

(b) Availability on Priority Basis. The Restricted Units shall remain available on a priority basis for occupancy at all times by Qualified Tenants.

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

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

(e) Restricted Income Units of Comparable Quality. The Restricted Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units which are available to other tenants and shall be distributed throughout the Project. Notwithstanding the foregoing, the parties agree that this Section 6(e) shall have no practical

effect because one hundred percent (100%) of the units in the Project are required to be Restricted Units pursuant to Section 4(a).

(f) Availability Following Expiration of Qualified Project Period. Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure and redemption of the Bonds, assignment of the leasehold interest in the Project in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as required by Subsection 4(a)(v) shall remain available to any eligible Tenant occupying a Restricted Unit at the date of such expiration or termination, at the rent determined by Subsection 4(a)(v), until the earliest of (1) the household's income exceeds [140%] of the maximum eligible income specified therein, (2) the household voluntarily moves or is evicted for good cause, as defined in the Housing Act, (3) the Owner pays the relocation assistance and benefits to households if, and as, required by Section 7264(b) of the California Government Code, and (4) seventy-five (75) years after the date of the Commencement of the Qualified Project Periods.

(g) Availability Preceding Expiration of Qualified Project Period. During the three (3) years prior to the expiration of the Qualified Project Period, the Owner shall continue to make available to eligible households Restricted Units that have been vacated to the same extent that non-Restricted Units, if any, are made available to non-eligible households.

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

(i) Syndication of the Project. As provided in Section 52080(e) of the Housing Law, the City hereby approves the syndication of tax credits with respect to the Project, pursuant to Section 42 of the Code, to the Investor Limited Partner, or any affiliate thereof or successor thereto, pursuant to the terms of the Partnership Agreement. Any syndication of tax credits with respect to the Project to an affiliate of the Investor Limited Partner shall not require the prior written approval of the City if the Partnership Agreement will not be amended, modified or supplemented in connection with such syndication except to reflect such transfer of limited partnership interests; provided, however, that the Owner shall provide to the City, at least five (5) business days prior to the effective date of any such syndication, written notice of such syndication certifying that no other amendment, modification or supplement to the Partnership Agreement will be effected in connection with such syndication, together with copies of any assignments of limited partnership interests and any other syndication documents. Any other syndication of the Project shall be subject to the prior written approval of the Director of the Mayor's Office of Housing and Community Development of the City, which approval shall be granted only after the City determines that the terms and conditions of such syndication (1) shall not reduce or limit any of the requirements of the Act or regulations adopted or documents executed pursuant to the Act, (2) shall not cause any of the requirements of the City set forth in this Section 6 hereof to be subordinated to the syndication agreement, and (3) shall not result in the provision of fewer Restricted Units, or the reduction of any benefits or services, than were in existence prior to the syndication agreement.

7. Indemnification. The Owner hereby releases the City (which includes MOHCD), the Trustee and the Purchaser and their respective officers, members, directors, officials and employees from, and covenants and agrees, to the fullest extent permitted by law, to indemnify, hold harmless and defend the City, the Trustee and the Purchaser and the officers, members, directors, officials, agents and employees of each of them (collectively, the “Indemnified Parties,” and each an “Indemnified Party”) from and against any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint and several (including, without limitation, costs of investigation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, the issuance, sale, transfer or resale of the Bonds, including any securitization thereof, any cancellation of the Bonds and any assignment or transfer of the Loan Documents, or the execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Project or the making of the Loan or otherwise, including without limitation, any advances of the Loan, or any failure by the Purchaser, as defined in the Indenture, to make any advance thereunder; (c) arising from any act or omission of the Owner or any of its agents, servants, employees or licensees, in connection with the Loan or the Project; (d) arising in connection with the issuance and sale, resale or reissuance of any Bonds, including any secondary market transaction with respect thereto, or any certifications or representations made by any person other than the City or the party seeking indemnification in connection therewith and the carrying out by the Owner of any of the transactions contemplated by the Indenture, the Loan Agreement and this Regulatory Agreement; (e) arising in connection with the operation and management of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, or construction of, the Project or any part thereof; and (f) arising out of or in connection with the exercise by the City, the Purchaser, the Trustee or the Controlling Person of their powers or duties under the Indenture, the Loan Agreement, this Regulatory Agreement or any other agreements in connection therewith to which either of them is a party or assignee; provided, however, that this provision shall not require the Owner to indemnify (i) the Purchaser from any claims, costs, fees, expenses or liabilities arising from the negligence or willful misconduct of the Purchaser, or (ii) the City for any claims, costs, fees, expenses or liabilities arising solely from the willful misconduct of the City. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Owner, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the engagement of counsel selected by the Indemnified Party; and the Owner shall assume the payment of all reasonable fees and expenses related thereto (provided however that if the Indemnified Party is the City, the selection of the counsel rests in the sole discretion of the City Attorney and the Owner shall assume the payment of all attorneys’ fees and expenses related thereto), with full power to litigate, compromise or settle the same in its discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Notwithstanding the foregoing, no indemnification obligation shall give rise to an obligation to pay principal and interest on the Loan, which is not otherwise set forth in the Indenture, the Loan Agreement, the Bonds or any other agreement relating to the Bonds.

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

Notwithstanding any transfer of the Project to another Owner in accordance with the provisions of Section 10 of this Regulatory Agreement, the Owner shall remain obligated to indemnify the City pursuant to this Section 7 if such subsequent Owner fails to so indemnify the City, unless at the time of transfer the City has consented to the transfer to the extent such consent is required hereunder.

The provisions of this Section 7 shall survive the term of the Bonds and this Regulatory Agreement, including termination of this Regulatory Agreement pursuant to the second paragraph of Section 11 hereof and the earlier removal or resignation of the Trustee.

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

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

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

9. Reliance. The City and the Owner hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all

persons interested in the legality and validity of the Bonds, and in the Tax-Exempt status of the interest on the Tax-Exempt Bonds. In performing its duties and obligations hereunder, the City may rely upon statements and certificates of the Owner and the Tenants, and upon audits of the books and records of the Owner pertaining to the Project. In addition, the City may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the City hereunder in good faith and in conformity with such opinion.

10. Sale or Transfer of the Project. The Owner intends to hold the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the Project (except in accordance with the Right of First Refusal (as defined in the Partnership Agreement), and, except as otherwise provided herein, hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder and/or pursuant to the aforementioned Right of First Refusal) or interest therein, including any interest in the Owner, without obtaining the prior written consent of the City, which consent shall not be unreasonably withheld, and receipt by the City of (i) evidence satisfactory to the City that the Owner's purchaser or transferee has assumed in writing and in full, the Owner's duties and obligations under this Regulatory Agreement, (ii) an opinion of counsel of the transferee that the transferee has duly assumed the obligations of the Owner under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iii) evidence acceptable to the City that either (A) the purchaser or assignee has experience in the ownership, operation and management of rental housing projects in the City such as the Project without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects, or (B) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subparagraph (A) above or (C) if the purchaser or assignee does not have management experience, the City may cause the Program Administrator to provide on-site training in program compliance if the City determines such training is necessary, (iv) evidence satisfactory to the City that no event of default exists under this Regulatory Agreement, the Loan Agreement or any document related to the Loan, and payment of all fees and expenses of the City and the Trustee due under any of such documents is current, and (v) an opinion of Bond Counsel to the effect that such transfer will not, in itself, cause interest on the Tax-Exempt Bonds to become includable in the gross income of the recipients thereof for federal income tax purposes except to the extent held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 10 shall be null, void and without effect, shall cause a reversion of title to the Owner, and shall be ineffective to relieve the Owner of its obligations under this Regulatory Agreement. Nothing in this Section 10 shall affect any provision of any other document or instrument between the Owner and any other party which requires the Owner to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project. Not less than 60 days prior to consummating any sale, transfer or disposition of any interest in the Project, the Owner shall deliver to the City a notice in writing explaining the nature of the proposed transfer and providing relevant information regarding the proposed transfer.

Notwithstanding the foregoing, the provisions of this Section 10 shall not apply to the granting of the Mortgage or transfer of all or any portion of (a) the limited partner interest of the Investor Limited Partner in the Owner (which is instead subject to paragraph (i) of Section 6,

(b) the General Partner interest to an affiliate of the General Partner or Investor Limited Partner if Investor Limited Partner has removed and replaced the General Partner for cause pursuant to the Partnership Agreement, or (c) the transfer of any non-managing member or limited partner interest in the Investor Limited Partner.

11. Term. Subject to the following paragraph of this Section 11, Section 7 hereof and to any other provision expressly agreed herein to survive the termination of this Regulatory Agreement, this Regulatory Agreement and all of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect until the later of (a) the end of the Qualified Project Period or (b) seventy-five (75) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied.

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

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

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

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

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

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

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

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

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

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

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

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

17. Payment of Fees.

(a) Each year, on the anniversary of the Closing Date, the Owner shall pay the City (or the Trustee, at the City's direction) an annual administrative fee (the "Annual Fee").

(b) The Annual Fee for each year shall be the greater of:

1. \$2,500 (the "Minimum Annual Fee"), or

2. 0.125% (one-eighth of one percent) of the *average outstanding principal amount of the Bonds* during the prior twelve months (the "Maximum Annual Fee").

(c) The average outstanding principal amount shall be determined by taking the actual outstanding principal balance of the Bonds as of the 14th day of each of the twelve months preceding the due date, adding those amounts together, and dividing by twelve.

(d) If in any prior year the Owner paid an Annual Fee that exceeded the Maximum Annual Fee for that year, the excess shall be credited against future Annual Fees until fully recaptured. The City's municipal advisor will calculate any such credit, which shall be confirmed before maturity of the Bonds by a Rebate Analyst approved by the City.

(e) The obligation to pay the Annual Fee shall continue for the full term of this Regulatory Agreement, notwithstanding prepayment or discharge of the Loan.

(f) Following an Event of Default, the Owner shall also pay the City compensation for services rendered and reimbursement of related expenses.

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

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

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

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

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

If to the City:	City and County of San Francisco City Hall, 1 Dr. Carlton B. Goodlett Place, Room 316 San Francisco, California 94102 Attention: City Controller
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With copies to:	City and County of San Francisco City Hall, 1 Dr. Carlton B. Goodlett Place, Room 140 San Francisco, California 94102 Attention: City Treasurer
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City and County of San Francisco
Mayor's Office of Housing and Community
Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attention: Director

Office of the City Attorney
City Hall, 1 Dr. Carlton B. Goodlett Place, Room 234
San Francisco, California 94102
Attention: Finance Team

If to the Owner: 1979 Mission Street PSH Associates, L.P.
c/o Mission Housing Development Corporation
474 Valencia St # 280
San Francisco, CA 94103
Attn: Executive Director

With copies to: Mission Economic Development Agency
2301 Mission St #301
San Francisco, CA 94110
Attn: Chief Executive Officer

and Gubb & Barshay LLP
505 14th Street, Suite 1050
Oakland, CA 94612
Attn: Evan Gross, Esq.

If to the Purchaser: Western Alliance Bank
1 East Washington Street, Suite 1400
Phoenix, AZ 85004

With copy to: Squire Patton Boggs, LLP
One Atlantic Center
1201 W. Peachtree, NE, Suite 3150
Atlanta, GA 30309

If to the Trustee: [TRUSTEE]

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

22. Interpretation. The parties to this Regulatory Agreement acknowledge that each party and their respective counsel have participated in the drafting of this Regulatory Agreement. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Regulatory Agreement or any supplement or exhibit hereto.

23. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

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

25. Third-Party Beneficiaries. The parties to the Regulatory Agreement recognize and agree that the terms of this Regulatory Agreement and the enforcement of those terms are entered into for the benefit of various parties, including CDLAC. The parties hereto acknowledge that the Purchaser is a third party beneficiary of this Regulatory Agreement. CDLAC shall accordingly have contractual rights in this Regulatory Agreement and shall be entitled (but not obligated) to enforce, in accordance with Section 15 hereof, the terms hereof and the terms of the CDLAC Resolution. In addition, CDLAC is intended to be and shall be a third-party beneficiary of this Regulatory Agreement. Notwithstanding the above, CDLAC shall be entitled solely to enforce the terms of the CDLAC Resolution, and any enforcement of the terms and provisions of the CDLAC Resolution by CDLAC shall not adversely affect the interests of the Purchaser, and shall otherwise be subject to the terms, conditions and limitations otherwise applicable to the enforcement of remedies under this Regulatory Agreement. Pursuant to Section 52080(k) of the Housing Law, the provisions of Subsection 4(a)(v) hereof may be enforced either in law or in equity by any resident, local agency, entity, or by any other person adversely affected by the Owner's failure to comply with that Section.

26. California Debt and Investment Advisory Commission Reporting Requirements.

No later than January 31 of each calendar year (commencing January 31, 2026), the Owner, on behalf of the City, agrees to provide the California Debt and Investment Advisory Commission, by any method approved by such Commission, with a copy to the City, the annual report information required by Section 8855(k)(1) of the California Government Code. This covenant shall remain in effect until the later of the date (i) the Bonds are no longer outstanding or (ii) the proceeds of the Bonds and the Loan have been fully spent.

27. Public Housing & RAD Provisions Rider. The provisions of the Public Housing & RAD Provisions Rider attached hereto as Exhibit K are incorporated by reference as if fully set forth herein. In the event of a conflict between provisions of the Public Housing & RAD Provisions Rider and the provisions of this Regulatory Agreement, the provisions of the Public Housing & RAD Provisions Rider shall control.

[Remainder of Page Intentionally Left Blank]

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

CITY AND COUNTY OF SAN FRANCISCO,
acting by and through the Mayor's Office of
Housing and Community Development

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

Approved as to Form:

DAVID CHIU
City Attorney

By _____
Kenneth D. Roux
Deputy City Attorney

[Signatures continue on following page.]

OWNER:

1979 MISSION STREET PSH ASSOCIATES, L.P.,
a California limited partnership

By: 1979 Mission PSH Housing Associates LLC,
a California limited liability company,
its managing general partner

By: Mission Housing Development Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Sam Moss,
Executive Director

By: MEDA 1979 PSH LLC,
a California limited liability company,
its administrative general partner

By: Mission Economic Development Agency,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Luis Granados,
Chief Executive Officer

EXHIBIT A
LEGAL DESCRIPTION OF THE SITE

EXHIBIT B
INCOME CERTIFICATION FORM

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

EXHIBIT C

COMPLETION CERTIFICATE

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

Re: City and County of San Francisco, California
Multifamily Housing Bonds (SFHA Scattered Sites)
Series 2025F-1 and Series [2025]A-2 (Taxable)

The undersigned (the "Owner") hereby certifies that all aspects of the construction of the Project (as that term is used in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of November 1, 2025, by and between the City and County of San Francisco and the Owner (the "Regulatory Agreement")) were substantially completed and available for occupancy by tenants in the Project as of _____.

1. The undersigned hereby certifies that:

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

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

(c) as shown on the attached sheet (showing the breakdown of expenditures for the Project and the source of the funds which were used to pay such costs), at least 97 percent of the amounts disbursed on the Loan (as that term is used in the Regulatory Agreement) have been applied to pay or reimburse the Owner for the payment of Qualified Project Costs (as that term is used in the Regulatory Agreement) and less than 25 percent of the amounts disbursed on the Loan, exclusive of amounts applied to pay the costs of issuing the Bonds, have been applied to pay or reimburse the Owner for the cost of acquiring land.

[Signature appears on next page]

OWNER:

1979 MISSION STREET PSH ASSOCIATES, L.P.,
a California limited partnership

By: 1979 Mission PSH Housing Associates LLC,
a California limited liability company,
its managing general partner

By: Mission Housing Development Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Sam Moss,
Executive Director

By: MEDA 1979 PSH LLC,
a California limited liability company,
its administrative general partner

By: Mission Economic Development Agency,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Luis Granados,
Chief Executive Officer

EXHIBIT D

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Project Name: 2970 16th Street Project

CDLAC Application Number(s): 25-634

CDLAC Resolution Number(s): 25-232

Property Address:

Project Completion Date (if completed, otherwise mark NA): _____

Name of Obligation: City and County of San Francisco, California Multifamily Housing Revenue Bonds (2970 16th Street Project), Series 2025F-1

The undersigned, being the authorized representatives of 1979 Mission Street PSH Associates, L.P., a California limited partnership (the "Owner"), hereby certifies that he/she has read and is thoroughly familiar with the provisions of the various documents associated with the Owner's participation in the City and County of San Francisco (the "City") Multifamily Housing Program, such documents including:

1. the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of November 1, 2025 (the "Regulatory Agreement"), between the Owner and the City; and
2. the Loan Agreement, dated as of November 1, 2025, between the City and the Owner.

The undersigned further certifies that:

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

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

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

B. During the preceding twelve-months (i) such Project was continually in compliance with the Regulatory Agreement executed in connection with such loan from the City and (ii) ____% of the units in the Project were occupied by Low Income Tenants and Very Low Income Tenants (minimum of 40%).

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

currently vacant and being held available for such occupancy and have been so held continuously since the date a Low Income Tenants or a Very Low Income Tenant vacated such unit, as indicated below:

Occupied by Very Low Income Tenants:

1 bedroom units: Unit Nos. _____

2 bedroom units: _____ Unit Nos. _____

3 bedroom units: _____ Unit Nos. _____

4 bedroom units: _____ Unit Nos. _____

Total percentage occupied by Very Low Income Tenants: _____

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

_____%; Unit Nos. _____

Vacant Units:

_____%; Unit Nos. _____

Occupied by Low Income Tenants:

1 bedroom units: Unit Nos. _____

2 bedroom units: _____ Unit Nos. _____

3 bedroom units: _____ Unit Nos. _____

4 bedroom units: _____ Unit Nos. _____

Total percentage occupied by Low Income Tenants: _____

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

_____%; Unit Nos. _____

Vacant Units:

_____%; Unit Nos. _____

It hereby is confirmed that each tenant currently residing in a unit in the Project has completed an Income Certification Form in the form approved by the City and that since commencement of the Qualified Project Period (as such term is defined in the Regulatory Agreement), not less than 40% of the occupied units in the Project have been rented to (or are vacant and last occupied by) Low Income Tenants. The undersigned hereby certifies that the Owner is not in default under any of the terms and provisions of the above documents.

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

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

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

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

[Describe any requirements not satisfied: _____]

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

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

_____ After-school Programs

_____ Educational, health and wellness, or skill building classes

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

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

_____ Bona-Fide Service Coordinator/ Social Worker

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

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

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

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

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

DATED: _____

OWNER:

1979 MISSION STREET PSH ASSOCIATES, L.P.,
a California limited partnership

By: 1979 Mission PSH Housing Associates LLC,
a California limited liability company,
its managing general partner

By: Mission Housing Development Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Sam Moss,
Executive Director

By: MEDA 1979 PSH LLC,
a California limited liability company,
its administrative general partner

By: Mission Economic Development Agency,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Luis Granados,
Chief Executive Officer

EXHIBIT E

CERTIFICATE AS TO COMMENCEMENT OF QUALIFIED PROJECT PERIOD

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

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

City and County of San Francisco, California
Multifamily Housing Revenue Bonds (2970 16th Street Project),
Series 2025F-1

The undersigned, being the authorized representative(s) of 1979 Mission Street PSH Associates, L.P., a California limited partnership, hereby certifies that: (complete blank information):

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

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

DATED:

OWNER:

1979 MISSION STREET PSH ASSOCIATES, L.P.,
a California limited partnership

By: 1979 Mission PSH Housing Associates LLC,
a California limited liability company,
its managing general partner

By: Mission Housing Development Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Sam Moss,
Executive Director

By: MEDA 1979 PSH LLC,
a California limited liability company,
its administrative general partner

By: Mission Economic Development Agency,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Luis Granados,
Chief Executive Officer

Acknowledged:

City and County of San Francisco

By: _____
Name, Title

EXHIBIT F
CDLAC RESOLUTION

EXHIBIT G

CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

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

1. Nondiscrimination; Penalties.

(a) *Nondiscrimination in Contracts.* Owner shall comply with the provisions of San Francisco Labor and Employment Code Articles 131 and 132. Owner shall incorporate by reference in all subcontracts the provisions of Sections 131.2(a), 131.2(c)-(k), and 132.3 of the San Francisco Labor and Employment Code and shall require all subcontractors to comply with such provisions. Owner is subject to the enforcement and penalty provisions in Articles 131 and 132. Owner shall comply with the provisions of San Francisco Labor and Employment Code Articles 131 and 132. Owner shall incorporate by reference in all subcontracts the provisions of Sections 131.2(a), 131.2(c)-(k), and 132.3 of the San Francisco Labor and Employment Code and shall require all subcontractors to comply with such provisions. Owner is subject to the enforcement and penalty provisions in Articles 131 and 132.

(b) *Nondiscrimination in the Provision of Employee Benefits.* San Francisco Labor and Employment Code Article 131.2 applies to this Agreement. Owner does not as of the date of this Agreement, and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for City elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Labor and Employment Code Article 131.2.

2. MacBride Principles—Northern Ireland. The provisions of San Francisco Administrative Code Chapter 12F are incorporated herein by this reference and made part of this Agreement. By signing this Agreement, Owner confirms that Owner has read and understood that City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

3. Tropical Hardwood and Virgin Redwood Ban. Pursuant to San Francisco Environment Code Section 804(b), City urges Owner not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

4. Alcohol and Drug-Free Workplace. City reserves the right to deny access to, or require Owner to remove from, City facilities personnel of the Owner or subcontractor who City

has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs City's ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

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

6. Sunshine Ordinance. Owner acknowledges that this Agreement and all records related to its formation, Owner's performance of services pursuant to this Agreement, and City's payment are subject to the California Public Records Act, (California Government Code § 7920 et seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state, or local law.

7. Limitations on Contributions. By executing this Agreement, Owner acknowledges its obligations under Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves; (ii) a candidate for that City elective office; or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of Owner's board of directors; Owner's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than ten percent (10%) in Owner; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Owner. Owner certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

8. Minimum Compensation Ordinance. Labor and Employment Code Article 111 applies to this Agreement. Owner shall pay covered employees no less than the minimum compensation required by San Francisco Labor and Employment Code Article 111, including a minimum hourly gross compensation, compensated time off, and uncompensated time off. Owner is subject to the enforcement and penalty provisions in Article 111. Information about and the text of Article 111 is available on the web at <http://sfgov.org/olse/mco>. Owner is required to comply with all of the applicable provisions of Article 111, irrespective of the listing of obligations in this Section. By signing and executing this Agreement, Owner certifies that it complies with Article 111.

9. Requiring Health Benefits for Covered Employees. Labor and Employment Code Article 121 applies to this contract. Owner shall comply with the requirements of Article 121. For each Covered Employee, Owner shall provide the appropriate health benefit set forth in Article 121.3 of the HCAO. If Owner chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission. Information about and the text of Article 121, as well as the Health Commission's minimum standards, is available on the web at <http://sfgov.org/olse/hcao>. Owner is subject to the enforcement and penalty provisions in Article 121.

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

11. Nondisclosure of Private, Proprietary or Confidential Information. If this Agreement requires City to disclose "Private Information" to Owner within the meaning of San Francisco Administrative Code Chapter 12M, Owner shall use such information only in accordance with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the services pursuant to this Agreement. Owner is subject to the enforcement and penalty provisions in Chapter 12M.

In the performance of its services, Owner may have access to, or collect on City's behalf, City Data, which may include proprietary or Confidential Information that if disclosed to third parties may damage City. If City discloses proprietary or Confidential Information to Owner, or Owner collects such information on City's behalf, such information must be held by Owner in confidence and used only in performing the Agreement. Owner shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or Confidential Information.

12. Consideration of Criminal History in Hiring and Employment Decisions. Owner agrees to comply fully with and be bound by all of the provisions of Article 142, "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Labor and Employment Code ("Article 142"), including the remedies provided, and implementing regulations, as may be amended from time to time. The

provisions of Article 142 are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of Article 142 is available on the web at <http://sfgov.org/olse/fco>. Owner is required to comply with all of the applicable provisions of Article 142, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Article 142.

The requirements of Article 142 shall only apply to a Owner's operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco. Article 142 shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

13. Submitting False Claims; Monetary Penalties. The full text of San Francisco Administrative Code Section 21.35, including the enforcement and penalty provisions, is incorporated into this Agreement. Any contractor or subcontractor who submits a false claim shall be liable to City for the statutory penalties set forth in that section.

14. Conflict of Interest. By executing this Agreement, Owner certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 et seq.); or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 et seq.), and further agrees promptly to notify City if it becomes aware of any such fact during the term of this Agreement.

15. Food Service Waste Reduction Requirements. Owner shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the remedies for noncompliance provided therein.

16. Laws Incorporated by Reference. The full text of the laws listed in this Exhibit, including enforcement and penalty provisions, are incorporated by reference into this Agreement. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Exhibit and elsewhere in the Agreement ("Mandatory City Requirements") are available at http://www.amlegal.com/codes/client/san-francisco_ca/

17. First Source Hiring Program. Owner must comply with all of the applicable provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Agreement; and Owner is subject to the enforcement and penalty provisions in Chapter 83.

18. Prevailing Wages. Services to be performed by Owner under this Agreement may involve the performance of work covered by the California Labor Code Sections 1720 and 1782, as incorporated within Section 6.22(e) of the San Francisco Administrative Code, or San Francisco

Administrative Code Chapter 102 (collectively, “Covered Services”), which is incorporated into this Agreement as if fully set forth herein and will apply to any Covered Services performed by Owner.

19. Assignment. The Services to be performed by Owner are personal in character. This Agreement may not be directly or indirectly assigned, novated, or otherwise transferred unless first approved by City by written instrument executed and approved in the same manner as this Agreement. Any purported assignment made in violation of this provision shall be null and void.

20. Cooperative Drafting. This Agreement has been drafted through a cooperative effort of City and Owner, 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.

EXHIBIT H
FORM OF ANNUAL MONITORING REPORT

[See Attached]

EXHIBIT I

OPERATIONAL RULES FOR SAN FRANCISCO HOUSING LOTTERIES AND RENTAL LEASE UP ACTIVITIES

The Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities may be found in the current version of the Housing Preferences and Lottery Procedures Manual which is incorporated herein by this reference and may be downloaded from the Mayor's Office of Housing and Community Development website at the following link:

http://sfmohcd.org/sites/default/files/Preferences%20Manual%20-%20%203.31.2017_0.pdf.

EXHIBIT J

MARKETING AND TENANT SELECTION PLAN

The Marketing Plan and Tenant Selection Plan (also referred “Resident Section Criteria”) may be downloaded from the Mayor’s Office of Housing and Community Development website at the following link:

https://sfmohcd.org/sites/default/files/Documents/MOH/Inclusionary%20Manuals/Preferences%20Manual%20-%20%203.31.2017_0.pdf

EXHIBIT K

PUBLIC HOUSING & RAD PROVISIONS RIDER TO REGULATORY AGREEMENT

The following modifications are made to the Instrument that precedes this Public Housing Provisions Rider. The provisions hereof shall be deemed incorporated by reference in each document (each, a “**Related Document**”) that, together with the Instrument, evidences, secures, or otherwise relates to the same financing transaction as the Instrument (the “**Financing Transaction**” or “**Loan**”).

I. DEFINITIONS.

“**ACC**” means the Consolidated Annual Contributions Contract between HUD and the Authority, as the same may be amended from time to time including, without limitation, as amended by a Mixed-Finance ACC Amendment relating to the Project Units.

“**Act**”: means the United States Housing Act of 1937, as amended, and all regulations pursuant thereto.

“**Authority**”: means The Housing Authority of the City and County of San Francisco, a public body, corporate and politic.

“**Lender**”: means the lender to the Borrower, whether in the capacity of lender, mortgagee, beneficiary or otherwise.

“**Borrower**”: means the indebted party executing the Instrument, whether in the capacity of borrower, mortgagor, trustor, or otherwise.

“**Development**” means the residential apartment complex for which the Loan is provided and that secures the Loan.

“**HUD**”: means the U.S. Department of Housing and Urban Development

“**Instrument**”: means the indenture, loan agreement, mortgage, deed of trust, or other loan document to which this Public Housing Provisions Rider to Loan Instrument is attached.

“**Official Records**”: means the registry of government in which documents are recorded in connection with a transfer, lien or encumbrance relating to real property.

“**Project Units**”: means [33] residential units in the Development.

“**Public Housing Units**”: means public housing units as defined in Section 3(b) of the United States Housing Act of 1937, as amended, and all regulations pursuant thereto.

“**RAD PBV Units**”: means units assisted by Section 8 Project-Based Vouchers under RAD.

“**RAD**”: means HUD Rental Assistance Demonstration Program authorized by the Consolidated and Further Continuing Appropriations Act of 2012 as amended by the Consolidated Appropriations Act, 2014 (Pub. L. No. 113-76, approved January 17, 2014), the Consolidated and Further Continuing Appropriations Act, 2015 (Pub. L. No. 113-235, approved December 6, 2014), and Division L, Title II, Section 237 of the Consolidated Appropriations Act (Pub. L. No. 114-113, enacted December 18, 2015).

“RAD Requirement(s)”: means: requirements applicable to the RAD program authorized by the Consolidated and Further Continuing Appropriations Act of 2012 as amended by the Consolidated Appropriations Act, 2014 (Pub. L. No. 113-76, approved January 17, 2014), the Consolidated and Further Continuing Appropriations Act, 2015 (Pub. L. No. 113-235, approved December 6, 2014), and Division L, Title II, Section 237 of the Consolidated Appropriations Act (Pub. L. No. 114-113, enacted December 18, 2015) , HUD Notice H-2019-09 PIH-2019-23 (HA) (September 5, 2019), as may be further amended; and requirements contained in (1) the RAD Use Agreement, (2) the RAD Conversion Commitment (HUD Form 52624), as amended, and (3) the Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to the Section 8 Project-Based Voucher Program Housing Assistance Payment Contract (HUD Form 52621A and HUD 52621B) related to the RAD PBV Units.

“Related Document”: means each document that, together with the Instrument, evidences, secures, or otherwise relates to the same financing transaction as the Instrument (the **“Financing Transaction”** or **“Loan”**).

“R&O Agreement”: means the Regulatory and Operating Agreement between the Borrower and the Authority.

II. PUBLIC HOUSING REQUIREMENTS. During any period when the Development is encumbered by a HUD Declaration (as defined below), the following provisions shall apply (collectively, the **“Public Housing Requirements”**):

1. **SUBORDINATION TO HUD REQUIREMENTS.** This Instrument and any conveyance herein is made subject to that certain Declaration of Restrictive Covenants executed by Borrower in favor of HUD, and recorded contemporaneously herewith in the Official Records (**“HUD Declaration”**). The Lender hereby acknowledges that the Project Units are Public Housing Units and are subject to all requirements applicable to public housing units under the Act, including, without limitation, requirements with respect to operating receipts and operating expenditures as contained in the public housing ACC. Notwithstanding any provisions to the contrary herein, in the event of any conflict between a provision contained in this Instrument, and a requirement set forth in (i) the R&O Agreement; or (ii) the ACC, Mixed-Finance ACC Amendment, and any other Federal statutes, regulations and executive orders, all of which shall be referred to herein as Federal Requirements, except as such requirements may have been expressly waived in writing by HUD, the Federal Requirements shall in all instances be deemed to be controlling. The approval by HUD of the Mixed-Finance ACC Amendment, and any evidentiary materials submitted pursuant thereto, including but not limited to this Instrument, shall not be deemed in any way to be HUD approval of this Instrument to amend, modify or alter said Regulatory and Operating Agreement or Federal Requirements. This Instrument may not be amended in any way that in the opinion of HUD may adversely affect the continued maintenance and operation of the Project Units as Public Housing Units without the prior written approval of HUD.

2. **RESTORATION IF FEASIBLE.** In the event of casualty or condemnation affecting the “Land” or “Improvements” (as defined in the Instrument), then notwithstanding any contrary provision of the Instrument or any Related Document, Lender shall not exercise any right or option it may have to apply insurance or condemnation proceeds to the payment of sums secured by or owing to it pursuant to the “Loan” (as defined in the Instrument), but shall permit the restoration, reconstruction, or repair to substantially the condition preceding the casualty or condemnation, or to a lesser condition approved by Lender (any of them, “**Restoration**”) of the Development, if feasible. Unless otherwise determined by HUD in accordance with Federal Requirements, Restoration shall be deemed feasible if all of the following conditions are met: (i) Borrower is not in breach or default of any provisions of the Instrument or any Related Document and is not in breach during any period of Restoration; (ii) Lender reasonably determines that there will be sufficient funds for Restoration (whether from insurance proceeds, a condemnation award or settlement, or other funds that may be provided by Borrower or other lenders); (iii) Lender determines that Restoration will be completed prior to the maturity date of the Note; and (iv) Lender determines that the operating income of the Development following Restoration will be sufficient to meet all obligations to the Lender under the Instrument and any Related Document.

3. **RESTRICTIONS ON PUBLIC HOUSING RENTS AND OPERATING SUBSIDY.** Any public housing rent or operating subsidy shall only be utilized in accordance with the R&O Agreement and any Development reserves that contain public housing rent or operating subsidy shall be utilized in accordance with the R&O Agreement.

4. **LIMITATION ON RECOURSE.** Lender recognizes that, except as otherwise authorized pursuant to the ACC, as amended, the Owner may not transfer, convey, assign, lease, mortgage, pledge or otherwise encumber, and Lender shall have no recourse against, (a) any “project,” as such term is defined in the ACC, (b) any operating receipts of the Owner (as the term “operating receipts” is defined in the ACC) that are subject to the ACC, (c) any public housing operating reserve of the Owner reflected in the Owner’s annual operating budget and required under the ACC, or (d) any other asset of the Owner whose uses are limited by Federal Requirements.

5. **RESTORE-REBUILD TERMINATION OF PUBLIC HOUSING REQUIREMENTS.** The Public Housing Units will be converted to federally assisted housing under the Restore-Rebuild program, which permits public housing agencies to leverage their existing public housing Faircloth authority to create new federally assisted housing through the RAD program. Pursuant to the Restore-Rebuild program, the Project Units will be developed as public housing using HUD’s public housing mixed-finance program with a pre-approval to convert the Project Units to a long-term housing assistance contract following the acquisition and renovation of the Public Housing Units.

Upon completion of renovation of the Public Housing Units and conversion to the RAD program, the Project Units shall no longer be Public Housing Units and shall no longer be subject to Public Housing Requirements, including the requirements set forth under the Declaration, R&O Agreement, and Mixed Finance ACC Amendment, which shall terminate and no longer be of any force or effect with respect to the Development. Thereafter, upon recording of the RAD Use Agreement, the Project Units will be RAD PBV Units and the following RAD Requirements shall be applicable to the Development.

III. RENTAL ASSISTANCE DEMONSTRATION (RAD) REQUIREMENTS.

During any period when the Development is encumbered by a RAD Use Agreement, the following provisions shall apply:

1. **SUBORDINATION TO RAD REQUIREMENTS.** The Lender acknowledges that the Project Units will be RAD PBV Units assisted by Section 8 Project-Based Vouchers and shall comply with the RAD Requirements. If there is a conflict between a provision of the Instrument and any Related Document and any RAD Requirement, then the RAD Requirement shall govern, except as such RAD Requirement may have been expressly waived in writing by HUD. The Instrument is subordinate and subject to the RAD Use Agreement that will be recorded in the Official Records. Any transfers of interests in the Development or Borrower will be made in accordance with the RAD Requirements.

IV. NOTICE. If Lender gives notice of default to Borrower under the Instrument or any Related Document, Lender shall give a copy of such notice to the Housing Authority and to HUD in the same manner of notice as is provided for in the Instrument or other Related Document; provided, however, that the failure of any such party to receive any such notice shall not be a defense against any action taken or to be taken by Lender against the Borrower under the Instrument or any Related Document. Such notice shall be given at the addresses set forth below:

If to the Housing Authority:

Housing Authority of the City and County of
San Francisco
1815 Egbert Avenue, Suite 300
San Francisco, CA 94124
Attn: Chief Executive Officer

With a copy to:

United States Department of Housing and
Urban Development
451 Seventh St., S.W.
Washington, DC 20410
Attn: Asst. Secretary of Public and Indian
Housing

K-5

Public Housing & RAD Provisions Rider
2970 16th Street

