

File No. 210383

Committee Item No. 6

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date April 28, 2021

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Clinic Ground Lease</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>General Plan Referral - June 14, 2019</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Notice of Funding Availability</u> |
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Completed by: Linda Wong

Date April 20, 2021

Completed by: Linda Wong

Date _____

1 [Acquisition of Real Property - 4840 Mission Housing Associates LP - 4840 Mission Street -
2 100% Affordable Housing - \$0 in Exchange for \$8,150,000 Credit - Ground Lease with Base
3 Rent of \$15,000 - Loan Not to Exceed \$28,751,450]

4 **Resolution 1) approving and authorizing the Director of Property, on behalf of the**
5 **Mayor's Office of Housing and Community Development ("MOHCD"), to acquire Real**
6 **Property, located at 4840 Mission Street ("Property") from 4840 Mission Housing**
7 **Associates LP ("Developer") for \$0 in exchange for a \$8,150,000 credit; 2) placing the**
8 **Property under the jurisdiction of MOHCD for use in constructing affordable housing**
9 **for San Franciscans; 3) approving and authorizing a Loan Agreement in an amount not**
10 **to exceed \$28,751,450 for a minimum loan term of 57 years ("Loan Agreement") to**
11 **finance the construction of a 100% affordable, 137-unit multifamily rental housing**
12 **development (plus two staff units) on the Property for low income households with 40**
13 **parking spaces and an ancillary commercial space of approximately 4,407 square feet**
14 **for public benefit or community-serving purposes ("Residential Project") and the**
15 **construction of the cold shell for a nonprofit community-serving health clinic ("Clinic**
16 **Project," and together with the Residential Project, the "Project"); 4) approving and**
17 **authorizing an Agreement for Purchase and Sale for acquisition of the Property**
18 **("Purchase Agreement"); 5) approving and authorizing a Ground Lease back to the**
19 **Developer for a lease term of 75 years and one 24-year option to extend and an annual**
20 **base rent of \$15,000 in order to construct the Residential Project ("Residential Ground**
21 **Lease"), and a Ground Lease back to the Developer for a lease term of 75 years and**
22 **one 24-year option to extend and an annual base rent of \$5,000 in order to construct**
23 **the Clinic Project ("Clinic Ground Lease"); 6) adopting findings that the Purchase**
24 **Agreement, Loan Agreement, Residential Ground Lease, and Clinic Ground Lease are**
25 **consistent with the General Plan, and the eight priority policies of Planning Code,**

1 **Section 101.1; and 7) authorizing the Director of Property and/or the Director of MOHCD**
2 **to execute the Purchase Agreement, Loan Agreement, Residential Ground Lease, and**
3 **Clinic Ground Lease, make certain modifications to such agreements, as defined**
4 **herein, and take certain actions in furtherance of this Resolution, as defined herein.**

5
6 WHEREAS, The City and County of San Francisco (the “City”), acting through
7 MOHCD, administers a variety of housing programs that provide financing for the
8 development of new affordable housing and the rehabilitation of single- and multi-family
9 housing for low- and moderate-income households and resources for homeowners in San
10 Francisco; and

11 WHEREAS, MOHCD enters into loan agreements with affordable housing developers
12 and operators; administers loan agreements; reviews annual audits and monitoring reports;
13 monitors compliance with affordable housing requirements in accordance with capital funding
14 regulatory agreements; and if necessary, takes appropriate action to enforce compliance; and

15 WHEREAS, On April 18, 2016, MOHCD issued the Proposition A Notice of Funding
16 Availability (“NOFA”), for the acquisition and predevelopment financing for affordable
17 multifamily rental housing supported by 2015 General Obligation Housing Bond – Proposition
18 A; and

19 WHEREAS, BRIDGE Housing Corporation (“BRIDGE”), California nonprofit public
20 benefit corporation, responded to the NOFA, and the Project was selected for development
21 funding; and

22 WHEREAS, BRIDGE established 4840 Mission Housing Associates LP, a
23 California limited partnership (the “Developer”), as a separate entity under which to
24 develop the Project; and

1 WHEREAS, The Developer acquired the Property (Assessor's Parcel Block No.
2 0741, Lot No. 002) for the purpose of developing the Project; and

3 WHEREAS, MOHCD has evaluated the Property and confirmed that it can utilize the
4 Property for development of permanently affordable housing, and the City desires to acquire
5 the Property, and place under the jurisdiction of MOHCD, from Developer for the purpose of
6 constructing affordable housing; and

7 WHEREAS, By an authorization dated June 14, 2019 (the "Planning Department
8 Authorization"), the Planning Director authorized the affordable housing project authorization
9 for the Project, deeming the Project consistent with the General Plan and eight priority policies
10 of Planning Code, Section 101.1, a copy of the authorization with the is on file with the Clerk
11 of the Board of Supervisors in File No. 210383, and is incorporated herein by reference; and

12
13 WHEREAS, The City, through MOHCD and Real Estate Division, in consultation with
14 the Office of the City Attorney, has negotiated the Purchase Agreement to acquire the
15 Property from Developer for \$0 in exchange for a \$8,150,000 credit substantially in the form
16 approved by the Director of Property and the Director of MOHCD and on file with the Clerk
17 of the Board of Supervisors in File No. 210383, incorporated herein by reference; and

18 WHEREAS, The Director of Property determines the Property to be at or below fair
19 market value, which was confirmed by an independent appraisal; and

20 WHEREAS, The Property will be delivered vacant at close of sale; and

21 WHEREAS, MOHCD and the Director of Property have approved the form of the
22 Residential Ground Lease between the City and the Developer, pursuant to which the City will
23 lease the Property back to the Developer for a term of 75 years and one 24-year option to
24 extend and a base rent of \$15,000 per year, in exchange for the Developer's agreement,
25 among other things, to construct and operate the Residential Project with rent levels

1 affordable to households up to 120% of unadjusted San Francisco Area Median Income (AMI)
2 with an average of 60% of AMI across the rental units, and a copy of the Residential Ground
3 Lease in a form substantially approved is on file with the Clerk of the Board of Supervisors in
4 File No. 210383, and is incorporated herein by reference; and

5 WHEREAS, The proposed rent of the Residential Ground Lease is less than Market
6 Rent (as defined in Administrative Code, Section 23.2), but the lower rent will serve a public
7 purpose by providing affordable housing for low-income households in need; and

8 WHEREAS, MOHCD and the Director of Property have approved the form of the Clinic
9 Ground Lease between the City and the Developer, pursuant to which the City will lease the
10 Property back to the Developer for a term of 75 years and one 24-year option to extend and a
11 base rent of \$5,000 per year, in exchange for the Developer's agreement, among other things,
12 to construct the Clinic Project, which will be operated by the Mission Neighborhood Health
13 Center, and a copy of the Clinic Ground Lease in a form substantially approved is on file with
14 the Clerk of the Board of Supervisors in File No. 210383, and is incorporated herein by
15 reference; and

16 WHEREAS, The proposed rent of the Clinic Ground Lease is less than Market Rent (as
17 defined in Administrative Code, Section 23.2), but the lower rent will serve a public purpose by
18 providing a nonprofit community-serving health clinic and other public benefit purposes; and

19 WHEREAS, MOHCD is also providing the Developer with new financial assistance to
20 leverage equity from an allocation of low-income housing tax credits and other funding
21 sources in order for Developer to construct the Project; and

22 WHEREAS, On February 19, 2021, the Citywide Affordable Housing Loan Committee,
23 consisting of MOHCD, Department of Homeless and Supportive Housing, the Office of
24 Community Investment and Infrastructure, and the Controller's Office of Public Finance
25 recommended approval to the Mayor of the Loan Agreement for the Project in an amount not

1 to exceed \$28,751,450 in local funds, a copy of which is in a form substantially approved is
2 on file with the Clerk of the Board of Supervisors in File No. 210383, and is incorporated
3 herein by reference; and

4 WHEREAS, The Loan Agreement would be entered into under the following material
5 terms: (i) a minimum term of 57 years; (ii) an interest rate of up to three percent (3%); (iii)
6 annual repayment of the Loan Agreement by Developer through residual receipts from the
7 Project; (iv) the Project shall be restricted for life of the Project as affordable housing to low-
8 income households with annual maximum rent and income established by MOHCD; and (v)
9 the Loan Agreement shall be secured by a deed of trust recorded against each of the
10 Developer's leasehold interest in the Property; and

11 WHEREAS, In consideration of and upon the Developer's conveyance of the Property
12 to the City, MOHCD will apply a credit of \$8,150,000 to the outstanding balance and accrued
13 interest under an existing predevelopment and acquisition loan agreement, subject to the
14 conditions described in the Purchase Agreement; now, therefore, be it

15 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
16 associated actions necessary to effectuate the Project) is consistent with the General Plan,
17 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as
18 set forth in the Planning Department Authorization, and hereby incorporates such findings by
19 reference as though fully set forth in this Resolution; and, be it

20 FURTHER RESOLVED, That in accordance with the recommendation of the Director
21 of MOHCD and the Director of Property, the Board of Supervisors approves the Purchase
22 Agreement, Residential Ground Lease, and Clinic Ground Lease, each in substantially the
23 form presented to the Board, and authorizes the Director of Property (or the Director's
24 designee, as used throughout) and Director of MOHCD, to execute and deliver the Purchase
25 Agreement, Residential Ground Lease, and Clinic Ground Lease, each in substantially the

1 form presented to the Board, and any such other documents that are necessary or advisable
2 to complete the transaction contemplated by the Purchase Agreement, Residential Ground
3 Lease, and the Clinic Ground Lease, and to effectuate the purpose and intent of this
4 Resolution, and determines that the less than Market Rent payable under the Residential
5 Ground Lease and Clinic Ground Lease will serve a public purpose by providing affordable
6 housing for low-income households in need and a community-serving health clinic; and, be it

7 FURTHER RESOLVED, That MOHCD has legal authority, is willing, and is in a position
8 financially and otherwise to assume immediate care and maintenance of the Property, and
9 that the Director of Property, is hereby authorized to accept the deed to the Property from the
10 Developer upon the closing in accordance with the terms and conditions of the Purchase
11 Agreement, to place the Property under the jurisdiction of MOHCD, and to take any and all
12 steps (including, but not limited to, the execution and delivery of any and all certificates,
13 agreements, notices, consents, escrow instructions, closing documents and other instruments
14 or documents) as the Director of Property deems necessary or appropriate in order to acquire
15 the Property pursuant to the Purchase Agreement, or to otherwise effectuate the purpose and
16 intent of this Resolution, such determination to be conclusively evidenced by the execution
17 and delivery by the Director of Property of any such documents; and, be it

18 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
19 Agreement in substantially the form presented to the Board, and authorizes the Mayor and the
20 Director of MOHCD (or the Director's designee, as used throughout), to execute and deliver
21 the Loan Agreement and any such other documents that are necessary or advisable to
22 complete the transaction contemplated by the Loan Agreement and to effectuate the purpose
23 and intent of this Resolution; and, be it

24 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
25 Property and/or Director of MOHCD, in consultation with the City Attorney, to enter into any

1 additions, amendments, or other modifications to the Purchase Agreement, Residential
2 Ground Lease, Clinic Ground Lease, Loan Agreement, and any other documents or
3 instruments necessary in connection therewith (including, without limitation, preparation and
4 attachment or, or changes to, any of all of the exhibits and ancillary agreements), that the
5 Director of Property and/or Director of MOHCD determine are in the best interests of the City,
6 do not materially decrease the benefits to the City with respect to the Property, do not
7 materially increase the obligations or liabilities of the City, and are necessary or advisable to
8 complete the transaction contemplated in the Purchase Agreement, Residential Ground
9 Lease, Clinic Ground Lease, and Loan Agreement, and that effectuate the purpose and intent
10 of this Resolution, such determination to be conclusively evidenced by the execution and
11 delivery by the Director of Property and/or the Director of MOHCD of any such additions,
12 amendments, or other modifications; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
14 delegates to the Director of MOHCD and/or the Director of Property, the authority to
15 undertake any actions necessary to protect the City's financial security in the Property and
16 enforce the affordable housing restrictions, which may include, without limitation, acquisition
17 of the Property upon foreclosure and sale at a trustee sale, acceptance of a deed in lieu of
18 foreclosure, or curing the default under a senior loan; and, be it

19 FURTHER RESOLVED, That all actions authorized and directed by this Resolution and
20 heretofore taken are hereby ratified, approved and confirmed by this Board of Supervisors;
21 and, be it

22 FURTHER RESOLVED, That within thirty (30) days of the Purchase Agreement, the
23 Residential Ground Lease, Clinic Ground Lease, and Loan Agreement being fully executed by
24 all parties, MOHCD shall provide the final agreements to the Clerk of the Board for inclusion
25 into the official file.

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RECOMMENDED:

/s/
Andrico Q. Penick, Director of Property

/s/
Eric D. Shaw, Director
Mayor's Office of Housing and Community Development

<p>Item 6 File 21-0383</p>	<p>Department: Mayor Office of Housing & Community Development (MOHCD)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution approves (a) a purchase and sale agreement between the Mayor’s Office of Housing and Community Development (MOHCD) and Mission Housing Associates LP (Mission Housing), in which the City would purchase 4840 Mission Street from Mission Housing for a purchase price of \$8.15 million, to be credited against a prior MOHCD loan of \$18.5 million to Mission Housing; (b) two 75-year ground leases between MOHCD and Mission Housing for the residential and the clinic developments at 4840 Mission Street; and (c) a new loan by MOHCD to Mission Housing of \$28,751,450 for a term of 57 years as gap financing for development of the residential and clinic projects at 4840 Mission Street. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • 4840 Mission Street is a proposed affordable housing development for families, consisting of 135 housing units affordable to families with household incomes between 30 percent and 108 percent of Area Median Income (plus two managers’ units) and a health clinic. The Board of Supervisors previously approved in 2019 an \$18.5 million loan to 4840 Mission Housing, an affiliate of BRIDGE Housing Corporation, to pay acquisition and development costs for 4840 Mission Street. • The project includes a health clinic to be operated by Mission Neighborhood Health Clinic (MNHC). After completion of the construction of the project, Mission Housing would assign the clinic ground lease to MNHC, and MNHC would reimburse \$3.0 million of project development costs. • The total project budget for the affordable housing and clinic development at 4840 Mission (not including acquisition) is \$108.1 million. Sources of project funds come from the MOHCD loan, a commercial loan, low income house tax credit financing, and deferred developer fees. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Project development costs, not counting land acquisition, are approximately \$790,000 per unit. The City’s costs are approximately \$285,000 per unit. • The project income comes primarily from tenant rents and the federal Department of Housing and Urban Development (HUD) Housing Assistance Payments (also known as Section 8 Project Based Vouchers). The project pro forma estimates sufficient income to pay operating expenses, reserve replacement, debt service on the commercial loan, and asset management and deferred developer fees. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

4840 Mission Street is a proposed affordable housing development for families, consisting of 137 housing units and a health clinic. In 2019, the Board of Supervisors approved an \$18.5 million loan agreement between the Mayor's Office of Housing and Community Development (MOHCD) and 4840 Mission Housing Associates, LP, an affiliate of BRIDGE Housing Corporation ("BRIDGE"), to pay acquisition and development costs for 4840 Mission Street (File 19-0934).

BRIDGE was awarded the loan following a competitive Notice of Funding Availability (NOFA) in 2016. BRIDGE acquired 4840 Mission Street in 2017 for \$12 million, using loan funds from MOHCD and the Housing Accelerator Fund. The \$18.5 million loan approved by the Board in 2019 consolidated a prior MOHCD loan to BRIDGE to partially fund acquisition and predevelopment costs, and new funds for predevelopment and repayment of the Housing Accelerator Fund loan.

The proposed project would develop 135 units (plus two manager units) of mixed income housing for families with income levels ranging from 30 percent to 108 percent of Area Median Income (AMI), and a health clinic.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would:

- Authorize the Director of Real Estate to purchase 4840 Mission Street from 4840 Mission Housing Associates L.P. ("Mission Housing") at no cost in exchange for a \$8,150,000 credit; and place the property under the jurisdiction of the Mayor's Office of Housing and Community Development (MOHCD) for construction of affordable housing;
- Approve a loan agreement in the amount of \$28,751,450 for a term of 57 years to finance construction of the affordable housing;
- Authorize a purchase and sale agreement for the City to acquire 4840 Mission Street;
- Approve a ground lease to Mission Housing for 4840 Mission Street for a term of 75 years with one 24-year option to extend, and annual base rent of \$15,000 in order to construct the affordable housing; and a ground lease to Mission Housing for a term of 75 years with one 24-year option to extend and annual base rent of \$5,000 in order to construct a health clinic;
- Adopt findings that the Purchase Agreement, Loan Agreement, Residential Ground Lease, and Clinic Ground Lease are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1;¹ and

¹ The eight priorities defined in Planning Code Section 101.2 states are that (1) existing neighborhood-serving retail uses will be preserved and enhanced and future opportunities for resident employment in and ownership of such

- Authorize the Director of Real Estate and/or the Director of MOHCD to execute the Purchase Agreement, Loan Agreement, Residential Ground Lease, and Clinic Ground Lease, make certain modifications to such agreements, and take certain actions in furtherance of the resolution.

Purchase and Sale Agreement

The purchase and sale agreement is between Mission Housing and the City, in which the City would purchase from Mission Housing the property at 4840 Mission Street, consisting of 1.48 acres of land, the existing building (formerly used as a morgue), and any other easements or legal rights or privileges associated with the property. The City would purchase the property “as is” for \$8,150,000. The purchase amount of \$8,150,000 would be in the form of a credit against the outstanding balance of the previously-approved \$18.5 million loan to Mission Housing (as an affiliate of BRIDGE).

Costs to be paid by Mission Housing include the premium for title insurance, transfer taxes (if applicable), and utilities, taxes, or other expenses due up to the date of the sale of the property.

Ground Leases

Upon sale of 4840 Mission Street to the City, the City would enter into the following two ground leases:

1. Residential ground lease with Mission Housing, for an initial term of 75 years with one 24-year option to extend. Rent will consist of annual base rent of \$15,000 over the 75-year term of the ground lease, and residual rent equal to 10 percent of the appraised fair market value less the value of the clinic parcel, estimated to be \$673,346. Residual rent is due only if sufficient surplus receipts are available, in accordance with MOHCD Residual Receipts policy.²
2. Clinic ground lease with Mission Housing, for an initial term of 75 years with one 24-year option to extend. Base rent is \$5,000 per year. Mission Housing and Mission Neighborhood Health Clinic, a nonprofit corporation, have a separate joint development and cost allocation agreement that defines responsibility for construction of the clinic

businesses enhanced; (2) existing housing and neighborhood character will be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods; (3) the City's supply of affordable housing will be preserved and enhanced; (4) commuter traffic will not impede Muni transit service or overburden our streets or neighborhood parking; (5) a diverse economic base will be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced; (6) the City will achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake; (7) landmarks and historic buildings will be preserved; and (8) parks and open space and their access to sunlight and vistas will be protected from development.

² Under the Residual Receipts policy (and as stated in the proposed ground lease), surplus revenues (available revenues after expenses, fees, and senior debt are paid) are allocated to (1st) base rent, and (2nd) operating and replacement reserve accounts. After these allocations, if the project owes deferred developer fees, one-half of surplus revenues are allocated to the City; once all deferred developer fees are paid (in approximately 15 years), two-thirds of surplus revenues are allocated to the City. Residual receipts paid to the City are first used to pay for outstanding loan amounts and then used to pay residual rent.

space and assignment of the clinic ground lease to Mission Neighborhood Health Clinic at a future date.

Loan Agreement

The proposed resolution approves a new loan agreement between Mission Housing and MOHCD for \$28,751,450. The loan is for 57 years at simple interest of 1 percent per year; principal and interest on the loan is due and payable at the 57-year maturity date.

The MOHCD loan of \$28.8 million makes up 27 percent of total project costs of \$108.1 million, shown in Exhibit 1 below.³

Exhibit 1: Project Sources and Uses

Sources	
<i>MOHCD</i>	
Citywide Affordable Housing Fund	\$2,000,000
Inclusionary Affordable Housing Fee	1,490,000
2019 Proposition A GO Bond	25,261,450
Subtotal MOHCD Funds	\$28,751,450
<i>Other Committed Funds</i>	
Permanent Mortgage	\$25,514,287
Tax Credit Equity	51,584,616
Deferred Developer Fee	2,298,989
Total	\$108,149,342
Uses	
Demolition	\$112,437
Construction	85,224,047
Permits, Engineering & Architect, Other	17,643,869
Residential and Commercial Deferred Developer Fee	5,168,989
Total	\$108,149,342

Source: Loan Evaluation

Bridge Loans

Federal Home Loan Bank (\$1,250,000)

The Inclusionary Housing Fee allocation of \$1,490,000 includes a bridge loan of \$1,250,000 pending approval of a loan from the Federal Home Loan Bank. The loan agreement requires Mission Housing to apply for a Federal Home Loan Bank loan of \$1,250,000 and if approved, to repay the Inclusionary Housing Fee bridge loan.

³ This amount does not include the prior loan of \$18.5 million or the credit of \$8.15 million against the outstanding balance.

Clinic Shell and Build Out (\$3,000,000)

The Inclusionary Housing Fee allocation includes an additional bridge loan of \$240,000 to construct the shell of the clinic. The 2019 Proposition A General Obligation Bond allocation of \$25,261,450 includes \$2,760,000 to construct clinic improvements.

Mission Housing will construct the clinic shell and improvements, and on completion, will assign its interest in the clinic ground lease and sell its interest in the clinic improvements to Mission Neighborhood Health Center at a price of \$3,000,000. Mission Housing will use the proceeds to repay \$3,000,000 of the MOHCD loan.

Other Financing Sources*Low Income Housing Tax Credits (\$51,584,616)*

Mission Housing LP is a limited partnership in which Mission Housing LLC (a subsidiary of BRIDGE) serves as the general partner and Bank America is the limited partner for purposes of obtaining low income housing tax credits for the project. In December 2020 the State Treasurer's Tax Credit Allocation Committee (TCAC) approved Mission Housing's tax credit application.

Permanent Loan (\$25,514,287)

Mission Housing has received a commitment from JLL Real Estate Capital, LLC to fund a permanent loan. According to the project's pro forma income and expense projections, the estimated annual payment on the loan is \$1.2 million, paid from the project's net income.

Deferred Developer Fee (\$2,298,989)

The developer fee represents payment for Mission Housing's developer service. According to the project's pro forma, the deferred developer fee is to be paid over the first 15 years of the project from net income.

FISCAL IMPACT**Project Costs**

Project development costs, not counting land acquisition, are approximately \$790,000 per unit. The City's costs are approximately \$285,000 per unit.

Project Financial Pro Forma

The project income comes primarily from tenant rents and the federal Department of Housing and Urban Development (HUD) Housing Assistance Payments (also known as Section 8 Project Based Vouchers). The project pro forma estimates sufficient income to pay operating expenses, reserve replacement, debt service on the commercial loan, and asset management and deferred developer fees. Estimated residual receipts, of which portion would be paid to the City, are up to approximately \$150,000 per year on average over the first 15 years of the project.

Because the proposed project is consistent with prior Board of Supervisors actions and City policy, the Budget and Legislative Analyst recommends approval.

RECOMMENDATION

Approve the proposed resolution.

AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE

by and between

4840 MISSION HOUSING ASSOCIATES LP,
as Seller

and

CITY AND COUNTY OF SAN FRANCISCO,
as Buyer

For the purchase and sale of

4840 and 4848 MISSION STREET
San Francisco, California

_____, 2021

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11.18	Cooperative Drafting.	19

LIST OF EXHIBITS

- EXHIBIT A – Real Property Description
- EXHIBIT B – Grant Deed
- EXHIBIT C – Certificate of Transferor Other Than An Individual (FIRPTA Affidavit)
- SCHEDULE 1 – SELLER'S ENVIRONMENTAL DISCLOSURE

AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE
(4840 Mission Street, San Francisco)

THIS AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE (this "Agreement") dated for reference purposes only as of _____, 2021 is by and between 4840 MISSION HOUSING ASSOCIATES LP, a California limited partnership ("Seller"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Buyer" or "City").

IN CONSIDERATION of the payment of the Purchase Price (defined below) by City, and the respective agreements contained in this Agreement, Seller and City agree as follows:

1. PURCHASE AND SALE

1.1 Property Included in Sale

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

(a) the real property consisting of approximately 64,432 square feet (1.48 acres of land), located in the City and County of San Francisco, commonly known as 4840 and 4848 Mission Street, Assessor's Parcel Nos. [Lot 019/ Block 6959, Lot 025/6959, Lot 026/6959] and more particularly described in Exhibit A attached h hereto (the "Land");

(b) all improvements and fixtures located on the Land, including, without limitation, [that certain two-story building , which was formerly a morgue, containing approximately [_____ square feet (_____ square feet)], as well as all other buildings and structures located on the Land, all apparatus, equipment and appliances used in connection with the operation or occupancy of the Land and its improvements such as heating and air conditioning systems and facilities used to provide any utility, refrigeration, ventilation, garbage disposal or other services, and together with all on-site parking (collectively, the "Improvements"); and]

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

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

2. PURCHASE PRICE

2.1 Purchase Price

The total purchase price for the Property is Eight Million One Hundred Fifty Thousand Dollars (\$8,150,000) (the "Purchase Price").

City shall purchase the Property in its "as is" condition on the Closing Date and assumes the risk that adverse physical, environmental, economic or legal conditions may not have been revealed by its investigation.

Except with respect to any claims arising out of fraud, any breach of covenants, representations or warranties set forth in this Agreement and subject to any terms and provisions of the Ground Lease or any loan documents between City and Seller, City, for itself and its agents, affiliates, successors and assigns, hereby releases and forever discharges Seller, its agents, affiliates, successors and assigns from any and all rights, claims and demands at law or in equity, whether known or unknown at the time of this agreement, which City has or may have in the future, arising out of the physical, environmental, economic or legal condition of the Property. For the foregoing purposes, City hereby specifically waives the provisions of Section 1542 of the California Civil Code and any similar law of any other state, territory or jurisdiction. Section 1542 provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

City hereby specifically acknowledges that City has carefully reviewed this subsection and discussed its import with legal counsel and that the provisions of this subsection are a material part of this Agreement.

CITY'S INITIALS: _____

2.2 Payment

City previously loaned Seller Eighteen Million Five Hundred Ten Thousand and No/100 Dollars (\$18,510,000.00) (the "City Loan") to conduct predevelopment activities and acquire the Property.

On the Closing Date (as defined in Section 6.2 Closing Date), City will pay the Purchase Price based on a City appraised value as a credit toward the unpaid principal balance on the Loan Agreement between the City and Seller dated May 11, 2017 and the First Amendment to the Loan Agreement dated October 4, 2019.

2.3 Funds

Except for the credit as provided in Section 2.2, all payments made by any party to this Agreement shall be in legal tender of the United States of America, paid by Controller's warrant or in cash or by wire transfer of immediately available funds to Title Company (as defined in Section 3.2), as escrow agent.

3. TITLE TO THE PROPERTY

3.1 Conveyance of Title to the Property

At the Closing Seller shall convey to City, or its nominee, marketable and insurable fee simple title to the Land, the Improvements and the Appurtenances, by duly executed and acknowledged grant deed in the form attached hereto as Exhibit B (the "Deed"), subject to the Accepted Conditions of Title (as defined in Section 5.1).

3.2 Title Insurance

At the Closing, City shall obtain an ALTA extended coverage owner's policy of title insurance (Form ALTA 2006 – updated 6/17/2006) (the "Title Policy") from Old Republic Title Company (the "Title Company") in the amount of the Purchase Price, insuring fee simple title to the Land, the Appurtenances and the Improvements in City free of the liens of any and all deeds of trust, mortgages, assignments of rents, financing statements, rights of tenants or other occupants, and all other exceptions, liens and encumbrances except solely for the Accepted Conditions of Title pursuant to Section 5.1(a) below. The Title Policy must provide full coverage against mechanics' and materialmen's liens arising out of the construction, repair or alteration of any of the Property, and contain an affirmative endorsement that there are no violations of restrictive covenants, if any, affecting the Property such special endorsements as City may reasonably request.

4. Intentionally Omitted

5. ENTRY

At all times prior to the Closing Date Seller shall afford City and its Agents reasonable access to the Property, and all books and records located therein for the purposes of satisfying City with respect to the representations, warranties and covenants of Seller contained herein and the satisfaction of the Conditions Precedent including, without limitation, the drilling of test wells and the taking of soil borings. Any access shall be subject to the consent of the Seller. City hereby agrees to indemnify and hold Seller harmless from any damage or injury to persons or property caused by the active negligence or willful misconduct of City or its Agents during any such entries onto the Property prior to the Closing, except to the extent such damage or injury is caused by the acts or omissions of Seller or any of its Agents. The foregoing Indemnity shall not include any claims resulting from the discovery or disclosure of pre-existing environmental conditions or the non-negligent aggravation of pre-existing environmental conditions on, in, under or about the Property, including the Improvements. In the event this Agreement is terminated for any reason other than Seller's default hereunder, City shall restore the Property to substantially the condition it was found subject to applicable laws. This indemnity shall survive

the termination of this Agreement or the Closing, as applicable, provided that Seller must give notice of any claim it may have against City under such indemnity (i) within six (6) months of such termination if the claim is brought by a third party against Seller or (ii) within three (3) months of such termination or the Closing Date, as applicable, if the claim involves damage to Seller's Property or any other claim not brought by a third party against the Seller.

5.1 City's Conditions to Closing

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

(a) City shall have reviewed and approved title to the Property, as follows:

(i) Seller has delivered to the City that certain preliminary report on the Real Property, dated 12/25/2020 (Order: 1117021374) issued by Title Company, accompanied by copies of all documents referred to in the report (collectively, the "Preliminary Report");

(ii) Within seven (7) days after the date the City and Seller execute this Agreement, Seller shall deliver to Buyer copies of any existing or proposed easements, covenants, restrictions, agreements or other documents that affect the Property, and are not disclosed by the Preliminary Report; and

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

City shall advise Seller, at least 30 days prior to Closing, what exceptions to title, if any, City is willing to accept (the "Accepted Conditions of Title"). City's failure to so advise Seller within such period shall be deemed disapproval of title. Seller shall have ten (10) days after receipt of City's notice of any objections to title to give City: (A) evidence satisfactory to City of the removal of all objectionable exceptions from title or that such exceptions will be removed or cured on or before the Closing; or (B) notice that Seller elects not to cause such exceptions to be removed. If Seller gives notice under clause (B), City shall have ten (10) days to elect to proceed with the purchase or terminate this Agreement. If City shall fail to give Seller notice of its election within such ten (10) days, City shall be deemed to have elected to terminate this Agreement. If Seller gives notice pursuant to clause (A) and fails to remove any such objectionable exceptions from title prior to the Closing Date, and City is unwilling to take title subject thereto, Seller shall be in default hereunder and City may terminate this Agreement.

(b) City's review and approval of the physical and environmental conditions of the Property, including, without limitation, structural, mechanical, electrical and other physical conditions of the Property. Such review may include an examination for the presence or absence of any Hazardous Material (as defined in Section 8.1(j))

(c) City's review and approval of the compliance of the Property with all applicable laws, regulations, permits and approvals.

(d) City's review and approval of **(i)** the following documents, to the extent such documents have been previously provided by BRIDGE: structural calculations for the Improvements; site plans; certified copies of the as-built plans and specifications for the Improvements; recent inspection reports by Seller's engineers; service contracts; utility contracts; maintenance contracts; employment contracts, management contracts; brokerage and leasing commission agreements which may continue after Closing; certificates of occupancy; presently effective warranties or guaranties received by Seller from any contractors, subcontractors, suppliers or materialmen in connection with any construction, repair or alteration of the Improvements or any tenant improvements; insurance policies, insurance certificates of tenants, and reports of insurance carriers insuring the Property and each portion thereof respecting the claims history of the Property; environmental reports, studies, surveys, tests and assessments; soils and geotechnical reports; and any other contracts or documents of significance to the Property (collectively, the "Documents"); and **(ii)** such other information relating to the Property that is specifically requested by City of Seller in writing before the Closing (collectively, the "Other Information").

(e) Seller shall not be in default in the performance of any covenant or agreement to be performed by Seller under this Agreement, and all of Seller's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made and shall be true and correct as of the Closing Date.

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

(g) Title Company shall be committed at the Closing to issue to City, or its nominee, (i) the Title Policy as provided in Section 3.2 [Title Insurance].

(h) The City's Mayor and the Board of Supervisors, in the respective sole discretion of each, shall have enacted a resolution approving, adopting and authorizing this Agreement and the transactions.

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

(j) Title Company shall have agreed to be the real estate reporting person for the Closing in compliance with the Reporting Requirements (as defined in Section 6.6 [Title Company as Real Estate Reporting Person] below).

The Conditions Precedent contained in the foregoing Subsections (a) through (j) are solely for the benefit of City. If any Condition Precedent is not satisfied, City shall have the right in its sole discretion either to waive in writing the Condition Precedent in question and proceed with the purchase or, in the alternative, terminate this Agreement, provided that the Conditions Precedent described in items h and j above may not be waived. The waiver of any Condition Precedent shall not relieve Seller of any liability or obligation with respect to any representation, warranty, covenant or agreement of Seller. In addition, the Closing Date may be extended, at City's option, for a reasonable period of time specified by City, to allow such Conditions Precedent to be satisfied, subject to City's further right to terminate this Agreement upon the expiration of the period of any such extension if all such Conditions Precedent have not been satisfied.

In the event the sale of the Property is not consummated because of a default under this Agreement on the part of Seller or if a Condition Precedent cannot be fulfilled because Seller frustrated such fulfillment by some affirmative act or negligent omission, City may, at its sole election, either (1) terminate this Agreement by delivery of notice of termination to Seller, whereupon Seller shall pay to City any title, escrow, legal and inspection fees incurred by City and any other expenses incurred by City in connection with the performance of its due diligence review of the Property, and neither party shall have any further rights or obligations hereunder.

5.2 Cooperation with City

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

5.3 Seller's Conditions to Closing

The following is a condition precedent to Seller's obligation to sell the Property: City shall have met its obligations under this Agreement or shall meet such obligations following closing. Seller shall have executed a ground lease pursuant to which City shall ground lease the Property to Seller for the purposes of constructing and operating an affordable housing project (the "Ground Lease").

6. ESCROW AND CLOSING

6.1 Opening of Escrow

On or before the Effective Date (as defined in Article 11 [General Provisions]), the parties shall open escrow by depositing an executed counterpart of this Agreement with Title

Company, and this Agreement shall serve as instructions to Title Company as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and City agree to execute such additional or supplementary instructions as may be appropriate to enable the escrow holder to comply with the terms of this Agreement and close the transaction; provided, however, that in the event of any conflict between the provisions of this Agreement and any additional supplementary instructions, the terms of this Agreement shall control.

6.2 Closing Date

The consummation of the purchase and sale contemplated hereby (the "Closing") shall be held and delivery of all items to be made at the Closing under the terms of this Agreement shall be made at the offices of Title Company located at 555 12th Street, Suite 2000, Oakland, California 94607, on [June 18, 2021], or on such earlier or later date as City and Seller may mutually agree (the "Closing Date"), subject to the provisions of Article 5 [Conditions Precedent]. The Closing Date may not be extended without the prior written approval of both Seller and City, except as otherwise expressly provided in this Agreement. In the event the Closing does not occur on or before the Closing Date, Title Company shall, unless it is notified by both parties to the contrary within five (5) days after the Closing Date, return to the depositor thereof items which may have been deposited hereunder. Any such return shall not, however, limit the provisions hereof or otherwise relieve either party hereto of any liability it may have for its wrongful failure to close.

6.3 Seller's Delivery of Documents

At or before the Closing, Seller shall deliver to City through escrow, the following:

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

- (f) closing statement in form and content satisfactory to City and Seller;
- (g) a duly executed and acknowledged Memorandum of Ground Lease and a duly executed Ground Lease; and
- (h) the duly executed certificate regarding the continued accuracy of Seller's representations and warranties as required by Section 5.1 hereof.

6.4 City's Delivery of Documents and Funds

At or before the Closing, City shall deliver to Seller through escrow the following:

- (a) an acceptance of the Deed executed by City's Director of Property;
- (b) a closing statement in form and content satisfactory to City and Seller; and
- (c) a duly executed and acknowledged Memorandum of Ground Lease and a duly executed Ground Lease.

6.5 Other Documents

Seller and City shall each deposit such other instruments as are reasonably required by Title Company as escrow holder or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms hereof.

6.6 Title Company as Real Estate Reporting Person

Section 6045(e) of the United States Internal Revenue Code of 1986 and the regulations promulgated thereunder (collectively, the "Reporting Requirements") require that certain information be made to the United States Internal Revenue Service, and a statement to be furnished to Seller, in connection with the Closing. Seller and City agree that if the Closing occurs, Title Company will be the party responsible for closing the transaction contemplated in this Agreement and is hereby designated as the real estate reporting person (as defined in the Reporting Requirements) for such transaction. Title Company shall perform all duties required of the real estate reporting person for the Closing under the Reporting Requirements, and Seller and City shall each timely furnish Title Company with any information reasonably requested by Title Company and necessary for the performance of its duties under the Reporting Requirements with respect to the Closing.

7. EXPENSES AND TAXES

7.1 Apportionments

The following are to be apportioned through escrow as of the Closing Date:

- (a) **Utility Charges**

Seller shall cause all the utility meters to be read on the Closing Date, and will be responsible for the cost of all utilities used prior to the Closing Date. All utility deposits paid by

Seller shall remain the property of Seller and City shall reasonably cooperate to cause such deposits to be returned to Seller to the extent Seller is entitled thereto.

(b) Other Apportionments

Amounts payable under any contracts assumed pursuant hereto, annual or periodic permit or inspection fees (calculated on the basis of the period covered), and liability for other normal Property operation and maintenance expenses and other recurring costs shall be apportioned as of the Closing Date.

7.2 Closing Costs

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

7.3 Real Estate Taxes and Special Assessments

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

7.4 Post-Closing Reconciliation

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

7.5 Survival

The provisions of this Section shall survive the Closing.

8. REPRESENTATIONS AND WARRANTIES

8.1 Representations and Warranties of Seller

Seller represents and warrants to and covenants with City as follows as of the date of this Agreement and as of Closing, provided that if any of the following representation or warranty changes prior to Closing, Seller will notify City and such modification shall be incorporated into

this Agreement (and the City may terminate this Agreement if it determines that such modification will have a material adverse effect on the Property or otherwise interfere with the development of the Property):

(a) To the best of Seller's knowledge, there are now, and at the time of the Closing will be, no violations of any laws, rules or regulations applicable to the Property.

(b) The Documents and Other Information furnished to City are to the Seller's knowledge true, correct and complete copies of such documents.

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

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

(e) To best of Seller's knowledge, there are no easements or rights of way which have been acquired by prescription or which are otherwise not of record with respect to the Property, and there are no easements, rights of way, permits, licenses or other forms of agreement which afford third parties the right to traverse any portion of the Property to gain access to other real property. With the exception of certain agreements with adjacent property owners previously to the City, there are no other disputes with regard to the location of any fence or other monument of the Property's boundary nor any claims or actions involving the location of any fence or boundary. Except as has been otherwise disclosed to the City by Seller and relating to the development of the Property, there is no litigation pending or, after due and diligent inquiry, to the best of Seller's knowledge, threatened, against Seller or any basis therefor that arises out of the ownership of the Property or that might detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property or the ability of Seller to perform its obligations under this Agreement.

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

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

the Closing will not, violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject.

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

(i) Seller knows of no facts nor has Seller failed to disclose any fact that would prevent City from using and operating the Property after Closing as an affordable housing project as described under the Ground Lease.

(j) Seller hereby represents and warrants to and covenants with City that the following statements are true and correct and will be true and correct as of the Closing Date, except to the extent otherwise shown in the Phase 1 and Phase 2 prepared by Group Delta on April 28, 2017 as updated (Phase 1) and September 17, 2015 (Phase 2)/15 and the Subsurface Analysis Report and Site Mitigation Report dated 10/12/2020. (i) neither the Property nor, to the actual knowledge of Seller, any real estate in the vicinity of the Property is in violation of any Environmental Laws; (ii) the Property is not now, nor to the actual knowledge of Seller, has it ever been, used in any manner for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Material, except as described in Schedule 1 ("Seller's Environmental Disclosure"); (iii) to Seller's actual knowledge, there has been no release and there is no threatened release of any Hazardous Material in, on, under or about the Property during the time Seller has owned the Property; (iv) to Seller's actual knowledge, there have not been and there are not now any underground storage tanks, septic tanks or wells or any aboveground storage tanks at any time used to store Hazardous Material located in, on or under the Property, or if there have been or are any such tanks or wells located on the Property, their location, type, age and content has been specifically identified in Seller's Environmental Disclosure, they have been properly registered with all appropriate authorities, they are in full compliance with all applicable statutes, ordinances and regulations, and they have not resulted in the release or threatened release of any Hazardous Material into the environment; (v) to Seller's actual knowledge, the Property does not consist of any landfill or of any building materials that contain Hazardous Material; and (vi) the Property is not subject to any claim by any governmental regulatory agency or third party related to the release or threatened release of any Hazardous Material, and, to the best of Seller's knowledge, there is no inquiry by any governmental agency (including, without limitation, the California Department of Toxic Substances Control or the Regional Water Quality Control Board) with respect to the presence of Hazardous Material in, on, under or about the Property, or the migration of Hazardous Material from or to other property. As used herein, the following terms shall have the meanings below:

(i) "Environmental Laws" shall mean any present or future federal, state or local laws, ordinances, regulations or policies relating to Hazardous Material (including, without limitation, their use, handling, transportation, production, disposal, discharge or storage)

or to health and safety, industrial hygiene or environmental conditions in, on, under or about the Property, including, without limitation, soil, air and groundwater conditions.

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

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

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

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

8.2 Indemnity

Seller, on behalf of itself and its successors and assigns, hereby agrees to indemnify, defend and hold harmless City, its Agents and their respective successors and assigns, from and against any and all liabilities, claims, demands, damages, liens, costs, penalties, losses and expenses, including, without limitation, reasonable attorneys' and consultants' fees, resulting from any misrepresentation or breach of warranty or breach of covenant made by Seller in this Agreement or in any document, certificate, or exhibit given or delivered to City pursuant to or in connection with this Agreement. The foregoing indemnity includes, without limitation, costs incurred in connection with the investigation of site conditions and all activities required to locate, assess, evaluate, remediate, cleanup, remove, contain, treat, stabilize, monitor or otherwise control any Hazardous Material. The indemnification provisions of this Section shall

survive beyond the Closing, or, if title is not transferred pursuant to this Agreement, beyond any termination of this Agreement.

9. RISK OF LOSS AND POSSESSION

9.1 Risk of Loss

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

(a) If such damage or destruction is fully covered by Seller's insurance except for the deductible amount thereunder, and the insurer agrees to timely pay for the entire cost of such repair, and such damage or destruction would cost less than One Hundred Thousand and No/100 Dollars (\$100,000.00) (the "Threshold Damage Amount") to repair or restore, then this Agreement shall remain in full force and effect and City shall acquire the Property upon the terms and conditions set forth herein. In such event, City shall receive a credit against the Purchase Price equal to such deductible amount, and Seller shall assign to City at Closing all of Seller's right, title and interest in and to all proceeds of insurance on account of such damage or destruction pursuant to an instrument satisfactory to City.

(b) If such damage or destruction is not fully covered by Seller's insurance, other than the deductible amount, and would cost less than the Threshold Damage Amount to repair or restore, then the transaction contemplated by this Agreement shall be consummated with City receiving a credit against the Purchase Price at the Closing in an amount reasonably determined by Seller and City (after consultation with unaffiliated experts) to be the cost of repairing such damage or destruction.

(c) If the cost of such damage or destruction would equal or exceed the Threshold Damage Amount, or if condemnation proceedings are commenced against any of the Property, then, City shall have the right, at its election, either to terminate this Agreement in its entirety, or only as to that portion of the Property subject to condemnation proceedings (in which case there shall be an equitable adjustment to the Purchase Price), or to not terminate this Agreement and purchase the Property (or the portion not affected by condemnation, as the case may be). City shall have thirty (30) days after Seller notifies City that an event described in this Subsection (c) has occurred to make such election by delivery to Seller of an election notice. City's failure to deliver such notice within such thirty (30)-day period shall be deemed City's election to terminate this Agreement in its entirety. If this Agreement is terminated in its entirety or in part pursuant to this Subsection (c) by City's delivery of notice of termination to Seller, then City and Seller shall each be released from all obligations hereunder pertaining to that portion of the Property affected by such termination. If City elects not to terminate this Agreement, Seller shall notify City of Seller's intention to repair such damage or destruction, in which case this Agreement shall remain in full force and effect, or notify City of Seller's intention to give City a credit against the Purchase Price at the Closing in the amount reasonably determined by City and Seller (after consultation with unaffiliated experts) to be the cost of repairing such damage or destruction and, in the event of a result of such condemnation proceeding, the value of any Property taken as a result of such proceeding, in which case this Agreement shall otherwise

remain in full force and effect, and Seller shall be entitled to any proceeds of insurance or condemnation awards applicable to the portion acquired. Any repairs elected to be made by Seller pursuant to this Subsection shall be made within one hundred eighty (180) days following such damage or destruction and the Closing shall be extended until the repairs are substantially completed.

9.2 Insurance

Through the Closing Date, Seller shall maintain or cause to be maintained, at Seller's sole cost and expense, a policy or policies of commercial general liability insurance on the Land in amounts equal to \$1,000,000 per occurrence and \$2,000,000 general aggregate. Seller shall furnish City with evidence of such insurance upon request by City.

9.3 Possession

Possession of the Property shall be delivered to City on the Closing Date vacant and free of tenants or other occupants.

10. MAINTENANCE; CONSENT TO NEW CONTRACTS

10.1 Maintenance of the Property by Seller

Between the date of Seller's execution of this Agreement and the Closing, Seller shall maintain the Property in the manner maintained by the Seller as of the date of this Agreement, provided, however, the Seller may demolish the Improvements in accordance with the standards of any demolition permit governed by the City.

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

After the Effective Date, Seller shall not enter into any lease or contract, or any amendment thereof, or permit any tenant of the Property to enter into any sublease, assignment or agreement pertaining to the Property, without in each instance obtaining City's prior written consent thereto. City understands and agrees that Seller will record a Declaration of Reciprocal Easements ("REA") against the Property prior to conveyance to the City. The form of REA is subject to the prior approval of the City and the REA will be an Approved Title Exception. City agrees that it shall not unreasonably withhold or delay any such consent. Except for any agreements related to the development of the Project (which will not be assumed by the City but will encumber the Seller's leasehold interest in the Property), Seller shall terminate prior to the Closing, at no cost or expense to City, any and all management agreements affecting the Property that City does not agree in writing prior to the Closing to assume.

11. GENERAL PROVISIONS

11.1 Notices

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

City: Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Re: 4840 Mission – Lots 019, 025, 026/Block
6959

with copy to: Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Attn: Real Estate Finance Team
Re: 4840 Mission – Lots 019, 025, 026/Block
6959

Seller: 4840 Mission Housing Associates LP.
c/o BRIDGE Housing Corporation
600 California Street, Suite 900
San Francisco, CA 94102

with a copy to: Heather Gould
Goldfarb & Lipman LLP
1300 Clay Street, 11th Floor
Oakland, CA 94612

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

11.2 Brokers and Finders

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

11.3 Successors and Assigns

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

11.4 Amendments

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

11.5 Continuation and Survival of Representations and Warranties

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

11.6 Governing Law

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

11.7 Merger of Prior Agreements

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

or changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Agreement.

11.8 Parties and Their Agents; Approvals

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

11.9 Interpretation of Agreement

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

11.10 Attorneys' Fees

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

11.11 Sunshine Ordinance

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

11.12 Conflicts of Interest

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

11.13 Notification of Limitations on Contributions

Through its execution of this Agreement, Seller acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Seller acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Seller further acknowledges that the prohibition on contributions applies to each Seller; each member of Seller's board of directors, and Seller's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than twenty percent (20%) in Seller; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Seller. Additionally, Seller acknowledges that Seller must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Seller further agrees to provide to City the names of each person, entity or committee described above.

11.14 Non-Liability of City Officials, Employees and Agents

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

11.15 Counterparts

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

11.16 Effective Date

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

11.17 Severability

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

11.18 Cooperative Drafting.

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

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

[SIGNATURES ON FOLLOWING PAGES]

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

SELLER:

4840 Mission Housing Associates LP,
a California limited partnership

By: 4840 Mission Housing LLC,
a California limited liability company,
its general partner

By: BRIDGE Housing Corporation.,
a California nonprofit public benefit
corporation,
its managing member

By: _____
Smitha Seshadri
Executive Vice President

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
ANDRICO Q. PENICK
Director of Property

Date: _____

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Keith Nagayama
Deputy City Attorney

EXHIBIT A

REAL PROPERTY DESCRIPTION

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

PARCEL ONE:

PORTIONS of Lots 6 and 11, Block 12 and triangular portion of property formerly belonging to Lacroute & Badie adjoining said Block 12 on the southwest, according to West End Map No. 1, filed May 1, 1863, in Book 2 "A" and "B" of Maps, Page 45, in the Office of the Recorder of the City and County of San Francisco, State of California, described as a whole as follows:

COMMENCING at a point on the northwesterly line of Mission Street, distant thereon 208 feet southwesterly from the southwesterly line of Onondaga Avenue; running thence southwesterly along said line of Mission Street 103.238 feet; thence at a right angle northwesterly 262.011 feet to the southeasterly line of Alemany Boulevard; thence northeasterly along said line of Alemany Boulevard 81.540 feet to a line drawn from the point of commencement parallel with the southwesterly line of Onondaga Avenue; thence southeasterly along the line so drawn 269.554 feet to the point of commencement.

APN: Lot 19; Block 6959

PARCEL TWO:

COMMENCING at a point on the northwesterly line of Mission Street, distant thereon 361.238 feet southwesterly from the southwesterly line of Onondaga Avenue; running thence northeasterly along said line of Mission Street 50 feet; thence at a right angle northwesterly 262.011 feet to the southeasterly line of Alemany Boulevard, as widened; thence southwesterly along said line of Alemany Boulevard 63 feet; thence southeasterly 260 feet, more or less, to the point of commencement.

APN: Lot 25; Block 6959

PARCEL THREE:

BEGINNING at a point on the northwesterly line of Mission Street, distant thereon 361.238 feet southwesterly from the southwesterly line of Onondaga Avenue; running thence northeasterly along said line of Mission Street 50 feet; thence at a right angle northwesterly 262.011 feet to the southeasterly line of Alemany Boulevard, as widened; thence southwesterly along said line of Alemany Boulevard 63 feet to the true point of commencement of the property to be described; running thence from said true point of commencement southwesterly along said line of Alemany Boulevard 100 feet, more or less, to the southwesterly line of the land conveyed by Ocean Shore Railroad Company to John M. Perata, et al, by Deed recorded March 18, 1926, in Book 1231 of Official Records, Page 340, Records of the City and County of San Francisco, State of California; thence southeasterly along the southwesterly line of the lands conveyed to Perata, as aforesaid, 19.718 feet, more or less, to the most southerly corner of the land so conveyed to

Perata; thence southeasterly in a direct line 228 feet, more or less, to a point on the northwesterly line of Mission Street, distant thereon 461.238 feet southwesterly from the southwesterly line of Onondaga Street; thence northeasterly along said line of Mission Street 100 feet; thence northwesterly in a direct line 260 feet, more or less, to the true point of commencement.

APN: Lot 26; Block 6959]

EXHIBIT B

GRANT DEED

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

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

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

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

GRANT DEED

(Assessor's Parcel No. Lots 019, 025, 026/Block 6959)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, 4840 MISSION HOUSING ASSOCIATES LP, a California limited partnership, hereby grants to the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the real property located in the City and County of San Francisco, State of California, described on Exhibit A attached hereto and made a part hereof (the "Property").

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

[SIGNATURES ON FOLLOWING PAGE]

Executed as of this ____ day of _____, 2021.

4840 Mission Housing Associates LP,
a California limited partnership

By: 4840 Mission Housing LLC,
a California limited liability company,
its general partner

By: BRIDGE Housing Corporation,
a California nonprofit public benefit corporation,
its managing member

By: _____
Smitha Seshadri
Executive Vice President

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of San Francisco)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the foregoing Grant Deed to the City and County of San Francisco, a municipal corporation, is hereby accepted pursuant to Board of Supervisors' Resolution No. 18110 Series of 1939, approved August 7, 1957, Resolution No. _____, approved on April ____, 2021, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

By: _____

Andrico Q. Penick
Director of Property

EXHIBIT C

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

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the transferee of certain real property located in the City and County of San Francisco, California, that withholding of tax is not required upon the disposition of such U.S. real property interest by 4840 MISSION HOUSING ASSOCIATES LP, a California limited partnership ("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

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

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

3. Transferor's office address is _____

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

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

Dated: _____, 2020.

4840 Mission Housing Associates LP,
a California limited partnership

By: 4840 Mission Housing LLC,
a California limited liability company,
its general partner

By: BRIDGE Housing Corporation.,
a California nonprofit public benefit corporation,
its managing member

By: _____
Smitha Seshadri
Executive Vice President

SCHEDULE 1

SELLER'S ENVIRONMENTAL DISCLOSURE

1. Phase 1 and Phase 2 prepared by Group Delta on April 28,2017 as updated (Phase 1) and September 17, 2015 (Phase 2)
2. Subsurface Analysis Report and Site Mitigation Report dated 10/12/2020

GROUND LEASE
(4840 Mission)

This Ground Lease (this “**Ground Lease**”) is dated as of [_____], 2021 (the “**Agreement Date**”) by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the “**City**” or “**Landlord**”), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development (“**MOHCD**”), and **4840 MISSION HOUSING ASSOCIATES LP**, a California limited partnership, as tenant (the “**Tenant**”).

RECITALS

A. City is the fee owner of the land located at 4840 Mission Street, San Francisco, California and further described in Attachment 1 (“**Site**”).

B. On April 7, 2017, the Citywide Affordable Housing Loan Committee-approved MOHCD’s selection of Bridge Housing Corporation to develop the Site into 135 units of affordable housing for low income households and 2 manager’s units, including 35 units of housing for families voluntarily relocating from Potrero and Potrero Annex, a HOPE SF development, with 40 residential parking spaces and approximately 4,407 square feet of commercial/retail space (the “**Project**”).

C. On [_____,] the San Francisco Board of Supervisors and the Mayor approved Resolution No. [_____], authorizing the City to enter into a ground lease with the Tenant for the purpose of developing the Project.

D. The City now desires to lease the Site to Tenant for the development and construction of the Project. It is the Tenant’s intent to serve the needs of the extremely-, very-, low-, and moderate- income residents by providing rents for all units not to exceed thirty percent (30%) of one hundred eight percent (108%) of Area Median Income, and have an overall residential unit average of 60% Area Median Income.

E. The City believes that the fulfillment of the terms and conditions of this Ground Lease are in the vital and best interests of the City and the health, safety, morals and welfare of its residents, and in full accord with the public purposes and provisions of applicable Laws.

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

ARTICLE 1 DEFINITIONS

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

1.01 **Agreement Date** means the date first set forth above.

1.02 **Annual Rent** has the meaning set forth in the Section 4.01(a).

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

1.04 **City Loan Documents** means the Loan Agreement between Tenant and City dated [_____,] 2021 (“Loan Agreement”), the Residential Note, the Clinic Note (until such time as the Clinic Funding Amount is repaid), the Residential Deed of Trust, the Clinic Deed of Trust (until such time as the Clinic Funding Amount is repaid), the Declaration of Restrictions, and any other documents executed or, delivered in connection with the Loan Agreement

1.05 **Change** has the meaning set forth in Section 12.02.

1.06 **Commercial Expenses** means all Project Expenses attributable solely to the Commercial Unit(s) and the Project Expenses reasonably allocated to the Commercial Units(s).

1.07 **Commercial Project Fees** means the developer fee associated with the development of the Commercial Unit(s) in the amount of [Ninety-Four Thousand Three Hundred Twenty-Five and No/100 (\$94,325)].

1.08 **Commercial Income** means all Project Income attributable solely to the Commercial Unit(s).

1.09 **Commercial Unit** has the meaning set forth in Section 9.01.

1.10 **Commercial Use** means any non-residential use that is not a Public Benefit Use or a Community-serving Commercial Use.

1.11 **Community-serving Commercial Use** means a non-residential use that provides a direct benefit to the community in which the Project is located, including, but not limited to, a coffee shop, a small food vendor where the owner is preferably a graduate of La Cocina, office space for nonprofit provider, co-working space, and/or exercise/health/fitness business.

1.12 **Effective Date** means the date the City records the Memorandum of Ground Lease against the Site, but in no event will the date be before the approval of the Ground Lease by the City’s Board of Supervisors and the Mayor.

1.13 **First Lease Payment Year** means the year in which [construction activities are completed on the Project, as evidenced by a NOC (as defined in Section 10.15 below) the year in which the Project receives a Certificate of Occupancy for all residential units.

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

1.15 **Ground Lease** means this Ground Lease, as amended from time to time.

- 1.16 **HUD** means the U.S. Department of Housing and Urban Development.
- 1.17 **Improvements** means all physical construction, including all structures, fixtures, and other improvements, to be constructed on the Site.
- 1.18 **Indemnification Obligations** means the obligations of Tenant to indemnify Landlord as provided in this Ground Lease or under applicable Laws.
- 1.19 **Laws** means all statutes, laws, ordinances, regulations, rules, orders, writs, judgments, injunctions, decrees, or awards of the United States or any state, county, municipality, or governmental agency.
- 1.20 **Lease Year** means each calendar year during the Term, beginning on January 1 and ending on December 31, provided that the “First Lease Year” will commence on the Effective Date and continue through December 31st of that same calendar year. Furthermore, the “Last Lease Year” will end upon the expiration of the Term.
- 1.21 **Leasehold Estate** means the estate held by the Tenant created by and pursuant to this Ground Lease.
- 1.22 **Leasehold Mortgage** means any mortgage, deed of trust, trust indenture, letter of credit, or other security instrument, and any assignment of the rents, issues, and profits from the Premises, or any portion thereof, that constitutes a lien on the Leasehold Estate and is approved in writing by the City.
- 1.23 **Lender** means any entity holding a Leasehold Mortgage.
- 1.24 **Loan Documents** means those certain loan agreements, notes, deeds of trust, declarations, and any other documents executed and delivered in connection with the construction, and permanent financing for the Project.
- 1.25 **MOHCD** means the City’s Mayor’s Office of Housing and Community Development.
- 1.26 **Non-residential Occupant** means any person or entity authorized by Tenant to occupy a Commercial Unit or other unit for non-residential purposes on the Site, or any portion thereof.
- 1.27 **Permitted Limited Partner** means Bank of America, N.A., a national banking association, as investor limited partner, Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, as special limited partner and their successors and assigns as approved by City.
- 1.28 **Premises** means the Site and all Improvements.
- 1.29 **Personal Property** means all fixtures, furniture, furnishings, equipment, machinery, supplies, software and other tangible personal property that is located in, on, or about the Premises and that can be removed from the Premises without substantial economic loss to the

Premises or substantial damage to the Premises and that is incident to the ownership, development, or operation of the Improvements on the Premises, belonging to Tenant, any Residential Occupant, any Non-residential Occupant, or any subtenant or other occupant of the Premises and/or in which Tenant, Residential Occupant, Non-residential Occupant, or any subtenant or other occupant has an ownership interest, together with all present and future attachments, replacements, substitutions, and additions thereto or therefor.

1.30 **Project** is defined in Recital B.

1.31 **Project Expenses** means the following costs, which may be paid from Project Income to the extent of available Project Income including but not limited to: (a) all charges incurred in the operation of the Project for utilities, real estate and/or possessory interest taxes, assessments, and liability, fire, and other hazard insurance premiums or other insurance required by the City, or a Project lender or investor (or otherwise approved by the City); (b) salaries, wages, and other compensation due and payable to the employees or agents of Tenant who maintain, administer, operate, or provide services in connection with the Project, including all withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments required for such employees; (c) payments of required interest, principal, or annual servicing fees, if any, on any construction or permanent financing secured by the Project, together with any other amounts due and payable under the loan documents evidencing such junior and senior financing, and payments of the asset management fee of [\$24,280] to the general partner increasing annually at 3.5%; (d) all other expenses actually incurred by Tenant to cover routine operating and services provision costs of the Project, including maintenance and repair and the reasonable fee of any managing agent; (e) annual Base Rent payments; (f) any extraordinary expenses as approved in advance by the City (other than expenses paid from any reserve account); (g) deposits to reserves accounts required to be established under the Loan Documents or by other Project lenders and investors; (h) approved annual supportive services expenses; and (i) approved bond issuer fees, fiscal agent fees, and annual asset management fees indicated in the Annual Operating Budget and approved by the City. Project Fees are not Project Expenses. Project Expenses does not include Commercial Expenses.

1.32 **Project Fees** means (i) a combined annual asset management and partnership management fee in the amount of [\$17,770], increasing by 3.5% annually, payable to the Tenant's general partner, (ii) an annual investor services fee in the amount of \$11,500, payable to the Limited Partners, and (iii) deferred developer fee. Project Fees do not include Commercial Project Fees.

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

1.34 **Qualified Households** means households whose income does not exceed one-hundred eight percent (108%) of AMI, subject to the AHAP and ARTICLE 9 below.

1.35 **Residential Occupant** means any person or entity authorized by Tenant to occupy a residential unit on the Premises, or any portion thereof.

1.36 **Residential Unit** has the meaning set forth in Section 9.01.

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

1.38 **Subsequent Owner** means any successor (including a Lender or an affiliate or assignee of a Lender as applicable) to the Tenant's interest in the Leasehold Estate and the Improvements who acquires such interest as a result of a foreclosure, deed in lieu of foreclosure, or transfer from a Lender, its affiliate, and any successors to any such person or entity.

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

1.40 **Tenant** means 4840 Mission Housing Associates LP, a California limited partnership and its successors and assigns (or a Subsequent Owner, where appropriate).

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

ARTICLE 2 TERM

2.01 Initial Term. The term of this Ground Lease will commence upon the Effective Date and will end seventy-five (75) years from that date (“**Term**”), unless extended under Section 2.02 below or earlier terminated as provided in this Ground Lease.

2.02 Option for Extension. Provided that the Tenant is not in default under the terms of this Ground Lease and the Loan Documents beyond any notice, grace, or cure period either at the time of giving of an Extension Notice (as defined below), as described in Section 2.03 below, or on the last day of the Term (the “**Termination Date**”), the Term may be extended at the option of the Tenant for one twenty-four (24) year period, as provided in this Article below. If the Term is extended pursuant to this Section, all references in this Ground Lease to the “**Term**” will mean the Term as extended by this extension period.

2.03 Notice of Extension. Not later than one hundred eighty (180) days before the Termination Date, the Tenant may notify the City in writing that it wishes to exercise its option to extend the term of this Ground Lease (an “**Extension Notice**”). Upon Tenant's exercise of this option, the Initial Term will be extended for twenty-four (24) years from the Termination Date for a total Ground Lease term not to exceed ninety-nine (99) years.

2.04 Rent During Extended Term. Rent for any extended term will be as set forth in ARTICLE 4.

2.05 Holding Over. Any holding over after expiration or earlier termination of the Term without the City's written consent will constitute a default by Tenant and entitle the City to exercise any or all of its remedies as provided in this Ground Lease, even if the City elects to accept one or more payments of Annual Rent. Failure to surrender the Site in the condition required by this Ground Lease will constitute holding over until the conditions of surrender are satisfied.

ARTICLE 3 FINANCIAL ASSURANCE

Tenant will submit to the City in accordance with the dates specified in the Schedule of Performance, Attachment 2 (the "**Schedule of Performance**"), for approval by the City, evidence satisfactory to the City that Tenant has sufficient equity capital and commitments for construction and permanent financing, and/or such other evidence of capacity to proceed with the construction of the Improvements in accordance with this Ground Lease, as is acceptable to the City. [City hereby acknowledges that as of the Agreement Date, Tenant has satisfied this requirement.]

ARTICLE 4 RENT

4.01 Annual Rent

4.01(a) Tenant will pay to the City up to [_____ Dollars (\$_____.00)] (the "**Annual Rent**") per year for each year of the Term of this Ground Lease. Annual Rent consists of Base Rent and Residual Rent, as defined in Section 4.02 below, without offset of any kind (except as otherwise permitted by this Ground Lease) and without necessity of demand, notice or invoice. Annual Rent will be re-determined on the fifteenth (15th) anniversary of the date of the first payment of Base Rent pursuant to Section 4.02(a) below and every fifteen (15) years thereafter. Residual Rent will be equal to ten percent (10%) of the appraised fair market value of the Site as determined by a MAI appraiser selected by and at the sole cost of the Tenant. The Annual Rent will be adjusted based upon any change to the Residual Rent in connection with such redetermination.

4.01(b) If the Tenant elects to extend the term of this Ground Lease pursuant to ARTICLE 2 above, Annual Rent (along with any potential future adjustments) during any such extended term will be set by mutual agreement of the parties; provided, however, that Annual Rent during the extended term will in no event be less than the Annual Rent set forth in Section 4.01(a) above. If the parties cannot agree on Annual Rent for the extended term, either party may invoke a neutral third-party process and the parties will agree on a neutral third-party appraiser to set the Annual Rent at fair market rent in accordance with the then-prevailing practice for resolving similar rent determination disputes in San Francisco or, in the event that there is no then-prevailing practice, in accordance with the rules of the American Arbitration Association. Notwithstanding the foregoing, after the neutral third-party process, Tenant, in its sole discretion, may rescind the Extension Notice if it does not wish to extend the Term of this Ground Lease.

4.02 Base Rent

4.02(a) “**Base Rent**” means, in any given Lease Year, Fifteen Thousand Dollars (\$15,000) per annum; provided, however, subject to the Lender Protections provided for in Article [] below, that if the Tenant or any Subsequent Owner fails, after notice and opportunity to cure, to comply with the provisions of Section 9.01, then Base Rent will be increased to the full amount of Annual Rent until such time as the failure under Section 9.01 is cured. Base Rent will be due and payable in arrears on January 31st of each Lease Year; but no Base Rent will be due until January 31st of the calendar year immediately following the First Lease Payment Year. Additionally, if a Subsequent Owner elects under Section 26.06(b) to operate the Project without being subject to Section 9.01, then Annual Rent will be adjusted as provided in Section 26.07.

4.02(b) If the Project does not have sufficient Project Income to pay Base Rent in any given Lease Year after the payment of (a) through (d) in the definition of Project Expenses, above, and the City has received written notice from Tenant regarding its inability to pay Base Rent from Project Income at least sixty (60) days before the Base Rent due date, along with supporting documentation for Tenant’s position that it is unable to pay Base Rent from Project Income, then the unpaid amount will be deferred and all deferred amounts will accrue without interest until paid (“**Base Rent Accrual**”). The Base Rent Accrual will be due and payable each year from and to the extent of available Surplus Cash. Any Base Rent Accrual will be due and payable upon the earlier of (i) sale of the Project (but not a refinancing or foreclosure of the Project); or (ii) termination of this Ground Lease (unless a new lease is entered into with a mortgagee under Section 26.09 below).

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

4.03 Residual Rent. “**Residual Rent**” means, in any given Lease Year, [_____ Dollars (\$ _____)] subject to any periodic adjustments under Section 4.01(a). Residual Rent will be due in arrears on May 15th following each Lease Year. Except as otherwise provided in Section 26.07(a), Residual Rent will be payable only to the extent of Surplus Cash as provided in Section 6.02(g) below, and any unpaid Residual Rent will not accrue. If in any year Surplus Cash is insufficient to pay the full amount of the Residual Rent, then Tenant will certify to the City in writing by May 15 that available Surplus Cash is insufficient to pay Residual Rent and Tenant will provide to City any supporting documentation reasonably requested by City to allow City to verify the insufficiency. If Base Rent is increased

to the full Annual Rent as provided in Section 4.02(a) above, then the Residual Rent will not be payable from Surplus Cash, but will be payable as Base Rent under Section 4.02(a) above for so long as the failure under Section 9.01 remains uncured.

4.04 Triple Net Lease. This Ground Lease is a triple net lease and the Tenant will be responsible to pay all costs, charges, taxes, impositions, and other obligations related to the Premises accruing after the Effective Date. If the City pays any such amounts, whether to cure a default or otherwise protect its interests hereunder, the City will be entitled to be reimbursed by Tenant the full amount of such payments as additional rent within thirty (30) days of written demand by City. Failure to timely pay the additional rent will be a default by Tenant of this Ground Lease. No occurrence or situation arising during the Term, or any Law, whether foreseen or unforeseen, and however extraordinary, relieves Tenant from its liability to pay all of the sums required by any of the provisions of this Ground Lease, or otherwise relieves Tenant from any of its obligations under this Ground Lease, or gives Tenant any right to terminate this Ground Lease in whole or in part.

ARTICLE 5 CITY COVENANTS

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

ARTICLE 6 TENANT COVENANTS

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

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

6.02 Use of Premises and Rents. During the Term of this Ground Lease, Tenant and its successors and assigns will comply with the following requirements:

6.02(a) Permitted Uses. Except as provided in Sections 26.06 and 26.07 of this Ground Lease, Tenant will devote the Site to, exclusively and in accordance with, the uses specified in this Ground Lease, as specified in ARTICLE 9 below, which are the only uses permitted by this Ground Lease. Tenant acknowledges that that a prohibition on the change in use contained in Section 9.01 is expressly authorized by California Civil Code section 1997.230 and is fully enforceable.

6.02(b) Non-Discrimination. Tenant will not discriminate against or segregate any person or group of persons on account of race, color, creed, religion, ancestry, national origin, sex, gender identity, marital or domestic partner status, sexual orientation, or disability (including HIV or AIDS status) in the sale, lease, rental, sublease, transfer, use, occupancy, tenure, or enjoyment of the Premises, or any part thereof, and Tenant or any person claiming under or through it will not establish or permit any such practice or practices of

discrimination or segregation with reference to the selection, location, number, use or occupancy, of Residential Occupants, Non-residential Occupants, subtenants or vendees on the Premises, or any part thereof, except to the extent permitted by Law or required by funding source. Tenant will not discriminate against tenants with certificates or vouchers under the Section 8 program or any successor rent subsidy program.

6.02(c) Non-Discriminatory Advertising. All advertising (including signs) for sublease of the whole or any part of the Site must include the legend “Equal Housing Opportunity” in type or lettering of easily legible size and design, or as required by applicable Law.

6.02(d) Access for Disabled Persons. Tenant will comply with all applicable Laws providing for access for persons with disabilities, including, but not limited to, the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973.

6.02(e) Equal Opportunity Marketing Plan. Tenant will submit a Fair Housing Marketing Plan to be approved by the City. Any Fair Housing Marketing Plan must follow the City’s marketing requirements for such plans.

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

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

- i. First to Base Rent Accrual payments, if any;
- ii. Second, to replenish the operating reserve account and replacement reserve account, if necessary, up to the amount required by Lenders or the Permitted Limited Partner;
- iii. Third, two-thirds (2/3) of remaining Surplus Cash to the City; provided, however, if the Project includes a deferred developer fee and Tenant is in compliance with the City Loan Documents and MOHCD's policies, then fifty percent (50%) of remaining Surplus Cash to the City beginning on the initial Payment Date (as such term is defined in the City Loan Documents) until and including the earlier of the year (i) of the fifteen (15th) Payment Date, or (ii) in which all deferred developer fees have been paid to Developer. The City’s portion of Surplus Cash will be applied first to repayment of all City loans according to the terms of the City Loan Documents, then to annual Residual Rent; and

- iv. Then, any remaining Surplus Cash may be used by Tenant for any purposes permitted under the Amended and Restated Limited Partnership of Tenant, as it may be amended from time to time (the “Partnership Agreement”).

Notwithstanding the foregoing, Tenant and City agree that the distribution of Surplus Cash may be modified based on the requirements of other Lenders

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

ARTICLE 7 ANNUAL INCOME COMPUTATION, AND CERTIFICATION

Forty-five (45) days after recordation of an NOC (as defined in Section 10.15) by the Tenant for the Improvements, Tenant will furnish to the City a list of the persons who are and Residential Occupants of the Improvements, the specific unit that each person occupies, the household income of the Residential Occupants of each unit, the household size and the rent being charged to the Residential Occupants of each unit along with an income certification, in the form set forth in Attachment 6, for each Residential Occupant. In addition, each Residential Occupant must be required to provide any other information, documents, or certifications deemed necessary by the City to substantiate the Residential Occupant's income. If any state or federal agency requires an income certification for Residential Occupants of the Improvements containing the above-referenced information, the City agrees to accept such certification in lieu of Attachment 6 as meeting the requirements of this Ground Lease. In addition to such initial and annual list and certification, Tenant agrees to provide the same information and certification to the City regarding each Residential Occupant of the Improvements not later than twenty (20) business days after such Residential Occupant commences occupancy.

ARTICLE 8 CONDITION OF SITE—“AS IS”

8.01 Tenant acknowledges and agrees that Tenant is familiar with the Premises, the Premises is being leased and accepted in its "as-is" condition, without any improvements or alterations by the City, without representation or warranty of any kind, and subject to all applicable Laws governing their use, development, occupancy, and possession. Tenant further represents and warrants that Tenant has investigated and inspected, either independently or through agents of Tenant's own choosing, the condition of the Premises and the suitability of the Premises for Tenant's intended use. Tenant acknowledges and agrees that neither City nor any of

its agents have made, and City hereby disclaims, any representations or warranties, express or implied, concerning the rentable area of the Premises, the physical or environmental condition of the Premises, or the present or future suitability of the Premises for Tenant's use, or any other matter whatsoever relating to the Premises, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose; it being expressly understood that the Premises is being leased in an "AS IS" condition with respect to all matters.

8.02 Accessibility Disclosure. California Civil Code Section 1938 requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist (“CASp”) to determine whether the property meets all applicable construction-related accessibility requirements. The law does not require landlords to have the inspections performed. Tenant is hereby advised that the Premises have not been inspected by a CASp.

8.03 Presence of Hazardous Substances. California law requires landlords to disclose to tenants the presence of certain Hazardous Substances as identified in the Phase 1 and phase 2 prepared by Group Delta on April 28, 2017 as updated (Phase 1) and September 17, 2015 (Phase 2)/15 and the Subsurface Analysis Report and Site Mitigation Report dated 10/12/2020.

ARTICLE 9 PERMITTED AND PROHIBITED USES

9.01 Permitted Uses and Occupancy Restrictions. The permitted uses of the Project are limited to one hundred thirty-five (135) units of affordable rental housing plus two (2) unrestricted managers’ units (collectively, the “**Residential Units**”), a 4,407 square foot of commercial space (“**Commercial Unit**”), and common areas. Upon the completion of construction, one hundred percent (100%) of the Residential Units, with the exception of the manager’s units, in the Project will be leased to households certified as Qualified Households, as set forth in MOHCD’s Declaration of Restrictions and any amendments thereto mutually agreed upon by the parties; provided, however that the maximum initial occupancy income level restrictions when averaged for all Residential Units in the Project may not exceed sixty percent (60%) of AMI and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance. In addition, Tenant has executed a Section 8 Project-Based Voucher Program Housing Assistance Payments Contract with the San Francisco Housing Authority for thirty-five (35) Residential Units (the “AHAP”), and such Residential Units will be subject to the terms of the AHAP and applicable law. Residential Units must be occupied and rented in accordance with all applicable restrictions imposed on the Project by this Ground Lease and by Lenders for so long as such restrictions are required by the applicable Lender. Commercial Units may be used for Public Benefit Use, Community-serving Commercial Use, or, with the approval of the City, which may not be unreasonably withheld, for Commercial Use. All leases of Commercial Space must be approved in advance by MOHCD, which approval will not be unreasonably withheld. The City hereby acknowledges that it approves the commercial master lease between Tenant and [TBD BRIDGE entity].

9.02 Prohibited Uses. Tenant agrees that the following activities, by way of example only and without limitation, and any other use that is not a Permitted Use (in each instance, a “**Prohibited Use**” and collectively, “**Prohibited Uses**”), are inconsistent with this Ground Lease, are strictly prohibited and are considered Prohibited Uses:

9.02(a) any activity, or the maintaining of any object, that is not within the Permitted Use;

9.02(b) any activity, or the maintaining of any object, that will in any way increase the existing rate of, affect or cause a cancellation of, any fire or other insurance policy covering the Premises, any part thereof or any of its contents;

9.02(c) any activity or object that will overload or cause damage to the Premises;

9.02(d) any activity that constitutes waste or nuisance, including, but not limited to (to the extent that they rise to the level of waste or nuisance), the preparation, manufacture or mixing of anything that might emit any objectionable odors, noises, or lights onto adjacent properties, or the use of loudspeakers or sound or light apparatus that can be heard or seen outside the Premises;

9.02(e) any activity that is inconsistent with the planned use of the Premises, that will in any way injure, obstruct, or interfere with the rights of owners or occupants of adjacent properties, including, but not limited to, rights of ingress and egress;

9.02(f) any auction, distress, fire, bankruptcy or going out of business sale on the Premises without the prior written consent of the City, which consent may be granted, conditioned, or withheld in the sole and absolute discretion of the City;

9.02(g) any vehicle and equipment maintenance, including but not limited to, washing, fueling, changing oil, transmission or other automotive fluids;

9.02(h) the storage of any and all excavated materials, including but not limited to, dirt, concrete, sand, asphalt, and pipes, except to the extent necessary during construction of the Project;

9.02(i) the storage of any and all aggregate material, or bulk storage, such as wood or of other loose materials, except to the extent necessary during construction of the Project; or

9.02(j) the washing of any vehicles or equipment;

9.02(k) bars, retail liquor sales, marijuana sales, or any other uses that cater exclusively to adults.

ARTICLE 10 SUBDIVISION; CONSTRUCTION OF IMPROVEMENTS

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

10.02 Reserved.

10.03 General Requirements and Rights of City. All construction documents, including but not limited to preliminary and final plans and specifications for the construction of the Improvements by Tenant and improvements by the subtenants (collectively the “**Construction Documents**”) must be prepared by a person registered in and by the State of California to practice architecture and must be in conformity with this Ground Lease, preliminary construction documents, and final construction documents for the Premises, and all applicable Laws. The architect will use, as necessary, members of associated design professions, including engineers and landscape architects. Subtenant construction documents including but not limited to preliminary and final plans and specifications for the construction must be reviewed and approved by Landlord and MOHCD prior to construction of tenant improvements. [Notwithstanding anything to the contrary contained in this ARTICLE 10, the City hereby acknowledges that for purposes of this Ground Lease, the Final Construction Documents for the Project have been approved as of the Agreement Date.]

10.04 City Approvals and Limitation Thereof. The Construction Documents must be approved by the City in the manner set forth below:

10.04(a) Compliance with Ground Lease. The City’s approval with respect to the Construction Documents is limited to determination of their compliance with this Ground Lease. The Construction Documents will be subject to general architectural review and guidance by the City as part of this review and approval process.

10.04(b) MOHCD Does Not Approve Compliance with Construction Requirements. The City’s approval is not directed to engineering or structural matters or compliance with local building codes and regulations, the Americans with Disabilities Act, or any other applicable Law relating to construction standards or requirements. Tenant further understands and agrees that City is entering into this Ground Lease in its capacity as a property owner with a proprietary interest in the Premises and not as a regulatory agency with police powers. Nothing in this Ground Lease will limit in any way Tenant’s obligation to obtain any required approvals from City officials, departments, boards, or commissions having jurisdiction over the Premises. By entering into this Ground Lease, City is in no way modifying or limiting Tenant’s obligation to cause the Premises to be used and occupied in accordance with all applicable Laws.

10.05 Construction to be in Compliance with Construction Documents and Law.

10.05(a) Compliance with City Approved Documents. The construction must be in compliance with the City-approved Construction Documents.

10.05(b) Compliance with Local, State and Federal Law. The construction must be in strict compliance with all applicable Laws. Tenant understands and agrees that Tenant’s use of the Premises and construction of the Improvements permitted under this Ground Lease will require authorizations, approvals, or permits from governmental regulatory agencies with jurisdiction over the Premises, including, without limitation, City agencies. Tenant will be solely responsible for obtaining any and all such regulatory approvals. Tenant may not seek any regulatory approval without first obtaining the written consent of City as Landlord under this Ground Lease. Tenant will bear all costs associated with applying for and obtaining any

necessary or appropriate regulatory approval and will be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any such condition that could affect use or occupancy of the Project or City's interest therein must first be approved by City in its sole discretion. Any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval will be immediately paid and discharged by Tenant, and City will have no liability, monetary or otherwise, for any such fines or penalties. Tenant will indemnify, defend, and hold harmless the City and the other Indemnified Parties hereunder against all Claims (as such terms are defined in ARTICLE 21 below) arising in connection with Tenant's failure to obtain or failure by Tenant, its agents, or invitees to comply with the terms and conditions of any regulatory approval, except to the extent such Claims are caused by the City's or an Indemnified Party's (acting in its or their proprietary capacity as or related to City as landlord under this lease) gross negligence or willful misconduct.

10.06 Approval of Construction Documents by City. Tenant will submit and City will approve or disapprove the Construction Documents referred to in this Ground Lease within the times established in the Schedule of Performance, so long as each set of the applicable Construction Documents are complete and properly submitted within the time frames set forth in the Schedule of Performance. Failure by City either to approve or disapprove within the times established in the Schedule of Performance will entitle Tenant to a day for day extension of time for completion of any activities delayed as a direct result of City's failure to timely approve or disapprove the Construction Documents. [City hereby acknowledges that, as Landlord under this Ground Lease, as of the Agreement Date, MOHCD has approved the Construction Documents for the Project.]

10.07 Disapproval of Construction Documents by City. If the City disapproves the Construction Documents in whole or in part as not being in compliance with this Ground Lease, Tenant will submit new or corrected Construction Documents which are in compliance within thirty (30) days after written notification to it of disapproval, and the provision of this section relating to approval, disapproval and re-submission of corrected Construction Documents will continue to apply until the Construction Documents have been approved by the City; provided, however, that in any event Tenant must submit satisfactory Construction Documents (*i.e.*, approved by City) no later than the date specified therefor in the Schedule of Performance.

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

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

10.10 City Approval of Changes after Commencement of Construction. Tenant may not approve or permit any change to the Construction Documents approved by the City without the City's prior written consent. With respect to change orders, Landlord and Tenant will follow the procedures set forth in Section 5.3 of the Project Loan Agreement between the Landlord and Tenant dated on or about the date of this Agreement.

10.11 Times for Construction. Tenant agrees for itself, and its successors and assigns to or of the Leasehold Estate or any part thereof, that Tenant and such successors and assigns will promptly begin and diligently prosecute to completion the construction of the Improvements upon the Site, and that such construction will be completed no later than the dates specified in the Schedule of Performance, subject to force majeure, unless such dates are extended by the City.

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

10.13 Reports. Commencing when construction of the Improvements commences and continuing until completion of construction of the Improvements, Tenant will make a report in writing to the City every month/, in such detail as may reasonably be required by the City, as to the actual progress of the Tenant with respect to the construction. The MOHCD Monthly Project Update required under the City Loan Documents will satisfy this requirement.

10.14 Access to Site. As of the Effective Date and until the City issues a Certificate of Completion (as defined in Section 11.01 below), Tenant will permit City access to the Premises whenever and to the extent necessary to carry out the purposes of the provisions of this Ground Lease, at reasonable times and upon reasonable advance notice, and on an emergency basis

without notice whenever City believes that emergency access is required. After the City's issuance of a Certificate of Completion, access to the Premises will be governed by ARTICLE 24, below.

10.15 Notice of Completion. Promptly upon completion of the construction of the Improvements in accordance with the provisions of this Ground Lease, Tenant will file a Notice of Completion (“**NOC**”) and record the approved NOC in the San Francisco Recorder's Office. Tenant will provide the City with a copy of the recorded NOC.

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

ARTICLE 11 RESERVED

ARTICLE 12 CHANGES TO THE IMPROVEMENTS

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

12.02 Definition of Change. “**Change**” means any alteration, modification, addition, and/or substitution of or to the Premises, and/or the density of development that differs materially from that which existed upon the completion of construction of the Improvements in accordance with this Ground Lease, and includes, without limitation, the exterior design and exterior materials and tenant improvements in the Commercial Space. For purposes of the foregoing, “exterior” includes the roof of the Improvements. “Change” does not include any repair, maintenance, cosmetic interior alterations (e.g., paint, carpet, installation of moveable equipment and trade fixtures, and hanging of wall art) in the normal course of operation of the Project, any tenant improvements to the Commercial Space installed for a permitted use of the Commercial Space, or as may be required in an emergency to protect the safety and well-being of the Project's Residential Occupants and Non-residential Occupants.

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

ARTICLE 13 TITLE TO IMPROVEMENTS

City acknowledges that fee title to the Improvements will be vested in Tenant for the Term of this Ground Lease. It is the intent of the Parties that this Ground Lease and the Memorandum of Lease will create a constructive notice of severance of the Improvements from the land without the necessity of a deed from Lessor to Lessee. City and Tenant hereby agree that fee title to the Improvements will remain vested in Tenant during the Term, subject to Section 14.01 below; provided, however, that, subject to the rights of any Lenders and as further consideration for the City entering into this Ground Lease, at the expiration or earlier termination of this Ground Lease, fee title to all the Improvements will vest in the City without further action of any party, without any obligation by the City to pay any compensation to Tenant, and without the necessity of a deed from Tenant to the City. Notwithstanding the foregoing, if requested by the City, upon expiration or sooner termination of this Ground Lease, Tenant will execute and deliver to the City an acknowledged and good and sufficient grant deed conveying to the City Tenant's fee interest in the Improvements. City acknowledges and agrees that any and all depreciation, amortization, and tax credits for federal and state tax purposes relating to the Improvements, fixtures therein, and other property relating thereto will be deducted or credited exclusively to Tenant during the Term and for the tax years during which the Term begins and ends.

ARTICLE 14 ASSIGNMENT, SUBLEASE, OR OTHER CONVEYANCE

14.01 Assignment, Sublease, or Other Conveyance by Tenant. Subject to Article 49, Tenant may not sell, assign, convey, sublease, or transfer in any other mode or form all or any part of its interest in this Ground Lease or in the Improvements or any portion thereof, other than to Lender(s) or affiliates of Lender(s) as provided in this Ground Lease, or allow any person or entity to occupy or use all or any part of the Site, other than leases to Residential Occupants and Non-Residential Occupants in the ordinary course of business, and it may not contract or agree to do any of the same, without the prior written approval of the City, which approval will not be unreasonably withheld or delayed. Tenant will provide any background or supporting documentation that the City may require in assessing Tenant's request for approval. Notwithstanding the foregoing, Tenant will submit to the City for review and, comment, and approval all leases to Non-residential Occupants, together with any supporting documentation as the City may request.

14.02 Assignment, Sublease, or Other Conveyance by City. The parties acknowledge that any sale, assignment, transfer, or conveyance of all or any part of the City's interest in the Site, the Improvements, or this Ground Lease, is subject to this Ground Lease. The City will require that any purchaser, assignee, or transferee expressly assume all of the obligations of the City under this Ground Lease by a written instrument recordable in the Official Records of the City. This Ground Lease will not be affected by any such sale, and Tenant will attorn to any such purchaser or assignee. For the avoidance of doubt, Landlord will not mortgage its fee estate

unless there is an express subordination of the fee mortgage to Tenant's Leasehold Estate. If Landlord mortgages its interest in the fee estate during the term of any Lender's loan, Tenant may not subordinate the Ground Lease to the lien of that mortgage.

ARTICLE 15 TAXES

Subject to any available exemption, Tenant agrees to pay, or cause to be paid, before delinquency to the proper authority, any and all valid taxes, assessments, and similar charges on the Premises that become effective after the Effective Date of this Ground Lease, including all taxes levied or assessed on the possession, use or occupancy, as distinguished from the ownership, of the Premises. Tenant will not permit any such taxes, charges, or other assessments to become a defaulted lien on the Site or the Improvements thereon; provided, however, that in the event any such tax, assessment, or similar charge is payable in installments, Tenant may make, or cause to be made, payment in installments; and, provided further, that Tenant may contest the legal validity or the amount of any tax, assessment, or similar charge, through such proceedings as Tenant considers necessary or appropriate, and Tenant may defer the payment thereof so long as the validity or amount thereof is contested by Tenant in good faith and without expense to the City. If Tenant contests a tax, assessment, or other similar charge, then Tenant will protect, defend, and indemnify the City against all Claims resulting therefrom, and if Tenant is unsuccessful in any such contest, Tenant will immediately pay, discharge, or cause to be paid or discharged, the tax, assessment, or other similar charge. The City will furnish such information as Tenant may reasonably request in connection with any such contest, provided that such information is in the City's possession or control or is otherwise available to the public. City hereby consents to and will reasonably cooperate and assist with Tenant applying for and obtaining any applicable exemptions from taxes or assessments levied on the Site, the Improvements, or on Tenant's interest therein. Tenant will have no obligation under this Section before the Effective Date, including but not limited to any taxes, assessments, or other charges levied against the Site that are incurred before the Effective Date.

ARTICLE 16 UTILITIES

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

ARTICLE 17 MAINTENANCE AND OPERATION

17.01 Maintenance. Tenant, at all times during the Term, will maintain or cause to be maintained the Premises in good condition and repair to the reasonable satisfaction of the City, including the exterior, interior, substructure, and foundation of the Improvements and all fixtures, equipment, and landscaping from time to time located in, on, or under the Premises or any part thereof. The City will not be obligated to make any repairs, replacements, or renewals of any kind, nature, or description whatsoever to the Site or any buildings or improvements now or hereafter located thereon. Tenant hereby waives all rights to make repairs at the City's expense under Sections 1932(1), 1941 and 1942 of the California Civil Code or under any similar Law now or hereafter in effect.

17.02 City's Consent for Work Requiring a Permit. Tenant will not make, or cause or suffer to be made, any repairs or other work for which a permit is required by any applicable building code, standard, or regulation without first obtaining the City's prior written consent and a permit therefor.

17.03 Facilities Condition Report or Capital Needs Assessment ("CNA"). After the Project's first five (5) years of operation, Tenant may request adjustments every five (5) years based on its most recently approved CNA. Tenant may perform, and if so performed, will deliver to the City a facilities condition report or capital needs assessment for the Premises, prepared by a qualified team of construction professionals acceptable to Tenant and the City, describing at a minimum the condition and integrity of the Premises, including the Improvements, the foundation and structural integrity of the building, and all utilities systems serving the building (the "**Facilities Condition Report**" or "**CNA**"). Tenant will provide with its submittal of the Facilities Condition Report or CNA, an anticipated schedule of and budget for, the repairs identified in the Facilities Condition Report or CNA. If the City reasonably believes the Facilities Condition Report or CNA does not adequately describe the condition and integrity of the listed items or the timing of required repairs, then the City will notify Tenant of the deficiency and Tenant will revise the Facilities Condition Report or CNA to address the City's concerns. If Tenant fails to provide a Facilities Condition Report or CNA to City every five (5) years, then the City after giving thirty (30) days' notice to Tenant will have the right, but not the obligation, to cause a Facilities Condition Report or CNA to be prepared by a team of construction professionals of the City's choice, at Tenant's sole cost. Tenant will perform the repairs within the timeframe set forth in the Facilities Condition Report or CNA approved by the City.

17.04 City's Right to Inspect. Without limiting ARTICLE 24 below, the City may make periodic inspections of the Premises and other areas for which Tenant has obligations and may advise Tenant when maintenance or repair is required, but such right of inspection will not relieve Tenant of its independent responsibility to maintain the Premises and other areas as required by this Ground Lease in a condition as good as, or better than, their condition at the completion of the Improvements, excepting ordinary wear and tear.

17.05 City's Right to Repair. If Tenant fails to maintain or to promptly repair any damage as required by this Ground Lease (subject to the notice and cure provisions in Section 19.03, except in the event of an emergency as reasonably determined by City), the City may

repair the damage at Tenant's sole cost and expense and Tenant will immediately reimburse the City for all costs of the repair.

17.06 Operation. Following completion of the Improvements, Tenant will maintain and operate the consistent with the maintenance and operation of a safe, clean, well-maintained first-class mixed use residential project located in San Francisco. Tenant will be exclusively responsible, at no cost to City, for the management and operation of the Premises. In connection with managing and operating the Premises, Tenant will provide (or require others to provide), services as necessary and appropriate to the uses to which the Project are put, including (a) repair and maintenance of the Improvements; (b) utility and telecommunications (including internet/Wi-Fi) services to the extent, if any, customarily provided by equivalent projects located in San Francisco (such utilities will be available to the site and paid for by tenant); (c) cleaning, janitorial, pest extermination, recycling, composting, and trash and garbage removal; (d) landscaping and groundskeeping; (e) on-site personnel for the Premises; and (f) sufficient lighting at night for pedestrians along pathways. Tenant will use commercially reasonable efforts to ensure that all of the Premises are used continuously during the Term for the Permitted Use and not allow any portion of the Premises to remain unoccupied or unused without the prior written consent of City, which consent may be withheld in City's sole and absolute discretion. Any Residential Unit may remain unoccupied but only to the extent permitted under any applicable regulatory agreements, housing assistance payment contract, and applicable Law.

ARTICLE 18 LIENS

Tenant will use its best efforts to keep the Premises free from any liens arising out of any work performed or materials furnished by itself or its subtenants. If Tenant does not cause a lien to be released of record or bonded around within twenty (20) days following written notice from the City of the imposition of the lien, the City will have, in addition to all other remedies provided in this Ground Lease and by Law, the right (but not the obligation) to cause the lien to be released by any means as it deems proper, including payment of the claim giving rise to such lien. All sums paid by the City for such purpose, and all reasonable expenses incurred by it in connection therewith, will be payable to the City by Tenant on demand. Notwithstanding the foregoing, Tenant will have the right, upon posting of an adequate bond or other security, to contest any lien, and the City will not seek to satisfy or discharge the lien unless Tenant has failed so to do within ten (10) days after the final determination of the validity of the lien. If Tenant contests a lien, then Tenant will protect, defend, and indemnify the City against all Claims resulting therefrom. The provisions of this Section will not apply to any liens arising before the Effective Date that are not the result of Tenant's contractors, consultants, or activities.

ARTICLE 19 GENERAL REMEDIES

19.01 Application of Remedies. The provisions of this ARTICLE 19 govern the parties' remedies for breach of this Ground Lease.

19.02 Breach by City. If Tenant believes that the City has a material breached this Ground Lease, Tenant must first notify the City in writing of the purported breach, giving the City one hundred twenty (120) days from receipt of such notice to cure the breach. If the City does not cure the breach within the 120-day period, or, if the breach is not reasonably susceptible

to cure within that one hundred twenty (120) day period, begin to cure within one hundred twenty (120) days and diligently prosecute then cure to completion, then Tenant will have all of its rights at law or in equity by taking any or all of the following remedies: (i) terminating in writing this entire Ground Lease with the written consent of each Lender; (ii) prosecuting an action for damages; (iii) seeking specific performance of this Ground Lease; or (iv) any other remedy available at law or equity.

19.03 Breach by Tenant.

19.03(a) Default by Tenant

Subject to the notice and cure rights under Sections 19.03(b) and 19.04, any of the following events each constitute a basis for the City to take action against Tenant:

(i) Tenant fails to comply with the Permitted Uses and Occupancy Restrictions set forth in Section 9.01;

(ii) Tenant voluntarily or involuntarily assigns, transfers, or attempts to transfer or assign this Ground Lease or any rights in this Ground Lease, or in the Improvements, except as permitted by this Ground Lease or otherwise approved by the City;

(iii) From and after the Effective Date, Tenant, or its successor in interest, fails to pay real estate taxes or assessments on the Premises or any part thereof before delinquency, or places on the Site any encumbrance or lien unauthorized by this Ground Lease, or suffers any levy or attachment, or any material supplier's or mechanic's lien or the attachment of any other unauthorized encumbrance or lien, and the taxes or assessments not have been paid, or the encumbrance or lien removed or discharged within the time period provided in ARTICLE 18; provided, however, that Tenant has the right to contest any tax or assessment or encumbrance or lien as provided in ARTICLE 15 and ARTICLE 18;

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

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

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

For avoidance of doubt, and notwithstanding anything to the contrary herein, a default under that certain Commercial Ground Lease Agreement dated as of even date herewith between the City and the Tenant shall not in and of itself constitute a default hereunder.

19.03(b) Notification and City Remedies. Upon the happening of any of the events described in Section 19.03(a) above, and before exercising any remedies, the City will notify Tenant, the Permitted Limited Partners, and each Lender in writing of the Tenant's purported breach, failure, or act in accordance with the notice provisions of ARTICLE 38, giving Tenant sixty (60) days from the giving the receipt of the notice to cure such breach, failure, or act. The City agrees to accept cure by the Permitted Limited Partner, or Lender, as applicable, as if such cure were made by Tenant. If Tenant does not cure or, if the breach, failure, or act is not reasonably susceptible to cure within that sixty (60) day period in the City's sole discretion, does not begin to cure within sixty (60) days and diligently prosecute such cure to completion, then, subject to the rights of, the Permitted Limited Partner, or any Lender any Lender and subject to Section 19.04 and ARTICLE 26, the City will have all of its rights at law or in equity, including, but not limited to

(i) the remedy described in Section 1951.4 of the California Civil Code (a landlord may continue the lease in effect after a tenant's breach and abandonment and recover rent as it becomes due, if the tenant has the right to sublet and assign subject only to reasonable limitations) under which it may continue this Ground Lease in full force and effect and the City may enforce all of its rights and remedies under this Ground Lease, including the right to collect rent when due. During the period Tenant is in default, the City may enter the Premises without terminating this Ground Lease and relet them, or any part of them, to third parties for Tenant's account. Tenant will be liable immediately to the City for all reasonable costs that the City incurs in reletting the Premises, including, but not limited to, broker's commissions, expenses of remodeling the Premises required by the reletting and like costs. Reletting can be for a period shorter or longer than the remaining Term, at such rents and on such other terms and conditions as the City deems advisable, subject to any restrictions applicable to the Premises. Tenant will pay the City the rent due under this Ground Lease on the dates the rent is due, less the rent the City receives from any reletting. If the City elects to relet, then rentals received by the City from the reletting will be applied in the following order: (1) to reasonable attorneys' and other fees incurred by the City as a result of a default and costs if suit is filed by the City to enforce its remedies; (2) to the payment of any costs of maintaining, preserving, altering, repairing, and preparing the Premises for reletting, the other costs of reletting, including but not limited to brokers' commissions, attorneys' fees and expenses of removal of Tenant's Personal Property and Changes; (3) to the payment of rent due and unpaid; (4) the balance, if any, will be paid to Tenant upon (but not before) expiration of the Term. If that portion of the rentals received from any reletting during any month that is applied to the payment of rent, is less than the rent payable during the month, then Tenant must pay the deficiency to the City. The deficiency will be calculated and paid monthly. No act by the City allowed by this Section will terminate this Ground Lease unless the City notifies Tenant that the City elects to terminate this Ground Lease. After Tenant's default and for as long as the City does not terminate Tenant's right to possession of the Premises by written notice, if Tenant obtains the City's consent Tenant will have the right to assign or sublet its interest in this Ground Lease, but Tenant shall not be released from liability and the assignment or subletting will not serve to cure the default;

(ii) the City may terminate Tenant's right to possession of the Premises at any time. No act by the City other than giving notice of termination to Tenant will terminate this Ground Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on the City's initiative to protect the City's interest under this Ground Lease will not constitute a termination of Tenant's right to possession. If the City elects to terminate this Ground Lease, then the City has the rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including the right to terminate Tenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Annual Rent and any additional charges for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Tenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. The City's efforts to mitigate the damages caused by Tenant's breach of this Ground Lease will not waive the City's rights to recover damages upon termination;

(iii) The right to have a receiver appointed for Tenant upon application by the City to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to the City under this Ground Lease;

(iv) seeking specific performance of this Ground Lease; or

(v) in the case of default under Section 19.03(a)(i), increasing the Base Rent to the full amount of the Annual Rent.

Notwithstanding the foregoing, during the 15-year tax credit "compliance period" (as defined in Section 42 of the Internal Revenue Code, as amended) for the Project, the City may only terminate this Ground Lease for a default by Tenant under Section 19.03(a)(vi) above that remains uncured after expiration of the applicable cure period.

19.04 Rights of Permitted Limited Partner.

19.04(a) If a Permitted Limited Partner cannot cure a default due to an automatic stay in Bankruptcy court because the general partner of the Tenant is in bankruptcy, any cure period will be tolled during the pendency of such automatic stay.

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

19.04(c) Unless otherwise provided for in this Ground Lease, any limited partner that is not the Permitted Limited Partner identified in ARTICLE 38 wishing to become a Permitted Limited Partner must provide five (5) days written notice to the City in accordance with the notice provisions of this Ground Lease, setting forth a notice address and providing a copy of such notice to the Tenant and all of the Tenant's partners. The limited partner will become a Permitted Limited Partner upon the expiration of the five-day period. A limited partner will not be afforded the protections of this Section with respect to any default occurring before the limited partner becomes a Permitted Limited Partner.

19.05 City's Right to Cure Tenant's Default. If Tenant defaults in the performance of any of its obligations under this Ground Lease, the City may at any time thereafter after notice and expiration of the applicable cure period (except in the event of an emergency as determined by the City, in which case the may act when the City determines necessary), remedy the default for Tenant's account and at Tenant's expense. Tenant will pay to the City as additional Base Rent, promptly upon demand, all sums expended by the City, or other costs, damages, expenses, or liabilities incurred by the City, including reasonable attorneys' fees, in remedying or attempting to remedy the default. Tenant's obligations under this Section will survive the termination of this Ground Lease. Nothing in this Section implies any duty of the City to do any act that Tenant is obligated to perform under any provision of this Ground Lease, and the City's cure or attempted cure of Tenant's default will not constitute a waiver of Tenant's default or any rights or remedies of the City on account of the default.

19.06 Waiver of Redemption. Tenant hereby waives, for itself and all persons claiming by and under Tenant, redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other pertinent present or future Law, in the event Tenant is evicted or the City takes possession of the Premises by reason of any default of Tenant hereunder.

19.07 Remedies Not Exclusive. The remedies set forth in Section 19.03(b) are not exclusive; they are cumulative and in addition to any and all other rights or remedies of the City now or later allowed by Law. Tenant's obligations hereunder will survive any termination of this Ground Lease.

ARTICLE 20 DAMAGE AND DESTRUCTION

20.01 Insured Casualty. If the Improvements or any part thereof are damaged or destroyed by any cause covered by any policy of insurance required to be maintained by Tenant under this Ground Lease, Tenant will promptly commence and diligently complete the restoration of the Improvements as nearly as possible to the condition thereof before such damage or destruction; provided, however, that if more than fifty percent (50%) of the Improvements are destroyed or are damaged by fire or other casualty and if the insurance proceeds do not provide at least ninety percent (90%) of the funds necessary to complete the restoration, then Tenant, with the written consent of Lender, may terminate this Ground Lease within thirty (30) days after the later of (i) the date of such damage or destruction, or (ii) the date on which Tenant is notified of the amount of insurance proceeds available for restoration. If Tenant is required or elects to restore the Improvements, then all proceeds of any policy of insurance required to be maintained by Tenant under this Ground Lease will, subject to any applicable rights of Lenders, be used by Tenant for that purpose and Tenant will make up from its own funds or obtain additional financing as reasonably approved by the City any deficiency between the amount of insurance proceeds available for the work of restoration and the actual cost. If Tenant elects to terminate this Ground Lease as provided under this Section 20.01, or elects not to restore the Improvements, then the insurance proceeds will be divided in the order set forth in Section 20.03. If Tenant restores the Improvements as provided in this Section, any insurance proceeds remaining after restoration is completed shall, subject to the applicable rights of any Lender, be retained by Tenant and be considered Project Income.

20.02 Uninsured Casualty. If (i) more than 50% of the Improvements are damaged or destroyed and ten percent (10%) or more of the cost to complete the restoration is not covered by insurance required to be carried under this Ground Lease; and (ii) in the reasonable opinion of Tenant, the undamaged portion of the Improvements cannot be completed or operated on an economically feasible basis; and (iii) there is not available to Tenant any feasible source of third party financing for restoration reasonably acceptable to Tenant; then Tenant may, with the written consent of each Lender, other than the City, terminate this Ground Lease upon ninety (90) days written notice to the City. If it appears that the provisions of this Section 20.02 may apply to a particular event of damage or destruction, Tenant will notify the City promptly and not consent to any settlement or adjustment of an insurance award without the City's written approval, which approval will not be unreasonably withheld or delayed. If Tenant terminates this Ground Lease under this Section 20.02, then all insurance proceeds and damages payable by reason of the casualty will be divided among City, Tenant, and Lenders in accordance with the provisions of Section 20.03. If Tenant does not have the right, or elects not to exercise the right, to terminate this Ground Lease as a result of an uninsured or underinsured casualty, then Tenant will promptly commence and diligently complete the restoration of the Improvements as nearly as possible to their condition before the damage or destruction in accordance with the provisions of Section 20.01 and will, subject to any applicable rights of Lenders, be entitled to all available insurance proceeds to do so.

20.03 Distribution of the Insurance Proceeds. If Tenant elects to terminate and surrender as provided in either Sections 20.01 or 20.02, then the priority and manner for distribution of the proceeds of any insurance policy required to be maintained by Tenant hereunder will be as follows:

20.03(a) First to the Lenders, in order of their priority, to control, disburse or apply to any outstanding loan amounts in accordance with the terms their respective Leasehold Mortgages and applicable Law;

20.03(b) Second, to pay for the cost of removal of all debris from the Site or adjacent and underlying property, and for the cost of any work or service required by any Law, for the protection of persons or property from any risk, or for the abatement of any nuisance, created by or arising from the casualty or the damage or destruction caused thereby;

20.03(c) Third, to compensate City for any diminution in the value (as of the date of the damage or destruction) of the Site (as a raw development site) caused by or arising from the damage or destruction; and

20.03(d) The remainder to Tenant.

20.04 Clean-up of Site. If Tenant terminates this Ground Lease under the provisions of Sections 20.01 or 20.02, then Tenant must all clean up and remove all debris from the Site and adjacent and underlying property and leave the Site in a clean and safe condition and in compliance with all Laws upon surrender, as described in in Section 20.03(b). If the proceeds of any insurance policy are insufficient to pay the clean-up and other costs described in Section 20.03(b), then Tenant must pay the portion of the costs not covered by the insurance proceeds.

20.05 Waiver. Tenant and the City intend that this Ground Lease fully govern all of their rights and obligations in the event of any damage or destruction of the Premises. Accordingly, the City and Tenant each hereby waive the provisions of Sections 1932(2), 1933(4), 1941 and 1942 of the California Civil Code, as such sections may from time to time be amended, replaced, or restated.

ARTICLE 21 DAMAGE TO PERSON OR PROPERTY; HAZARDOUS SUBSTANCES; INDEMNIFICATION

21.01 Damage to Person or Property—General Indemnification. City will not in any event whatsoever be liable for any injury or damage to any person happening on or about the Site, for any injury or damage to the Premises, or to any property of Tenant, or to any property of any other person, entity, or association on or about the Site, unless arising from the active gross negligence or willful misconduct of the City or any of its commissioners, officers, agents, or employees. Tenant will defend, hold harmless, and indemnify the City including, but not limited to, its boards, commissions, commissioners, departments, agencies, and other subdivisions, officers, agents, and employees (each, an “**Indemnified Party**” and collectively the “**Indemnified Parties**”), of and from all claims, loss, damage, injury, actions, causes of action, and liability of every kind, nature and description (collectively, “**Claims**”) incurred in connection with or directly or indirectly arising from the Site, this Ground Lease, Tenant’s or any occupant’s tenancy, its or their use of the Site, including adjoining sidewalks and streets, and any of its or their operations or activities thereon or connected thereto; all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that the indemnity is void or otherwise unenforceable under applicable Law in effect on or validly retroactive to the date of this Ground Lease and further excepting only such Claims that are caused exclusively by the willful misconduct or active gross negligence of the Indemnified Parties. The foregoing indemnity will include, without limitation, reasonable fees of attorneys, consultants, and experts and related costs and the City’s costs of investigating any Claim. Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend the City from any claim that actually or potentially falls within any indemnity provision set forth in this Ground Lease even if such allegation is or may be groundless, fraudulent, or false, which obligation arises at the time such claim is tendered to Tenant by the City and continues at all times thereafter. Notwithstanding the foregoing, this Article 21 shall not be deemed or construed to and shall not impose any obligation to indemnify and save harmless the Indemnified Parties from any claim, loss, damage, liability or expense of any nature whatsoever, arising from or in any way related to or connected with any willful misconduct or gross negligence by an Indemnified Party. Tenant’s obligations under this Article will survive the termination or expiration of this Ground Lease.

21.02 Hazardous Substances—Indemnification.

21.02(a) Tenant will indemnify, defend, and hold the Indemnified Parties harmless from and against any and all Claims of any nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel and engineering consultants) incurred by or asserted against any Indemnified Party in connection with, arising out of, in response to, or in any manner relating to violation of any Environmental Law, or any Release, threatened Release, and any condition of pollution, contamination or Hazardous Substance-

related nuisance on, under or from the Site; provided, however that this Section 21.02(a) shall not be deemed or construed to, and shall not impose any obligation on Tenant to indemnify and save harmless the Indemnified Parties from any claim, loss, damage, liability or expense of any nature whatsoever, arising from or in any way related to or connected with any willful misconduct or active gross negligence by any Indemnified Party.

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

(i) "**Hazardous Substance**" has the meaning set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended as of the date of this Ground Lease, 42 U.S.C. 9601(14), and in addition includes, without limitation, petroleum (including crude oil or any fraction thereof) and petroleum products, asbestos, asbestos-containing materials, polychlorinated biphenyls ("**PCBs**"), PCB-containing materials, all hazardous substances identified in the California Health & Safety Code 25316 and 25281(d), all chemicals listed under the California Health & Safety Code 25249.8, and any substance deemed a hazardous substance, hazardous material, hazardous waste, or contaminant under Environmental Law. The foregoing definition does not include substances that occur naturally on the Site or commercially reasonable amounts of hazardous materials used in the ordinary course of construction and operation of a residential mixed use development, provided they are used and stored in accordance with all applicable Laws.

(ii) "**Environmental Law**" means all Laws governing hazardous waste, wastewater discharges, drinking water, air emissions, Hazardous Substance releases or reporting requirements, Hazardous Substance use or storage, and employee or community right-to-know requirements related to the work being performed under this Ground Lease.

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

21.03 Exculpation and Waiver. Tenant, as a material part of the consideration to be rendered to the City, hereby waives any and all Claims against the City related to its approval of this Ground Lease or rights or obligations as landlord under this Ground Lease, including without limitation all Claims arising from the joint or concurrent, active or passive, negligence of the Indemnified Parties, but excluding any Claims caused solely by the Indemnified Parties' willful misconduct or active gross negligence. The Indemnified Parties will not be responsible for or liable to Tenant, and Tenant hereby assumes the risk of, and waives and releases the Indemnified Parties from all Claims against the City related to its approval of this Ground Lease or rights or obligations as landlord under this Ground Lease for, any injury, loss, or damage to any person or property in or about the Premises by or from any cause whatsoever occurring on or after the Effective Date, including, without limitation, (a) any act or omission of persons occupying adjoining premises or any part of the Premises adjacent to or connected with the Premises, (b) theft, (c) explosion, fire, steam, oil, electricity, water, gas or rain, pollution or contamination, (d) stopped, leaking, or defective building systems, (d) construction or Site defects, (f) damages to goods, wares, goodwill, merchandise, equipment, or business opportunities, (g) Claims by persons in, upon or about the Premises or any other City property

for any cause arising at any time, (h) alleged facts or circumstances of the process or negotiations leading to this Ground Lease before the Effective Date and (i) any other acts, omissions, or causes.

21.04 Tenant understands and expressly accepts and assumes the risk that any facts concerning the Claims released in this Ground Lease might be found later to be other than or different from the facts now believed to be true, and agrees that the releases in this Ground Lease will remain effective. Therefore, with respect to the Claims released in this Ground Lease, Tenant waives any rights or benefits provided by Section 1542 of the Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Tenant specifically acknowledges and confirms the validity of the release made above and the fact that Tenant was represented by counsel who explained the consequences of the release at the time this Ground Lease was made, or that Tenant had the opportunity to consult with counsel, but declined to do so.

21.05 Insurance. The Indemnification requirements under this Ground Lease, or any other agreement between the City and Tenant, will in no way be limited by any insurance requirements under any such agreements.

21.06 Survival. The provisions of ARTICLE 21 will survive the expiration or earlier termination of this Ground Lease.

ARTICLE 22 INSURANCE

22.01 Insurance. The Tenant must maintain insurance meeting the requirements of this Article.

22.01(a) Insurance Requirements for Tenant. During the term of this Ground Lease, Tenant will procure and maintain insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of any work hereunder by the Tenant, its agents, representatives, employees, contractors, or subcontractors and the Tenant's use and occupancy of the Site and the Improvements.

22.01(b) Minimum Scope of Insurance. Coverage must be at least as broad as:

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

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

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

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

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

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

22.01(c) Minimum Limits of Insurance. Tenant must maintain limits no less than:

(i) General Liability: Commercial General Liability insurance with no less than Two Million Dollars (\$2,000,000) combined single limit per occurrence and Four Million Dollars (\$4,000,000) annual aggregate limit for bodily injury and property damage, including coverage for blanket contractual liability (including tort liability and of another party and Tenant's liability of injury or death to persons and damage to property set forth in Section 21.01 above); personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Tenant is conducting any activity on, alteration or improvement to the Site with risk of explosion, collapse, or underground hazards.

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

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

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

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

(vi) Pollution Liability and/or Asbestos Pollution Liability: Pollution Liability and/or Asbestos Pollution Liability applicable to the work being performed, with a limit no less than \$1,000,000 per claim or occurrence and \$2,000,000 aggregate per policy period of one year; this coverage must be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Tenant's contractor, provided that the policy must be "claims made" coverage and Tenant must require Tenant's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the Project.

(vii) Property Insurance:

(1) Before construction:

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

b. During the course of construction:

i. Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the then-current replacement cost of all completed improvements and City property in the care, custody, and control of the Tenant or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable Law; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

ii. Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Tenant as dual obligees or other completion security approved by the City in its sole discretion.

(2) Upon completion of construction:

a. Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the then-current replacement value of all improvements and City property in the care, custody, and control of the Tenant or its contractor. For rehabilitation/construction projects that are unoccupied by Residential Occupants

or Non-Residential Occupants, Tenant must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

b. Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Tenant for heating, ventilating, air-conditioning, power generation, and similar purposes, in an amount not less than one hundred percent (100%) of the actual then-current replacement value of such machinery and equipment.

22.01(d) Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions in excess of \$25,000 must be declared to and approved by City's Risk Manager. At the option of City's Risk Manager, either: the insurer will reduce or eliminate the deductibles or self-insured retentions with respect to the City and County of San Francisco, and their respective commissioners, members, officers, agents, and employees; or the Tenant must procure a financial guarantee satisfactory to the City's Risk Manager guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

22.01(e) Other Insurance Provisions. The policies must contain, or be endorsed to contain, the following provisions:

(i) General Liability and Automobile Liability Coverage: The "City and County of San Francisco and their respective commissioners, members, officers, agents, and employees" are to be covered as additional insured with respect to: liability arising out of activities performed by or on behalf of the Tenant related to the Project; products and completed operations of the Tenant, premises owned, occupied or used by the Tenant related to the Project; and automobiles owned, leased, hired, or borrowed by the Tenant for the operations related to the Project. The coverage may not contain any special limitations on the scope of protection afforded to the City and its Commissioners, members, officers, agents, or employees.

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

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

(iv) All Coverage. Each insurance policy required by this Article must:

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

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

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

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

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

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

(7) The City reserves the right to require an increase in insurance coverage if the City determines that conditions (including, but not limited to, property conditions, market conditions, or commercially reasonable practice) show cause for an increase, unless Tenant demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Tenant.

22.01(f) Acceptability of Insurers. All insurers must have a Best's rating of no less than A-VIII or as otherwise approved by the City's Risk Manager.

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

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

ARTICLE 23 COMPLIANCE WITH SITE-RELATED AND LEGAL REQUIREMENTS

23.01 Compliance with Legal Requirements. From and after the Effective Date, Tenant will at its cost and expense, promptly comply with all applicable Laws now in force or that may later be in force, including, without limitation, the requirements of the fire department or other similar body now or later constituted and with any direction or occupancy certificate issued under any Law as any of them may relate to or affect the condition, use, or occupancy of the Site. If Tenant contests any of the foregoing, Tenant will not be obligated to comply therewith to the extent that the application of the contested Law is stayed by the operation of law or administrative or judicial order and Tenant indemnifies, defends, and holds harmless the Indemnified Parties against all Claims resulting from noncompliance.

23.02 Regulatory Approvals.

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

23.02(b) Tenant understands that the construction of the Improvements on the Premises and development of the Project will require approval, authorization, or permit by governmental agencies with jurisdiction, which may include the City's Planning Commission and/or Zoning Administrator and the Department of Building Inspection. Tenant must use good faith efforts to obtain and will be solely responsible for obtaining any approvals required for the Project in the manner set forth in this Section. Tenant will not seek any regulatory approval without first obtaining MOHCD's approval, which approval may not be unreasonably withheld or delayed. Throughout the permit process for any regulatory approvals, Tenant will consult and coordinate with MOHCD in Tenant's efforts to obtain permits. MOHCD will cooperate reasonably with Tenant in its efforts to obtain permits; provided, however, Tenant may not agree to the imposition of conditions or restrictions in connection with its efforts obtain a permit from any other regulatory agency if the City is required to be a co-permittee under the permit or the conditions or restrictions could create any financial or other material obligations on the part of the City whether on or off of the Premises, unless in each instance MOHCD has approved the conditions previously in writing and in MOHCD's reasonable discretion. No approval by MOHCD will limit Tenant's obligation to pay all the costs of complying with conditions under this Section. Tenant must bear all costs associated with applying for and obtaining any necessary regulatory approval, as well as any fines, penalties or corrective actions imposed as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval.

23.02(c) With MOHCD's prior written consent, Tenant will have the right to appeal or contest any condition in any manner permitted by Law imposed upon any regulatory approval. In addition to any other indemnification provisions of this Ground Lease, Tenant must indemnify, defend, and hold harmless the City and its commissioners, officers, agents or

employees from and against any and all Claims that may arise in connection with Tenant's failure to obtain or comply with the terms and conditions of any regulatory approval or with the appeal or contest of any conditions of any regulatory approval, except to the extent damage arises out of the active gross negligence or willful misconduct of the City or its agents.

ARTICLE 24 ENTRY

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

24.01(a) to determine whether the Premises is in good condition and to inspect the Premises (including soil borings or other Hazardous Substance investigations);

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

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

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

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

24.02 In the event of any emergency, as reasonably determined by the City, at its sole option and without notice, the City may enter the Premises and alter or remove any Improvements or Tenant's personal property on or about the Premises as reasonably necessary, given the nature of the emergency. The City will have the right to use any and all means the City considers appropriate to gain access to any portion of the Premises in an emergency, in which case, the City will not be responsible for any damage or injury to any property, or for the replacement of any property, and no emergency entry may be deemed to be a forcible or unlawful entry onto or a detainer of the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof.

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

24.04 Tenant will not be entitled to any abatement in Annual Rent if the City exercises any rights reserved in this Section, subject to Section 24.03 above.

24.05 The City will use its reasonable good faith efforts to conduct any activities on the Premises allowed under this Section in a manner that, to the extent practicable, will minimize any disruption to Tenant's use of the Premises as permitted by this Ground Lease.

ARTICLE 25 MORTGAGE FINANCING

25.01 No Encumbrances Except for Development Purposes. Notwithstanding any other provision of this Ground Lease and subject to the prior written consent of the City in the form attached hereto as Attachment 3, which consent will not be unreasonably withheld, conditioned, or delayed, Leasehold Mortgages are permitted to be placed upon the Leasehold Estate only for the purpose of securing loans of funds to be used for financing the acquisition of the Project; refinancing of financing used to acquire or rehabilitate the Project; design, construction, renovation, or reconstruction of the Improvements; and any other expenditures reasonably necessary and appropriate to acquire, own, develop, construct, renovate, or reconstruct the Improvements under this Ground Lease and in connection with the operation of the Improvements; and costs and expenses incurred or to be incurred by Tenant in furtherance of the purposes of this Ground Lease. The City, acting solely in its capacity as landlord under this Ground Lease and not in its capacity as a Project Lender, hereby acknowledges and accepts Bank of America, N.A. as a Lender, JLL Real Estate Capital, LLC, as the permitted permanent Lender and its successor and/or assigns, including, but not limited to, the Federal Home Loan Mortgage Corporation ("**Freddie Mac**"), and no further consent from the City is required. The City acknowledges that Tenant intends that Freddie Mac provide permanent financing, provided that there are no material changes to the terms of the permanent loan from what the City has reviewed, the City consents to the Leasehold Mortgage associated with Lender's construction and the Freddie Mac permanent loan to Tenant for the Project and no further consent from the City will be required.

25.02 Holder Not Obligated to Construct. The holder of any mortgage, deed of trust, or other security interest authorized by Section 25.01 ("**Holder**" or "**Lender**"), including the successors, assigns or designees of the Holder, is not obligated to complete any construction of the Improvements or to guarantee such completion; and no covenant or any other provision of this Ground Lease may be construed to obligate the Holder or its successors, assigns or designees. However, if the Holder undertakes to complete or guarantee the completion of the construction of the Improvements, except as provided in Section 26.06(b), nothing in this Ground Lease will be deemed or construed to permit or authorize the Holder or its successors, assigns or designees to devote the Site or any portion thereof to any uses, or to construct any Improvements on the Site, other than those uses or Improvements authorized under Section 9.01 and any reasonable modifications in plans proposed by the Holder or its successors in interest proposed for the viability of the Project approved by the City in its reasonable discretion under Section 10.16. Except as provided in Section 26.06(b), to the extent any Holder or its successors in interest wish to change such uses or construct different improvements, Holder or its successors in interest must obtain the advance written consent of the City.

25.03 Failure of Holder to Complete Construction. In any case where six (6) months after assumption of obligations under Section 25.02 above, a Lender, having first exercised its option to complete the construction, has not proceeded diligently with completion of the construction, the City will have all the rights against the Holder it would otherwise have against

Tenant under this Ground Lease for events or failures occurring after such assumption; subject to any extensions of time granted under Section 10.16 of this Ground Lease.

25.04 Default by Tenant and City's Rights.

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

25.04(b) Notice of Default to City. Tenant will use its best efforts to require Lender to give the City prompt written notice of any default or breach of the Leasehold Mortgage and each Leasehold Mortgage will provide for that notice to the City and s contain the City's right to cure as above set forth.

25.05 Cost of Mortgage Loans to be Paid by Tenant. Tenant covenants and affirms that it will bear all of the costs and expenses in connection with (a) the preparation and securing of any Leasehold Mortgage, (b) the delivery of any instruments and documents and their filing and recording, if required, and (c) all taxes and charges payable in connection with any Leasehold Mortgage.

ARTICLE 26 PROTECTION OF LENDER

26.01 Notification to City. Promptly upon the creation of any Leasehold Mortgage and as a condition precedent to the existence of any of the rights set forth in this ARTICLE 26, Tenant will cause each Lender to give written notice to the City of the Lender's address and of the existence and nature of its Leasehold Mortgage. Execution of Attachment 3 will constitute City's acknowledgement of Lender's having given such notice as is required to obtain the rights and protections of a Lender under this Ground Lease. The City hereby acknowledges that Bank of America, N.A. is the First Mortgage Lender and JLL Real Estate Capital, LLC, and/or Freddie Mac, as permanent lender, and are deemed to have given written notice to the City as First Mortgage Lender.

26.02 Lender's Rights to Prevent Termination. Subject to the terms and conditions of Section 26.03 below, each Lender has the right, but not the obligation, at any time before termination of this Ground Lease and without payment of any penalty other than the interest on unpaid rent, to pay all of the rents due under this Ground Lease, to effect any insurance, to pay any taxes and assessments, to make any repairs and improvements, to do any other act or thing required of Tenant or necessary and proper to be done in the performance and observance of the agreements, covenants, and conditions of this Ground Lease to prevent a termination of this Ground Lease to the same effect as if the same had been made, done, and performed by Tenant instead of by Lender.

26.03 Lender's Rights When Tenant Defaults. If any event of default under this Ground Lease occurs and is continuing, and is not cured within the applicable cure period, the City will not terminate this Ground Lease or exercise any other remedy, including but not limited, the ability of the City to cause the full amount of Annual Rent to be converted to Base Rent in the event of noncompliance with Section 9.01, unless it first gives written notice of the event of default to Lender; and

26.03(a) If the event of default is a failure to pay a monetary obligation of Tenant, Lender will have sixty (60) days from the date that the written notice is given (or deemed given, each as provided in ARTICLE 38 below) from the City to Lender to cure the default; or

26.03(b) If the event of default is not a failure to pay a monetary obligation of Tenant, Lender will have sixty (60) days of receipt of the written notice is given (or deemed given, each as provided in ARTICLE 38 below), by City to Lender to either (a) to remedy such default; or (b) to obtain title to Tenant's interest in the Site in lieu of foreclosure; or (c) to commence foreclosure or other appropriate proceedings in the nature thereof (including the appointment of a receiver) and thereafter diligently prosecute such proceedings to completion, in which case such event of default will be remedied or deemed remedied in accordance with Section 26.04 below. If, due to the nature of the default, the default is not capable of cure within one hundred twenty (120) days, then Lender may request from the City an extended period, together with the reasons for its request for extension. City will not unreasonably withhold its approval of such request.

26.03(c) All rights of the City to terminate this Ground Lease as the result of the occurrence of any uncured event of default is subject to, and conditioned upon, the City having first given Lender written notice of the event of default and Lender having failed to remedy such default or acquire Tenant's Leasehold Estate or commence foreclosure or other appropriate proceedings in the nature thereof as set forth in and within the time specified by this Section 26.03, and upon the Permitted Limited Partners having failed to proceed as permitted under Sections 19.04(b) or 26.06(b). Notwithstanding anything to the contrary contained herein, in no event shall any Lender be required, as a condition to preventing the termination of this Ground Lease, or obtaining a new ground lease hereunder, to (A) cure any default by Tenant under Section 25.04 of this Ground Lease, or (B) the cure any default by Tenant in the payment of any amounts payable by Tenant under any indemnification provisions of this Ground Lease, and upon completion of a foreclosure (or deed in lieu thereof), all such defaults shall automatically be deemed cured and waived.

26.03(d) [If the Ground Lease terminates because of a default by Tenant, Lender shall have a right to request a new lease as provide in Section 26.09(c) below.]

26.04 Default That Cannot be Remedied by Lender. Any event of default under this Ground Lease that in the nature thereof cannot be remedied by Lender or its assignee or designee will be deemed to be remedied as it pertains to Lender or any Subsequent Owner if (a) within sixty (60) days after receiving notice from the City setting forth the nature of such event of default, Lender has acquired Tenant's Leasehold Estate or has commenced foreclosure or other appropriate proceedings in the nature of foreclosure, (b) Lender is diligently prosecuting any such proceedings to completion, (c) Lender has fully cured any event of default arising from failure to pay or perform any monetary obligation (other than Indemnification Obligations) in accordance with Section 26.03, and (d) after gaining possession of the Improvements, Lender diligently proceeds to perform all other obligations of Tenant as and when due in accordance with the terms of this Ground Lease.

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

26.06 Lender's Rights to Record, Foreclose, and Assign. The City hereby agrees with respect to any Leasehold Mortgage, that:

26.06(a) the Lender may cause its Leasehold Mortgage to be recorded and enforced, and upon foreclosure, sell and assign the Leasehold Estate to an assignee from whom it may accept a purchase price; subject, however, to Lender's first securing written approval from City, which approval will not be unreasonably withheld, conditioned, or delayed (provided, however, no such approval shall be required in the event of a sale through foreclosure (or deed in lieu of foreclosure) of the Leasehold Mortgage held by a Lender) and if the Subsequent Owner has elected to maintain the use restrictions of ARTICLE 9, the Subsequent Owner must be controlled by a California nonprofit public benefit corporation exempt from tax under Section 501(c)(3) of the Internal Revenue Code so that the Premises receive an exemption from state property taxes as provided under Section 214 of the California Revenue and Taxation Code (to the extent such exemption is then generally available). Furthermore, Lender may acquire title to the Leasehold Estate in any lawful way, and if the Lender becomes the assignee, then Lender may sell and assign said Leasehold Estate subject to City approval (which may not be unreasonably withheld, conditioned, or delayed) and to the City's rights under Section 25.04.

26.06(b) each Subsequent Owner must take said Leasehold Estate subject to all of the provisions of this Ground Lease, and must, so long as and only so long as it is the owner of the Leasehold Estate, except as provided elsewhere in this Ground Lease, assume all of

the obligations of Tenant under this Ground Lease; provided, however, that, subject to the rent provisions of Section 26.07 below, the Subsequent Owner may operate and maintain the residential units without any limitations on the rents charged or the income of the occupants thereof, subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance; and

26.06(c) the City will mail or deliver to any Lender that has an outstanding Leasehold Mortgage a duplicate copy of all notices that the City may give to Tenant under this Ground Lease; and

26.06(d) any Permitted Limited Partners of Tenant will have the same rights as any Lender under Sections 26.02, 26.03, and 26.06(c), and any reference to a Lender in those sections will be deemed to include the Permitted Limited Partners ; provided, however, that the rights of the Permitted Limited Partners are subordinate to the rights of any Lender.

26.06(e) Notwithstanding any term to the contrary contained herein, for so long as Freddie Mac is the First Mortgage Lender with respect to the Leasehold Estate, the consent of Landlord shall not be required in connection with commencement of a foreclosure or deed in lieu of foreclosure by the First Mortgage Lender or for the first assignment following the First Mortgage Lender's acquisition of Tenant's interest in the Premises through foreclosure or exercise of remedies in lieu of foreclosure under the Leasehold Mortgage, provided, however, that any such assignment shall be to an entity (Subsequent Owner) controlled by a California nonprofit public benefit corporation exempt from tax under Section 501(c)(3) of the Internal Revenue Code such that the Premises receives an exemption from state property taxes as provided under Section 214 of the California Revenue and Taxation Code (to the extent such exemption is then generally available) and such entity (Subsequent Owner) shall have elected to maintain the use restrictions of ARTICLE 9. Any subsequent assignment or transfer of this Ground Lease shall require the reasonable consent of Landlord.

26.07 Ground Lease Rent after Lender Foreclosure or Assignment. From and after the time that the Subsequent Owner acquires title to the Leasehold Estate, Annual Rent will be set as follows:

26.07(a) Any accrued Annual Rent at the time of foreclosure will be forgiven by the City, and will not be an obligation of the Lender, its assignee, or the Subsequent Owner. After foreclosure or assignment of the Leasehold Estate to the Lender in lieu of foreclosure, if the Lender continues to operate the Project subject to the use and occupancy restrictions of Section 9.01, then Annual Rent otherwise due may, at the option of the Lender, be deferred until the earlier of the date of the Lender's sale or assignment of the Project to a Subsequent Owner that does not agree to operate the Project subject to such restrictions or the date that is sixty (60) days after Lender ceases to operate the Project in accordance with those restrictions. All deferred Annual Rent will accrue, with simple interest at six percent (6%) per annum until paid.

26.07(b) If the Subsequent Owner exercises its rights under Section 26.06(b) to operate the Project without being subject to Section 9.01, then Annual Rent will be set at the then fair market rental value taking into account any applicable affordability

restrictions and the Base Rent will be increased to the new fair market rent under this Section 26.07(b) and the provisions of Section 6.02(g) will be suspended; provided, however, that the City will be entitled to reduce Annual Rent by any dollar amount (but not below zero) in its sole discretion and, in such case, the Subsequent Owner will be required to reduce rent charged to tenants on a dollar for dollar basis, with respect to such aggregate units occupied by Qualified Households as the City and the Subsequent Owner may agree. The fair market rental value will be determined by a jointly-commissioned appraisal (instructions prepared jointly by the Subsequent Owner and the City, with each party paying one half of the appraiser's fee) that will include a market land valuation, as well as a market land lease rent level. Absent a market land lease rent determination, the Annual Rent will be set at an amount equal to ten percent (10%) of the then appraised market land value. If the parties cannot agree on the joint appraisal instructions, either party may invoke a neutral third-party process to set the Annual Rent at fair market rent in accordance with the then-prevailing practice for resolving similar rent determination disputes in San Francisco or, in the event that there is no then-prevailing practice, in accordance with the rules of the American Arbitration Association. But, after the neutral third-party process, the Lender, in its sole discretion, may rescind its written notification of intent to not comply with Section 9.01 of this Ground Lease.

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

26.09 Preservation of Leasehold Benefits. Until such time as a Lender notifies the City in writing that the obligations of the Tenant under its Loan Documents have been satisfied, the City agrees:

26.09(a) That subject to Section 19.03(b) the City will not voluntarily cancel or surrender this Ground Lease, or accept a voluntary cancellation or surrender of this Ground Lease by Tenant, or amend this Ground Lease to materially increase the obligations of the Tenant or the rights of the City under this Ground Lease, without the prior written consent of the Lender (which may not be unreasonably withheld or delayed);

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

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

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

26.10 No Merger. The Leasehold Estate will not merge with the fee interest in the Site, notwithstanding ownership of the leasehold and the fee by the same person, without the prior written consent of each Lender.

26.11 City Bankruptcy.

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

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

26.11(c) If a bankruptcy proceeding is filed by or on behalf of the City, the City agrees as follows:

(i) the Tenant will be presumed to have objected to any attempt by the City to sell the fee interest free and clear of the Leasehold Estate;

(ii) if Tenant does not so object, each Lender will have the right to so object on its own behalf or on behalf of the Tenant; and

(iii) in connection with any such sale, the Tenant will not be deemed to have received adequate protection under section 363(e) of the Bankruptcy Code, unless it has received and paid to each Lender the outstanding balance under its respective loan.

26.11(d) City recognizes that the Lenders are authorized on behalf of the Tenant to vote, participate in, or consent to any bankruptcy, insolvency, receivership, or court proceeding concerning the Leasehold Estate.

26.12 Limitation on Liability. The liability of a First Mortgage Lender shall be limited at all times to the value of its respective leasehold interests under this Ground Lease and to the Improvements. In the event of a foreclosure of the Leasehold Mortgage, First Mortgage Lender (i) except for nonmonetary defaults that are continuing after foreclosure or transfer and are capable of cure by the First Mortgage Lender, shall only be liable to Landlord for acts and omissions during the period in which First Mortgage Lender is the holder of title to the Leasehold Estate, and (ii) shall be automatically released by Landlord from the acts and omissions of Tenant occurring prior to its acquisition of title to the Leasehold Estate. This limitation on liability shall not extend to Subsequent Owners, except that if Freddie Mac as the First Mortgage Lender assigns Tenant's interest in the Premises through foreclosure or exercise

of remedies in lieu of foreclosure under the Leasehold Mortgage, then the foregoing limitation on liability shall extend to Freddie Mac's initial assignee.

26.13 Lender May Exercise Extension. Notwithstanding any default under this Ground Lease (other than those that Subsequent Owner is required to cure under the terms of this Ground Lease) or any default under the Loan Documents, from and after the time that the Subsequent Owner acquires title to the Leasehold Estate, that Subsequent Owner will have the right to extend the Initial Term for the period provided in Section 2.03 upon delivery of the Extension Notice under the terms of Section 2.03.

ARTICLE 27 CONDEMNATION AND TAKINGS

27.01 Parties' Rights and Obligations to be Governed by Agreement. If, during the term of this Ground Lease, there is any condemnation of all or any part of the Premises or any interest in the Leasehold Estate is taken by condemnation, the rights and obligations of the parties will be determined under this ARTICLE 27, subject to the rights of any Lender. Accordingly, Tenant waives any right to terminate this Ground Lease upon the occurrence of a partial condemnation under Sections 1265.120 and 1265.130 of the California Code of Civil Procedure, as those sections may from time to time be amended, replaced, or restated

27.02 Notice. In case of the commencement of any proceedings or negotiations that might result in a condemnation of all or any portion of the Premises during the Term, the party learning of such proceedings will promptly give written notice of the proceedings or negotiations to the other party. The notice will describe with as much specificity as is reasonable, the nature and extent of such condemnation or the nature of such proceedings or negotiations and of the condemnation that might result, as the case may be.

27.03 Total Taking. If the Site is totally taken by condemnation, this Ground Lease will terminate on the date the condemner has the right to possession of the Site.

27.04 Partial Taking. If any portion of the Site is taken by condemnation, this Ground Lease will remain in effect, except that Tenant may, with Lender's written consent, elect to terminate this Ground Lease if, in Tenant's reasonable judgment, the remaining portion of the Improvements is rendered unsuitable for Tenant's continued use of the Site. If Tenant elects to terminate this Ground Lease, Tenant must exercise its right to terminate under this paragraph by giving notice to the City within thirty (30) days after the City notifies Tenant of the nature and the extent of the taking. Tenant's termination notice must include the date of termination, which date may not be earlier than thirty (30) days or later than six (6) months after the date of Tenant's notice; except that this Ground Lease will terminate on the date the condemner has the right to possession of the Site if that date falls on a date before the date of termination as designated by Tenant. If Tenant does not terminate this Ground Lease within the thirty (30) day notice period, this Ground Lease will continue in full force and effect.

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

the Improvements taken bears to the total value of the Improvements immediately before the date of the taking.

27.06 Restoration of Improvements. If there is a partial taking of the Improvements and this Ground Lease remains in full force and effect under Section 27.04, then Tenant may, subject to the terms of the Leasehold Mortgage, use the proceeds of the taking to accomplish all necessary restoration to the Improvements.

27.07 Award and Distribution. Any compensation awarded, paid, or received on a total or partial condemnation of the Premises or threat of condemnation of the Premises will belong to and be distributed in the following order:

27.07(a) First, to pay the balance due on any outstanding Leasehold Mortgages and other outstanding or unpaid obligations and/or liabilities, including but not limited to, trade accounts, taxes, payroll accruals, and lease residuals, to the extent provided therein; and

27.07(b) Second, to the Tenant in an amount equal to the then fair market value of Tenant's interest in the Improvements and its Leasehold Estate (including, but not limited to, the value of Tenant's interest in all subleases to occupants of the Site), such value to be determined as it existed immediately preceding the earliest taking or threat of taking of the Site; and;

27.07(c) Third, to the Landlord.

27.07(d) Notwithstanding anything to the contrary set forth in this Section, any portion of the compensation awarded that has been specifically designated by the condemning authority or in the judgment of any court to be payable to the City or Tenant on account of any interest in the Premises or the Improvements separate and apart from the condemned land value, the value of the City's reversionary interest in the Improvements, Tenant's Leasehold Estate, or the value of the Improvements on the Premises for the remaining unexpired portion of the Term, will be paid to the City or Tenant, as applicable, as so designated by the condemning authority or judgment. If, while Freddie Mac is the First Mortgage Lender, a portion of the compensation specifically designated awarded by the condemning authority or in the judgment of a court is payable to the City for amounts in excess of the value of City's interest in the Site, then the City hereby assigns that excess amount to Freddie Mac as First Mortgage Lender for distribution as provided in Section 27.07(a) through 27.07(c) above.

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

27.09 Temporary Condemnation. If there is a condemnation of all or any portion of the Premises for a temporary period lasting less than the remaining Term, this Ground Lease will remain in full force and effect, there will be no abatement of Rent, and the entire award will be payable to Tenant.

27.10 Personal Property; Goodwill. Notwithstanding Section 27.07, the City will not be entitled to any portion of any award payable in connection with the condemnation of the Personal Property of Tenant or any of its subtenants, or any moving expenses, loss of goodwill or business loss or interruption of Tenant, severance damages with respect to any portion of the Premises remaining under this Ground Lease, or other damages suffered by Tenant.

ARTICLE 28 ESTOPPEL CERTIFICATE

The City or Tenant, as the case may be, will execute, acknowledge, and deliver to the other and/or any Lender or a Permitted Limited Partner, promptly upon request, its certificate certifying (a) that this Ground Lease is unmodified and in full force and effect (or, if there have been modifications, that this Ground Lease is in full force and effect, as modified, and stating the modifications), (b) the dates, if any, to which rent has been paid, (c) whether there are then existing any charges, offsets, or defenses against the enforcement by the City or Tenant to be performed or observed and, if so, specifying them, and (d) whether there are then existing any defaults by Tenant or the City in the performance or observance by Tenant or the City of any agreement, covenant, or condition on the part of Tenant or the City to be performed or observed under this Ground Lease, and whether any notice has been given to Tenant or the City of any default that has not been cured and, if so, specifying the uncured default. Tenant will use commercially reasonable efforts (by inserting a provision similar to this one into the leases of its Non-residential Occupants) to cause the Non-residential Occupants to execute and deliver to the City a certificate as described above with respect to its sublease within thirty (30) days after request.

ARTICLE 29 SURRENDER AND QUITCLAIM

29.01 Surrender.

29.01(a) Upon expiration or earlier termination of this Ground Lease, Tenant will surrender to the City the Premises in good order, condition, and repair (except for ordinary wear and tear occurring after the last necessary maintenance made by Tenant and except for Casualty or Condemnation as described in ARTICLE 20 and ARTICLE 27). Ordinary wear and tear will not include any damage or deterioration that would have been prevented by proper maintenance by Tenant, or Tenant otherwise performing all of its obligations under this Ground Lease. The Premises must be surrendered clean, free of debris, waste, and Hazardous Substances, and free and clear of all liens and encumbrances other than liens and encumbrances existing as of the date of this Ground Lease and any other encumbrances created or approved in writing by the City. On or before the expiration or earlier termination of this Ground Lease, Tenant at its sole cost will remove from the Premises, and repair any damage caused by removal of, Personal Property, including any signage. Improvements and Changes will remain in the Premises as City property and title to the Improvements and any Changes will be conveyed to the City as provided in ARTICLE 13 above.

29.01(b) If the Premises is not surrendered at the end of the Term or sooner termination of this Ground Lease, and in accordance with the provisions of this ARTICLE 29, Tenant will continue to be responsible for the payment of Annual Rent until the Premises is surrendered in accordance with this ARTICLE 29., and Tenant will indemnify, defend and hold

harmless the Indemnified Parties from and against any and all Claims resulting from delay by Tenant in so surrendering the Premises including, without limitation, any costs of the City to obtain possession of the Premises; any loss or liability resulting from any Claim against the City made by any succeeding tenant or prospective tenant founded on or resulting from such delay and losses to the City due to lost opportunities to lease any portion of the Premises to any such succeeding tenant or prospective tenant, together with, in each instance, reasonable attorneys' fees and costs.

29.01(c) No act or conduct of the City or MOHCD, including, but not limited to, the acceptance of the keys to the Premises, will constitute an acceptance of the surrender of the Premises by Tenant before the expiration of the Term. Only a written notice from the City to Tenant confirming termination of this Ground Lease and surrender of the Premises by Tenant will constitute acceptance of the surrender of the Premises and accomplish a termination of this Ground Lease.

29.02 Quitclaim. Upon the expiration or earlier termination of this Ground Lease, the Premises will automatically, and without further act or conveyance on the part of Tenant or the City, become the property of the City, free and clear of all liens and without payment therefor by the City, as provided in ARTICLE 13. Upon expiration or sooner termination of this Ground Lease, Tenant must surrender the Site to the City and, at the City's request, will execute, acknowledge, and deliver to the City a good and sufficient quitclaim deed other instrument disclaiming to any interest of Tenant in the Premises.

29.03 Abandoned Property. Any items, including Personal Property, not removed by Tenant will be deemed abandoned. The City may retain, store, remove, and sell or otherwise dispose of abandoned Personal Property, and Tenant waives all Claims against the City for any damages resulting from the City's retention, removal, and disposition of abandoned Personal Property; provided, however, that Tenant will be liable to the City for all costs incurred in storing, removing, and disposing of abandoned Personal Property and repairing any damage to the Premises resulting from its removal. Tenant agrees that the City may elect to sell abandoned Personal Property and offset against the sales proceeds the City's storage, removal, and disposition costs without notice to Tenant or otherwise according to the procedures set forth in California Civil Code Section 1993, the benefits of which Tenant waives.

29.04 Survival. Tenant's obligation under this ARTICLE 29 will survive the expiration or earlier termination of this Ground Lease.

ARTICLE 30 EQUAL OPPORTUNITY

In the selection of all contractors and professional consultants for the Project, Tenant must comply with the City's procurement requirements and procedures as described in the Contracting Manual (2006 Amendment) for Federally Funded Construction Projects Financed by the Mayor's Office of Housing, issued by MOHCD on November 18, 2002, as amended on May 22, 2007, as the same may be further amended from time to time, and with the requirements of the Small Business Enterprise Program ("**SBE Program**") as set forth in that certain Small Business Enterprise Program manual dated July 1, 2015, as it may be amended from time to time, according to the procedures established by the City's Contract Monitoring Division. The

Project must comply with the training, hiring, and contracting requirements of Section 3 of the Housing and Community Development Act of 1968 and of the San Francisco Section 3 program as administered by MOHCD. Federal Section 3 requirements state that contracts and opportunities for job training and employment be given, to the greatest extent feasible, to local low-income residents. Local residents for this project are San Francisco residents. In addition, this project will be required to comply with hiring requirements as incorporated into the local Section 3 program and in conjunction with the City's low-income hiring requirements under San Francisco's First Source Hiring Ordinance (San Francisco Administrative Code Chapter 83).

ARTICLE 31 CITY PREFERENCE PROGRAMS

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

ARTICLE 32 LABOR STANDARDS PROVISIONS

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

ARTICLE 33 CONFLICT OF INTEREST

No commissioner, official, or employee of the City may have any personal or financial interest, direct or indirect, in this Ground Lease, and any such commissioner, official, or employee may not participate in any decision relating to this Ground Lease that affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested.

ARTICLE 34 NO PERSONAL LIABILITY

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

ARTICLE 35 ENERGY CONSERVATION

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

ARTICLE 36 WAIVER

The waiver by the City or Tenant of any term, covenant, agreement or condition in this Ground Lease will not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, agreement, or condition in this Ground Lease, and no custom or practice that may grow up between the parties in the administration of this Ground Lease may be construed to waive or to lessen the right of the City or Tenant to insist upon the performance by the other in strict accordance with the its terms. The subsequent acceptance of rent or any other sum by the City will not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, agreement, or condition of this Ground Lease, other than the failure of Tenant to pay the particular rent or other sum accepted, regardless of the City's knowledge of the preceding breach at the time of acceptance of such rent or other sum. Any waiver by the City or Tenant of any term or provision of this Ground Lease must be in writing.

ARTICLE 37 TENANT RECORDS

Upon reasonable notice during normal business hours, and as often as the City may deem necessary, Tenant will make available to the City and its authorized representatives for examination all records, reports, data, and information made or kept by Tenant regarding its activities or operations on the Site. Nothing contained in this Ground Lease will entitle the City to inspect personal histories of residents or lists of donors or supporters. To the extent that it is permitted by Law to do so, the City will respect the confidentiality requirements of Tenant in regard to the lists above of the names of Residential Occupants of the Premises furnished by Tenant under to ARTICLE 7 above.

ARTICLE 38 NOTICES AND CONSENTS

All notices, demands, consents, or approvals that may be given or are required to be given by either party to the other under this Ground Lease must be in writing and will be deemed to have been fully given when delivered in person to such representatives of the Tenant, and the City, or when deposited in the United States mail, certified, postage prepaid, or by express delivery service with a delivery receipt and addressed

if to Tenant at: 4840 Mission Housing Associates LP
c/o BRIDGE Housing Corporation
600 California Street, Suite 900
San Francisco, CA 94108
Attn: Executive Director

With a copy to: Goldfarb & Lipman LLP
1300 Clay Street, 11th Floor
Oakland, CA 94612

Attn: Robert C. Mills

With a copy to the Permitted Limited Partners at:

Bank of America, N.A.
MA1-225-02-02
225 Franklin Street
Boston, MA 02110
Attn: Asset Manager for 4840 Mission

With copy to: Buchalter, A Professional Corporation
1000 Wilshire Blvd. Suite 1500
Los Angeles, CA 90017
Attn: Michael Williamson
Re: 4840 Mission (B0965-0551)

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

or to such other address with respect to either party as that party may from time to time designate by notice to the other given under the provisions of this ARTICLE 38. Any notice given under this ARTICLE 38 will be effective on the date of delivery or the date delivery is refused as shown on the delivery receipt. Courtesy copies of notices may be delivered by email, but no notice will be deemed binding or given if given solely by email.

ARTICLE 39 HEADINGS

Any titles of the paragraphs, articles, and sections of this Ground Lease are inserted for convenience only and will be disregarded in construing or interpreting any of its provisions. "Paragraph," "article," and "section" may be used interchangeably.

ARTICLE 40 SUCCESSORS AND ASSIGNS

This Ground Lease will be binding upon and inure to the benefit of the successors and assigns of the City and Tenant and where the term "Tenant" or "City" is used in this Ground Lease, it means and includes their respective successors and assigns; provided, however, that the City will have no obligation under this Ground Lease to, and no benefit of this Ground Lease will accrue to, any unapproved successor or assign of Tenant where City approval of a successor or assign is required by this Ground Lease. If and when the City sells the Site to any third party, City will require such third party to assume all of the City's obligations under this Ground Lease arising on and after the transfer in writing for the benefit Tenant and its successors and assigns.

ARTICLE 41 TIME

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

ARTICLE 42 PARTIAL INVALIDITY

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

ARTICLE 43 APPLICABLE LAW; NO THIRD PARTY BENEFICIARY

This Ground Lease is governed by and construed under the laws of the State of California. Other than the benefits and rights afforded to the Lenders and the Permitted Limited Partners, this Ground Lease is entered into solely among, between, and for the benefit of, and may be enforced only by, the parties hereto and does not create rights in any other third party.

ARTICLE 44 ATTORNEYS' FEES

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

ARTICLE 45 EXECUTION IN COUNTERPARTS

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

ARTICLE 46 BROKERS

Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the Ground Lease or Leasehold Estate. If any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings, or communication, the party through whom the broker or finder makes a claim will be responsible for such commission or fee and will indemnify, defend and hold harmless the other party from any and all Claims. The provisions of this Section shall survive any termination of this Ground Lease.

ARTICLE 47 RECORDATION OF MEMORANDUM OF GROUND LEASE

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

ARTICLE 48 SURVIVAL

Termination or expiration of this Ground Lease will not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Ground Lease, the ability to collect any damages or sums due, and it will not affect any provision of this Ground Lease that expressly states it will survive termination or expiration of this Ground Lease.

ARTICLE 49 TRANSFER OF PARTNERSHIP INTERESTS IN TENANT

Tenant may not cause or permit any voluntary transfer, assignment, or encumbrance of its interest in the Site or Project or of any ownership interests in Tenant, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases, or occupancy agreements to Residential Occupants and Non-residential Occupants; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion, (c) transfers from Tenant to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Tenant or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity; (d) transfers of the general partnership or manager's interest in Tenant to a nonprofit public benefit corporation approved in advance by the City; (e) transfers of any limited partnership or membership interest in Tenant to an investor under the tax credit syndication of the Project and/or as otherwise permitted by Tenant's Partnership Agreement; (f) any transfer by foreclosure or deed in lieu of foreclosure; (g) if the Tenant is a Lender (or a Lender's affiliate), transfers of ownership interests in such Lender (or its affiliate); or (h) the grant or exercise of an option agreement between Borrower and Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by the City; or (i) to remove or replace the General Partner

in accordance with the terms of the Partnership Agreement, a transfer of any general partnership interest to a new general partner approved in advance by the City. Further, City will not unreasonably withhold or delay its approval of the removal or replacement of a General Partner by the Permitted Limited Partner, pursuant to the terms of the Tenant's Partnership Agreement. Any other transfer, assignment, encumbrance, or lease without the City's prior written consent will be voidable and, at the City's election, constitute a default under this Agreement. The City's consent to any specific assignment, encumbrance, lease, or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Ground Lease.

ARTICLE 50 CITY PROVISIONS

50.01 Non-Discrimination.

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

50.01(b) Subleases and Other Subcontracts. Tenant must include in all subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to the subtenant or other subcontractor in substantially the form of Section 50.01(a) above. In addition, Tenant must incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)–(k), and 12C.3 of the San Francisco Administrative Code and must require all subtenants and other subcontractors to comply with those provisions. Tenant's failure to comply with the obligations in this subsection will constitute a material breach of this Ground Lease.

50.01(c) Non-Discrimination in Benefits. Tenant does not as of the date of this Ground Lease and will not during the Term, in any of its operations in San Francisco or with respect to its operations under this Ground Lease elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits, or travel benefits (collectively "**Core Benefits**"), as well as any benefits other than Core Benefits, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity under state or local Law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

50.01(d) Condition to Lease. As a condition to this Ground Lease, Tenant must execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits"

(Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Commission.

50.01(e) Incorporation of Administrative Code Provisions by Reference.

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

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

50.03 Conflicts of Interest. Tenant states that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 *et seq.* and Section 1090 *et seq.* of the Government Code of the State of California, certifies that it knows of no facts that would constitute a violation of those provisions and agrees that if Tenant becomes aware of any such fact during the term of this Ground Lease Tenant will immediately notify the City. Tenant further certifies that it has made a complete disclosure to the City of all facts bearing on any possible interests, direct or indirect, that Tenant believes any officer or employee of the City presently has or will have in this Ground Lease or in the performance thereof or in any portion of the profits thereof. Willful failure by Tenant to make such disclosure, if any, will constitute grounds for City's termination and cancellation of this Ground Lease.

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

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

50.06 Tobacco Product Advertising, Sales, Manufacture, and Distribution Ban. Tenant acknowledges and agrees that no advertising of cigarettes or tobacco products will be allowed on the Premises. The foregoing prohibition includes the placement of the name of a company producing, selling, or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product, or on any sign. The foregoing prohibition will not apply to any advertisement sponsored by a state, local, or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking. In addition, Tenant acknowledges and agrees that no Sales, Manufacture, or Distribution of Tobacco Products (as those capitalized terms are defined in Health Code Section 19K.1) is allowed on the Premises and such prohibition must be included in all subleases or other agreements allowing use of the Premises. The prohibition against Sales, Manufacture, or Distribution of Tobacco Products does not apply to persons who are affiliated with an accredited academic institution where the Sale, Manufacture, and/or Distribution of Tobacco Products is conducted as part of academic research.

50.07 Pesticide Ordinance. Tenant must comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the “**Pesticide Ordinance**”), which (a) prohibit the use of certain pesticides on City property, (b) require the posting of certain notices and the maintenance of certain records regarding pesticide usage, and (c) require Tenant to submit to the City’s Department of the Environment an integrated pest management (“**IPM**”) plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the Term of this Ground Lease, (ii) describes the steps Tenant will take to meet the City’s IPM Policy described in Section 39.1 of the Pesticide Ordinance, and (iii) identifies, by name, title, address, and telephone number, an individual to act as the Tenant’s primary IPM contact person with City. In addition, Tenant must comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance. Nothing in this Ground Lease will prevent Tenant, acting through the City, from seeking a determination from the City’s Commission on the Environment that Tenant is exempt from complying with certain portions of the Pesticide Ordinance as provided in Section 307 thereof.

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

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

50.10 Requiring Health Benefits for Covered Employees. Unless exempt, Tenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (the "HCAO"), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated in this Ground Lease by reference and made a part of this Ground Lease as though fully set forth. The text of the HCAO is available on the web at www.sfgov.org/oca/lwlh.htm. Capitalized terms used in this Section and not defined in this Ground Lease have the meanings assigned to them in Chapter 12Q. Notwithstanding this requirement, City recognizes that the residential housing component of the Improvements is not subject to the HCAO.

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

50.10(b) If Tenant is a small business as defined in Section 12Q.3(d) of the HCAO, Tenant will have no obligation to comply with Section 50.10(a) above.

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

50.10(d) Any sublease entered into by Tenant for commercial space in the Project must require the subtenant to comply with the requirements of the HCAO and must contain contractual obligations substantially the same as those set forth in this Section. Tenant must notify the City's Purchasing Department when Tenant enters into a sublease and must certify to the Purchasing Department that Tenant has notified the subtenant of the obligations under the HCAO and has imposed the requirements of the HCAO on subtenant through the sublease. Tenant will be responsible for its subtenants' compliance with this Chapter. If a subtenant fails to comply, the City may pursue the remedies set forth in this Section against

Tenant based on the subtenant's failure to comply, provided that City has first provided Tenant with notice and an opportunity to obtain a cure of the violation.

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

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

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

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

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

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

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

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

50.12 Resource-Efficient Building Ordinance. Tenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Chapter 7 relating to

resource-efficient City buildings and resource-efficient pilot projects. Tenant will comply with the applicable provisions of such code sections as those sections may apply to the Premises.

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

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

50.15 Nondisclosure of Private Information. Tenant agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "**Nondisclosure of Private Information Ordinance**"), including the remedies provided. The provisions of the Nondisclosure of Private Information Ordinance are incorporated and made a part of this Ground Lease as though fully set forth. Capitalized terms used in this section and not defined in this Ground Lease have the meanings assigned to those terms in the Nondisclosure of Private Information Ordinance. Consistent with the requirements of the Nondisclosure of Private Information Ordinance, Contractor agrees to all of the following:

50.15(a) Neither Tenant nor any of its subcontractors will disclose Private Information, unless one of the following is true:

- (i) The disclosure is authorized by this Ground Lease;
- (ii) Tenant received advance written approval from the Contracting Department to disclose the information; or
- (iii) The disclosure is required by law or judicial order.

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

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

50.15(d) Any failure of Tenant to comply with the Nondisclosure of Private Information Ordinance will be a material breach of this Ground Lease. In such an event, in addition to any other remedies available to it under equity or law, City may terminate this Ground Lease, debar Tenant, or bring a false claim action against Tenant.

50.16 Graffiti.

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

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

50.17 Incorporation. Each and every provision of the San Francisco Administrative Code described or referenced in this Ground Lease is hereby incorporated by reference as though fully set forth herein. Failure of Tenant to comply with any provision of this Ground Lease relating to any such code provision will be governed by ARTICLE 19 of this Ground Lease,

unless (i) such failure is otherwise specifically addressed in this Ground Lease or (ii) such failure is specifically addressed by the applicable code section.

50.18 Food Service Waste Reduction. Tenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Ground Lease as though fully set forth herein. Accordingly, Tenant acknowledges that City contractors and lessees may not use Disposable Food Service Ware that contains Polystyrene Foam in City Facilities and while performing under a City contract or lease, and shall instead use suitable Biodegradable/ Compostable or Recyclable Disposable Food Service Ware. This provision is a material term of this Ground Lease. By entering into this Ground Lease, Tenant agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine. Without limiting City's other rights and remedies, Tenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Ground Lease was made. Those amounts will not be considered a penalty, but rather agreed upon monetary damages sustained by City because of Tenant's failure to comply with this provision.

50.19 Local Hire Requirements. Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.62 (the "**Local Hiring Requirements**"). Improvements and Changes (as defined in this Ground Lease) are subject to the Local Hiring Requirements unless the cost for such work is (i) estimated to be less than \$750,000 per building permit or (ii) meets any of the other exemptions in the Local Hiring Requirements. Tenant agrees that it will comply with the Local Hiring Requirements to the extent applicable. Before starting any Tenant Improvement Work or any Alteration, Tenant will contact City's Office of Economic Workforce and Development ("**OEWD**") to verify if the Local Hiring Requirements apply to the work (*i.e.*, whether the work is a "**Covered Project**").

Tenant will include, and will require its subtenants to include, a requirement to comply with the Local Hiring Requirements in any contract for a Covered Project with specific reference to San Francisco Administrative Code Section 23.62. Each contract must name the City and County of San Francisco as a third party beneficiary for the limited purpose of enforcing the Local Hiring Requirements, including the right to file charges and seek penalties. Tenant will cooperate, and require its subtenants to cooperate, with the City in any action or proceeding against a contractor or subcontractor that fails to comply with the Local Hiring Requirements when required. Tenant's failure to comply with its obligations under this Section will constitute a material breach of this Ground Lease. A contractor's or subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.62 against the breaching party.

50.20 Criminal History in Hiring and Employment Decisions.

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

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

50.20(c) Tenant and subtenants (if any) may not inquire about, require disclosure of, or if such information is received base an Adverse Action (as defined in Chapter 12T) on an applicant’s or potential applicant for employment, or employee’s: (1) Arrest (as defined in Chapter 12T) not leading to a Conviction (as defined in Chapter 12T), unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

50.20(d) Tenant and subtenants (if any) may not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in Section 50.20(c) above. Tenant and subtenants (if any) may not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

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

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

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

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

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

50.21 Prevailing Wages and Working Conditions. Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.61. Tenant will require its Contractors and Subcontractors performing (i) labor in connection with a "public work" as defined under California Labor Code Section 1720 *et seq.* (which includes certain construction, alteration, maintenance, demolition, installation, repair, carpet laying, or refuse hauling work if paid for in whole or part out of public funds) or (ii) Covered Construction, at the Premises to (1) pay workers performing such work not less than the Prevailing Rate of Wages, (2) provide the same hours, working conditions, and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with San Francisco Administrative Code Section 23.61 (collectively, "**Prevailing Wage Requirements**"). Tenant agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

Tenant will include, and will require its subtenants, and Contractors and Subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Section 23.61. Each such Construction Contract must name the City and County of San Francisco, affected workers, and employee organizations formally representing affected workers as third party beneficiaries for the limited purpose of enforcing the Prevailing Wage Requirements, including the right to file charges and seek penalties against any Contractor or Subcontractor in accordance with San Francisco Administrative Code Section 23.61. Tenant's failure to comply with its obligations under this Section will constitute a material breach of this Ground Lease. A Contractor's or Subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.61 against the breaching party. For the current Prevailing Rate of Wages, contact the City's Office of Labor Standards Enforcement.

50.22 Consideration of Salary History Tenant shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or "Pay Parity Act." For each employment application to Tenant for work that relates to this Agreement or for work to be performed in the City or on City property, Tenant is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant. Tenant shall not (1) ask such applicants about their current or past salary or (2) disclose a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Tenant is subject to the enforcement and penalty provisions in Chapter 12K. Information about Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>.

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

50.24 Taxes, Assessments, Licenses, Permit Fees and Liens.

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

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

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

50.24(d) San Francisco Administrative Code Sections 23.38 and 23.39 require that certain information relating to the creation, renewal, extension, assignment, sublease, or other transfer of this Ground Lease be provided to the County Assessor within sixty (60) days after the transaction. Accordingly, Tenant must provide a copy of this Ground Lease to the County Assessor not later than sixty (60) days after the Effective Date, and any failure of Tenant to timely provide a copy of this Ground Lease to the County Assessor will be a default under this Ground Lease. Tenant will also timely provide any information that City may request to ensure compliance with this or any other reporting requirement.

50.25 Vending Machines; Nutritional Standards. Tenant may not install or permit any vending machine on the Premises without the prior written consent of Landlord. Any permitted vending machine must comply with the food nutritional and calorie labeling requirements set forth in San Francisco Administrative Code section 4.9-1(c), as may be amended from time to time (the "**Nutritional Standards Requirements**"). Tenant agrees to incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Premises or for the supply of food and beverages to that vending machine. Failure to comply with the Nutritional Standards Requirements or to otherwise comply with this Section 50.25 will be deemed a material breach of this Ground Lease. Without limiting Landlord's other rights and remedies under this Ground Lease, Landlord will have the right to require the immediate removal of any vending machine on the Premises that is not permitted or that violates the Nutritional Standards Requirements.

50.26 San Francisco Packaged Water Ordinance. Tenant agrees to comply with San Francisco Environment Code Chapter 24 ("**Chapter 24**"). Tenant shall not sell, provide or otherwise distribute Packaged Water, as defined in Chapter 24 (including bottled water), in the performance of this Agreement or on City property unless Tenant obtains a waiver from the

City's Department of the Environment. If Tenant violates this requirement, the City may exercise all remedies in this Agreement and the Director of the City's Department of the Environment may impose administrative fines as set forth in Chapter 24.

50.27 All-Gender Toilet Facilities. If applicable, Tenant shall comply with San Francisco Administrative Code Section 4.1-3 requiring at least one all-gender toilet facility on each floor of any new building on City-owned land and within existing buildings leased by the City where extensive renovations are made. An "all-gender toilet facility" means a toilet that is not restricted to use by persons of a specific sex or gender identity by means of signage, design, or the installation of fixtures, and "extensive renovations" means any renovation where the construction cost exceeds 50% of the cost of providing the toilet facilities required by this section. If Tenant has any question about applicability or compliance, Tenant should contact MOHCD for guidance.

50.28 Tenant's Compliance with City Business and Tax Regulations Code. Tenant acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code. If, under that authority, any payment City is required to make to Tenant under this Lease is withheld, then City will not be in breach or default under this Lease, and the Treasurer and Tax Collector will authorize release of any payments withheld under this paragraph to Tenant, without interest, late fees, penalties, or other charges, upon Tenant coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

50.29 Consideration of Salary History. In addition to Tenant's obligations as an employer under San Francisco Police Code Article 33J, Tenant must comply with San Francisco Administrative Code Chapter 12K. For each employment application to Tenant for work of eight (8) or more hours per week at the Premises, Tenant must not consider the applicant's current or past salary (a "Salary History") in deciding whether to hire the applicant or what salary to offer the applicant unless the applicant voluntarily discloses that Salary History without prompting. In addition, Tenant must not (1) ask those applicants about their Salary History, (2) refuse to hire, or otherwise disfavor, injure, or retaliate against applicants that do not disclose their Salary History, or (3) disclose a current or former employee's Salary History without that employee's authorization unless it is required by law, publicly available, or subject to a collective bargaining agreement. Tenant is subject to the posting, enforcement, and penalty provisions in Chapter 12K. Information about Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>.

50.30 GASB 87 Lease Accounting. The Governmental Accounting Standards Board (GASB), an independent organization that establishes accounting and financial reporting standards for U.S. state and local governments, issued Statement 87 to improve certain reporting and accounting practices. In connection with GASB 87, Tenant agrees to complete a checklist provided by the City within thirty (30) days of the Effective Date in order to facilitate the City's collection and evaluation of information for City's financial reporting purpose.

50.31 No Relocation Assistance; Waiver of Claims. Tenant acknowledges that it will not be a displaced person at the time this Lease is terminated or expires by its own terms, and Tenant fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue, City, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from City under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Lease with respect to a Taking.

50.32 Prohibition of Alcoholic Beverage Advertising. Tenant acknowledges and agrees that no advertising of alcoholic beverages is allowed on the Premises. For purposes of this section, "alcoholic beverage" shall be defined as set forth in California Business and Professions Code Section 23004, and shall not include cleaning solutions, medical supplies and other products and substances not intended for drinking. This advertising prohibition includes the placement of the name of a company producing, selling or distributing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product.

50.33 Public Transit Information. Tenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Tenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Site and encouraging use of such facilities, all at Tenant's sole expense.

ARTICLE 51 COMPLETE AGREEMENT

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

ARTICLE 52 AMENDMENTS

Neither this Ground Lease nor any terms or provisions hereof may be changed, waived, discharged, or terminated, except by a written instrument signed by all Lenders and the party against which the enforcement of the change, waiver, discharge, or termination is sought. No waiver of any breach will affect or alter this Ground Lease, but each and every term, covenant, and condition of this Ground Lease will continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Any amendments or modifications to this Ground Lease, including, without limitation, amendments to or modifications to the exhibits to this Ground Lease, will be subject to the mutual written agreement of City and Tenant and all Lenders, and City's agreement may be made upon the sole approval of the City's Director of Property, or his or her designee; provided, however, material amendments, or modifications to this Ground Lease (a) changing the legal description of the Site, (b) increasing the Term, (c) increasing the Rent, (d) changing the general use of the Site from the uses authorized under this Ground Lease, and (e) any other amendment or modification which materially increases the

City's liabilities or financial obligations under this Ground Lease will additionally require the approval of the City's Board of Supervisors.

ARTICLE 53 ATTACHMENTS

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

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

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS GROUND LEASE, TENANT ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS GROUND LEASE UNLESS AND UNTIL CITY'S BOARD OF SUPERVISORS HAS DULY ADOPTED A RESOLUTION APPROVING THIS GROUND LEASE AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY UNDER THIS GROUND LEASE ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS GROUND LEASE WILL BE NULL AND VOID IF CITY'S MAYOR AND THE BOARD OF SUPERVISORS DO NOT APPROVE THIS GROUND LEASE, IN THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF THIS GROUND LEASE BY ANY DEPARTMENT, COMMISSION, OR AGENCY OF CITY WILL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED, AND NO SUCH APPROVAL WILL CREATE ANY BINDING OBLIGATIONS ON CITY.

Signatures Appear on the Following Pages

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

TENANT:

4840 MISSION HOUSING ASSOCIATES LP,
a California limited partnership

By: 4840 Mission Housing LLC,
a California limited liability company,
its general partner

By: BRIDGE Housing Corporation
a California nonprofit public benefit corporation,
its managing member

By: _____
Smitha Seshadri
Executive Vice President

CITY AS LANDLORD:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

By: _____
Eric D. Shaw
Director, Mayor's Office of Housing and Community Development

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

ATTACHMENT 1

LEGAL DESCRIPTION OF THE SITE

[To be attached by Title Officer prior to acquisition closing]

ATTACHMENT 2

SCHEDULE OF PERFORMANCE

- a) Commence demolition, rehabilitation or construction by a date no later than July 1, 2021.
- b) Complete demolition, rehabilitation or construction by a date no later than December 30, 2023.
- c) Achieve occupancy of Ninety Five percent (95%) of the Residential Units by July 30, 2024.
- d) Achieve occupancy of Public Benefit Units, Community-Serving Unit, and Commercial Unit by [December 31, 2025.]

ATTACHMENT 3

CITY CONSENT OF LEASEHOLD MORTGAGE

Date: _____, 2021

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

RE: Leasehold Mortgage, Ground Lease,
4840 Mission Street, San Francisco

Dear Sir or Madam:

Under Section 25.01 of the 4840 Mission Street Ground Lease, dated May _____, 2021, between the City and County of San Francisco ("City") and 4840 MISSION HOUSING ASSOCIATES LP, a California limited partnership, we are formally requesting the City's consent to our placing a leasehold mortgage upon the leasehold estate of the above referenced development. The following information is provided in order for the City to provide its consent:

Lender:

Principal Amount:

Interest:

Term:

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

Sincerely,

4840 MISSION HOUSING ASSOCIATES LP,
a California limited partnership

By: 4840 Mission Housing LLC,
a California limited liability company,
its general partner

By: BRIDGE Housing Corporation.,
a California nonprofit public benefit corporation,
its managing member

By: _____
Smitha Seshadri
Executive Vice President

By signing this letter, the City consents to the leasehold mortgage, under the terms and conditions of Section 25.01 of the Ground Lease (4840 Mission), dated March ____, 2021.

Mayor's Office of Housing and Community Development

Eric D. Shaw, Director

ATTACHMENT 4

Reserved

ATTACHMENT 5

MEMORANDUM OF LEASE

Free Recording Requested under
Government Code Section 27383

When recorded, mail to:

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

MEMORANDUM OF GROUND LEASE

This Memorandum of Ground Lease ("Memorandum") is entered into as of May _____, 2021, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "City"), acting by and through the Mayor's Office Of Housing and Community Development ("City"), and 4840 MISSION HOUSING ASSOCIATES LP, a California limited partnership ("Tenant"), with respect to that certain Ground Lease (the "Lease") dated May _____, 2021, between City and Tenant.

Under the Lease, City hereby leases to Tenant and Tenant leases from City the real property more particularly described in Exhibit A, attached hereto and incorporated herein by this reference (the "Property"). The Lease will commence on the date set forth above and will end on the date that is 75 years from the date set forth above, subject to a 24-year option to extend, unless terminated earlier or extended pursuant to the terms of the Lease.

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

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

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

This Memorandum may be signed by the parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts will be deemed an original of this Memorandum.

Executed as of _____, 20__ in San Francisco, California.

TENANT:

4840 MISSION HOUSING ASSOCIATES LP,
a California limited partnership

By: 4840 Mission Housing LLC,
a California limited liability company,
its general partner

By: BRIDGE Housing Corporation.,
a California nonprofit public benefit corporation,
its managing member

By: _____
Smitha Seshadri
Executive Vice President

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

By: _____
Eric D. Shaw
Director, Mayor's Office of Housing and Community Development

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____

Deputy City Attorney

ATTACHMENT 6
FORM OF TENANT INCOME CERTIFICATION

TENANT INCOME CERTIFICATION

Initial Certification Recertification Other _____

Effective Date: _____
 Move-In Date: _____
 (MM-DD-YYYY)

PART I - DEVELOPMENT DATA

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

PART II. HOUSEHOLD COMPOSITION

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

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

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

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

PART IV. INCOME FROM ASSETS

HH Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$ _____	\$ _____
Enter Column (H) Total		Passbook Rate		
If over \$5000 \$ _____ X		0.06%	= (J) Imputed Income	\$ _____
Enter the greater of the total of column I, or J: imputed income			TOTAL INCOME FROM ASSETS (K)	\$

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

HOUSEHOLD CERTIFICATION & SIGNATURES

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

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

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

PART V. DETERMINATION OF INCOME ELIGIBILITY

RECERTIFICATION ONLY:

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

\$

Unit Meets Federal Income Restriction at:
 60% 50%

Current Federal LIHTC Income Limit x 140%:
 \$ _____

Current Federal LIHTC Income Limit per Family Size: \$ _____

Unit Meets Deeper Targeting Income Restriction at:
 Other _____%

Household Income exceeds 140% at recertification:
 Yes No

If Applicable, Current Federal Bond Income Limit per Family Size: \$ _____

Household Income as of Move-in: \$ _____

Household Size at Move-in: _____

PART VI. RENT

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

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

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

\$

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

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

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

Unit Meets Federal Rent Restriction at: 60% 50%

If Applicable, Unit Meets Bond Rent Restriction at: 60% 50%

Unit Meets Deeper Targeting Rent Restriction at: Other: _____%

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

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

yes no

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

Enter 1-5

*Student Explanation:

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

PART VIII. PROGRAM TYPE

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

a. Tax Credit

b. HOME

c. Tax Exempt Bond

d. AHDP

e. _____
 (Name of Program)

See Part V above.

Income Status

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

Income Status

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

Income Status

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

Income Status

- _____
- OI**

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

SIGNATURE OF OWNER/REPRESENTATIVE

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

 SIGNATURE OF OWNER/REPRESENTATIVE

 DATE

PART IX. SUPPLEMENTAL INFORMATION FORM

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

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

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

The Following Race Codes should be used:

- 1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.
- 2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as “Haitian” apply to this category.
- 3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
- 4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent:
 - 4a – Asian India 4e – Korean
 - 4b – Chinese 4f – Vietnamese
 - 4c – Filipino 4g – Other Asian
 - 4d – Japanese
- 5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands:
 - 5a – Native Hawaiian 5c – Samoan
 - 5b – Guamanian or Chamorro 5d – Other Pacific Islander
- 6 – Other
- 7 – Did not respond. **(Please initial below)**

Note: Multiple racial categories may be indicated as such: 31 – American Indian/Alaska Native & White, 14b – White & Asian (Chinese), etc.

The Following Ethnicity Codes should be used:

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

Disability Status:

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

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

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

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

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

Part I - Development Data

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

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

Part II - Household Composition

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

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

- Date of Birth** Enter each household member's date of birth.
- Student Status** Enter "Yes" if the household member is a full-time student or "NO" if the household member is not a full-time student.
- Last Four Digits of Social Security Number** For each tenant 15 years of age or older, enter the last four digits of the social security number or the last four digits of the alien registration number. If the last four digits of SSN or alien registration is missing, enter 0000. For tenants under age 15, social security number not required, although please enter 0000.

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

Part III - Annual Income

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

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

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

Part IV - Income from Assets

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

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

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

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

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

HOUSEHOLD CERTIFICATION AND SIGNATURES

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

Part V – Determination of Income Eligibility

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

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

Part VI - Rent

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

Part VII - Student Status

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

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

Part VIII – Program Type

Mark the program(s) for which this household’s unit will be counted toward the property’s occupancy requirements. Under each program marked, indicate the household’s income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

- Tax Credit See Part V above.
- HOME If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household’s designation.
- Tax Exempt Bond If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household’s designation.
- AHDP If the property participates in the Affordable Housing Disposition Program (AHDP), and this household’s unit will count towards the set-aside requirements, select the appropriate box to indicate if the household is a VLI, LI or OI (at recertification) household.
- Other If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

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

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

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

PART IX. SUPPLEMENTAL INFORMATION

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

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

COMMERCIAL GROUND LEASE AGREEMENT

by and between

CITY AND COUNTY OF SAN FRANCISCO

and

4840 MISSION HOUSING ASSOCIATES LP,

a California limited partnership

for

THE COMMUNITY HEALTH CLINIC

DATED AND EXECUTED AS OF _____

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THIS COMMERCIAL GROUND LEASE AGREEMENT ("Commercial Ground Lease" or "Lease") is entered into as of _____ ("Effective Date") by and between THE CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, represented by the Mayor, acting through its Real Estate Division and the Mayor's Office of Housing and Community Development ("**City**" or "**Landlord**"), and 4840 MISSION HOUSING ASSOCIATES LP, a California limited partnership ("**Tenant**").

RECITALS

- A. Landlord is the fee owner of certain real property described in Exhibit 1 (the "**Commercial Parcel**") attached hereto.
- B. The City entered into a Loan Agreement on [MONTH] [DATE], 2021 (the "**MOHCD Loan Agreement**"), with Tenant, for the purpose of constructing, developing and operating 135 units of very-, low-, and moderate- income family rental housing, plus two manager's unit, 4,407 square foot commercial space, and forty (40) parking spaces for the residential units, and other ancillary uses (the "**Residential Project**") on certain real property adjacent to the Commercial Parcel ("**Residential Parcel**"), as well as the development and construction of cold-shell improvements for a 9,977 square foot commercial space on the Commercial Parcel ("**Cold Shell Improvements**") intended for a community health clinic (the "**Clinic**").
- C. The City has entered into that certain Ground Lease dated _____, 2021 ("**Residential Ground Lease**"), with Tenant for the development, construction, and operation of the Residential Project. The Residential Parcel and Commercial Parcel are collectively referred to as the "**Site**."
- D. Tenant and Mission Neighborhood Health Center, a California public nonprofit corporation ("**MNHC**") have entered into that certain Joint Development and Cost Allocation Agreement dated [MONTH] [DATE], 2021 (the "**JDA**") regarding the construction of the Cold Shell Improvements, shared cost of constructing the Cold Shell Improvements, transfer of the completed Cold Shell Improvements to MNHC, and assignment of this Commercial Ground Lease upon completion of the Cold Shell Improvements. MNHC will undertake the development and construction of the improvements to the Commercial Parcel for the Clinic (the "**Clinic Improvements**," and together with the Cold Shell Improvements, the "**Clinic Project**").
- D. Landlord is willing to lease the Commercial Parcel to Tenant for the purposes of Tenant developing and constructing the Cold Shell Improvements, and subject to the JDA, MNHC developing and constructing the Clinic Improvements and managing and operating the Commercial Parcel as a Clinic during the Term in accordance with the provisions of this Lease.

NOW, THEREFORE, in consideration of the mutual promises and covenants, the purposes stated in the above Recitals, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant (the "Parties") hereby agree as follows:

ARTICLE 1 PREMISES; TERMS; EXTENSION OPTIONS; ; DEFINITIONS

1.1 Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Commercial Parcel and all appurtenances thereto (the "**Premises**") for and in consideration of the ground rents, and the covenants and agreements contained in this Lease. The Parties understand, acknowledge and agree that as of the Effective Date of this Lease, the Premises is comprised of the Commercial Parcel, more particularly described in Exhibit 2, Legal Description

of Commercial Parcel, together with all rights, privileges and licenses appurtenant to such Commercial Parcel are owned by Landlord.

1.2 Term of Commercial Ground Lease; Commercial Ground Lease Effective Date.

Tenant shall have a leasehold interest in the Commercial Parcel for a term (the "Term") that commences as of the Effective Date, and shall terminate on the seventy-fifth (75th) anniversary of the Effective Date (the "Termination Date"), unless such Term is extended for an additional twenty-four (24) years, as set forth below, or earlier terminated under this Lease.

1.3 Notice of Extension. Not later than one hundred eighty (180) days prior to the Termination Date, the Tenant may notify the Landlord in writing that it wishes to exercise its option to extend the term of this Commercial Ground Lease (an "Extension Notice"). The extended term shall be for twenty-four (24) years from the Termination Date, which option the Tenant may exercise only once, for a total term of not to exceed ninety-nine (99) years.

1.4 Definitions and Exhibits

(a) Capitalized Terms. All capitalized terms used herein are defined in the Lease or in **Article 40** or have the meanings given them when first defined.

(b) Exhibits to this Lease. Whenever an "Exhibit" is referenced, it means an attachment to this Lease unless otherwise specifically identified. All such Exhibits are incorporated herein. Whenever an article, section, subsection, or paragraph is referenced, it is a reference to this Lease unless otherwise specifically referenced.

ARTICLE 2 RENT AND FINANCIAL ACCOUNTING

2.1 Ground Rent During Term; Base Rent.

(a) Payment of Ground Rent. From and after the date the Premises is transferred to MNHC, or if the Property is not transferred MNHC then following the commencement of operations of a commercial use the Premises Tenant shall pay the City per lease year (i) Base Rent, as defined in Sections 2.1(b), and (ii) if applicable, Percentage Rent, as defined in Section 2.2(a), without offset of any kind and without necessity of demand, notice or invoice from the City (together, "**Ground Rent**"). Base Rent shall be increased by twenty percent (20%) on the tenth (10th) anniversary of the date of this Commercial Ground Lease and every ten (10) years thereafter to account for MOHCD's increased costs to service and asset manage the Commercial Ground Lease.

(b) Base Rent. "**Base Rent**" means, Five Thousand and No/100 Dollars (\$5,000.00) in any given Lease Year commencing with the year construction of the Clinic is complete as evidenced by a certificate of occupancy ("First Lease Year"). Base Rent shall be due and payable in arrears on January 31st of each Lease Year; provided, however, Base Rent for the First Lease Year shall be due on the January 31st of the following calendar year, and shall be equal to Five Thousand and No/100 Dollars (\$5,000.00) times the number of days in the First Lease Year, divided by three hundred sixty-five (365).

2.2 Commercial Revenue Sharing. In the event City and Tenant agree to a change in the permitted use of the Commercial Parcel under Article 15, Tenant will pay to City the Percentage Rent in addition to the Base Rent under this Section 2.2. Provided that Tenant uses the Premises for Public Benefit Purposes, this Section 2.2 will not apply to this Commercial Ground Lease.

(a) Definitions. For purposes of this Section 2.2, the following definitions will apply to this Lease:

"Commercial Income" means any and all retail/commercial rental income, pass-throughs, subtenant charges, subtenant reimbursements to Tenant under all leases and subleases of its interests in the Commercial Parcel, real estate tax rebates or refunds, and insurance proceeds received by or for the account of Tenant for renting/leasing/letting of retail/commercial spaces on the Commercial Parcel.

"Commercial Expenses" mean all operating expenses or other costs attributable to Tenant's operation and management of the Improvements, including property taxes, assessments, insurance, business taxes, utility services, leasing fees or commissions, auditing, commercial property and asset management, operating reserves, expenditures for tenant improvement allowances as permitted under the terms of the Loan Agreement (if applicable), income taxes and any other taxes on the proceeds of the operations, payments made pursuant to this Lease other than Base Rent, required payments of interest and principal on any financing secured by the Commercial Parcel and used to finance the Clinic that has been approved by the City, and any other imposition, costs or reserves related to the ownership, operation, and maintenance of the Improvements that Tenant is responsible to pay, including, but not limited to, costs and expenses incurred in connection with the REA, provided that such expenses are commercially reasonable and approved by the Landlord (which shall not be unreasonably withheld, delayed or conditioned).

"Net Commercial Cash Flow" means Commercial Income minus Commercial Expenses for a given period.

"Percentage Rent" means forty percent (40%) of annual Net Commercial Cash Flow.

"Tenant" means Tenant, its agents, subtenants, assignees, licensees, and concessionaires, or otherwise (whether verbal or written) that occupies and/or conducts any operation of any kind in the Commercial Parcel.

(b) Annual Statements.

(i) On or before the sixtieth (60th) day immediately following each anniversary of the Effective Date, Tenant will deliver a complete statement (each, an "Annual Statement") showing the computation of the Commercial Parcel for the immediately preceding Lease Year in a form approved by City. Each Annual Statement must show in reasonable detail (i) the Commercial Income for the immediately preceding Lease Year, including an itemized list of any and all deductions or exclusions from Commercial Income that Tenant may claim and that are expressly permitted under this Commercial Ground Lease, (ii) the Commercial Expenses for the immediately preceding Lease Year, and (iii) a computation of the Percentage Rent for the immediately preceding Lease Year. Each Annual Statement must be certified as accurate, complete, and current by an independent certified public accounting firm acceptable to MOHCD or the City's Director of Property in his or her sole discretion.

(ii) If Tenant fails to deliver any Annual Statement within the time period set forth in this subsection (regardless of whether any Percentage Rent is actually paid or due to City for the preceding Lease Year) and that failure continues for three (3) days after the date Tenant receives (or refuses receipt of) written notice of the failure from the City, the City will have the right, among its other remedies under this Commercial Ground Lease, to employ a certified public accountant to make an examination of Tenant's Books and Records (and the Books and Records of any other occupant of the Commercial Parcel) as may be necessary to certify the amount of the Commercial Income and Commercial Expenses for the period in question. The

certification will be binding upon Tenant and Tenant will promptly pay to the City the total reasonable cost of the examination and the City's other reasonable costs (including attorneys' fees) in exercising its examination rights, together with the full amount of Percentage Rent due and payable for the period in question. Tenant acknowledges that the late submittal of any Annual Statement will cause the City increased costs not contemplated by this Commercial Ground Lease, the exact amount of which will be extremely difficult to ascertain. The parties agree that the charges set forth in this Section represent a fair and reasonable estimate of the cost that City will incur by reason of Tenant's lateness, but the City's acceptance of any such amount will not limit the City's rights or remedies under this Commercial Ground Lease for Tenant's failure to perform its obligations under this Section.

(c) Payments of Percentage Rent.

(i) On or before the one hundred twentieth (120th) day immediately following each anniversary of the Effective Date, Tenant will pay to the City, in addition to the Base Rent payable by Tenant, the Percentage Rent for the Lease Year immediately preceding such payment date. Notwithstanding anything to the contrary in the foregoing sentence, if this Commercial Ground Lease terminates before the anniversary of the Effective Date, then Tenant will pay to the City a final payment of Percentage Rent on or before the sixtieth (60th) day immediately following such termination, which payment shall be in an amount equal to forty percent (40%) of the Net Commercial Cash Flow for the period (i) between the last anniversary of the Effective Date before such termination date and (ii) the termination of this Commercial Ground Lease.

(ii) The City's acceptance of any sums paid by Tenant as Percentage Rent as shown by the applicable Annual Statement will not be an admission of the accuracy of the Annual Statement or the amount of the Percentage Rent payment. The City's receipt of a portion of Percentage Rent will be deemed strictly as rental and nothing in this Commercial Ground Lease will be construed to create the legal relation of a partnership or joint venture between the City and Tenant.

(iii) Tenant will maintain adequate accounting systems and controls reasonably satisfactory to Landlord to ensure that Commercial Income collected and all Commercial Expenses incurred are properly accounted for and recorded on a cash basis.

(iv) Any provision to the contrary notwithstanding, it will be a material breach of this Lease if, at any time, Tenant takes any action or enters into any arrangement or agreement with any subtenant of any portion of the Commercial Parcel, or Tenant's employees, creditors, officers or any other person which arrangement or agreement is intended to understate or to conceal Tenant's Percentage Rent under this Lease.

(d) Books and Records; Audit.

(i) "Books and Records" means all of Tenant's books, records, and accounting reports or statements relating to the business at or use of the Commercial Parcel, this Commercial Ground Lease, the tenant improvements, any alterations, and the operation and maintenance of the Commercial Parcel, including, without limitation, cash journals, rent rolls, general ledgers, income statements, bank statements, income tax schedules relating to the business in or use of the Commercial Parcel, and any other bookkeeping documents Tenant utilizes in its business operations for the Commercial Parcel. Tenant must maintain a separate set of accounts to allow a determination of all Commercial Expenses, all Commercial Income generated directly from the Commercial Parcel, and all exclusions therefrom.

(ii) Tenant agrees that the business conducted in the Commercial Parcel will be operated with a non-resettable register and so that a duplicate dated sales slip or such other recording method reasonably acceptable to the City is issued with each sale, whether for cash, credit, or exchange. Furthermore, Tenant will keep (and will cause its agents, subtenants, assignees, licensees, and concessionaires, or otherwise to keep) at the Commercial Parcel, at all times between the Effective Date and the expiration or earlier termination of this Commercial Ground Lease, complete and accurate Books and Records that contain all information required to permit the City to verify Commercial Income, deductions and exclusions therefrom, and Commercial Expenses that are in accordance with this Commercial Ground Lease and with generally accepted accounting practices consistently applied from period to period with respect to all operations of the business to be conducted in or from the Commercial Parcel. Tenant will retain (and will cause its agents, subtenants, assignees, licensees, and concessionaires, or otherwise to retain) such Books and Records for a period (the "Audit Period") that is the later of (1) four (4) years after the end of each Lease Year (or portion thereof) to which such Books and Records apply or, (2) if an audit is commenced or if a controversy arises between the parties regarding the Percentage Rent payable, until such audit or controversy is terminated.

(iii) Tenant will make its Books and Records available to the City, any City auditor, or any auditor or representative designated by the City (each referred to in this subsection as "City's Audit Representative"), on no less than fifteen (15) business days' prior written notice to Tenant, for the purpose of examining said Books and Records to determine the accuracy of Tenant's reporting of Percentage Rent for a period not to exceed the Audit Period after an Annual Statement is delivered to the City. Tenant will cooperate with the City's Audit Representative during the course of any audit, provided however, such audit will occur at Tenant's business office, or at such other location in San Francisco where the Books and Records are kept, and no books or records may be removed by City's Audit Representative without the prior express written consent of Tenant (but copies may be made by City's Audit Representative on site), and once commenced, with Tenant's cooperation, the audit will be diligently pursued to completion by the City within a reasonable time, so long as that Tenant makes available to the City's Audit Representative all the relevant Books and Records in a timely manner. If an audit is made of the Books and Records and the City claims that errors or omissions have occurred, the Books and Records will be retained by Tenant and made available to the City's Audit Representative until those matters are expeditiously resolved with Tenant's cooperation. If Tenant operates the Commercial Parcel through one or more subtenants or agents or otherwise, Tenant will require each such subtenant or agent or other party to provide the City with the copy of this audit right. Upon completion of the audit, the City will promptly deliver a copy of the audit report to Tenant.

(iv) If an audit reveals that Tenant has understated its Net Commercial Cash Flow for the applicable audit period, Tenant will pay the City, promptly upon demand, the difference between the Percentage Rent payment Tenant has paid and the Percentage Rent payment it should have paid to the City, plus, if the difference is a material amount and if required by the City, interest from the date of the error in the payment equal to ten percent (10%) per year or, if a higher rate is legally permissible, the highest rate an individual is permitted to charge under applicable law, if the City elects to charge such interest. If an audit reveals that Tenant has overstated its Net Commercial Cash Flow for the applicable audit period, Tenant shall be entitled to a credit equal to the difference between the amount Tenant has paid and the amount it should have paid to City against the next installment of Percentage Rent owed by Tenant. If Tenant understates the Net Commercial Cash Flow for any audit period by three percent (3%) or more, Tenant will pay the reasonable cost of the audit. A second understatement of three percent (3%) or more within any three (3) Lease Year period will be a material default of this Commercial Ground Lease.

(e) Tenant's Compliance with City Business and Tax and Regulations Code. Tenant acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code. If, under that authority, any payment City is required to make to Tenant under this Commercial Ground Lease is withheld, then City will not be in breach or default under this Lease, and the Treasurer and Tax Collector will authorize release of any payments withheld under this paragraph to Tenant, without interest, late fees, penalties, or other charges, upon Tenant coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

2.3 Triple Net Lease. This Lease is a "triple net lease," and it means Tenant shall pay for all taxes, maintenance and other costs, charges, impositions and obligations attributed to the Commercial Parcel, Improvements located in the Commercial Parcel, and its leasehold interest under this Lease ("Carrying Costs"). If Landlord pays any Carrying Costs, whether to cure a default or otherwise protect its interests hereunder, and provided Landlord has provided Tenant with notice and an opportunity to cure, as required below in this Section 2.3, Tenant shall reimburse Landlord the Carrying Costs as Additional Ground Rent (as defined in Article 40) on the next Ground Rent payment date. Tenant is responsible for all of Tenant's expenses, and Landlord shall be indemnified against all liabilities and expenses arising from the development and operation of the Commercial Parcel, except those arising from Landlord's gross negligence or willful misconduct. Landlord shall not pay any Carrying Costs without providing at least fifteen (15) days prior written notice to Tenant unless for immediate safety reasons or to prevent cancellation of required insurance policies or to avoid the imposition of penalties if earlier payment is required, and in such instances Landlord shall provide written notice to the Tenant as soon as possible.

ARTICLE 3 PAYMENT OF IMPOSITIONS

3.1 Taxes

(a) Tenant's Covenant to Pay Impositions. Subject to any available exemptions to the Tenant, Tenant covenants and agrees to pay, before delinquency and before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all Impositions which are or may have been or shall be assessed, levied, confirmed, imposed or become a lien upon the Commercial Parcel or any part thereof that become payable until the later of (i) the last day of the Term, or (ii) the last day Tenant has possession of the Commercial Parcel. If any applicable law, code, regulation or rule permits Tenant to pay any such Imposition in installments, Tenant may pay the same (and any accrued interest thereon) in installments prior to delinquency and before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof. As used herein, "Impositions" means all taxes and all transit taxes, possessory interest taxes associated with the Commercial Parcel and assessments (including, without limitation, all assessments for public improvements or benefits, whether or not commenced or completed prior to the date hereof and whether or not to be completed within the Term of this Lease), taxes assessed by any governmental authority by virtue of any operations by Tenant conducted in on or out of the Commercial Parcel and the Improvements located thereon, fees, water, sewer or similar rents, rates and charges, excises, levies, vault license fees or rentals, license fees, permit fees, inspection fees and other authorization fees and other governmental charges of any kind or nature whatsoever, whether general or special, ordinary or extraordinary, foreseen or unforeseen, or hereinafter levied or assessed in lieu of or in substitution of any of the foregoing of every character, except as expressly stated herein to the contrary (including all interest and penalties thereon), which at any time during or in respect of the period to the later of (i) the last day of the Term, or (ii) the later of the last day Tenant (a) is in or (b) has a right to possession of the

Commercial Parcel, may be assessed, levied, confirmed or imposed on or in respect of or be a lien upon the Commercial Parcel, any buildings or Improvements which are now or hereafter located thereon, any Personal Property now or hereafter located thereon, on the leasehold estates created hereby or which may be imposed upon any taxable interest of Tenant acquired pursuant to this Lease or on account of any taxable possessory right which Tenant may have acquired pursuant to this Lease, or any part thereof. Tenant must pay or reimburse Landlord, as the case may be, for any fine, penalty, interest or cost which may be added by the collecting authority for the late payment or nonpayment of any Imposition required to be paid by Tenant hereunder. All Impositions imposed for the tax years in which Tenant vacates the Commercial Parcel will be apportioned and prorated between Tenant and Landlord. Upon demand made from time to time by Landlord, Tenant will furnish to Landlord for inspection, immediately upon receipt thereof, official receipts of the appropriate taxing authority, or other proof satisfactory to Landlord evidencing the payment of such Imposition.

(b) Landlord's Right to Pay . Unless Tenant is exercising its right to contest under and in accordance with the provisions of Article 4, if Tenant fails to pay and discharge any amounts payable pursuant to this Article 3 Landlord, at its option, may (but is not obligated to) pay or discharge the same; and the amount paid by Landlord and the amount of all costs, expenses, interest and penalties connected therewith, including attorneys' fees, together with interest at an interest rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest accruing from the date of such payment, shall be deemed to be and shall be payable by Tenant as Additional Ground Rent (defined in Article 40) and must be reimbursed to Landlord by Tenant on demand.

3.2 Taxes, Assessments, Licenses, Permit Fees and Liens

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

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

(c) Tenant agrees not to allow or suffer a lien for any such taxes to be imposed upon the Premises or upon any equipment or property located thereon without promptly discharging the same, provided that Tenant, if so desiring, may have reasonable opportunity to contest the validity of the same pursuant to Article 4, below.

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

ARTICLE 4 CONTESTS

4.1 Contests. Tenant has the right, after not more than ninety (90) days nor less than ten (10) business days prior written notice to Landlord, to contest the amount or validity of any

Imposition, Law or Ordinance, and/or lien by appropriate proceedings promptly initiated and conducted in good faith and with due diligence, at its sole cost and expense; provided, that (i) Landlord shall have determined reasonably that neither the Premises, nor any part thereof or interest therein, will be in danger of being sold, forfeited, terminated, canceled or lost, (ii) Tenant shall have furnished such security as may be required in such proceedings or as may from time to time be reasonably requested by Landlord, and (iii) Landlord shall have determined reasonably that Landlord shall not be in danger of being subjected to fines, penalties or criminal liability as a result of such contest. Tenant shall not be required to pay any Imposition or lien being so contested during the pendency of any such proceedings unless payment is required by the court, quasi-judicial body or administrative agency conducting such proceedings. Before any fine, interest, penalty or cost may be added thereto for nonpayment. Tenant must pay and discharge the amounts involved in or affected by such contest, together with any penalties, fines, interest, costs and expenses that may have accrued thereon or that may result from any such contest by Tenant. After such payment and discharge by Tenant, Landlord will promptly return to Tenant the unused portion of such security as Landlord received in connection with such contest, without interest. If Landlord is a necessary party with respect to any such contest, or if any law now or hereafter in effect requires that such proceedings be brought by and/or in the name of Landlord or any owner of the Premises, Landlord, at the request of Tenant and at Tenant's sole cost and expense and with counsel selected and engaged by Tenant, subject to Landlord's reasonable approval, shall join in or initiate, as the case may be, any such proceeding. Landlord, at its own expense and at its sole option, may elect to join in any such proceeding whether or not any law now or hereafter in effect requires that such proceedings be brought by and/or in the name of Landlord or any owner of the Premises. Neither Landlord nor the Premises may be subjected to any liability for the payment of any fines, penalties, costs, fees, including attorneys' fees, or expenses in connection with any such proceeding, and Tenant covenants to indemnify, defend and hold harmless Landlord and the Premises from any such fines, penalties, costs, fees or expenses.

4.2 Contesting Impositions. At its own cost and after notice to Tenant of its intention to do so, by appropriate proceedings conducted in good faith and with due diligence, Landlord may but in no event shall be obligated to contest the validity, applicability and/or the amount of any Impositions. Landlord in so contesting any Imposition, shall hold all other parties harmless from and against any loss, cost or damage they suffer by reason of such contest. Nothing in this Section requires Landlord to pay any Impositions as long as it contests the validity, applicability or the amount thereof in good faith and so long as it does not allow the portion of the Premises affected thereby to be forfeited to the imposer of such Impositions as a result of its nonpayment. Landlord must give notice to all other parties within a reasonable period of time of the commencement of any such contest and of the final determination of such contest.

ARTICLE 5 INSURANCE

5.1 Insurance Requirements for Tenant. Tenant must procure and maintain, or cause to be procured and maintained, insurance against claims for injuries to persons or damages to property or the Improvements on the Commercial Parcel which may arise from or in connection with Tenant's operation and use of the Commercial Parcel until the termination of the Commercial Ground Lease.

5.2 Minimum Scope. In order to satisfy the foregoing requirements, coverage must be at least as broad as:

(a) Insurance Services Office Commercial General Liability coverage (occurrence form CG 00 01).

(b) Insurance Services Office Automobile Liability coverage, code 1 (form number CA 00 01) (any auto).

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

(d) Professional Liability. During the course of any construction within the Premises, Professional Liability Insurance covering all negligent acts, errors and omissions by all architectural and engineering professional consultants. Tenant must provide the City with copies of consultants' insurance certificates showing such coverage.

(e) Property Insurance. Property Insurance against all risks of direct physical loss to the Commercial Parcel and the Improvements, excluding earthquake or flood, during the course of construction. This insurance requirement may be met by obtaining the physical loss insurance required under the REA.

5.3 Minimum Limits. Tenant must maintain limits for the foregoing coverage of no less than:

(a) General Liability: Following Completion of Construction of the Clinic Project, \$2,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, the general aggregate limit must be twice the occurrence limit.

(b) Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

(c) Workers' Compensation and Employer's Liability: Workers' Compensation limits as required by the State of California and Employer's Liability limits of \$1,000,000 for bodily injury by accident and \$1,000,000 per person and in the annual aggregate for bodily injury by disease.

(d) Professional Liability: \$1,000,000 per claim and in the annual aggregate covering all negligent acts, errors and omissions of all design/engineering consultants, including architects, engineers and surveyors. If the design/engineering consultants' Professional Liability Insurance is "claims made" coverage, these minimum limits shall be maintained by the design/engineering consultants for no less than three (3) years beyond completion of construction.

(e) Property Insurance:

1. During the course of the Clinic Project construction:

i. Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the then-current replacement cost of all completed improvements and City property in the care, custody, and control of the Tenant or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable Law; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

ii. Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Tenant as dual obligees or other completion security approved by the City in its sole discretion

2. Upon completion of Clinic Project:

i. Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the then-current replacement value of all Improvements and City property in the care, custody, and control of the Tenant or its contractor. Tenant must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

ii. Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Tenant for heating, ventilating, air-conditioning, power generation, and similar purposes, in an amount not less than one hundred percent (100%) of the actual then-current replacement value of such machinery and equipment.

3. As applicable, during the course of any Tenant or subtenant improvements:

i. Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the then-current replacement cost of all completed improvements and City property in the care, custody, and control of the Tenant or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable Law; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

ii. Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Tenant as dual obligees or other completion security approved by the City in its sole discretion

4. Upon completion of Tenant or subtenant improvements: Following completion of construction, Full Replacement Value of the Clinic Improvements with no coinsurance penalty provision.

5.4 Other Insurance Provisions

(a) Additional Insured Endorsement. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions: the Landlord and its officers, agents, employees and Supervisors are to be covered as additional insureds as respects: liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of Tenant; and liability arising out of work or operations performed by or on behalf of Tenant.

(b) Primacy of Tenant's Insurance. For any claims related to the Commercial Parcel during the Term, Tenant's insurance coverage must be primary insurance as respects the Landlord and its, officers, agents, employees and Supervisors. Any insurance or self-insurance maintained by Landlord, and its Supervisors, officers, agents or employees must be in excess of Tenant's insurance and shall not contribute with it.

(c) Insured Not Affected by Failure to Report. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to Landlord and its Supervisors, officers, agents or employees.

(d) Written Notice Required to Effect Changes. Each insurance policy required by this Article 5 must be endorsed to state that coverage shall not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice has been given to the Landlord.

5.5 Acceptability of Insurers. Insurance is to be placed with insurers with a current A. M. Best's rating of no less than A:VII, unless otherwise approved by the City.

5.6 Verification of Coverage. Tenant must furnish City with certificates of insurance and with original endorsements effecting coverage required by this Article 5. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements may be on forms provided by the City. All certificates and endorsements are to be received and approved by City before work commences. City reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

5.7 Contractors. Tenant must include any and all contractors with which it contracts directly as insureds under its policies or, upon request, must furnish separate certificates and endorsements for each contractor's coverage. All such coverage shall be subject to the requirements stated herein, unless otherwise approved by Landlord.

5.8 Assignment of Policies. Upon the termination or expiration of the Term, Landlord may require Tenant to assign to it all policies of insurance to be maintained by Tenant hereunder; provided, however, that all such policies that are not assignable by their terms and all such policies that would require the consent of any insurer, which consent is not obtained by Tenant in a timely manner, shall be canceled and all refunds of premiums with respect to all of such policies shall immediately be paid to Landlord. In the event of an assignment of any such policy, the premium will be prorated between Landlord and Tenant as of the date of such termination or expiration. In the event that an assignment is not required as to any policy or, in the case of a blanket policy, if coverage is terminated, any premium refund will be payable to Tenant.

5.9 Landlord Entitled to Participate. Except for the rights of Lenders, Landlord shall be entitled to participate in and consent to any settlement, compromise or agreement with respect to any claim for any loss in excess of Five Hundred Thousand Dollars (\$500,000) (as Indexed) covered by the insurance required to be carried hereunder; provided, however, that (i) Landlord's consent shall not be unreasonably withheld, and (ii) no consent of Landlord shall be required in connection with any such settlement, compromise or agreement concerning damage to all or any portion of the Premises if Tenant shall have agreed to commence and complete restoration of the Premises in accordance with this Lease.

5.10 Release and Waiver of Subrogation. Each party hereby waives all rights of recovery and causes of action, and releases each of the other parties from any liability, losses and damages

occasioned to the property of each such party, which losses and damages are of the type covered under the policies required by this Section to the extent that said loss is reimbursed by an insurer.

ARTICLE 6 LANDLORD'S RIGHT TO PERFORM TENANT'S COVENANTS

6.1 Landlord May Perform in Emergency. Without limiting any other provision in this Lease, and in addition to all other remedies available to Landlord hereunder and/or at law or in equity, and without waiving any alternative rights or remedies, including, without limitation, the right to declare Tenant to be in default of its obligations under this Lease, Tenant covenants and agrees that upon any failure by Tenant to pay any obligation and/or perform any act, covenant, term, condition or agreement required to be paid or performed by Tenant hereunder within the time provided herein for such payment and/or performance, which failure shall give rise to an emergency, as reasonably determined by Landlord, after using reasonable efforts to notify Tenant of Landlord's intent, Landlord may, but shall not be obligated to, pay any such obligation and/or perform any such act, covenant, term, condition or agreement required to be paid or performed by Tenant hereunder for and on behalf of Tenant.

6.2 Landlord May Perform Following Tenant's Failure to Perform. Without limiting any other provision in this Lease, but subject to the provisions of Article 35, and in addition to all other remedies available to Landlord hereunder and/or at law or in equity, and without waiving any alternative rights or remedies, including, without limitation, the right to declare Tenant to be in default of its obligations under this Lease, Tenant covenants and agrees that if Tenant at any time fails to perform any act, covenant, term, condition or agreement on Tenant's part to be performed under this Lease, which failure to perform, in all cases other than as described in Article 6, continues for thirty (30) days after written notice from Landlord; then, Landlord may, but shall not be obligated to, perform any such act, covenant, term, condition or agreement for and on behalf of Tenant. If Landlord believes that Tenant has failed to perform an obligation set forth in this Lease, then before performing such obligation, Landlord shall give Tenant as much notice as reasonably possible.

6.3 Tenant's Obligation to Reimburse Landlord. If, pursuant to the provisions of Sections 6.1 and 6.2, Landlord shall pay and/or perform any obligation required to be paid or performed by Tenant hereunder, Tenant shall reimburse Landlord immediately upon demand for all sums so paid by Landlord, including, without limitation, all costs and expenses and reasonable attorney fees, incurred by Landlord in connection with the performance of any such obligation by Landlord, regardless of which party actually completes the same, together with interest from the date Landlord incurs the cost or expense until paid at a per annum rate equal to the sum of the Prime Rate plus 5%, which rate shall be reduced to the extent that it exceeds the maximum rate permissible by applicable law.

ARTICLE 7 COVENANTS AGAINST WASTE AND TO REPAIR AND MAINTAIN PREMISES

7.1 No Waste. Subject to the applicable provisions of this Lease, Tenant covenants not to do or suffer any waste or damage, disfigurement or injury to the Premises.

7.2 Repair. Under no circumstances shall Landlord be obligated to make repairs or replacements of any kind or to maintain all or any portion of the Commercial Parcel, the Improvements on the Commercial Parcel or any portion thereof, as part of the consideration for rental, and Tenant hereby expressly waives all right to make repairs at Landlord's expense under Sections 1941 and 1942 of the California Civil Code, as either or both may from time to time be amended, replaced, or restated. Tenant covenants, throughout the Term, at Tenant's sole cost and

expense, to repair and maintain the Commercial Parcel and all buildings and Improvements now or at any time erected on the Commercial Parcel including all Personal Property within the Commercial Parcel owned by Tenant, in good and clean order, condition and repair, as may be necessary to maintain the same in first- class condition and in compliance with all applicable laws and governmental regulations, and promptly, at Tenant's own cost and expense, to make or cause others to make all necessary or appropriate capital and operating repairs, renewals and replacements, whether structural or non- structural, interior or exterior, ordinary or extraordinary, foreseen or unforeseen, reasonable wear and tear excepted, to the extent that the same is consistent with maintenance of the Commercial Parcel in a first-class condition, with materials, apparatus and facilities as originally installed and approved by Landlord under this Lease, or, if not originally subject to Landlord approval or not available, with materials, apparatus and facilities of quality at least equal in quality, appearance and durability of the materials, apparatus and facilities repaired, replaced or maintained. All such repairs and replacements made by Tenant shall be at least equivalent in quality, appearance, and durability to and in all respects consistent with the original work.

7.3 Replacement Reserve.

(a) Commencing no later than December 30, 2023, or any other date thereafter the City designates in writing, Tenant must establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account"). On or before each anniversary of each month following establishment of the Replacement Reserve Account, Tenant must make annual deposits from Tenant's Annual Revenue into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. Landlord may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary, provided that no upward adjustment will be in excess of 10 percent. In addition, if 4840 Mission Housing Associates, LP (the "Partnership") is the current tenant under the lease on or after December 30, 2023, the City may extend the dates that the reserve deposits commence and the required reserve payments will be made only to the extent there is Net Commercial Income sufficient to make such payments.

(b) Tenant must deliver to Landlord an updated CNA every ten (10) years after the Effective Date for approval. The updated CNA must include an analysis of Tenant's actual expenditures for capital needs compared to the most recently approved CNA, Tenant's 20-Year Proforma and initial Annual Operating Budget and its then-current Annual Operating Budget.

(c) Annual deposits must equal the lesser of: (i) 0.6% of Replacement Cost, or (ii) \$30,000. After the Project's first five (5) years of operation, Tenant may request adjustments every ten (10) years based on its most recently approved CNA.

(d) Tenant may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Clinic Improvements, such as replacing or repairing structural elements, furniture, fixtures or equipment of the Clinic Improvements that are reasonably required to preserve the Clinic Improvements. Tenant may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without the City's prior written approval.

7.4 Other Reserve Requirements. If City and Tenant agree to change the permitted use of the Premises under Article 15, Tenant shall establish a segregated interest-bearing depository accounts for (1) a commercial leasing reserve, and (2) tenant improvement reserve, each subject to review and prior written approval by City. In addition, if 4840 Mission Housing Associates,

LP (the "Partnership") the required reserve payments will be made only to the extent there is Net Commercial Income sufficient to make such payments.

7.5 Return of the Commercial Parcel. The Commercial Parcel, together with all Improvements thereon, repairs, alterations, additions, substitutions and replacements thereto or thereof shall be surrendered to Landlord upon the expiration or earlier termination of the Term subject to reasonable wear and tear.

ARTICLE 8 LEASED PROPERTY CONDITION

8.1 AS-IS Condition. The Premises are being leased, as applicable, "AS IS," without representation or warranty of any kind, and subject to all applicable Laws governing their use, occupancy and possession, and Tenant agrees to take possession of the Premises in its "AS IS" condition on the Effective Date, subject to the provisions of this Lease. Tenant acknowledges and agrees that Tenant is familiar with the Premises. Tenant represents and warrants to City that Tenant has investigated and inspected, either independently or through agents of Tenant's own choosing, the condition of the Premises and the suitability of the Premises for Tenant's business and intended use. Tenant acknowledges and agrees that neither City nor any of its agents have made, and City hereby disclaims, any representations or warranties, express or implied, concerning the rentable area of the Premises, the physical or environmental condition of the Premises or the Improvements (including, but not limited to the substructure), the present or future suitability of the Premises for Tenant's business, or any other matter whatsoever relating to the Premises, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

8.2 Accessibility Disclosure. California Civil Code Section 1938 requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist ("CASp") to determine whether the property meets all applicable construction-related accessibility requirements. The law does not require landlords to have the inspections performed. Tenant is hereby advised that the Premises have not been inspected by a CASp.

8.3 Presence of Hazardous Substances. California law requires landlords to disclose to tenants the presence of certain Hazardous Substances, as identified in the Phase 1 and phase 2 prepared by Group Delta on April 28, 2017 as updated (Phase 1) and September 17, 2015 (Phase 2)/15 and the Subsurface Analysis Report and Site Mitigation Report dated 10/12/2020

ARTICLE 9 UTILITY SERVICES

In no event shall Landlord be obligated to provide any utility, sewer, mechanical or other services with respect to the Premises or any portion thereof. Tenant will pay or cause to be paid as the same become due all charges for all public or private utility services at any time rendered to or in connection with the Premises or any part thereof and will do all other things required for the maintenance and continuance of all such services. Tenant hereby expressly waives any and all claims against Landlord for compensation, damages, payments or offset based upon or with respect to any and all loss or damage now or hereafter sustained by Tenant by reason of any failure by Landlord to furnish, supply or provide any service or utility furnished or supplied to or used by Tenant or any other party in connection with the use, occupancy, maintenance, or operation of the Premises or any part thereof. Such services and utilities shall include, without limitation, the water supply system, drainage, sewer system, wires leading to or inside the Premises, gas, electric or telephone services.

ARTICLE 10 DAMAGE OR DESTRUCTION

10.1 Notice. In case of any damage to or destruction of the Premises or of the Improvements thereon or any part thereof, Tenant will promptly but not more than ten (10) days after the occurrence of any such damage or destruction, give written notice thereof to Landlord describing, with as much specificity as is reasonable, the nature and extent of such damage or destruction.

10.2 Insured Casualty. If the Improvements or any part thereof are damaged or destroyed by any cause covered by any policy of insurance required to be maintained by Tenant hereunder, Tenant shall promptly commence and diligently complete the restoration of the Improvements as nearly as possible to the condition thereof prior to such damage or destruction, subject to written approval of the First Mortgage Lender; provided, however, that if more than fifty percent (50%) of the Improvements are destroyed or are so damaged by fire or other casualty and if the insurance proceeds do not provide at least ninety percent (90%) of the funds necessary to accomplish the restoration, Tenant, with the written consent of Lender, may terminate this Commercial Ground Lease within thirty (30) days after the later of (i) the date of such damage or destruction, or (ii) the date on which Tenant is notified of the amount of insurance proceeds available for restoration. In the event Tenant is required or elects to restore the Improvements, all proceeds of any policy of insurance required to be maintained by Tenant under this Commercial Ground Lease shall be used by Tenant for that purpose and Tenant shall make up from its own funds, or obtain additional financing as reasonably approved by the Landlord, any deficiency between the amount of insurance proceeds available for the work of restoration and the actual cost thereof. In the event Tenant elects to terminate this Commercial Ground Lease pursuant to its right to do so under this Section 10.2, or elects not to restore the Improvements, the insurance proceeds shall be disbursed in the order set forth in Section 10.3 below.

10.3 Uninsured Casualty. If (i) more than 50% of the Improvements are damaged or destroyed and ten percent (10%) or more of the cost of restoration is not within the scope of the insurance coverage; and (ii) in the reasonable opinion of Tenant, the undamaged portion of the Improvements cannot be completed or operated on an economically feasible basis; and (iii) there is not available to Tenant any feasible source of third party financing for restoration reasonably acceptable to Tenant; then Tenant may, with the written consent of each Lender, terminate this Commercial Ground Lease upon ninety (90) days written notice to the Landlord. If it appears that the provisions of this Section 10.3 may apply to a particular event of damage or destruction, Tenant shall notify the Landlord promptly and not consent to any settlement or adjustment of an insurance award without the Landlord's written approval, which approval shall not be unreasonably withheld or delayed. In the event that Tenant terminates this Commercial Ground Lease pursuant to this Section 10.3, all insurance proceeds and damages payable by reason of the casualty shall be divided among Landlord, Tenant and Lenders in accordance with the provisions of Section 10.4. If Tenant does not have the right, or elects not to exercise the right, to terminate this Commercial Ground Lease as a result of an uninsured casualty, Tenant shall promptly commence and diligently complete the restoration of the Improvements as nearly as possible to their condition prior to such damage or destruction, subject to First Mortgage Lender's written approval, in accordance with the provisions of Section 10.2.

10.4 Distribution of the Insurance Proceeds. In the event of an election by Tenant to terminate and surrender as provided in either Section 10.01 or 10.02, the priority and manner for distribution of the proceeds of any insurance policy required to be maintained by Tenant hereunder shall be as follows:

- (a) First to the Lenders, in order of their priority, to control, disburse or apply to any

outstanding loan amounts in accordance with the terms of their respective Leasehold Mortgages;

(b) Second, to pay for the cost of removal of all debris from the Commercial Parcel or adjacent and underlying property, and for the cost of any work or service required by any statute, law, ordinance, rule, regulation or order of any federal, state or local government, or any agency or official thereof, for the protection of persons or property from any risk, or for the abatement of any nuisance, created by or arising from the casualty or the damage or destruction caused thereby;

(c) Third, to compensate Landlord for any diminution in the value (as of the date of the damage or destruction) of the Commercial Parcel as a raw development site caused by or arising from the damage or destruction; and

(d) The remainder to Tenant.

10.5 Clean Up of Commercial Parcel. In the event the Tenant terminates this Commercial Ground Lease pursuant to the provisions of Article 10 and the proceeds of any insurance policy are insufficient to pay the clean-up and other costs described in Section 10.4(b), Tenant shall have the obligation to pay the portion of such costs not covered by the insurance proceeds.

ARTICLE 11 CONDEMNATION

11.1 Parties' Rights and Obligations to be Governed by Agreement. If, during the term of this Commercial Ground Lease, there is any condemnation of all or any part of the Commercial Parcel or any interest in the Leasehold Estate is taken by condemnation, the rights and obligations of the parties shall be determined pursuant to this Article 11, subject to the rights of any Lender.

11.2 Total Taking. If the Commercial Parcel is totally taken by condemnation, this Commercial Ground Lease shall terminate on the date the condemner has the right to possession of the Site.

11.3 Partial Taking. If any portion of the Commercial Parcel is taken by condemnation, this Commercial Ground Lease shall remain in effect, except that Tenant may, with Lender's written consent, elect to terminate this Commercial Ground Lease if, in Tenant's reasonable judgment, the remaining portion of the Improvements is rendered unsuitable for Tenant's continued use of the Commercial Parcel. If Tenant elects to terminate this Commercial Ground Lease, Tenant must exercise its right to terminate pursuant to this paragraph by giving notice to the Landlord within thirty (30) days after the Landlord notifies Tenant of the nature and the extent of the taking. If Tenant elects to terminate this Commercial Ground Lease as provided in this Section 11.3, Tenant also shall notify the Landlord of the date of termination, which date shall not be earlier than thirty (30) days nor later than six (6) months after Tenant has notified the Landlord of its election to terminate; except that this Commercial Ground Lease shall terminate on the date the condemner has the right to possession of the Commercial Parcel if such date falls on a date before the date of termination as designated by Tenant. If Tenant does not terminate this Commercial Ground Lease within such thirty (30) day notice period, this Commercial Ground Lease shall continue in full force and effect.

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

11.5 Restoration of Improvements. If there is a partial taking of the Improvements and this Ground Lease remains in full force and effect pursuant to Section 11.3, Tenant may, subject to the terms of the Leasehold Mortgage, use the proceeds of the taking to accomplish all necessary restoration to the Improvements, upon receipt of First Mortgage Lender's written approval.

11.6 Award and Distribution. Any compensation awarded, paid or received on a total or partial condemnation of the Commercial Parcel or threat of condemnation of the Commercial Parcel shall belong to and be distributed in the following order:

(a) First, to pay the any balance due on any outstanding Leasehold Mortgages in accordance with applicable loan documents and other outstanding or unpaid obligations and/or liabilities that could result in a lien on the Premises; and

(b) Second, to the Tenant.

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

ARTICLE 12 LIENS.

12.1 No Liens. Tenant will not directly or indirectly create or permit the creation of or to remain, and will immediately discharge, any mortgage, deed of trust, lien, security interest, encumbrance or charge on, pledge of or conditional sale or other title retention agreement with respect to the Premises, the Improvements thereon, or any part thereof or all or any portion of Tenant's interest therein, other than (i) this Lease and Space Subleases approved by City, (ii) liens for Impositions not yet payable, or payable without the addition of any fine, penalty, interest or cost for nonpayment, or being contested as permitted by Article 4, (iii) the Permitted Exceptions, and (iv) the Mortgages by the First Senior Lender and the City.

12.2 Entry. Tenant shall permit Landlord and the authorized representatives of Landlord to enter the Premises at all reasonable times (and at any time in the event of emergencies) for the purpose of (i) inspecting the same and (ii) pursuant to the provisions of Sections 6.1 and 6.2, performing any work therein that may be performed by Landlord in accordance with such Sections. Nothing herein shall imply any duty upon the part of Landlord to do any such work which under any provision of this Lease Tenant may be required to perform, nor to place upon Landlord any obligation, or liability whatsoever, for the care, supervision or repair of the Premises. During the progress of any work on the Premises, Landlord may keep and store therein all necessary materials, tools and equipment required for such work, which must be stored therein. Landlord shall not in any event be liable for inconvenience, loss of business or other damage to Tenant by reason of the performance of any such work on the Premises, or on account of bringing materials, supplies and equipment into or through the Premises during the course thereof.

12.3 Exhibit for Sale or Lease. Landlord has the right during normal business hours to enter the Premises (a) at any time during the Term, to exhibit the same in a reasonable manner for the purpose of selling, transferring or otherwise conveying all or any portion of its interest in the Premises; and (b) during the last eighteen (18) months of the Term, for the purpose of leasing the Premises.

12.4 Notice. Landlord agrees to give Tenant reasonable prior notice of Landlord's entering on the Premises except in an emergency.

ARTICLE 13 ASSIGNMENT, TRANSFER, SIGNIFICANT CHANGE AND SUBLEASING

13.1 Landlord's Consent Required for Transfer. Except for an assignment of this Commercial Ground Lease to MNHC under the JDA, Tenant, its successors and permitted assigns shall not (i) suffer or permit any Significant Change to occur, (ii) assign any interest in this Lease either voluntarily or by operation of law, or (iii) sublease all or any part of the Premises, or allow any other person or entity to occupy or use all or any part of the Premises, in each case, without the prior written consent of Landlord, which consent may be withheld in the sole discretion of Landlord. Notwithstanding any provision herein to the contrary, for so long as the Partnership remains the tenant under this Lease, Tenant may cause or permit the following: (a) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion, (b) transfers from Tenant to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Tenant or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity; (c) transfers of the general partnership or manager's interest in Tenant to a nonprofit public benefit corporation approved in advance by the City; (d) transfers of any limited partnership or membership interest in Tenant to an investor under the tax credit syndication of the Project and/or as otherwise permitted by Tenant's Partnership Agreement; (e) any transfer by foreclosure or deed in lieu of foreclosure; (f) if the Tenant is a Lender (or a Lender's affiliate), transfers of ownership interests in such Lender (or its affiliate); or (g) the grant or exercise of an option agreement between Borrower and Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by the City; or (h) to remove or replace the General Partner in accordance with the terms of the Partnership Agreement, a transfer of any general partnership interest to a new general partner approved in advance by the City. Further, City will not unreasonably withhold or delay its approval of the removal or replacement of a General Partner by the Permitted Limited Partner, pursuant to the terms of the Tenant's Partnership Agreement.

13.2 Assignment Subject to Assumption of Performance Obligation. Except for an assignment of this Commercial Ground Lease to MNHC under the JDA, no assignment of any interest in this Lease made with Landlord's consent, or as herein otherwise permitted, will be effective until there has been delivered to Landlord, within thirty (30) days after Tenant entered into such assignment, an executed counterpart of such assignment containing an agreement, in recordable form, executed by the assignor and the proposed assignee, wherein and whereby such assignee assumes performance of the obligations on the assignor's part to be performed under this Lease to the end of the Term. Landlord consents to a transfer of this Lease and Tenant's rights and obligations under this Lease to MNHC in accordance with the JDA.

13.3 Tenant and Transferee Obligations. The consent by Landlord to an assignment hereunder is not in any way to be construed to (i) from and after the date of such assignment, relieve Tenant of any liability arising out of or with regard to the performance of any covenants or obligations to be performed by Tenant hereunder or under this Lease prior to the date of such assignment, or (ii) relieve any transferee of Tenant from its obligation to obtain the express consent in writing of Landlord to any further assignment or to any Significant Change. Notwithstanding anything to the contrary in this Lease, from and after the date that the Partnership assigns this Lease to MNHC, Partnership will be released from its rights and obligations under this Lease.

13.4 Tenant Notice to Landlord of Any and All Significant Changes. Tenant must promptly notify Landlord of any and all Significant Changes. At such time or times as Landlord may

reasonably request, Tenant must furnish Landlord with a statement, certified as true and correct by an officer of the Tenant, setting forth all of the members of the board of directors of Tenant. Such lists, data and information must in any event be furnished to Landlord annually at the end of each Lease Year (defined in Article 40 of this Lease).

13.5 Landlord's Review of Proposed Transfer. At any time Tenant may submit a request in writing to Landlord for the approval of the terms of an assignment, transfer, sublease or encumbrance of this Lease or of a Significant Change (all of the foregoing being collectively referred to herein as a "proposed transfer") or for a decision by Landlord as to whether in its opinion a proposed transfer requires Landlord consent under the provisions of this Article 13. Tenant's request for a proposed transfer must comply with the following:

(i) any proposed transferee, by instrument in writing, for itself and its successors and assigns, and expressly for the benefit of Landlord, must expressly assume all of the obligations of Tenant under this Lease and agree to be subject to all of the conditions and restrictions to which Tenant is subject; provided, however, that the fact that any transferee of this Lease, or any other successor in interest whatsoever to this Lease, whatsoever the reason, does not assume such obligations will not relieve or except such transferee or successor of or from such obligations, conditions, or restrictions, or deprive or limit Landlord of or with respect to any rights or remedies or controls with respect to this Lease, the Premises or the construction of the Improvements unless and only to the extent otherwise specifically provided in this Lease or agreed to in writing by Landlord. It is the intent of this Lease, to the fullest extent permitted by law and equity and excepting only in the manner and to the extent specifically provided otherwise in this Lease, that no transfer of this Lease, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, may operate, legally or practically, to deprive or limit Landlord of or with respect to any rights or remedies or controls provided in or resulting from this Lease with respect to the Premises that Landlord would have had, had there been no such transfer or change;

(ii) all instruments and other legal documents involved in effecting transfer shall have been submitted to Landlord for review, and Landlord shall have approved such documents which approval shall not be unreasonably withheld or delayed; and Tenant shall have complied with the provisions of this Article 13.

13.6 Reserved.

13.7 Landlord's Sale or Assignment. Landlord has the right to sell and/or assign all or any portion of its interest in all or any portion of the Premises and/or this Lease, without the prior written consent of Tenant, provided, however, that no such transfer of the Premises may be effective until there is delivered to Tenant an agreement of the transferee reasonably satisfactory to Tenant expressly assuming all of Landlord's obligations hereunder with respect to those portions of the Premises so transferred, which obligations arise from and after the date of transfer. Upon delivery of such agreement, Landlord will be relieved of all obligations hereunder arising from and after the date of such transfer with respect to those portions of the Premises so transferred. Notwithstanding the foregoing, and without limiting the provisions thereof, Landlord agrees that if Landlord offers to sell its interest in all or any portion of the Premises to any person or entity, Landlord shall negotiate first with Tenant for the sale of such portion or portions of the Premises or portions thereof, to Tenant on terms and conditions satisfactory to Landlord and Tenant. If Landlord negotiates with Tenant, but the parties cannot agree upon terms and conditions satisfactory to both of them within sixty (60) days of commencement of such negotiations, Landlord may sell its interest in all or any portion of the Premises, to any other person or entity upon any terms Landlord may negotiate and/or accept, including terms less favorable to Landlord, without negotiating further with Tenant.

ARTICLE 14 INDEMNIFICATION OF LANDLORD

Tenant will protect, indemnify, defend, and hold Landlord and its officers, directors, employees, agents, successors, assigns and Supervisors (each, an "Indemnified Party") harmless from and against any and all loss, liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorney fees and all costs, disbursements and expenses of legal counsel) imposed upon or incurred by or asserted against any such Indemnified Party or the Premises by reason of the occurrence or existence of any of the following (except to the extent such losses, liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses arise from the gross negligence or willful misconduct of the Indemnified Party): (a) any accident, injury to or death of persons (including workers) or loss of or damage to property occurring on or about the Premises or any part thereof or the adjoining sidewalks, curbs, streets, vaults, passageways, spaces or ways; (b) any use, possession, occupation, operation, maintenance, management or condition of the Premises or any part thereof or the adjoining sidewalks, alley, curbs, streets, vaults, passageways, spaces or ways; (c) any failure on the part of Tenant to perform or comply with any of the terms of this Lease; (d) performance of any labor or services or the furnishing of any materials or other property in respect of the Premises or any part thereof; (e) any negligence on the part of Tenant or any of its agents, contractors, servants, employees, sublessees, licensees or invitees; (f) the death of or any accident, occurrence, injury, loss or damage whatsoever caused to any natural person or to the property of any persons as shall occur in or on the Premises during the Term hereof; or (g) any Hazardous Material Claims. In case any action, suit or proceeding is brought against any Indemnified Party by reason of any occurrence for which Tenant is obliged to furnish indemnity to such Indemnified Party, such Indemnified Party will notify Tenant of such action, suit or proceeding, and Tenant may, and upon the request of such Indemnified Party will, at Tenant's sole expense, resist and defend such action, suit or proceeding, or cause the same to be resisted and defended by counsel designated by Tenant and reasonably approved by such Indemnified Party in writing. Notwithstanding the foregoing, this Article 14 shall not be deemed or construed to and shall not impose any obligation to indemnify and save harmless the Indemnified Parties from any claim, loss, damage, liability or expense of any nature whatsoever, arising from or in any way related to or connected with any willful misconduct or gross negligence by an Indemnified Party.

ARTICLE 15 USE OF PREMISES; CHANGE OF USE; SURRENDER OF PREMISES

15.1 Permitted Uses. The permitted uses of the Commercial Parcel is limited to the following: (a) operation of a licensed community health clinic, (b) meeting with individuals or groups of the community health clinic on weekday, weekends, and evenings, (c) clinic health events, (d) staff training and staff meetings, and (e) community-serving events consistent with Tenant's charitable purpose. Tenant may use the Commercial Parcel for other Public Benefit Use with the prior written approval of the City and that are compatible with the use and operation of the Residential Project, and for no other purposes. Any other commercial uses of the Commercial Parcel are subject to City's prior written approval, in the City's sole and absolute discretion. If City approves of a change in use, Tenant will pay to City the Percentage Rent and agree to any amendments to this Commercial Ground Lease or other conditions required by City.

15.2 Prohibited Uses. Except as otherwise consented to in writing by Landlord, which consent Landlord may withhold in its sole and absolute discretion, the uses prohibited on the Premises are as follows:

(a) Prohibited Uses. No part of the Premises shall be used or operated for: (i) any use which violates any applicable zoning ordinance, (ii) any unlawful or disreputable purpose or any

activity which is inappropriate for a comparable mixed-use residential complex conducted in accordance with good and generally accepted standards of operations, or (iii) any activity that exposes occupants or permittees to health or safety risks. No noxious or offensive activities shall be carried on, upon or within the Premises, nor shall anything be done or placed thereon which may be or become a nuisance, or cause unreasonable disturbance, or hazard or annoyance to the Residential Project, or its residents.

(b) Other Prohibited Uses. Other uses not permitted under the City Codes, and any use causing excessive noise, odor or hazardous materials in quantities that could damage the residential project or disrupt the residential occupants, including, but not limited to the following:

(i) any activity, or the maintaining of any object, that is not within the Permitted Use;

(ii) any activity, or the maintaining of any object, that will in any way increase the existing rate of, affect or cause a cancellation of, any fire or other insurance policy covering the Premises, any part thereof or any of its contents, or cause a substantial increase in the cost of insurance for City or the Residential Project;

(iii) any activity or object that will overload or cause damage to the Premises;

(iv) any activity that constitutes a public or private nuisance or waste, including, but not limited to, the preparation, manufacture or mixing of anything that might emit any objectionable odors, noises, or lights onto adjacent properties, or the use of loudspeakers or sound or light apparatus that can be heard or seen outside the Premises;

(v) any activity that will in any way injure, obstruct, or interfere with the rights of owners or occupants of adjacent properties, including, but not limited to, rights of ingress and egress;

(vi) any auction, distress, fire, bankruptcy or going out of business sale on the Premises without the prior written consent of the City, which consent may be granted, conditioned, or withheld in the sole and absolute discretion of the City;

(vii) any vehicle and equipment maintenance, including but not limited to, washing, fueling, changing oil, transmission or other automotive fluids;

(viii) the storage of any and all excavated materials, including but not limited to, dirt, concrete, sand, asphalt, and pipes, except to the extent necessary during construction of the Project;

(ix) the storage of any and all aggregate material, or bulk storage, such as wood or of other loose materials, except to the extent necessary during construction of the Project;

(x) the washing of any vehicles or equipment; or

(xi) bars, retail liquor sales, marijuana sales, or any other uses that cater exclusively to adults.

15.3 Compliance with Reciprocal Easement Agreement. Tenant shall at all times comply with the provisions in the REA and shall require in the Space Sublease that all Space Subtenants, if applicable, comply with the REA.

15.4 Reserved.

15.5 Purchase of Personal Property by Landlord. At the termination of this Lease, if no Event of Default exists, Landlord has the right to purchase all Personal Property, including, without limitation, all signs, furniture, furnishings, equipment and supplies, placed in or on the Premises by Tenant, except any logos, trademarks, symbols, designs or Personal Property not owned by Tenant, at a price, determined by Tenant and agreed to by Landlord, not to exceed the fair market value thereof. If at the termination of this Lease, no Event of Default exists and Landlord elects not to purchase such Personal Property, Tenant must remove all such Personal Property within sixty (60) days of the termination of this Lease. If Tenant fails to remove such Personal Property within said period of time, such Personal Property will be deemed abandoned by Tenant and become the property of Landlord.

15.6 Surrender. Subject to the limitations of Section 15.4, Tenant must surrender to Landlord the Improvements, all other leased property and renewals and replacements thereof in good order, condition and repair, normal wear and tear excepted, upon termination of this Lease. Upon termination of this Lease, Landlord has the right to terminate all Space Subleases (if applicable). At the request of Landlord, Tenant must surrender the Premises to Landlord free of all Personal Property and fixtures belonging to Tenant, and in any event, Tenant must repair any damage to the Premises caused by such removal.

15.7 Temporary Cessation of Business. Temporary cessation of business by Tenant when necessary for the purpose of making alterations, repairs or Restoration or by reason of such reasonable interruptions as may be incidental to the conduct of its business will not be deemed a discontinuance of the operation of Tenant so long as the Premises are reopened promptly upon completion of such act or event. Nothing contained in this Section limits the effect of the Force Majeure provisions herein.

ARTICLE 16 QUIET ENJOYMENT

Subject to the Permitted Exceptions, Landlord covenants and agrees that Tenant, upon observing and keeping all of the covenants, agreements and conditions of this Lease on its part to be kept, shall lawfully and quietly hold, occupy and enjoy said Premises during the Term without hindrance or molestation of anyone claiming by, through or under Landlord.

Notwithstanding the foregoing, Landlord shall have no liability to Tenant in the event of any defect in the title of Landlord whether or not such defect affects Tenant's rights of quiet enjoyment and, except as otherwise expressly provided for under the terms and provisions of this Lease, no such defect shall be grounds for a termination of this Lease by Tenant and Tenant's sole remedy shall be to obtain compensation for such event by pursuing its rights against any title insurance company or companies issuing title insurance policies to Tenant.

ARTICLE 17 EVENTS OF DEFAULT; TERMINATION

17.1 Events of Default.

The occurrence of any one or more of the following events, which event shall not have been cured as provided in this Commercial Ground Lease, shall constitute an "Event of Default" under the terms of this Lease (regardless of the pendency of any bankruptcy, reorganization, receivership, insolvency or other proceedings, in law, in equity or before any administrative tribunal which has or might have the effect of preventing Tenant from complying with the terms

of this Lease). Notwithstanding any provision in this Lease to the contrary, no Event of Default will be deemed to have occurred until the Mortgagees and Permitted Limited Partners have been notified as required by Section 35.10 and the applicable period of time in which the Mortgagees may cure the Event of Default pursuant to Section 35.10 has expired without the Event of Default having been cured.

(a) **Failure to Pay Ground Rent Within Certain Time Period.** Tenant shall fail to pay any Ground Rent, in the manner prescribed in Section 2.1 of the Lease, when due to Landlord within five (5) days after notice thereof from Landlord.

(b) **Failure to Terminate Certain Proceedings Within Certain Time Period.** Subject to the provisions of Sections 28.2 and 28.3, the filing by or against Tenant of any proceedings under any state or federal insolvency or bankruptcy law, or any comparable law that is now or hereafter may be in effect, whether for liquidation or reorganization, which proceedings if filed against Tenant are not dismissed or stayed within sixty (60) days;

(c) **Failure to Stop Certain Order for Relief Under Certain Conditions.** Subject to the provisions of Sections 28.2 and 28.3, the entry of an order for relief against Tenant under any bankruptcy or reorganization case which order has not been stayed or dismissed within sixty (60) days;

(d) **Final Appointment of a Receiver Under Certain Conditions.** Subject to the provisions of Sections 28.2 and 28.3, the appointment of a receiver, trustee or custodian of all or any part of the property of Tenant which appointment with respect to Tenant is not dismissed or stayed within sixty (60) days; provided, however, that the appointment of a receiver pursuant to the exercise by a Mortgagee of its rights under a Mortgage shall not be an Event of Default hereunder;

(e) **Unauthorized Assignment of Certain Property.** Except for a transfer by the First Mortgage Lender through foreclosure or deed in lieu of foreclosure, the assignment of all or any part of the Commercial Parcel, by Tenant;

(f) **Tenant's Failure to Notify Landlord Within Certain Time Period in Filing Certain Proceedings.** The failure of Tenant to give written notice to Landlord of Tenant's intention to commence proceedings under any state or federal insolvency, bankruptcy or any comparable law that is now or hereafter may be in effect, whether for liquidation or reorganization, at least thirty (30) days prior to the commencement of such proceedings;

(g) **Failure to Release Attachment Within Certain Time Period.** A writ of attachment or execution is levied on this Lease which is not released within sixty (60) days;

(h) **Abandonment of Premises Under Certain Conditions.** Except as permitted by Article 11, the Premises are abandoned or cease to be used for the uses permitted hereunder, which abandonment or cessation is not cured within thirty (30) days after notice thereof from Landlord;

(i) **Unauthorized Assignment of, or Changes to, this Lease Under Certain Conditions.** Tenant suffers or permits an assignment of this Lease or any interest therein to occur in violation of this Lease, suffers or permits a Significant Change to occur in violation of this Lease or sublets all or any portion of the Premises in violation of this Lease, which violation is not remedied within thirty (30) days after notice thereof from Landlord;

(j) **Failure to Comply With Lease Terms Under Certain Conditions.** Tenant shall fail to perform or comply with any other term hereof, and such failure shall continue beyond the

applicable cure period, if any, or, if none, for more than thirty (30) days after notice thereof from Landlord, or if such default cannot reasonably be cured within such thirty (30)-day period, Tenant shall not within such period commence with due diligence and dispatch the curing of such default, or having so commenced, shall thereafter cease, fail or neglect to prosecute or complete with diligence and dispatch the curing of such default.

17.2 Special Provisions Concerning Mortgagees and Events of Default. Notwithstanding anything in this Lease to the contrary, however, the exercise by a Mortgagee of any of its remedies under its Mortgage or the exercise by the City of any of its remedies under the Residential Ground Lease shall not, in and of itself, constitute a default under this Lease.

17.3 Rights of Permitted Limited Partner. For so long as the Partnership is the tenant under this Lease, the following will apply to this Lease:

(a) If a Permitted Limited Partner cannot cure a default due to an automatic stay in Bankruptcy court because the general partner of the Tenant is in bankruptcy, any cure period will be tolled during the pendency of such automatic stay.

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

(c) Unless otherwise provided for in this Lease, any limited partner that is not the Permitted Limited Partner wishing to become a Permitted Limited Partner must provide five (5) days written notice to the City in accordance with the notice provisions of this Ground Lease, setting forth a notice address and providing a copy of such notice to the Tenant and all of the Tenant's partners. The limited partner will become a Permitted Limited Partner upon the expiration of the five-day period. A limited partner will not be afforded the protections of this Section with respect to any default occurring before the limited partner becomes a Permitted Limited Partner.

ARTICLE 18 IMPROVEMENTS

18.1 Construction of Clinic Project.

(a) Schedule of Performance. Tenant agrees to undertake and complete all physical construction of the Clinic Project as approved by the City, in accordance with the Schedule of Performance, Attachment _____. [need to see -will this match residential schedule?]

(b) General Requirements and Rights of City. All construction documents, including but not limited to preliminary and final plans and specifications for the construction of the Improvements by Tenant (collectively the "Construction Documents") must be prepared by a person registered in and by the State of California to practice architecture and must be in conformity with this Ground Lease, including any limitations established in the City's reasonable approval of the schematic drawings, if any, preliminary construction documents, and final construction documents for the Premises, and all applicable Laws. The architect will use, as necessary, members of associated design professions, including engineers and landscape architects. [Notwithstanding anything to the contrary contained in this ARTICLE 18, the City hereby acknowledges that for purposes of this Ground Lease, the Final Construction Documents for the Cold Shell Improvements have been approved as of the Agreement Date.].

(c) City Approvals and Limitation Thereof. The Construction Documents must be approved by the City in the manner set forth below:

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

(2) MOHCD Does Not Approve Compliance with Construction Requirements. The City's approval is not directed to engineering or structural matters or compliance with local building codes and regulations, the Americans with Disabilities Act, or any other applicable Law relating to construction standards or requirements. Tenant further understands and agrees that City is entering into this Ground Lease in its capacity as a property owner with a proprietary interest in the Premises and not as a regulatory agency with police powers. Nothing in this Ground Lease will limit in any way Tenant's obligation to obtain any required approvals from City officials, departments, boards, or commissions having jurisdiction over the Premises. By entering into this Ground Lease, City is in no way modifying or limiting Tenant's obligation to cause the Premises to be used and occupied in accordance with all applicable Laws.

(d) Construction to be in Compliance with Construction Documents and Law.

(1) Compliance with City Approved Documents. The construction must be in compliance with the City-approved Construction Documents.

(2) Compliance with Local, State and Federal Law. The construction must be in strict compliance with all applicable Laws. Tenant understands and agrees that Tenant's use of the Premises and construction of the Improvements permitted under this Ground Lease will require authorizations, approvals, or permits from governmental regulatory agencies with jurisdiction over the Premises, including, without limitation, City agencies. Tenant will be solely responsible for obtaining any and all such regulatory approvals. Tenant may not seek any regulatory approval without first obtaining the written consent of City as Landlord under this Ground Lease. Tenant will bear all costs associated with applying for and obtaining any necessary or appropriate regulatory approval and will be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any such condition that could affect use or occupancy of the Project or City's interest therein must first be approved by City in its sole discretion. Any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval will be immediately paid and discharged by Tenant, and City will have no liability, monetary or otherwise, for any such fines or penalties. Tenant will indemnify, defend, and hold harmless the City and the other Indemnified Parties hereunder against all Claims (as such terms are defined in ARTICLE 14 above) arising in connection with Tenant's failure to obtain or failure by Tenant, its agents, or invitees to comply with the terms and conditions of any regulatory approval.

(e) Approval of Construction Documents by City. Tenant will submit and City will approve or disapprove the Construction Documents referred to in this Ground Lease within the times established in the Schedule of Performance, so long as each set of the applicable Construction Documents are complete and properly submitted within the time frames set forth in the Schedule of Performance. Failure by City either to approve or disapprove within the times established in the Schedule of Performance will entitle Tenant to a day for day extension of time for completion of any activities delayed as a direct result of City's failure to timely approve or disapprove the Construction Documents. [City hereby acknowledges that, as Landlord under this Ground Lease, as of the Agreement Date, MOHCD has approved the Construction Documents for the Cold Shell Improvements.]

(f) Disapproval of Construction Documents by City. If the City disapproves the Construction Documents in whole or in part as not being in compliance with this Ground Lease, Tenant will submit new or corrected Construction Documents which are in compliance within thirty (30) days after written notification to it of disapproval, and the provision of this section relating to approval, disapproval and re-submission of corrected Construction Documents will continue to apply until the Construction Documents have been approved by the City; provided, however, that in any event Tenant must submit satisfactory Construction Documents (i.e., approved by City) no later than the date specified therefor in the Schedule of Performance.

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

(h) Performance and Payment Bonds. Before commencement of construction of the Cold Shell Improvements, Tenant will deliver to City performance and payment bonds, each for the full value of the cost of construction of the Improvements, which bonds will name the City as co-obligee, or such other completion security which is acceptable to the City. [The payment and performance bonds may be obtained by Tenant's general contractor and name Tenant and City as co-obligees.]

(i) City Approval of Changes after Commencement of Construction. Tenant may not approve or permit any change to the Construction Documents approved by the City without the City's prior written consent. City approval of any change orders during the initial construction of the Clinic Improvements, will be provided in the manner set forth in the Residential Ground Lease (which references the Loan Agreement between Landlord and Tenant dated substantially concurrently herewith.).

(j) Times for Construction. Tenant agrees for itself, and its successors and assigns to or of the Leasehold Estate or any part thereof, that Tenant and such successors and assigns will promptly begin and diligently prosecute to completion the construction of the Improvements upon the Site, and that such construction will be completed no later than the dates specified in the Schedule of Performance, subject to force majeure, unless such dates are extended by the City.

(k) Force Majeure. For the purposes of any of the provisions of this Ground Lease, and notwithstanding anything to the contrary, neither the City nor Tenant, as the case may be, will be considered in breach or default of its obligations, and there will not be deemed a failure to satisfy any conditions with respect to the beginning and completion of construction of the Improvements, or progress in respect thereto, in the event of enforced delay in the performance of such obligations or satisfaction of such conditions, due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, acts of the public enemy, terrorism, fires, earthquakes, floods, epidemics, quarantine restrictions, strikes, freight embargoes, general scarcity of materials, unusually severe weather, acts of the government or other party, or delays of subcontractors due to such causes or unusual scarcity of materials or labor, or unusually severe weather; it being the purposes and intent of this provision that the time or times for the satisfaction of conditions to this Ground Lease including those with respect to construction of the Improvements, will be extended for the period of the enforced delay; provided, however, that the party seeking the benefit of the provisions of this paragraph must have notified the other party of the delay and its causes in writing within thirty (30) days after the beginning of any such enforced delay and requested an extension for the reasonably estimated period of the enforced delay; and, provided further, that this paragraph does apply to, and nothing contained in this paragraph will extend or will be construed to extend, the time of

performance of any of Tenant's obligations to be performed before the commencement of construction, and the failure to timely perform pre-commencement of construction obligations will not extend or be construed to extend Tenant's obligations to commence, prosecute, and complete construction of the Improvements in the manner and at the times specified in this Ground Lease.

(l) Reports. Commencing when construction of the Cold Shell Improvements commences and continuing until completion of construction of the Clinic Project, Tenant will make a report in writing to the City every month, in such detail as may reasonably be required by the City, as to the actual progress of the Tenant with respect to the construction. The MOHCD Monthly Project Update required under the MOHCD Loan Documents will satisfy this requirement.

(m) Access to Site. As of the Effective Date and until the City issues a Certificate of Completion (as defined in Section 18.2 below), Tenant will permit City access to the Premises whenever and to the extent necessary to carry out the purposes of the provisions of this Ground Lease, at reasonable times and upon reasonable advance notice, and on an emergency basis without notice whenever City believes that emergency access is required. After the City's issuance of a Certificate of Completion, access to the Premises will be governed by ARTICLE ____, below.

(n) Notice of Completion. Promptly upon completion of the construction of the Improvements in accordance with the provisions of this Ground Lease, Tenant will file a Notice of Completion ("NOC") and record the approved NOC in the San Francisco Recorder's Office. Tenant will provide the City with a copy of the recorded NOC.

(m) Completion of Improvements by New Developer. In the event a Mortgagee or a successor thereto forecloses, obtains a deed in lieu of foreclosure, or otherwise realizes upon the Premises and undertakes construction of the Improvements ("New Developer") (a) the New Developer will not be bound by the provisions of the Schedule of Performance with respect to any deadlines for the completion of the Improvements but will only be required to complete the Improvements with due diligence and in conformance with a new Schedule of Performance as agreed upon by the New Developer and the City, (b) the New Developer will only be required to complete the Improvements in accordance with all applicable building codes and ordinances, and the approved Construction Documents with such changes that are mutually agreed upon by the City and the New Developer under the following clause (c); and (c) City and New Developer will negotiate in good faith such reasonable amendments and reasonable modifications to this Section 18.1 as the parties mutually determine to be reasonably necessary based upon the financial and construction conditions then existing.

18.2 Changes to the Improvements.

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

(b) Definition of Change. "Change" as used in this Article means any alteration, modification, addition and/or substitution of or to the Commercial Parcel and the Improvements

which differs materially from that which existed upon the completion of construction of the Improvements, and shall include without limitation the exterior design, exterior materials and/or exterior color, and/or relocation or removal of either the control room, the transformer room, or both. For purposes of the foregoing, exterior shall mean and include the roof of the Improvements. [BRIDGE/MHNC to confirm location of control room and transformer room.] “Change” does not include any repair, maintenance, cosmetic interior alterations (e.g., paint, carpet, installation of moveable equipment and trade fixtures, and hanging of wall art) in the normal course of operation of the Project, any tenant improvements to the Commercial Parcel installed for a permitted use of the Commercial Parcel, or as may be required in an emergency to protect the safety and well-being of the employees, guests and invitees of the Tenant.

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

18.3 Title to Improvements. Fee title to any Improvements shall be vested in Tenant and shall remain vested in Tenant during the term of this Lease. Subject to the rights of any Lenders and as further consideration for the City entering into this Commercial Ground Lease, at the expiration or earlier termination of this Commercial Ground Lease, fee title to all the Improvements shall vest in the City without further action of any party, without any obligation by the City to pay any compensation therefor to Tenant and without the necessity of a deed from Tenant to the City.

18.4 Tenant Improvements.

(a) Tenant shall be responsible, at no cost to the City, for performing any work or construction related to the Clinic Improvements, at Tenant’s expense, only by duly licensed and bonded contractors or mechanics, and subject to any conditions that City may reasonably impose. Tenant shall further be responsible, at no cost to the City, for obtaining all permits and licenses required in connection with the Clinic Improvements. Upon completion of the Clinic Improvements, Tenant shall furnish City with a copy of the final as-built plans and specifications. No approval by City of the Plans, any changes thereto or of any alterations for purposes of this Lease shall be deemed to constitute approval of any federal, state or local regulatory authority with jurisdiction over the Premises or Tenant’s use hereunder, and nothing herein shall limit Tenant’s obligation to obtain all such regulatory approvals at no cost to the City.

(b) Tenant and its subtenants shall comply with the applicable requirements of San Francisco Administrative Code Section 6.22(G) in the performance of the Tenant Improvement Work, as further set forth in Section 36.19 below.

ARTICLE 19 REMEDIES

The provisions of this Section 19 and the exercise of Landlord's remedies are subject to the limitations on recourse set forth in Article 31.

19.1 Landlord's Remedies Generally.

(a) Landlord's Rights and Tenant's Obligations Under an Event of Default.

Upon the occurrence of an Event of Default hereunder, Landlord may continue this Lease in full force and effect, and this Lease shall continue in effect and Landlord shall have the right to collect, Ground Rent, Additional Ground Rent and other sums when and as they become due.

if Tenant abandons the Premises in violation of this Lease, Landlord may enter the Premises and relet the Premises, or any part thereof, to third parties for Tenant's account without notice to Tenant, Tenant's rights, if any, to any such notice under any applicable law being hereby waived, and alter or install or modify the Improvements at the Premises, or any portion thereof, and Tenant shall be liable immediately to Landlord for all costs Landlord incurs in enforcing this Lease, whether or not any action or proceeding is commenced, including, without limitation, the reasonable attorney fees and all costs, disbursements and expenses of Landlord's outside counsel, expert witness fees, transcript preparation fees and costs and document copying, exhibit preparation, courier, postage, facsimile expenses, brokers' fees or commissions, the costs of removing and storing the property of Tenant, costs incurred by Landlord in connection with reletting the Premises, or any portion thereof, and altering, installing, modifying and constructing tenant improvements required for a new tenant, and the costs of restoration and of repairing and maintaining the Premises or any portion thereof. Reletting may be for a period equal to, shorter or longer than the remaining Term of this Lease.

(b) Lease May Not Terminate Without Landlord's Consent. No act by Landlord allowed by this Section 19.1 shall terminate the Lease unless Landlord notifies Tenant that Landlord elects to terminate the Lease.

(c) Lease Termination Requires Landlord To Notify the Tenant. Landlord may terminate Tenant's right to possession of the Premises or this Lease or both at any time after the occurrence of an Event of a Default by giving written notice of such termination, and such termination shall then occur on the date set forth in such notice. Acts of maintenance and efforts to relet the Premises shall not constitute a termination of Tenant's right to possession. No act by Landlord other than giving notice to Tenant shall terminate this Lease.

(d) Cessation of Tenant's Rights to Sublet or Assign. Upon the occurrence of an Event of Default, Tenant shall have no right to sublet or assign its interest in the Premises and/or this Lease without Landlord's written consent, which may be given or withheld in Landlord's sole and unfettered discretion.

(e) Landlord's Remedies Are Cumulative. The remedies given to Landlord in this Section shall be in addition and supplemental to all other rights or remedies which Landlord may have at law or in equity.

(f) At the termination of this Lease, if an Event of Default exists, title to all Personal Property, except any logos, trademarks, symbols, designs or Personal Property not owned by Tenant, will vest in Landlord without any further action of any parties

19.2 Continuation of Subleases and Other Agreements.

Except as provided in Article 17, in case of default by Tenant in the performance of any of the terms, covenants or agreements herein contained on the part of Tenant to be done, observed, kept and performed and the continuance thereof for the period hereinbefore provided for, or if Landlord shall for any lawful reason or cause recover or come into possession of the Premises before the date hereinbefore fixed for the expiration of the Term hereof, Landlord shall have the right, at its sole option, to take over any and all Space Subleases of the Premises, if applicable, or any part thereof and all concessions and licenses and agreements by Tenant for the maintenance thereof or supplies thereof, and at Landlord's option to have and succeed to all the risks and privileges of said Space Subleases, or concessions, licenses or agreements, or such of them as it may elect to take over and assume, and Tenant upon any such default by Tenant or recovery of possession by Landlord hereby expressly assigns and transfers to Landlord such of the Space Subleases, or concessions, licenses and agreements as Landlord may elect to take over and assume as may exist and be in force and effect at the time of said default and recovery of

possession and all deposits with Landlord pursuant thereto; and Tenant hereby further expressly covenants that, upon request of Landlord, Tenant will execute, acknowledge and deliver to Landlord such further instruments as may be necessary or desirable to vest in Landlord the then existing Space Subleases of said Premises or any part thereof and the licenses, concessions and agreements then in force, as above specified.

ARTICLE 20 LANDLORD'S EQUITABLE RELIEF

No expiration or termination of this Lease pursuant to the terms hereof or by operation of law or otherwise and no repossession of the Premises or any part thereof pursuant to the term hereof or by operation of law or otherwise, shall relieve Tenant of its liabilities and obligations hereunder arising prior to termination of this Lease, all of which shall survive such expiration, termination or repossession, including, without limitation, the rights of Landlord for indemnification for liability, personal injuries or property damage, nor shall anything in this Lease be deemed to affect the right of Landlord to equitable relief where such relief does not impose personal liability on Tenant which is inconsistent with the provisions of Article 32.

ARTICLE 21 NO WAIVER BY LANDLORD OR TENANT

No failure by Landlord or Tenant to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof, and no submission by Tenant or acceptance by Landlord of full or partial Ground Rent during the continuance of any such breach shall constitute a waiver of any such breach or of any such term. No waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect, or the respective rights of Landlord or Tenant with respect to any other then existing or subsequent breach.

ARTICLE 22 DEFAULT BY LANDLORD; TENANT'S REMEDIES

22.1 Default by Landlord; Tenant's Remedies. Landlord shall be deemed to be in default hereunder if Landlord shall fail to perform or comply with any term hereof and such failure shall continue for more than the time of any cure period provided herein, or, if no cure period is provided herein, for more than thirty (30) days after written notice thereof from Tenant, or, if such default cannot reasonably be cured within such thirty (30)-day period, Landlord shall not within such period commence with due diligence and dispatch the curing of such default, or, having so commenced, shall thereafter fail or neglect to prosecute or complete with diligence and dispatch the curing of such default. Upon such default by Landlord, Tenant may exercise any remedy available at law or at equity. including, but not limited to, specific performance.

22.2 Survival of Certain Obligations. Subject to the provisions of Section 22.1, no expiration, termination or repossession of this Lease pursuant to the term hereof or by operation of law or otherwise, shall relieve Landlord of its liabilities and obligations hereunder arising prior to such expiration, termination or repossession of this Lease, all of which shall survive such expiration, termination or repossession, including, without limitation, the rights of Tenant for indemnification for liability, for personal injuries or property damage.

ARTICLE 23 ACCEPTANCE OF SURRENDER

No modification, termination or surrender of this Lease or surrender of the Premises or any part thereof or of any interest therein by Tenant shall be valid or effective unless agreed to and accepted in writing by Landlord and Mortgagee, and no act by any representative or agent of

Landlord, other than such a written agreement and acceptance by Landlord, shall constitute an acceptance thereof.

ARTICLE 24 NO MERGER OF TITLE

There shall be no merger of the leasehold estate created by this Lease with the fee estate in the Premises by reason of the fact that the same person may own or hold (a) the leasehold estate created by this Lease or any interest in such leasehold estate, and (b) any interest in such fee estate; and no such merger shall occur unless and until all persons having any interest in (i) the leasehold estate created by this Lease and (ii) the fee estate in the Premises shall join in and record a written instrument effecting such merger.

ARTICLE 25 END OF LEASE TERM

Upon the expiration or other termination of the Term, Tenant shall quit and surrender to Landlord the Premises in first-class order and condition, reasonable wear and tear excepted to the extent the same is consistent with maintenance of the Premises in a first-class condition. Tenant hereby agrees to execute all documents as Landlord may deem necessary to evidence such termination of this Lease. Any holding over by Tenant after the expiration or termination of this Lease shall not constitute renewal hereof or give Tenant any rights hereunder or in the Premises, except with the prior written consent of Landlord, and Tenant shall be a Tenant at sufferance hereunder. Ground Rent during such periods of holding over shall be at the rate of one hundred and fifty percent (150%) of all Ground Rent, which Ground Rent (shall be computed on an actual basis) shall be computed on the basis of the average monthly amount thereof accruing during the immediately preceding nine-quarter period.

ARTICLE 26 PROVISIONS SUBJECT TO APPLICABLE LAW

All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Lease invalid, unenforceable or not entitled to be recorded under any applicable law.

ARTICLE 27 CUMULATIVE REMEDIES; NO WAIVER

Subject to the provisions of Article 31, the specific remedies to which Landlord may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which they may be lawfully entitled. The failure of Landlord to insist in anyone or more cases upon the strict performance of any of the covenants of this Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of such covenant or option. A receipt by Landlord for Ground Rent with knowledge of the breach of any covenant hereto shall not be deemed a waiver of such breach, and no waiver, change, modification or discharge by either party hereto of any provision in this Lease shall be deemed to have been made or shall be effective unless expressed in writing and signed by both Landlord and Tenant. Subject to the provisions of Articles 31 and 32, in addition to the other remedies in this Lease provided, Landlord and Tenant shall be entitled to the restraint by injunction of the violation, or threatened violation, of any of the covenants, conditions, or provisions of this Lease, or to a decree compelling performance of any of such covenants, conditions or provisions.

ARTICLE 28 NOTICES

28.1 Notices.

All notices, demands, consents, and requests which may or are to be given by any party to the other shall be in writing. All notices, demands, consents and requests to be provided hereunder shall be deemed to have been properly given on the date sent if served personally on a day that is a business day, or, if mailed, on the date that is three days after the date when sent in the United States registered or certified mail, return receipt requested, postage prepaid, in either case, addressed as follows:

If to Tenant:

4840 Mission Housing Associates LP
c/o BRIDGE Housing Corporation
600 California Street, Suite 900
San Francisco, CA 94108
Attn: Executive Director

With a copy to the Permitted Limited Partners at:

Bank of America, N.A.
MA1-225-02-02
225 Franklin Street
Boston, MA 02110
Attn: Asset Manager for 4840 Mission

With copy to: Buchalter, A Professional Corporation
1000 Wilshire Blvd. Suite 1500
Los Angeles, CA 90017
Attn: Michael Williamson
Re: 4840 Mission (B0965-0551)

After transfer under JDA:

Mission Neighborhood Health Center
240 Shotwell Street
San Francisco, CA 94110
Attn: Chief Executive Officer

If to Landlord:

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

or at such other place or places in the United States as each such party may from time to time designate by written notice to the other.

28.2 Form and Effect of Notice.

Every notice given to a party or other person under this Section must state (or must be accompanied by a cover letter that states):

- (a) the Section of this Lease pursuant to which the notice is given and the action or response required, if any;
- (b) if applicable, the period of time within which the recipient of the notice must respond thereto; and
- (c) if applicable, that the failure to object to the notice within a stated time period will be deemed to be the equivalent of the recipient's approval of or consent to the subject matter of the notice.

In no event shall a recipient's approval of or consent to the subject matter of a notice be deemed to have been given by its failure to object thereto if such notice (or the accompanying cover letter) did not fully comply with the requirements of Subsection 28.2(a) and (b). The effectiveness of notices sent by Landlord to Tenant shall not be invalidated or impaired by a failure of Landlord to send copies of notices to any person or entity other than Tenant.

28.3 Time of Performance.

Except as provided herein, all performance (including cure) dates expire at 5:00 p.m. Pacific Standard/Daylight Savings Time on the performance or cure date. Provisions in this Lease relating to number of days will be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action is not a Business Day (defined in Section 40.1), then the last day for undertaking the action or giving or replying to the notice will be the next succeeding Business Day. Time is of the essence in the performance of all the terms and conditions in this Lease.

ARTICLE 29 SEVERABILITY

If any term or provision of this Lease or application thereof to any party, parties, person or circumstances is found to be invalid or unenforceable to any extent, the remainder of this Lease and its application to parties, persons or circumstances other than those as to which it is held invalid or unenforceable will not be affected, and each term and provision of this Lease will be valid and enforceable to the fullest extent permitted by law.

ARTICLE 30 SUCCESSORS AND ASSIGNS BOUND; GOVERNING LAW

30.1 Successors and Assigns Bound.

This Lease shall be binding upon and inure to the benefit of the successors and assigns of the City and Tenant and where the term "Tenant" or "City" is used in this Lease, it shall mean and include their respective successors and assigns; provided, however, that the City shall have no obligation under this Lease to, nor shall any benefit of this Lease accrue to, any unapproved successor or assign of Tenant where City approval of a successor or assign is required by this Lease.

30.2 Governing Law.

This Lease shall be construed and enforced in accordance with the laws of the State of California and the City's Charter.

ARTICLE 31 LANDLORD'S RECOURSE AGAINST TENANT

Landlord may recover from Tenant, but not from any officer, member, director, employee, representative or attorney, past, present or future of Tenant, and/or any Mortgagee that has acquired Tenant's interest in this Lease and/or the Premises at a foreclosure sale or by deed in lieu of foreclosure of the Mortgage held by such Mortgagee and/or any successor to Tenant and any such Mortgagee, only those damages that arise out of or in connection with (i) any Impositions not paid by Tenant; (ii) the amount of any insurance premiums paid for by Landlord pursuant to this Lease; (iii) the application of any insurance or condemnation proceeds in a manner inconsistent with or contrary to the provisions of this Lease, except as applied as required by any Mortgage; (iv) the cost of razing any Improvements Tenant fails to raze in accordance with the terms of this Lease; (v) any damages suffered by Landlord as the result of the breach by Tenant of the covenants contained in this Lease, whether or not any action or proceeding is commenced, including, without limitation, reasonable attorney fees and all costs, disbursements and expenses of Landlord's outside counsel, expert witness fees, transcript preparation fees and costs and document copying, exhibit preparation, courier, postage, and facsimile expenses; (vi) any expenses in enforcing the limited recourse provisions of this Article 31, whether or not any action or proceeding is commenced, including, without limitation, reasonable attorney fees and all costs, disbursements and expenses of Landlord's outside counsel, expert witness fees, transcript preparation fees and costs and document copying, exhibit preparation, courier, postage, and facsimile expenses; (vii) the portion of any amounts paid to Tenant for the period ending on the date of termination of this Lease which Tenant is required to pay Landlord as Ground Rent under this Lease; and (viii) waste committed or permitted by Tenant.

ARTICLE 32 RECOURSE AGAINST LANDLORD

32.1 No Recourse to Other Persons.

Tenant agrees that it will have no recourse with respect to any obligation of Landlord under this Lease, or for any claim based upon this Lease or otherwise, against any officer, director, employee, Supervisors, representative or attorney, past, present or future, of Landlord, or against any person other than Landlord, or against Landlord except to the extent of the value of Landlord's interest in the Premises, whether by virtue of any constitution, statute, rule of law, rule of equity, enforcement of any assessment as penalty, or by reason of any matter prior to the execution and delivery of this Lease, or otherwise. By Tenant's execution and delivery hereof and as part of the consideration for Landlord's obligations hereunder all such liability is expressly waived.

32.2 Limitation on Landlord's Liability.

In the event of any transfer of Landlord's interest in and to the Premises, Landlord, subject to the provisions hereof, (and in case of any subsequent transfers, the then transferor) will automatically be relieved from and after the date of such transfer of all liability with regard to the performance of any covenants or obligations on the part of Landlord (or such transferor, as the case may be) contained in this Lease thereafter to be performed, but not from liability incurred by Landlord (or such transferor, as the case may be) on account of covenants or obligations to be performed by Landlord (or such transferor, as the case may be) hereunder prior to the date of such transfer; provided, however, that (a) any funds in Landlord's possession (or in the possession of the then transferor at the time of such transfer) in which Tenant has an interest must be turned over to the transferee, in trust, for application pursuant to the provisions hereof and such transferee shall assume all liability for all such funds so received by such transferee

from Landlord and (b) any amount then due and payable to Tenant by Landlord or the then transferor under any provisions of this Lease must be paid to Tenant.

ARTICLE 33 TENANT TO FURNISH AND EQUIP THE IMPROVEMENTS

33.1 Tenant to Furnish and Equip the Improvements.

Tenant covenants and agrees to, and covenants and agrees to furnish and equip the Improvements with all fixtures, furniture, furnishings, equipment, machinery, supplies and other personalty of a quantity and quality necessary to operate the Premises in accordance with the provisions of this Lease.

33.2 Landlord's Lien.

If Landlord elects such lien, Tenant hereby grants to Landlord a lien in all of its Personal Property, and all products and proceeds thereof, as security for the payment and performance of Tenant's obligations hereunder, and agrees to execute a financing statement evidencing such lien to secure the performance by Tenant of all of its (or their) obligations under this Lease; provided, however, that the foregoing lien shall be subject and subordinate to any lien made in favor of a Mortgagee; upon the request of any such Mortgagee, Landlord shall execute a subordination agreement in form and substance reasonably satisfactory to such Mortgagee and to Landlord. Landlord hereby agrees to subordinate its lien in all Personal Property to any purchase money lien in any Personal Property (such subordination shall be self-operative; however, in confirmation thereof, upon the request of each such lienor in Tenant's Personal Property, Landlord shall execute a subordination agreement in form and substance reasonably satisfactory to such lienor and to Landlord). if any of such Personal Property is leased from third parties, Tenant agrees to collaterally assign its leasehold interest to Landlord upon terms and conditions and pursuant to an assignment acceptable in form and substance to Landlord to secure the performance by Tenant of all of its obligations under this Lease. Tenant shall execute from time to time such additional documents as may be necessary to effectuate and evidence such assignments if requested to do so by Landlord. Upon the occurrence of an Event of Default on the part of Tenant, Landlord shall have the immediate right of possession of all of the Personal Property and the right to assume the leasehold interest of Tenant in such Personal Property, subject to the interest of the lien of any Mortgagee.

ARTICLE 34 NO JOINT VENTURE

Nothing contained in this Lease shall be deemed or construed as creating a partnership or joint venture between Landlord and Tenant or between Landlord and any other party, or cause Tenant to be responsible in any way for the debts or obligations of Landlord, except as otherwise provided to the contrary herein, or cause Landlord to be responsible in any way for the debts or obligations of Tenant or any other party.

ARTICLE 35 MORTGAGE OF LEASEHOLD

35.1 No Mortgage Except as Set Forth Herein. Except as permitted in this Article 35 or as consented to by Landlord, Tenant shall not:

(a) No Mortgages, Except as Permitted. Engage in any financing or other transaction creating any mortgage or deed of trust upon the Premises or upon Tenant's leasehold estate therein; or

(b) No Liens/Encumbrances Except as Permitted. Place or suffer to be placed upon the Premises or Tenant's leasehold estate therein any lien or other encumbrances (other than as permitted by this Lease). Any such mortgage, encumbrance or lien not permitted by this Article 35 shall be deemed to be a violation of this covenant on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

35.2 Leasehold Liens.

(a) Tenant Remains Liable to pay Ground Rent. At any time and from time to time during the Term, Tenant may assign or encumber the estate created by this Lease by way of leasehold mortgages or other security instruments of any kind to the extent permitted hereby; provided, however, that notwithstanding any foreclosure thereof, Tenant shall remain liable for the payment of Ground Rent and other sums payable hereunder to the extent provided in this Lease.

(b) No Greater Rights to Mortgagees, Except as Granted. With the exception of the rights expressly granted to Mortgagees in this Lease, the execution and delivery of a Mortgage shall not give or be deemed to give a Mortgagee any greater rights than those granted to Tenant hereunder.

(c) Rights Apply to no More Than two Mortgagees. Notwithstanding anything to the contrary set forth herein, any rights given hereunder to Mortgagees shall not apply to more than two (2) Mortgagees at any one time. Once a Mortgagee is designated by Tenant, Tenant shall not designate different or additional Mortgagees without the written consent of the Mortgagees first designated. In the event that at any time there are more than two (2) Mortgagees, Tenant shall notify Landlord in writing of the Mortgagee to which such rights should apply.

35.3 Notice of Liens. Tenant shall notify Landlord promptly upon becoming aware of any lien or encumbrance of which Tenant has knowledge and which has been recorded against or attached to the Premises or Tenant's leasehold estate hereunder after the date of this Lease whether by act of Tenant or otherwise, other than Mortgages expressly permitted hereunder or consented to by Landlord.

35.4 Purpose of Mortgage.

(a) During Term. During the Term, a Mortgage can be made for any purpose.

(b) Landlord Statement Permitting Security Instruments. Landlord agrees within thirty (30) days after request by Tenant to give to any holder or proposed holder of a mortgage, deed of trust, sale and leaseback or other form of conveyance a statement in recordable form as to whether such mortgage, deed of trust, sale and leaseback or other form of conveyance is permitted hereunder to secure all of the advances and indebtedness stated by the terms of the applicable financing documents. Except as set forth in such statement, such a statement shall estop Landlord from asserting that such mortgage, deed of trust, sale and leaseback or other form of conveyance is not permitted hereunder, but shall create no liability on Landlord, and, if the same states that such conveyance is not permitted, shall set forth the reasons therefor in reasonable detail. In making a request for such statement, Tenant shall furnish Landlord copies of such financing documents as are required to permit Landlord to make the determination whether such conveyance is permitted hereby. In no event, however, shall any failure by Tenant or other party to comply with the terms of any Mortgage, including without limitation the use of any proceeds of any debt, the repayment of which secured by a Mortgage, be deemed to invalidate the lien of a Mortgage.

(c) Mortgagee Not Obligated to Construct. A Mortgagee, including the successors, assigns or designees of the Holder, is not obligated to complete any construction of the Improvements or to guarantee such completion; and no covenant or any other provision of this Lease may be construed to obligate the Mortgagee or its successors, assigns or designees. However, if a Mortgagee undertakes to complete or guarantee the completion of the construction of the Improvements, nothing in this Lease will be deemed or construed to permit or authorize a Mortgagee or its successors, assigns or designees to devote the Commercial Parcel or any portion thereof to any uses, or to construct any Improvements on the Commercial Parcel, other than those uses or Improvements authorized under Section 15.1 and any reasonable modifications in plans proposed by a Mortgagee or its successors in interest proposed for the viability of the Project approved by the City in its reasonable discretion under Section 18.1(m). To the extent any Mortgagee or its successors in interest wish to change such uses or construct different improvements, Mortgagee or its successors in interest must obtain the advance written consent of the City.

(d) Failure of Mortgage to Complete Construction. In any case where six (6) months after assumption of obligations under Section 35.4(c) above, a Mortgagee, having first exercised its option to complete the construction, has not proceeded diligently with completion of the construction, the City will have all the rights against the Mortgagee it would otherwise have against Tenant under this Lease for events or failures occurring after

35.5 Interest Covered by Mortgage.

A Mortgage recorded for the Commercial Parcel shall cover no interest in any real property other than (a) Tenant's leasehold interest in the Commercial Parcel and fee interest in the Improvements thereon or some portion thereof, (b) any subleases thereon, if applicable, (c) any Personal Property of Tenant, (d) Tenant's interest, and (e) real property interests of Tenant directly related to Tenant's interest in or use of the foregoing interests described in clauses (a)-(d), unless expressly approved by Landlord.

35.6 Institutional Lender; Other Permitted Mortgagees. A Mortgage may be given only to a lender which shall have been approved in writing by Landlord. The City, acting solely in its capacity as landlord under this Commercial Ground Lease and not in its capacity as a lender, hereby acknowledges and accepts Bank of America, NA as the First Mortgage Lender, and its successor and/or assigns, and no further consent from the City is required until the First Mortgage Lender's loan is repaid in full and its lien has been released.

35.7 Rights Subject to Lease.

(a) Rights Acquired by a Mortgagee. All rights acquired by a Mortgagee under any Mortgage shall be subject to each and all of the covenants, conditions and restrictions set forth in this Lease, and to all rights of Landlord hereunder, none of which covenants, conditions and restrictions is or shall be waived by Landlord by reason of the giving of such Mortgage.

(b) Mortgagee's Right to Exercise Extension Option. If Tenant does not exercise its option to extend the Term, as applicable, Landlord shall notify any Mortgagee of Tenant's failure to extend promptly, but in no event later than four (4) months before the expiration of the Term.

(c) Mortgagee's Rights to Prevent Termination. Subject to the terms and conditions of Section 35.10 below, each Mortgagee has the right, but not the obligation, at any time before termination of this Lease and without payment of any penalty other than the interest on unpaid rent, to pay all of the rents due under this Lease, to effect any insurance, to pay any taxes and assessments, to make any repairs and improvements, to do any other act or thing required of Tenant or necessary and proper to be done in the performance and observance of the agreements,

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

(d) Rights of Permitted Limited Partner. For so long as the Partnership is the tenant under this Lease, the Permitted Limited Partners of Tenant will have the same rights as any Mortgagee under this Article 35, and any reference to a Mortgagee will be deemed to include the Permitted Limited Partners; provided, however, that the rights of the Permitted Limited Partners are subordinate to the rights of any Mortgagee.

35.8 Required Provisions of any Mortgage. Except for the First Mortgage Lender, Tenant agrees to have any Mortgage provide the following:

(a) That the Mortgagee shall by registered or certified mail give written notice to Landlord of the occurrence of any event of default under the Mortgage;

(b) That Landlord shall be given notice at the time any Mortgagee initiates any foreclosure action. It shall not be deemed a breach of this Lease if Landlord acknowledges compliance with this Section 35.8 in a separate agreement entered into with a Mortgagee.

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

35.9 Notices to Mortgagee.

(a) Landlord's Notice to Mortgagee about Tenant's Default. If Tenant shall have granted any Mortgage and if the Mortgagee thereunder shall have given to Landlord written notice substantially in the form provided in Subsection (b), Landlord shall give to Mortgagee a copy of any and all notices of default or of the occurrence of an Event of Default from time to time given to Tenant by Landlord at the same time as and whenever any such notice shall be given by Landlord to Tenant, addressed to such Mortgagee at the address last furnished to Landlord. Landlord shall acknowledge in writing its receipt of the name and address of a Mortgagee so delivered to Landlord. No such notice by Landlord shall be deemed to have been given to Tenant unless and until a copy thereof shall have been so given to Mortgagee. Any such notices to Mortgagee shall be given in the same manner as provided in Section 28.2.

(b) Mortgagee's Notice Requesting Landlord to Notify Mortgagee. The Mortgagee under any Mortgage shall be entitled to receive notices from time to time given to Tenant by Landlord under this Lease in accordance with Subsection (a) above provided such Mortgagee shall have delivered a notice to Landlord in substantially the following form: "The undersigned does hereby certify that it is a Mortgagee, as such term is defined in that certain Lease entered

into by and between the City and County of San Francisco, as Landlord, and, 4840 Mission Housing Associates, LP as Tenant ("Lease"), of Tenant's interest in this Lease demising the Commercial Parcel. The undersigned hereby requests that copies of any and all notices from time to time given under this Lease to Tenant by Landlord be sent to the undersigned at the following address:." The City hereby acknowledges that Bank of America is the First Mortgage Lender and is deemed to have given written notice as First Mortgage Lender.

35.10 Mortgagee's Right to Cure. If Tenant, or Tenant's successors or assigns, shall mortgage this Lease in compliance with the provisions of this Section 35, then, so long as any such Mortgage shall remain unsatisfied of record, the following provisions shall apply and Landlord may not terminate this Lease or enforce any of its remedies hereunder so long as any Mortgagee has a right to cure the applicable default of Tenant:

(a) Periods for Mortgagee to Cure Tenant's Default. In the case of any notice of default given by Landlord to Tenant and Mortgagee in accordance with this Lease, the Mortgagee shall have the same concurrent cure periods as are given Tenant under this Lease for remedying a default or causing it to be remedied, plus, in each case, an additional period of (30) days after the later to occur of (i) the expiration of such cure period provided Landlord has delivered timely notice to the Mortgagee in accordance with this Lease, or (ii) the date that Landlord has served a notice of default upon Mortgagee provided Mortgagee shall have the entirety of the applicable initial cure period available to it in addition to the stated thirty (30) day period, and Landlord shall accept such performance by or at the instance of the Mortgagee as if the same had been made by Tenant; provided, however, if such default cannot reasonably be cured or remedied within such additional thirty (30) period, such cure period shall be extended (and no Event of Default shall be deemed to have occurred under this Lease) in Landlord's reasonable discretion so long as the Mortgagee commences the cure or remedy within such period, and prosecutes the completion thereof with diligence and dispatch, subject to Force Majeure and delays caused by bankruptcy or insolvency proceedings.

(b) Instances When Landlord Would Forebear From Taking Action on Tenant's Default. Anything herein contained to the contrary notwithstanding, upon the occurrence of an Event of Default, other than an Event of Default due to a default in the payment of money or other default reasonably susceptible of being cured prior to Mortgagee obtaining possession (each of which shall be subject to the cure provision set forth in Section 35.10(a) above), Landlord shall take no action to effect a termination of this Lease if, prior to the expiration of the cure provision set forth in Section 35.10(a), including any extension granted by Landlord, a Mortgagee shall have (x) obtained possession of the Premises (including possession by a receiver), or (y) commenced foreclosure proceedings or otherwise acquire Tenant's interest under this Lease, and thereafter promptly prosecutes and completes such proceedings with diligence and dispatch (subject to Force Majeure and delays caused by bankruptcy or insolvency proceedings). A Mortgagee, upon acquiring Tenant's interest under this Lease, shall be required promptly to cure all other defaults for which the Mortgagee has received notice pursuant to Section 35.10 then reasonably susceptible of being cured by such Mortgagee. The foregoing provisions of this Subsection (b) are subject to the following: (i) no Mortgagee shall be obligated to continue possession or to continue foreclosure proceedings after the defaults or Events of Default hereunder referred to shall have been cured; (ii) nothing herein contained shall preclude Landlord, subject to the provisions of this Section, from exercising any rights or remedies under this Lease (other than a termination of this Lease to the extent otherwise permitted hereunder) with respect to any other Event of Default by Tenant during the pendency of such foreclosure proceedings; and (iii) such Mortgagee shall agree with Landlord in writing to comply during the period Landlord forebears from terminating this Lease with such of the terms, conditions and covenants of this Lease as are reasonably susceptible of being complied with by such Mortgagee prior to obtaining possession of the Premises. Notwithstanding anything to the contrary, including an agreement by Mortgagee given under clause (iii) of the preceding sentence,

Mortgagee shall have the right at any time to notify Landlord that it has relinquished possession of the Premises or that it will not institute foreclosure proceedings or, if such foreclosure proceedings have commenced, that it has discontinued them, and, in such event, the Mortgagee shall have no further liability under such agreement from and after the date it delivers such notice to Landlord, and, thereupon, Landlord shall be entitled to seek the termination of this Lease as otherwise herein provided. Upon any such termination, the provisions of Section 35.10(d) shall apply. Notwithstanding anything to the contrary contained herein, in no event shall the First Mortgage Lender be required, as a condition to preventing the termination of this Lease, or obtaining a new ground lease hereunder, to (A) cure any default by Tenant under Section 35.8(c) of this Lease, or (B) the cure any default by Tenant in the payment of any amounts payable by Tenant under any indemnification provisions of this Lease, and upon completion of a foreclosure (or deed in lieu thereof), all such defaults shall automatically be deemed cured and waived.

(c) **Court Action Preventing Foreclosure.** If a Mortgagee is prohibited by any process or injunction issued by any court or because of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings in the nature of foreclosure, the times specified in Sections 35.10(a) and 35.10(b) above for commencing or prosecuting such foreclosure or other proceedings will be extended for the period of such prohibition. If this Lease is terminated or rejected by Tenant in bankruptcy, then Landlord agrees to enter into a new ground lease with the Lender (or its designee) as set forth in Section 35.10(d) below.

(d) **Landlord's Notice to Mortgagee Upon Lease Termination and Mortgagee's Option.** In the event of the termination of this Lease prior to the expiration of the Term, except (i) by eminent domain, or (ii) as the result of damage or destruction as provided in Article 10, Landlord shall serve upon the Mortgagee written notice that this Lease has been terminated, together with a statement of any and all sums which would at that time be due under this Lease but for such termination, and of all other defaults, if any, under this Lease then known to Landlord. The Mortgagee shall thereupon have the option to obtain a new Lease in accordance with land upon the following terms and conditions:

(i) Upon the written request of the Mortgagee, within thirty (30) days after service of such notice that this Lease has been terminated, Landlord shall enter into a new lease of the Premises with the most senior Mortgagee giving notice within such period;

(ii) If there is more than one Mortgagee, Landlord will offer the new lease to each Mortgagee in the order of priority until accepted; and

(iii) Such new Lease shall be entered into at the reasonable cost of the Mortgagee thereunder, shall be effective as of the date of termination of this Lease, and shall be for the remainder of the Term and at the Ground Rent and upon all the agreements, terms, covenants and conditions hereof, including any applicable rights of renewal or extension. Such new Lease shall require the Mortgagee to perform any unfulfilled obligation of Tenant under this Lease which is reasonably susceptible of being performed by such Mortgagee other than obligations of Tenant with respect to construction of the Improvements, which obligations shall be performed by Mortgagee in accordance with this Lease. Upon the execution of such new Lease, the Mortgagee shall pay any and all sums which would at the time of the execution thereof be due under this Lease but for such termination, and shall pay all expenses, including reasonable counsel fees, court costs and disbursements incurred by Landlord in connection with such defaults and termination, the recovery of possession of the Premises, and the preparation, execution and delivery of such new Lease. Upon the execution of such new Lease, Landlord shall allow the Mortgagee, and such Mortgagee shall be entitled to, an adjustment in Ground Rent in an amount equal to the net income derived by Landlord from the Premises during the period from the date of termination of this Lease to the date of execution of such new Lease.

(e) Exercise of Mortgagee's Rights. Any rights of a Mortgagee under this Section, as amended hereby, may be exercised by or through its nominee or designee other than Tenant; provided, however, that no Mortgagee shall acquire title to this Lease through a nominee or designee which is not a person otherwise permitted to become Tenant hereunder; provided, further that a Mortgagee may acquire title to this Lease through a wholly owned (directly or indirectly) subsidiary of Mortgagee.

(f) Automatic Transfer of Tenant's Rights Under Subleases. If applicable, effective upon the commencement of the term of any new Lease executed pursuant to Section 35.10(d), all subleases then in effect shall be assigned and transferred without recourse by Landlord to Mortgagee and all monies on deposit with Landlord which Tenant would have been entitled to use but for the termination or expiration of this Lease may be used by Mortgagee for the purposes of and in accordance with the provisions of such new lease. Between the date of termination of this Lease and the later of (1) the expiration of the election period for Mortgagee to elect to execute a new Lease or (2) if so elected by the Mortgagee, the commencement of the term of the new lease, Landlord shall not (i) enter into any new subleases, management agreements or agreements for the maintenance of the Premises or the supplies therefor which would be binding upon Mortgagee if Mortgagee enters into a new lease, (ii) cancel or materially modify any of the existing subleases, management agreements or agreements for the maintenance of the Premises or the supplies therefor, or (iii) accept any cancellation, termination or surrender thereof without the written consent of Mortgagee, which consent shall not be unreasonably withheld or delayed. Effective upon the commencement of the term of the new lease, Landlord shall also transfer to Mortgagee, its designee or nominee (other than Tenant), without recourse, all Personal Property.

(g) Benefits Inure to Mortgagee Holder. Anything herein contained to the contrary notwithstanding, the provisions of this Section shall inure only to the benefit of the holders of the Mortgages which are permitted hereunder.

(h) Mortgagee's Written Consent Required for Material Revisions to this Lease. No agreement between Landlord and Tenant materially amending, terminating or surrendering this Lease, or election by Tenant not to continue this Lease as provided for herein, shall be valid or effective without Mortgagee's written consent.

(i) No Merger of Landlord and Tenant's Interests in this Lease Without Mortgagee's Consent. No union of the interests of Landlord and Tenant herein shall result in a merger of this Lease in the fee interest, so long as any Mortgage shall be unsatisfied, without Mortgagee's written consent.

(j) Mortgagee not Liable without Ownership of Leasehold Interest. Anything herein contained to the contrary notwithstanding, no Mortgagee, or its designee or nominee, shall become liable under the provisions of this Lease unless and until such time as it becomes, and then only for so long as it remains, the owner of this Leasehold estate created hereby.

(k) Instances of When Mortgagee is Not Obligated to Cure an Event of Default. Except as provided herein, a Mortgagee, and its designee or nominee (other than Tenant), shall have no obligation to cure any Event of Default by Tenant under this Lease.

35.11 Assignment by Mortgagee. If a Mortgagee or a purchaser at a foreclosure sale shall acquire Tenant's interest in this Lease as a result of a sale under said Mortgage pursuant to a power of sale contained therein, pursuant to a judgment of foreclosure, through any transfer in lieu of foreclosure, or through settlement of or arising out of any pending or contemplated foreclosure, bankruptcy or insolvency action, or in the event a Mortgagee becomes Tenant under

this Lease or any new Lease obtained pursuant to the terms hereof, such Mortgagee's or purchaser's right thereafter to assign or transfer this Lease or such new Lease shall be subject to the restrictions of Article 15. In the event Mortgagee subsequently assigns or transfers its interest under this Lease after acquiring the same by foreclosure or deed in lieu of foreclosure or subsequently assigns or transfers its interest under any new lease obtained pursuant to the terms thereof, and in connection with any such assignment or transfer, Mortgagee takes back a mortgage or deed of trust encumbering such leasehold interest to secure a portion of the purchase price given to Mortgagee for such assignment or transfer, then such mortgage or deed of trust shall be considered a Mortgage, and Mortgagee shall be entitled to receive the benefit and enforce the provisions of this Article and any other provisions of this Lease intended for the benefit of the holder of a Mortgage.

35.12 Preservation of Leasehold Benefits. Until such time as a Mortgagee notifies Landlord in writing that the obligations of the Tenant under its Mortgage have been satisfied, the City agrees:

(i) That subject to Section 17.1 the City shall not voluntarily cancel or surrender this Lease, or accept a voluntary cancellation or surrender of this Lease by Tenant, or amend this Lease to materially increase the obligations of the Tenant or the rights of Landlord under this Lease, without the prior written consent of the Mortgagee (which may not be unreasonably withheld or delayed);

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

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

ARTICLE 36 CITY REQUIREMENTS

36.1 Nondiscrimination.

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

(b) Others Bound by the Nondiscrimination Provisions. Any transferee, successor, assign, or holder of any interest in this Lease or the Premises, or any occupant or user thereof, whether by contract, lease, rental, sublease, license, deed or mortgage or otherwise, and whether or not any written instrument or oral agreement contains the foregoing prohibitions against discrimination, will be bound hereby and shall not violate in whole or part, directly or indirectly, these nondiscrimination requirements. In addition, Tenant shall incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of

the San Francisco Administrative Code and shall require all subtenants and other subcontractors to comply with such provisions. Tenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Lease.

(c) **Nondiscrimination in Benefits.** Tenant does not as of the date of this Lease and will not during the Term, in any of its operations in San Francisco or where the work is being performed for the City, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits (collectively "Core Benefits") as well as any benefits other than the Core Benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local Law authorizing such registration, subject to the conditions set forth in Section 12B.2 of the Administrative Code.

(d) **CMD Form.** As a condition to this Lease, Tenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division. Tenant hereby represents that prior to execution of this Lease, (i) Tenant executed and submitted to the CMD Form CMD-12B-101 with supporting documentation, and (ii) the CMD approved such form.

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

36.2 **No Relocation Assistance; Waiver of Claims.** Tenant acknowledges that it will not be a displaced person at the time this Lease is terminated or expires by its own terms, and Tenant fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue, City, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from City under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Lease with respect to a Taking.

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

36.4 **Tropical Hardwood and Virgin Redwood Ban.** The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product. Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco

Environment Code, Tenant shall not provide any items to the construction of Tenant Improvements or alterations, or otherwise in the performance of this Lease which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Tenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Tenant shall be liable for liquidated damages for each violation in any amount equal to Tenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

36.5 Restrictions on the Use of Pesticides . Chapter 3 of the San Francisco Environment Code (the Integrated Pest Management Program Ordinance or "IPM Ordinance") describes an integrated pest management ("IPM") policy to be implemented by all City departments. Tenant shall not use or apply or allow the use or application of any pesticides on the Premises or contract with any party to provide pest abatement or control services to the Premises without first receiving City's written approval of an IPM plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the term of this Lease, (ii) describes the steps Tenant will take to meet the City's IPM Policy described in Section 300 of the IPM Ordinance and (iii) identifies, by name, title, address and telephone number, an individual to act as the Tenant's primary IPM contact person with the City. Tenant shall comply, and shall require all of Tenant's contractors to comply, with the IPM plan approved by the City and shall comply with the requirements of Sections 300(d), 302, 304, 305(f), 305(g), and 306 of the IPM Ordinance, as if Tenant were a City department. Among other matters, such provisions of the IPM Ordinance: (a) provide for the use of pesticides only as a last resort, (b) prohibit the use or application of pesticides on property owned by the City, except for pesticides granted an exemption under Section 303 of the IPM Ordinance (including pesticides included on the most current Reduced Risk Pesticide List compiled by City's Department of the Environment), (c) impose certain notice requirements, and (d) require Tenant to keep certain records and to report to City all pesticide use at the Premises by Tenant's staff or contractors.

If Tenant or Tenant's contractor will apply pesticides to outdoor areas at the Premises, Tenant must first obtain a written recommendation from a person holding a valid Agricultural Pest Control Advisor license issued by the California Department of Pesticide Regulation ("CDPR") and any such pesticide application shall be made only by or under the supervision of a person holding a valid, CDPR-issued Qualified Applicator certificate or Qualified Applicator license. City's current Reduced Risk Pesticide List and additional details about pest management on City property can be found at the San Francisco Department of the Environment website, <http://sfenvironment.org/ipm>.

36.6 Sunshine Ordinance . In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

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

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

36.8 Reserved.

36.9 Prohibition of Tobacco Sales and Advertising . Tenant acknowledges and agrees that no advertising or sale of cigarettes or tobacco products is allowed on the Premises. This advertising prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to (a) communicate the health hazards of cigarettes and tobacco products, or (b) encourage people not to smoke or to stop smoking. In addition, Tenant acknowledges and agrees that no Sales, Manufacture, or Distribution of Tobacco Products (as those capitalized terms are defined in Health Code Section 19K.1) is allowed on the Premises and such prohibition must be included in all subleases or other agreements allowing use of the Premises. The prohibition against Sales, Manufacture, or Distribution of Tobacco Products does not apply to persons who are affiliated with an accredited academic institution where the Sale, Manufacture, and/or Distribution of Tobacco Products is conducted as part of academic research.

36.10 Prohibition of Alcoholic Beverage Advertising . Tenant acknowledges and agrees that no advertising of alcoholic beverages is allowed on the Premises. For purposes of this section, "alcoholic beverage" shall be defined as set forth in California Business and Professions Code Section 23004, and shall not include cleaning solutions, medical supplies and other products and substances not intended for drinking. This advertising prohibition includes the placement of the name of a company producing, selling or distributing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product.

36.11 Requiring Health Benefits for Covered Employees . Unless exempt, Tenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Lease as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/olse/hcao>. Capitalized terms used in this Section and not defined in this Lease shall have the meanings assigned to such terms in Chapter 12Q.

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

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

(c) Tenant's failure to comply with the HCAO shall constitute a material breach of this Lease. City shall notify Tenant if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Lease for violating the HCAO, Tenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Tenant fails to commence efforts to cure within such period, or thereafter fails

diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

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

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

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

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

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

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

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

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

36.12 Notification of Limitations on Contributions . For the purposes of this Section, a "City Contractor" is a party that contracts with, or seeks to contract with, the City for the sale or leasing of any land or building to or from the City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves. Through its execution of this Agreement, Tenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits a City Contractor from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the

commencement of negotiations for the contract until the later of either the termination of negotiations for that contract or twelve (12) months after the date that contract is approved. Tenant acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$100,000 or more. Tenant further acknowledges that (i) the prohibition on contributions applies to Tenant, each member of Tenant's board of directors, Tenant's chief executive officer, chief financial officer and chief operating officer, any person with an ownership interest of more than ten percent (10%) in Tenant, any subcontractor listed in the contract, and any committee that is sponsored or controlled by Tenant, and (ii) within thirty (30) days of the submission of a proposal for the contract, the City department seeking to enter into the contract must notify the Ethics Commission of the parties and any subcontractor to the contract. Additionally, Tenant certifies it has informed each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126 by the time it submitted a proposal for the contract to the City, and has provided the names of the persons required to be informed to the City department seeking to enter into that contract within thirty (30) days of submitting its contract proposal to the City department receiving that submittal, and acknowledges the City department receiving that submittal was required to notify the Ethics Commission of those persons.

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

36.14 Resource Efficient City Buildings . Tenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 713 relating to green building requirements for the design, construction, and operation of buildings owned or leased by City. Tenant hereby agrees that it shall comply with all applicable provisions of such code sections.

36.15 Food Service Waste Reduction . Tenant will comply with and is bound by all of the applicable provisions of the Food Service and Packaging Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated into this Lease by reference and made a part of this Lease as though fully set forth. Accordingly, Tenant acknowledges that City contractors and lessees may not use Food Service Ware for Prepared Food in City Facilities and while performing under a City contract or lease (1) where the Food Service Ware is made, in whole or in part, from Polystyrene Foam, (2) where the Food Service Ware is not Compostable or Recyclable, or (3) where the Food Service Ware is Compostable and not Fluorinated Chemical Free. The capitalized terms (other than Tenant and City) in the previous sentence are defined in San Francisco Environment Code Section 1602.

36.16 San Francisco Packaged Water Ordinance . Tenant will comply with San Francisco Environment Code Chapter 24 ("**Chapter 24**"). Tenant may not sell, provide, or otherwise distribute Packaged Water, as defined in Chapter 24 (including bottled water), in the

performance of this Lease or on City property unless Tenant obtains a waiver from City's Department of the Environment. If Tenant violates this requirement, City may exercise all remedies in this Lease and the Director of City's Department of the Environment may impose administrative fines as set forth in Chapter 24.

36.17 Criminal History in Hiring and Employment Decisions .

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

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

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

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

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

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

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

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

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

36.19 Local Hiring Policy. Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 6.22(G) (the "Local Hiring Policy"). The Tenant Improvements and any alterations are subject to the Local Hiring Policy unless the cost for such Tenant Improvement Work or alteration is (i) estimated to be less than \$750,000 per building permit or (ii) meets any of the other exemptions in the Local Hiring Policy. Accordingly, as a condition of this Lease, Tenant agrees that it shall comply with the requirements of the Local Hiring Policy applicable to the Tenant Improvements or any Alteration and shall require its subtenants to comply with those requirements to the extent applicable. Before starting any Tenant Improvement Work or any Alteration, Tenant shall contact City's Office of Economic Workforce and Development ("OEWD") to verify if any Local Hiring Ordinance requirements apply to such Tenant Improvement Work or Alteration. Tenant shall comply with all such applicable requirements. Tenant's failure to comply with its obligations under this Section shall constitute a material breach of this Lease and may subject Tenant and its subtenants to the consequences of noncompliance specified in the Local Hiring Policy, including but not limited to penalties. Without limiting the foregoing:

(a) For a Covered Project estimated to cost more than \$750,000, Tenant and its subtenants shall comply with the applicable mandatory participation levels for Project Work Hours performed by Local Residents, Disadvantaged Workers, and Apprentices as set forth in San Francisco Administrative Code Section 6.22(G)(4).

(b) For a Covered Project estimated to cost more than \$1,000,000, Tenant and its subtenants shall prepare and submit a local hiring plan to OEWD for approval as set forth in San Francisco Administrative Code Section 6.22(G)(6) prior to commencing any of the work subject to the Local Hiring Policy.

(c) Tenant and its subtenants shall comply with the applicable record keeping and reporting requirements and shall cooperate in City inspections and audits for compliance with the Local Hiring Policy, including access to employees of its contractors and subcontractors and other witnesses at the Premises.

(d) Tenant agrees that (i) Tenant shall comply with all applicable requirements of the Local Hiring Policy; (ii) the provisions of the Local Hiring Policy are reasonable and achievable by Tenant and its subtenants; and (iii) Tenant has had, and its subtenants will have prior to signing their subleases for the Premises, a full and fair opportunity to review and understand the terms of the Local Hiring Policy.

36.20 Public Transit Information. Tenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Tenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Commercial Parcel and encouraging use of such facilities, all at Tenant's sole expense.

36.21 First Source Hiring. Tenant and City are parties to the First Source Agreement attached to this Lease as Exhibit pursuant to San Francisco Administrative Code, Chapter 83 (the "First

Source Agreement”). Any default by Tenant under the First Source Agreement shall be a default under this Lease.

36.22 Graffiti Removal. Tenant agrees to remove all graffiti from the Premises within forty-eight (48) hours of the earlier of Tenant's: (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a tenant to breach any lease or other agreement that it may have concerning its use of the real property.

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

36.24 Vending Machines; Nutritional Standards. Tenant may not install or permit any vending machine on the Premises without the prior written consent of the [Director of Property]. Any permitted vending machine will comply with the food and beverage nutritional standards and calorie labeling requirements set forth in San Francisco Administrative Code Section 4.9-1(c), as may be amended from time to time (the “Nutritional Standards Requirements”). Tenant will incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Premises or for the supply of food and beverages to that vending machine. Failure to comply with the Nutritional Standards Requirements or to otherwise comply with this Section 36.24 will be a material breach of this Lease. Without limiting Landlord’s other rights and remedies under this Lease, Landlord will have the right to require the immediate removal of any vending machine on the Premises that is not permitted or that violates the Nutritional Standards Requirements.

36.25 All-Gender Toilet Facilities. If applicable, Tenant will comply with San Francisco Administrative Code Section 4.1-3 requiring at least one all-gender toilet facility on each floor of the Building where extensive renovations are made. An “all-gender toilet facility” means a toilet that is not restricted to use by persons of a specific sex or gender identity by means of signage, design, or the installation of fixtures, and “extensive renovations” means any renovation where the construction cost exceeds 50% of the cost of providing the toilet facilities required by Administrative Code Section 4.1-3. If Tenant has any question about applicability or compliance, Tenant should contact the Director of Property or MOHCD for guidance.

36.26 Tenant’s Compliance with City Business and Tax Regulations Code. Tenant acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code. If, under that authority, any payment City is required to make to Tenant under this Lease is withheld, then City will not be in breach or default under this Lease, and the Treasurer and Tax Collector will authorize release of any payments withheld under this paragraph to Tenant, without interest, late fees, penalties, or other charges, upon Tenant coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

36.27 Consideration of Salary History. In addition to Tenant's obligations as an employer under San Francisco Police Code Article 33J, Tenant must comply with San Francisco Administrative Code Chapter 12K. For each employment application to Tenant for work of eight (8) or more hours per week at the Premises, Tenant must not consider the applicant's current or past salary (a "Salary History") in deciding whether to hire the applicant or what salary to offer the applicant unless the applicant voluntarily discloses that Salary History without prompting. In addition, Tenant must not (1) ask those applicants about their Salary History, (2)

refuse to hire, or otherwise disfavor, injure, or retaliate against applicants that do not disclose their Salary History, or (3) disclose a current or former employee's Salary History without that employee's authorization unless it is required by law, publicly available, or subject to a collective bargaining agreement. Tenant is subject to the posting, enforcement, and penalty provisions in Chapter 12K. Information about Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>.

36.28 GASB 87 Lease Accounting. The Governmental Accounting Standards Board (GASB), an independent organization that establishes accounting and financial reporting standards for U.S. state and local governments, issued Statement 87 to improve certain reporting and accounting practices. In connection with GASB 87, Tenant agrees to complete a checklist provided by the City within thirty (30) days of the Effective Date in order to facilitate the City's collection and evaluation of information for City's financial reporting purpose.

ARTICLE 37 GENERAL PROVISIONS

37.1 Cooperative Drafting. This Lease has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Lease reviewed and revised by legal counsel. No party shall be considered the drafter of this Lease, 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 Lease.

37.2 Amendments. Neither this Lease nor any terms or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof.

37.3 Authority. If Tenant signs as a corporation or a partnership, each of the persons executing this Lease on behalf of Tenant does hereby covenant and warrant that Tenant is a duly authorized and existing entity, that Tenant has and is qualified to do business in California, that Tenant has full right and authority to enter into this Lease, and that each and all of the persons signing on behalf of Tenant are authorized to do so. Upon Landlord's request, Tenant shall provide Landlord with evidence reasonably satisfactory to City confirming the foregoing representations and warranties.

37.4 Survival of Indemnities. Termination of this Lease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Lease, nor shall it affect any provision of this Lease that expressly states it shall survive termination hereof.

ARTICLE 38 RECORDATION OF LEASE

Landlord and Tenant shall record on, or as of, the Effective Date a memorandum of this Lease for the Premises, substantially in the form and substance as set forth in Exhibit 3, in the Official Records. This Commercial Ground Lease shall not be recorded.

ARTICLE 39 RESERVED

ARTICLE 40 DEFINITION OF CERTAIN TERMS; MISCELLANEOUS

40.1 Definitions.

“Additional Ground Rent” means all sums (other than Ground Rent) that may be or become payable by Tenant to Landlord under this Lease.

“Affiliate” means any partnership or corporation directly controlling, controlled by or under common control with the partnership, company, or corporation in question.

“Annual Statement” is defined in Section 2.2(b).

“Base Rent” is defined in Section 2.1(b).

“Business Day” means a day in which normal business is transacted. Generally, Monday through Friday but not weekends or holidays.

“City” means the City and County of Francisco, a municipal corporation.

"CNA" means a 20-year capital needs assessment or analysis of replacement reserve requirements.

“Commercial Expenses” is defined in Section 2.2(a).

“Commercial Income” is defined in Section 2.2(a).

“Commercial Ground Lease” means this Lease.

“Commercial Parcel” has the meaning set forth in Recital A.

“Condemnation” means the taking of all or any part of any property or the possession thereof under the power of eminent domain or voluntary sale of all or any part of any property to any person having the power of eminent domain, provided that the property or such part thereof is then under the threat of condemnation.

“Condemnation Date” means the earlier of: (a) the date when possession of the condemned property is taken by the condemning authority; or (b) the date when title to the condemned property (or any part thereof) vests in the condemning authority.

“Effective Date” is defined in the first sentences of this Lease.

“Event of Default” is defined in Article 17.

“First Mortgage Lender” means Bank of America, N.A. and its successors, assigns, and participants or other entity holding the first Mortgage on Tenant’s leasehold estate in the Commercial Parcel for the purpose of initially constructing the Improvements.

“Force Majeure” means events which result in delays in a party's performance of its obligations hereunder due to causes beyond such party's control, including, but not restricted to, acts of God or of the public enemy, acts of the government, terrorist actions, acts of the other 59 party, fires, floods, strikes, freight embargoes, delays of subcontractors and unusually severe weather and, in the case of Tenant, any delay resulting from a defect in Landlord's title to the Premises. Force Majeure does not include failure to obtain financing or to have adequate funds.

“Ground Rent” is defined in Section 2.1(a).

“Hazardous Material” shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or hereafter deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health, welfare or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 25316 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids.

“Hazardous Materials Claims” means any and all enforcement, cleanup, removal, remedial or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Hazardous Materials Laws, together with any and all claims made or threatened by any third party against Landlord, Tenant or the Premises relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, release or discharge of any Hazardous Materials.

“Hazardous Materials Laws” (or Environmental Law) means any federal, state or local laws, ordinances or regulations relating to the environment, health and safety, any Hazardous Materials (including, without limitation, the use, handling, transportation, production, disposal, discharge or storage thereof) or to industrial hygiene or the environmental conditions on, under or about the Premises, including, without limitation, soil, groundwater and indoor and ambient air conditions.

“Impositions” is defined in Section 3.1.

“Improvements” means all buildings (or portions thereof), structures and anything else erected, built, placed, installed or constructed upon or within the Premises (exclusive of personal property, and furniture, fixtures and equipment), whether existing at the date hereof or hereafter constructed.

“Index” means the Consumer Price Index for All Urban Consumers (base years 1982-1984 =100) for the San Francisco-Oakland-San Jose area, published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is modified during the Term, the modified Index shall be used in place of the Index. If compilation or publication of the Index is discontinued during the Term, the City shall select another similar published index, generally reflective of increases in the cost of living, subject to Tenant's approval, which shall not be unreasonably withheld or delayed, in order to obtain substantially the same result as would be obtained if the Index had not been discontinued.

“Indexed” means, whenever any amount is referred to in this Lease as being "Indexed," that such amount or amounts shall be adjusted on the anniversary date of this Lease or where applicable the anniversary date of the completion of the Improvements, using the Index as a mutually determined index by the Parties for such adjustment.

“Landlord” is defined in the introductory paragraph hereof.

“Laws and Ordinances” or “Laws or Ordinances” shall mean all present and future applicable laws, ordinances, rules, regulations, permits, authorizations, orders and requirements, including, without limitation, all consents or approvals required to be obtained from, and all rules

and regulations of, and all building and zoning laws of, all federal, state, county and municipal governments, or the departments, bureaus, agencies or commissions thereof, authorities, board of officers, any national or local board of fire underwriters, or any other body or bodies exercising similar functions, having or acquiring jurisdiction of, or which may affect or be applicable to the Premises or any part thereof, including, without limitation, any vault space, sidewalks, curbs or alleyways, use thereof and the buildings and Improvements thereon, and similarly the phrase "Law and Ordinance" shall be construed to mean the same as the above in the singular as well as the plural.

“Lease Year” means the time interval between the Effective Date and the December 31st of that year, and thereafter, each succeeding twelve-month calendar year

“MNHC” has the meaning set forth in Recital C.

“MOHCD Loan Agreement” has the meaning set forth in Recital B.

“Mortgagee” means the holder of a Mortgage.

“Occupant” or “Occupants” means any Commercial Parcel subtenant, licensees, concessionaire, or other person, firm or entity entitled to use and occupy any area within the Premises under Tenant.

"Permitted Exceptions" means liens in favor of the Landlord, real property taxes and assessments that are not delinquent, any leasehold liens created pursuant to Section 35.2(a); any liens and encumbrances in connection with a grant from Community Vision to MNHC and any other liens and encumbrances the Landlord expressly approves in writing.

“Permitted Limited Partner” means Bank of America, N.A., a national banking association, as investor limited partner, Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, as special limited partner and their successors and assigns as approved by City.

“Permitted Transferee” means MNHC or a transferee or proposed transferee, with whom Landlord is not otherwise prevented by law or adopted policy of Landlord from transacting business or entering into contract, possessing the experience, qualifications and financial resources necessary for the proper performance of Tenant's obligations under this Lease in a manner consistent with the operational quality and character and requirements for economic viability of the Premises and business practices of Tenant as applied to Tenant's operation of the Premises (collectively, "Transferee Criteria"), as determined by Landlord, in its reasonable judgment; provided however, that if the Premises are owned by a party other than Landlord or other governmental entity and there shall exist a dispute between Tenant and Landlord as to whether a proposed transferee constitutes a Permitted Transferee, such dispute shall be resolved by a court of competent jurisdiction provided, however, in any such proceeding Landlord shall have burden of proof in establishing that the proposed transferee does not meet the Transferee Criteria.

“Personal Property” means all fixtures, furniture, furnishings, equipment, machinery, supplies, software and other personalty that is incident to the ownership, development or operation of the Improvements and/or the Premises, whether now or hereafter located in, upon or about the Premises, belonging to Tenant and/or in which Tenant has or may hereafter acquire an ownership interest, together with all present and future attachments, accessions, replacements, substitutions and additions thereto or therefor.

“Premises” is defined in Section 1.1.

“Prime Rate” as reported by the Wall Street Journal’s bank survey.

“Project” is defined in Recital B.

“REA” is defined as that certain Declaration Establishing Reciprocal Easements and Covenants Running with the Land for the Mixed Use Development Located at _____, and recorded in the official records of the City and County of San Francisco (the “Official Records”) on _____, 2021, under Recorder’s Serial Number _____.

"Replacement Cost" means all Clinic Improvement costs estimated at \$5,000,000, for the purpose of establishing the amount of the Replacement Reserve in Article 7.3(c). This defined term is not intended to affect any other calculation of replacement cost for any other purpose.

“Replacement Reserve Account” is defined in Recital B.

“Residential Project” is defined in 7.3(a).

“Significant Change” means voluntary or involuntary sale, assignment, conveyance, lease, trust or power, or transfer in any other form with respect to this Lease or any portion of or interest in the Premises, or any contract or agreement to do any of the same (except for a transfer to MNHC, or the contracts and agreements referred to in this Lease).

“Space Sublease” means any lease, sublease, license, concession or other agreement by which any Tenant leases, subleases, demises, licenses or otherwise grants to any person, firm or corporation, in conformity with the provisions of this Lease, the right to occupy portions of the Premises to the exclusion of others.

“Space Subtenant” means any person, firm or corporation leasing, occupying or having the right to occupy under and by virtue of a Space Sublease.

“Tenant” is defined in the introductory paragraph hereof.

“Supervisors” means members of the City and County of San Francisco Board of Supervisors

“Term” means the term commencing as of the Effective Date and ending upon the expiration or termination of the Term.

“Transferee Criteria” is defined in the definition of Permitted Transferee.

ARTICLE 41 LIST OF EXHIBITS

The following Exhibits are attached and by this reference incorporated into this Lease as if fully set forth above:

- | | |
|-----------|-------------------------------------|
| Exhibit 1 | Description of Site |
| Exhibit 2 | Commercial Parcel Legal Description |

- Exhibit 3 Schedule of Performance
- Exhibit 4 Form of Memorandum of Lease
- Exhibit 5 MNHC Initial Operating budget after Cold Shell Improvement transfer as defined in JDA
- Exhibit 6 20 Year Proforma for Initial Tenant, if applicable, or 5 Year for MNHC

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

LANDLORD:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____

Eric D. Shaw
Director, Mayor's Office of Housing and
Community Development

By: _____

Andrico Q. Penick
Director of Property

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____

Deputy City Attorney

TENANT:

4840 MISSION HOUSING ASSOCIATES LP,
a California limited partnership

By: 4840 Mission Housing LLC,
a California limited liability company,
its general partner

By: BRIDGE Housing Corporation,
a California nonprofit public benefit
corporation,
its managing member

By: _____
Smitha Seshadri
Vice President

EXHIBIT 1

Legal Description of the Site

[To be attached a acquisition transfer of the land for residential construction]

EXHIBIT 2

Commercial Parcel Legal Description

[To be attached a acquisition transfer of the land for residential construction]

EXHIBIT 3

Schedule of Performance

- a) Commence demolition, rehabilitation or construction of Residential Project by a date no later than July 1, 2021.
- b) Complete demolition, rehabilitation or construction of Residential Construction and Cold Shell Improvements by a date no later than December 30, 2023.
- c) Transfer Cold Shell Improvements by a date no later than [December 30, 2024.]

EXHIBIT 4
Form of Memorandum of Lease

Free Recording Requested Pursuant to
Government Code Section 27383

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

MEMORANDUM OF GROUND LEASE

This Memorandum of Ground Lease ("Memorandum") is entered into as of _____, 2015, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, acting by and through the Mayor's Office of Housing and Community Development ("City" or "Landlord"), and 4840 Mission Housing Associates LP, a California limited partnership ("Tenant"), with respect to that certain Ground Lease (the "Lease") dated _____, 2021, between City and Tenant.

Pursuant to the Lease, City hereby leases to Tenant and Tenant leases from City the real property more particularly described in Exhibit A, attached hereto and incorporated herein by this reference (the "Property"). The Lease shall commence on the date set forth above and shall end on June 1, 2096, unless terminated earlier or extended pursuant to the terms of the Lease.

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

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

This Memorandum may be signed by the parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this Memorandum.

Executed as of _____, 2021 in San Francisco, California.

LANDLORD:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____

Eric D. Shaw
Director, Mayor's Office of Housing and
Community Development

By: _____

Andrico Q. Penick
Director of Property

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____

Deputy City Attorney

TENANT:

4840 MISSION HOUSING ASSOCIATES LP,
a California limited partnership

By: 4840 Mission Housing LLC,
a California limited liability company,
its general partner

By: BRIDGE Housing Corporation.,
a California nonprofit public benefit
corporation,
its managing member

By: _____

Smitha Seshadri
Vice President

EXHIBIT 5

MNHC Initial Operating budget after Cold Shell Improvement transfer as defined in JDA

EXHIBIT 6

20 Year Proforma for Initial Tenant
5 Year Proforma for MNHC

**LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO
AFFORDABLE HOUSING FUND INCLUSIONARY AFFORDABLE HOUSING
PROGRAM, CITYWIDE AFFORDABLE HOUSING FUND and 2019 GENERAL
OBLIGATION BOND FOR AFFORDABLE HOUSING)**

By and Between

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

and

4840 MISSION HOUSING ASSOCIATES LP
a California limited partnership

for

4840 MISSION STREET
4840 Mission Street
[\$28,751,450]

Affordable Housing Fund (Inclusionary Fees): [\$1,250,000]
Affordable Housing Fund (Inclusionary) – Cold Shell: [\$240,000]
Citywide Affordable Housing Fund: [\$2,000,000]
2019 General Obligation Bond: [\$22,501,450]
2019 General Obligation Bond – Cold Shell: [\$2,760,000]

Dated as of May ____, 2021

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* * * * *

EXHIBITS

- A Schedules of Income and Rent Restrictions
- A-1 Commercial Clinic Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma
- C Form of Tenant Income Certification
- D First Source Hiring Requirements and Numerical Goals
- E Governmental Requirements
- F Lobbying/Debarment Certification Form
- G Form of Annual Monitoring Report
- H Tenant Selection Plan Policy
- I MOHCD Tenant Screening Criteria Policy
- J Developer Fee Policy
- K Hold Harmless Policy
- L Insurance Requirements
- M HOPE SF Resident Selection Criteria
- N Early Release Retention Contractors List
- O MOHCD Commercial Underwriting Guidelines
- P MOHCD Residual Receipts Policy

LOAN AGREEMENT
(City and County of San Francisco)
Affordable Housing Fund Inclusionary Affordable Housing Program,
Citywide Affordable Housing Fund and
2019 General Obligation Bond for Affordable Housing)
(4840 Mission Street)

THIS LOAN AGREEMENT ("Agreement") is entered into as of May _____, 2021 by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and **4840 MISSION HOUSING ASSOCIATES LP**, a California limited partnership ("Borrower").

RECITALS

A. Under the Inclusionary Affordable Housing Program set forth in Sections 415.1 *et seq.* of the San Francisco Planning Code, the Citywide Affordable Housing Fund receives in-lieu Affordable Housing Fees ("Fees") paid by housing developers to satisfy requirements of the Inclusionary Affordable Housing Program. The City may use the Fees received by the Citywide Affordable Housing Fund (the "Affordable Housing Fund") to finance housing affordable to qualifying households. MOHCD administers the Funds pursuant to Section 10.100-49 of the San Francisco Administrative Code and enforces agreements relating to them. The funds provided from the Affordable Housing Fund under this Agreement shall be referred to herein as the "Inclusionary Funds."

B. Under the Exhibit G -Housing Program of the Development Agreement by and between the City and County of San Francisco and Sutter West Bay Hospitals, which was approved by the San Francisco Board of Supervisors on July 9, 2013 under Ordinance 138-13, Sutter West Bay Hospital is required to deposit funds into the Citywide Affordable Housing Fund (the "CPMC Fund"). The CPMC Fund funds are to be used for predevelopment and development expenses and administrative costs associated with acquisition, construction, or rehabilitation of permanently affordable housing units in San Francisco. Under Ordinance 138-13, MOHCD is authorized to administer the CPMC Fund and enforce agreements relating to them. The funds provided from the CPMC Fund under this Agreement shall be referred to herein as the "CPMC Funds."

C. On November 5, 2019, the voters of the City and County of San Francisco approved Proposition A (Ordinance 168-19), which provided for the issuance of up to \$600 million in general obligation bonds to finance the construction, acquisition, improvement, rehabilitation, preservation and repair of certain affordable housing improvements (the "2019 GO Bond"). To the extent permitted by law, the City intends to reimburse with proceeds of the Bond amounts disbursed under this Agreement to Borrower for the development of affordable housing. The funds provided under this Agreement from the proceeds of the 2019 GO Bonds

shall be referred to herein as the “2019 GO Bond Funds,” and together with the Inclusionary Funds and the CPMC Funds, collectively, the “Funds.”

D. Borrower has a leasehold interest in the real property located at 4840 Mission Street, San Francisco, California (the "Residential Land") under that certain Ground Lease dated May __, 2021 ("Ground Lease"), by and between Borrower and City ("Ground Lessor"). In addition, Borrower has a leasehold interest in the real property located at _____ Mission Street, San Francisco, California (the "Clinic Land") under that certain Clinic Ground Lease dated May _____, 2021 ("Clinic Ground Lease"), by and between Borrower and City ("Clinic Ground Lessor"). Borrower desires to use the Funds to construct a mixed-use building containing the following: (1) a 135-unit multifamily rental housing development affordable to extremely-, very low-, low- and moderate- income households along with two manager’s unit (“Residential Improvements”), including 4,407 square feet of commercial space for public benefit or community serving purposes (the "Commercial Space") and forty (40) parking spaces on the Residential Land, and (2) a 9,977 square foot commercial cold shell (“Clinic Improvements”) for the build out of a community health clinic (“Community Clinic”) on the Clinic Land; which collectively will be known as 4840 Mission (the "Project"). If the context requires, the term "Residential Improvements" will include the Commercial Space.

E. The City has reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, has agreed to make a total loan of Funds to Borrower (the "Loan") in the amount of [Twenty-Eight Seven Hundred Fifty-One Thousand Four Hundred Fifty and No/100 Dollars (\$28,751,450.00)] (the "Funding Amount") under this Agreement to fund certain costs related to the Project. The Funding Amount is comprised of the following:

(1) a loan to Borrower of (i) CPMC Funds in the amount of [Two Million and No/100 Dollars (\$2,000,000.00)], and (ii) 2019 GO Bond Funds in the amount of [Twenty-Two Million Five Hundred One Thousand Four Hundred Fifty and No/100 Dollars (\$22,501,450.00)], and (iii) Inclusionary Funds in the amount of One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000) as a bridge loan for an anticipated loan under the Affordable Housing Program (collectively the “Residential Loan”); for a subtotal amount of Twenty Five Million Seven Hundred Fifty One Thousand Four Hundred Fifty and No/100 Dollars (\$25,751,450.00) (the “Residential Funding Amount”) under this Agreement to fund certain costs related to the Residential Improvements.

(2) a bridge loan to Borrower of (i) Inclusionary Funds in the amount of Two Hundred Forty Thousand and No/100 Dollars (\$240,000), and (ii) 2019 GO Bond Funds in the amount of Two Million Seven Hundred Sixty Thousand and No/100 Dollars (\$2,760,000)(collectively, the “Clinic Loan”); for a subtotal loan amount of Three Million and No/100 Dollars (\$3,000,000.00) (“Clinic Funding Amount”) under this Agreement to fund certain costs related to the Clinic Improvements.

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

1. federal low-income housing tax credits reserved or allocated to the Project by the California Tax Credit Allocation Committee ("TCAC"), pursuant to its Reservation Letter – Tax Exempt of Low Income Housing Tax Credits dated December 21, 2020;

2. Deferred developer fee in the amount of [Two Million Two Hundred Ninety-Eight Nine Hundred Eighty-Nine and No/100 Dollars (\$2,298,989.00)].

3. An equity contribution from the Permitted Limited Partner in the amount of \$_____ and an equity contribution from the General Partner in the amount of \$_____.

4. a senior tax-exempt construction loan in the amount of \$_____, and a senior taxable construction loan in the amount of \$_____ to Borrower from the City and County of San Francisco (in such capacity, the "Governmental Lender"), each derived from a funding loan by Bank of America, N.A., a national banking association, a portion of the tax-exempt tranche of such funding loan to be purchased by

4. a permanent loan from JLL Real Estate Capital, LLC in the approximate amount of [Twenty-Nine Million Two Hundred Twenty-Five Thousand and No/100 Dollars (\$29,225,000)].

5. a commitment from HUD for rental assistance payments under a Project Rental Assistance Contract/Housing Assistance Payment ("HAP") contract and budget authority in the amounts of _____ and No/100 Dollars (\$_____.00) and _____ and No/100 Dollars (\$_____.00), respectively.

AGREEMENT

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

ARTICLE 1 DEFINITIONS.

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

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

"Agreement" means this Loan Agreement.

"Agreement Date" means the date first written above.

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

“AHP Bridge Loan” means the portion of the Funding Amount that is a loan of \$1,250,000 from the City to the Borrower for financing of the Project during the pendency of Borrower’s AHP loan application and until the Borrower is awarded an AHP loan.

“AHP Loan Amount” means the loan amount of up to \$1,250,000 from AHP awarded to Borrower for permanent financing of the Project.

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

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

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

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

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

"Borrower" means 4840 Mission Housing Associates LP, a California limited partnership whose general partner is 4840 Mission Housing LLC, a California limited liability company, whose managing member is BRIDGE Housing Corporation, a California nonprofit public benefit, and its authorized successors and assigns.

"CFR" means the Code of Federal Regulations.

"Charter Documents" means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement. The Charter Documents must be delivered to the City in their original form and as amended from time to time and be accompanied by a certificate of good standing for Borrower issued by the California Secretary of State and, if Borrower is organized under the laws of a state other than California, a certificate of good standing issued by the Secretary of State of the state of organization, issued no more than ninety (90) days before the Agreement Date.

"City" means the City and County of San Francisco, a municipal corporation, represented by the Mayor, acting by and through MOHCD. Whenever this Agreement provides for a

submission to the City or an approval or action by the City, this Agreement refers to submission to or approval or action by MOHCD unless otherwise indicated.

"City Documents" means this Agreement, the Residential Note, the Clinic Note (until such time as the Clinic Funding Amount is repaid), the Residential Deed of Trust, the Clinic Deed of Trust (until such time as the Clinic Funding Amount is repaid), the Declaration of Restrictions, and any other documents executed or, delivered in connection with this Agreement.

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

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

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

"Community Clinic" has the meaning set forth in **Recital D** and further defined in MOHCD's commercial space policy as it may be amended from time to time.

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

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

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

"Clinic Improvements" has the meaning set forth in **Recital D**.

"Clinic Land" has the meaning set forth in **Recital D**.

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

"Clinic Site" means the Clinic Land and the Clinic Improvements.

"Clinic Transfer Date" has the meaning set forth in **Section 2.7**.

"Commercial Income" means all receipts received by Borrower from the operation of the Commercial Space, including rents, fees, deposits (other than security deposits), any accrued interest disbursed from any reserve account authorized under this Agreement for a purpose other than that for which the reserve account was established, reimbursements and other charges paid to Borrower in connection with the Commercial Space.

“Commercial Shell” means all components of an unfinished Commercial Space as further defined by MOHCD’s commercial space policy, as it may be amended from time to time.

"Commercial Space" has the meaning set forth in **Recital D** and further defined in MOHCD’s commercial space policy as it may be amended from time to time. As used in this Agreement, the term excludes non-residential space in the Project to be used primarily for the benefit of the Tenants.

"Completion Date" has the meaning set forth in **Section 5.6**.

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

“Construction Contract” has the meaning set forth in **Section 5.2**.

“Contracting Manual” means the Contracting Manual (2006 Amendment) for Federally Funded Construction Projects Financed by the Mayor’s Office of Housing, issued by MOHCD on November 18, 2002, as amended on May 22, 2007, as the same may be further amended from time to time.

“Conversion Date” means the date on which construction financing for the Project is converted into permanent financing, if applicable.

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

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

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

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

“Developer Fee Policy” means the MOHCD Policy on Development Fees for Tax Credit Projects dated July 29, 2016, as amended from time to time, attached hereto as **Exhibit J**.

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

"Development Proceeds" means the sum of: (a) funds contributed or to be contributed to Borrower by Borrower's limited partner as capital contributions, equity or for any other purpose

under Borrower's limited partnership agreement; and (b) the proceeds of all other financing for the Project.

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

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

"Early Retention Release Contractors" means contractors who will receive retention payments upon satisfaction of requirements set forth in **Section 4.7**.

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

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

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

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

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

"Expenditure Request" means a written request by Borrower for a Disbursement from the Funding Amount, which must certify that the Project costs covered by the Expenditure Request have been paid or incurred by Borrower.

"Federal Funding" means funding provided by the federal government for capital improvements, operations or other direct financial assistance of the Project.

"Funding Amount" has the meaning set forth in **Recital C**. Following the Repayment of the Clinic Loan, the definition of Funding Amount will not include the Clinic Funding Amount.

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

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

"General Partner" means 4840 Mission Housing LLC, a California limited liability company.

"Governmental Agency" means: (a) any government or municipality or political subdivision of any government or municipality; (b) any assessment, improvement, community facility or other special taxing district; (c) any governmental or quasi-governmental agency, authority, board, bureau, commission, corporation, department, instrumentality or public body; or (d) any court, administrative tribunal, arbitrator, public utility or regulatory body.

"Ground Lease" has the meaning set forth in **Recital D**.

"Ground Lessor" has the meaning specified in **Recital D**.

"HAP" has the meaning set forth in **Recital F**.

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

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

"HOPE SF" means the nation's first large-scale public housing transformation and community development project aimed at disrupting intergenerational poverty, reducing social isolation, and creating vibrant mixed-income communities without mass displacement of current residents. Launched in 2007, HOPE SF is a twenty-year human and real estate capital commitment, now spanning five mayoral administrations. Unlike prior redevelopment efforts that have largely displaced existing populations, HOPE SF is committed to current public

housing residents, to breaking intergenerational patterns related to the insidious impacts of trauma and poverty, and to creating economic and social opportunities for families through deep investments in education, economic mobility, health, and safety.

"HOPE SF Property" means any of the four specific HOPE SF public housing developments of Hunters View, Alice Griffith, Sunnydale Velasco, and Potrero and Potrero Annex.

"HOPE SF Units" means the thirty-five units with project-based vouchers that will be set aside for residents voluntarily relocating from a HOPE SF Property.

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

"Improvements" means, collectively, the Residential Improvements and the Clinic Improvements (provided that after the Clinic Transfer Date, Improvement shall not include the Clinic Improvements).

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

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

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

"Joint Development and Cost Allocation Agreement" ("JDCA") means the Joint Development and Cost Allocation Agreement between Borrower and Mission Neighborhood Health Center dated _____, 2021.

"Land" means the real property owned by Ground Lessor on which the Site is located.

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

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

condition in terms of square footage and number of units, the life of such replacement project will be deemed to be a continuation of the life of the Project.

"Loan" has the meaning set forth in **Recital C**. Following the Repayment of the Clinic Loan, the definition of Loan will not include such Clinic Loan.

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

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

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

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

"MNHC" means Mission Neighborhood Health Center, a nonprofit California public benefit corporation and the transferee of the Commercial Clinic.

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

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

"Notes" means collectively, the Residential Note and the Clinic Note (provided that after repayment of the Clinic Note, Notes shall not include the Clinic Note.)

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

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

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

"Out of Balance" means that the sum of undisbursed Funds and any other sources of funds that Borrower has closed or for which Borrower has firm commitments will not be sufficient to complete acquisition/construction/rehabilitation of the Project, as determined by the City in its sole discretion.

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

"Payment Date" means the first June 30th after the end of the calendar year of the Completion Date and each succeeding June 30th until the Maturity Date.

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

"Permitted Limited Partner" means Bank of America, N.A., a national banking association, as investor limited partner, Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, as special limited partner and their successors and assigns as approved by City.

"Preferences and Lottery Manual" means MOHCD's Housing Preferences and Lottery Procedures Manual dated March 31, 2017, as amended from time to time.

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

"Project" means the development described in **Recital D**. If indicated by the context, "Project" means the Site and the improvements developed on the Site. From and after the Clinic Transfer Date, the Project will not include the Clinic Land or Clinic Improvements.

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

the City; (f) the approved annual asset management fee indicated in the Annual Operating Budget and approved by the City and as further described in the Ground Lease; (g) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account); (h) annual Base Rent payments under the Ground Lease and (i) Supportive Services. Project Fees are not Project Expenses.

"Project Fees" means annual partnership management fees in the amount of [\$17,770] that together with the asset management does not exceed allowed and described in MOHCD's Operating Fee Policy effective April 1, 2016, and limited partner fees in the amount of \$11,500 with no annual increase (plus whatever increase is shown in the Annual Operating Budget and approved by the City) approved by the City.

"Project Income" means all income and receipts in any form received by Borrower from the operation of the Project, including rents, fees, deposits (other than tenant security deposits), any accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established, reimbursements and other charges paid to Borrower in connection with the Project. Interest accruing on any portion of the Funding Amount is not Project Income or Commercial Income.

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

"Public Benefit Purposes" means activities or programs that primarily benefit low-income persons, are implemented by one or more nonprofit 501(c)(3) public benefit organizations, or have been identified by a City agency or a community planning process as a priority need in the neighborhood in which the Project is located.

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

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

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

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

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

"Residential Improvements" has the meaning set forth in **Recital D**.

"Residential Land" has the meaning set forth in **Recital D**.

“Residential Loan” has the meaning set forth in **Recital E**.

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

“Residential Site” means the Residential Land and the Residential Improvements.

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

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

"Retention" has the meaning set forth in **Section 4.7**.

“SBE Manual” means that certain Small Business Enterprise Program manual dated July 1, 2015, as the same may be amended from time to time.

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

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

"SFHA" means the Housing Authority of the City and County of San Francisco.

"Site" means, collectively, the Residential Site (until the Clinic Transfer Date) the Clinic Site.

"Supportive Services" means a full-time service coordinator and community building with supplies to deliver services and 0.05 full-time equivalent for BRIDGE’s Director of Community Programs costs to oversee selected service provider; see also **Section 3.9**.

“Surplus Cash” means Commercial Income remaining after payment of the sum of commercial debt service, operating expenses for the Commercial Space and reserve deposits for the Commercial Space but excludes depreciation, amortization, depletion, other non-cash expenses or expenditures from reserve accounts.

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

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

"TCAC" means the California Tax Credit Allocation Committee.

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

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

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

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

"Unit" means a residential rental unit within the Project (excluding the manager's unit(s)).

"Waiting List" has the meaning set forth in **Section 6.5**.

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

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

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

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

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

1.3 Contracting Manual. Borrower shall use the Contracting Manual as a guide to Borrower's responsibilities under Laws and regulations regarding soliciting, awarding and administering contracts associated with projects assisted by Federal Funds and some City funds. In the event of a conflict between the terms of the Contracting Manual and this Agreement, the terms of the Agreement shall prevail.

ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to finance [demolition of existing improvements on the Site and] development, construction, and permanent financing of a multifamily residential building containing 135 rental units affordable to low-income households, plus 2 managers' units, and Commercial Clinic and Commercial Space totaling approximately 14,384 square feet. Borrower acknowledges and agrees that a portion of the Funding Amount includes an AHP bridge loan and Commercial Clinic bridge loan. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Notwithstanding anything to the contrary contained herein, City will not approve expenditure of Funds for expenses incurred by Borrower prior to the Agreement Date. Notwithstanding the foregoing, City will not approve any expenditure of Funds for expenses incurred by Borrower earlier than sixty (60) days prior to the City's declaration of its official intent to reimburse such expenses with proceeds of the 2019 GO Bond. [The Loan funds may be used to repay the remaining amounts owed under the [Predevelopment Loan Documents].

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

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

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

2.6 AHP Loan. Borrower will submit an application for an AHP loan for permanent financing of the Project to the Federal Home Loan Bank of San Francisco, provided the Project meets a minimum score that is determined by be competitive by Borrower and City, in 2022, and before issuance of temporary certificate of occupancy. If Borrower's application for the AHP loan cannot meet the minimum score, or if a submitted application is subsequently denied, this condition shall be deemed satisfied, provided MOHCD reviews and approves minimum score and application assumptions. If awarded AHP funds, and subject to any requirements of the San Francisco Federal Home Loan Bank Affordable Housing Program, Borrower will use the AHP Loan Amount to repay the AHP Bridge Loan, or any portion thereof, as set forth in Article 3. Borrower will submit to MOHCD a preliminary AHP application with a self-score prior to submission to Federal Home Loan Bank.

2.7 Clinic Bridge Loan. Pursuant to the Joint Development Agreement, Borrower will construct the Cold-Shell for the Clinic, and upon completion of the Cold-Shell for the Clinic, subject to the terms of the JDCA and the related purchase agreement, if applicable, Borrower will assign its interest in the Clinic Ground Lease and sell its interest the Clinic Improvements to MNHC at a purchase price of \$3,000,000. On the date that Borrower and MNHC close escrow on such assignment and sale of the Clinic ("Clinic Transfer Date"), Borrower will repay the Clinic Bridge Loan as set forth in Article 3. From and after the Clinic Date and the repayment of the Clinic BRIDGE Loan, the Borrower shall have no obligations related to the Clinic Land or the Clinic Improvements; provided that Borrower shall comply with the terms and conditions of the [REA] recorded against title to the Project.

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

3.1 Maturity Date. Borrower must repay all amounts owing under the City Documents on the date that is the later of (a) the Fifty Seventh (57th) anniversary of the date the Residential Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the Fifty Fifth (55th) anniversary of the Conversion Date (the "Maturity Date"), provided however that Borrower must repay all amounts owing under the Clinic Note by no later than the Clinic Transfer Date ("Clinic Maturity Date").

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

3.3 Interest. Except as set forth in Section 3.4, the outstanding principal balance of the Residential Loan will bear simple interest at a rate of one percent (1%) per annum, as provided in the Residential Note. Except as set forth in Section 3.4, the outstanding principal balance of the Clinic Bridge Loan will bear simple interest at a rate of one percent (1%) per annum, as provided in the Clinic Note.

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

3.5 Repayment of Principal and Interest.

(a) Residential Loan. Except as set forth in Section 3.7 below, the outstanding principal balance of the Residential Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Residential Note.

(b) AHP Bridge Loan. Notwithstanding the foregoing in Section 3.5(a), with respect to the Residential Loan, if Borrower is awarded AHP funding, Borrower must repay the AHP Bridge Loan to the City on the date that Borrower closes such loan for AHP funding and the AHP funds are disbursed to Borrower; provided, however, that if Borrower is not awarded AHP funding or receives AHP funding sufficient for only partial repayment of the AHP Bridge Loan, the unpaid principal balance of the AHP Bridge Loan and unpaid costs and fees incurred shall be due and payable at the Maturity Date according to the terms set forth in full in the Residential Note.

(c) Clinic Bridge Loan. The outstanding principal balance of the Clinic Bridge Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Clinic Maturity Date according to the terms set forth in full in the Clinic Note.

3.6 Changes In Funding Streams. The City's agreement to make the Loan on the terms set forth in this Agreement and the Notes is based in part on Borrower's projected sources and uses of all funds for the Project, as set forth in the Table of Sources and Uses. Borrower covenants to give written notice to the City within thirty (30) days of any significant changes in budgeted funding or income set forth in documents previously provided to the City. Examples of

significant changes include loss or adjustments (other than regular annual adjustments) in funding under Shelter + Care, Section 8 or similar programs.

3.7 Notification and Repayment of Excess Proceeds. Borrower must notify the City in writing within thirty (30) days after the later of the date on which Borrower receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Borrower receives Excess Proceeds from its limited partner or other financing sources. Borrower must repay all Excess Proceeds to the City no later than sixty (60) days after receipt of such notification, unless the City has elected to waive such payment. The City must use such Excess Proceeds to reduce the balance of the Residential Loan. The Excess Proceeds will be calculated using the costs of only the Residential Improvements. The Clinic Improvements will be separately accounted for and not included in the calculation of Development Expenses, and the Clinic Loan will not be included in the definition of Development Proceeds only if the Clinic Loan is repaid.

3.9 Failure to Provide Budgeted Supportive Services. If Borrower fails to provide Supportive Services in the amount shown in the approved 20-Year Cash Flow Proforma, Borrower shall provide notice to the City within 10 business days of the date the Supportive Services were terminated, which notice shall include, at a minimum, a proposed plan to restore the Supportive Services within a reasonable period of time. If at the time such notice is provided, Borrower is unable to propose a feasible plan for restoring the Supportive Service, Borrower shall include in the notice a detailed explanation as to the cause of the termination of Supportive Services and the reasons why it would not be feasible to restore the Supportive Services within a reasonable period of time.

3.10 Additional City Approvals. Borrower understands and agrees that City is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. Borrower understands and agrees that neither entry by City into this Agreement nor any approvals given by City under this Agreement shall be deemed to imply that Borrower will obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, City is in no way modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property shall require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property, which may include, without limitation, the San Francisco City Planning Commission and the San Francisco Board of Supervisors. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

ARTICLE 4 CLOSING; DISBURSEMENTS.

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

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

4.3 Conditions Precedent to Closing. The City will authorize the close of the Loan upon satisfaction of the conditions in this Section.

(a) Borrower must have delivered to the City fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the City: (i) the Residential Note; (ii) the Clinic Note; (iii) this Agreement (in duplicate); (iv) the Residential Deed of Trust; (v) the Clinic Deed of Trust; (vi) the Declaration of Restrictions; (vii) the Opinion; (viii) the Authorizing Resolutions; (ix) the Developer Fee Agreement; and (x) any other City Documents reasonably requested by the City.

(b) Borrower must have delivered to the City: (i) Borrower's Charter Documents, and; (ii) a comprehensive maintenance and operating plan for the Project duly approved by Borrower's governing body that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection.

(c) Borrower must have delivered to the City insurance endorsements and, if requested by the City, copies of policies for all insurance required under **Exhibit L** of this Agreement.

(d) Borrower must have delivered to the City satisfactory evidence that Borrower has obtained commitments for any additional financing that may be required for the Project, in amounts and from lenders or investors satisfactory to the City in its sole discretion.

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

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

(g) The Declaration of Restrictions and Residential Deed of Trust and Clinic Deed of Trust must have been recorded as valid liens in the official records of San Francisco County, subject only to the Permitted Exceptions.

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

(i) Borrower must have delivered to the City a fully executed copy of the Joint Development Transfer Agreement.

(j) [Subject to any cost savings provisions in the construction contract,] Borrower must use any hard cost saving [associated with the Residential Project] from the Guaranteed Maximum Price and hard cost budget in Exhibit B-1, must be used to reduce the Residential Funding Amount.

4.4 Disbursement of Funds. Following satisfaction of the conditions in **Section 4.3**, the City will authorize the Escrow Agent to disburse Funds as provided in the City's escrow instructions.

4.5 Disbursements. The City's obligation to approve any expenditure of Funds after Loan closing is subject to Borrower's satisfaction of the following conditions precedent.

(a) Borrower must have delivered to the City an Expenditure Request in form and substance satisfactory to the City, together with: (i) copies of invoices, contracts or other documents covering all amounts requested; (ii) a line item breakdown of costs to be covered by the Expenditure Request; and (iii) copies of checks issued to pay expenses covered in the previous Expenditure Request. The City may grant or withhold its approval of any line item contained in the Expenditure Request that, if funded, would cause it to exceed the budgeted line item as previously approved by the City. Additionally, the City must approve all requested reallocations of Funds for line items previously approved by the City.

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

(c) With respect to any Expenditure Request that covers rehabilitation or construction costs, Borrower must have certified to the City that the Project complies with the labor standards set forth in **Exhibit E, Section 1**, if applicable.

(d) With respect to any Expenditure Request that covers travel expenses, Borrower's travel expenses must be reasonable and must comply with the following:

(i) Lodging, meals and incidental expenses shall not exceed the then-current per diem rates set forth by the United States General Services Administration for the County of San Francisco found at: <https://www.gsa.gov/portal/category/104711>.

(ii) Air transportation expenses must use fares for coach-class accommodations, provided that purchases for air travel must occur no less than one week before the travel day.

(iii) If ground transportation is required, the City urges the use of public transit or courtesy shuttles if provided by a lodging. If courtesy transportation is not provided by a lodging, ground transportation expenses for travel to or from regional airports must not exceed Fifty Dollars (\$50.00) each way. Other ground transportation expenses must not exceed then-current San Francisco taxi rates found at: <https://www.sfmta.com/getting-around/taxi/taxi-rates>. Ground transportation must not include any expenses for luxury transportation services, such as a limousine, or any expenses related to travel to or from Project site meetings by Borrower's employees.

(iv) Miscellaneous travel expenses must not exceed Fifty Dollars (\$50.00) without prior written approval of the City.

(v) Any Expenditure Request for travel expenses must include supporting documentation, including, without limitation, original itemized receipts showing rates and cost, air travel itinerary, proof of payment, and any written justification requested by the City.

For the purpose of this Section, the terms "lodging," "meals" and "incidental expenses" shall have the same meanings defined in 41 CFR Part 300-3; the term "coach-class" shall have the same meaning defined in 41 CFR Part 301-10.121(a); and the term "miscellaneous" means copying services, printing services, communication services, or other services reasonably related to travel for the Project and approved by the City.

(e) The Loan must be in balance.

4.6 Loan In Balance. The City may require Borrower to pay certain costs incurred in connection with the Project from sources of funds other than the Loan at any time the City determines that the Loan is out of balance. When the City is satisfied that the Loan is again in balance, the City will recommence making Disbursements for Expenditure Requests meeting the conditions set forth above.

4.7 Retention. In addition to the other conditions to Disbursements, Borrower acknowledges that the amount of hard costs or tenant improvements costs included in any Expenditure Request associated with rehabilitation or construction, when added to previously approved costs, may not exceed ninety percent (90%) of the approved budgeted costs on a line item basis. The remaining ten percent (10%) of approved budgeted hard costs or tenant improvement costs associated with rehabilitation or construction will be held by the City and/or other Project lenders (the "Retention") and may be released only upon satisfaction of all requirements listed in the Construction Manager's Checklist for Release of Retention included in the Contracting Manual and as follows:

(a) Early Retention Release. After fifty percent (50%) of the rehabilitation or construction of the Project is complete as determined by the City, Borrower may submit a written request to the City to release up to fifty percent (50%) of the Retention, provided that the following prerequisites have been met: (i) all work required to be performed by all parties for whom the City agrees to release the Retention (the “Early Retention Release Contractors”) has been completed in conformance with the terms of the applicable contract documents, the plans and specifications approved by the City and all applicable Laws; (ii) the applicable Early Retention Release Contractors have filed unconditional lien waivers satisfactory to the City; (iii) no liens or stop notices have been filed against the Project and no claims are pending; (iv) the City determines that the contingency is in balance and adequate to complete the Project; (v) the Project is on schedule, and (vi) Expenditure Requests will not exceed 95% of the approved budgeted costs on a line item basis. A list of Early Release Retention Contractors is set forth in **Exhibit N**.

(b) Retention Release After Project Completion. Borrower may request disbursement of the remaining percentage amount of the Retention only upon the satisfaction of each of the following conditions, unless otherwise approved in writing by the City: (i) completion of rehabilitation or construction of the Project in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion; (ii) timely recordation of a notice of completion; and (iii) either expiration of the lien period and the absence of any unreleased mechanics' liens or stop notices or recordation of the lien releases of all contractors, subcontractors and suppliers who provided labor or materials for the Project.

4.8 Limitations on Approved Expenditures. The City may refuse to approve any expenditure: (a) during any period in which an event that, with notice or the passage of time or both, would constitute an Event of Default remains uncured, or during the pendency of an uncured Event of Default; or (b) for disapproved, unauthorized or improperly documented expenses. The City is not obligated to approve expenditure of the full Funding Amount unless approved Expenditure Requests support disbursement of the full Funding Amount, and in no event may the aggregate amount of all Funds disbursed to Borrower under this Agreement exceed the Funding Amount.

ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION.

5.1 Selection Requirements. In the selection of all contractors and professional consultants for the Project, Borrower must comply with the City’s procurement requirements and procedures as described in the Contracting Manual and with the requirements of the Small Business Enterprise Program (“SBE Program”) as set forth in the SBE Manual according to the procedures established by the City's Contract Monitoring Division.

5.2 Plans and Specifications. Before starting any demolition, rehabilitation or construction on the Site, Borrower must have delivered to the City, and the City must have reviewed and approved, plans and specifications and the construction contract for the Project entered into between Borrower and Borrower's general contractor and approved by the City (the "Construction Contract"). The plans approved by the City must also be approved by the City and County of San Francisco's Department of Building Inspection (the "Department of Building Inspection") (collectively, the "Approved Plans") prior to the start of any demolition, rehabilitation or construction on the Site. The Approved Plans must be explicitly identified in the Construction Contract. The specifications approved by the City, including the funder requirements and the technical specifications (the "Approved Specifications") must also be explicitly identified in the Construction Contract. The Construction Contract may include funder requirements not otherwise addressed in the Approved Specifications. The Contracting Manual provides further guidance to Borrower regarding the City's policies for the review and approval of plans, specifications and construction contracts. After completion of the Project, Borrower must retain the Approved Plans as well as "as-built" plans for the Project, the Approved Specifications and the Construction Contract, all of which Borrower must make available to the City upon request.

5.3 Change Orders. Borrower may not approve or permit any change orders to the plans and specifications approved by the City without the City's prior written consent. Borrower must provide adequate and complete justification for analysis of any change order request to the City. The City will provide any questions, comments or requests for additional information to Borrower within five (5) business days of receipt of a change order request. City will review and approve or disapprove of a change order request within ten (10) business days of a complete submission by Borrower. In the event the City fails to approve or disapprove the change order request within such ten (10) business day period, the change order shall be deemed approved. Borrower acknowledges that the City's approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional Funds for the Project, unless the City agrees in its sole discretion to amend the Table of Sources and Uses or provide additional Funds for that purpose.

5.4 Insurance, Bonds and Security. Before starting any demolition, rehabilitation or construction on the Site, Borrower must deliver to the City insurance endorsements and bonds as described in **Exhibit L**. At all times, Borrower must take prudent measures to ensure the security of the Site.

5.5 Notice to Proceed. No demolition, rehabilitation or construction may commence until Borrower has issued a written notice to proceed with the City's approval.

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower must: (a) commence demolition, rehabilitation or construction by a date no later than July 1, 2021; (b) complete construction by a date no later than December 30, 2023, in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion (the "Completion

Date"); and (c) achieve occupancy of ninety-five percent (95%) of the Units by a date no later than July 30, 2024.

5.7 Rehabilitation/Construction Standards. All rehabilitation or construction must be performed in a first-class manner, substantially in accordance with final plans and specifications approved by the City and in accordance with all applicable codes.

ARTICLE 6 MARKETING.

6.1 Marketing and Tenant Selection Plan. No later than twelve (12) months before the Completion Date, Borrower must deliver to the City for the City's review and approval an affirmative plan for initial and ongoing marketing of the Units and a written Tenant selection procedure for initial and ongoing renting of the Units based on MOHCD's then-current form of marketing and tenant selection plan (the "Marketing and Tenant Selection Plan"), all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City. Borrower must obtain the City's approval of reasonable alterations to the Marketing and Tenant Selection Plan. Borrower must market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City, and Marketing and Tenant Selection Plan should address how the marketing is consistent with the Mayor's racial equity statement and promotion of positive outcomes for African American San Franciscans.

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

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

(b) A plan that satisfies the requirement to give preference in occupying units in accordance with the Preferences and Lottery Manual and the Preferences Ordinance. Notwithstanding the foregoing, in the event of a conflict between this provision and the provisions of Section 42 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated therewith, the provisions of such Section 42 (and the applicable regulations) shall control.

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

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

(e) Notices to SFHA.

(f) Notices to MOHCD

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

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

6.3 Marketing and Tenant Selection Plan & Tenant Screening Criteria; HOPE SF Resident Selection Criteria Requirements:

(a) Borrower's Marketing and Tenant Selection Plan shall comply with the requirements of the Tenant Selection Plan Policy as set forth in the attached Exhibit H. The Tenant Screening Criteria and HOPE SF Selection Criteria are a component of the Marketing and Tenant Selection Plan. The Marketing and Tenant Selection Plan must be kept on file at the Project at all times.

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

(c) Borrower's HOPE SF Marketing and Resident Selection Plan must comply with the HOPE SF Resident Selection Criteria set forth in the attached Exhibit M. In the event of a conflict between Exhibit M and Exhibits H and I, Exhibits H and I will control with respect to any HOPE SF Unit.

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

6.5 Waiting List.

(a) Borrower's Marketing and Tenant Selection Plan, related to the Units without project-based vouchers and/or not designated as public housing replacement units, must contain, at a minimum, policies and criteria that provide for the selection of tenants from a written waiting list that complies with the Marketing and Tenant Selection Plan (the "Waiting List"). The Marketing and Tenant Selection Plan may allow an applicant to refuse an available Unit for good cause without losing standing on the Waiting List but shall limit the number of refusals without cause as approved by the City. Borrower shall at all times maintain the Waiting List. Once the initial Tenant has vacated the Unit, Borrower shall first attempt to select the new

Tenant for such Unit from the applicable Waiting List, and shall only market the Unit to the general public after determining that no applicants from the Waiting List qualify for such Unit. The Waiting List for the Units monitored by the City must be kept on file at the Project at all times. The Waiting List for the Units monitored by SFHA is kept on file with SFHA.

(b) Borrower's Marketing and HOPE SF Resident Selection Plan related to the project-based vouchers and/or Units designated as public housing replacement units must contain, at a minimum, policies and criteria that provide for the selection of tenants. The parties intend that the SFHA or its designee or successor or assignee will maintain the public housing replacement unit waitlist for the Project at all times.

6.6 HUD Requirements. Notwithstanding anything to the contrary contained in this Article 6, City acknowledges and agrees that for any Units receiving subsidy from HUD, the requirements set forth in this Section 6 shall be subject and subordinate to any HUD requirements, and in the event of any inconsistencies, the HUD requirements, as applicable shall control. The parties intend that SFHA (or its designee or successor or assignee) and project-based voucher units for which the Project expects to receive an Agreement to Enter into Housing Assistance Payment Contract ("AHAP") (and/or Housing Assistance Payment Contract ("HAP")) from which the management agent will receive referrals for lease-up. Notwithstanding the forgoing, Borrower will only be obligated to accept those tenants that meet the eligibility requirements of Borrower's project funding sources, which will be outlined in the Marketing and Tenant Selection Plan (including the Marketing and HOPE SF Resident Selection Plan) approved by MOHCD pursuant to this Agreement.

ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

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

7.2 Borrower's Covenant.

(a) Borrower covenants to rent all Units (except two Units reserved for the staff of the Project) at all times to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**. In addition, thirty-five (35) Units must be rented to holders of Section 8 certificates or vouchers or similar rental subsidy benefits, subject to the HAP Contract and applicable law.

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

7.3 Rent Restrictions.

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

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

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

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

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

(f) Unless prohibited under any applicable Laws, including without limitation Section 42 of the Internal Revenue Code of 1986, as amended, if the household income of a Qualified Tenant exceeds the maximum permissible income during occupancy of a Unit, then, upon no less than thirty (30) days' prior written notice to the Tenant or as otherwise required

under the Tenant's lease or occupancy agreement, Borrower may adjust the charges for Rent for the previously Qualified Tenant to be equal to thirty percent (30%) of the Tenant's adjusted household income. Rents charged under this provision may exceed the Maximum Rent permitted under **Section 7.3**.

7.4 Certification.

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

(b) Each Qualified Tenant in the Project must recertify his/her household income to Borrower one time in the year after the first year of tenancy in accordance with tax credit requirements.

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

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

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

7.7 Security Deposits. Security deposits may be required of Tenants only in accordance with applicable state law and this Agreement. Any security deposits collected must be segregated from all other funds of the Project in an Account held in trust for the benefit of the

Tenants and disbursed in accordance with California law. The balance in the trust Account must at all times equal or exceed the aggregate of all security deposits collected plus accrued interest thereon, less any security deposits returned to Tenants.

7.8 Commercial Space. At least sixty (60) days prior to the date that build-out of the Commercial Space begins, MOHCD must have reviewed and approved proposed leases (or sublease, as applicable) and development plans for the Commercial Space, but no later than the Conversion Date. Borrower must provide an analysis of rents and debts for the Commercial Space sixteen (16) months after the Agreement Date. With the exception of the master lease to [TBD Bridge entity], which MOHCD has approved as of the Agreement Date, all leases or subleases of Commercial Space must be to bona fide third party tenants capable of performing their financial obligations under their leases, which must reflect arms'-length transactions at the then-current market rental rate for comparable space, *provided that*, leases or subleases for Public Benefit Purposes may be at below-market rates so long as the sum of Project Income and Commercial Income meets approved cash flow requirements for the Project. Allowed uses of Commercial Space must be consistent with all applicable redevelopment plans and local planning and building codes and be reasonably compatible with the design and purpose of the Project. Each lease of Commercial Space must restrict its use to Public Benefit Purposes or all Surplus Cash generated as a result of a market-rate lease of the Commercial Space must be directed toward repayment of the Loan or used for a Public Benefit Purpose. All surplus cash shall be subject to the MOHCD Policy on the Use of Residual Receipts. Each lease or sublease of Commercial Space must comply with the MOHCD Commercial Underwriting Guidelines as set forth in **Exhibit O** herein.

7.9 Intentionally Omitted.

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1 Borrower's Responsibilities.

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

8.2 Contracting With Management Agent.

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

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

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

ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS.

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

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

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

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

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

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

10.2 Monthly Reporting. Borrower must submit monthly reports (the “MOHCD Monthly Project Update”) describing progress toward developing the Project with respect to obtaining necessary approvals from other City departments, procuring architects, consultants and contractors, changes in scope, cost or schedule and significant milestones achieved in the past month and expected to be achieved in the coming month. The MOHCD Monthly Project Update must be submitted by email in substantially the form to be found in the Contracting Manual until

such time as the Project Completion Report is submitted to the City pursuant to **Section 10.5** below.

10.3 Annual Reporting.

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

(b) If the source of Funds is Federal Funding, Borrower must also provide an annual accounting of program income, as defined in applicable federal regulations.

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

10.5 Project Completion Report. Within the specific time periods set forth below after the completion of rehabilitation or construction, the lease-up and/or permanent financing of the Project, as applicable, Borrower must provide to the City the reports listed below certified by Borrower to be complete and accurate. Subsequent to the required submission of the reports listed below, Borrower must provide to the City information or documents reasonably requested by the City to assist in the City's review and analysis of the submitted reports:

(a) within ninety (90) days after the Completion Date, a draft cost certification (or other similar project audit performed by an independent certified public accountant identifying the sources and uses of all Project funds including the Funds;

(b) within one hundred-eighty (180) days after the Completion Date, a report on use of Small Disadvantaged Business Enterprises as defined in the SBE Manual, including the type of work and the dollar value of such work;

(c) within ninety (90) days after seventy-five percent (75%) occupancy, and one hundred percent (100%) occupancy, respectively, a report on the lease-up of the Units including number of leases by race, ethnicity and single-headed household by gender, to the extent available, location of previous residence, and also indicating the Units by income category; and

(d) within ninety (90) days after the Completion Date, a report demonstrating compliance with all requirements regarding relocation, including the names of all individuals or businesses occupying the Site on the date of the submission of the application for Funds, those moving in after that date, and those occupying the Site upon completion of the Project.

(e) within one hundred-eighty (180) days after the Completion Date, and if the Project has used Federal Funds, a report demonstrating compliance with all requirements regarding HUD Section 3, including documentation of total labor hours worked on the Project, total Section 3 hours worked, total wages paid, total Section 3 wages paid, and the names of all individuals employed to comply with the Section 3 and Section 3 goals, including the total hours worked for each individual and total wages paid to each individual.

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

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

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

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

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

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

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

10.10 Quarterly Capacity Reporting. Borrower must submit quarterly updates to satisfaction of MOHCD on staffing, specifically staff turnover on all MOHCD and Office of Community Infrastructure and Investment (OCII) projects and provision of adequate level of

staffing and project planning. Quarterly update should include the running total of staff changes to-date on all MOHCD and OCII funded project that have not converted to permanent loans.

ARTICLE 11 USE OF INCOME FROM OPERATIONS.

11.1 Project Operating Account.

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

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

ARTICLE 12 REQUIRED RESERVES.

12.1 Replacement Reserve Account.

(a) Commencing no later than sixty (60) days after the Completion Date, or any other date the City designates in writing, Borrower must establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account"). On or before the 15th day of each month following establishment of the Replacement Reserve Account, Borrower must make monthly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary. If Borrower is unable to make the required monthly deposit because of insufficient Project Income, Borrower will submit to MOHCD a written plan for review and approval that addresses the shortfall in Project Income within thirty (30) days.

(b) Monthly deposits must equal the lesser of: (i) 1/12th of 0.6% of Replacement Cost; or (ii) 1/12th of the following amount: [\$61,650].

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

(c) Borrower may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Project, such as replacing or repairing structural elements, furniture, fixtures or equipment of the Project that are reasonably required to preserve

the Project. Borrower may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without the City's prior written approval.

12.2 Operating Reserve Account.

(a) Commencing no later than sixty (60) days after the Completion Date, or any other date the City designates in writing, Borrower must establish or cause to be established a segregated interest-bearing operating reserve depository account (the "Operating Reserve Account") by depositing funds in an amount equal to twenty-five percent (25%) of the approved budget for Project Expenses for the first full year of operation of the Project. The City may review the adequacy of deposits to the Operating Reserve Account periodically and require adjustments as it deems necessary.

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

(c) Borrower may withdraw funds from the Operating Reserve Account solely to alleviate cash shortages resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancies and other expenses that vary seasonally or from month to month in the Project. Borrower may not withdraw funds (including any accrued interest) from the Operating Reserve Account for any other purpose without the City's prior written approval.

12.3 Commercial Space Reserve Account(s). In addition to the reserve requirements set forth above, Borrower may establish the following reserve accounts: (a) a tenant improvements reserve in the amount of \$100,000; and (b) a replacement reserve account in an amount equal to 0.6% of the Replacement Cost of the shell of the Commercial Space; and (c) subject to MOHCD approval, an addition tenant improvement reserve of up to \$75 per square foot of commercial space.

ARTICLE 13 DISTRIBUTIONS.

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

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

of this Agreement. The City will be deemed to have approved Borrower's written request for approval of a proposed Distribution unless the City delivers its disapproval or request for more information to Borrower within thirty (30) business days after the City's receipt of the request for approval.

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

- (a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or
- (b) when the City determines that Borrower or Borrower's management agent has failed to comply with this Agreement; or
- (c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or
- (d) if the Replacement Reserve Account, Operating Reserve Account or any other reserve account required for the Project is not fully funded under this Agreement; or
- (e) if the Loan is to be repaid from Residual Receipts, Borrower failed to make a payment when due on a Payment Date and the sum remains unpaid; or
- (f) during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any time the City determines the Loan is out of balance) under any City Document.

13.4 Borrower's Use of Residual Receipts for Development. To the extent that making a Distribution is not inconsistent with any other financing agreement for the Project, and subject to the limitations in this Article, with the City's prior written approval Borrower may retain a portion of Residual Receipts in lieu of using them to repay the Loan in an amount consistent with the Residual Receipts Policy attached hereto as **Exhibit P**. For purposes of clarification, Section II-Annual Residual Receipts Payments under MOHCD Ground Leases and Loans of Exhibit P is applicable to the Borrower and the Project. Subject to the terms of this Agreement and the conditions to distribution of Residual Receipts set forth in Exhibit P, Borrower may use up to Fifty 50% of Residual Receipts to pay approved deferred Developer Fees to the Developer until the earlier of: (i) the fifteenth (15th) anniversary of the first Payment Date; or (ii) the payment in full of the deferred Developer Fees in the approved amount of **[\$_____]** payable by the Borrower to the Developer. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Residential Note.

ARTICLE 14 SYNDICATION PROCEEDS.

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

ARTICLE 15 DEVELOPER FEES.

15.1 Amount. The City has approved the payment of development fees from the Loan to the Developer in an amount not to exceed [Five Million One Hundred Sixty-Eight Nine Hundred Eight Nine and No/100 Dollars (\$5,168,989.00)] for developing the Project (“Developer Fees”), subject to the Developer Fee Policy and the terms and conditions set forth in full in the Developer Fee Agreement by and between the City and Developer.

15.2 Fee Payment Schedule. Developer will receive payment of the Developer Fees pursuant to Section 2(b) of the Developer Fee Agreement.

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower may not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units and/or Commercial Space in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion (c) transfers from Borrower to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Borrower or an affiliated nonprofit public benefit corporation is the sole or managing general partner or manager of that entity or is the manager of a limited liability company that is the sole general partner or manager of that entity; (d) transfers of the general partnership or manager's interest in Borrower to a nonprofit public benefit corporation, or a limited liability company of which BRIDGE Housing Development Corporation (or affiliate thereof) is the sole member approved in advance by the City; (e) transfers of any limited partnership or membership interest in Borrower to an investor pursuant to the tax credit syndication of the Project and/or as otherwise permitted by the Partnership Agreement; (f) any transfer by foreclosure or deed in lieu of foreclosure; (g) if a lender becomes the tenant under either Ground Lease (or a lender’s affiliate), transfers of ownership interests in such lender (or its affiliate); (h) the grant or exercise of an option agreement or a right of first refusal agreement between Borrower and Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by the City; or (g) to remove or replace the General Partner in accordance with the terms of the Partnership Agreement, a transfer of any general partnership interest to a new general partner reasonably approved in advance by the City. Further, City will not unreasonably withhold or delay its approval of the removal or

replacement of a General Partner by the Permitted Limited Partner, pursuant to the terms of the Partnership Agreement. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

ARTICLE 17 INSURANCE AND BONDS; INDEMNITY.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or cause to be obtained and maintained, insurance and bonds as set forth in **Exhibit L** from the date the Residential Deed of Trust is recorded in the Recorder's Office of San Francisco County until the expiration of the Compliance Term at no expense to the City.

17.2 Borrower's Indemnity Obligations. Borrower must indemnify, protect, defend and hold harmless each of the Indemnitees from and against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the City Documents (including those covenants set forth in **Article 18** below); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents, the Loan, the Site or the Project or any transaction contemplated by, or the relationship between Borrower and the City or any action or inaction by the City under, the City Documents; (f) the occurrence, until the expiration of the Compliance Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring before the expiration of the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 9.2** and **18.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct.

17.3 Duty to Defend. Borrower acknowledges and agrees that its obligation to defend the Indemnitees under **Section 17.2**: (a) is an immediate obligation, independent of its other obligations hereunder; (b) applies to any Loss which actually or potentially falls within the scope of **Section 17.2**, regardless of whether the allegations asserted in connection with such Loss are

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

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

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

ARTICLE 18 HAZARDOUS SUBSTANCES.

18.1 Borrower's Representations. Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as disclosed in the Phase I Environmental Site Assessments by Group Delta dated September 15, 2015 and April 26, 2017 and Limited Phase II Site Investigation by Group Delta dated September 17, 2015 or otherwise in writing: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

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

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

ARTICLE 19 DEFAULT.

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

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

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

(c) Borrower fails to perform or observe any other term, covenant or agreement contained in any City Document, and the failure continues for thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be

cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

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

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

(f) Borrower is dissolved or liquidated or merged with or into any other entity; or, if Borrower is a corporation, partnership, limited liability company or trust, Borrower ceases to exist in its present form and (where applicable) in good standing and duly qualified under the laws of the jurisdiction of formation and California for any period of more than ten (10) days; or, if Borrower is an individual, Borrower dies or becomes incapacitated; or all or substantially all of the assets of Borrower are sold or otherwise transferred except as permitted under **Section 16.1**; or

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

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

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

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

(k) Borrower is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any receiver, trustee or similar official for Borrower or for all or any part of its property (or an

appointment is made without its consent and the appointment continues undischarged and unstayed for sixty (60) days); or Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to Borrower or to all or any part of its property under the laws of any jurisdiction (or a proceeding is instituted without its consent and continues undischarged and unstayed for more than sixty (60) days); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against the Site, the improvements or any other property of Borrower and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

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

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

(n) Before a certificate of occupancy or equivalent certification is issued for the Project, Borrower ceases rehabilitation or construction of the Project for a period of twenty-five (25) consecutive calendar days, and the cessation is not excused under **Section 19.3** (but only after the closing date of Borrower's financing for construction or rehabilitation of the Project); or

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

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

Notwithstanding the foregoing, the Permitted Limited Partners shall have the right to cure any Event of Default, and City shall accept or reject such cure on the same terms as if rendered by Borrower.

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

(a) The City at its option may declare the unpaid principal balance of the Notes, together with default interest as provided in the Notes and any other charges due under the Notes and the other City Documents, immediately due and payable without protest,

presentment, notice of dishonor, demand or further notice of any kind, all of which Borrower expressly waives.

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

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

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

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

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

(g) All costs, expenses, charges and advances of the City in exercising its remedies or to protect the Project will be deemed to constitute a portion of the principal balance of the Residential Note, even if it causes the principal balance to exceed the face amount of the Residential Note, unless Borrower reimburses the City within ten (10) days of the City's demand for reimbursement.

19.3 Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of the City or Borrower rendered impossible to perform while the event continues: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty and other causes beyond the control of the party obligated to perform. The occurrence of a force majeure event will excuse Borrower's performance only in the event that Borrower has provided notice to the City within thirty (30) days after the occurrence or commencement of the event or events, and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

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

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

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

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

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

(c) Except as disclosed to the City, no action, suit or proceeding is pending or threatened that might affect Borrower or the Project adversely in any material respect.

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

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its general contractor been suspended, disciplined or prohibited from contracting with any Governmental Agency.

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

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

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

ARTICLE 21 NOTICES.

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

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

To Borrower: 4840 Mission Housing Associates LP
c/o BRIDGE Housing Corporation
600 California Street
Suite 900
San Francisco, CA 94108
Attn: Smitha Seshadri

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

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

21.3 Notice to Limited Partner. The City agrees to deliver a copy of any notice of default to the Permitted Limited Partners at the address set forth below at the same time and in the same manner as notice is delivered to Borrower. The City's failure to deliver notice under this Section will not affect or impair the City's right to enforce its rights at law or in equity arising by reason of an Event of Default.

To: Bank of America, N.A.
MA 1-225-02-02
225 Franklin Street
Boston, MA 02110
Attn: Asset Manager for 4840 Mission

With a copy to: Buchalter, A Professional Corporation
1000 Wilshire Boulevard, Suite 1500
Los Angeles, CA 90017-1730
Attn: Michael A. Williamson, Esq.
Re: 4840 Mission (B0965-0551)

ARTICLE 22 GENERAL PROVISIONS.

22.1 Subordination. The Residential Deed of Trust and Clinic Deed of Trust may be subordinated to other financing secured by and used for development of the Project (in each case, a "Senior Lien"), but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval.

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

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

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

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

22.6 Borrower Solely Responsible. Borrower is an independent contractor with the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance contemplated under this Agreement. Borrower is solely responsible for: (a) its own acts and those of its agents, employees and contractors and all matters relating to their performance, including compliance with Social Security, withholding and all other Laws governing these matters and requiring that contractors include in each contract that they will be solely responsible for similar matters relating to their employees; (b) any losses or damages incurred by Borrower, any of its contractors or subcontractors and the City and its officers, representatives, agents and employees on account of any act, error or omission of Borrower in the performance of this Agreement or any other City Document and the development and operation of the Project; and (c) all costs and expenses relating to Borrower's performance of obligations under the City Documents, the delivery to the City of documents, information or items under or in connection with any of the City Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any City Document or document required under any City Document.

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

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

22.9 Governing Law. This Agreement is governed by California law without regard to its choice of law rules.

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

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

22.12 Attorneys' Fees. If any legal action is commenced to enforce any of the terms of this Agreement or rights arising from any party's actions in connection with this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees (including allocated fees of the City Attorney's Office) and costs of suit from the other party, whether incurred in a judicial, arbitration, mediation or bankruptcy proceeding or on appeal. For the purposes of this Agreement, reasonable fees of attorneys in the City Attorney's office will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the

subject matter of law for which the City Attorney's services were rendered, who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office. An award of attorneys' fees and costs will bear interest at the default rate under the Notes from the date of the award until paid.

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

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

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

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

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

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

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

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

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

EXHIBITS

- A Schedules of Income and Rent Restrictions
- A-1 Commercial Clinic Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma
- C Form of Tenant Income Certification
- D First Source Hiring Requirements and Numerical Goals
- E Governmental Requirements
- F Lobbying/Debarment Certification Form
- G Form of Annual Monitoring Report
- H Tenant Selection Plan Policy
- I MOHCD Tenant Screening Criteria Policy
- J Developer Fee Policy
- K Hold Harmless Policy
- L Insurance Requirements
- M HOPE SF Resident Selection Criteria
- N Early Release Retention Contractors List
- O MOHCD Commercial Underwriting Guidelines
- P MOHCD Residual Receipts Policy

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

THE CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____
London N. Breed
Mayor

By: _____
Eric D. Shaw
Director, Mayor's Office of Housing and Community Development

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

BORROWER:

4840 MISSION HOUSING ASSOCIATES LP, a California limited partnership

By: 4840 Mission Housing LLC, a California limited liability company, its general partner

By: BRIDGE Housing Corporation, a California nonprofit public benefit corporation, its managing member

By: _____
Smitha Seshadri
Executive Vice President

EXHIBIT A
Schedules of Income and Rent Restrictions

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

Unit Size	No. of Units	Maximum Income Level	Rental Subsidy
1 Bedroom	9	60% of Median Income	Project-base vouchers
1 Bedroom	6	30% of Median Income	
1 Bedroom	11	40% of Median Income	
1 Bedroom	16	50% of Median Income	
1 Bedroom	2	65% of Median Income	
1 Bedroom	14	95% of Median Income	
Total 1 Bedrooms	58		
2 Bedroom	11	50% of Median Income	Project-base vouchers
2 Bedroom	9	60% of Median Income	Project-base vouchers
2 Bedroom	6	30% of Median Income	
2 Bedroom	9	40% of Median Income	
2 Bedroom	10	50% of Median Income	
2 Bedroom	2	65% of Median Income	
2 Bedroom	7	95% of Median Income	
2 Bedroom	7	108% of Median Income	
Total 2 Bedrooms	61		
3 Bedroom	6	60% of Median Income	Project-base vouchers
3 Bedroom	2	30% of Median Income	
3 Bedroom	2	40% of Median Income	
3 Bedroom	1	50% of Median Income	
3 Bedroom	1	65% of Median Income	
3 Bedroom	4	108% of Median Income	
Total 3 Bedrooms	16		

All Units (except two Units reserved for staff of the Project) at all times to households certified as Qualified Tenants at initial occupancy, as set forth in Exhibit A. In addition, thirty-five (35) Units must be rented to holders of Section 8 certificates or vouchers or similar rental subsidy benefits, subject to the HAP Contract and applicable law.

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

If (i) the HAP is terminated, discontinued or reduced at no fault of Borrower with respect to the Project, or (ii) in the event of a judicial foreclosure sale, non-judicial foreclosure, or a deed-in-lieu of foreclosure (each, a “Foreclosure Event”), by Borrower’s senior lender, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City’s reasonable discretion; provided that:

(a) Borrower diligently pursues an additional or alternative source of income or subsidy acceptable to the City to replace the rental subsidies, except in the event of a Foreclosure Event.

(b) One hundred percent (100%) of the Units formerly under the HAP must at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed sixty percent (60%) of Median Income and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of sixty percent (60%) of Median Income, (b) less utility allowance. The maximum initial occupancy income level restrictions when averaged for all Residential Units in the Project may not exceed sixty percent (60%) of Median Income and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

(c) If the Project continues to demonstrate financial infeasibility after the rent alterations above, to the extent financially feasible as determined in City’s reasonable discretion, the City will waive the average income restriction of sixty percent (60%) of Median Income for all Residential Units, and increase rents to the extent necessary for Project to remain financially feasible (not past TCAC maximums); provided that one hundred percent (100%) of the Units must at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed eighty percent (80%) of area median income, as published by TCAC (the “TCAC Median Income”), and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of eighty percent (80%) of TCAC Median Income (b) less utility allowance. On an annual basis, Borrower will convert to the TCAC Median Income and maximum rent to the corresponding published MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation. The maximum initial occupancy income level restrictions when averaged for all Residential Units in the Project may not exceed sixty percent (60%) of TCAC Median Income and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance.

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

applicable income or rent limitations before implementing the relief provided in this paragraph.

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

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

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

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

EXHIBIT B-1
Table of Sources and Uses of Funds

EXHIBIT B-2
Annual Operating Budget

Application Date: 1/26/2021 Project Name: 4840 Mission
 Total # Units: 137 Project Address: 4840 Mission St
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2024 Project Sponsor: BRIDGE Housing
TCAC Income Limits In Use!

INCOME	Total	Comments
Residential - Tenant Rents	2,554,416	Links from New Proj - Rent & Unit Mix Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	729,252	Links from New Proj - Rent & Unit Mix Worksheet
Commercial Space	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%
Residential Parking	0	Links from Utilities & Other Income Worksheet
Miscellaneous Rent Income	13,429	Links from Utilities & Other Income Worksheet
Supportive Services Income	0	
Interest Income - Project Operations	0	Links from Utilities & Other Income Worksheet
Laundry and Vending	0	Links from Utilities & Other Income Worksheet
Tenant Charges	0	Links from Utilities & Other Income Worksheet
Miscellaneous Residential Income	0	Links from Utilities & Other Income Worksheet
Other Commercial Income	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%
Withdrawal from Capitalized Reserve (deposit to operating account)	0	
Gross Potential Income	3,297,097	
Vacancy Loss - Residential - Tenant Rents	(128,392)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(36,463)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%
EFFECTIVE GROSS INCOME	3,132,242	PUPA: 22,863

OPERATING EXPENSES

Management		
Management Fee	98,640	1st Year to be set according to HUD schedule.
Asset Management Fee	28,130	
Sub-total Management Expenses	126,770	PUPA: 903
Salaries/Benefits		
Office Salaries	85,280	
Manager's Salary	75,000	
Health Insurance and Other Benefits	62,400	
Other Salaries/Benefits	18,790	retirement plan contributions
Administrative Rent-Free Unit	0	
Sub-total Salaries/Benefits	241,470	PUPA: 1,763
Administration		
Advertising and Marketing	4,000	
Office Expenses	29,296	
Office Rent	0	
Legal Expense - Property	7,500	
Audit Expense	11,000	
Bookkeeping/Accounting Services	22,608	
Bad Debts	0	
Miscellaneous	29,086	
Sub-total Administration Expenses	103,490	PUPA: 755
Utilities		
Electricity	50,184	
Water	82,200	
Gas	36,168	
Sewer	115,080	
Sub-total Utilities	292,632	PUPA: 2,136
Taxes and Licenses		
Real Estate Taxes	14,000	
Payroll Taxes	31,316	
Miscellaneous Taxes, Licenses and Permits	19,580	
Sub-total Taxes and Licenses	64,896	PUPA: 474
Insurance		
Property and Liability Insurance	179,477	
Fidelity Bond Insurance	0	
Worker's Compensation	28,184	
Director's & Officers' Liability Insurance	0	
Sub-total Insurance	207,661	PUPA: 1,516
Maintenance & Repair		
Payroll	152,880	
Supplies	18,000	
Contracts	85,500	
Garbage and Trash Removal	78,980	
Security Payroll/Contract	116,580	
HVAC Repairs and Maintenance	7,500	
Vehicle and Maintenance Equipment Operation and Repairs	5,500	
Miscellaneous Operating and Maintenance Expenses	1,820	
Sub-total Maintenance & Repair Expenses	466,760	PUPA: 3,407
Supportive Services	107,400	
Commercial Expenses	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%
TOTAL OPERATING EXPENSES	1,608,079	PUPA: 11,738

Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	15,000	Ground lease with MOHCD Provide additional comments here, if needed.
Bond Monitoring Fee	31,893	
Replacement Reserve Deposit	61,650	
Operating Reserve Deposit	0	
Other Required Reserve 1 Deposit	0	
Other Required Reserve 2 Deposit	0	
Required Reserve Deposits, Commercial	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	108,543	PUPA: 792

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	1,716,622	PUPA: 12,530	Min DSCR: 1.09 Mortgage Rate: 5.00%
NET OPERATING INCOME (INCOME minus OP EXPENSES)	1,415,620	PUPA: 10,333	Term (Years): 30 Supportable 1st Mortgage Pmt: 1,298,734 Supportable 1st Mortgage Amt: \$20,160,857 Proposed 1st Mortgage Amt: \$25,514,287

DEBT SERVICE/MUST PAY PAYMENTS (hard debt/amortized loans)		
Hard Debt - First Lender	1,226,814	Perm Loan Tranche A Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	0	Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%
TOTAL HARD DEBT SERVICE	1,226,814	PUPA: 8,955

CASH FLOW (NOI minus DEBT SERVICE)	188,806
USES OF CASH FLOW BELOW (This row also shows DSCR.)	1.15

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0	
Partnership Management Fee (see policy for limits)	23,334	1st
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	11,500	2nd
Other Payments	0	
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)	0	Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)	0	Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt = Max Fee from cell I130)	76,986	Def. Develop. Fee split: 50% Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	111,820	PUPA: 816

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	76,986
Residual Receipts Calculation	
Does Project have a MOHCD Residual Receipt Obligation?	Yes Project has MOHCD ground lease? Yes
Will Project Defer Developer Fee?	Yes
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	50% Max Deferred Developer Fee Amt (Use for data entry above. Do not link.): 76,986
% of Residual Receipts available for distribution to soft debt lenders in	50%

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. recs	\$24,501,450	99.39%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value	\$150,000	0.61%
HCD (soft debt loan) - Lender 3			0.00%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
MOHCD Residual Receipts Amount Due	76,986	50% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	76,986	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE	0
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE	
HCD Residual Receipts Amount Due	0
Lender 4 Residual Receipts Due	0
Lender 5 Residual Receipts Due	0
Total Non-MOHCD Residual Receipts Debt Service	0
REMAINDER (Should be zero unless there are distributions below)	
Owner Distributions/Incentive Management Fee	0
Other Distributions/Uses	0
Final Balance (should be zero)	0

EXHIBIT B-3
20-Year Cash Flow Proforma

EXHIBIT C
Tenant Income Certification Form

[To be attached.]

TENANT INCOME CERTIFICATION

Initial Certification Recertification Other _____

Effective Date: _____
 Move-In Date: _____
 (MM-DD-YYYY)

PART I - DEVELOPMENT DATA

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

PART II. HOUSEHOLD COMPOSITION

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

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

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

Add totals from (A) through (D), above

TOTAL INCOME (E):

\$

PART IV. INCOME FROM ASSETS

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

TOTALS:

\$ _____

\$ _____

Enter Column (H) Total
If over \$5000 \$ _____ X

Passbook Rate
0.06%

= (J) Imputed Income

\$ _____

Enter the greater of the total of column I, or J: imputed income

TOTAL INCOME FROM ASSETS (K)

\$

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

\$

HOUSEHOLD CERTIFICATION & SIGNATURES

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

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

Signature

(Date)

Signature

(Date)

Signature

(Date)

Signature

(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY

RECERTIFICATION ONLY:

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

\$

Unit Meets Federal Income Restriction at:
 60% 50%

Current Federal LIHTC Income Limit x 140%:
 \$ _____

Current Federal LIHTC Income Limit per Family Size: \$ _____

Unit Meets Deeper Targeting Income Restriction at:
 Other _____%

Household Income exceeds 140% at recertification:
 Yes No

If Applicable, Current Federal Bond Income Limit per Family Size: \$ _____

Household Income as of Move-in: \$ _____

Household Size at Move-in: _____

PART VI. RENT

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

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

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

\$

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

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

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

Unit Meets Federal Rent Restriction at: 60% 50%

If Applicable, Unit Meets Bond Rent Restriction at: 60% 50%

Unit Meets Deeper Targeting Rent Restriction at: Other: _____%

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

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

yes no

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

Enter 1-5

*Student Explanation:

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

PART VIII. PROGRAM TYPE

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

a. Tax Credit

b. HOME

c. Tax Exempt Bond

d. AHDP

e. _____
 (Name of Program)

See Part V above.

Income Status

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

Income Status

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

Income Status

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

Income Status

- _____
- OI**

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

SIGNATURE OF OWNER/REPRESENTATIVE

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

 SIGNATURE OF OWNER/REPRESENTATIVE

 DATE

PART IX. SUPPLEMENTAL INFORMATION FORM

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

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

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

The Following Race Codes should be used:

- 1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.
- 2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as “Haitian” apply to this category.
- 3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
- 4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent:
 - 4a – Asian India 4e – Korean
 - 4b – Chinese 4f – Vietnamese
 - 4c – Filipino 4g – Other Asian
 - 4d – Japanese
- 5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands:
 - 5a – Native Hawaiian 5c – Samoan
 - 5b – Guamanian or Chamorro 5d – Other Pacific Islander
- 6 – Other
- 7 – Did not respond. **(Please initial below)**

Note: Multiple racial categories may be indicated as such: 31 – American Indian/Alaska Native & White, 14b – White & Asian (Chinese), etc.

The Following Ethnicity Codes should be used:

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

Disability Status:

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

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

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

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

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

Part I - Development Data

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

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

Part II - Household Composition

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

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

Date of Birth	Enter each household member's date of birth.
Student Status	Enter "Yes" if the household member is a full-time student or "NO" if the household member is not a full-time student.
Last Four Digits of Social Security Number	For each tenant 15 years of age or older, enter the last four digits of the social security number or the last four digits of the alien registration number. If the last four digits of SSN or alien registration is missing, enter 0000. For tenants under age 15, social security number not required, although please enter 0000.

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

Part III - Annual Income

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

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

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

Part IV - Income from Assets

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

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

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

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

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

HOUSEHOLD CERTIFICATION AND SIGNATURES

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

Part V – Determination of Income Eligibility

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

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

Part VI - Rent

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

Part VII - Student Status

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

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

Part VIII – Program Type

Mark the program(s) for which this household’s unit will be counted toward the property’s occupancy requirements. Under each program marked, indicate the household’s income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

- Tax Credit See Part V above.
- HOME If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household’s designation.
- Tax Exempt Bond If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household’s designation.
- AHDP If the property participates in the Affordable Housing Disposition Program (AHDP), and this household’s unit will count towards the set-aside requirements, select the appropriate box to indicate if the household is a VLI, LI or OI (at recertification) household.
- Other If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

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

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

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

PART IX. SUPPLEMENTAL INFORMATION

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

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

EXHIBIT D

First Source Hiring Requirements and Numerical Goals

Borrower's use of Funds triggers the following hiring requirements imposed by the City's First Source Hiring Ordinance (San Francisco Administrative Code Chapter 83)
Borrower will work with CityBuild to meet the following requirements.

A. Incorporation of Administrative Code Provisions by Reference. The provisions of Chapter 83 of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor will comply fully with, and be bound by, all of the provisions that apply to this Agreement under such Chapter, including but not limited to the remedies provided therein. Capitalized terms used in this Section and not defined in this Agreement have the meanings assigned to such terms in Chapter 83.

B. First Source Hiring Agreement. On or before the effective date of the Ground Lease, Borrower will, or will require its general contractor to, enter into a first source hiring agreement ("FSH Agreement") with the City, that will include the terms as set forth in Section 83.9(b). Borrower also enter into a FSH Agreement with the City for any other work that it performs in the City.

C. Hiring Decisions. Borrower or its general contractor will make the final determination of whether an Economically Disadvantaged Individual referred by the System is "qualified" for the position.

D. Exceptions. Upon application by Contractor, the First Source Hiring Administration may grant an exception to any or all of the requirements of Chapter 83 in any situation where it concludes that compliance with this Chapter would cause economic hardship.

E. Liquidated Damages. Borrower agrees:

1. To be liable to the City for liquidated damages as provided in this Section;
2. To be subject to the procedures governing enforcement of breaches of contracts based on violations of contract provisions required by this Chapter as set forth in this Section;
3. That the Borrower's commitment to comply with this Chapter is a material element of the City's consideration for this contract; that the failure of the contractor to comply with the contract provisions required by this Chapter will cause harm to the City and the public which is significant and substantial but extremely difficult to quantify; that the harm to the City includes not only the financial cost of funding public assistance programs but also the insidious but impossible to quantify harm that this community and its families suffer as a result of unemployment; and that the assessment of liquidated damages of up to \$5,000

for every notice of a new hire for an entry level position improperly withheld by the contractor from the first source hiring process, as determined by the FSHA during its first investigation of a contractor, does not exceed a fair estimate of the financial and other damages that the City suffers as a result of the contractor's failure to comply with its first source referral contractual obligations.

4. That the continued failure by a contractor to comply with its first source referral contractual obligations will cause further significant and substantial harm to the City and the public, and that a second assessment of liquidated damages of up to \$10,000 for each entry level position improperly withheld from the FSHA, from the time of the conclusion of the first investigation forward, does not exceed the financial and other damages that the City suffers as a result of the contractor's continued failure to comply with its first source referral contractual obligations;

5. That in addition to the cost of investigating alleged violations under this Section, the computation of liquidated damages for purposes of this Section is based on the following data:

a. The average length of stay on public assistance in San Francisco's County Adult Assistance Program is approximately 41 months at an average monthly grant of \$348 per month, totaling approximately \$14,379; and

b. In 2004, the retention rate of adults placed in employment programs funded under the Workforce Investment Act for at least the first six months of employment was 84.4%. Since qualified individuals under the First Source program face far fewer barriers to employment than their counterparts in programs funded by the Workforce Investment Act, it is reasonable to conclude that the average length of employment for an individual whom the First Source Program refers to a contractor and who is hired in an entry level position is at least one year; therefore, liquidated damages that total \$5,000 for first violations and \$10,000 for subsequent violations as determined by FSHA constitute a fair, reasonable, and conservative attempt to quantify the harm caused to the City by the failure of a contractor to comply with its first source referral contractual obligations.

6. That the failure of contractors to comply with this Chapter, except property contractors, may be subject to the debarment and monetary penalties set forth in Sections 6.80 et seq. of the San Francisco Administrative Code, as well as any other remedies available under the contract or at law; and

7. That in the event the City is the prevailing party in a civil action to recover liquidated damages for breach of a contract provision required by this Chapter, the contractor will be liable for the City's costs and reasonable attorneys fees.

Violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages in the amount of \$5,000 for every new hire for an Entry Level Position improperly withheld from the first source hiring process. The assessment of liquidated damages and the evaluation of any defenses or mitigating factors shall be made by the FSHA.

F. Subcontracts. Any subcontract entered into by Borrower or its general contractor will require the subcontractor to comply with the requirements of Chapter 83 and will contain contractual obligations substantially the same as those set forth in this Section.

EXHIBIT E
Governmental Requirements

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

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

3. **Conflict of Interest.**

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

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

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

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

5. Lead-Based Paint. Borrower must satisfy the requirements of Chapter 36 of the San Francisco Building Code ("Work Practices for Exterior Lead-Based Paint") and the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821 *et seq.*) and implementing regulations at 24 CFR part 35. Borrower must also comply with the provisions contained in 17 CCR 350000 *et seq.*, and 8 CCR 1532.1 and all other applicable Laws governing lead-based hazards.

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

7. Low-Income Hiring Requirements. The use of Funds triggers compliance with certain hiring requirements imposed by the City's First Source Hiring Ordinance (S.F. Admin. Code Chapter 83). To ensure compliance with those requirements, Borrower must include the provisions attached as **Exhibit D** in its contract with the general contractor for the Project. Borrower will be responsible to the City for ensuring compliance with the requirements listed on **Exhibit D**.

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

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

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

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

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

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

Agreement may be assessed against Borrower and/or deducted from any payments due Borrower.

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

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

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

12. Submitting False Claims; Monetary Penalties. Any borrower, grantee, contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A borrower, grantee, contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the borrower, grantee, contractor, subcontractor or consultant:

(a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval;

(b) knowingly makes, uses or causes to be made or used a false record or statement to get a false claim paid or approved by the City;

(c) conspires to defraud the City by getting a false claim allowed or paid by the City;

(d) knowingly makes, uses or causes to be made or used a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the City; or

(e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

13. Sunshine Ordinance.

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

(b) By executing this Agreement, Borrower agrees to comply with the provisions of Chapter 12L of the San Francisco Administrative Code to the extent applicable.

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

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

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

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

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

seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

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

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

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

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

(b) The requirements of Chapter 12T shall only apply to a Borrower’s or Subcontractor’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, shall apply only when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco, and 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.

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

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

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

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

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

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

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Borrower agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Borrower agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Borrower's failure to comply with this provision.

20. Bottled Drinking Water. Unless exempt, Borrower agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San Francisco Environment Code Chapter 24, including the administrative fines, remedies, and implementing regulations provided therein, as the same may be

amended from time to time. The provisions of Chapter 24 are incorporated herein by reference and made a part of this Agreement as though fully set forth.

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

EXHIBIT F
Lobbying/Debarment Certification Form

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

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

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

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

4840 MISSION HOUSING ASSOCIATES LP,
a California limited partnership

By: 4840 Mission Housing LLC,
a California limited liability company,
its general partner

By: BRIDGE Housing Corporation.,
California nonprofit public benefit
corporation, its managing member

a

By: _____
Smitha Seshadri
Executive Vice President

DATE: _____

EXHIBIT G
Form of Annual Monitoring Report

[To be attached]

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



London N. Breed
Mayor

Eric D. Shaw
Director

October 21, 2020

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

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

IMPORTANT INFORMATION RELATED TO COVID-19

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

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

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

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

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

Completion and Submission Instructions

The Annual Monitoring Report consists of the following four parts:

I. AMR_RY2020 – project name.xlsx – This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

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

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

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

Submit this report as an Excel file only; do not convert it to pdf or another file type. Changing the format of AMR_RY2020.xlsx without MOHCD's prior approval is not allowed. Do not overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. If you need to revise the form in order to successfully complete the report, submit a request to moh.amr@sfgov.org.

II. Owner Compliance Certification Form and Documentation of Insurance

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

III. Audited Financial Statements

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

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

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

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

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

IV. Waiting List

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

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

- stated household income
- desired unit size

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

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

AMR Training – On-Demand Videos

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

Marketing Procedure for Available Units and Waiting List Openings

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

Serious Incident Protocol

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

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

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

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

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

Asset Management Team

MOHCD 1 South Van Ness Avenue, 5th Floor San Francisco, CA 94103

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

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

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

Complete this form, sign and date it, scan it along with current liability and property insurance certificates into a single PDF file, then email the file along with AMR_RY2020 – project name.xlsx, audited financial statements, and current waiting list to moh.amr@sfgov.org.

Project Name: _____

Project Street Address: _____

Reporting Period – Start Date: _____ End Date: _____

Owner Compliance Certification

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

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

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

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

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

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

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

Property and Liability Insurance

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

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

Tax Certification

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

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

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

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

Signature: _____ Date: _____

Name: _____ Title: _____

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

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

Updated 12/21/2020

1A. Property & Residents

Please follow the instructions provided on the worksheet.

1B. Transitional Programs Only

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

1C. Eviction Data

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

2. Fiscal Activity

Income and Expenses

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

INSTRUCTIONS:

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

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

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

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

Income

Rental Income

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

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

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

Vacancy Loss

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

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

Other Income

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

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

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

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

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

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

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

Expenses

Management

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

Salaries/Benefits

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

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

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

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

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

Administration

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

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

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

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

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

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

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

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

Utilities

6450 Electricity

6451 Water

6452 Gas

6453 Sewer

Taxes and Licenses

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

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

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

Insurance

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

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

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

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

Maintenance and Repairs

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

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

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

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

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

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

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

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

Supportive Services

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

Reserve Account Activity

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

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

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

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

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

3A. Occupancy & Rent Info

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

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

COLUMN DESCRIPTION

C. **Row Number.** Do not enter data in this column.

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

E. **Unit Type.** Use the drop down menu to select the unit type (also shown below):

Bed = (measurement for Group homes or transitional housing)

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

"**Studio**" = Studio unit

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

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

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

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

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

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

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

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

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

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

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

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

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

3B. Demographic

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

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

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

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

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

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

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

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

3C. Summary of Reported Household Demographics

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

4. Narrative

Please follow the instructions provided on the worksheet.

5. Project Financing

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

6. Services Funding

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

7. Supplementary Audit Information - Required by MOHCD

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

Completeness Tracker

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

Links to Relevant Policies

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

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

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

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

http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH_ProIncomeOverview.pdf

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

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

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

http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K_2014-05-21.pdf

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

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

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

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

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

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

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

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

46		<p>If the property has Immediate Capital Needs and lacks adequate funds in the Replacement Reserve (or elsewhere) to cover the costs, please supply the amount of funds needed to make up the difference, and supply additional explanation in question #3 of the Narrative report. (Click on # 3 at left to jump to Narrative worksheet.)</p>
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Resident Services: AN ANSWER IS REQUIRED FOR questions 51-61. Indicate below any services that were available to the residents free of charge, on site or at another designated location within 1/4 mile of the project. You must also provide additional information about each of the marked services below on Worksheet "6.Services"

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

POPULATION SERVED

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

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

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

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

Remember, **SAVE YOUR WORK!**

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

Project Address:

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

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

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

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

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

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

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

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

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

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

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

Project Address:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Household Demographics

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

Gender

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

Sexual Orientation

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

Target and Actual Population Served

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

(add additional rows as needed)

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

Violation or Citation #	Date Cleared	Issued By	Description of Remedy

(add additional rows as needed)

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

3. Major Repairs

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

4. Vacant Unit Rent-Up Time

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

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

5. Affirmative Marketing

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

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

6. Vacancy Rate -----

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

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

7. Miscellaneous Expenses: Administrative/Operating & Maintenance

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

Misc. Admin Expenses

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

Misc. Operating & Maintenance Expenses

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

8. Negative Cash Flow

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

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

Project Street Address:

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

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

Project Street Address:

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

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

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

Administration

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

Utilities

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

Taxes and Licenses

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

Insurance

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

Project Street Address:

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

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

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

Financial Expenses

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

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

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

Depreciation & Amortization Expenses

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

6600 Depreciation Expense	
6610 Amortization Expense	
Operating Profit (Loss) after Depreciation & Amortization:	\$0

Net Entity Expenses

the right.

7190		
7190		
7190		
7190		
7190		
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7190		
7190		
7190		
7190		
7190		
Total Net Entity Expenses:	\$0	

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

Project Street Address:

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

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

Distribution of Surplus Cash Ahead of Residual Receipts Payments

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

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

Distribution of Residual Receipts

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

Total

Total Residual Receipts Distributions to Lenders: \$0

Proposed Owner Distribution \$0

Proposed Other Distribution/Uses \$0

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

Project Street Address:

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

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

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

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

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

Project Address: _____

Submission Instructions:

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

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

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

EXHIBIT H

Tenant Selection Plan Policy

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

Application Process

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

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

- **Problems with the Referring Agency.** If at any point the housing provider has difficulty reaching or getting a response from the applicant and referring agency, the housing provider must immediately contact the referring agency, if possible, and the funding agency, DPH or HSA.
- **Limited English Proficiency Policy.** Throughout the application process, the housing provider must comply with City policy for language access requirements for applicants with limited English proficiency.

Reasonable Accommodation and Modification Policy

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

Reasonable Modification: Applicant may request a reasonable modification if he or she has a disability and as a result of the disability needs:

- a physical change to the room or housing unit that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site;
- a physical change in some other part of the housing site that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site.

Response to Request: The housing provider shall respond to a request for reasonable accommodation or modification within ten (10) business days. The response may be to grant, deny, or modify the request, or seek additional information in writing or by a meeting with the applicant. The housing provider will work with the applicant and referring agency to determine if there are ways to accommodate the applicant.

The housing provider shall grant the request if the provider determines that:

- the applicant has a disability;
- reasonable accommodation or modification is necessary because of the disability; and
- the request is reasonable (i.e., does not impose an undue financial or administrative burden or fundamentally alter the nature of the housing program.)

If the reasonable accommodation request is denied, the rejection must explain the reasons in writing. If the denial of the reasonable accommodation request results in the applicant being denied admission to the unit, the provisions of the section on Notice of Denial and Appeal Process apply.

Notice of Denial and Appeal Process

- The housing provider shall:
 - Hold a comparable unit for the household during the entire appeal process.
 - promptly send a written and electronic notice (to the addresses provided) to each applicant denied admission with a written and/or electronic copy to the referring agency and the funding agency. The notice should:
 - list all the reasons for the rejection, including the particular conviction or convictions that led to the decision in cases where past criminal offenses were a reason for rejection;
 - explain how the applicant can request an in person appeal to contest the decision;
 - state that an applicant with a disability is entitled to request a reasonable accommodation to participate in the appeal;
 - inform the applicant that he or she is entitled to bring an advocate or attorney to the in person appeal;
 - provide referral information for local legal services and housing rights organizations;
 - describe the evidence that the applicant can present at the appeal;
 - give applicants denied admission a date within which to file the appeal, which shall be at least ten (10) business days from the date of the notice;
 - unless an extension is agreed to by the applicant and the housing provider, hold the appeal within ten (10) business days of the request for the appeal;
 - confine the subject of the appeal to the reason for denial listed in the notice;
 - give the applicant a chance to present documents and/or witnesses showing that he or she will be a suitable tenant;
 - have an impartial supervisor or manager from the housing provider, but who is not the person who made the initial decision or a subordinate of the person who made the initial decision, conduct the appeal;
 - within 5 business days of the in person appeal, provide the applicant with a written decision that states the reason for the decision and the evidence relied upon. A copy of the written decision must be sent (electronically or otherwise) to the referring agency and the funding agency.

- If the rejection is based on a criminal background check obtained from a tenant screening agency, the Fair Chance Ordinance imposes additional notice requirements.

EXHIBIT I

Tenant Screening Criteria Policy

The screening criteria and considerations outlined below encourage providers to “screen in” rather than “screen out” applicants. These requirements are also designed to satisfy the requirements of San Francisco Police Code Article 49, Sections 4901-4920 or the Fair Chance Ordinance. This policy describes a minimum level of leniency; providers are encouraged to adopt less restrictive policies and processes whenever appropriate. For example, providers may opt not to review or consider applicant criminal records at all.

Screening Criteria

- Housing providers shall not automatically bar applicants who have a criminal record² in recognition of the fact that past offenses do not necessarily predict future behavior, and many applicants with a criminal record are unlikely to re-offend.
- Housing providers shall not consider:
 - arrests that did not result in convictions, except for an open arrest warrant;
 - convictions that have been expunged or dismissed under Cal. Penal Code § 1203.4 or 1203.4a;³
 - juvenile adjudications.
- Housing providers shall consider:
 - the individual circumstances of each applicant; and
 - the relationship between the offense, and
 - (1) the safety and security of other tenants, staff and/or the property; and
 - (2) mitigating circumstances such as those listed below.
 - only those offenses that occurred in the prior 7 years, except in exceptional situations, which must be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity.
 - mitigating factors, including, but not limited to:
 - (1) the seriousness of the offense;
 - (2) the age and/or circumstances of the applicant at the time of the offense;
 - (3) evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;

² The policy recognizes that some housing may be subject to mandatory laws that require the exclusion of an applicant based upon certain types of criminal activity.

³ The purpose of the statute is allow a petitioner to request a dismissal of the criminal accusations, a change in plea or setting aside of a verdict and to seek to have certain criminal records sealed or expunged and a release “from all penalties and disabilities resulting from the offense.”

- (4) if the offense is related to acts of domestic violence committed against the applicant;
- (5) if the offense was related to a person's disability.

EXHIBIT J

Developer Fee Policy

[To be attached]

Mayor's Office of Housing and Community Development
 Policy on Development Fees For Tax Credit Projects
 Effective July 29, 2016

This MOHCD Developer Fee Policy for Tax Credit Projects applies to all developments seeking City funding in conjunction with new tax credit financing for the current project, including recapitalization projects with existing MOHCD loans. This does not apply to non-Tax Credit projects such as Small Site Program projects. It also does not apply to HOPE SF or RAD projects, which are subject to separate developer fee policies.

Developers may include fees in their project budgets according to the terms below.

I. MINIMUM FEES: 5% of total development costs.

II. MAXIMUM FEES: Notwithstanding any other section of this Fee Policy, the maximum Total Fee that may be included in basis is the lesser of \$4 million or 10% of eligible basis.

A. Total Development Fee

("Total Fee") for different project types are further detailed below, and reflect the sum of the Cash-Out Fee, GP Equity Contribution, and Deferred Fee, if any.

Project Type	9% Project - Maximum Cash-Out Fee	4% Project - Maximum Cash-Out Fee	Notes
New Construction	TCAC Maximum	The lesser of TCAC Maximum or \$2,000,000 + \$10,000 per unit over 100 units, if additional cash-out requires no additional MOHCD gap funding.	Developers may also take deferred fee; see further explanations below.
Newly Acquired and Substantially Rehabilitated (Per unit Hard Cost >= \$50,000)	TCAC Maximum	Same as new construction fee.	
Substantial Rehabilitation (Per unit Hard Cost >=\$50,000) by Existing or Affiliate GP -- Includes New City Funds	50% TCAC Maximum	The lesser of TCAC maximum or \$1,000,000 + \$10,000 per unit over 100 units, if additional cash-out requires no additional MOHCD gap funding.	Sponsor may take the allowable fee for Newly Acquired and Rehabilitated projects described above if 1) in the project's original syndication, sponsor did not take the maximum allowable developer fee; or 2) sponsor adds new affordable units to the project. Sponsor cash out from acquisition proceeds is prohibited.

Substantial Rehabilitation (Per unit Hard Cost >=\$50,000) by Existing or Affiliate GP -- No New City Funds	TCAC Maximum	Same as new construction fee.	Repayment of existing City loans shall be made pari passu with any sponsor cash out via acquisition proceeds, up to the full value of the City loan(s) plus remaining value of any City ground lease and/or operating subsidy.
Recapitalization, acquisition, or transfer with less than \$50,000 Per unit hard cost capital improvements	No Fee	No Fee	

B. Total Fee Components

1. Additional Cash Out: If eligible basis is less than Threshold Basis, Projects over 100 units may take up to \$10,000 per unit over 100 as cash-out fee, but only if such cash payment does not require additional gap funding from MOHCD (i.e., the cost of the additional developer fee taken as cash must be covered solely by the additional equity generated by any applicable deferred fee and by the additional cash-out fee itself).
2. Deferred Developer Fee: If eligible basis, including the maximum fee amount available as General Partner Equity, is less than Threshold Basis, Developers may include in Total Fee an amount equal to 50% of surplus cash flow taken over a maximum of 15 years (and after payment of the general partner management fee and investor asset management fee, if applicable) as Deferred Developer Fee. Developers may use industry standard inflators of income and expenses to calculate Deferred Developer Fee.
 - a. Distributions of surplus cash as Deferred Developer Fee are in lieu of an Incentive Management Fee. Upon full payment of the Deferred Fee, which may be prior to Year 15 of operations, a surplus cash distribution as Incentive Management Fee shall commence, at 33.3% of surplus cash (and after payment of the general partner management fee and investor asset management fee, if applicable).
 - b. For projects supported by the Local Operating Subsidy Program, Deferred Developer Fee must be taken over a minimum time period of 5 years.
3. General Partner Equity: If eligible basis is less than Threshold Basis, Developers should include in Total Fee the maximum amount available for re-contribution as General Partner Equity, with a minimum target of \$500,000.

III. FEE DISTRIBUTION: The Maximum Fee shall be divided equally between an “At-Risk Fee” and “Project Management Fee” (subject to the “At-Risk Fee Adjustment” described below).

A. Project Management Fees

Project Management Fees shall be distributed according to achievement of certain development milestones, as follows:

*(PM Fee assuming
 Maximum Fee is \$2MM)*

Milestone	Project Mgmt Fee Distribution	Total PM Fee: \$1,000,000
Acquisition, if applicable, or predevelopment loan closing (or another agreed-upon milestone if acquisition is not applicable, e.g. being awarded a City-owned site through a RFQ/RFP process)	15%	\$150,000
During Predevelopment/ with no more than 35% of the total Project Management Fee to be disbursed prior to construction closing	35%	\$350,000
At Construction Closing	20%	\$200,000
During construction (disbursed upon request depending on % of construction completion) or at Completion of Construction	20%	\$200,000
Project Close-Out: Placed-In-Service application; 100% lease-up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification.	10%	\$100,000
TOTAL PM FEE	100%	\$1,000,000
TOTAL AT-RISK FEE		\$1,000,000 + \$10,000/unit over 100 units (if applicable)
TOTAL CASH-OUT DEVELOPER FEE		\$2,000,000 + \$10,000/unit over 100 units

B. At-Risk Fee

The remaining 50% of the base Cash-Out Fee + 100% of additional cash-out fee for projects with unit counts over 100 are at-risk for cost overruns that exceed the available contingency funds in the final project budget approved by MOHCD at construction loan closing. One fifth (20%) of the At-Risk Fee may be paid at Qualified Occupancy (95% Leased up and Draft Cost Certification Audit). One half (50%) of the At-Risk fee may be paid out at Permanent Loan Closing/Conversion (Final Cost Certification Audit). The remaining At-Risk fee (30%) may be paid at Project Close-Out, as defined above, including City approval of sponsor's project completion report and documents.

C. At-Risk Fee Adjustment

When outside funding sources limit the Maximum Fee to a value less than MOHCD's standard (e.g., California's Department of Housing and Community Development), the At-Risk Fee shall be capped at \$200,000 or 20% of the Maximum Fee, whichever is less.

IV. WAIVERS OF THE DEVELOPER FEE POLICY

The Citywide Affordable Housing Loan Committee may recommend a waiver or modification of any portion of this policy for the purpose of assuring project feasibility. All recommendations related to this policy are subject to the Mayor's approval in his or her sole discretion.

V. CDBG or HOME REQUIREMENTS

If MOHCD uses CDBG or HOME funds to pay the development fee, it is considered "program income", and, should MOHCD request it, the sponsor must provide a report to MOHCD on its use of developer fees.

Recipients of CDBG administrative funding may not also receive a Project Management Fee for the same project covering the same time period.

VI. POLICY IMPLEMENTATION

This policy applies to any development that has not received its gap financing commitment from MOHCD by the effective date of the policy.

Citywide Affordable Housing Loan Committee

San Francisco Mayor's Office of Housing and Community Development

Office of Community Investment and Infrastructure

Department of Homelessness and Supportive Housing

MEMORANDUM

DATE: July 20, 2018
TO: CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE
FROM: Kate Hartley, Director, MOHCD
RE: Technical Update to MOHCD Developer Fee Policy for Tax Credit Projects

1. This Request

The Mayor's Office of Housing and Community Development requests approval of a technical update to its "Policy on Development Fees for Tax Credit Projects" (Fee Policy). The Fee Policy currently allows Developers to take a developer fee for 4% low-income housing tax credit projects that is "The lesser of TCAC Maximum, or \$2,000,000, + \$10,000 per unit over 100 units if additional cash-out requires no additional MOHCD gap funding." The California Tax Credit Allocation Committee (TCAC) recently increased its base fee limit for 9% tax credit deals from \$2 million to \$2.2 million. (TCAC's base fee limit for 4% tax credit projects is \$2.5 million.) MOHCD requests that the maximum base "cash-out" fee allowed in the Fee Policy for 4% projects be increased to \$2.2 million to reflect the change. The additional \$200,000 in Developer Fee would be divided equally between Project Management Fees and At Risk Fee under this proposal. Furthermore, MOHCD requests a reference to MOHCD's commercial developer fee policy be added to the Fee Policy and proposes to correct a typo in the Fee Policy's milestones chart.

2. Reason for the Request

The Mayor's Office of Housing and Community Development and Office of Community Investment and Infrastructure underwrite projects seeking loans according to a variety of policies and procedures developed over time, with stakeholder input, and approved by Loan Committee. One of these is the Fee Policy (effective July 29, 2016.) This Fee Policy informs project sponsor requests and is the basis by which MOHCD and OCII approve developer fee budgeting. Any project seeking a MOHCD or OCII loan must be in conformance with the Fee

Policy or specifically request a waiver from the policy for a compelling reason that Loan Committee must approve.

MOHCD set the Fee Policy to reflect other important regulatory requirements, specifically TCAC's regulations. So that MOHCD can continue to conform its Fee Policy with TCAC limits related to tax credit projects, the "TCAC Maximum" value in the Fee Policy should change from \$2 million to \$2.2 million.

3. Staff Recommendation

Amend the Mayor's Office of Housing and Community Development Policy on Development Fees for Tax Credit Projects as follows:

Project Type	9% Project - Maximum Cash-Out Fee	4% Project - Maximum Cash-Out Fee	Notes
New Construction	TCAC Maximum	The lesser of TCAC Maximum allowed by the relevant eligible basis calculation OR \$2.2 million + \$10,000 per unit over 100 units, if additional cash-out requires no additional MOHCD gap funding. In addition, projects with commercial spaces may take a commercial developer fee in conformance with MOHCD's commercial underwriting guidelines.	Developers may also take deferred fee; see further explanations below.

The Fee Distribution Table will be updated as follows

Milestone	Project Mgmt Fee Distribution	Total PM Fee: \$1,100,000
Acquisition, if applicable, or predevelopment loan closing (or another agreed-upon milestone if acquisition is not applicable, e.g. being awarded a City-owned site through a RFQ/RFP process)	15%	\$165,000

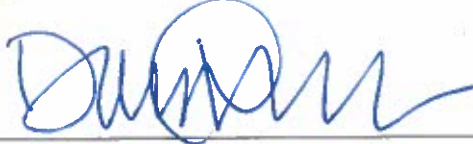
During Predevelopment, with no more than 50% of the total Project Management Fee during the predevelopment period	35%	\$385,000
At Construction Closing	20%	\$220,000
During construction (disbursed upon request depending on % of construction completion) or at Completion of Construction	20%	\$220,000
Project Close-Out: Placed-In-Service application; 100% lease-up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification.	10%	\$110,000
TOTAL PM FEE	100%	\$1,100,000
TOTAL AT-RISK FEE		\$1,100,000 + \$10,000/unit over 100 units (if applicable)
TOTAL CASH-OUT DEVELOPER FEE		\$2,200,000 + \$10,000/unit over 100 units

4. Loan Committee Modifications

5. LOAN COMMITTEE RECOMMENDATION

Approval indicates approval with modifications, when so determined by the Committee.

APPROVE. [] DISAPPROVE. [] TAKE NO ACTION.



Date: 7-20-18

Dan Adams
~~Kate Hartley, Director~~
Deputy
Mayor's Office of Housing and Community Development

APPROVE. [] DISAPPROVE. [] TAKE NO ACTION.



Date: 7-20-18

Nadia Sesay, Executive Director
Office of Community Investment and Infrastructure

APPROVE. [] DISAPPROVE. [] TAKE NO ACTION.



Date: 7-20-18

Jeff Kositsky, Director
Department of Homelessness and Supportive Housing
Kerry Abbott, Deputy Director
For

EXHIBIT K

Hold Harmless Policy

[To be attached]

Mayor's Office of Housing and Community Development
City and County of San Francisco



London N. Breed
Mayor

Kate Hartley
Director

Hold Harmless Policy for MOHCD's Income Limits & Maximum Rents
Effective: 5/3/2019 (update to the initial policy that was effective 2/19/2016)

Background

Every year, the United States Department of Housing and Urban Development ("HUD") publishes area median income ("AMI") data for jurisdictions across the United States. The City and County of San Francisco, acting through its Mayor's Office of Housing and Community Development ("MOHCD"), is a part of the San Francisco HUD Metropolitan Fair Market Rent Area ("SF HMFA"), which contains San Francisco, San Mateo and Marin County. MOHCD uses HUD's unadjusted AMI for SF HMFA as opposed to adjusted AMI, which is inflated to reflect high cost factors, to establish the income limits, maximum rents and sales prices that apply to affordable housing projects and programs regulated by MOHCD.

In 2016, MOHCD established a Hold Harmless Policy which stated that in any year when AMI decreased, MOHCD would maintain the income limits, maximum rents and sales prices at the previous year's levels in order to protect the operational integrity of affordable and inclusionary housing developments.

Purpose

This update to the Hold Harmless Policy (this "Policy") adds a limit to annual increases to income limits, maximum rents and sales prices published by MOHCD in order to mitigate the significant financial burden on low- and moderate-income tenants and homebuyers during periods of high escalation of AMI in San Francisco.

This Policy establishes the following:

- Limit annual increases to income limits, maximum rents, and sale prices to a maximum of 4%ⁱ
- Uphold the current policy of maintaining income limits, maximum rents and sales prices at the previous year's levels in years when AMI, as published by HUD, has decreased.

This Policy is intended to limit harm by:

1. Protecting tenants from displacement due to annual rent increases that would cause a significant financial burden; and
2. Protecting the operational integrity of housing developments so that owners are able to cover operating costs that typically increase annually, even when AMI decreases; and

- Ensuring that San Francisco’s low-, moderate- and middle-income workforce retain access to homeownership opportunities.

Hold Harmless Limits

For the purpose of this Policy:

“**HUD SF AMI**” means the maximum income by household size, maximum rent by unit type, and maximum sales prices as published annually by MOHCD, derived from the median income determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as “Unadjusted Median Income”.

“**MOHCD AMI**” means the maximum income by household size, maximum rent by unit type, and maximum sales prices as published annually by MOHCD under this Policy.

“**Housing Provider**” means any person or entity that owns a multi-family property that is restricted for the purpose of affordable housing and/or subject to MOHCD administration, regulations, or policies.

Limited Increases: Annual increases to MOHCD AMI shall be limited to the lesser of: (1) the percentage amount necessary to adjust MOHCD AMI to match the then-current year’s HUD SF AMI, or (2) four percent (4%)ⁱ. This Policy limits year-over-year increases to MOHCD AMI to 4% in periods of high HUD SF AMI escalation, while allowing MOHCD AMI to “catch up” to HUD SF AMI during periods when HUD SF AMI grows slowly, is static, or decreases.

Limited Decreases: This update to the Policy does not eliminate the Hold Harmless Policy adopted in 2016. In years when the MOHCD AMI matches the HUD SF AMI, and the subsequent year’s HUD SF AMI decreases, MOHCD will maintain the MOHCD AMI from the previous year. If, in subsequent years, HUD SF AMI decreases again, stays flat, or increases to a level that is still lower than before the initial decrease, MOHCD will maintain its published AMI until such time as the HUD SF AMI increases to a level that is greater than the MOHCD AMI.

The application of this Policy may result in the creation of a calculation of MOHCD AMI that is different than the HUD SF AMI. The below chart demonstrates how this Policy would be applied over a hypothetical 6-year period:

	Base Year	Year 2		Year 3		Year 4		Year 5		Year 6	
	AMI	AMI	% Change	AMI	% Change	AMI	% Change	AMI	% Change	AMI	% Change
HUD SF AMI	100.0	108.0	8.0%	107	-0.9%	111	3.9%	109.0	-2.0%	112.5	3.2%
MOHCD AMI	100.0	104.0	4.0%	107	2.9%	111	3.9%	111	0.0%	112.5	1.2%

Utility Allowances

Notwithstanding anything to the contrary in this Policy, it is important to note that a Housing Provider will be required to lower net rents (i.e. tenant-paid rent) as the result of increases in utility allowances in years when the MOHCD AMI matches the HUD SF AMI, and HUD SF AMI has decreased or remained flat. MOHCD AMI establishes the limits for maximum gross rent (aka “Tier 2 rent” under the City’s Inclusionary Housing Manual),” which consists of tenant rent plus utility allowance. If HUD SF AMI decreases or remains flat, and therefore MOHCD AMI remain the same as the previous year, an increase in the utility allowance means that the tenant rent would have to be lowered.

Limited Hardship Waiver

MOHCD will consider, in its sole discretion, a waiver of this Policy from a Housing Provider with rental units restricted under contracts (i.e., loan agreement, grant agreement, or other agreement for funding from the City) with MOHCD upon demonstration that: (1) the MOHCD AMI imposes a financial hardship that puts at risk the Housing Provider's ability to cover reasonable operating costs and debt service, (2) existing tenants will not be unreasonably financially burdened by the Housing Provider's proposed rent increases, and (3) the Housing Provider is not in default under any contract with MOHCD. Any waiver from this Policy approved by MOHCD, in its sole discretion, shall apply for only one year. Housing Providers are solely responsible for providing MOHCD with any documentation requested by MOHCD to support a hardship waiver of this Policy.

ⁱ The application of the 4% increase is made on the amount for the 100% AMI level for a 4-person family. MOHCD continues to using rounding to the nearest \$50 on the calculations for all of the other income levels and household sizes. The use of rounding may create nominal differences in the percentage increases for all of the other max income levels and household sizes, as well as for all of the maximum rents.

EXHIBIT L
Insurance Requirements

Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or caused to be maintained, the insurance and bonds as set forth below from the date of this Agreement or other applicable date set forth below throughout the Compliance Term at no expense to the City:

1. Liability Insurance. Borrower must obtain and maintain, or cause its contractors, subcontractors, property managers and/or agents, as appropriate for each, to obtain and maintain, insurance and bonds as follows:

(a) to the extent Borrower or its contractors and subcontractors have "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident, injury or illness;

(b) commercial general liability insurance, with limits no less than Two Million Dollars (\$2,000,000) combined single limit per occurrence and Four Million Dollars (\$4,000,000) annual aggregate limit for bodily injury and property damage, including coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Borrower is conducting any activity on, alteration or improvement to the Site with risk of explosions, collapse, or underground hazards.[Borrower may obtain an umbrella or excess liability insurances to meet these coverage amounts;]

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(i) business auto liability policy should be endorsed to include an auto pollution Additional Insured Endorsement.

(ii) Per the Federal Motor Carrier Safety Administration - Form MCS-90 for Motor Carrier Policies of Insurance for Public Liability under Sections 29 and 30 of the Motor Carrier Act of 1980 must be provided.

(d) professional liability insurance of no less than Two Million Dollars (\$2,000,000) per claim and Four Million Dollars (\$4,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Borrower's architects, engineers and surveyors. [The City will approve lower coverage amounts upon request, should lower coverage amounts be appropriate given the scope of work for particular consultant.] If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Borrower shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand

Dollars (\$50,000) each claim must be reviewed by Risk Management[, such approval shall not be unreasonably withheld]; and

(e) a crime policy or fidelity bond covering Borrower's officers and employees against dishonesty with respect to the Funds of no less than Seventy-Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Twenty Five Thousand Dollars (\$25,000) each loss, including the City as additional obligee or loss payee;

(f) as applicable, pollution liability and/or asbestos pollution liability covering the work being performed with a limit no less than Two Million Dollars (\$2,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Borrower's contractor, provided that the policy must be "claims made" coverage and Borrower must require Borrower's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance. Borrower must maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds as follows:

(a) Prior to construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all improvements prior to commencement of construction and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(b) During the course of construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Twenty Five Thousand Dollars (\$25,000) each loss, including the City as loss payees. [City shall approve higher deductible amounts if developer demonstrates commercially available policy at the time of insurance procurement requires higher deductible amount; such approval shall not be unreasonably withheld;]

(ii) Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Borrower as dual obligees or other completion security approved by the City in its sole discretion.

(iii) Contractors Pollution Liability and/or Asbestos Pollution Liability and/or Errors & Omissions applicable to the work being performed, with a limit no less than \$1,000,000 per claim or occurrence and \$2,000,000 aggregate per policy period of one year, and this coverage shall be endorsed to include Non-Owned Disposal Site coverage.

(c) Upon completion of construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor. For rehabilitation/construction projects that are unoccupied by residential or commercial tenants, Tenant must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Twenty Five Thousand Dollars (\$25,000) each loss, including the City as loss payee.

The following notice is provided in accordance with the provisions of California Civil Code Section 2955.5: Under California law, no lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

3. Commercial Space. Borrower must require that all nonresidential tenants' liability insurance policies include Borrower and the City as additional insureds, as their respective interests may appear. Throughout the term of any lease of Commercial Space in the Project, Borrower must require commercial tenants to maintain insurance as follows:

(a) to the extent the tenant has "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident;

(b) commercial general liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including coverage for contractual liability; personal injury; advertisers' liability; owners' and contractors' protective; broadform property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) with respect to any tenant who has (or is required by Law to have) a liquor license and who is selling or distributing alcoholic beverages and/or food products on the leased premises, to maintain liquor and/or food products liability coverage with limits not less than One Million Dollars (\$1,000,000), as appropriate;

(e) special form coverage insurance, including vandalism and malicious mischief, in the amount of 100% of the full replacement cost thereof, covering all furnishings, fixtures, equipment, leasehold improvements, alterations and property of every kind of the tenant including coverage for loss of income due to an insured peril for twelve (12) months; and of persons claiming through the tenant; and

(f) full coverage plate glass insurance covering any plate glass on the commercial space.

4. General Requirements.

(a) General liability and automobile liability policies of Borrower, contractors, commercial tenants and property managers must include the City, including its Boards, commissions, officers, agents and employees, as an additional insured by endorsement acceptable to the City.

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to the City before cancellation or intended non-renewal is effective. The endorsement must provide the City with the same rights as the named insured in the event of cancellation or intended non-renewal.

(c) With respect to any property insurance, Borrower hereby waives all rights of subrogation against the City to the extent of any loss covered by Borrower's insurance, except to the extent subrogation would affect the scope or validity of insurance.

(d) Approval of Borrower's insurance by the City will not relieve or decrease the liability of Borrower under this Agreement.

(e) Any and all insurance policies called for herein must contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(f) The City reserves the right to require an increase in insurance coverage in the event the City determines that conditions show cause for an increase, unless Borrower demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Borrower.

(g) All liability policies must provide that the insurance is primary to any other insurance available to the additional insureds with respect to claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought and that an act of omission of one of the named insureds that would void or otherwise reduce coverage will not void or reduce coverage as to any other insured, but the inclusion of more than one insured will not operate to increase the insurer's limit of liability.

(h) Any policy in a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs are included in the general annual aggregate limit must be in amounts that are double the occurrence or claims limits specified above.

(i) All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made policy, coverage must be maintained continuously for a period ending no less than three (3) years after recordation of a notice of completion for builder's risk or the Compliance Term for general liability and property insurance.

(j) Borrower must provide the City with copies of endorsements for each required insurance policy and make each policy available for inspection and copying promptly upon request.

Exhibit M

HOPE SF Resident Selection Criteria
[To be attached]

**HOPE SF
RESIDENT SELECTION CRITERIA
Public Housing Replacement Units**

[Before completing this document, please make sure you have the most current version. Management Agent may receive current version of this document from the MOHCD Project Manager or OCII Development Specialist for the property. You may delete this prompt when submitting form to MOHCD/OCII Staff. However, please submit this document with the redline showing. Do not accept the proposed changes. Staff reviewing the document want to see the changes made when completing this document.]

I. INTRODUCTION

This Resident Selection Plan (the “Plan”) outlines the procedures for selecting residents for the Tax Credit and Project Based Voucher units by **[NAME OF PROPERTY MANAGEMENT AGENT]** (“Management”) for **[NAME OF DEVELOPMENT]** located at **[ADDRESS OF PROPERTY]**, a development associated with HOPE SF. HOPE SF is a mayoral initiative that began in 2003 to transform four public housing developments: Hunters View, Alice Griffith, Potrero, Sunnydale Velasco (the “HOPE SF properties”). “HOPE SF property” refers to a specific HOPE SF development.

The procedures in this Plan are to be followed after (1) the lottery and lease-up process conducted by either the Office of Investment & Infrastructure (“OCII”) or Mayor’s Office of Housing and Community Development (“MOHCD”) for tax credit units, and (2) receipt of the San Francisco Housing Authority (“SFHA”) referral for initial or re-lease of public based voucher units.

II. GENERAL PRINCIPLES

[NAME OF PROPERTY MANAGEMENT AGENT]’s and **[NAME OF DEVELOPER]**’s agree that the goal of this Plan is to ensure that all applicants are screened using consistently applied, fair criteria, to provide a desirable, well-maintained and affordable place to live for an economically, racially, and ethnically integrated resident population, while complying with the provisions of any federal, state, or local law prohibiting discrimination in housing on the basis of race, religion, sex, color, family status, disability status, national origin, marital status, ancestry, gender identity or sexual orientation, source of income, or HIV/AIDS status.

We also agree that **[NAME OF PROPERTY MANAGEMENT AGENT]** and **[NAME OF DEVELOPER]** will “screen in” rather than “screen out” applicants who have a criminal record as per San Francisco Police Code Article 49, Sections 4901-4920, or the Fair Chance Ordinance.

Finally, we acknowledge that Management is subject to the Violence Against Women Reauthorization Act of 2013 (VAWA). Guidelines for the adherence to VAWA are attached hereto as Exhibit D.

III. LIMITED ENGLISH PROFICIENCY (LEP)

Reasonable steps will be taken to ensure that persons with Limited English Proficiency (LEP) have meaningful access and an equal opportunity to participate in Management’s services, activities, programs and other benefits. Interpreters, translators and other aids needed to comply with this policy shall be provided free of charge to the person being served, and residents and their families will be informed of the availability of such assistance. Language assistance will be provided through use of a contracted

telephonic interpretation service, competent bilingual staff, staff interpreters, or formal arrangements with local organizations providing interpretation or translation services or technology.

IV. DEFINITIONS

The following definitions apply to all properties related to HOPE SF:

A. An Entirely Full Time Student Household (“ESH”) is not eligible to receive housing assistance by the IRS Section 42 Tax Credit/Low Income Housing Tax Credit (“LIHTC”) program, as administered by the California Tax Credit Allocation Committee (“CTCAC”).

1. Further, IRS Section 42 Tax Credit/ LIHTC program defines a full-time student as:

- a. Anyone who has attended or plans to attend school full time for five (5) months of this calendar year. This does not have to be consecutive. Example 1: If an applicant attends school full time from January 20th through May 13th, this is considered five months. If they attend one day in any month, that counts as a full month. Example 2: If an applicant attended full time one day in January, one day in February, one day in April, one in June and one in July, you are considered a full-time student until January 1st of the following year.
- b. Full time enrollment status is determined by the enrollment definitions of the school being attended.

[NAME OF PROPERTY MANAGEMENT AGENT] agrees to comply with the most current ESH definition by IRS Section 42 Tax Credit/ LIHTC program, as administered by the CTCAC.

2. Management may accept an ESH household if one or more of the criteria below are met. If the criteria below change, the most current criteria as defined by IRS Section 42 Tax Credit/LIHTC program, as administered by the California Tax Credit Allocation Committee, will apply.

- a. At least one student receives assistance under Title IV of the Social Security Act (Temporary Assistance to Needy Families or TANF, formerly AFDC);
- b. At least one student is enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State or local laws, as defined by HUD 4350.3 REV-2;
- c. The household consists of a single parent with their minor children and such parent and the children are not dependents of another individual;
- d. At least one student is married and files a joint tax return or is eligible to file a joint tax return.
- e. At least one household member is between the ages of 18 to 24 and was previously (not currently) under the care and placement responsibility of the State Agency responsible for administering a plan under Part B or Part E of

Title IV of the Social Security Act (Foster Care).

- B. HOPE SF Developer** is the development entity of the specific HOPE SF Property. The HOPE SF Developers are the John Stewart Company for Hunters View, McCormick Barron Salazar for Alice Griffith, BRIDGE Housing Development for Potrero, and Mercy Housing California and Related California for Sunnydale Velasco.
- C. Project Based Voucher Units (“PBV”)** means all PBV housing units receiving rental assistance under Section(o)(13) of the U.S. Housing Act of 1937. Regulations are described in 24 CFR Part 983.
- D. Public Housing Replacement Units (“PHR”)** are units that: (1) have been newly constructed with LIHTC’s; (2) are subsidized with PBV’s, and; (3) are in like-new condition that is less than 5 years old from date of Temporary Certificate of Occupancy (“TCO”) and are intended to serve as replacement units for HOPE SF residents exercising their Right to Revitalized Unit. These units will be regulated per Tax Credit compliance regulations as well as HUD guidelines and the current SFHA Housing Choice Voucher Program Administrative Plan (“Admin Plan”). PHR units may be located at HOPE SF Properties or at a limited number of designated off-site locations.

After 5 years, a PHR unit *may* still be considered new if SFHA and OCII or MOHCD collectively approve an extension. *PBV units will be considered **Expired PHR** units for the purpose of re-leasing of units after 5 years of TCO date (or whenever SFHA and OCII or MOHCD deem the unit no longer new), or all HOPE SF residents at the HOPE SF property who are eligible to exercise their Right to Revitalized Unit have done so.*

HOPE SF residents have a preference to occupy PHR units at HOPE SF Properties or at a limited number of designated off-site locations and fall into one of the follow three PHR applicant categories:

1. **On-Site Applicants** are HOPE SF residents exercising their Right to Revitalized Unit at new affordable units located at same the HOPE SF property from which they acquired their Right to Return.
2. **Off-Site Applicants** are HOPE SF residents exercising their Right to Revitalized Unit at new affordable housing units located at a property other than the HOPE SF property, but operated by the same HOPE SF Developer, the same HOPE SF Developer’s general partner entity, or the same HOPE SF Developer in partnership with another developer as the HOPE SF property from which the HOPE SF residents acquired their Right to Return.
3. **Cross-Site Applicants** are HOPE SF residents exercising their Right to Revitalized Unit at new affordable housing units located at a property operated by a different developer than the developer operating the HOPE SF property from which the HOPE SF residents acquired their Right to Return.

On-Site Applicants whose income exceeds the LIHTC income limit will be designated **PHR No TC Unit**. **PHR No TC Unit** is an unrestricted public housing replacement unit.

E. Rental Assistance Demonstration (“RAD Units”) means housing units receiving rental assistance under HUD PIH -2012-32 Notice and all subsequent updates. RAD Units are a form of PBV units, but not all PBV units are RAD. [NAME OF DEVELOPMENT] is anticipated to receive [STATE NUMBER OF RAD UNITS] **RAD Units**. In this document, “**Non-RAD PBV Units**” refers to PBV that are not administered under HUD PIH-2012-32 Notice. [NAME OF DEVELOPMENT] is anticipated to receive [STATE NUMBER OF Non-RAD PBV UNITS] **Non-RAD PBV Units**. [NAME OF DEVELOPMENT] has a total of [STATE TOTAL OF RAD AND Non-RAD PBV UNITS] **PBV units** and this number equals the total of PHR units at [NAME OF DEVELOPMENT].

F. Right to Return means the right of: (1) public housing households to a Revitalized Unit referred to in this document as a PHR unit; (2) public housing households right to return to an On-site PHR unit after all on-site residents have exercised their Right to Revitalized Unit; (3) any member of a public housing households to receive a preference in a tax credit unit as long as the household provides proof of residents at existing or former HOPE SF property, pursuant to Chapter 39 of the San Francisco Administrative Code, as amended (Board of Supervisors’ File #120812). Relocation rights for families who are residents of the HOPE SF developments and relocating to PHR units are outlined in the relocation plan for their specific HOPE SF property. All HOPE SF residents must be in good standing in order to move into the Revitalized Units. To be in good standing, requires that the SFHA did not file a Summons and Complaint against any member of the household, and that no member of the household has been evicted (SFHA Board of Commissioners Resolution #5390). Notwithstanding the above, a household is still considered eligible to move if the family has an active Unlawful Detainer action against them, and they are in a repayment agreement and current on the repayment agreement.

G. Non-PBV Tax Credit (“Non-PBV TC”) Units are restricted by the IRS Section 42 Tax Credit/LIHTC program, but are not subsidized with a PBV. Non-PBV TC Units are available to qualified members of the general public. Non-PBV TC Units are also considered “lottery units.” [NAME OF PROPERTY MANAGEMENT AGENT] has submitted to MOHCD Below Market Rate staff and the MOHCD Project Manager and/or OCII Development Specialist a Marketing Plan and Tenant Selection Plan for [NAME OF DEVELOPMENT] that covers the “lottery units” and adheres to the current version of the MOHCD Housing Preference and Lottery Procedures Manual. (The current version of the MOHCD Housing Preference and Lottery Procedures Manual is on MOHCD’s website at <https://sfmochd.org>.)

A resident may have a “tenant based” and/or “portable” voucher in **Non-PBV TC Units**. [NAME OF DEVELOPMENT] has a total of [STATE TOTAL OF Non-PBV TC UNITS] **Non-PBV TC Units** without project based vouchers.

V. PREFERENCES

Preferences are not permitted if the preference in any way negates affirmative marketing efforts or fair housing obligations. The following preferences apply:

A. Regulatory Preferences for Project Based Voucher Units – The preferences listed below will be given to eligible applicants on the SFHA specific HOPE SF [NAME OF HOPE SF

DEVELOPMENT] Waitlist: [The following should include all preferences stated in the loan evaluation first and loan agreement. The following should also be consistent with all of the site-based preferences for this development that are listed in the current version of the SFHA Housing Choice Voucher (HCV) Administrative Plan, typically found in Chapter 4.]

- 1.
- 2.

Note for HOPE SF properties: In SFHA’s HCV Administrative Plan, “Families with a Right-to-Return” are On-Site Applicants in this documents. “HOPE SF Construction” are Cross-Site Applicants from other HOPE SF properties in this document. When a HOPE SF property nears its final development phases, it is possible that there will be no more On- or Cross- Site Applicants for the PHR units. When and if this happens, SFHA will begin to refer applicants from the HCV Administrative Plan preferences listed after “Families with a Right-to-Return” and “HOPE SF Construction.” When SFHA sends referrals for Non-HOPE SF properties, the referrals will be marked “Waitlist”, and these households are to be processed following the Cross-Site processing described in this document.

Note for properties accepting Off- and Cross- Site Applicants: In SFHA’s HCV Administrative Plan, “Families with a Right-to-Return of [Name of HOPE SF property]” are On-Site and Off-Site Applicants in this documents. However, at new affordable housing units located at a property other than the HOPE SF property, but operated by the same HOPE SF Developer “Families with a Right-to-Return of [Name of HOPE SF property]” are only considered Off-Site Applicants. “HOPE SF Construction” are Cross-Site Applicants for [NAME OF DEVELOPMENT]. When [NAME OF DEVELOPMENT] has processed all of the Off- and Cross- Site referrals and the designated PHR units at [NAME OF DEVELOPMENT] cannot or will not be filled by Off- and/or Cross- Site Applicants, SFHA will begin to refer applicants from the HCV Administrative Plan preferences listed after “Families with a Right-to-Return of [Name of HOPE SF property]” and “HOPE SF Construction,” if applicable. When SFHA sends referrals from Non-HOPE SF properties, the referrals will be marked “Waitlist”, and these households are to be processed following the Cross-Site processing described in this document.

B. OCII/MOHCD Preferences for Tax Credit Units – Please see [NAME OF DEVELOPMENT]’s Marketing Plan pages [List Appropriate Pages] for the preferences applied to the Non-PBV TC Units.

Please see [NAME OF DEVELOPMENT]’s Marketing Plan pages [List Appropriate Pages] for Management’s process of *when household wanting to occupy a Non-PBV TC Unit is denied*.

VI. ONSITE TRANSFERS

The following actions are always given priority for current households, if applicable.

1. A unit transfer based on the need for an accessible unit.
2. A unit transfer because of household size.
3. A unit transfer of a non-disabled individual living in a wheelchair accessible unit to accommodate an applicant on the Non-PBV TC Unit waiting list in need of a wheelchair accessible unit. (A lease addendum will be entered into with non-disabled resident living in a wheelchair accessible unit.)
4. A unit transfer based on the need of an emergency temporary relocation. (If a unit becomes uninhabitable due to a catastrophe, the resident family will be given any open unit for temporary living quarters until their own unit is repaired.)

Onsite transfers in PHR units have the same standards as above and must comply with the guidelines in the Admin Plan. Refer to the Admin Plan for additional referral information for off-site PBV units.

VII. APPLICATION PROCESS

Applicants for PHR units for [NAME OF DEVELOPMENT]’s initial lease up will be considered “[DEVELOPER/MANAGEMENT STATE WHETHER THIS DEVELOPMENT WILL FOLLOW On-site, Off-site, or Cross-Site Applicant]”.

If at initial lease up, [DEVELOPER/MANAGEMENT, IN THE FOLLOWING SENTENCE DELETE THE APPLICANT TYPE THAT DOES NOT APPLY TO THIS CURRENT PROPERTY LEASE UP] On-, Off-, and Cross- Site applicants residents will not fill all PHR units, SFHA will refer households from the [NAME OF HOPE SF PROPERTY OR OFF-SITE DEVELOPMENT WAITLIST IN THE SFHA ADMIN PLAN] Waitlist in accordance to the preference chart in the SFHA’s current Administrative Plan. Referrals sent from the SFHA waitlist that are also HOPE SF Construction, which by definition in this document means Cross-Site, will be identified on the SFHA referral letter by the HOPE SF property at their current location. Referrals sent from the waitlist that are not applicants from HOPE SF properties will be identified on the SFHA referral letter as “Waitlist” and will be considered “Waitlist Applicants” in this document. All Waitlist Applicants will follow the applicant screening process for PHR Units as outlined below. [NAME OF PROPERTY MANAGEMENT AGENT] has assumed that [STATE ASSUMED NUMBER OF PHR UNITS THAT MAY BE FILLED BY SFHA WAITLIST APPLICANTS THAT WILL NOT BE ON-, OFF-, OR CROSS- SITE APPLICANTS] units may be filled by Waitlist Applicants.

A. PRIORITY PROCESSING ORDER.

1. **PHR** [DEVELOPER/MANAGEMENT CHOSE THE PROCESS THAT APPLIES TO YOUR DEVELOPMENT & DELETE THE ONE THAT DOES NOT APPLY]
 - a. *On-Site Applicants*, SFHA has held a processing lottery at each of the HOPE SF properties to establish the processing order of the residents for on-site relocation to PHR units. This will determine the processing order for referrals to Management and unit selection at Revitalized Unit.

- b. *Off-Site and/or Cross-Site Applicants*, SFHA will conduct a survey to determine who is interested in an off-site and/or cross-site move. Households who have expressed an interest will be contacted (up to two times/household) by SFHA to determine interest in moving to off- or cross- site location. If the household is interested the household will be referred to the off-site or cross-site Developer after SFHA’s initial intake processing has occurred. As these households are exercising their Right to Revitalized Unit, the households maintains their priority on the HOPE SF [NAME OF HOPE SF DEVELOPMENT] Waitlist. These households may submit documents to SFHA at the household’s earliest convenience. However, SFHA will continue to process and refer potential applicants to the Developer on a first-completed basis. Units may be offered in the processing order that the SFHA referral is sent to the Developer. Please note for Revitalized Units at HOPE SF sites, On-Site Applicants will have priority over the Cross-Site Applicants.

[DEVELOPER/MANAGEMENT, IN THE FOLLOWING SENTENCE DELETE THE PROCESS THAT DOES NOT APPLY TO THIS CURRENT PROPERTY LEASE UP] On-, Off-, and Cross- Site applicant households will be referred by the SFHA Waitlist Management Department. Management will contact the applicants a minimum of two times and will use all modes of communication available (phone, email, regular mail, etc.) by [DEVELOPER/MANAGEMENT STATE THE FORM OF CONTACT YOU WILL MAKE TO APPLICANTS] in processing order. If the first applicants in processing order referred by SFHA do not respond and submit Management’s required tax credit documentation within 5 business days, Management will contact the next set of applicants in processing order referred by SFHA.

2. **PHR No TC Units and Expired PHR**, after the initial lease-up, units will be offered according to the ascending order of priorities as defined in SFHA’s current Administrative Plan and above as described in V.A - Preferences above.
3. **Non-PBV TC Units** -- Please see [NAME OF DEVELOPMENT]’s San Francisco Housing Portal – DAHLIA project posting and the MOHCD Housing Preference and Lottery Procedures Manual for information on where applications will be provided, website address, and discussion about number of times Developer/Management will contact initial lease-up application and the number of days an initial lease-up applicant has to respond to Management’s request.

B. PROGRAM INCOME AND ELIGIBILITY REQUIREMENTS –

Applicants who apply to any unit at [NAME OF DEVELOPMENT] must meet income and eligibility tests for the unit type first, before any further screening steps are taken regarding selection criteria. The program income and eligibility tests include:

1. Management has received a completed application form, or pre-application form, and all accompanying consent forms for release of information signed.

2. Applicants for **Non-PBV TC Units and PHR** units must meet the income requirements of Section 42 of the Internal Revenue Code outlined in the Restrictive covenants and MOHCD area median income (“MOHCD AMI”). [If desired, include specific income restrictions here.] The Agent will seek third-party verification and second-party documentation in conformance with the IRS code’s Restrictive Covenants, as administered by the CTCAC.
3. On-site Applicants may be over income and exceed the 24 C.F.R Part 5 and/or MOHCD AMI. However, when the On-Site Applicant moves out, the next household to occupy the unit will meet the most restrictive of the 24 C.F.R. Part 5 or MOHCD AMI, and the PBV associated with that unit will be available.
4. All definitions relating to income are based on 24 C.F.R. Part 5 and MOHCD AMI, as published annually by MOHCD, except otherwise noted.
5. All applicants for the **PHR or Expired PHR** units must meet the eligibility requirements outlined in the SFHA’s current Administrative Plan.
6. The Tax Credit student rule applies to the **Non-PBV TC Units**, and the HUD and LIHTC full-time student rules apply to the **PHR** units.
7. For **PHR** units, a previous eviction could preclude a household from consideration if the loss of rental subsidy is due to Housing Authority rule violations.

C. UNIT TYPES & RESTRICTIONS - The income restrictions below are for [NAME OF DEVELOPMENT] and are posted in the Leasing Office.

[DEVELOPER/PROPERTY MANAGEMENT, COMPLETE CHART BELOW. YOU MAY CREATE/INSERT NEW LINE TO KEEP UNIT TYPES, TAX CREDIT AND/OR PHR, WITH LIKE AMI’S TOGETHER]

Unit Type	# of Non-PBV TC Units	# of PHR RAD PBV Units	# of PHR Non-RAD PBV Units	# of PHR No TC Units	Maximum % AMI per LIHTC	Maximum % AMI per 24 CFR Part 5	Target % AMI for unit and funding type
1 BR	#	#	#	#	%	%	%
2 BR	#	#	#	#	%	%	%
3 BR	#	#	#	#	%	%	%
4 BR	#	#	#	#	%	%	%
5 BR	#	#	#	#	%	%	%

TOTAL	#	#	#	#			
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[DEVELOPER/PROPERTY MANAGEMENT, PLEASE EXPAND OR COLLAPSE CHART TO MATCH YOUR UNIT TYPES AND INCOMES]

D. UNIT SIZE/OCCUPANCY STANDARDS – Upon initial occupancy, no more than two persons will be assigned to a bedroom, plus one adult. Children under six years of age do not count toward the occupancy minimum. Maximum household size cannot exceed San Francisco Department of Building Inspection occupancy standards with regard to square footage per occupant. **(If there is State of California Housing and Community Development funding in the project, then occupancy standards may be different and Developer/Manager should state the most restrictive occupancy standard below.)** Households will be accommodated in accordance with the following occupancy standards:

[DEVELOPER/MANAGEMENT, MOHCD/HOPE SF HAS LISTED THE HUD OCCUPANCY STANDARDS IN THE CHART BELOW. PLEASE MODIFY THIS CHART TO INCLUDE THE OCCUPANCY STANDARD WITH THE HIGHEST MINIMUM FROM FOR THIS DEVELOPMENT.]

	<u>Minimum</u>	<u>Maximum</u>
1. Studio	1	2
One Bedroom	1	3
Two Bedroom	2	5
Three Bedroom	3	7
Four Bedroom	4	9
Five Bedroom	5	11

The above listed Occupancy Chart above adheres to the occupancy standards set by [DEVELOPER/MANAGEMENT, NAME THE REGULATORY AGENCY OCCUPANCY STANDARD YOUR PROPERTY MANAGEMENT DEPARTMENT WILL FOLLOW FOR THIS DEVELOPMENT.]

2. The head of household must be 18 years of age or older, or an emancipated minor.
3. A Live-In Aide is allowed to live in the apartment due to a reasonable accommodation. They may be allowed a separate bedroom.
4. * Children 6 years and under do not count toward minimum occupancy standard.
5. For PBV units, the occupancy standard of SFHA will apply per the current Administrative Plan. If there is a conflict between SFHA occupancy standards and another regulatory agency’s occupancy standards, the regulatory agency with the highest minimum occupancy for this development will prevail.

** Developer/Management makes sure this language is consistent with what was negotiated in the marketing plan with your OCII and/or MOHCD Project Manager and MOHCD Below Market Rate Staff.*

E. WAITING LISTS

Two waiting lists will be maintained.

1. Non-PBV TC Units

Please see [NAME OF DEVELOPMENT]'s Housing Preferences and Lottery Procedures Manual for a description of the **Non-PBV TC Units** waiting list process that includes a discussion about maintaining the lottery waitlist, filling vacancies in a Non-PBV TC Units, creating a waitlist for residents who need to transfer to a different Non-PBV TC Units and process for filling vacancies in accessible Non-PBV TC Units. The Non-PBV TC Units will be Waiting List A.

Please note that the HOPE SF Resident Selection Criteria is one part of the entire Marketing Plan for this development. The Marketing Plan for this development includes the Marketing and Tenant Selection Plan for Initial Rental Units that covers the Non-PBV TC Units, the current version of the MOHCD Housing Preference and Lottery Procedures Manual, and this HOPE SF Resident Selection Criteria. The MOHCD Housing Preference and Lottery Procedures Manual is available on the MOHCD website at <https://sfmochd.org>.

2. PHR

Waiting List B will be maintained for the PHR units by SFHA. Waiting List B will be maintained according to family size, type of unit for applicant households, total household income, and status in relation to preferences. Waiting List B will be used for units which have been set aside for persons on the HOPE SF [NAME OF HOPE SF DEVELOPMENT] Waitlist. After on-site residents have exercised their Right to Revitalized Units, households will be selected from site-based waiting list(s) based on waitlist position as shown in the preference list in the current SFHA Admin Plan.

a. Vacancy in a PHR Units after Initial Lease Up

1. When a unit becomes available, Management completes SFHA's Applicant Referral Request form. Once completed, Management emails scanned copies to the SFHA's Waitlist Management Department Program Manager and SFHA's Leased Housing Department/RAD Program Manager.
2. The Program Managers from SFHA's Waitlist Management Department and Lease Housing Department/RAD work together to refer a potential resident in the order of the preference from SFHA's waitlist for [NAME OF PROPERTY], as listed in the SFHA Admin Plan.

VIII. APPLICANT SCREENING

For a quick reference of all the information in Section VIII – Applicant Screening, please see Exhibit A.

A. Processing Priority (applies to all Non-PBV TC Units and PHR units)

1. Units designed specifically for individuals with a physical impairment:

- a. For this development, "physical impairment" is defined as mobility impairment which necessitates the features in a mobility unit. Features in a mobility unit include, but are not limited to, required wheel-chair turning space in unit, arm reach requirements to appliances, lowered cabinets, roll-in showers. For all units designed specifically with mobility features, priority will be given to those applicants needing such modifications. .

[NAME OF PROPERTY MANAGEMENT AGENT] will follow the process for mobility impairment units that is written in the current version of the MOHCD Housing Preferred and Lottery Procedures Manual.

2. Units designed for individuals with a hearing or vision impairment:
 - a. For all units designed specifically with hearing and/or vision features, priority will be given to those applicants and households where a member is in need of such modifications.

B. Initial Interview – All household members must be present at the initial interview (applies to all Non-PBV TC Units and PHR units).

At the scheduled interview, all eligibility factors will be explained to the applicants, with particular emphasis on the Applicant Screening Requirements. During the interview, the staff person will do the following:

1. Clarify any information provided by the applicant;
2. Income qualification verification, including self-employment: soliciting third-party verification from all sources in order to determine annual household income (the maximum income levels apply to the LIHTC and PBV programs), and all assets, including bank accounts;
3. Make copies of photo identification, i.e. Driver's License or state I.D. card, passport, travel visa, I-94s or employment cards for adults 18 years of age and older, and birth certificates for children under the age of 18 years of age;
4. Make copies of photo identification, i.e. Driver's License or state I.D. card, passport, travel visa, I-94s or employment cards for adults 18 years of age and older, and birth certificates for children under the age of 18 years of age;
5. Answer any questions the applicant may have
6. Provide Fair Chance Ordinance ("FCO") language.

C. Income Qualification/Gross Rent as Percentage of Gross Income

1. Non-PBV TC Units
 - a. To protect [NAME OF DEVELOPMENT] from rent loss and rent delinquency, residents are eligible for the "lottery units" if their income is two times the net rent.
 - b. All income must be verified by Management.

- c. For determining gross rent as percentage of gross income, gross rent shall be calculated using tenant rent plus utility allowance. If there is no utility allowance, tenant rent shall be considered gross rent.
- d. Income qualification adheres to the the current version of the MOHCD Housing Preference and Lottery Procedures Manual and is consistent with the Marketing Plan and Tenant Selection Plan for [NAME OF DEVELOPMENT] that covers the “lottery units.” Please see section [LIST SECTION IN THE THE MARKETING & TENANT SELECTION PLAN COVERING INCOME QUALIFICATION] of the Marketing Plan and Tenant Selection Plan for [NAME OF DEVELOPMENT].

2. PHR

a. *On-Site Applicants:*

- i. SFHA staff will calculate the tenant paid portion for the priority household. The tenant paid portion will be listed on the SFHA referral and the amount shown on the referral will be the Total Tenant Payment (TTP). Given the requirements of certain funding sources, PHR units may have differing underlying rent restrictions based on AMI. In such cases, Management will match applicant income to the AMI level appropriate for each unit

Management will calculate area median income (AMI) for purposes of HOPE SF income reporting that is submitted to the MOHCD Project Manager/OCII Community Development Specialist for [NAME OF DEVELOPMENT] during initial lease-up. On the reporting form, Management must indicate if AMI’s are based on MOHCD or CTCAC AMI’s.

- ii. If an On-site Applicant is over income, the new affordable development must accept the On-site Applicant. The over-income unit will remain a PHR unit, but it will no longer be classified a tax credit unit if the income of the resident exceeds the current maximum of California Tax Credit Allocation Committees maximum income for tax credit eligible unit. Such instances will be reviewed on a phase-by-phase basis.
- iii. If an On-site Applicant household is also an ESH, the new affordable development must accept the On-site Applicant. The ESH will remain in a PHR unit, but it will no longer be classified a tax credit unit as it is out of compliance with the IRS Section 42 Tax Credit/ LIHTC program. Such instances will be reviewed on a phase-by-phase basis.

b. *Off-site/Cross-Site Applicants*

- i. SFHA staff will calculate the tenant paid portion for the priority household. The tenant paid portion will be listed on the SFHA referral and the amount shown on the referral will be the Total Tenant Payment (TTP). Management will calculate area median income (AMI) for

purposes of HOPE SF income reporting that is submitted weekly to the MOHCD Project Manager/OCII Community Development Specialist for [NAME OF DEVELOPMENT] during lease-up. Also, if [NAME OF DEVELOPMENT] has multiple AMI levels, including those for PHR units, Management will do its best to categorize the current AMI level per the affordable financing program for the unit.

- ii. As the owner of Right to Revitalized Units accepting Off-Site and/or Cross-Site Applicants did not anticipate, during its financial feasibility analysis, accepting any over-income Off-Site or Cross-Site Applicants, over-income Off-Site and/or Cross-Site Applicants will not be accepted or referred to [NAME OF DEVELOPMENT].
- iii. As the owner of Right to Revitalized Units accepting Off-Site and/or Cross-Site Applicants did not anticipate, during its financial feasibility analysis, accepting any ESHs, ESHs will not be accepted or referred to [NAME OF DEVELOPMENT].

3. Expired PHR

Expired PHR units will follow the same process identified above for Cross-Site Applicants. As the PHR units are expired, the owner of [NAME OF DEVELOPMENT] will not be required to accept any over-income SFHA referred residents. Over-income SFHA referred households may have a negative long term financial impact to [NAME OF DEVELOPMENT].

D. References

1. Non-PBV TC Units: Please see [NAME OF DEVELOPMENT]'s San Francisco Housing Portal – DAHLIA project posting pages for a description of Managements process and/or policy for receiving rental history references for the tax credit units.
2. PHR
 - a. *On-site Applicants*: Management will not take rental references for Onsite Applicants
 - b. *Off-site Applicants*: Management will not take rental references for Offsite Applicants
 - c. *Cross-Site Applicants*: Management will take rental references for Cross-Site Applicants. [MANAGEMENT STATE PROCESS & INCLUDE IN DESCRIPTION THE TIME PERIOD IN WHICH RENTAL HISTORIES WILL BE CONSIDERED.]
3. Expired PHR: Expired PHR units will follow the same process identified above under References - PHR Units: Cross-Site Applicants.

E. Credit and Unlawful Detainer (“UD”) Checks

1. Non-PBV TC Units

- a. Management will request credit histories on each adult member of each applicant household and will request written documentation from the applicant's current landlord and former landlords for the past two (2) years. Documented lease violations with regard to non-payment or late rent payment, disturbance of neighbors, destruction of property that would pose a threat to other residents will inform the leasing agent about past performance meeting rental obligations. If Management receives any negative information from a former landlord with documented proof of a lease, code or house rules violation(s) within the last 2 years, the application may be rejected.
- b. Applicants who have failed to pay amounts due or failed to reach a satisfactory agreement to pay those amounts will also be considered ineligible. Mitigating circumstances (i.e., late fee/charges disputes) will be considered.
- c. Management will initiate an eviction history and credit report. An unlawful detainer shall go back no further than three (3) years. The applicant shall be notified of such action in advance.
- d. Except in a criminal background check, if there is a finding of any kind except that would negatively impact an application, the applicant will be notified in writing. The applicant will have 5 business days to appeal to Management for reconsideration. A comparable unit will be held while the applicant is going through the appeals process.
- e. If there is a finding during the criminal background, in accordance with Article 49 of the San Francisco Police Code, an applicant will have 14 calendar days to appeal and a comparable unit will be held for 14 calendar days.

2. PHR

- a. *On-site Applicants*: credit checks are not to be conducted for On-Site Applicants.
- b. *Off-site Applicants*: credit checks are not to be conducted for Off-Site Applicants.
- c. *Cross-Site Applicants*: Management [[will/will not](#)] conduct credit and unlawful detainer checks on Cross-Site Applicants. Management's process will [[DEVELOPER/MANAGER SELECT THE TRUE STATEMENT "follow the process described above under VIII.E. Credit and Unlawful Detainer Checks – Non-PBV TC Units." OR "be as described below". \(MANAGEMENT TO DESCRIBE PROCESS\).](#)]
 - i. If there is a finding of any kind which would negatively impact an application, the applicant will be notified in writing. With the written notification, [[NAME OF PROPERTY MANAGEMENT AGENT](#)] will

include the HOPE SF “Encouragement” letter provided in Exhibit C.

Developer/Property Manager, please note that your MOHCD Project Manager and/or OCII Development Specialist will provide you with the most recent “Encouragement Letter” in Word. Please make sure to request it from your MOHCD Project Manager or OCII Development Specialist if you did not receive it with the Word version of this document.

3. Expired PHR: [MANAGEMENT STATE WHICH CREDIT AND UD CHECK PROCESS IT WILL FOLLOW FOR EXPIRED PHR UNITS.]

Please note: At Sunnydale and Potrero and due to the size of the relocation efforts and timing of new construction, it is possible that On-Site Applicants may move into Expired PHR units. If or when this occurs, On-Site Applicants in Expired PHR units at the HOPE SF property must be processed as On-Site Applicants in new PHR units and must follow the process in Section VIII.E.2.a above.

F. Criminal Background Checks

1. Non-PBV TC Units: Management will conduct criminal background checks on all applicants to Non-PBV TC Units.
2. PHR
 - a. On-site Applicants: [NAME OF MANAGEMENT COMPANY] will *not* conduct criminal background checks on On-Site Applicants who meet the definition of “good standing” with SFHA and are referred for the new development.
 - b. Off-site Applicants: [NAME OF MANAGEMENT COMPANY] will *not* conduct criminal background checks on Off-Site Applicants who have met the definition of “good standing” with SFHA and are referred for [NAME OF DEVELOPMENT].
 - c. Cross-Site Applicants: Management [will/will not] conduct criminal background checks on Cross-Site Applicants.
3. Expired PHR: Management will conduct criminal background checks for all applicants.
4. All criminal background checks MUST be conducted in accordance with the Fair Chance Ordinance (FCO) Article 49 San Francisco Police Code–Protections for People with Prior Arrests or Conviction Records. [FULL NAME OF PROPERTY MANAGEMENT AGENT STAFF] has no authority over the applications received from households interested in [NAME OF DEVELOPMENT]. [FULL NAME OF PROPERTY MANAGEMENT AGENT STAFF] is *not* involved in the collection of households’ application or documents submitted with the application or review, approval or denial of applications for this project. [FULL NAME OF PROPERTY

MANAGEMENT AGENT STAFF] will obtain the criminal record upon approval of the applicants' eligibility in all areas other than criminal background. Each criminal background report request and response will be time and date stamped via email or via hand stamped to ensure review was completed after the provisional approval of the application.

Under the Fair Chance Ordinance, the applicant has the right to the following:

1. All other qualifications for affordable housing will be decided BEFORE Management knows anything about prior arrest or conviction records. Management may run a criminal history report at the same time as a rental or credit history but will not look at it prior to determining the applicant is qualified.
2. Management will not ask the applicant about a prior record for any household member through a rental application form or in an interview.
3. The applicant will be provided with a copy of Fair Chance Ordinance notice before Management runs the background report.
4. The following six “off-limits” categories will not be requested or considered on the criminal records check of any household member:
 - arrests that did not result in conviction
 - participation in a diversion or deferral judgment program
 - expunged, judicially dismissed, invalidated or otherwise inoperative convictions
 - juvenile record
 - a conviction more than 7 years old
 - an infraction
5. Each record will be assessed individually, in which only the “directly-related” convictions and unresolved arrests in the record are considered. In considering whether a conviction / unresolved arrest is directly-related, Management shall look at whether the conduct has a direct and specific negative bearing on the safety of persons or property, and given the nature of the housing, whether the housing offers the opportunity for the same/similar offense to occur, whether circumstances leading to the conduct will recur in [NAME OF DEVELOPMENT] and whether supportive services, when available, might reduce the likelihood of a recurrence.
6. The applicant will be provided with a copy of the background report and told which conviction or unresolved arrest is the basis for the potential denial. The applicant will have 14 days to respond orally or in writing to request reversal of the denial. The applicant can respond by:

- Pointing out any inaccuracies in the report;
 - Providing evidence of rehabilitation. Evidence of rehabilitation include satisfying parole/probation, receiving education/training, participating in alcohol or drug treatment programs, letters of recommendation, age at the time of conviction, and/or;
 - Explaining any mitigating factors about the circumstances of the conviction. (Mitigating factors include physical or emotional abuse, coercion, untreated abuse/mental illness that led to the conviction).
7. The applicant has a right to call the Human Rights Commission to understand their rights or file a complaint (within 60 days of violation) without any negative action or retaliation taken against the applicant by [NAME OF PROPERTY MANAGEMENT AGENT]. For more information, contact the Human Rights Commission at (415) 252-2500 or email hrc.info@sfgov.org.

G. Fees

Fees for processing income, credit, unlawful detainer and criminal checks will not be charged, except as indicated below:

1. Non-PBV TC Units: A fee of [MANAGEMENT STATE THE DOLLAR AMOUNT OF THE UD, CREDIT, AND CRIMINAL CHECK. IF A FEE IS CHANGED IT CANNOT EXCEED \$25.00. IF NO FEE IS CHARGED, PLEASE SHOW AS "\$0.00"] per adult applicant 18 years or older is required at the time of the initial interview for the unlawful detainer, credit and criminal checks. Applicants will be reviewed for criminal background in accordance with Article 49 of the San Francisco Police Code, the Fair Chance Ordinance. The fee must be paid by Money Order
2. PHR
 - a. On-site Applicants: Not applicable.
 - b. Off-site Applicants: Not applicable
 - c. Cross-Site Applicants: Management [will/will not] collect a fee for the credit, unlawful detainer, and criminal checks. [IF MANAGEMENT WILL TAKE A FEE. MANAGEMENT STATE THE AMOUNT OF THE FEE AND WHEN CROSS-SITE APPLICANTS MUST PAY FEE.]
3. Expired PHR: [MANAGEMENT STATE WHICH FEE PROCESS IT WILL FOLLOW FOR EXPIRED PHR UNITS.]

IX. FINAL ELIGIBILITY DETERMINATION

A. Notification of Eligibility: Upon completion of eligibility determination, eligible applicants will be notified in writing of their status and given an approximate date when they can expect to receive an offer of a unit. The basis of the final eligibility will be as follows:

1. Non-PBV TC Units

- a. After the applicant’s initial eligibility has been determined with regard to household annual income, rental history, and credit history, Management will make a final eligibility determination after reviewing the criminal report on each adult applicant.
- b. Once final eligibility is determined, the staff will ask applicants to select their first, second and third choice of unit according to household size and income. When leasing up, units are assigned in lottery rank order. Once a household passes income, rental and credit checks, Management assigns and holds the applicant’s first, second, or third choice whichever is available.
- c. A comparable unit will be held while the applicant is going through the appeals process.

2. PHR

a. *On- and Off- site Applicants:*

- i. Management will make a final eligibility determination after receiving the referral from SFHA, conducting initial interview, and completing the income qualification and determining unit size for household configuration. (Unit size based on household configuration is on SFHA referral letter.)
- ii. Once final eligibility is determined, Management will proceed to execute lease documents and assign the next unit available for which the household has been deemed eligible.
- iii. [NAME OF MANAGEMENT COMPANY] will offer units to On- and Off-Site Applicants in referral order, the order in which the referrals were sent by SFHA’s Waitlist Department.

b. *Cross-Site Applicants:*

- i. Management will make a final eligibility determination after receiving the referral from SFHA, conducting initial interview, completing the income qualification, determining unit size for household configuration, and completing rent reference, credit, UD, and criminal background checks. . (Unit size based on household configuration is on SFHA referral letter.) Off-Site Applicants will be notified in writing of their status and given an approximate date when they can expect to receive an offer of a unit
- ii. Once final eligibility is determined, the Management will proceed to execute lease documents and assign the next unit available for which the household has been deemed eligible.
- iii. [NAME OF MANAGEMENT COMPANY] will offer units to Cross-Site Applicants in referral order, the order in which the referrals were sent by SFHA’s Waitlist Department.

3. Expired PHR: [MANAGEMENT STATE WHICH FINAL ELIGIBILITY

DETERMINATION PROCESS IT WILL FOLLOW FOR EXPIRED PHR UNITS.]

B. Notification of Ineligibility. If an applicant is deemed ineligible. The applicant will be notified in writing of his/her ineligibility. The ineligibility letter will include: (i) the reason for the denial, (ii) notification that the applicant has a right to an informal review, (iii) the process for an informal review. A summary of acceptable grounds for denial can be found in Exhibit B. Management will include in the ineligible letter a copy of Encouragement Letter found in Exhibit C for Off-Site or Cross-Site applicants that have been determined ineligible.

X. APPEALS OF DENIALS

For all Non-PBV TC Units, Management will report all Non-PBV TC Units applicant denials and appeals to MOHCD Below Market Rate on a weekly basis through the lease up.

For all PHR Units, Management will report all PHR Units applicant denials and appeals to SFHA's Waitlist Management Department's Program Manager II, MOHCD Project Manager or OCII Development Specialist of the HOPE SF property, MOHCD Project Manager of [NAME OF DEVELOPMENT], and the HOPE SF property's service and/or relocation and readiness provider on a weekly basis through the lease up.

Non-PBV TC Units applicants, Off- and Cross- Site Applicants determined ineligible for admission by Management may appeal through an informal review of the determination. Non-PBV TC Units applicants, Off- and Cross- Site Applicants must make the request within [MANAGEMENT COMPANY LIST NUMBER OF DAYS FOR APPEAL] calendar days of the date of [NAME OF MANAGEMENT COMPANY'S] notice of ineligibility and/or denial letter. Within [MANAGEMENT COMPANY LIST NUMBER OF DAYS TO SCHEDULE AND REVIEW APPEAL] calendar days of receiving the request, Management must schedule the review and notify the applicant of the place, date and time of informal interview.

Informal reviews will be conducted by an impartial review officer who had no involvement in the ineligibility determination. The review officer will be selected by [NAME OF MANAGEMENT COMPANY]. [NAME OF MANAGEMENT COMPANY] has selected [MANAGEMENT COMPANY PROVIDE THE TITLE AND/OR POSITION OF THE PERSON SELECTING THE IMPARTIAL REVIEW OFFICER] to be the impartial review officer. [MANAGEMENT COMPANY PROVIDE THE TITLE AND/OR POSITION OF THE PERSON SELECTING THE IMPARTIAL REVIEW OFFICER] may be contacted by phone at [MANAGEMENT COMPANY PROVIDE THE PHONE NUMBER OF THE IMPARTIAL REVIEW OFFICER] and by email at [MANAGEMENT COMPANY PROVIDE THE EMAIL OF THE IMPARTIAL REVIEW OFFICER], and has an office located at [MANAGEMENT COMPANY PROVIDE THE FULL ADDRESS OF THE IMPARTIAL REVIEW OFFICER'S OFFICE]. The applicant may bring to the review any documentation or evidence he/she wishes and the applicant's evidence along with the data compiled by Management will be considered by the review officer.

The review officer will make a determination based upon the merits of the evidence presented by Management and applicant. Within [MANAGEMENT COMPANY LIST NUMBER OF DAYS REVIEWER HAS TO MAIL APPEAL] days of the date of the review, the review officer will mail a written decision to the applicant and place a copy of the decision in the

applicant's file.

XI. OCCUPANCY PROTECTION FOR HUD-ASSISTED HOUSEHOLDS IN NON-PBV TC UNITS, PHR, AND EXPIRED PHR

A. Management must complete the current version of the *Tenancy Addendum Section 8 Project-based Voucher Program (form HUD 52530.c)* for any and all residents at [NAME OF DEVELOPMENT] with a Housing Choice Voucher (HCV). HCV units include RAD Units, Non-RAD PBV Units, and “tenant based” and/or “portable” HCV for residents residing in Non-PBV TC Units. Management sends the fully completed and executed HUD 52530.c to the SFHA RAD Program Manager, Leased Housing Department.

1. Non-PBV TC Units: *HUD-Assisted households in Non-PBV TC Units applies to households with a HCV that are commonly called “tenant based” and/or “portable.”* In this case, [NAME OF MANAGEMENT COMPANY] has no authority to terminate the “tenant based” and/or “portable” HCV of tenants. Owners may only terminate tenancy in limited circumstances as prescribed in the *Housing Assistance Payment Contract (HAP Contract) Section 8 Tenant-Based Assistance Housing Choice Voucher Program (form HUD-52641)* and by the terms of the lease and must follow HUD and state/local procedures. Terminations for reasons other than those permitted by HUD are prohibited. The lease agreement details the grounds for termination of tenancy, which does include failure to meet LIHTC requirements, including LIHTC-specific income and student eligibility rules.
 - a. SFHA requires that a household pay 30% of their adjusted household income. If at the annual or interim recertification SFHA determines that 30% of the household’s adjusted gross income is equal to or higher than the contract rent, SFHA will give household 180 days before removing the household from the HCV program. If during the 180 day period there have been no changes to the household’s income, SFHA will send the household a letter indicating that the household will be removed from the HCV program. *There is nothing in SFHA’s letter that states the households must vacant or leave the unit.*
2. PHR & Expired PHR [NAME OF MANAGEMENT COMPANY] has no authority to terminate the RAD and/or Non-RAD PBV rental subsidy of the residents. Owners may only terminate tenancy in limited circumstances as prescribed in the *Tenancy Addendum Section 8 Project-based Voucher Program (form HUD 52530.c)* and by the terms of the lease and must follow HUD and state/local procedures. Terminations for reasons other than those permitted by HUD are prohibited. The lease agreement details the grounds for termination of tenancy which does include failure to meet LIHTC requirements, including LIHTC-specific income and student eligibility rules.
 - a. RAD Units: SFHA requires that households pay 30% of their adjusted household income even if it exceeds the contract rent. If at the annual or interim recertification

SFHA determines that 30% of the households' adjusted gross income is equal to or above the contract rent, the households in the PHR RAD Unit is allowed to remain in the unit, as referenced in SFHA's current Housing Choice Voucher Program Administrative Plan and as regulated in the HUD PIH -2012-32 Notice and all subsequent updates. SFHA will not pay subsidy on the unit when the households are able to pay the full contract rent. Households retain all other rights under the lease, including the right to occupy the unit. This provision is only utilized for residents living in the HOPE SF property prior to conversion, and those who will return to the HOPE SF property after conversion. All other residents fall under XI.A.1.a.

- b. Non- RAD PBV Units: Please see XI.A.1.a above, as these units process will be similar to households with a "tenant based" and/or "portable" in Non-PBV TC Units.

EXHIBIT A

Screening Criteria Summary

Screening Criteria	Non-PBV TC Units	PHR On-Site	PHR No TC Units (Allowed only at HOPE SF Properties)	PHR Off-Site	PHR Cross-Site	Expired PHR
Annual household income	Yes; Use the maximum per MOHCD or TCAC limits for the specific development	Yes, for CTCAC purposes only. Resident <u>cannot</u> be denied due to income. Use the maximum per MOHCD or TCAC limits for the specific development. Maximum income is at or below HUD 50% AMI.	Yes, for CTCAC purposes only. Resident <u>cannot</u> be denied due to income; Use the maximum per MOHCD or TCAC limits for the specific development. Maximum income is at or below HUD 50% AMI. Income of Initial Household in unit may exceed the MOHCD, TCAC, or HUD limits. At or below HUD 50% AMI	Yes; Use the maximum per MOHCD or TCAC limits for the specific development. Maximum income is at or below HUD 50% AMI. Households may <u>not</u> exceed the MOHCD or TCAC limits.	Yes; Use the maximum per MOHCD or TCAC limits for the specific development. Maximum income is at or below HUD 50% AMI. Households may <u>not</u> exceed the MOHCD or TCAC limits.	Yes; The lower of TCAC limit for the unit or 50% HUD AMI.
Entirely Full Time Student Household Status	Yes, by Developer; follows Section 42, as administered by CTCAC.	Yes, by Developer; follows Section 42, as administered by CTCAC.	Yes, by Developer; follows Section 42, as administered by CTCAC. If ESH, may be assigned to PHR No TC Unit.	Yes, by Developer; follows Section 42, as administered by CTCAC.	Yes, by Developer; follows Section 42, as administered by CTCAC.	Yes, by Developer; follows Section 42, as administered by CTCAC.
Household occupancy standard	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)
Rental history	Yes; by Developer as stated in the Marketing Plan, Section VIII.D.1 of this document, and restated in Exhibit B.	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	Yes; by Developer as stated in Section VIII.D.2 and restated in Exhibit B of this document.	Yes; by Developer as stated in Section VIII.D.3 and restated in Exhibit B of this document.

Unlawful Detainer	Yes; by Developer as stated in the Marketing Plan, Section VIII.E.1 of this document, and restated in Exhibit B.	SFHA to determine if households is in eviction proceedings. Developer may <u>not</u> screen per Right to Return to Revitalized Unit Ordinance.	SFHA to determine if households is in eviction proceedings. Developer may <u>not</u> screen per Right to Return to Revitalized Unit Ordinance	SFHA to determine if households is in eviction proceedings. Developer may <u>not</u> screen per Right to Return to Revitalized Unit Ordinance.	Yes; by Developer as stated in Section VIII.E.2 and restated in Exhibit B of this document.	Yes; by Developer as stated in Section VIII.E.3 and restated in Exhibit B of this document.
Credit	Yes; by Developer as stated in the Marketing Plan, Section VIII.E.1 of this document, and restated in Exhibit B.	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	Yes; by Developer as stated in Section VIII.E.2 and restated in Exhibit B of this document.	Yes; by Developer as stated in Section VIII.E.3 and restated in Exhibit B of this document.
Criminal background	Yes; by Developer as stated in the Marketing Plan, Section VIII.F.1 of this document, and restated in Exhibit B.	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	Yes; by Developer as stated in Section VIII.F.2 and restated in Exhibit B of this document.	Yes; by Developer as stated in Section VIII.F.3 and restated in Exhibit B of this document.

EXHIBIT B
Permissible Denial Categories

1. Non-PBV TC Units: Applicants in unsubsidized tax credit units may be denied for the reasons listed in the Marketing Plan and Tenant Selection Plan for [NAME OF DEVELOPMENT]. Please see sections [List all sections that contain information regarding denying potential residents.]
 - 1) Annual Income, Occupancy Standard, Entirely Fully Time Student Household Status, Regulatory Programs other than SFHA and MOHCD.
 - Non-PBV TC Applicants annual income (including assets) is not within the established restrictions for the property.
 - Non-PBV TC Applicants household size does not meet minimum or exceeds maximum occupancy standard for [NAME OF DEVELOPMENT] as provided in Section IIV.D of this document.
 - Non-PBV TC Applicants household does not meet all program regulated eligibility requirements, including Entirely Fully Time Student Household for [NAME OF DEVELOPMENT].
 - 2) Rental History
 - [MANAGEMENT LIST ANY OTHER REASONS A NON-PBV TC APPLICANT WILL BE DENIED BASED ON RENTAL HISTORY.]
 - 2) Credit & Unlawful Detainers
 - [MANAGEMENT LIST ANY OTHER REASONS A NON-PBV TC APPLICANT WILL BE DENIED BASED CREDIT & UNLAWFUL DETAINERS.]
 - 3) Criminal Background Check

All items for denial below must be in compliance with the Fair Chance Ordinance.

 - [MANAGEMENT LIST ANY OTHER REASONS A NON-PBV TC APPLICANT WILL BE DENIED BASED ON THE CRIMINAL BACKGROUND CHECK.]
 - 4) Personal History

HOPE SF, MOHCD, and OCII recognize that personal history checks are required by CTCAC, especially when the applicant

household has no rental history.

- [MANAGEMENT LIST ANY OTHER REASONS A NON-PBV TC APPLICANT WILL BE DENIED BASED ON PERSONAL HISTORY CHECK.]

5) Other

- Non-PBV TC Applicants and all household members not showing up for interview with [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT]. Exceptions will be granted for hospitalization, medical reasons, emergency, etc., (or some other time acceptable to Management) prior to completion of Initial Certification.
- Non-PBV TC Applicants not providing completed and signed applications, release of information, and application fee (if required).
- Non-PBV TC Applicants not providing landlord references covering the last three years of residency.
- Non-PBV TC Applicants not providing appropriate proof of all income sources and assets.
- Non-PBV TC Applicants not providing any other documents required to determine eligibility.
- Intentional falsification of any information on the application by Non-PBV TC Applicants.
- Other good cause: including, but not limited to, failure to meet any of the selection criteria in this document.
- Non-PBV TC Applicant declines an apartment offer after eligibility is determined by [NAME OF MANAGEMENT COMPANY]. Non-PBV TC Applicant's decline of an apartment is considered to be a withdrawal of the rental application for [NAME OF DEVELOPMENT] by the Non-PBV TC Applicant. [NAME OF MANAGEMENT COMPANY] will contact Non-PBV TC Applicant a minimum of two (2) times and will use all modes of communication available (phone, email, regular mail, etc.) by [DEVELOPER/MANAGEMENT STATE THE FORM OF CONTACT YOU WILL MAKE TO APPLICANTS]. Management will take into consideration cases of reasonable accommodation or other mitigating circumstances.
- Failure to update application for Waiting List A within specified times when notified no less than two times.

- [MANAGEMENT LIST ANY OTHER REASONS A NON-PBV TC APPLICANT WILL BE DENIED.]

2. PHR:

- a. On-site Applicants: Only On-site Applicants that are in good standing, per the Right to Return ordinance, will be referred to [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT] by SFHA. On-site Applicants referred to [NAME OF MANAGEMENT COMPANY] are assumed to be in good standing and may not be denied placement into a PHR unit.
- b. Off-site Applicants: Only Off-site Applicants that are in good standing, per the Right to Return ordinance, will be referred to [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT] by SFHA. Off-site Applicants referred to [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT] are assumed to be in good standing. [NAME OF MANAGEMENT COMPANY] may deny Off-site Applicants if one of the the three following occurs: *[Property Management Agents, please note that the prompts below are permanent requirements and may not be changed without permission from your MOHCD Project Manager or OCII Development Specialist. If you must change the language below or your process is different, please show your proposed request using Word redline function and state the reason for your proposed change. In addition, the denial letter must clearly state the reason for denial, and it must state the time period a resident has to appeal the denial. The denial letter must be provided to the MOHCD Project Manager or OCII Development Specialist for review and approval along with this document. Any and all denial letters sent to a HOPE SF Off-Site Applicant must include the completed HOPE SF “Encouragement Letter.” Please make sure to request the current version of the “Encouragement Letter” from your MOHCD Project Manager or OCII Development Specialist.]*
 - 1) Eligibility income exceeding the maximum allowed;
 - 2) Family composition not appropriate for available bedroom sizes at [NAME OF DEVELOPMENT];
 - 3) Intentional falsification of any information on the application;
 - 4) All members of household are full-time students and do not meet any of the criteria outlined in the Entirely Full-Time Student Household, as defined in this document.
 - 5) Failure to present all members of the family at the full family interview, except for hospitalization, medical reasons, emergency, etc.,

(or some other time acceptable to management) prior to completion of Initial Certification;

- 6) Declines an apartment offer after being contacted three (3) times;
- c. Cross-site Applicants: Only Cross-site Applicants that are in good standing, per the Right to Return ordinance, will be referred to [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT] by SFHA. Cross-site Applicants referred to [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT] are assumed to be in good standing. [NAME OF MANAGEMENT COMPANY] may deny Cross-site Applicants for any of the following: *[Property Management Agents, please note that the prompts below are permanent requirements and may not be changed without permission from your MOHCD Project Manager or OCII Development Specialist. If you must change the language below or your process is different, please show your proposed request using Word redline function and state the reason for your proposed change. In addition, the denial letter must clearly state the reason for denial, and it must state the time period a resident has to appeal the denial. The denial letter must be provided to the MOHCD Project Manager or OCII Development Specialist for review and approval along with this document. Any and all denial letters sent to a HOPE SF Cross-Site Applicant must include the completed HOPE SF “Encouragement Letter.” Please make sure to request the current version of the “Encouragement Letter” from your MOHCD Project Manager or OCII Development Specialist.]*
- 1) Annual Income, Occupancy Standard, Entirely Fully Time Student Household Status, Regulatory Programs other than SFHA and MOHCD.
 - Cross-site Applicants annual income (including assets) is not within the established restrictions for the property.
 - Cross-site Applicants household size does not meet minimum or exceeds maximum occupancy standard for [NAME OF DEVELOPMENT] as provided in Section IIV.D of this document.
 - Cross-site Applicants household does not meet all program regulated eligibility requirements, including Entirely Fully Time Student Household for [NAME OF DEVELOPMENT].
 - 2) Rental History
 - May not have a judgement against the the Cross-site Applicants head-of-household(s) obtained by the current or previous landlord within the last two (2) years. No fault events will not count against Cross-site Applicants.

- Cross-site Applicants may not have an unmet obligation owed to a previous landlord within the last two (2) years.
- Cross-site Applicants who have not made timely payments ninety (90) days prior to the date of processing may be denied. Cross-site Applicants who have three (3) or more unpaid late payments twelve (12) months prior to the application processing date for [NAME OF DEVELOPMENT] may be denied. Cross-site Applicants who have late fees paid off in any period of time prior to the application processing date for [NAME OF DEVELOPMENT] may not be denied.
- [MANAGEMENT LIST ANY OTHER REASONS A CROSS-SITE APPLICANT WILL BE DENIED BASED ON RENTAL HISTORY IF NOT CAPTURED IN ABOVE BULLETS.]

3) Credit & Unlawful Detainers

- Total unmet credit problems, including governmental tax liens, within the last three (3) years, must not be in excess of \$2,500.
- Cross-Site Applicants may not have bankruptcy discharged within the last three (3) years.
- Cross-Site Applicants may not have seven (7) or more unmet credit problems of any value within the last three (3) years.

4) Criminal Background Check

All items for denial below must be in compliance with the Fair Chance Ordinance.

- Any adult, age 18 or over, Cross-Site Applicant who is subject to any states sex offender lifetime registration requirement.
- Felony conviction.
- An established documented pattern of criminal activity.
- The documented manufacturing, selling or possession of any drugs or illegal substances, or documented established pattern of manufacturing, selling or possession of any drugs or illegal substances.
- Documented incidences of physical violence to person or property, violent criminal activity, sexual abuse, illegal weapons possession, any form of assault, breaking and entering, burglary or drug related criminal activity, or any

act that would threaten the health, safety or right to peaceful enjoyment by other residents, or employees and contractors who work with the community.

5) Personal History

HOPE SF, MOHCD, and OCII recognize that personal history checks are required by CTCAC, especially when the applicant household has no rental history. As Cross-Site Applicants will have a rental history of 12 months within the last three years or longer at a HOPE SF property, personal history checks are NOT allowed as a reason for denial in a PHR unit.

6) Other

- Cross-Site Applicants and all household members not showing up for interview with [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT]. Exceptions will be granted for hospitalization, medical reasons, emergency, etc., (or some other time acceptable to Management) prior to completion of Initial Certification.
- Cross-Site Applicants not providing completed and signed applications, release of information, and application fee (if required).
- Cross-Site Applicants not providing landlord references covering the last three years of residency.
- Cross-Site Applicants not providing appropriate proof of all income sources and assets.
- Cross-Site Applicants not providing any other documents required to determine eligibility.
- Intentional falsification of any information on the application by Cross-Site Applicants.
- Other good cause: including, but not limited to, failure to meet any of the selection criteria in this document.
- Cross-Site Applicant declines an apartment offer after eligibility is determined by [NAME OF MANAGEMENT COMPANY]. Cross-Site Applicant's decline of an apartment is considered to be a withdrawal of the rental application for [NAME OF DEVELOPMENT] by the Cross-Site Applicant. [NAME OF MANAGEMENT COMPANY] will contact Cross-Site Applicant a minimum of two (2) times and will use all modes of communication available (phone, email, regular mail, etc.) by [DEVELOPER/MANAGEMENT STATE THE FORM OF

CONTACT YOU WILL MAKE TO APPLICANTS].

Management will take into consideration cases of reasonable accommodation or other mitigating circumstances.

- [MANAGEMENT LIST ANY OTHER REASONS A CROSS-SITE APPLICANT WILL BE DENIED.]

Consideration may be given for extenuating/mitigating circumstances where any of the denial items above would be required as a reasonable accommodation when determining the acceptability of tenancy. Cross-Site Applicants with disabilities have the right to request reasonable accommodations to participate in the informal hearing process for [NAME OF DEVELOPMENT].

3. Expired PHR: [MANAGEMENT STATES WHICH DENIAL PROCESS IT WILL FOLLOW FOR EXPIRED PHR UNITS.]

For PHR units, it is the Off-Site, Cross-Site, and PBV/TC (including expired PHR) Applicant's responsibility to provide SFHA with current household configuration and total household income information.

EXHIBIT C
Encouragement Letter

Encouragement letter follows this cover

EXHIBIT D
Violence Against Women Reauthorization Act of 2013 (VAWA)

- A. **Protections.** VAWA protections apply to individuals and families applying for or residing in housing governed by the project-based Section 8 program, various HUD programs, and other affordable housing programs. The law protects victims or survivors of domestic violence, dating violence, sexual assault, or stalking, as well as their immediate family members generally, from being evicted or being denied housing assistance on the basis that the applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault or stalking if the applicant or tenant otherwise qualifies for admission, assistance, participation or occupancy. VAWA also provides that an incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking, does not qualify as a serious or repeated violation of the lease nor does it constitute good cause for terminating the assistance, tenancy, or occupancy rights of the victim or survivor. Furthermore, criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking is not grounds for terminating the victim’s or survivor’s tenancy. If permitted by applicable law, including, but not limited to Article 49 of the San Francisco Police Code “Procedures for Considering Arrests or Convictions and Related Information in Employment and Housing Decisions” commonly referred to as the Fair Chance Ordinance (“FCO”), [NAME OF PROPERTY MANAGEMENT AGENT] (“Management”) may bifurcate (divide a lease as a matter of law) in order to evict, remove, or terminate the assistance of the offender while allowing the victim or survivor, who is a tenant or lawful occupant, to remain in the unit, with [Property Management Agent to state the position of the staff that will grant approval] approval.

VAWA ensures that victims are not denied housing and housing assistance solely because the person is a victim of a VAWA crime or incident; however, being a victim of a VAWA crime or incident is not reason to change the eligibility or applicant screening requirements set forth in the Resident Selection Criteria, unless such requirements interfere with protections provided under VAWA.

For example: Management may waive the requirement to review landlord history if the victim has provided necessary documentation to certify their status as a victim and if contacting a previous landlord would put the applicant’s location at risk of exposure to the accused perpetrator.

- B. **Definitions.** The following definitions are provided as assistance in understanding and implementing VAWA protections. The definitions for domestic violence, dating violence, sexual assault, or stalking and affiliated individual have been incorporated into the United States Housing Act.

- **Domestic Violence** includes felony or misdemeanor crimes of violence committed by a current or former spouse of the victim, or intimate partner of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with

or has cohabitated with the victim as a spouse or intimate partner, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.

- **Dating Violence** means violence committed by a person: (A) who is or has been in a social relationship of a romantic or intimate nature with the victim, and (B) where the existence of such a relationship shall be determined based on a consideration of the following factors: (i) the length of the relationship; (ii) the type of relationship; and (iii) the frequency of interaction between the persons involved in the relationship.
- **Sexual Assault** means any nonconsensual sexual act proscribed by Federal, tribal or State law, including when the victim lacks capacity to consent.
- **Stalking** means engaging in a course of conduct directed at a specific person that would cause a reasonable person to (1) fear for the person's individual safety or the safety of others, or (2) suffer substantial emotional distress.
- **Affiliated Individual** means, with respect to a person: (a) a spouse, parent, brother, sister, or child of that person, or an individual to whom that person stands in the place of a parent to a child (for example, the affiliated person is a child in the care, custody, or control of that individual); or (b) any individual, tenant, or lawful occupant living in the household of that person.
- **Bifurcate** means to divide a lease as a matter of law, subject to the permissibility of such process under the requirements of the applicable program and State or local law, such that certain tenants or lawful occupants can be evicted or removed while the remaining household members can continue to reside in the unit under the same lease requirements or as may be revised depending upon the eligibility for continued occupancy of the remaining tenants and lawful occupants.

C. **Protections for Victims or Survivors of Domestic Violence, Dating Violence, Sexual Assault, or Stalking.** The law offers the following protections against eviction or denial of housing based on domestic violence, dating violence, sexual assault, or stalking:

1. An applicant's or program participant's status as a victim or survivor of domestic violence, dating violence, sexual assault, or stalking is not a basis for denial of rental assistance or for denial of admission, if the applicant otherwise qualifies for assistance or admission.
2. An incident or incidents of actual or threatened domestic violence, dating violence, sexual assault, or stalking will not be construed as serious or repeated violations of the lease or other "good cause" for terminating the assistance, tenancy, or occupancy rights of a victim or survivor of abuse.

3. Criminal activity directly related to domestic violence, dating violence, sexual assault, or stalking, engaged in by a member of a tenant's household or any guest or other person under the tenant's control, shall not be cause for termination of assistance, tenancy, or occupancy rights of the victim or survivor of the criminal acts.
 4. Assistance may be terminated or a lease "bifurcated" in order to remove an offending household member from the home. Whether or not the individual is a signatory to the lease and lawful tenant, if he/she engages in physical violence against family members or others, he/she stands to be evicted, removed, or have his/her occupancy rights terminated. This action is taken while allowing the victim or survivor, who is a tenant or a lawful occupant, to remain. Decisions to bifurcate a lease or evict a tenant under VAWA will be made consistent with the requirements of the FCO, including, but not limited to, Sections 4907(f) and (g).
 5. The provisions protecting victims or survivors of domestic violence, dating violence, sexual assault, or stalking engaged in by a member of the household, may not be construed to limit Management, when notified, from honoring various court orders issued to either protect the victim or survivor or address the distribution of property in case a family breaks up.
 6. The authority to evict or terminate assistance is not limited with respect to a victim or survivor that commits unrelated criminal activity. Furthermore, if Management can show an actual and imminent threat to other tenants or those employed at or providing service to the property if an unlawful tenant's residency is not terminated, then evicting a victim or survivor is an option, VAWA notwithstanding. Ultimately, Management may not subject victims or survivors to more demanding standards than other tenants.
 7. VAWA protections shall not supersede any provision of any federal, state, or local law that provides greater protection for victims or survivors of domestic violence, dating violence, sexual assault, or stalking. The laws offering greater protection are applied in instances of domestic violence, dating violence, sexual assault, or stalking.
- D. **Confidentiality**. The Notice of Occupancy Rights under VAWA provides notice to the resident/applicant of the confidentiality of information about a person seeking to exercise VAWA protections and the limits thereof. The identity of the victim and all information provided to Management relating to the incident(s) of abuse covered under VAWA will be retained in confidence. Information will not be entered into any shared database nor provided to a related entity, except to the extent that the disclosure is:
1. Requested or consented to by the victim in writing; or
 2. Required for use in an eviction proceeding or termination of assistance; or
 3. Otherwise required by applicable law.

Management will retain all documentation relating to an individual's domestic violence,

dating violence, sexual assault and/or stalking in a separate file that is kept in a separate secure location from other applicant or resident files.

- E. **Certification.** Management response to an incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking that could potentially have an impact on a tenant's participation in the housing program may request in writing that an individual complete, sign, and submit within 14 business days of the request, the HUD-approved VAWA certification form.

Alternatively, in lieu of the certification form or in addition to it, Management may accept a) a federal, state, tribal, territorial, or local police record or court record or b) documentation signed and attested to by a professional (employee, agent or volunteer of a victim service provider, an attorney, medical personnel, etc.) from whom the victim or survivor has sought assistance in addressing domestic violence, dating violence, sexual assault, or stalking or the effects of the abuse. The signatory attests under penalty of perjury (28 U.S.C. § 1746) to his/her belief that the incident in question represents bona fide abuse, and the victim or survivor of domestic violence, dating violence, sexual assault, or stalking has signed or attested to the documentation. Such information may not be sufficient to bifurcate a lease or evict a household member under the FCO and Management will comply with all applicable laws when making decisions to terminate a tenancy or take other action against a household member under VAWA.

The victim is not required to name his/her accused perpetrator if doing so would result in imminent threat or if the victim does not know the name of his/her accused perpetrator.

- F. **Tenants' Rights and Responsibilities.** Tenants and family members of tenants who are victims or survivors of domestic violence, dating violence, sexual assault, or stalking are protected by VAWA from being evicted or from housing assistance being terminated because of the acts of violence against them.

If requested, tenants are required to submit to Management, a completed Certification of Domestic Violence, Dating Violence or Stalking, Form HUD-91066 (*currently, a new Certification form is in use until HUD notification*), or other supporting documentation as described in E., above, within 14 business days of Management's request, or any extension of that date provided by the Management. If the certification or other supporting documentation is not provided within the specified timeframe, the landlord may begin eviction proceedings.

If the tenant has sought assistance in addressing domestic violence, dating violence, sexual assault, or stalking from a federal, state, tribal, territorial jurisdiction, local police or court, the tenant may submit written proof of this outreach.

It is possible for someone lawfully occupying the unit, who is also a victim or survivor, to be evicted or removed from the home. If the victim or survivor commits separate criminal activity, a landlord may evict them for engaging in crime. Furthermore, if a victim or survivor poses "an actual and imminent threat to other tenants or those employed at or

providing service to the property,” they could be evicted, despite VAWA. Of paramount consideration within VAWA is that the landlord may not hold the victim or survivor to a more demanding standard than other tenants.

Victims are encouraged to seek police/legal protection from their accused perpetrator. In some cases, Management may file a restraining order against the accused perpetrator to prevent the accused perpetrator from entering the property.

EXHIBIT N
Early Release Retention Contractors List

Schedule of Early Retention Release and Long-Lead Items

1. Early retention release required for the following subcontractors.

- a. Demolition
- b. Earthwork
- c. Soil Improvements
- d. Rebar
- e. Structural Concrete
- f. Vapor Mitigation Membrane
- g. Rough Carpentry
- h. Solar Thermal Hot Water
- i. Solar PV

****No retention to be held on Bonds, Insurances, Subcontractor Default Insurance, Taxes, General Conditions, General Requirements, Crane, Personnel Hoist, Survey, and Supply / Material only Subcontracts.

2. The following items will require a deposit for early Procurement:

- a. Elevators
- b. Windows/Storefront/Glazing
- c. Rebar
- d. Personnel Hoist
- e. Siding Materials
- f. Site Utilities/Joint Trench
- g. PV Panels
- h. Solar Thermal
- i. Misc. Metals
- j. Switchgear
- k. Cabinets
- l. Countertops
- m. Rough Carpentry Lumber
- n. Site Furnishings
- o.

Any additional Deposit for Early procurement to be determined at a later date and at mutually agreed upon amount and will require approval by Lender.

3. The following items will require off site stored material billing for early Procurement:

- a. Rough Carpentry Lumber
- b. Steel
- c. Aluminum framed entrances, storefronts and partitions
- d. Windows
- e. Door hardware & Misc. Building Specialties
- f. Elevators
- g. Rebar
- h. Misc. Metals
- i. Lighting
- j. Plumbing fixtures and prefabricated piping
- k. HVAC equipment

- l. Electrical equipment
- m. Fiber Cement Panels
- n. PV Panels
- o. Solar thermal

Note - typical off site material storage requirements include:

- a. Materials typically need to be in a bonded warehouse with photos demonstrating the materials are securely / safely stored and labeled with the project information.
- b. Generally lender sends inspector to the facility to verify the goods / materials are stored with under necessary / adequate security. Inspector verifies invoices / billings and that insurance covers the stored materials offsite.

EXHIBIT O
Commercial Underwriting Guidelines

[To be attached]

Mayor's Office of Housing and Community Development Commercial Space Underwriting Guidelines

Effective February 2, 2018

A. Applicability

The following Commercial Space Underwriting Guidelines (Guidelines) are intended to assist applicants for capital financing to prepare financing requests to the Mayor's Office of Housing and Community Development (MOHCD). They apply to new construction projects only. These Guidelines will also be used by MOHCD staff for purposes of evaluating funding requests and presenting them to the Citywide Affordable Housing Loan Committee for consideration. The Loan Committee maintains the right to set final terms and conditions for commitment of funds based on the actual circumstances of each project. MOHCD reserves the right to review and approve any requests for variations to these Guidelines. These Guidelines are subject to change.

B. Goals

1. To repay the City for costs related to the development of commercial spaces located within City-funded affordable housing properties.
2. To create vibrant neighborhoods, especially for those experiencing displacement of low-income residents, by facilitating the development of commercial space for Public Benefit and Community Serving Commercial Uses.
3. To recognize the dynamism and relationship to market conditions in commercial real estate that is not found in affordable housing while also mitigating against the market risk inherent in this dynamism.

C. Definitions

1. **Affiliated Entity:** An entity that is either controlled by the Housing Owner, controls the Housing Owner, or is under common control with Housing Owner. Control, as used in the previous sentence, means the ownership, directly or indirectly, of the right to vote in or direct the ordinary operations of the entity.
2. **Commercial Space:** An entire undifferentiated commercial area for Public Benefit Use, Community Serving Commercial Use, or Commercial Use. If the Project is subdivided, then the Commercial Space would be a condominium or air rights parcel, separate from the Residential Space. It is possible to have more than one Commercial Space in a Project because the developer intends different uses (for example, a space finished to Warm Shell and where use will be Public Benefit Use, while another area is finished to Cold Shell and Commercial Use is intended). A Commercial Space may be demised into more than one Individual Tenant Space as appropriate.
3. **Commercial Use:** A land use, typically retail or other sales and services use, with the sole or chief emphasis on making financial gain and that is not a Public Benefit Use or Community Serving Commercial Use as defined below. Commercial Uses shall not include uses that, in MOHCD's sole discretion, are inconsistent with fostering a stable environment for families and children, including, but not limited to, bars, liquor stores,

tobacco product stores, recreational cannabis shops (medical cannabis dispensaries may be permitted in MOHCD's sole discretion, but only to the extent permitted by funding sources and applicable local, state, and federal law) or other uses that cater exclusively to adults.

4. **Commercial Entity:** A legal entity, separate from the Housing Owner, who may either master lease the Commercial Space from the Housing Owner or ground lease the Commercial Space directly from the City, as provided in Permitted Legal Structures, below.
5. **Commercial Project Costs:** The total of all hard and soft costs associated with the development of the Commercial Space.
6. **Community Serving Commercial Use:** A land use, typically retail or other sales and services use, that provides a direct benefit to the community, e.g. a food market with affordable and healthy produce and other goods, community banking, or other neighborhood serving uses that have a demonstrated benefit to the residents of the Project, as determined by MOHCD in its sole discretion.
7. **Commercial Space Master Tenant:** A Commercial Entity that is an Affiliated Entity and that leases the Commercial Space from the Housing Owner and subleases Individual Tenant Space(s) to Individual Commercial Tenant(s).
8. **Housing Owner:** The owner of the residential improvements at the Project.
9. **Cold Shell:** Commercial Space improvements as defined in detail under Item 18.
10. **Individual Commercial Tenant:** An occupant of Commercial Space rented from the Housing Owner or Commercial Entity (depending on legal structure).
11. **Individual Tenant Space:** Demised portion of the Commercial Space for lease to an Individual Commercial Tenant.
12. **Net Commercial Cash Flow:** Commercial Operating Income less the Commercial Operating Expenses for a Lease Year (or portion thereof). **Commercial Operating Expenses** means the reasonable and customary expenses of reasonable operating and routine maintenance and repair expenses incurred by the Housing Owner or Commercial Entity (depending on legal structure) in the operation of the Commercial Space, debt service, and MOHCD-approved reserves. **Commercial Operating Income** means all income and receipts in any form received by the Housing Owner or Commercial Entity (depending on legal structure) from the operation of the Commercial Space, including rents, fees, deposits, and reimbursements.
13. **Project:** A mixed-use, multifamily residential and commercial project built with substantial reliance on City funding, which may include one or more subdivided residential condominium/air rights parcels and commercial condominium/air rights parcels.
14. **Public Benefit Use:** A land use, typically programs or services, that primarily benefits low-income persons, is implemented by one or more 501(c)(3) public benefit

corporations, and has been identified by the City or community as a priority use. Examples include, but are not limited to, childcare centers, adult day health centers, nonprofit office space, public libraries, supportive services for the residents of the affordable housing development, health clinics that serve the local community at no or low cost, arts-related spaces that provide programs, and classes and/or exhibition spaces available to community members at no or low cost.

- 15. Residential Space:** The entire undifferentiated residential area for future demising and occupancy by residential tenants. If the Project is subdivided, then the Residential Space would be a condominium or air rights parcel, separate from the Commercial Space(s).
- 16. Tenant Improvement Allowance:** A budget allowance sized to accommodate the build out of Warm Shell improvements, which MOHCD may approve when the Individual Commercial Tenant/s is unknown at construction loan closing.
- 17. Warm Shell:** Commercial Space improvements as defined in detail under Item 18.
- 18. *Detailed definition of Cold Shell and Warm Shell improvements (see next page)***

<u>Scope/Trade</u>	<u>Cold Shell</u>	<u>Warm Shell (Cold Shell plus the following)</u> (Note: The cost of Warm Shell improvements should be included in the development budget either as a specific scope of work, if known, or as a Tenant Improvement Allowance, subject to MOHCD approval.)
Walls/Doors	Exterior/perimeter walls and doors. Exterior/perimeter walls must be finished with gyp and fire taping to Code. No partition walls or doors.	Partition walls and doors to Individual Tenant Space/s. Partition walls, doors and locks for bathrooms based on Individual Commercial Tenants and Code requirements.
Finish	Exposed concrete slab with rough-in Plumbing, depressed to allow for anticipated use (floor sinks, drains). Temporary ramps for Certificate of Completion, as required.	Finished floor to minimum specification of Individual Commercial Tenant or exposed slab with clearance to install flooring to level landing at door. Wall and ceiling finish, lighting and finish specialties in bathrooms.
Specialties	Code required signage. Exterior commercial signage program developed and approved by Planning and MOHCD.	Bathroom accessories. Exterior signage design, infrastructure, fabrication and installation.
Structural	Anchors for drop-ceiling. Anchors must be cast-in slab 4' on center in each direction. Coring or block-out for assumed HVAC rough-in.	Code required ramps and railings to assumed final finish floor and level landing at entrance(s).
Elevator	No	As required.

Mechanical	Stub out for heat-pump, space on roof for equipment, and pad (or sidewall where possible). Fire rated shaft for later ducting of restaurant hood(s); supply air / louver on exterior wall.	Venting of bathrooms and all other plumbing fixtures. Ductwork to connect location of heatpump to exterior. Code required smoke control. In the case of an approved restaurant use, minimum of one (1) grease duct plus make up air (MUA) duct to accommodate Type 1 hood. Type 2 hood shaft and venting may be considered. Does not include water heating and all other mechanical equipment.
Gas	Stub-out for gas and gas meter in meter room.	Submeters based on establishment of Individual Tenant Space/s.
Plumbing	Stub-out for domestic water supply and water meter in meter room. Storm sewer 4". Stub out all plumbing (supply and waste) to bathroom location(s). No finish.	Water meters based on establishment of Individual Commercial Tenant/s. Distribute domestic water, waste and vents to plumbing fixture locations within Individual Tenant Space/s. Finish plumbing.
Electrical	200A-600A 3 phase service. Meter in electrical room with service to Commercial Space. Stub out and conduit on ceiling for mechanical. Perimeter walls to have wall receptacles. Light fixtures in space connected to house meter to meet Certificate of Completion requirements only. Emergency lighting battery back-up.	Submeters based on established Individual Commercial Tenant/s and extension of stub-outs to Individual Tenant Space/s. Installation of sub panel at Individual Tenant Space/s.
Telco	Two (2) 2" conduits from MPOE to space for telecom/data/security. Temporary security camera connected to residential system until Commercial Space is occupied.	

<p>Fire Protection/ Alarm</p>	<p>Building Fire Alarm shall be sized and zoned to include Commercial Space. State and Local SFFD Code requirements for Completion and Certificate of Occupancy must be met. Sprinkler shall be installed, activated and monitored.</p>	<p>Zoning of Fire Alarm to Individual Tenant Space/s and re-configuration / programming of main building fire panel.</p>
<p>Site Work</p>	<p>No</p>	<p>No</p>

D. Permitted Legal Structures

a. Each of the following legal structures may be used for a Project, as permitted by MOHCD, taking into account the location of the Project, the community that the Project intends to serve, financing requirements and restrictions, and the capacity and expertise of the developer and Housing Owner. These Guidelines assume MOHCD owns the land on which the Project is located. In the rare scenario in which that is not the case, MOHCD and the Housing Owner will adjust these Guidelines accordingly to achieve the Goals articulated in Paragraph B and the same financing principles related to the use of MOHCD funds.

1. No Subdivision; Single Ground Lease. The real property is not subdivided and the entire property is ground leased to Housing Owner.

a. Direct Leases: Housing Owner leases directly to Individual Commercial Tenant(s); or

b. Commercial Master Lease: Housing Owner leases the Commercial Space to the Commercial Entity (which must be an Affiliated Entity) (the “Commercial Space Master Tenant”). The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

2. Subdivision. The real property is subdivided into a separate residential condominium or air rights parcel and a separate commercial condominium or air rights parcel (or subdivided into more than one separate parcels of either use).

a. Single Ground Lease. The real property is subdivided, and the City ground leases the entire property to the Housing Owner.

(i) Direct Leases: Housing Owner retains ownership of the leasehold for the Commercial Space and leases directly to Individual Commercial Tenant(s); or

(ii) Commercial Master Lease: Housing Owner retains ownership of the leasehold for the Commercial Space and leases the Commercial Space to a Commercial Space Master Tenant. The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

b. Separate Ground Leases.

(i) The City ground leases the Residential Space to the Housing Owner. The City separately ground leases the Commercial Space to the Commercial Entity. The Commercial Entity may or may not be an Affiliated Entity.

(ii) Where the Commercial Entity is a for-profit company, not related to the Housing Owner, and the Commercial Space will be used for Commercial Use, the City’s strong preference is that the subdivision be in the form of a condominium as opposed to an air rights parcel.

E. Underwriting Guidelines for All Permitted Legal Structures

1. The eligible uses of MOHCD Funds for Commercial Project Costs are:
 - a. Hard Costs: Subject to approval by MOHCD, Borrower may request the use of MOHCD funds for the following:
 - i. Commercial Uses: Cold Shell only. However, MOHCD may provide funding for Warm Shell improvements required to be installed concurrent with residential construction (e.g. restaurant flue shafts with grease ducts and access panels on each floor, drain lines and anchor bolts installed in PT floor and ceiling slabs). If Housing Owner is working with the Commercial Entity or an Individual Commercial Tenant before or during construction, Housing Owner may install ducting to the exterior (roof or louvers on building exterior) as a reimbursable cost to Housing Owner by the Commercial Entity or the Individual Commercial Tenant. Costs for all Cold Shell and Warm Shell improvements must be repaid to MOHCD, in full or in part, through non-housing sources, according to the requirements set forth in Section I below.
 - ii. Community Serving Commercial Uses: Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources, such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc., as appropriate for the proposed use for the purpose of reducing funding required from MOHCD.
 - iii. Public Benefit Uses: Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc. as appropriate for the proposed use, for the purpose of reducing funding required from MOHCD.
 - b. Soft Costs: Subject to MOHCD approval and evaluated based on industry standards and market conditions for comparable projects and uses, including:
 - Construction management and consulting fees for coordination of tenant improvements with shell construction
 - Commercial broker fee
 - Commercial space lease-up reserve
 - Commercial space replacement reserve
 - Commercial space developer fee (see developer fee policy below)
 - Market analysis as is required by MOHCD
 - Future tenant improvements reserve
 - Pro rata share of Project development costs associated with Commercial Space (for example, financing costs and legal fees)

2. Conditions of MOHCD Funds.

- a. Market Analysis: Developer shall provide MOHCD a third party prepared market analysis (e.g. from a broker, appraiser, or market analyst) to determine appropriate terms for Market Rents, Rent Growth, Annual Rent Adjustments, Rent Concessions and/or Tenant Improvement Allowances, Vacancy, Expenses, Expense Growth, Management Fees, Leasing Agent Fees, and Reserves.
- b. Operating Budget. Developer shall provide the Housing Owner's or Commercial Entity's (depending on legal structure) commercial operating budget based on proposed use and market conditions consistent with the third party prepared Market Analysis provided for the project as defined above in 2.a. Commercial rents charged must be sufficient to cover all direct, shared, and allocated costs attributable to commercial use, including, but not limited to: pro-rata share of cleaning, maintenance and utility costs for shared bathrooms and hallways; pro-rata share of maintenance of fire sprinkler and fire alarm systems; pro-rata share of cleaning, maintenance and repair of the trash room; pro-rata share of maintenance and repair of the sidewalk, street trees and bike racks; pro-rata share of hydro-jetting of the sewer laterals; and pro-rata share of back-flow testing of the water lines. Commercial operating expenses shall include all utilities payable by the property for the Commercial Space, commercial property management and asset management fees, commercial operating and replacement reserves, and property taxes and insurance attributable to the Commercial Space.
- c. Leases and Letters of Intent. The Commercial Master Lease and business terms for Direct Leases and subleases are subject to review and approval by MOHCD, in accordance with the Market Analysis and these Guidelines.

F. Commercial Space Developer Fee

1. Commercial Uses: The lesser of \$100,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 incremental fee will be allowed for completion of the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. The Commercial Space Developer Fee is payable only from non-MOHCD sources, e.g. commercial loan proceeds or transfer of the leasehold estate in the Commercial Space, etc.
2. Public Benefit Uses and Community Serving Uses: The lesser of \$250,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 in fee will be allowed for completing the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. Half of the Commercial Space Developer Fee is payable

only from non-MOHCD sources, e.g. commercial loan proceeds, grants, or transfer of the leasehold estate in the Commercial Space.

3. Commercial Space Developer Fee; Net Developer Fee Maximums. To the extent allowable by TCAC, the Commercial Space Developer Fee is in addition to the net developer fee maximums pursuant to MOHCD Developer Fee Guidelines.

G. Change in Use

Change in use from Public Benefit Use or Community Serving Commercial Use to Commercial Use requires approval by MOHCD and will result in required repayment of the costs of Warm Shell improvements funded by MOHCD loan(s). Repayment will be calculated by amortizing the MOHCD-funded costs over the useful life of the improvements and sized based on the number of years the improvements did not serve a Public Benefit or Community Serving Commercial Use.

H. Single Ground Lease Additional Guidelines

The following ground lease terms apply where the City ground leases the entire property to the Housing Owner, whether or not the property has been subdivided.

1. Direct Lease
 - a. **40% City/60% Housing Owner:** 40% of Net Commercial Cash Flow will be paid by Housing Owner to City in the form of increased ground lease payment of Residual Rent (see MOHCD Policy on Ground Leases for defined terms). Housing Owner will retain 60% of Net Commercial Cash Flow.
 - b. Limit on Commercial Revenue: City recommends tax counsel guidance to avoid issues of unrelated business income.
2. Commercial Master Lease
 - a. **40% City/60% Affiliated Entity:** 40% of Net Commercial Cash Flow will be paid by Commercial Entity to Housing Owner and subsequently paid to City in the form of increased ground lease payment of Residual Rent. 60% of Net Commercial Cash Flow is payable to the Commercial Entity (ie. the Commercial Space Master Tenant). The Commercial Entity must be an Affiliated Entity.
 - b. Limit on Commercial Revenue: City recommends tax counsel guidance to avoid issues of unrelated business income.

I. Separate Ground Leases Additional Guidelines

The following MOHCD commercial loan repayment and commercial ground lease terms apply where the property has been subdivided, the City ground leases the Residential Space to the Housing Owner, and the City ground leases the Commercial Space(s) to the Commercial Entity(ies).

1. Reimbursement to MOHCD of Commercial Project Costs depends on the ownership structure and the type of use, as follows:

- a. Public Benefit Uses, Community Serving Commercial Uses, and Commercial Uses when the Commercial Entity is an Affiliated Entity:

Within the earlier of 90 days after 75% occupancy is achieved for Commercial Space or one year after the issuance of a Temporary Certificate of Occupancy or Certificate of Occupancy for the Commercial Space, the Commercial Entity must obtain a commercial loan commitment to repay MOHCD for all Commercial Project Costs included in MOHCD financing. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval. The commercial loan must close within 90 days following the issuance of a loan commitment. In the event that the commercial loan is not large enough to fully repay MOHCD for Commercial Project Costs, MOHCD will retain a second position Deed of Trust against the Commercial Space, securing a Note in the amount of any unpaid balance. Any outstanding balance on a MOHCD commercial loan will be payable upon refinance or transfer of the Commercial Space.

- b. Commercial Uses when the Commercial Entity is an unrelated third-party:

The Commercial Entity must repay MOHCD for all Commercial Project Costs included in MOHCD financing at close of purchase of the leasehold interest in the commercial condominium/air rights parcel and/or execution of the commercial ground lease. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval.

2. Commercial Space Ground Lease Payment and Payment on Any Outstanding MOHCD Commercial Loan

- a. Public Benefit Uses & Community Serving Commercial Uses: Annual ground lease payment equal to 40% of Net Commercial Cash Flow. However, if there is an outstanding MOHCD commercial loan, the 40% Net Commercial Cash Flow will first be used to pay down the MOHCD commercial loan and then to the annual ground lease payment. Commercial Entity will retain 60% of Net Commercial Cash Flow.

- b. Commercial Uses: Annual ground lease payment equal to market rent based on current comparable leases. Sizing of Base Rent and Residual Rent to be negotiated. If there is an outstanding MOHCD commercial loan (only applicable when the Commercial Entity is an Affiliated Entity), 40% Net Commercial Cash Flow will be used to pay off the MOHCD commercial loan and then go towards payment of Residual Rent, if applicable. Commercial Entity will retain 60% of Net Commercial Cash Flow.

3. Any transfer or sale of the Housing Owner's or Commercial Owner's ground lease interest in the Commercial Space parcel is subject to MOHCD approval as ground lessor. If the Project was developed as air rights parcels, MOHCD may require that the air rights subdivision be converted to condominiums before the Commercial Space may be transferred to an unaffiliated for-profit entity for Commercial Use.

4. Ground Lease Term: To be negotiated based on Market Analysis (see section E.2.a. for requirements for Market Analysis.)

EXHIBIT P
Residual Receipts Policy

[To be attached]

EXHIBIT P

**Mayor's Office of Housing and Community Development
Residual Receipts Policy
Effective April 1, 2016**

INTRODUCTION

The Mayor's Office of Housing and Community Development (MOHCD) typically requires annual payments under the Ground Leases and Loans provided for the purpose of developing or preserving affordable housing to the extent that making payments is feasible and does not jeopardize the long-term affordability or maintenance of safe and secure housing for its residents. Payments may be required under one or a combination of several structures, including amortization, deferral, or payment from residual receipts, depending on the circumstances.

When a development financed by MOHCD is projected to enjoy more income than is needed to pay expenses, service other debt, fully fund its reserves, and make approved payments out of surplus, it is MOHCD's policy that a portion of the remaining "residual" income be directed toward repayment of MOHCD's investment.

MOHCD also permits a modest portion of "residual" income to be distributed by the borrower. Distribution of any portion of "residual receipts" is conditioned on MOHCD's annual determination that certain performance standards and benchmarks have been met.

SUMMARY (see below for detailed requirements)

I. Definition of Residual Receipts	As depicted in the approved MOHCD Operating Budget Proforma for each project, the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments of surplus. .
II. Annual Residual Receipts Payments Due to MOHCD	Generally, 2/3 rd s of residual receipts is payable to the City. Larger Tax Credit projects may be eligible to use an alternative ½ - ½ split for up the first 10 years of a new tax credit period, see the Developer Fee Policy for more details.
III. When more than one MOHCD contract requires residual payments	The approved MOHCD Operating Budget Proforma is a required exhibit to the last-executed MOHCD contract and must reflect a comprehensive summary of approved cash flow waterfall, listing of all lenders, relative lien positions, underlying loan terms and amounts owed to MOHCD annually across all MOHCD contracts.
IV. When a project has other Lenders in addition to MOHCD that require residual payments	The portion to be repaid to each Lender is typically determined by the proportional amount of capital funded under each loan. The approved MOHCD Operating Budget Proforma must include a list of all loans and details about projected amounts owed annually, including how the portion of residual receipts to be paid to each lender will be calculated, if not based on a proportional amount.
V. Conditions to Distribution of Residual Receipts to Borrower	Distribution of Residual Receipts may be made only upon: (1) MOHCD approval of Annual Monitoring Report; (2) determination by MOHCD

	that borrower is not in default; and (3) approval by MOHCD of amount of Distribution.
VI. Use of Residual Receipts Distributed to the Borrower	MOHCD strongly encourages borrowers to use distributions for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).
VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project	Any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
MOHCD Repayment Waiver Option	The repayment waiver option has been terminated.

I. Definition of Residual Receipts

- A. Residual Receipts is the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments from surplus.
- B. The project-specific Funding Agreements and/or Ground Leases define what Project Income entails and which Project Expenses are allowable. In general, the definition of allowable Project Expenses will include mandatory or “hard” debt service payments, minimum or Base Rent owed under a Ground or Land lease, and required annual payments into Reserve accounts. Each MOHCD contract will include a copy of the approved Operating Budget Proforma.
- C. When MOHCD requires repayments from Residual Receipts, the formula usually requires payment of a portion of the available Residual Receipts. The use of a proportional formula makes it is essential to clearly define which uses of surplus cash have been approved for payment prior to the calculation of the amount owed to MOHCD.
- D. The approved uses of any available surplus may also be referred to as the cash flow waterfall. The approved MOHCD Operating Budget Proforma is used to document the approved cash flow waterfall. In general, the following expenses may be a part of a cash flow waterfall:
 - 1. Fees payable to the project, the GP, the LP or the parent entity
 - 2. Fees payable to project funders
 - 3. “Soft” debt repayments to lenders / lessors

Please see the City’s Developer Fee Policy and Operating Fees Policy for a list of allowable fees and any applicable limits.

- E. Limited Partnership Agreements may also provide a narrative summary of the cash flow waterfall. In the event that a Limited Partnership Agreements is found to be inconsistent with the MOHCD Funding Agreement and/or the approved MOHCD Operating Budget Proforma, the MOHCD documents shall control.

II. Annual Residual Receipts Payments due under MOHCD Ground Leases & Loans

Except as recommended by the Loan Committee and approved by the Mayor on a project by project basis, the portion to be paid to the City shall be $\frac{2}{3}$ rds of Residual Receipts. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period and the borrower's portion of Residual Receipts shall be considered payment of Deferred Developer Fee. See the Developer Fee Policy for more details.

Any residual receipts payments shall be applied toward the unpaid balance of MOHCD loan/s according to the terms in the Promissory Note and/or Funding Agreement, and toward the payments required under the MOHCD Ground Lease.

III. When more than one MOHCD contract requires residual payments:

Some projects supported by MOHCD may be governed by more than one MOHCD contract. The MOHCD Operating Budget Proforma provides a comprehensive summary of the approved cash flow waterfall, a listing of all lenders, the relative position of each lien, the amounts owed and the relevant repayment terms, and will also reflect the cumulative amount of repayments owed to MOHCD annually across all MOHCD contracts. Projects governed by more than one MOHCD contract that extend or initiate a MOHCD contract after the effective date of this policy will be required to get approval of a new MOHCD Operating Budget Proforma.

IV. When a project has other Lenders in addition to MOHCD that require residual payments

A. If any other project lenders besides MOHCD require repayment from residual receipts, the portion to be repaid to each Lender will typically be determined by the proportional amount of capital supplied under each loan. For example, if a project received a \$2 million loan from MOHCD and a \$3 million loan from another lender, MOHCD would receive $\frac{2}{5}$ ^{ths} of the amount available to be repaid, and the other lender would receive $\frac{3}{5}$ ^{ths} of the amount available to be repaid. The approved MOHCD Operating Budget Proforma must include a list of all Loans and provide an appropriate amount of detail about the projected amounts owed annually including details about how the portions to be paid to each lender will be calculated. If a project makes an agreement with any other lender/s after executing a MOHCD contract containing the final MOHCD-approved Operating Budget Proforma, prior to making any payments to such other lender/s, the project must request and be approved in writing to amend the MOHCD-approved Operating Budget Proforma to include the new lender/s.

B. During operations, MOHCD will require Residual Receipts payments using MOHCD's method of calculating surplus and any amounts owed to the MOHCD. If there is a difference in the amount calculated to be owed to any other lenders under another lender's repayment calculation method when compared to MOHCD method, then each lender will be paid according to its calculation, so long as doing so would not result in a reduction in the amount payable to MOHCD.

V. Conditions to Distribution of Residual Receipts to Borrower

- A. Distribution of Residual Receipts to the borrower of a MOHCD loan, or lessee of a MOHCD ground lease, may be made only upon:
1. MOHCD approval of the Annual Monitoring Report submitted for that year; and
 2. Determination by MOHCD that the borrower is not in default under terms of the Loan; and

3. Approval by MOHCD of the amount to be distributed.
- B. No distribution of Residual Receipts shall be made under any of the following circumstances:
1. When a written notice of default has been issued by any lender or investor and such default has not been cured; or
 2. When the City determines that the borrower or the borrower's management agent has failed to maintain the housing and its surroundings in a safe and sanitary manner in accordance with local health, building, and housing codes; or
 3. If any operating expense, including debt service on non-City loans remains unpaid; or
 4. If any required reserve account is not fully funded according to the terms of the MOHCD contract/s; or
 5. In the event of any other material failure to comply with the provisions of the MOHCD contract/s.

VI. Use of Residual Receipts Distributed to the Borrower

MOHCD strongly encourages borrowers to use the portion of Residual Receipts that is not applied toward repayment of MOHCD's loan or payment of residual rent under a MOHCD ground lease for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).

VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project

- A. With the exception of Residual Receipts retained by a borrower pursuant to this policy, any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
- B. The Loan Committee may approve variations of this policy on a project-specific basis, including the payment of costs associated with the provision of social, educational, vocational, counseling or other supportive services to residents either as a project expense or out of that portion of Residual Receipts that would otherwise be repaid to the City.



SAN FRANCISCO PLANNING DEPARTMENT

General Plan Referral

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Date: June 14, 2019
Case No. 2016-012545GPR
4840 Mission Street Mixed-Use Affordable Housing

Reception:
415.558.6378

Fax:
415.558.6409

Block/Lot No.: 6959/19, 6959/25, 6959/26, 6959/31
Project Sponsor: Kearstin Dischinger
Bridge Housing Corporation
600 California Street, Suite 900
San Francisco, CA 94108

Planning
Information:
415.558.6377

Applicant: Cindy Heavens
Mayor's Office of Housing and Community Development
(MOHCD)
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94102
(415) 701-5581
cindy.heavens@sfgov.org

Staff Contact: John M. Francis – (415) 575-9147
john.francis@sfgov.org

Recommendation: Finding the project, on balance, is **in conformity** with
the General Plan

*Recommended
By:*


John Rahaim, Director of Planning

PROJECT DESCRIPTION

The Project is a mixed-use development in the Excelsior District at 4840 Mission Street. The development site is ±1.5 acres and includes up to 137 below market rate affordable rental units over a new ±10,000 square foot Clinic and a ±6,000 square commercial space. One hundred percent of the units are affordable. The development includes 39 residential parking stalls that are not visible from the street and are located partially below grade as well as a publicly accessible mid-block passage between Mission Street and Alemany Boulevard. The project site is currently occupied by the Valenti Marini Perata Funeral Home. The project provides a unique opportunity to establish a mixed-use, affordable housing development and create new commercial space as well as clinical space for the community-based Mission Neighborhood Health Clinic.

The submittal is for a General Plan Referral to recommend whether the Project is in conformity with the General Plan, pursuant to Section 4.105 of the Charter, and Section 2A.52 and 2A.53 of the Administrative Code.

ENVIRONMENTAL REVIEW

Project approved under California Senate Bill 35; considered a ministerial approval and is not subject to CEQA.

GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

The Project is Bridge Housing's proposed construction of a mixed-use development with up to 137 rental units of below market rate affordable housing. The Project is consistent with seven of the Eight Priority Policies of Planning Code Section 101.1 as described in the body of this letter and is, on balance, **in-conformity** with the following Objectives and Policies of the General Plan:

HOUSING ELEMENT

POLICY 1.7

Consider public health objectives when designating and promoting housing development sites.

A healthy neighborhood has a balance of housing and the amenities needed by residents at a neighborhood level, such as neighborhood serving retail, particularly stores offering fresh produce, childcare and medical services.

In addition to being located adjacent to a Safeway supermarket and other neighborhood-serving businesses, the proposed project includes a new community-based health clinic.

POLICY 1.8

Promote mixed use development, and include housing, particularly permanently affordable housing, in new commercial, institutional or other single use development projects.

Mixed-use buildings in San Francisco allow residents to live above street-front commercial space, services or institutional uses. Housing should continue to be considered as a joint use with all compatible non-residential uses.

The neighborhood-serving health clinic in the ground floor of the proposed affordable housing project will contribute positively to the Excelsior District's vibrant mixed-use environment on Mission Street.

POLICY 1.10

Support new housing projects, especially affordable housing, where households can easily

rely on public transportation, walking and bicycling for the majority of daily trips.

Housing with easy access to transit facilitates the City's efforts to implement the City's Transit First policy. Additionally, housing near transit can provide site efficient and cost effective housing.

The proposed affordable housing project will be well-served by high frequency Muni lines on Mission Street to Downtown San Francisco and is within a 0.7 mile (15 minute) walking distance from the Balboa Park BART Station.

POLICY 8.1

Support the production and management of permanently affordable housing.

Non-profit housing development corporations develop most of San Francisco's subsidized affordable housing. The City should continue to provide technical and financial assistance to support continued operations and enhanced capacity of these entities.

The City via MOHCD is seeking to support the development of the proposed affordable housing project by financing its acquisition and pre-development activities in coordination with the Project Sponsor.

POLICY 12.2

Consider the proximity of quality of life elements, such as open space, child care, and neighborhood services, when developing new housing units.

San Francisco's neighborhoods support a variety of life choices through the quality of life elements they provide. Such elements include open space, child care facilities and other neighborhood services such as libraries, neighborhood-serving retail (including grocery stores), community centers, medical offices, personal services, locally owned businesses, and a pedestrian and bike-friendly environment. These elements enable residents to continue to live in their neighborhood as their needs change and encourage neighborhood relationships. Access to these amenities and services at a neighborhood level enables residents to make many trips on foot or public transportation.

The proposed project is located directly adjacent to a Safeway supermarket and on a stretch of Mission Street that includes many neighborhood services and amenities. It is in a very pedestrian-friendly environment that will allow residents to meet their daily needs locally and conveniently without the need for a privately-owned vehicle. The proposed project is within a half mile of both Balboa Park and Crocker Amazon Playground and Athletic Fields.

PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

Eight Priority Policies Findings

The subject project is found to be consistent with the Eight Priority Policies of Planning Code Section 101.1 in that:

The proposed project is found to be consistent with the eight priority policies of Planning Code Section 101.1 in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced.

The Project includes new ground floor space that is anticipated to be utilized for a health clinic and commercial uses; it therefore creates new opportunities for resident employment in and ownership of neighborhood-serving retail.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhood.

The Project would have a positive effect on neighborhood character by activating a largely vacant site, creating new active ground floor uses, and providing a new mid-block pedestrian passage from Mission Street to Alamany Boulevard. Additionally, it will add up to 137 new below market rate affordable rental units to the city's housing stock. The existing housing character will be not be negatively affected.

3. That the City's supply of affordable housing be preserved and enhanced.

The Project would enhance the city's supply of affordable housing by adding up to 137 new below market rate affordable rental units.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

Due to the Project's low parking ratio of 1 space for every 3.5 residential units, it will largely cater to residents who do not own a private vehicle and therefore would not result in commuter traffic impeding MUNI's transit service, overburdening the streets or altering current neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for residential employment and ownership in these sectors be enhanced.

The Project would not negatively affect the existing economic base in this area.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The Project would not adversely affect achieving the greatest possible preparedness against injury and loss of life in an earthquake.

7. That landmarks and historic buildings be preserved.

The existing building is not a designated landmark under Article 10, does not have a designation under Article 11, and is not contributory to a designated or potential historic district. However, it has been found to eligible for the California Register of Historic Resources and therefore is considered a "Category A Historic Resource" under "San Francisco Preservation Bulletin No. 16 – City and County of San Francisco Planning Department CEQA Review Procedures for Historic Resources." While the existing building is proposed to be demolished, it would be demolished to enable the production of much needed affordable housing in an area that is rich with supporting uses, transit and other modes of non-vehicular travel. The new mixed-use affordable project would contribute to the existing character of Mission Street and the Excelsior District.

8. That our parks and open space and their access to sunlight and vistas be protected from development.

The Project would have no adverse effect on parks and open space or their access to sunlight and vista.

RECOMMENDATION:	Finding the Project, on balance, in-conformity with the General Plan.
------------------------	--

cc: Cindy Heavens, MOHCD

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Mayor's Office of Housing and Community Development
City and County of San Francisco



Edwin M. Lee
Mayor

Olson Lee
Director

NOTICE OF FUNDING AVAILABILITY

**Acquisition and Predevelopment Financing for
AFFORDABLE MULTIFAMILY RENTAL HOUSING,
Supported by the 2015 General Obligation Housing Bond – Proposition A**

Issue Date: April 18, 2016
Application Due Date: June 20, 2016

*Issued by the Mayor's Office of Housing and Community Development
of the City and County of San Francisco (City)*

Available Funds: \$15,000,000, including:

- \$6,000,000 for projects located in the Mission District (bounded by Division, Potrero, Cesar Chavez and Guerrero Streets); and
- \$9,000,000 for projects located anywhere in the City.

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A. Introduction.

In order to promote the development of permanent affordable housing for low-income and homeless households in San Francisco that is consistent with the 2015 **voter-approved General Obligation Housing Bond Proposition A**, as well as the City's Consolidated Plan, the City's current Master Plan Housing Element, and the 2004 San Francisco 10-Year Plan to Abolish Chronic Homelessness, the Mayor's Office of Housing and Community Development (MOHCD) announces the availability of predevelopment funding for the development of new, permanent affordable housing for low-income and homeless households.

San Francisco voters approved Proposition A in 2015 in order to address the City's well-documented and severe housing affordability crisis. The specific goals of Proposition A are to:

- Create new affordable units;
- Serve vulnerable residents, such as homeless, veteran, senior, and low-income households;
- Accelerate the rebuilding of public housing;
- Preserve existing rent-stabilized housing;
- Expand rental and homeownership opportunities for the City's workforce; and
- Enhance the livability of San Francisco.

This NOFA specifically addresses Proposition A's mandate to create new affordable, low-income units and to serve vulnerable populations.

MOHCD will select proposals that show a clear ability to meet its Priority Goals. Winning projects will:

1. Efficiently and quickly produce high-quality and community-serving affordable housing through demonstrated **Project Readiness**.
2. Maximize the benefit of the City's subsidy dollars through demonstrated **Cost-Effectiveness**, whether via low-to-no land costs, use of efficient construction techniques and/or materials, or other cost-saving measures.
3. **Serve Highly-Impacted Neighborhoods** with a demonstrated need for affordable housing. Sponsors may demonstrate the highly-impacted status of the neighborhood in which they propose to build through, among other metrics: eviction data, market-rate rents compared to City average; market-rate rents' rate of increase over time; overcrowding; or number of rent-burdened households.

4. **Serve Neighborhoods Historically Under-Resourced** for affordable housing development but which demonstrate a compelling need for such housing. Sponsors may demonstrate neighborhood resource levels by citing historical level of public and/or private investments in affordable housing in the neighborhood over a specified period of time.
5. **Serve Homeless Households** and other vulnerable populations, including, for example, seniors, transition-aged youth, or veterans.
6. **Provide Extended Community Benefits** through creative use of ground floor spaces for community-serving activities, such as child care, arts uses, nonprofit offices, or vocational training and development.
7. Enhance the neighborhoods in which they are located through **Excellent Design**.

Predevelopment funds issued under this NOFA will be available mid-2016. While MOHCD anticipates selecting approximately five (5) developments, including at least two (2) in the Mission District, MOHCD reserves the right to select any number of projects it determines appropriate given available Proposition A resources for low-income housing development and in order to fulfill the express goals of the NOFA.

B. Important Dates & Submission Process.

NOFA Issued by MOHCD	April 18, 2016
Pre-submission Meeting at MOHCD	April 25, 2016, 2pm
Deadline for Questions and Requests for Additional Information	May 16, 2016
Proposal Submissions DUE	June 20, 2016
Preliminary Review for Threshold Eligibility by Selection Panel and Notice to Respondents	June 24, 2016
Project Team Interviews	June 27-July 8, 2016
Director of MOHCD Review/Approval of Recommended Projects	July 15, 2016
Loan Committee (estimated)	August 5, 2016

1. Pre-Submission Meeting

A pre-submission meeting will be held at MOHCD (1 South Van Ness Avenue, 5th floor), on **April 25, 2016 at 2pm**. The purpose of the meeting is to ensure that all teams understand the programmatic and submittal requirements of the NOFA. Although attendance at the pre-submission meeting is not mandatory, it is highly recommended.

2. Questions and Requests for Information

Questions raised at the pre-submission meeting may be answered orally. If any substantive new information is provided in response to questions raised at this meeting, it will also be posted on the MOHCD website and will be emailed to all parties that have attended the pre-submission

meeting or otherwise requested that they be included on the NOFA emailing list. Subsequent to this meeting, questions or requests for interpretation will only be accepted by email and all questions and responses will be answered by email and posted on the MOHCD website. No questions or requests for interpretation will be accepted after **5:00 p.m. on May 16, 2016**. Emailed questions and information requests should be submitted to Mara Blitzer at: mara.blitzer@sfgov.org.

3. Submittal Date and Method.

Submittal of [9] hard copies of the Proposal must be received by the MOHCD receptionist and an emailed copy sent to mara.blitzer@sfgov.org no later than **5:00 p.m. on June 20, 2016**.

4. Final Review and Commitment of Funds.

The top-ranking applications will be preliminarily scheduled for review by the Loan Committee on August 5, 2016 in the order in which they are scored. All commitments recommended by the Loan Committee are subject to final approval by the Mayor. Commitments may be conditional; actual closings and disbursements of funds may be contingent on applicants' achievement of certain development benchmarks or performance goals. The City reserves the right to commit funds to a successful applicant in an amount that differs from the originally requested amount. The City also reserves the right to award an aggregate amount that exceeds the amount identified as available under this NOFA if necessary to fully fund the last approved project.

C.a. Threshold Eligibility: Applicants.

Only applicants who meet all of the following criteria will be considered eligible for selection and funding under this NOFA.

- 1) Applicant is a development team consisting of:
 - a) At least one nonprofit housing developer that has successfully developed at least one "**Qualifying Project**" (see below) located in San Francisco within the last 5 years.
 - i. A **Qualifying Project** is defined as an affordable rental housing development for the target population of at least 50 units that was financed with low-income housing tax credits.
 - ii. Dedicated project management staff employed by a developer, or a consultant to the developer with equivalent experience in San Francisco, can satisfy this requirement if the nonprofit developer has developed a project of at least 50 units located in San Francisco using low-income housing tax credits within the last 10 years
 - iii. Developers may form a joint-venture partnership so long as the Qualifying Project requirements above are met. Joint-venture Applicants must identify a lead developer with responsibility for implementation of the project.

- iv. Developer(s) prior performance developing the Qualifying Project and other affordable developments will be considered in the review process, including the ability to develop housing on-time and on-budget and developer(s)' ability to successfully leverage non-City funds.
- v. Developer (or lead developer for joint-ventures) must demonstrate strong organizational financial capacity and ability to attract excellent lending and investment terms without significant risk of forgoing opportunities due to overexposure in the San Francisco lending and equity markets.
- b) A construction manager that has completed at least one Qualifying Project in the last 5 years and demonstrated experience working on all phases of design and construction, including pre-construction.
- c) An architectural firm that has designed and completed construction administration for at least one Qualifying Project in the last 5 years.
- d) A property management firm that has managed at least one Qualifying Project for at least 24 months (subject to satisfactory performance review by any City agency from which the Project received funding) and that has experience managing housing designed for the target population.
 - i. A property management team unaffiliated with the developer must submit a letter of intent or memorandum of understanding regarding its participation in the Applicant.
- e) A San Francisco-based service provider that currently provides comprehensive supportive services for at least one Qualifying Project (subject to satisfactory performance review by any City agency from which the Qualifying Project received funding) and that has experience delivering services to the proposed target populations.
 - i. A service provider unaffiliated with the developer must submit a letter of intent or memorandum of understanding regarding its participation in the Applicant.
 - ii. For the purposes of this criterion only, the Qualifying Project may not have received tax credit funding.

C.b. Threshold Eligibility: Projects.

Eligible Projects

1. Must be at least:
 - a. 50 new, affordable, senior units; – OR –
 - b. 50 new, affordable special needs units (including disabled and/or homeless households and/or households at-risk of homelessness); – OR –
 - c. 75 new, affordable, family units.

2. Must be new, permanent, affordable housing for low-income and homeless households.
3. Must include at least 20% of units targeted toward households that are homeless, as defined by the City and County of San Francisco, and linked with on-site supportive services. Successful applicants will be required to work with the City to identify operating or rental subsidies necessary to serve this population.
 - a. At the discretion of MOHCD, sponsor may be asked to increase the percentage of special needs units from 20% to 30%, and the type of special needs population served may include former residents of units under management of the San Francisco Housing Authority. For purposes of the application, however, developers should not assume public housing relocatees.
4. Must include appropriate space for the provision of supportive services for residents either on-site or immediately proximate to the project.
5. Must have a unit mix and unit sizes appropriate for the population served, consistent with applicable zoning and local ordinances, and consistent with requirements for other sources of funding proposed, including TCAC and CDLAC.
6. Must have proximity or accessibility of the site to amenities appropriate to the target population (e.g., shopping, health care, transportation, and parks/recreation. Alternately, applicant may demonstrate proximity by proposing such amenities to be located on site, or anticipated to be available within 1 year of project completion, where they are not currently available.

C.c. Threshold Eligibility: Proposals.

Eligible Proposals:

1. Must demonstrate *site control* as evidenced by appropriate documentation. The proposed purchase price (if an acquisition is proposed), must be reasonable in comparison to other sites in the neighborhood and in comparison to other affordable housing sites in the City. Prior to any disbursement of funds for acquisition, an appraisal supporting the acquisition cost will be required.
2. Must include the opportunity for the City to eventually own the land as ground lessor under a long-term ground lease structure or some other land dedication/subdivision mechanism that will insure long-term affordable housing as the primary use of the land.
3. Must demonstrate financial feasibility. The project must be financially feasible, including realistic development and operating budget projections that conform to industry standards, including TCAC minimum standards. Each proposed financing source must be realistic, compatible with MOHCD and all other committed or proposed funding sources, and appropriate for the proposed housing. Applicant must demonstrate that there

is a reasonable likelihood that all identified development sources will be secured in a timely manner.

4. Must demonstrate – through provision of specific examples of inputs used for estimating - that the project’s total development budget, as well as its specific line items, are comparable to recent and similar projects, to industry standards and are compliant with funding source regulations, MOHCD policy and most recent underwriting guidelines. Cost per unit, per square foot (land area and building space), per bed or bedroom will be examined relative to total development cost, City subsidy and construction cost.

Note: The MOHCD underwriting guidelines may be found here:

<http://www.sfmohcd.org/documents-reports-and-forms>

5. Must propose the maximum use of available, non-local funds to achieve the highest reasonable financial leveraging of capital resources for the predevelopment, construction and permanent phase. The amount of City funds requested per unit and the actual or proposed level of funds to be leveraged from other sources will be examined.
6. Displacement or relocation that is required as a condition of site control is highly discouraged, though in some cases may be justified. Proposals that include any displacement/relocation must include a full relocation plan and budget.
7. Must include a comprehensive supportive service component that is appropriate for the needs of the anticipated tenant population, assuming at least 20% homeless. Proposals must include a services plan with a preliminary budget and staffing pattern appropriate for the proposed target population.
8. Must include a community engagement plan that demonstrates the capacity to generate necessary neighborhood support for the proposed development. Include any evidence of support expressed to date for the project, as well as plans for community engagement going forward.

D. Eligible Uses of Funds.

Funding that is awarded through this NOFA may be used to support a variety of pre-construction housing development activities for the production of new affordable rental housing, including but not limited to the following:

1. Property acquisition and holding costs;
2. Architectural and engineering expenses;
3. Environmental assessments;
4. Appraisals;
5. Legal costs; and/or
6. Project management.

Costs associated with the acquisition or design of commercial, office or community spaces may also be eligible uses of City funds, depending on how the use of these spaces relates to the

proposed housing and the extent to which other potential resources for developing these spaces are utilized. Hard and soft costs associated with tenant improvement of such spaces are not eligible for support with these funds.

Projects currently under development that have existing funding commitments from MOHCD or the Mayor's Office of Community Infrastructure and Investment (OCII) are not eligible for funding under this NOFA.

E. Financing Plan and Affordability Restrictions.

Although the City is not mandating a certain development program for this NOFA, applicants should incorporate the following terms into their financing plans and submit a detailed sources and uses budget that reflects:

1. Primary capital funding sources that include 4% low income housing tax credit equity with tax exempt bonds, City subsidy, and Federal Home Loan Bank Affordable Housing Program funds, and that may include any other funding sources developers deem applicable, such as State of California Department of Housing and Community Development (HCD)/CalHFA funds.
2. Rents set at affordability levels appropriate for the target population, up to a maximum of 60% of AMI under the HUD Unadjusted Metro Fair Market Rent Area that contains San Francisco, as published annually by MOHCD.
3. An operating budget that includes all expenses necessary to properly operate and maintain the building. This budget should include a service coordinator/connector staff position(s), at 1:100, to assist the non-homeless households. A separate budget should be attached for services that will support the homeless households, for which the City, through either the Human Services Agency or Department of Public Health, depending on the population served, will provide funding.
4. A construction cost estimate that reflects current construction costs and show escalation assumptions as a separate line item.
5. Where units are targeted to homeless households with incomes that are not sufficient to pay rent that offsets operating costs and other project costs, and a LOSP contract is anticipated, developers should include a projected rent subsidy amount necessary to ensure affordability for this target population and to meet the building's operations and maintenance needs, including adequate reserve deposits, asset management and partnership management fees, mandatory hard debt payments to HCD, if any, and a minimum of 5 years of deferred developer fee, as applicable. For purposes of this projection, developers should assume that the actual tenant-paid portion of rental income is \$250 per unit per month for all homeless populations. *Future projections may differ given the proposed tenant population and subsidy program available to the special needs units.*
 - a. While a commitment of capital funding does not guarantee an award of local operating subsidies, the City will work with the selected developer to leverage the most appropriate subsidies to serve the target population. An application

submitted under this NOFA is also considered an application for local operating subsidies should those subsidies be made available and are necessary.

- b. At MOHCD's discretion, the target population may include a percentage of units designated for former residents of San Francisco public housing. However, developers should not assume public housing relocatees for purpose of the application.
6. All proposed financing will be subject to underwriting using the most current version of the Mayor's Office of Housing and Community Development's Underwriting Guidelines, available on the MOHCD website (see www.sfgov.org/moh).

F. Design.

Applicants should provide conceptual drawings that indicate the Project height, bulk, site layout, unit count, commercial/common space use, and community context.

The overall development concept and preliminary site plans proposed by applicants will be evaluated on the basis of the degree to which they consider the following general Design Goals:

1. Efficient site utilization that maximizes unit count and achieves construction and operational economies of scale while still meeting the unique design needs of the target population and the other design objectives listed below.
2. Street level connectivity at the ground level.
3. Contextual enhancement of the surrounding neighborhood.
4. Thoughtful placement of interior amenities that create a quality living experience, including:
 - a. Appropriately sized units and unit layouts for the target population
 - b. Appropriately located and accessible common area amenities, such as on-site laundry facilities, teen computer labs, counseling rooms, community gathering spaces, front desk, large welcoming lobby area, etc.
5. Thoughtful placement of exterior resident amenities that create a quality living experience and successfully resolve considerations such as:
 - a. Inclusion of the passive and active outdoor activities that will best support the tenants at differing ages;
 - b. Sun/shade patterns;
 - c. Potential views and vistas; and
 - d. The proposed building's relationship to adjacent interior uses.
6. Building sustainability, to the extent feasible, through the integrated use of sustainable

building elements, including those that improve indoor air quality, reduce resource consumption, and approach zero-energy consumption.

7. Design elements that meet or exceed the requirements of the 2013 San Francisco Green Building Code, California Title 24, and the California Tax Credit Allocation Committee regulations regarding sustainable buildings. See:
<http://www.enterprisecommunity.com/solutions-and-innovation/enterprise-green-communities/resources/tools>, <http://www.greenaffordablehousing.org/>, and www.ecodistricts.org.
8. Purposeful cost-efficient design elements, beyond those required to be compliant with Title 24, that keep both capital and operating costs low. These might include, for example, the use of off-site construction to shorten the development timeline, or the use of solar panels to keep electric/gas costs low.

Note: Some portion of the costs associated with the architectural analyses required to respond to this RFP may be reimbursable by MOHCD. MOHCD may make available up to \$5,000 per applicant.

G. Support Services and Tenant Referrals.

1. Services Plan:

- a. Respondents must include a trauma-informed services plan (“Services Plan”) that demonstrates an understanding of the housing and services needs of extremely low- and low-income households and the specific target population, including formerly homeless households who have experienced chronic trauma.
- b. The Services Plan should include access to and coordination with mainstream community services, subcontracted and/or partner services, and a commitment by each service provider to coordinate with onsite supportive services and property management through regularly scheduled meetings to ensure sound operational and building management practices.
- c. The Services Plan must include a description of the minimum services to be provided that are appropriate to the proposed target population, including homeless households, and the estimated frequency of the services. Examples of the services activities the supportive services staff perform for all sites may include:
 - i. Early intervention with Property Management in Resident Selection to conduct assessments.
 - ii. Ongoing outreach and engagement of the tenant population with the goal of achieving housing stability.
 - iii. Thorough outreach to outside providers to teach, coach and mentor adults and teens on various key areas, including, e.g., mental health needs, substance abuse treatment, domestic violence, and food security.

- iv. Help accessing benefits, pre-vocational and vocational training, legal services, and/or educational opportunities, as appropriate.
 - v. Referrals and assistance with accessing primary medical care and other community services as needed and connection with neighborhood community clinics.
 - vi. Eviction prevention support and referrals.
- d. The Service Plan should address the needs of homeless households with specificity, including, for example, depending on target population:
- i. A description of the way the Applicant will engage and assess formerly homeless families and individuals during the resident selection period.
 - ii. The implementation plan for trauma-informed systems, including provisions for ongoing training for services staff and property management teams.
 - iii. Collaboration with other trauma-informed services providers to teach self-reliance and empowerment with adults and teens.
 - iv. Assistance with families' transition out of homelessness, especially regarding mental health concerns and adverse childhood experiences.
 - v. Conflict resolution among tenants using trauma-informed principles.
 - vi. Recreation, community building, social, and/or other group programming.

The Services Plan must include staffing information (number of FTEs or percent thereof, type of services staff, roles of services staff), for both the homeless and non-homeless units. Services for the homeless units must be provided through a case manager to unit ratio of no less than 1 case manager for every 35 units; services for the non-homeless households should be provided at 1 services coordinator/connector for every 100 households. *Note, the final staffing ratios and budgets will be determined in collaboration with the new Department of Homeless Services.*

2. Services Funding:

This NOFA is part of the City's effort to facilitate the development of affordable permanent housing for low-income and homeless households by coordinating the review and approval of applications for capital resources from MOHCD with the review of funding requests for supportive services and operating subsidies from the Human Services Agency (HSA) and Department Public Health (DPH). Generally, HSA will make direct referrals for any units targeting families that are homeless or TAY. DPH will make direct referrals for any units targeting chronically homeless and high users of the public health system. Sponsors should contact both HSA and DPH regarding seniors, as both serve this group.

The winning developers will apply for services funding separately at the appropriate time. However, HSA, DPH, MOHCD and OCII collaborate closely on funding decisions in order to maximize the use of City resources. Capital funding decisions under this NOFA will include review and approval by representatives of all of these agencies. Successful applicants under this particular NOFA will receive priority for funding from the appropriate City Department for services and operating subsidies (if needed).

1. Services Budget

- a) As stated previously, operating budgets should include 1:100 staffing for the non-homeless residents.
- b) For the formerly homeless residents: assume that services for homeless families and/or TAY will be funded separately by the Human Services Agency (“HSA”) and services for chronically homeless will be funded by the Department of Public Health (“DPH”), through direct contracts with the Projects’ service providers. Services for seniors may be funded by HSA or DPH.
- c) Respondents should budget \$350 per unit per month in services funding for the formerly homeless units.
- d) Services funding will be conditioned on continuous compliance with the terms of the Respondent’s Local Operating Subsidies Program (“LOSP”) agreements with MOHCD.

H. Evaluation Criteria and Scoring Summary.

1. Staff Review: MOHCD staff will review all submittals for completeness and satisfaction of minimum experience and capacity requirements.
2. Low-Income Housing (Citywide) Selection Panel: The Director of MOHCD will appoint a Selection Panel composed of persons with expertise in the areas of development, affordable housing financing, architecture, property management and resident supportive services. The Selection Panel may interview Respondents who meet the NOFA’s threshold eligibility requirements, at which time Respondents will be asked to present and explain the major characteristics of their proposal, particularly as they relate to the Scoring Criteria, and respond to questions from the Selection Panel. After all interviews have been completed, the Selection Panel will meet to determine the final ranking of all responses and present this ranking to the Director.
3. Mission Neighborhood Selection Panel: Given Proposition A’s identification of \$50 million in funds specifically for the Mission neighborhood, MOHCD’s Director will appoint a second Selection Panel composed of persons with expertise in the areas of development, affordable housing finance, architecture, property management, and resident supportive services, as well as 2 community representatives who can bring knowledge of the Mission’s particular culture, history, community fabric, and aspirations to the selection process.
4. Both Selection Panels’ proposals scoring will be done by consensus and will be final: no appeals of the scores determined by either Selection Panel will be accepted.

The Director will then select Applicants for both the Citywide funding pool and the Mission neighborhood funding pool, and MOHCD and the selected teams will enter into acquisition and predevelopment loan agreements with specific milestone achievement requirements established in accordance with the terms of this NOFA.

Selection criteria will include priority for:

1. Applicant Experience and Capacity
2. Readiness
3. Cost-Effectiveness
4. Highly Impacted Neighborhoods
5. Neighborhoods Historically Under-Resourced
6. Quality of Services Plan
7. Extended Community Benefits
8. Excellent Design.

Tie scores will be broken by giving preference to project readiness, followed by cost effectiveness, then number of units proposed.

All applications that meet the Threshold Eligibility Criteria identified in Section C will be rated and ranked according to the following scoring criteria.

Once Applications have been deemed to meet Threshold Requirements, the total score for each Applicant will be the sum of the score assigned to the 8 categories described below.

Category	Potential Points
1) Applicant Experience and Capacity	30
e. Developer (10)	
f. Construction Manager (5)	
g. Architect (5)	
h. Property Management (5)	
i. Resident Services (5)	
2) Readiness	15
3) Cost Effectiveness	15
4) Serves Highly Impacted Neighborhood	10
5) Serves Neighborhood Historically Under-Resourced	10
6) Quality of Services Plan	5
7) Provides Extended Community Benefits	5
8) Demonstrates Excellent Design	10
TOTAL POSSIBLE POINTS	100

(1a) Applicant Experience and Capacity -- (10 points possible):

Threshold: Has developed one Qualifying Project and demonstrates strong organizational financial capacity described in Section C.a.1.a.v..	0 points
One or more additional completed 100% affordable developments of at least 75 units funded by LIHTCs in the past 10 years (not including	3 points

the project submitted for Threshold requirement.)	
Staffing capacity. Demonstrated depth of supervisory and support staff as well as co-project management options to assure full staffing coverage for the entirety of the development process	4 points
One or more additionally completed developments with a mixed-use component that included at least 5,000 sf of retail/commercial space in the past 10 years.	3 points

(1b) Construction Management experience: 5 points possible

One or more completed 100% affordable development of at least 75 units funded by LIHTCs in the past 10 years.	4 points
Successfully shepherded permitting for at least one project of similar scope in San Francisco.	3 points

(1c) Architectural Experience – (5 points possible):

The experience of the lead architect or key staff of the architecture team responsible for overall design of the entire Development will be considered for purposes of scoring in this category.

One or more completed 100% affordable development of at least 75 units funded by LIHTCs in the past 10 years.	4 points
Two or more past experiences with using holistic design process that considered both capital and long term operational costs as part of the decision making process.	3 points
Successfully shepherded permitting for at least one project of similar scope in San Francisco.	2 points

(1d) Property Management Experience – (5 points possible):

Points will be awarded only to Property Managers whose experience includes managing housing for formerly homeless families and/or seniors in San Francisco in excess of 24 months.

One point will be earned for every 12 months experience managing a mixed use property (ground floor commercial with residential)	Up to 2 points
One point will be earned for every 12 months experience managing housing in San Francisco for formerly homeless households of same population as the Project.	Up to 1.5 points

(1e) Service Provider Experience – (5 points possible)

Proposals will be scored according to the amount of experience (length of time) the service providers have successfully provided services to low- and very low-income families and seniors, including homeless households. This experience should include knowledge of available services and linking clients to the City’s safety net of services and supporting their efforts to access those services. A Letter of Interest from each service provider must be submitted with the application.

One point will be earned for every 12 months experience providing services for low-income households in excess of the minimum requirement.	Up to 4 points
One point earned for experience providing services to homeless households of target population.	Up to 1 point

(2) Readiness – (15 points possible)

Proposals will be scored according to the degree to which the proposal demonstrates readiness to proceed as soon as funding from MOHCD is awarded.

Excellent	15 points
Very Good	10 points
Good/Poor	0-5 points

(3) Cost Effectiveness – (15 points possible)

Each Project’s Financing Plan will be ranked according to the degree to which it is feasible and consistent with the requirements, limitations and opportunities associated with the proposed sources; proposes development costs that are comparable to other similar Projects; minimizes MOHCD’s permanent financing; proposes innovative sources or financing instruments; and uses innovative (i.e., non-standard, routine or commonly used) but practical materials or methodologies designed to reduce development, construction and/or operating costs, either directly or indirectly, without reducing the overall quality of the completed Development.

Top ranked proposal re: cost effectiveness, preliminary financing plans, Cost Controls	10 points
2 nd ranked proposal	7 points
All other proposals	0-5 points

(4) Serves Highly Impacted Neighborhood – (10 points possible)

Excellent	10 points
Very Good	6 points
Good/Poor	0-3.5 points

(5) Serves Neighborhood Historically Under-Resourced – (10 points possible)

Excellent	5 points
Very Good	4 points
Good/Poor	0-3.5 points

(6) Quality of Services Plan – (5 points possible)

Each Project’s Services Plan will be scored according to the degree to which the Plan provides access to an array of services appropriate to the diverse needs of the population proposed; encourages and facilitates that services access; coordinates with existing services in the neighborhood and community; and proposes an appropriate services budget, using the following

scoring matrix:

Excellent	5 points
Very Good	4 points
Good/Poor	0-3.5 points

(7) Provides Extended Community Benefits – (5 points possible)

Proposals will be scored according to the degree to which the Commercial/Retail Plan achieves the NOFA Priority Goals described in the Introduction and are financially feasible from both a capital cost and operating perspective. Developers should highlight the need for the proposed use and how proposal meets the identified need. If proposed use is non-conforming to zoning, please provide explanation of plan to achieve community acceptance.

Excellent	5 points
Very Good	4 points
Good/Poor	0-3.5 points

(8) Demonstrates Excellent Design – (10 points possible)

Proposals will be scored according to the degree to which the Development Concept and Preliminary Site Plan for the entire Development achieves the Design Goals described in Section F.

Excellent	10 points
Very Good	6 points
Good/Poor	0-3.5 points

I. Funding Requirements and Guidelines.

Funding Terms

Funds will be provided as residual receipts loans. Loans will be interest bearing, or may be interest free if needed to ensure the financial feasibility of the project. For all loans, however, in the event of uncorrected default under the loan agreement, interest shall be charged at the minimum rate of 10% per year from the date of the loan agreement and shall become immediately due and payable.

Equal Employment Opportunities

Project Sponsors selected under this NOFA will be required to comply with local and federal procurement requirements, including the provision of equal employment opportunities for disadvantaged business consultants, architects, contractors, and other potential development team members to participate in projects funded under this NOFA. To ensure that equal opportunity plans are consistent with City and Federal procurement requirements, sponsors should meet with MOHCD and San Francisco Human Rights Commission staff prior to hiring their development team to develop a plan for such compliance.

Environmental Review

Depending on conditions at the project site and on project plans, proposed developments may be subject to review under the California Environmental Quality Act (CEQA), the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA) and specifically the Section 106 historical resources preservation review. Depending on the location of the Project, review by the Department of City Planning or Redevelopment Agency Planning Division may also be required.

Accessibility Requirements

Project sponsors will be responsible for meeting all applicable accessibility standards related to publicly-funded multifamily housing development under Section 504 of the Rehabilitation Act of 1973, the Architectural Barriers Act, the Americans with Disabilities Act, and certain statutes and regulations of the City and County of San Francisco. In addition, 50% of all units proposed should be adaptable.

Relocation Requirements

Applicants under this NOFA may be subject to the provisions of federal or state relocation law. Upon submission of an application for funding under this NOFA, applicants should be prepared to notify any existing residential or commercial tenants of the plans to redevelop the site and that public funds are being sought for this purpose. The notice should also inform tenants whether or not they will be temporarily relocated or displaced as a result of the redevelopment and should inform them of their rights to relocation assistance.

Prevailing Wages

Projects selected for funding under this NOFA will be subject to applicable local, state or federal requirements with regard to labor standards. Developers should take prevailing wage requirements and labor standards into account when seeking estimates for contracted work, especially the cost of construction, and other work to which the requirements apply, and when preparing development budgets overall.

Employment and Training

Projects selected for funding will be required to work with the CityBuild initiative of the Mayor's Office of Economic and Workforce Development to comply with local and federal requirements regarding the provision of employment opportunities for local and low-income residents and small businesses during both the development and operation of the project.

Sustainable Design

The Mayor's Office of Housing and Community Development seeks to maximize the overall sustainability of financed projects through the integrated use of "green" building elements in compliance with local and state ordinances.

Projects selected for funding must comply with all of the mandatory minimum provisions of one of several recognized green building criteria including Enterprise Green Communities Initiative, Build it Green, and USGBC LEED.

Successful applicants under this NOFA will be required to pursue funding to support a Green Charette, such as grants from the Enterprise Green Communities Initiative, as well as

additional funding that may become available to help pay for the cost of planning and implementing green building components.¹

J. OTHER REQUIREMENTS.

Before executing an agreement and disbursing any funds to a successful applicant for funding under this NOFA, the City will require the following:

1. An opinion by the applicant's legal counsel, satisfactory to the City's legal counsel, that the developer is duly formed, validly existing, in good standing under the laws of the State of California, has the power and authority to enter into an Agreement with the City, and shall be bound by the terms of the Agreement when executed and delivered, and that addresses such other matters as the City may reasonably request.
2. A copy of appropriate insurance policies naming the City as co-insured.
3. For Site Acquisition financing, an appraisal of the property to be acquired.
4. A Phase I (and II, if appropriate) Environmental Assessment.
5. Project sponsors will be required to comply with all requirements applicable to entities contracting with the City, including, but not limited to insurance coverage, business relationships, and domestic partners' benefits.
6. Audited or financially reviewed financial statements for the entity's last three fiscal years.
7. Executed development services contract with development partner or development consultant, if applicable.
8. Executed Memorandum of Understanding with service provider.
9. Proof of financing commitments for all non-City funding identified in the application.

For questions concerning this NOFA, contact Mara Blitzer, Director of Housing Development (415-701-5544; mara.blitzer@sfgov.org) at the Mayor's Office of Housing and Community Development. See section B.2 for additional information regarding Questions and Requests for Information.

¹ Programmatic goals for projects should focus on durability, energy efficiency, indoor air quality and recycling. MOH has outlined local sustainable building strategies in the *Materials Handbook* available at <http://www.andnet.org/materials>. Respondents may obtain more information about "green" building strategies and resources from Leadership in Energy and Environmental Design (LEED) program, described at <http://www.usgbc.org>. Additional information on "green" affordable housing initiatives can be found from Build It Green at <http://www.builditgreen.org>, in Alameda County's *Multifamily Green Building Guidelines* at <http://www.stopwaste.org/home/index.asp?page=291>, and at <http://www.greenaffordablehousing.org>.

K. Attachment A: Description of Submittal Requirements

Responses to this NOFA should be organized as follows:

1. Summary. Provide a concise narrative description of the proposal for developing the proposed site, including the overall size, uses, resident and community amenities, general layout, and summarized financing and services plans.

Provide **Form 2 - Proposal Metrics** form.

2. Sponsor Background Information. Provide copies of the following for the Lead Developer or Co-Developer entity:

- Certificate of Good Standing
- Certification of 501(c)(3) status
- Previous 2 years of tax returns or audited financial statements with management letters
- Borrower's organizational chart

3. Applicant Experience and Capacity. Using **Form 3 - Respondent Description**, provide the name of each organization, names of the organization's Director (or equivalent position) and primary contact persons, and phone numbers and email addresses for each of the following:

- Lead Developer and Co-Developers (if applicable)
- Development Consultant (if applicable)
- Construction Manager (s)
- Architect (s)
- Property Manager(s)
- Service Provider(s)

Provide a concise narrative to summarize the organizational structure of the Applicant, including the roles of Developer, Co-Developer and Development Consultant. Identify and briefly describe the experience of key development staff. Provide **Form 4 - Projected Staffing Workload**.

Include the following in each response as relates to the Applicant experience, Construction Management experience, Architectural experience, Property Management Experience, and Service Provider Experience:

- Description of how the relevant threshold requirement is met.
- Description of any additional experience that demonstrates responsiveness to the Evaluation and Scoring Criteria.
- For the Service Provider, provide **Form 5 – Service Provider Experience**.

4. Readiness. In Tab 4, Applicant should provide the following documentation to demonstrate the Project's level of readiness to proceed with development:

- Evidence of Site Control
- Appraisal

- Phase I Environmental Assessment of property
- Scaled Map showing all site amenities for which Applicant will seek to demonstrate minimum eligibility for TCAC and CDLAC funds.
- Project Milestone Schedule, indicating which, if any, milestones have already been achieved.

5. Cost Effectiveness. Describe the overall financing plan for the Project that demonstrates that the Project meets threshold requirements, with sufficient information to allow MOHCD to fully determine each Project's feasibility, including:

1. Full development proforma, including:
 - Sources & Uses, including all terms related to equity and debt, e.g., eligible basis assumptions, 50% test calculations, construction and permanent loan rates and terms.
 - Rent schedule, including levels of affordability.
 - Tax Credit calculation assumptions.
2. 20-year cash flow (including, as appropriate, commercial revenue).
3. Year 1 operating budget (LOSP operations must be included in the overall project-operating budget. LOSP subsidies must be sized to cover the LOSP unit expenses should be reflected in the 20-year cash flow).
4. Commercial space financing plan.

Applicants should submit a completed MOHCD Excel Proforma for the Project.

In the narrative, highlight any innovative financing approaches intended to minimize MOHCD's projected capital gap financing. Highlight also any innovative (i.e., non-standard, routine or commonly used) direct or indirect cost-cutting strategies relevant to overall development, construction or operating expenses, including estimated savings calculations if appropriate.

Please also include a narrative that outlines the commercial financing and marketing plans, identifies interested potential commercial tenants and financial viability of such tenants, and whether the commercial space is a "cold" or "warm" shell.

6. Serves Highly Impacted Neighborhood

Provide narrative evidence of project need. Respondents should be prepared to provide neighborhood-level data to demonstrate trends in affordable housing preservation and displacement (recent units lost/gained), rent prices, and rent burden within the neighborhood the project is located, as well as neighborhood investment where appropriate. Sources such as the US Census, the American Housing Survey, Zillow and Zumper, will be accepted, and all citations must be verified.

For the purpose of this section, “neighborhood” shall refer to the Supervisorial District.

7. Serves Neighborhood Historically Under-Served

Provide narrative evidence of low levels of neighborhood investments benefitting low-income residents. Examples may include number of affordable housing units built over time, relative to other neighborhoods. All citations must be verified.

For the purpose of this section, “neighborhood” shall refer to the Supervisorial District.

Submit a draft affirmative marketing plan that outlines initial occupancy outreach efforts, especially to City priority populations, including COP Holders, Displaced Tenants (formerly Ellis Act evictees), neighborhood residents (as defined by Local Ordinance), and households that live/work in San Francisco.

8. Serves Homeless Households/Services Plan. Submit a services plan of no more than three (3) pages that demonstrates that the project meets threshold requirements and includes the following information:

- The service provider’s overall philosophy and plan for providing services to the residents, including a listing and brief description of the services to be provided, and highlighting, if appropriate, any innovative approaches it may include;
- Staff knowledge of and ability to successfully address the impacts of severe-to-chronic trauma.
- The plan for engaging residents and encouraging access to services;
- How services for the residents will be coordinated with the existing net of services in the neighborhood and community;
- The proposed staffing model, including staff titles, position descriptions, salaries, and FTE status, and an explanation of how FTE time will be allocated;
- A description of the organization’s infrastructure to supervise, train and support on-site services staff and their supervisors; and
- A services budget that is consistent with the Services Plan.

9. Provides Extended Community Benefits.

Provide a narrative that describes the extent to which the Commercial/Retail Plan achieves the development program objectives with respect to community benefits. Applicants should note that the Commercial/Retail Plan is subject to all applicable zoning restrictions.

Indicate here the Applicant’s approach to any proposed community outreach the Respondent plans to undertake during the development process and building operations.

10. Demonstrates Excellent Design.

Prepare and submit a conceptual design that includes a narrative explanation of the major qualities and features of the design concept as they relate to the design objectives of this NOFA. Documentation submitted should include:

Site plan showing ground level open space system. Show all proposed entries to commercial and residential uses. Show site and/or neighborhood/community considerations taken into account in developing the site plan.

Conceptual Façade Elevations representing general fenestration, entries and roof lines but not color or materials.

Floor plans for below grade floor, if any, ground floor and each upper residential floor showing general location of proposed residential lobby and entry level tenant spaces, unit locations and sizes, resident amenities, common areas for residents, retail/ commercial space, parking and general location of any proposed publicly accessed community serving uses or retail. Indicate approximate square footages for these spaces on the plan.

Commercial space plan that describes initial commercial space plan, how many units, typical square footages, and any shared common areas.

11. Disclosure Form. Submit a completed and signed copy of **Form 6 – Disclosures**, which requires any respondent to this NOFA to disclose defaults, lawsuits, legal proceedings, bankruptcy filings or financial interests affiliated with MOHCD staff or Citywide Affordable Housing Loan Committee members.

L. Attachment B: RESPONSE SUBMITTAL CHECKLIST

Attachment B: Proposition A Multifamily NOFA - Submittal Checklist			
Project Sponsor:			
Project Address:			
Check Box	Tab #	Submittal Requirement	Attachments
<input type="checkbox"/>	1.	Summary	Proforma Worksheets 1, 2, 3b
<input type="checkbox"/>			Form 2 - Proposal Metrics
<input type="checkbox"/>	2.	Sponsor Information	
<input type="checkbox"/>	2.1	Certificate of Good Standing	Attach to Application sec. 2 as Attachment 2.1
<input type="checkbox"/>	2.2	Certification of 501(c)(3) status (for nonprofit developers)	Attach to Application sec. 2 as Attachment 2.2
<input type="checkbox"/>		Latest 2 years of tax returns or audited financial statements w/	
<input type="checkbox"/>	2.3	management letters	Attach to Application sec. 2 as Attachment 2.3
<input type="checkbox"/>	2.4	Borrower's Organizational Chart	Attach to Application sec. 2 as Attachment 2.4
<input type="checkbox"/>	2.5	Board Resolution that authorizes application for MOHCD funds	Attach to Application sec. 2 as Attachment 2.5
	3.	Development Team Experience and Capacity	Form 3 - Respondent Description
	3.1.a.	Developer Experience and Capacity	
<input type="checkbox"/>		Developer Experience	
<input type="checkbox"/>		Developer Capacity	Form 4 - Projected Staffing Workload
	3.1.b.	Construction Management Experience and Capacity	
<input type="checkbox"/>		Construction Management Experience	
<input type="checkbox"/>		Construction Management Capacity	
	3.2	Architectural Experience	
<input type="checkbox"/>		Architectural Management Experience	
<input type="checkbox"/>		Architectural Management Capacity	
	3.3	Property Management Experience	
<input type="checkbox"/>		Property Management Experience	
<input type="checkbox"/>		Property Management Capacity	
<input type="checkbox"/>	3.4	Services Provider Experience	Form 5 - Service Provider Residential Experience
	4.	Readiness	
<input type="checkbox"/>	4.1	Evidence of Site Control	Attach documentation
<input type="checkbox"/>	4.2	Appraisal	Attach report, if applicable
<input type="checkbox"/>	4.3	Phase I Environmental Assessment	Attach report
<input type="checkbox"/>	4.4	Scaled Map showing all site amenities	for which seeking minimum threshold TCAC and CDLAC
<input type="checkbox"/>	4.5	Project Milestone Schedule	Form 1: MOHCD Project Schedule
	5.	Cost Effectiveness	
<input type="checkbox"/>	5.1	Financing Plan Description	Narrative
<input type="checkbox"/>	5.2	Predevelopment Sources and Uses Budget	Proforma Worksheet 4a
<input type="checkbox"/>	5.3	Residential Sources and Uses Budget	Proforma Worksheet 4b
<input type="checkbox"/>	5.4	Commercial Space Sources and Uses Budget	Proforma Worksheet 5
<input type="checkbox"/>	5.6	1st Year Operating Budget	Proforma Worksheet 6
<input type="checkbox"/>	5.7	20-Year Cash Flow Proforma	Proforma Worksheet 7
<input type="checkbox"/>	5.8	Construction Cost Estimate	
<input type="checkbox"/>	6.	Serves Highly Impacted Neighborhood	Narrative
<input type="checkbox"/>	7.	Serves Underserved Neighborhood	Narrative
	8.	Resident Services Plan	
<input type="checkbox"/>	7.1	Services Plan	Narrative
<input type="checkbox"/>	7.2	Services Budget	Narrative and Table
	9	Provides Excellent Community Benefits	
<input type="checkbox"/>	9.1	Description of Community Benefits	Narrative
<input type="checkbox"/>	9.2	Affirmative Marketing Plan	Narrative
<input type="checkbox"/>	9.3	Community Outreach Plan	Narrative
	10	Demonstrates Excellent Design - Preliminary Concept and Site Plan	
<input type="checkbox"/>	10.1	Development Concept Description	Narrative
<input type="checkbox"/>	10.2	Site Plan	Submit on 11x17 paper
<input type="checkbox"/>	10.3	Conceptual Façade Elevations	Submit on 11x17 paper
<input type="checkbox"/>	10.4	Floor Plans	Submit on 11x17 paper
<input type="checkbox"/>	10.5	Commercial Space Plan	Submit on 11x17 paper
<input type="checkbox"/>	10.6	Description of Green Building Commitment and Design Innovation	Narrative
<input type="checkbox"/>	11	Signed Disclosure Form	Form 6 - Disclosures

M. ATTACHMENT C: MOHCD Excel Proforma

This is an Excel file found on the MOHCD website.

N. FORMS 1 to 6

These documents are found on the MOHCD website.



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 210383

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Cindy Heavens	415-554-5581
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MYR Mayor's Office of Housing & Comm. Dev.	cindy.heavens@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR 4840 Mission Housing Associates LP	TELEPHONE NUMBER 415-321-4074
STREET ADDRESS (including City, State and Zip Code) 600 California St., Ste. 900, San Francisco, CA 94108	EMAIL swhite@bridgehousing.com

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 210383
DESCRIPTION OF AMOUNT OF CONTRACT \$15,000		
NATURE OF THE CONTRACT (Please describe) Ground lease with a \$15,000 annual base rent for 4840 Mission, a 100% affordable housing development containing 135 affordable housing units, 2 onsite staff units, 40 parking spaces, 4,407 square foot commercial space. 4840 Mission is located at 4840 Mission Street, San Francisco, CA 94112.		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

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Check this box if you need to include additional names. Please submit a separate form with complete information. Select “Supplemental” for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

<p>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</p> <p>BOS Clerk of the Board</p>	<p>DATE SIGNED</p>
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San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 210383

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

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1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Cindy Heavens	415-701-5581
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MYR Mayor's Office of Housing & Comm. Dev.	cindy.heavens@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR 4840 Mission Housing Associates LP	TELEPHONE NUMBER 415-321-4074
STREET ADDRESS (including City, State and Zip Code) 600 California St., Ste. 900, San Francisco, CA 94108	EMAIL swhitehousing@bridgehousing.com

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 210383
DESCRIPTION OF AMOUNT OF CONTRACT \$5,000		
NATURE OF THE CONTRACT (Please describe) <p>Ground lease with a \$5,000 annual base rent for 4848 Mission, a 9,977 square foot community clinic. The walls of the 4848 Mission will be constructed by the Contractor in conjunction with 4840 Mission, a 100% affordable housing development containing 135 affordable housing units, 2 onsite staff units, 40 parking spaces, 4,407 square foot commercial space. 4848 Mission is located on the ground floor of 4840 Mission. When the temporary certificate of occupancy is received for the entire development, the Contractor will assign this lease to Mission Neighborhood Health Center, who will make the annual base rent payments.</p> <p>Affiliates and subcontractors show the Board of Directors and CEO of the initial holder of the lease.</p>		

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STREET ADDRESS (including City, State and Zip Code) 600 California St., Ste. 900, San Francisco, CA 94108	EMAIL swhite@bridgehousing.com

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 210383
DESCRIPTION OF AMOUNT OF CONTRACT \$28,751,450		
NATURE OF THE CONTRACT (Please describe) Construction and permanent loan financing for construction of 4840 Mission, a 100% affordable housing development containing 135-units, 2 onsite staff units, 40 parking spaces, 4,407 square foot commercial space and 9,977 square foot community clinic. 4840 Mission is located at 4840 Mission Street, San Francisco, CA 94112.		

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From: [Peacock, Rebecca \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Kittler, Sophia \(MYR\)](#); [Chan, Amy \(MYR\)](#); [Jones, Ernest \(BOS\)](#); [Morris, Geoffrea \(BOS\)](#)
Subject: Mayor -- [Resolution] -- [100% Affordable Housing – 4840 Mission Street, San Francisco – Acquisition of Real Property at \$0 in exchange for \$8,150,000 Credit – Ground Lease with Base Rent of \$15,000 – Loan Not to Exceed \$28,751,450 – 4840 Mission Housing]
Date: Tuesday, April 13, 2021 4:33:19 PM
Attachments: [\(1\) Reso MOHCD 4840 Mission Loan.zip](#)

Attached for introduction to the Board of Supervisors is an **resolution 1) approving and authorizing the Director of Property, on behalf of the San Francisco Mayor’s Office of Housing and Community Development (“MOHCD”), to acquire Real Property, located at 4840 Mission Street and 4840 Mission (“Property”) from 4840 Mission Housing Associates LP (“Developer”) for \$0 in exchange for a \$8,150,000 credit; 2) placing the Property under the jurisdiction of MOHCD for use in constructing affordable housing for San Franciscans; 3) approving and authorizing a Loan Agreement in an amount not to exceed \$28,751,450 for a minimum loan term of 57 years (“Loan Agreement”) to finance the construction of a 100% affordable, 137-unit multifamily rental housing development (plus two staff units) on the Property for low income households with 40 parking spaces and an ancillary commercial space of approximately 4,407 square feet for public benefit or community-serving purposes (“Residential Project”) and the construction of the cold shell for a nonprofit community-serving health clinic (“Clinic Project,” and together with the Residential Project, the “Project”); 4) approving and authorizing an Agreement for Purchase and Sale for acquisition of the Property (“Purchase Agreement”); 5) approving and authorizing a Ground Lease back to the Developer for a lease term of 75 years and one 24-year option to extend and an annual base rent of \$15,000 in order to construct the Residential Project (“Residential Ground Lease”), and a Ground Lease back to the Developer for a lease term of 75 years and one 24-year option to extend and an annual base rent of \$5,000 in order to construct the Clinic Project (“Clinic Ground Lease”); 6) adopting findings that the Purchase Agreement, Loan Agreement, Residential Ground Lease, and Clinic Ground Lease are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and 7) authorizing the Director of Property and/or the Director of MOHCD to execute the Purchase Agreement, Loan Agreement, Residential Ground Lease, and Clinic Ground Lease, make certain modifications to such agreements, and take certain actions in furtherance of this Resolution, as defined herein.**

Please note that Supervisor Safai is a co-sponsor of this ordinance.

Please let me know if you have any questions.

Rebecca Peacock ([they/them](#))
(415) 554-6982 | Rebecca.Peacock@sfgov.org
Office of Mayor London N. Breed
City & County of San Francisco