



SAN FRANCISCO PLANNING DEPARTMENT

Mills Act Contracts Case Report

Hearing Date: October 1, 2014

- a. *Filing Date:* May 1, 2014
Case No.: 2014.0719U
Project Address: **68 Pierce Street**
Landmark District: Duboce Park Landmark District
Zoning: RH-2 (Residential - House, Two Family)
40-X Height and Bulk District
Block/Lot: 0865/016
Applicant: Diarmuid Russell & Heather Podruchny
68 Pierce St.
San Francisco, CA 94117
- b. *Filing Date:* May 1, 2014
Case No.: 2014.0720U
Project Address: **563-567 Waller Street**
Landmark District: Duboce Park Landmark District
Zoning: RTO (Residential Transit Oriented)
40-X Height and Bulk District
Block/Lot: 0865/025
Applicant: Brandon Miller & Jay Zalewski
567 Waller St.
San Francisco, CA 94117
- c. *Filing Date:* May 1, 2013
Case No.: 2014.0746U
Project Address: **621 Waller Street**
Landmark District: Duboce Park Landmark District
Zoning: RTO (Residential Transit Oriented)
40-X Height and Bulk District
Block/Lot: 0864/023
Applicant: Claude Zellweger & Renee Zellweger
621 Waller St.
San Francisco, CA 94117

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

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415.558.6378

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415.558.6377

PROPERTY DESCRIPTIONS

- a. **68 Pierce Street:** The subject property is located on the east side of Pierce Street between Waller Street and Duboce Avenue in Assessor's Block 0865, Lot 016. The subject property is within in a RH-2 (Residential House, Two Family) Zoning District and a 40-X Height and Bulk District. The property was designated under Article 10 of the Planning Code as a contributor to the Duboce

Park Landmark District. It is a two-story over raised-basement, wood frame, single-family dwelling designed in the Shingle style and constructed in 1899.

- b. 563-567 Waller Street:** The subject property is located on the south side of Waller Street between Potomac and Pierce streets in Assessor's Block 0865, Lot 025. The subject property is within in a RTO (Residential Transit Oriented) Zoning District and a 40-X Height and Bulk District. The property was designated under Article 10 of the Planning Code as a contributor to the Duboce Park Landmark District. It is a 3½-story over raised-basement, wood frame, three-family dwelling designed in the Queen Anne style and constructed in 1900.
- c. 621 Waller Street:** The subject property is located on the south side of Waller Street between Pierce and Carmelita streets in Assessor's Block 0864, Lot 023. The subject property is within in a RTO (Residential Transit Oriented) Zoning District and a 40-X Height and Bulk District. The property was designated under Article 10 of the Planning Code as a contributor to the Duboce Park Landmark District. It is a 2½-story over raised-basement, wood frame, single-family dwelling designed in the Queen Anne style and constructed in 1900 by master builder Fernando Nelson.

PROJECT DESCRIPTION

This project is a Mills Act Historical Property Contract application.

MILLS ACT REVIEW PROCESS

Once a Mills Act application is received, the matter is referred to the Historic Preservation Commission (HPC) for review. The HPC shall conduct a public hearing on the Mills Act application, historical property contract, and proposed rehabilitation and maintenance plan, and make a recommendation for approval or disapproval to the Board of Supervisors.

The Board of Supervisors will hold a public hearing to review and approve or disapprove the Mills Act application and contract. The Board of Supervisors shall conduct a public hearing to review the Historic Preservation Commission recommendation, information provided by the Assessor's Office, and any other information the Board requires in order to determine whether the City should execute a historical property contract for the subject property.

The Board of Supervisors shall have full discretion to determine whether it is in the public interest to enter into a Mills Act contract and may approve, disapprove, or modify and approve the terms of the contract. Upon approval, the Board of Supervisors shall authorize the Director of Planning and the Assessor-Recorder's Office to execute the historical property contract.

MILLS ACT REVIEW PROCEDURES

The Historic Preservation Commission is requested to review and make recommendations on the following:

- The draft Mills Act Historical Property Contract between the property owner and the City and

MILLS ACT REVIEW PROCEDURES

The Historic Preservation Commission is requested to review and make recommendations on the following:

- The draft Mills Act Historical Property Contract between the property owner and the City and County of San Francisco.
- The proposed rehabilitation and maintenance plan.

The Historic Preservation Commission may also comment in making a determination as to whether the public benefit gained through restoration, continued maintenance and preservation of the property is sufficient to outweigh the subsequent loss of property taxes to the City.

APPLICABLE PRESERVATION STANDARDS

Ordinance No. 191-96 amended the San Francisco Administrative Code by adding Chapter 71 to implement the California Mills Act, California Government Code Sections 50280 *et seq.* The Mills Act authorizes local governments to enter into contracts with private property owners who will rehabilitate, restore, preserve, and maintain a “qualified historical property.” In return, the property owner enjoys a reduction in property taxes for a given period. The property tax reductions must be made in accordance with Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code.

TERM

Mills Act contracts must be made for a minimum term of ten years. The ten-year period is automatically renewed by one year annually to create a rolling ten-year term. One year is added automatically to the initial term of the contract on the anniversary date of the contract, unless notice of nonrenewal is given or the contract is terminated. If the City issues a notice of nonrenewal, then one year will no longer be added to the term of the contract on its anniversary date and the contract will only remain in effect for the remainder of its term. The City must monitor the provisions of the contract until its expiration and may terminate the Mills Act contract at any time if it determines that the owner is not complying with the terms of the contract or the legislation. Termination due to default immediately ends the contract term. Mills Act contracts remain in force when a property is sold.

ELIGIBILITY

San Francisco Administrative Code Chapter 71, Section 71.2, defines a “qualified historic property” as one that is not exempt from property taxation and that is one of the following:

- (a) Individually listed in the National Register of Historic Places;
- (b) Listed as a contributor to an historic district included on the National Register of Historic Places;
- (c) Designated as a City landmark pursuant to San Francisco Planning Code Article 10;

- (d) Designated as contributory to a landmark district designated pursuant to San Francisco Planning Code Article 10; or
- (e) Designated as significant (Categories I or II) or contributory (Categories III or IV) to a conservation district designated pursuant to San Francisco Planning Code Article 11.

All properties that are eligible under the criteria listed above must also meet a tax assessment value to be eligible for a Mills Act Contract. The tax assessment limits are listed below:

Residential Buildings

Eligibility is limited to a property tax assessment value of not more than \$3,000,000.

Commercial, Industrial or Mixed Use Buildings

Eligibility is limited to a property tax assessment value of not more than \$5,000,000.

Properties may be exempt from the tax assessment values if it meets any one of the following criteria:

- The qualified historic property is an exceptional example of architectural style or represents a work of a master architect or is associated with the lives of persons important to local or national history; or
- Granting the exemption will assist in the preservation and rehabilitation of a historic structure (including unusual and/or excessive maintenance requirements) that would otherwise be in danger of demolition, deterioration, or abandonment;

Properties applying for a valuation exemption must provide evidence that it meets the exemption criteria, including a historic structure report to substantiate the exceptional circumstances for granting the exemption. The Historic Preservation Commission shall make specific findings in determining whether to recommend to the Board of Supervisors that the valuation exemption should be approved. Final approval of this exemption is under the purview of the Board of Supervisors.

PUBLIC/NEIGHBORHOOD INPUT

The Department has not received any public comment regarding the Mills Act Historical Property Contract.

STAFF ANALYSIS

The Project Sponsor, Planning Department Staff, and the Office of the City Attorney have negotiated the attached draft historical property contracts, which include a draft maintenance plan for the historic building. Department staff believe that the draft historical property contracts and maintenance plans are adequate.

- a. 68 Pierce Street:** As detailed in the Mills Act application, the Project Sponsor proposes to maintain the historic property. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the Secretary of Interior's Standards for Rehabilitation and for Restoration.

The subject property is currently valued by the Assessor's Office as under \$3,000,000 (see attached Market Analysis and Income Approach reports) and does not require an exemption.

The applicants have developed a thorough Rehabilitation and Maintenance Plan that involves the following scopes of work: replacing six non-historic windows on the primary facade with historically appropriate double-hung wood sash windows with ogee lugs; replacing three (3) non-historic windows on the second floor rear elevation with historically appropriate double-hung wooden-sash windows with ogee lugs; replacing the current entry stairs with a new wooden staircase that features a straight run, closed risers, a balustrade railing with a turned profile or turned elements and newel posts; engaging a structural engineer to investigate the foundation and implementing any necessary repairs or improvements to seismically stabilize the property; replacing or repairing the roof; repainting the primary elevation of the property; and repairing wood rot at the garage. In addition, the rehabilitation and maintenance plan will include a cycle of regular inspections and maintenance to be performed as necessary. The maintenance plan includes: inspecting the wooden elements of the facade and repainting as necessary; if damage or deterioration is found, any needed repairs will avoid altering, removing or obscuring character-defining features of the building; any necessary replacements will be made in kind; conducting periodic roof inspections; and servicing rain gutters and downspouts to ensure water is directed away from the property. No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the Project Sponsor mitigate these expenditures and will induce the Project Sponsor to maintain the property in excellent condition in the future.

- b. 563-567 Waller Street:** As detailed in the Mills Act application, the Project Sponsor proposes to maintain the historic property. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the Secretary of Interior's Standards for Rehabilitation and for Restoration.

The subject property is currently valued by the Assessor's Office as under \$3,000,000 (see attached Market Analysis and Income Approach reports) and does not require an exemption.

The applicants have already completed substantial rehabilitation efforts. The proposed Rehabilitation and Maintenance Plan involves the following scopes of work: relocating the property's gas meters beneath the entry stairs; if deemed infeasible by the utility, the meters will be enclosed in a painted wood cabinet finished to match the building's existing wood cladding; performing annual inspections of the windows, roof, rain gutters, siding, paint and trim; if any damage or deterioration is found, the extent and nature of the damage will be assessed; any needed repairs will avoid altering, removing or obscuring character-defining features of the building.

No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the Project Sponsor mitigate these expenditures and will induce the Project Sponsor to maintain the property in excellent condition in the future.

- c. 621 Waller Street:** As detailed in the Mills Act application, the Project Sponsor proposes to maintain the historic property. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the Secretary of Interior's Standards for Rehabilitation and for Restoration.

The subject property is currently valued by the Assessor's Office as under \$3,000,000 (see attached Market Analysis and Income Approach reports) and does not require an exemption.

The applicants have developed a thorough Rehabilitation and Maintenance Plan that involves the following scopes of work: repairing existing ornamental wrought iron at front stair and porch, including rust removal, priming and repainting; repairing existing wood windows on the front elevation, either with single-pane glazing or retrofitting the windows to accept double-glazed sashes; where retention of existing windows is not possible, all replacements will be made in kind; performing site grading and drainage work at the front of the property to direct water away from the foundation walls and entry stairs; waterproofing the building envelope and repairing leaks; repairing or reconstructing the existing rear balconies to apply new waterproofing membrane and flashing; repairing existing interior ceiling damage caused by water leakage; and repainting the exterior of the building. The maintenance plan involves a cycle of periodic inspections to inspect the wooden elements of the facade and repaint as necessary; if damage or deterioration is found, any needed repairs will avoid altering, removing or obscuring character-defining features of the building; any necessary replacements will be made in kind; servicing gutters and downspouts to remove debris and inspect for leaks; and inspecting the roof and repairing or replacing as necessary.

No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the Project Sponsor mitigate these expenditures and will induce the Project Sponsor to maintain the property in excellent condition in the future.

PLANNING DEPARTMENT RECOMMENDATION

The Planning Department recommends that the Historic Preservation Commission adopt a resolution recommending approval of these Mills Act Historical Property Contracts and Rehabilitation and Maintenance Plans to the Board of Supervisors.

ISSUES AND OTHER CONSIDERATIONS

None.

HISTORIC PRESERVATION COMMISSION ACTIONS

Review and adopt a resolution for each property:

1. Recommending to the Board of Supervisors the approval of the proposed Mills Act Historical Property Contract between the property owner(s) and the City and County of San Francisco;
2. Approving the proposed Mills Act Rehabilitation and Maintenance Plan for each property.

Attachments:

a. 68 Pierce Street

Draft Resolution

Exhibit A: Draft Mills Act Historical Property Contract

Exhibit B: Draft Rehabilitation & Maintenance Plan

Exhibit C: Draft Mills Act Valuation provided by the Assessor-Recorder's Office

Exhibit D: Mills Act Application

b. 563-567 Waller Street

Draft Resolution

Exhibit A: Draft Mills Act Historical Property Contract

Exhibit B: Draft Rehabilitation & Maintenance Plan

Exhibit C: Draft Mills Act Valuation provided by the Assessor-Recorder's Office

Exhibit D: Mills Act Application

c. 621 Waller Street

Draft Resolution

Exhibit A: Draft Mills Act Historical Property Contract

Exhibit B: Draft Rehabilitation & Maintenance Plan

Exhibit C: Draft Mills Act Valuation provided by the Assessor-Recorder's Office

Exhibit D: Mills Act Application

Site Photo



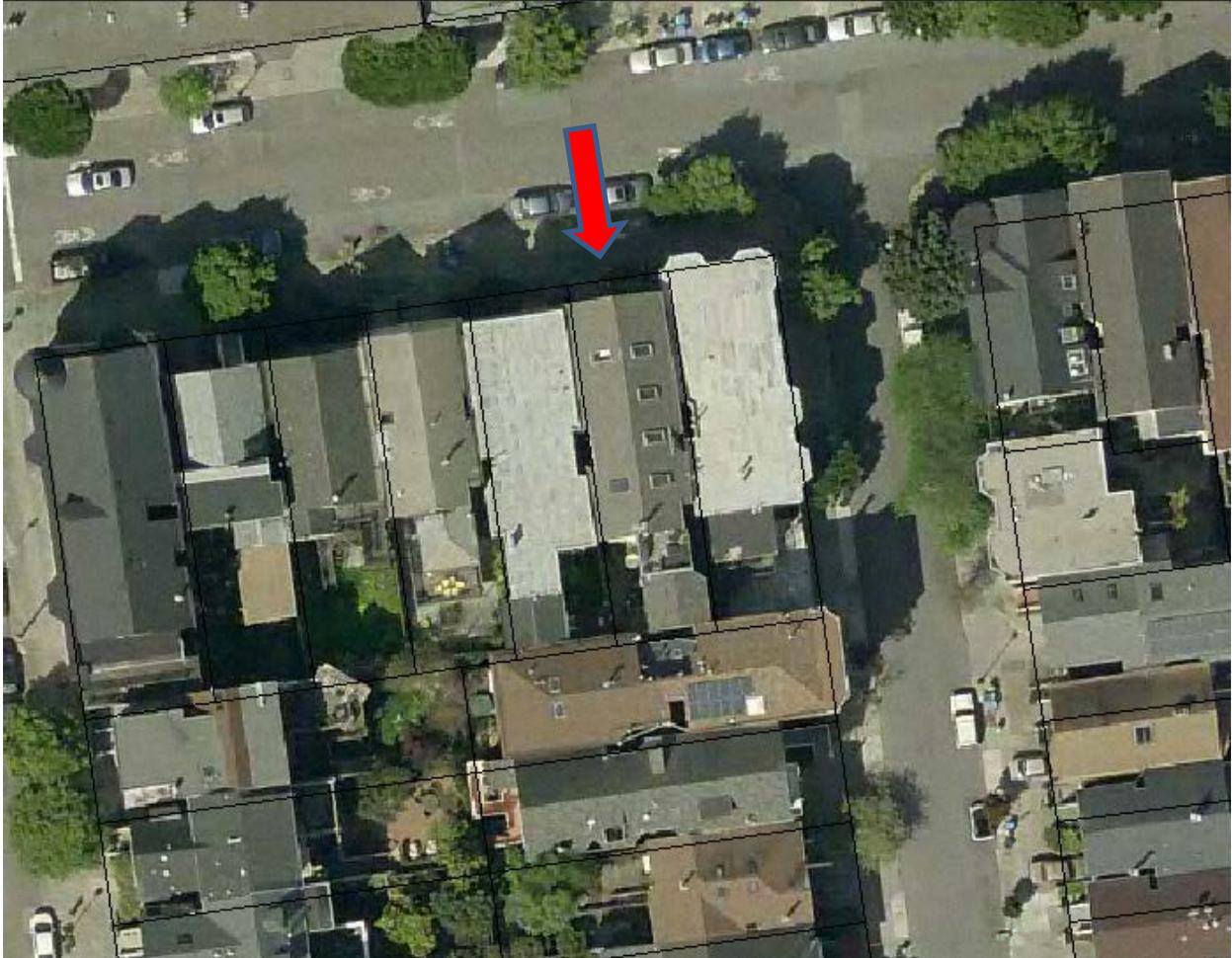
Historic Preservation Commission

Case No. 2014.0720U

Mills Act Historical Property Contract

563-567 Waller Street

Aerial Photo



Historic Preservation Commission

Case No. 2014.0720U

Mills Act Historical Property Contract

563-567 Waller Street

EXHIBIT A:

DRAFT MILLS ACT HISTORICAL PROPERTY CONTRACT

Recording Requested by, and
when recorded, send notice to:
Director of Planning
1650 Mission Street
San Francisco, California 94103-2414

**CALIFORNIA MILLS ACT
HISTORIC PROPERTY AGREEMENT
563-567 WALLER STREET
SAN FRANCISCO, CALIFORNIA**

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation ("City") and Brandon Miller and Jay Zalewski ("Owners").

RECITALS

Owners are the owners of the property located at 563-567 Waller Street, in San Francisco, California (Block 0865, Lot 025). The building located at 563-567 Waller Street is designated as a contributor to the Duboce Park Landmark District pursuant to Article 10 of the Planning Code and is also known as the ("Historic Property").

Owners desire to execute a rehabilitation and ongoing maintenance project for the Historic Property. Owners' application calls for the rehabilitation and restoration of the Historic Property according to established preservation standards, which it estimates will cost approximately one thousand eight hundred and fifty dollars (\$1,850). (See Rehabilitation Plan, Exhibit A.) Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately four thousand and forty dollars (\$4,040) annually (See Maintenance Plan, Exhibit B).

The State of California has adopted the "Mills Act" (California Government Code Sections 50280-50290, and California Revenue & Taxation Code, Article 1.9 [Section 439 et seq.]) authorizing local governments to enter into agreements with property Owners to reduce their property taxes, or to prevent increases in their property taxes, in return for improvement to and maintenance of historic properties. The City has adopted enabling legislation, San Francisco Administrative Code Chapter 71, authorizing it to participate in the Mills Act program.

Owners desire to enter into a Mills Act Agreement (also referred to as a "Historic Property Agreement") with the City to help mitigate its anticipated expenditures to restore and maintain the Historic Property. The City is willing to enter into such Agreement to mitigate these expenditures and to induce Owners to restore and maintain the Historic Property in excellent condition in the future.

NOW, THEREFORE, in consideration of the mutual obligations, covenants, and conditions contained herein, the parties hereto do agree as follows:

1. Application of Mills Act. The benefits, privileges, restrictions and obligations provided for in the Mills Act shall be applied to the Historic Property during the time that this Agreement is in effect commencing from the date of recordation of this Agreement.
2. Rehabilitation of the Historic Property. Owners shall undertake and complete the work set forth in Exhibit A ("Rehabilitation Plan") attached hereto according to certain standards and

requirements. Such standards and requirements shall include, but not be limited to: the Secretary of the Interior's Standards for the Treatment of Historic Properties ("Secretary's Standards"); the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation ("OHP Rules and Regulations"); the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10. The Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits not less than six (6) months after recordation of this Agreement, shall commence the work within six (6) months of receipt of necessary permits, and shall complete the work within three (3) years from the date of receipt of permits. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. Work shall be deemed complete when the Director of Planning determines that the Historic Property has been rehabilitated in accordance with the standards set forth in this Paragraph. Failure to timely complete the work shall result in cancellation of this Agreement as set forth in Paragraphs 13 and 14 herein.

3. Maintenance. Owners shall maintain the Historic Property during the time this Agreement is in effect in accordance with the standards for maintenance set forth in Exhibit B ("Maintenance Plan"), the Secretary's Standards; the OHP Rules and Regulations; the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10.

4. Damage. Should the Historic Property incur damage from any cause whatsoever, which damages fifty percent (50%) or less of the Historic Property, Owners shall replace and repair the damaged area(s) of the Historic Property. For repairs that do not require a permit, Owners shall commence the repair work within thirty (30) days of incurring the damage and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Where specialized services are required due to the nature of the work and the historic character of the features damaged, "commence the repair work" within the meaning of this paragraph may include contracting for repair services. For repairs that require a permit(s), Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits not less than sixty (60) days after the damage has been incurred, commence the repair work within one hundred twenty (120) days of receipt of the required permit(s), and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. All repair work shall comply with the design and standards established for the Historic Property in Exhibits A and B attached hereto and Paragraph 3 herein. In the case of damage to twenty percent (20%) or more of the Historic Property due to a catastrophic event, such as an earthquake, or in the case of damage from any cause whatsoever that destroys more than fifty percent (50%) of the Historic Property, the City and Owners may mutually agree to terminate this Agreement. Upon such termination, Owners shall not be obligated to pay the cancellation fee set forth in Paragraph 14 of this Agreement. Upon such termination, the City shall assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owners shall pay property taxes to the City based upon the valuation of the Historic Property as of the date of termination.

5. Insurance. Owners shall secure adequate property insurance to meet Owners' repair and replacement obligations under this Agreement and shall submit evidence of such insurance to the City upon request.

6. Inspections. Owners shall permit periodic examination of the exterior and interior of the Historic Property by representatives of the Historic Preservation Commission, the City's Assessor, the Department of Building Inspection, the Planning Department, the Office of Historic Preservation of the California Department of Parks and Recreation, and the State Board of Equalization, upon seventy-two (72) hours advance notice, to monitor Owners' compliance with the terms of this Agreement. Owners shall provide all reasonable information and documentation about the Historic Property demonstrating compliance with this Agreement as requested by any of the above-referenced representatives.

7. Term. This Agreement shall be effective upon the date of its recordation and shall be in effect for a term of ten years from such date ("Initial Term"). As provided in Government Code section 50282, one year shall be added automatically to the Initial Term, on each anniversary date of this Agreement, unless notice of nonrenewal is given as set forth in Paragraph 10 herein.

8. Valuation. Pursuant to Section 439.4 of the California Revenue and Taxation Code, as amended from time to time, this Agreement must have been signed, accepted and recorded on or before the lien date (January 1) for a fiscal year (the following July 1-June 30) for the Historic Property to be valued under the taxation provisions of the Mills Act for that fiscal year.

9. Termination. In the event Owners terminates this Agreement during the Initial Term, Owners shall pay the Cancellation Fee as set forth in Paragraph 15 herein. In addition, the City Assessor shall determine the fair market value of the Historic Property without regard to any restriction imposed on the Historic Property by this Agreement and shall reassess the property taxes payable for the fair market value of the Historic Property as of the date of Termination without regard to any restrictions imposed on the Historic Property by this Agreement. Such reassessment of the property taxes for the Historic Property shall be effective and payable six (6) months from the date of Termination.

10. Notice of Nonrenewal. If in any year after the Initial Term of this Agreement has expired either the Owners or the City desires not to renew this Agreement that party shall serve written notice on the other party in advance of the annual renewal date. Unless the Owners serves written notice to the City at least ninety (90) days prior to the date of renewal or the City serves written notice to the Owners sixty (60) days prior to the date of renewal, one year shall be automatically added to the term of the Agreement. The Board of Supervisors shall make the City's determination that this Agreement shall not be renewed and shall send a notice of nonrenewal to the Owners. Upon receipt by the Owners of a notice of nonrenewal from the City, Owners may make a written protest. At any time prior to the renewal date, City may withdraw its notice of nonrenewal. If in any year after the expiration of the Initial Term of the Agreement, either party serves notice of nonrenewal of this Agreement, this Agreement shall remain in effect for the balance of the period remaining since the execution of the last renewal of the Agreement.

11. Payment of Fees. Within one month of the execution of this Agreement, City shall tender to Owners a written accounting of its reasonable costs related to the preparation and approval of the Agreement as provided for in Government Code Section 50281.1 and San Francisco Administrative Code Section 71.6. Owners shall promptly pay the requested amount within forty-five (45) days of receipt.

12. Default. An event of default under this Agreement may be any one of the following:

- (a) Owners' failure to timely complete the rehabilitation work set forth in Exhibit A in accordance with the standards set forth in Paragraph 2 herein;
- (b) Owners' failure to maintain the Historic Property in accordance with the requirements of Paragraph 3 herein;
- (c) Owners' failure to repair any damage to the Historic Property in a timely manner as provided in Paragraph 4 herein;
- (d) Owners' failure to allow any inspections as provided in Paragraph 6 herein;
- (e) Owners' termination of this Agreement during the Initial Term;
- (f) Owners' failure to pay any fees requested by the City as provided in Paragraph 11 herein;
- (g) Owners' failure to maintain adequate insurance for the replacement cost of the Historic Property; or
- (h) Owners' failure to comply with any other provision of this Agreement.

An event of default shall result in cancellation of this Agreement as set forth in Paragraphs 13 and 14 herein and payment of the cancellation fee and all property taxes due upon the Assessor's determination of the full value of the Historic Property as set forth in Paragraph 14 herein. In order to determine whether an event of default has occurred, the Board of Supervisors shall conduct a public hearing as set forth in Paragraph 13 herein prior to cancellation of this Agreement.

13. Cancellation. As provided for in Government Code Section 50284, City may initiate proceedings to cancel this Agreement if it makes a reasonable determination that Owners have breached any condition or covenant contained in this Agreement, has defaulted as provided in Paragraph 12 herein, or has allowed the Historic Property to deteriorate such that the safety and integrity of the Historic Property is threatened or it would no longer meet the standards for a Qualified Historic Property. In order to cancel this Agreement, City shall provide notice to the Owners and to the public and conduct a public hearing before the Board of Supervisors as provided for in Government Code Section 50285. The Board of Supervisors shall determine whether this Agreement should be cancelled.

14. Cancellation Fee. If the City cancels this Agreement as set forth in Paragraph 13 above, Owners shall pay a cancellation fee of twelve and one-half percent (12.5%) of the fair market value of the Historic Property at the time of cancellation. The City Assessor shall determine fair market value of the Historic Property without regard to any restriction imposed on the Historic Property by this Agreement. The cancellation fee shall be paid to the City Tax Collector at such time and in such manner as the City shall prescribe. As of the date of cancellation, the Owners shall pay property taxes to the City without regard to any restriction imposed on the Historic Property by this Agreement and based upon the Assessor's determination of the fair market value of the Historic Property as of the date of cancellation.

15. Enforcement of Agreement. In lieu of the above provision to cancel the Agreement, the City may bring an action to specifically enforce or to enjoin any breach of any condition or covenant of this Agreement. Should the City determine that the Owners has breached this Agreement, the City shall give the Owners written notice by registered or certified mail setting forth the grounds for the breach. If the Owners do not correct the breach, or if it does not undertake and diligently pursue corrective action, to the reasonable satisfaction of the City within thirty (30) days from the date of receipt of the notice, then the City may, without further notice, initiate default procedures under this Agreement as set forth in Paragraph 13 and bring any action necessary to enforce the obligations of the Owners set forth in this Agreement. The City does not waive any claim of default by the Owners if it does not enforce or cancel this Agreement.

16. Indemnification. The Owners shall indemnify, defend, and hold harmless the City and all of its boards, commissions, departments, agencies, agents and employees (individually and collectively, the “City”) from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses incurred in connection with or arising in whole or in part from: (a) any accident, injury to or death of a person, loss of or damage to property occurring in or about the Historic Property; (b) the use or occupancy of the Historic Property by the Owners, their Agents or Invitees; (c) the condition of the Historic Property; (d) any construction or other work undertaken by Owners on the Historic Property; or (e) any claims by unit or interval Owners for property tax reductions in excess those provided for under this Agreement. This indemnification shall include, without limitation, reasonable fees for attorneys, consultants, and experts and related costs that may be incurred by the City and all indemnified parties specified in this Paragraph and the City’s cost of investigating any claim. In addition to Owners' obligation to indemnify City, Owners specifically acknowledge and agree that they have an immediate and independent obligation to defend City from any claim that actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false, or fraudulent, which obligation arises at the time such claim is tendered to Owners by City, and continues at all times thereafter. The Owners' obligations under this Paragraph shall survive termination of this Agreement.

17. Eminent Domain. In the event that a public agency acquires the Historic Property in whole or part by eminent domain or other similar action, this Agreement shall be cancelled and no cancellation fee imposed as provided by Government Code Section 50288.

18. Binding on Successors and Assigns. The covenants, benefits, restrictions, and obligations contained in this Agreement shall be deemed to run with the land and shall be binding upon and inure to the benefit of all successors and assigns in interest of the Owners.

19. Legal Fees. In the event that either the City or the Owners fail to perform any of their obligations under this Agreement or in the event a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the prevailing party may recover all costs and expenses incurred in enforcing or establishing its rights hereunder, including reasonable attorneys’ fees, in addition to court costs and any other relief ordered by a court of competent jurisdiction. 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 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.

20. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

21. Recordation. Within 20 days from the date of execution of this Agreement, the City shall cause this Agreement to be recorded with the Office of the Recorder of the City and County of San Francisco.

22. Amendments. This Agreement may be amended in whole or in part only by a written recorded instrument executed by the parties hereto in the same manner as this Agreement.

23. No Implied Waiver. No failure by the City to insist on the strict performance of any obligation of the Owners under this Agreement or to exercise any right, power, or remedy arising out of a breach hereof shall constitute a waiver of such breach or of the City’s right to demand strict compliance with any terms of this Agreement.

24. Authority. If the Owners sign as a corporation or a partnership, each of the persons executing this Agreement on behalf of the Owners does hereby covenant and warrant that such

entity is a duly authorized and existing entity, that such entity has and is qualified to do business in California, that the Owner has full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of the Owners are authorized to do so.

25. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each other provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

26. Tropical Hardwood Ban. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

27. Charter Provisions. This Agreement is governed by and subject to the provisions of the Charter of the City.

28. Signatures. This Agreement may be signed and dated in parts

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as follows:

CITY AND COUNTY OF SAN FRANCISCO:

By: _____
Carmen Chu
Assessor-Recorder

DATE: _____

By: _____
John Rahaim
Director of Planning

DATE: _____

APPROVED AS TO FORM:
DENNIS J. HERRERA
CITY ATTORNEY

By: _____
Andrea Ruiz-Esquide, Deputy City Attorney

DATE: _____

OWNERS

By: _____
Brandon Miller, Owner

DATE: _____

By: _____
Jay Zalewski, Owner

DATE: _____

OWNER(S)' SIGNATURE(S) MUST BE NOTARIZED.

EXHIBIT B:
DRAFT REHABILITATION AND MAINTENANCE PLAN

563-567 Waller Street Revised Rehabilitation and Maintenance Plan

SCOPE #1
Rehab/Restoration <input checked="" type="checkbox"/> Completed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2012
Total Cost (rounded to the nearest dollar): \$423,518
Description of Work
Replaced the building foundation. Installed three (3) new, historically appropriate paneled wood entry doors with glazed openings. Replaced stair railing with new, historically appropriate wood railing featuring turned balusters and decorative newel posts.

SCOPE #2
Rehab/Restoration <input checked="" type="checkbox"/> Completed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2014
Total Cost (rounded to the nearest dollar): \$173,567
Description of Work
Replaced deteriorated siding on the back of the building. The rear exit stairwell and laundry storage areas were rebuilt with a new foundation.

SCOPE #3
Rehab/Restoration <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2015-2016
Total Cost (rounded to the nearest dollar): \$1,850
Description of Work
The gas meters currently located to the left of the entry stairs will be relocated underneath the stairs. If the relocation of the meters is deemed infeasible by the utility, the meters will be enclosed in a painted wood cabinet finished to match either the existing tongue-in-groove wood siding, or the existing rustic channel wood siding on the building. This work will avoid altering, removing or obscuring character-defining features of the building.

SCOPE #4
Maintenance <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: Ongoing
Total Cost (rounded to the nearest dollar):
Description of Work
Perform annual inspections of the windows, rain gutters, siding, paint and trim. If any damage or deterioration is found, the extent and nature of the damage will be assessed. Any needed repairs will avoid altering, removing or obscuring character-defining features of the building. If any elements are determined to be damaged or deteriorated beyond repair, replacements will be made in kind (e.g., wood for wood). This maintenance routine will be informed by the guidance outlined in the National Park Service's <i>Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings</i> .

SCOPE #5
Maintenance <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: Ongoing
Total Cost (rounded to the nearest dollar): \$48,500 if roof requires replacing
Description of Work
<p>The roof will be inspected by a licensed roofing contractor approximately every 5 years. If any damage or deterioration is found, the extent and nature of the deterioration will be assessed. If the roof requires replacement, a new asphalt/composition shingle roof will be installed. Repairs to the roof, or installation of a new roof, will avoid altering, removing or obscuring character-defining features of the building, including decorative elements in the gable end, as well as eave trim and moldings. This maintenance routine will be informed by the guidance outlined in the National Park Service's <i>Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings</i>.</p>

SF Bay Construction Inc

License #807049

236 West Portal Ave, Suite 843, San Francisco, CA 94127

415-425-1673 ~ Fax: 415-665-1246

May 30, 2014

Client:
563-567 Waller St,
San Francisco

Prepared By:
Niall Kenny

Architect:

Job Description:
Roof replacement

BID PROPOSAL **FOR ROOF REPLACEMENT**

1. Strip and dispose of existing shingles, flet and plywood
2. Replace with new plywood, waterproofing and shingles.

Total amount proposed -

\$ 48,500

Exclusions. All public utility services marking; Permits; Permit fees; Special inspection fees; All work not included above.

Project should take approximately 3 weeks to complete depending on weather, material delivery delays, holidays and inspection schedule delays. Commencement of the project can start immediately once contract has been signed.

Should you request any additional information or would like to visit any of our ongoing or past projects please do not hesitate to call me at (415) 425-1673. Please visit our web site at www.sfbayconstruction.com for some past projects that we have completed. List of references on request. All sub-contractors are insured and obtain all disability insurance as per CSLB. Proposal valid for 30 days.

**EXHIBIT C:
DRAFT MILLS ACT VALUATION PROVIDED BY
SAN FRANCISCO ASSESSOR-RECORDER**

DRAFT

DRAFT



563-565-567 Waller Street
APN 06-0865-025

2014 MILLS ACT VALUATION



APN: 0865-025 SF Landmark: _____
 Property Location: 563-565-567 Waller Street Date of Mills Act Application: 6/1/2014
 Applicant's Name: Jay Zalewski Property Type: three unit residential
 Agt./Tax Rep./Atty: _____ Date of Sale: 7/30/2007
 Applicant supplied appraisal? No Sale Price: \$1,800,000

DATE OF MILLS ACT VALUATION: June 1, 2014

TAXABLE VALUE - THREE WAY VALUE COMPARISON					
FACTORED BASE YEAR VALUE		RESTRICTED MILLS ACT VALUE		CURRENT MARKET VALUE	
Land	\$ 1,350,096	Land	\$ 828,000	Land	\$1,200,000
Imps	\$ 578,610	Imps	\$ 552,000	Imps	\$800,000
Total	\$ 1,928,706	Total	\$ 1,380,000	Total	\$2,000,000

PROPERTY CHARACTERISTICS

Present Use: Multifamily Neighborhood: Hayes Valley Number of Stories: 3
 Number of Units: 3 Year Built: 1900 Land Area (SF): 2,250
 Owner Occupied: No Building Area: 6,150 Zoning: RH-3

CONTENTS

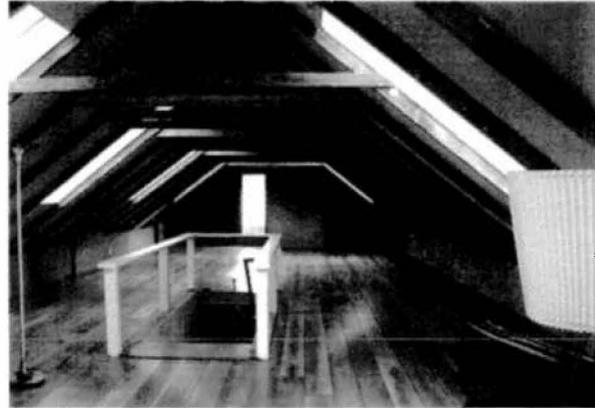
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Photos	Page 3
Restricted Income Valuation	Page 4
Comparable Rents	Page 5
Sales Comparison Valuation	Page 6
Map of Comparable Sales	Page 7

CONCLUSION AND RECOMMENDATIONS

Based on the three-way value comparison, the lowest of the three values is the restricted Mills Act value.
 The taxable Mills Act value on: June 1, 2014 is \$1,380,000

Appraiser: Timothy Landregan Date: 06/01/14
 Principal Appraiser: Cathleen Hoffman *CAH*

0865-025 Photos



RESTRICTED INCOME APPROACH

APN 06-0865-025
 563-565-567 Waller Street
 Restricted Mills Act Value
 Lien Date: June 1, 2014

Owner / Tenant Occupied

Potential Gross Income (Per Rent Roll see footnotes below):		\$141,144
Less Vacancy & Collection Loss	2%	<u>(\$2,823)</u>
Effective Gross Income		\$138,321
Less Anticipated Operating Expenses*	15.00%	<u>(\$20,748)</u>
Net Operating Income (before property taxes)		\$117,573

Restricted Capitalization Rate Components:

Rate Components:

2014 Interest Rate per SBE		4.0000%
Risk rate (4% owner occupied / 2% all other property types)**		2.6853%
Property tax rate (2013)		1.1880%
<u>Amortization rate for the Improvements:</u>		
Remaining Economic Life:	60	
Amortization per Year (reciprocal)	0.0167	<u>1.6667%</u>

Overall Rates:

Land	7.8733%
Improvements	9.5400%

Weighted Capitalization Rate

Land	60%	4.72%
Improvements	40%	<u>3.82%</u>
Total		8.54%

RESTRICTED VALUE **\$1,376,734**

ROUNDED TO **\$1,380,000**

Footnote:

Rent roll provided by taxpayer in June 2014:

Unit	Layout	SF	Move In Date	Mo Contract Rent	Annual Rent	Annual Rent / Foot
#563	3/1	1,462	Mar-05	\$2,590	\$31,080	\$21.26
#565	3/1	1,592	Sep-12	\$3,872	\$46,464	\$29.19
#567	3/1	1,592	Owner Occupied	\$5,300***	\$63,600	\$39.95
Sum:		4,646		\$11,762	\$141,144	\$30.38

*Annual Operating Expenses include PG&E, water service, refuse collection, insurance, maintenance and property management, typically estimated at 15% of effective gross income. TP estimates actual annual operating expenses of the subject property are \$xx,xxx (xx% of EGI).

**The property is owner and tenant occupied (tenants lease the lower two floors and the owners reside in the top floor flat. The risk rate component of the overall capitalization rate is a weighted average of the applicable components based on square footage:

Unit #	SF GLA	Occupancy	Weight	Risk Factor	Overall
#563	1,462	Tenant	31.47%	2.00%	0.629%
#565	1,592	Tenant	34.27%	2.00%	0.685%
#567	1,592	Owner	34.27%	4.00%	1.37%
	4,646		100.00%		2.685%

*** The owner's opinion of fair market rent for the top floor owner's flat is \$4,200/mo (\$31.65/foot annually). Rent comps show a typical rental range of \$40 to \$50 per foot annually. Market rent for the top floor flat concluded to be \$5,300 per month, just under \$40/foot annually.

Rental Comps

Comp #1: Hayes Valley



Listing Agent: Rent SF Now
Address: 78 Buchanan
Cross Streets: Buchanan at Hermann
SF: NA
Layout: 1/1, no parking
Monthly Rent \$4,195
Rent/Foot/Mo NA
Annual Rent/Foot: NA
Source: Craigs List, May 2014

Comp #2: Castro



Listing Agent: Not Specified
Address: No Specified
Cross Streets: One block from Castro St
SF: 1,100
Layout: 2/2, no parking
Monthly Rent \$4,495
Rent/Foot/Mo \$4.09
Annual Rent/Foot: \$49.04
Source: Craigs List, July 2014

Comp #3: Hayes Valley



Listing Agent: Rent SF Now
Address: 74-78 Page
Cross Streets: Page and Gough
SF: 1,000
Layout: 2/1, noparking
Monthly Rent \$3,300
Rent/Foot/Mo \$3.30
Annual Rent/Foot: \$39.60
Source: Craigs List, July 2014

Comp #4: Alamo Square



Listing Agent: By Owner
Address: 740 Divisadero - Alamo Sq
Cross Streets: between Grove and Fulton
SF: NA
Layout: 1/1, no parking
Monthly Rent \$2,695
Rent/Foot/Mo NA
Annual Rent/Foot: NA
Source: Craigs List, May 2014

Comp #5: Hayes



Listing Agent: By Owner
Address: 249 Gough @ Oak
Cross Streets: Hayes Valley
SF: NA
Layout: 2/1, No parking
Monthly Rent \$3,850
Rent/Foot/Mo NA
Annual Rent/Foot: NA
Source: Craigs List, May 2014

Comp #6: NOPA

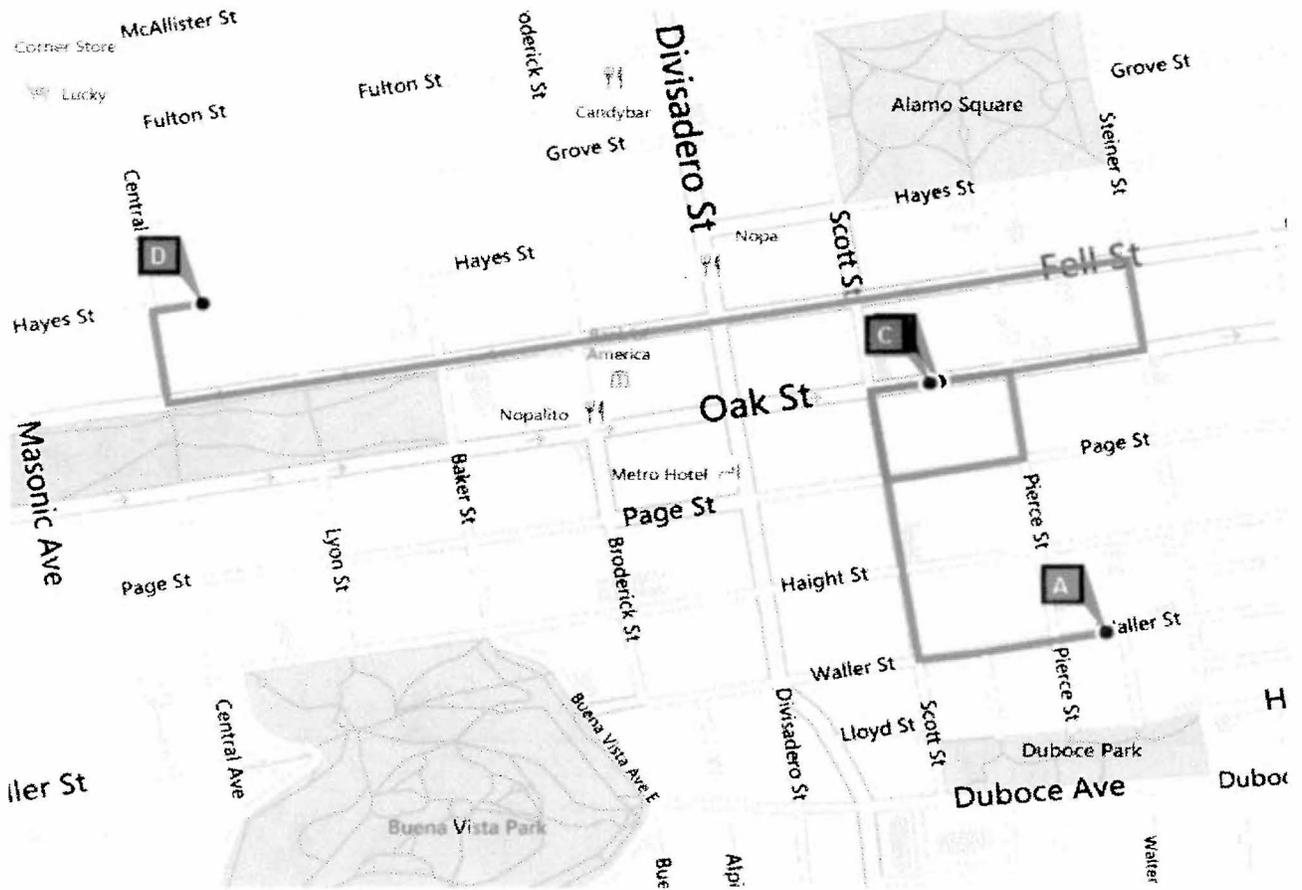
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Listing Agent: Not Specified
Address: McAllister and Divisadero
Cross Streets: NOPA
SF: 1,500
Layout: 3/1, No Parking
Monthly Rent \$5,800
Rent/Foot/Mo \$3.87
Annual Rent/Foot: \$46.40
Source: Craigs List, July 2014

RESIDENTIAL INCOME PROPERTY MARKET ANALYSIS

	SUBJECT				COMPARABLE SALE 1				COMPARABLE SALE 2				COMPARABLE SALE 3															
APN	0865-013				0825-007				0845-029				1207-030															
																												
Address	563-567 Waller				946-950 Oak Street				957-961 Oak Street				1663-1667 Hayes															
Sales Price					\$1,800,000				\$2,250,000				\$2,205,000															
\$ / GBA					\$282				\$421				\$426															
\$ / Unit					\$600,000				\$450,000				\$551,250															
Annual Gross Income (PGI)	\$127,944				\$123,000				\$167,736				NA															
GIM					14.6				13.4				NA															
Avg Monthly Rent/Unit	\$3,554				\$3,417				\$2,796				NA															
	DESCRIPTION												+(-) \$ADJ.		DESCRIPTION												+(-) \$ADJ.	
Lien Date / Date of Sale	06/01/14				10/29/13				\$31,500				09/25/13				\$45,000				06/14/14				\$0			
Neighborhood	Hayes Valley				Hayes Valley				Hayes Valley				Hayes Valley				North Panhandle				(110,250)							
Site (sq.ft.)	2,250				3,436				(59,300)				3,436				(59,300)				3,436				(59,300)			
Year Built	1900				1900				1900				1900				1905											
Condition	Average / Updated				Average/Updated				Average/Updated				Average/Updated				Original/Deferred Mntc				150,000							
Gross Bldg. Area	6,150				6,375				(45,000)				5,350				160,000				5,175				195,000			
Residential Unit Breakdown	No. of Units	GLA	Room Count			No. of Units	GLA	Room Count			No. of Units	GLA	Room Count			No. of Units	GLA	Room Count										
	Total	Bed	Bath	Total	Bed	Bath	Total	Bed	Bath	Total	Bed	Bath	Total	Bed	Bath	Total	Bed	Bath										
	1	1462	3	1	1	3	1.5	2	1	1	2	2	1	2	2	1	2	2	1									
	1	1592	3	1	1	3	1.5	1	2	1	1	2	2	1	2	2	1	2	2									
1	1592	3	1	1	3	1.5	2	3	2	1	0	1	1	0	1	1	0	1										
Total	3	4646	9	3	3	9	4.5	(45,000)	5	10	7	(60,000)	4	6	5	(30,000)												
Parking Spaces	2				3				(50,000)				5				(150,000)				2				0			
Net Adj. (total)									(167,800)								(64,300)								145,450			
ADJ. SALES PRICE	\$2,000,000				\$1,632,200								\$2,185,700								\$2,350,450							
Adj \$ Per Foot	\$325				\$265								\$355								\$382							
REMARKS																												
Market conditions adjustment: 5 to 10% annual growth in value from 2013 to 2014. (.25% per month); site SF adjustment: \$50/foot; GBA adjustment: \$200/foot; Bath adjustment: \$15,000 per half bath; garage parking valued at \$50,000 per space. All comparables considered similar condition as subject.																												
Marketwide comparable sales indicate GRM range of 13 to 16 with a midpoint of 15. At a GRM of 15, subject is valued at (\$127,944 x 15) = \$1.920M (\$312/foot)																												
THE ESTIMATED MARKET VALUE AS OF, <u>1-Jun-14</u> IS Land \$1,200,000																												
Improvements \$800,000																												
TOTAL \$2,000,000																												

Map of Subject Property and Comparable Sales



A	Subject Property	563-567 Waller St
B	Comp #1	946-950 Oak St
C	Comp #2	957-961 Oak St
D	Comp #3	1663-1667 Hayes

**EXHIBIT D:
MILLS ACT APPLICATION**

MILLS ACT HISTORICAL PROPERTY CONTRACT Application Checklist:

Applicant should complete this checklist and submit along with the application to ensure that all necessary materials have been provided. Saying "No" to any of the following questions may nullify the timelines established in this application.

1	Mills Act Application Has each property owner signed? Has each signature been notarized?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
2	High Property Value Exemption Form & Historic Structure Report Required for Residential properties with an assessed value over \$3,000,000 and Commercial/Industrial properties with an assessed value over \$5,000,000. Have you included a copy of the Historic Structures Report completed by a qualified consultant?	YES <input type="checkbox"/> NO <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
3	Draft Mills Act Historical Property Contract Are you using the Planning Department's standard "Historical Property Contract?" Have all owners signed and dated the contract? Have all signatures been notarized?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
4	Notary Acknowledgement Form Is the Acknowledgement Form complete? Do the signatures match the names and capacities of signers?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
5	Draft Rehabilitation/Restoration/Maintenance Plan Have you identified and completed the Rehabilitation, Restoration, and Maintenance Plan organized by contract year, including all supporting documentation related to the scopes of work?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
6	Photographic Documentation Have you provided both interior and exterior images (either digital, printed, or on a CD)? Are the images properly labeled?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
7	Site Plan Does your site plan show all buildings on the property including lot boundary lines, street name(s), north arrow and dimensions?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
8	Tax Bill Did you include a copy of your most recent tax bill?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
9	Rental Income Information Did you include information regarding any rental income on the property?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
10	Payment Did you include a check payable to the San Francisco Planning Department? Current application fees can be found on the Planning Department Fee Schedule under Preservation Applications.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

APPLICATION FOR Mills Act Historical Property Contract

Applications must be submitted in both hard copy and digital copy form to the Planning Department at 1650 Mission St., Suite 400 by May 1st in order to comply with the timelines established in the Application Guide. Please submit only the Application and required documents.

1. Owner/Applicant Information (If more than three owners, attach additional sheets as necessary.)

PROPERTY OWNER 1 NAME: <u>Brandon J. Miller</u>	TELEPHONE: <u>(415) 254-8883</u>
PROPERTY OWNER 1 ADDRESS: <u>567 Waller Street, SF, CA 94117</u>	EMAIL: <u>brandanjaymiller@yahoo.com</u>
PROPERTY OWNER 2 NAME: <u>Jay S. Zalewski</u>	TELEPHONE: <u>415 652-7121</u>
PROPERTY OWNER 2 ADDRESS: <u>567 Waller Street, SF, CA 94117</u>	EMAIL: <u>jayzalewski@gmail.com</u>
PROPERTY OWNER 3 NAME:	TELEPHONE: ()
PROPERTY OWNER 3 ADDRESS:	EMAIL:

2. Subject Property Information

PROPERTY ADDRESS: <u>563-565-567 Waller Street</u>	ZIP CODE: <u>94117</u>
PROPERTY PURCHASE DATE: <u>July 30, 2007</u>	ASSESSOR BLOCK/LOT(S): <u>0865 / 025</u>
MOST RECENT ASSESSED VALUE: <u>\$1,985,272</u>	ZONING DISTRICT: <u>Residential Transit Oriented</u>

Are taxes on all property owned within the City and County of San Francisco paid to date? YES NO

Is the entire property owner-occupied? YES NO
If No, please provide an approximate square footage for owner-occupied areas vs. rental income (non-owner-occupied areas) on a separate sheet of paper.

Do you own other property in the City and County of San Francisco? YES NO
If Yes, please list the addresses for all other property owned within the City of San Francisco on a separate sheet of paper.

Are there any outstanding enforcement cases on the property from the San Francisco Planning Department or the Department of Building Inspection? YES NO
If yes, all outstanding enforcement cases must be abated and closed for eligibility for the Mills Act.

I/we am/are the present owner(s) of the property described above and hereby apply for an historical property contract.

Owner Signature:  Date: 5/1/2014

Owner Signature:  Date: 5/1/2014

Owner Signature: _____ Date: _____

3. Property Value Eligibility:

Choose one of the following options:

The property is a Residential Building valued at less than \$3,000,000.	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
The property is a Commercial/Industrial Building valued at less than \$5,000,000.	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>

*If the property value exceeds these options, please complete the following: Application of Exemption.

Application for Exemption from Property Tax Valuation *N/A*

If answered "no" to either question above please explain on a separate sheet of paper, how the property meets the following two criteria and why it should be exempt from the property tax valuations.

1. The site, building, or object, or structure is a particularly significant resource and represents an exceptional example of an architectural style, the work of a master, or is associated with the lives of significant persons or events important to local or natural history; or
2. Granting the exemption will assist in the preservation of a site, building, or object, or structure that would otherwise be in danger of demolition, substantial alteration, or disrepair. (A Historic Structures Report, completed by a qualified historic preservation consultant, must be submitted in order to meet this requirement.)

4. Property Tax Bill

All property owners are required to attach a copy of their recent property tax bill.

PROPERTY OWNER NAMES: <i>Brandon J. Miller</i> <i>Jay S. Zalewski</i>
MOST RECENT ASSESSED PROPERTY VALUE: <i>\$1,985,272</i>
PROPERTY ADDRESS: <i>563-567 Waller St., San Francisco, CA 94117</i>

By signing below, I/we acknowledge that I/we am/are the owner(s) of the structure referenced above and by applying for exemption from the limitations certify, under the penalty of perjury, that the information attached and provided is accurate.

Owner Signature: <i>[Signature]</i>	Date: <i>5/1/2014</i>
Owner Signature: <i>[Signature]</i>	Date: <i>5/1/2014</i>
Owner Signature: _____	Date: _____

5. Rehabilitation/Restoration & Maintenance Plan

A 10 Year Rehabilitation/Restoration Plan has been submitted detailing work to be performed on the subject property	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
A 10 Year Maintenance Plan has been submitted detailing work to be performed on the subject property	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Proposed work will meet the <i>Secretary of the Interior's Standards for the Treatment of Historic Properties</i> and/or the California Historic Building Code.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

Property owner will ensure that a portion of the Mills Act tax savings will be used to finance the preservation, rehabilitation, and maintenance of the property	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
--	---

Use this form to outline your rehabilitation/restoration plan. Copy this page as necessary to include all items that apply to your property. Begin by listing recently completed rehabilitation work (if applicable) and continue with work you propose to complete within the next ten years, followed by your proposed maintenance work. Arranging all scopes of work in order of priority.

Please note that *all applicable Codes and Guidelines apply to all work*, including the Planning Code and Building Code. If components of the proposed Plan require approvals by the Historic Preservation Commission, Planning Commission, Zoning Administrator, or any other government body, these **approvals must be secured prior to applying for a Mills Act Historical Property Contract**. This plan will be included along with any other supporting documents as part of the Mills Act Historical Property contract.

# ____ (Provide a scope number)	BUILDING FEATURE:
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/> Completed <input checked="" type="checkbox"/> Proposed <input type="checkbox"/>
CONTRACT YEAR FOR WORK COMPLETION:	2012
TOTAL COST (rounded to nearest dollar):	\$ 423,518
DESCRIPTION OF WORK	Foundation replaced, garage installed, Front Doors and handrails replaced.

* see attached

6. Draft Mills Act Historical Property Agreement

Please complete the following Draft Mills Act Historical Property Agreement and submit with your application. A final Mills Act Historical Property Agreement will be issued by the City Attorney once the Board of Supervisors approves the contract.

Any modifications made to this standard City contract by the applicant or if an independently-prepared contract is used, it shall be subject to approval by the City Attorney prior to consideration by the Historic Preservation Commission and the Board of Supervisors. This will result in additional application processing time and the timeline provided in the application will be nullified.

Real Estate Ownership

In addition to the 563-567 Waller Street building, Brandon Miller and Jay Zalewski also jointly own the building at 3045-3047 Market St., San Francisco, CA 94114.

Owner-Occupancy versus Rental Information

563-567 Waller St. is a 3 unit building totaling 5,558 sq ft of living area. Unit 563 is 1,462 sq feet and is tenant occupied. Unit 565 is 1,592 sq feet and is tenant occupied. Unit 567 is 1,592 sq feet, (plus an additional 912 sq ft of unfinished/unoccupied attic space) and is owner occupied.

Rental Income Information for 563-567 Waller St., San Francisco, CA 94117

Unit 563 is currently rented for \$2,692 per month.

Unit 565 is currently rented for \$3,872 per month.

Unit 567 is owner occupied.

California Mills Act Historical Property Agreement

PROPERTY NAME (IF ANY)

563-567 Waller Street

PROPERTY ADDRESS

San Francisco, California

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation ("City") and Brandon Miller & Jay Zalawski ("Owner/s").

RECITALS

Owners are the owners of the property located at 563-567 Waller Street, in San Francisco, California
0865 / 025 . The building located at 563-567 Waller Street
BLOCK NUMBER LOT NUMBER PROPERTY ADDRESS

is designated as a City Landmark pursuant to Article 10 of the Planning Code (e.g. "a City Landmark pursuant to Article 10 of the Planning Code") and is also known as the _____
HISTORIC NAME OF PROPERTY (IF ANY)

Owners desire to execute a rehabilitation and ongoing maintenance project for the Historic Property. Owners' application calls for the rehabilitation and restoration of the Historic Property according to established preservation standards, which it estimates will cost approximately _____ (\$ _____). See Rehabilitation Plan, Exhibit A.
AMOUNT IN WORD FORMAT AMOUNT IN NUMERICAL FORMAT

Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately _____ (\$ _____) annually. See Maintenance Plan, Exhibit B.
AMOUNT IN WORD FORMAT AMOUNT IN NUMERICAL FORMAT

The State of California has adopted the "Mills Act" (California Government Code Sections 50280-50290, and California Revenue & Taxation Code, Article 1.9 [Section 439 et seq.) authorizing local governments to enter into agreements with property owners to reduce their property taxes, or to prevent increases in their property taxes, in return for improvement to and maintenance of historic properties. The City has adopted enabling legislation, San Francisco Administrative Code Chapter 71, authorizing it to participate in the Mills Act program.

Owners desire to enter into a Mills Act Agreement (also referred to as a "Historic Property Agreement") with the City to help mitigate its anticipated expenditures to restore and maintain the Historic Property. The City is willing to enter into such Agreement to mitigate these expenditures and to induce Owners to restore and maintain the Historic Property in excellent condition in the future.

NOW, THEREFORE, in consideration of the mutual obligations, covenants, and conditions contained herein, the parties hereto do agree as follows:

1. Application of Mills Act.

The benefits, privileges, restrictions and obligations provided for in the Mills Act shall be applied to the Historic Property during the time that this Agreement is in effect commencing from the date of recordation of this Agreement.

2. Rehabilitation of the Historic Property.

Owners shall undertake and complete the work set forth in Exhibit A ("Rehabilitation Plan") attached hereto according to certain standards and requirements. Such standards and requirements shall include, but not be limited to: the Secretary of the Interior's Standards for the Treatment of Historic Properties ("Secretary's Standards"); the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation ("OHP Rules and Regulations"); the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10. The Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits not less than six (6) months after recordation of this Agreement, shall commence the work within six (6) months of receipt of necessary permits, and shall complete the work within three (3) years from the date of receipt of permits. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. Work shall be deemed complete when the Director of Planning determines that the Historic Property has been rehabilitated in accordance with the standards set forth in this Paragraph. Failure to timely complete the work shall result in cancellation of this Agreement as set forth in Paragraphs 13 and 14 herein.

3. Maintenance.

Owners shall maintain the Historic Property during the time this Agreement is in effect in accordance with the standards for maintenance set forth in Exhibit B ("Maintenance Plan"), the Secretary's Standards; the OHP Rules and Regulations; the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10.

4. Damage.

Should the Historic Property incur damage from any cause whatsoever, which damages fifty percent (50%) or less of the Historic Property, Owners shall replace and repair the damaged area(s) of the Historic Property. For repairs that do not require a permit, Owners shall commence the repair work within thirty (30) days of incurring the damage and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Where specialized services are required due to the nature of the work and the historic character of the features damaged, "commence the repair work" within the meaning of this paragraph may include contracting for repair services. For repairs that require a permit(s), Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits not less than sixty (60) days after the damage has been incurred, commence the repair work within one hundred twenty (120) days of receipt of the required permit(s), and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. All repair work shall comply with the design and standards established for the Historic Property in Exhibits A and B attached hereto and Paragraph 3 herein. In the case of damage to twenty percent (20%) or more of the Historic Property due to a catastrophic event, such as an earthquake, or in the case of damage from any cause whatsoever that destroys more than fifty percent (50%) of the Historic Property, the City and Owners may mutually agree to terminate this Agreement. Upon such termination, Owners shall not be obligated to pay the cancellation fee set forth in Paragraph 14 of this Agreement. Upon such termination, the City shall assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owners shall pay property taxes to the City based upon the valuation of the Historic Property as of the date of termination.

5. Insurance.

Owners shall secure adequate property insurance to meet Owners' repair and replacement obligations under this Agreement and shall submit evidence of such insurance to the City upon request.

6. Inspections.

Owners shall permit periodic examination of the exterior and interior of the Historic Property by representatives of the

Historic Preservation Commission, the City's Assessor, the Department of Building Inspection, the Planning Department, the Office of Historic Preservation of the California Department of Parks and Recreation, and the State Board of Equalization, upon seventy-two (72) hours advance notice, to monitor Owners' compliance with the terms of this Agreement. Owners shall provide all reasonable information and documentation about the Historic Property demonstrating compliance with this Agreement as requested by any of the above-referenced representatives.

7. Term.

This Agreement shall be effective upon the date of its recordation and shall be in effect for a term of ten years from such date ("Initial Term"). As provided in Government Code section 50282, one year shall be added automatically to the Initial Term, on each anniversary date of this Agreement, unless notice of nonrenewal is given as set forth in Paragraph 10 herein.

8. Valuation.

Pursuant to Section 439.4 of the California Revenue and Taxation Code, as amended from time to time, this Agreement must have been signed, accepted and recorded on or before the lien date (January 1) for a fiscal year (the following July 1-June 30) for the Historic Property to be valued under the taxation provisions of the Mills Act for that fiscal year.

9. Termination.

In the event Owners terminates this Agreement during the Initial Term, Owners shall pay the Cancellation Fee as set forth in Paragraph 15 herein. In addition, the City Assessor shall determine the fair market value of the Historic Property without regard to any restriction imposed on the Historic Property by this Agreement and shall reassess the property taxes payable for the fair market value of the Historic Property as of the date of Termination without regard to any restrictions imposed on the Historic Property by this Agreement. Such reassessment of the property taxes for the Historic Property shall be effective and payable six (6) months from the date of Termination.

10. Notice of Nonrenewal.

If in any year after the Initial Term of this Agreement has expired either the Owners or the City desires not to renew this Agreement that party shall serve written notice on the other party in advance of the annual renewal date. Unless the Owners serves written notice to the City at least ninety (90) days prior to the date of renewal or the City serves written notice to the Owners sixty (60) days prior to the date of renewal, one year shall be automatically added to the term of the Agreement. The Board of Supervisors shall make the City's determination that this Agreement shall not be renewed and shall send a notice of nonrenewal to the Owners. Upon receipt by the Owners of a notice of nonrenewal from the City, Owners may make a written protest. At any time prior to the renewal date, City may withdraw its notice of nonrenewal. If in any year after the expiration of the Initial Term of the Agreement, either party serves notice of nonrenewal of this Agreement, this Agreement shall remain in effect for the balance of the period remaining since the execution of the last renewal of the Agreement.

11. Payment of Fees.

Within one month of the execution of this Agreement, City shall tender to Owners a written accounting of its reasonable costs related to the preparation and approval of the Agreement as provided for in Government Code Section 50281.1 and San Francisco Administrative Code Section 71.6. Owners shall promptly pay the requested amount within forty-five (45) days of receipt.

12. Default.

An event of default under this Agreement may be any one of the following:

- (a) Owners' failure to timely complete the rehabilitation work set forth in Exhibit A in accordance with the standards set forth in Paragraph 2 herein;

- (b) Owners' failure to maintain the Historic Property in accordance with the requirements of Paragraph 3 herein;
- (c) Owners' failure to repair any damage to the Historic Property in a timely manner as provided in Paragraph 4 herein;
- (d) Owners' failure to allow any inspections as provided in Paragraph 6 herein;
- (e) Owners' termination of this Agreement during the Initial Term;
- (f) Owners' failure to pay any fees requested by the City as provided in Paragraph 11 herein;
- (g) Owners' failure to maintain adequate insurance for the replacement cost of the Historic Property; or
- (h) Owners' failure to comply with any other provision of this Agreement.

An event of default shall result in cancellation of this Agreement as set forth in Paragraphs 13 and 14 herein and payment of the cancellation fee and all property taxes due upon the Assessor's determination of the full value of the Historic Property as set forth in Paragraph 14 herein. In order to determine whether an event of default has occurred, the Board of Supervisors shall conduct a public hearing as set forth in Paragraph 13 herein prior to cancellation of this Agreement.

13. Cancellation.

As provided for in Government Code Section 50284, City may initiate proceedings to cancel this Agreement if it makes a reasonable determination that Owners have breached any condition or covenant contained in this Agreement, has defaulted as provided in Paragraph 12 herein, or has allowed the Historic Property to deteriorate such that the safety and integrity of the Historic Property is threatened or it would no longer meet the standards for a Qualified Historic Property. In order to cancel this Agreement, City shall provide notice to the Owners and to the public and conduct a public hearing before the Board of Supervisors as provided for in Government Code Section 50285. The Board of Supervisors shall determine whether this Agreement should be cancelled.

14. Cancellation Fee.

If the City cancels this Agreement as set forth in Paragraph 13 above, Owners shall pay a cancellation fee of twelve and one-half percent (12.5%) of the fair market value of the Historic Property at the time of cancellation. The City Assessor shall determine fair market value of the Historic Property without regard to any restriction imposed on the Historic Property by this Agreement. The cancellation fee shall be paid to the City Tax Collector at such time and in such manner as the City shall prescribe. As of the date of cancellation, the Owners shall pay property taxes to the City without regard to any restriction imposed on the Historic Property by this Agreement and based upon the Assessor's determination of the fair market value of the Historic Property as of the date of cancellation.

15. Enforcement of Agreement.

In lieu of the above provision to cancel the Agreement, the City may bring an action to specifically enforce or to enjoin any breach of any condition or covenant of this Agreement. Should the City determine that the Owners has breached this Agreement, the City shall give the Owners written notice by registered or certified mail setting forth the grounds for the breach. If the Owners do not correct the breach, or if it does not undertake and diligently pursue corrective action, to the reasonable satisfaction of the City within thirty (30) days from the date of receipt of the notice, then the City may, without further notice, initiate default procedures under this Agreement as set forth in Paragraph 13 and bring any action necessary to enforce the obligations of the Owners set forth in this Agreement. The City does not waive any claim of default by the Owners if it does not enforce or cancel this Agreement.

16. Indemnification.

The Owners shall indemnify, defend, and hold harmless the City and all of its boards, commissions, departments, agencies, agents and employees (individually and collectively, the "City") from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses incurred in connection with or arising in whole or in part from: (a) any accident, injury to or death of a person, loss of or damage to property occurring in or about the Historic Property; (b) the use or occupancy of the Historic Property by the Owners, their Agents or Invitees; (c) the condition of the Historic Property; (d) any construction or other work undertaken by Owners on the Historic Property; or (e) any claims by unit or interval Owners for property tax reductions in excess those provided for under this Agreement. This indemnification shall include, without limitation, reasonable fees for attorneys, consultants, and experts and related costs that may be incurred by the City and all indemnified parties specified in this Paragraph and the City's cost of investigating any claim. In addition to Owners' obligation to indemnify City, Owners specifically acknowledge and agree that they have an immediate and independent obligation to defend City from any claim that actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false, or fraudulent, which obligation arises at the time such claim is tendered to Owners by City, and continues at all times thereafter. The Owners' obligations under this Paragraph shall survive termination of this Agreement.

17. Eminent Domain.

In the event that a public agency acquires the Historic Property in whole or part by eminent domain or other similar action, this Agreement shall be cancelled and no cancellation fee imposed as provided by Government Code Section 50288.

18. Binding on Successors and Assigns.

The covenants, benefits, restrictions, and obligations contained in this Agreement shall be deemed to run with the land and shall be binding upon and inure to the benefit of all successors and assigns in interest of the Owners.

19. Legal Fees.

In the event that either the City or the Owners fail to perform any of their obligations under this Agreement or in the event a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the prevailing party may recover all costs and expenses incurred in enforcing or establishing its rights hereunder, including reasonable attorneys' fees, in addition to court costs and any other relief ordered by a court of competent jurisdiction. 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 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.

20. Governing Law.

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

21. Recordation.

Within 20 days from the date of execution of this Agreement, the City shall cause this Agreement to be recorded with the Office of the Recorder of the City and County of San Francisco.

22. Amendments.

This Agreement may be amended in whole or in part only by a written recorded instrument executed by the parties hereto in the same manner as this Agreement.

23. No Implied Waiver.

No failure by the City to insist on the strict performance of any obligation of the Owners under this Agreement or to exercise any right, power, or remedy arising out of a breach hereof shall constitute a waiver of such breach or of the City's right to demand strict compliance with any terms of this Agreement.

24. Authority.

If the Owners sign as a corporation or a partnership, each of the persons executing this Agreement on behalf of the Owners does hereby covenant and warrant that such entity is a duly authorized and existing entity, that such entity has and is qualified to do business in California, that the Owner has full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of the Owners are authorized to do so.

25. Severability.

If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each other provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

26. Tropical Hardwood Ban.

The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

27. Charter Provisions.

This Agreement is governed by and subject to the provisions of the Charter of the City.

28. Signatures.

This Agreement may be signed and dated in parts

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as follows:

CARMEN CHU
ASSESSOR-RECORDER

Date

JOHN RAHAIM
DIRECTOR OF PLANNING

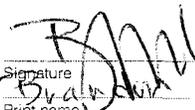
Date

APPROVED AS PER FORM:
DENNIS HERRERA
CITY ATTORNEY

Signature

Date

Print name
DEPUTY CITY ATTORNEY


Signature
Bradley J. Miller
Print name
OWNER
Date
5/1/2014


Signature
Jay S. Zaleski
Print name
OWNER
Date
5/1/2014

Signature
Date
Print name
OWNER

Owner/s' signatures must be notarized. Attach notary forms to the end of this agreement.
(If more than one owner, add additional signature lines. All owners must sign this agreement.)

7. Notary Acknowledgment Form

The notarized signature of the majority representative owner or owners, as established by deed or contract, of the subject property or properties is required for the filing of this application. (Additional sheets may be attached.)

State of California

County of: San Francisco

On: May 1, 2014 before me, Chyrlene Dionela Gammad
DATE INSERT NAME OF THE OFFICER

NOTARY PUBLIC personally appeared: Jay Steven Zalewski
NAME(S) OF SIGNER(S)

who proved to me on the basis of satisfactory evidence to be the person(s) who 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.

Chyrlene Dionela Gammad
SIGNATURE

CHYRLYNE DIONELA GAMMAD
Commission # 2036539
Notary Public - California
San Francisco County
My Comm. Expires Aug 11, 2017

(PLACE NOTARY SEAL ABOVE)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
 County of San Francisco }
 On May 1, 2014 before me, Chrylyne Dionela Gammad, Notary Public
Date Here Insert Name and Title of the Officer
 personally appeared Jay Steven Zaleski and
Name(s) of Signer(s)
Brandon Jay Miller

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 Chrylyne Dionela Gammad
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document
 Title or Type of Document: Mills Act Historical Property Contract
 Document Date: May 1, 2014 Number of Pages: 14
 Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Individual
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Attorney in Fact
 Trustee
 Guardian or Conservator
 Other: _____
 Signer Is Representing: _____



Signer's Name: _____
 Individual
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Attorney in Fact
 Trustee
 Guardian or Conservator
 Other: _____
 Signer Is Representing: _____



SUBJECT PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco State CA Zip Code 94117
Lender	TSI Quicken Loans, Inc		



FRONT OF SUBJECT PROPERTY

Subject Front _____
 563-567 Waller St _____
 Sales Price: _____



REAR OF SUBJECT PROPERTY

Subject Rear _____
 563-567 Waller St _____
 Sales Price: _____



STREET SCENE

Subject Street _____
 563-567 Waller St _____
 Sales Price: _____

SUBJECT PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI				
Property Address	563-567 Waller St				
City	San Francisco	County	San Francisco	State	CA
				Zip Code	94117
Lender	TSI Quicken Loans, Inc				



ADDITIONAL SUBJECT PHOTO

Subject Street _____
 563-567 Waller St _____



ADDITIONAL SUBJECT PHOTO

Subject _____



ADDITIONAL SUBJECT PHOTO

Subject lower hallway _____
 563-567 Waller St _____

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco State CA Zip Code 94117
Lender	TSI Quicken Loans, Inc		



Additional Subject Photo

Subject lower LR



Additional Subject Photo

Subject lower DR



Additional Subject Photo

Subject lower bed

563-567 Waller St

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client MILLER, ZALEWSKI	
Property Address 563-567 Waller St	
City San Francisco	County San Francisco State CA Zip Code 94117
Lender TSI	Quicken Loans, Inc



Additional Subject Photo

Subject lower bath



Additional Subject Photo

Subject lower bath



Additional Subject Photo

Subject lower bed

563-567 Waller St

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

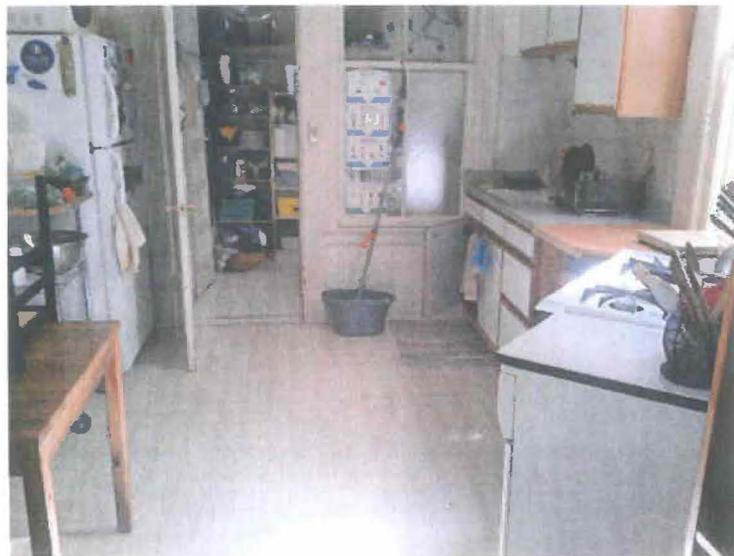
Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI Quicken Loans, Inc		



Additional Subject Photo _____
 Subject lower family _____



Additional Subject Photo _____
 Subject lower family _____



Additional Subject Photo _____
 Subject family kit _____
 563-567 Waller St _____

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco State CA Zip Code 94117
Lender	TSI Quicken Loans, Inc		



Additional Subject Photo _____
Subject lower laundry _____



Additional Subject Photo _____
Subject middle bed _____



Additional Subject Photo _____
Subject middle LR _____
563-567 Waller St _____

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI		
			Quicken Loans, Inc



Additional Subject Photo _____
 Subject middle DR _____



Additional Subject Photo _____
 middle bath _____



Additional Subject Photo _____
 middle bath _____
 563-567 Waller St _____

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI		
	Quicken Loans, Inc		



Additional Subject Photo

Subject middle bed



Additional Subject Photo

Subject middle family



Additional Subject Photo

Subject middle kit

563-567 Waller St

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0761-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI		
			Quicken Loans, Inc



Additional Subject Photo
 Subject middle laundry



Additional Subject Photo
 Subject upper LR



Additional Subject Photo
 Subject upper bed
 563-567 Waller St

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI						
Property Address	563-567 Waller St						
City	San Francisco	County	San Francisco	State	CA	Zip Code	94117
Lender	TSI	Quicken Loans, Inc					



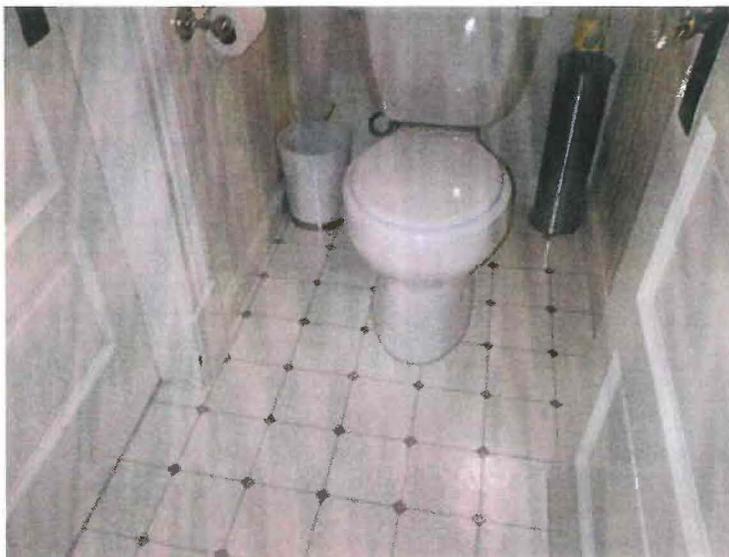
Additional Subject Photo

Subject upper stairs



Additional Subject Photo

Subject upper DR



Additional Subject Photo

Subject upper bath

563-567 Waller St

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client MILLER, ZALEWSKI					
Property Address 563-567 Waller St					
City	San Francisco	County	San Francisco	State	CA
				Zip Code	94117
Lender	TSI		Quicken Loans, Inc		



Additional Subject Photo
 Subject upper bath



Additional Subject Photo
 upper bed



Additional Subject Photo
 Subject upper family
 563-567 Waller St

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI				
Property Address	563-567 Waller St				
City	San Francisco	County	San Francisco	State	CA
				Zip Code	94117
Lender	TSI Quicken Loans, Inc				



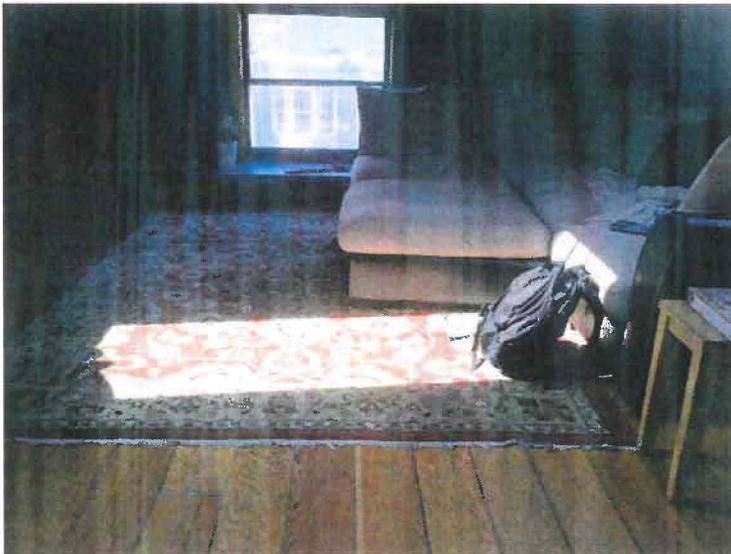
Additional Subject Photo

Subject upper laundry



Additional Subject Photo

Subject upper kit



Additional Subject Photo

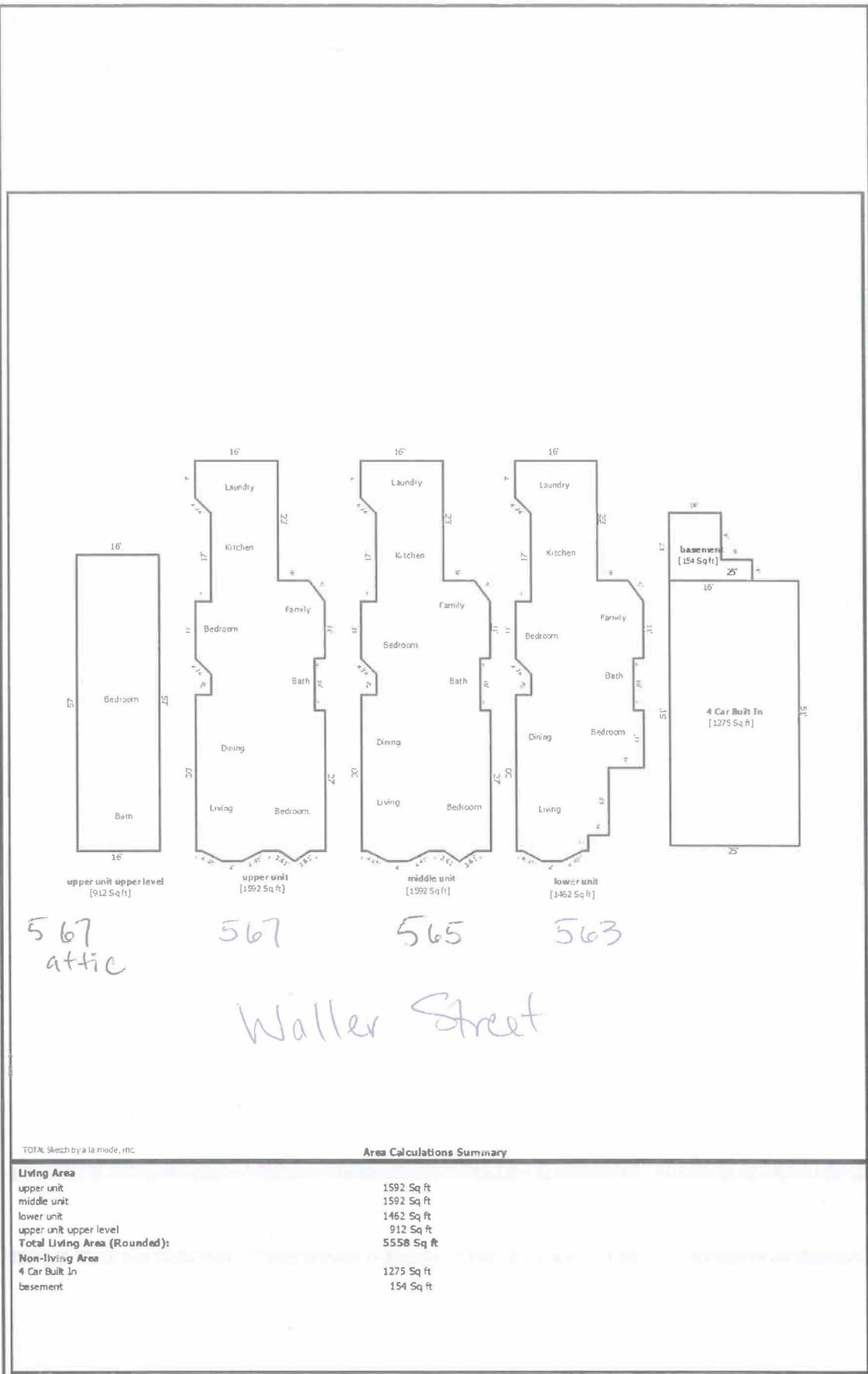
Subject upper bed

563-567 Waller St

SKETCH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Cient MILLER, ZALEWSKI
 Property Address 563-567 Waller St
 City San Francisco County San Francisco State CA Zip Code 94117
 Lender TSI Quicken Loans, Inc



SKETCH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI Quicken Loans, Inc		

Living Area		Calculation Details
upper unit	1592 Sq ft	$0.5 \times 4 \times 2 = 4$ $0.5 \times 2 \times 4 = 4$ $4 \times 2 = 8$ $0.5 \times 3 \times 3 = 4.5$ $11 \times 3 = 33$ $16 \times 7 = 112$ $0.5 \times 3 \times 3 = 4.5$ $13 \times 3 = 39$ $13 \times 13 = 169$ $0.5 \times 4 \times 3 = 6$ $19 \times 4 = 76$ $22 \times 11 = 242$ $20 \times 7 = 140$ $23 \times 3 = 69$ $25 \times 27 = 675$ $0.5 \times 6 \times 2 = 6$
middle unit	1592 Sq ft	$0.5 \times 4 \times 2 = 4$ $0.5 \times 2 \times 4 = 4$ $4 \times 2 = 8$ $0.5 \times 3 \times 3 = 4.5$ $11 \times 3 = 33$ $16 \times 7 = 112$ $0.5 \times 3 \times 3 = 4.5$ $13 \times 3 = 39$ $13 \times 13 = 169$ $0.5 \times 4 \times 3 = 6$ $19 \times 4 = 76$ $22 \times 11 = 242$ $20 \times 7 = 140$ $23 \times 3 = 69$ $25 \times 27 = 675$ $0.5 \times 6 \times 2 = 6$
lower unit	1462 Sq ft	$0.5 \times 3 \times 3 = 4.5$ $11 \times 3 = 33$ $0.5 \times 4 \times 2 = 4$ $0.5 \times 2 \times 4 = 4$ $4 \times 2 = 8$ $16 \times 7 = 112$ $14 \times 3 = 42$ $18 \times 13 = 234$ $25 \times 11 = 275$ $23 \times 3 = 69$ $20 \times 7 = 140$ $22 \times 11 = 242$ $13 \times 3 = 39$ $0.5 \times 3 \times 3 = 4.5$ $13 \times 13 = 169$ $4 \times 19 = 76$ $0.5 \times 4 \times 3 = 6$
upper unit upper level	912 Sq ft	$57 \times 16 = 912$
Total Living Area (Rounded):	5558 Sq ft	
Non-living Area		
4 Car Built In	1275 Sq ft	$51 \times 25 = 1275$
basement	154 Sq ft	$10 \times 9 = 90$ $16 \times 4 = 64$



City & County of San Francisco
 José Cisneros, Treasurer
 David Augustine, Tax Collector
 Secured Property Tax Bill

1 Dr. Carlton B. Goodlett Place
 City Hall, Room 140
 San Francisco, CA 94102
 www.sftreasurer.org

For Fiscal Year July 1, 2013 through June 30, 2014

Vol 06	Block 0865	Lot 025	Account Number 086500250	Tax Rate 1.1880%	Statement Date 10/02/2013	Property Location 563 WALLER ST
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Assessed on January 1, 2013

To: ZALEWSKI JAY S

**BRANDON J MILLER 2013 REVOC
 BRANDON J MILLER TRUSTEE
 4677 18TH ST
 SAN FRANCISCO CA 94114-1833**

Assessed Value		
Description	Full Value	Tax Amount
Land	1,343,996	15,966.67
Structure	641,276	7,618.35
Fixtures		
Personal Property		
Gross Taxable Value	1,985,272	23,585.03
Less HO Exemption	7,000	83.16
Less Other Exemption		
Net Taxable Value	1,978,272	\$23,501.87

Direct Charges and Special Assessments

Code	Type	Telephone	Amount Due
29	RENT STABILIZATION	(415) 554-4452	58.00
89	SFUSD FACILITY DIST	(415) 355-2203	51.00
91	SFCCD PARCEL TAX	(415) 487-2400	79.00
92	APARTMENT LIC. FEE	(415) 558-6288	326.00
98	SF - TEACHER SUPPORT	(415) 355-2203	219.64
Total Direct Charges and Special Assessments			\$733.64

► TOTAL DUE \$24,235.50

1st Installment	2nd Installment
\$12,117.75	\$12,117.75
Due: November 1, 2013 Delinquent after Dec 10, 2013	Due: February 1, 2014 Delinquent after April 10, 2014

Keep this portion for your records. See back of bill for payment options and additional information.