

**FIRST AMENDMENT TO  
SECURED PROMISSORY CARRY-BACK NOTE**

This First Amendment to Secured Promissory Carry-Back Note (“**First Amendment to Note**”) is made as of \_\_\_\_\_, 2023, by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (“**City**”), acting by and through its Public Utilities Commission, or holder (as the case may be, “**Holder**”), and **BHC BALBOA BUILDERS, LLC**, a California limited liability company (“**Maker**”).

RECITALS

A. The City previously loaned the principal sum of Eleven Million Six Thousand Nine Hundred Sixty-Five and No/100 Dollars (\$11,006,965) (“**Loan**”) to Maker in connection with Maker’s acquisition of certain real property from the City located in San Francisco, California, more particularly described in the Deed of Trust (as defined below). The Loan is evidenced by the following documents: (1) that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (“**Original Deed of Trust**”) dated as of December 20, 2022, and recorded as Document No. 2022112690 in the Official Records of the City and County of San Francisco on December 20, 2022, together with a First Amendment to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing to be recorded substantially concurrently with this First Amendment to Note (the “**First Amendment to Deed of Trust**,” and together with the Original Deed of Trust, the “**Deed of Trust**”); and (2) a Promissory Note made by Maker to the order of the City (the “**Note**”), dated December 20, 2022. The Deed of Trust and the Note together shall be referred to as the **Loan Documents**. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Deed of trust.

B. Due to adjustments in the proposed development schedule, Maker and City desire to amend certain provisions in the Original Deed of Trust and Note.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in the City Documents, City and Maker agree as follows:

1. Amendments to Note:

(a) Section 4.1 is hereby deleted in its entirety and replaced with the following:

“4.1 Payments.

(a) Maker shall make a payment of principal in the amount of Two Million Eight Hundred Seventy-One Thousand Eight Hundred Seventeen and No/100 Dollars (\$2,871,817.00) plus accrued and unpaid interest on such amount and costs and fees incurred by Holder in accordance with the Loan Documents and unpaid by Maker as of the Initial Payment Date (the “**Initial Payment**”). As used herein, “**Initial Payment Date**” means the date the Initial Payment is made to Holder, which shall be on or before December 31, 2026.

(b) All payments made under this Note (each, a “**Payment**”) will be applied to the following in the following order: (i) costs and fees incurred by Holder in accordance with the Loan Documents and unpaid by Maker as of the date of any such Payment (each, a “**Payment Date**”); (ii) accrued and unpaid interest; and (iii) reduction of the principal balance of the Loan.”

(b) Section 5.1 is hereby deleted in its entirety and replaced with the following:

“5.1.1 Provided no Event of Default shall have occurred and be continuing, Maker shall have the right upon making the Initial Payment to obtain the release from the lien of the Deed of Trust and the release of Maker’s obligations under the Loan Documents (other than those expressly stated to survive in the Loan Documents) with respect to the following portions of the Property as generally described on the attached Schedule B: (a) the Building E site, (b) either the Building A site or the Building F site, at Maker’s sole election, and (c) the street segments, paseos, and open spaces, by providing Holder with thirty (30) days prior written notice of the requested release. Holder shall require and instruct Trustee (as defined in the Deed of Trust) to reconvey the applicable portions of the Property (subject to such portions of the Property being legal parcels) pursuant to Section 11 of the Deed of Trust on the date set forth in Maker’s notice to Holder.

5.1.2 After the Initial Payment is made, and provided no Event of Default shall have occurred and be continuing, Maker shall have the right at any time to obtain the release (each, a “**Partial Release**”) of any or all of the portions of the Property (if not previously released in connection with the Initial Payment) as generally described on the attached Schedule B from the lien of the Deed of Trust and the release of Maker’s obligations under the Loan Documents with respect to such portions of the Property (other than those expressly stated to survive in the Loan Documents), upon the satisfaction of the following conditions precedent, upon which Holder shall require and instruct Trustee (as defined in the Deed of Trust) to reconvey the applicable portions of the Property (subject to such portions of the Property being legal parcels) pursuant to Section 11 of the Deed of Trust on the date set forth in Maker’s notice to Holder.

(a) Maker shall provide Holder with thirty (30) days prior written notice of the requested Partial Release; and

(b) Maker shall pay to Holder the release price allocated to the subject portion(s) of the Property on Schedule A, plus accrued and unpaid interest on such amount and costs and fees incurred by Holder in accordance with the Loan Documents and unpaid by Maker as of the Payment Date, which shall be applied by Holder as a prepayment of the Loan.”

(c) Section 5.2 is deleted in its entirety and replaced with the following:

“5.2 Provided no Event of Default shall have occurred and be continuing, Maker shall have the right upon repaying the Loan in full to obtain the release (the “**Full Release**”) of the Property (or such portions of the Property not previously so released) from the lien of the Deed of Trust and the release of Maker’s obligations under the Loan Documents with respect to the Property (other than those expressly stated to survive in the Loan Documents), by providing Holder with thirty (30) days prior written notice of the requested Full Release, upon which Holder shall require and instruct Trustee to reconvey the Property pursuant to Section 5(c) of the Deed of Trust on the date set forth in such Maker’s notice to Holder.”

- (d) Schedule A is hereby deleted in its entirety and replaced with the new Schedule A attached hereto as Attachment 1.
- (f) Schedule B is deleted in its entirety and replaced with the new Schedule B attached hereto as Attachment 2.

2. Representations and Warranties.

- (a) All of the representations and warranties made by Maker to the City in the Note and other City Documents continue to be true and complete as of the date of this First Amendment to Note.

3. Miscellaneous.

- (a) References. No reference to this First Amendment to Note is necessary in any instrument or document at any time referring to the Note or any other City Document. Any reference to such documents shall be deemed a reference to such documents as amended by this First Amendment to Note.
- (b) No Other Amendments. Except as amended by this First Amendment to Note, the Note shall remain unmodified and in full force and effect. In the event of any conflict or inconsistency between the terms and provisions of this First Amendment to Note and the terms and provisions of the Note, the terms and provisions of this First Amendment to Note shall control.
- (c) Counterparts. This First Amendment to Note may be executed in two or more counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.
- (d) Successors and Assigns. The terms, covenants and conditions contained in this First Amendment to Note shall bind and inure to the benefit of the Maker and the City and, except as otherwise provided herein, their personal representatives and successors and assigns.

(e) Further Instruments. The parties hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this First Amendment to Note.

4. Affixation; Governing Law. An executed copy of this Amendment shall be affixed to the Note. This First Amendment to Note shall be governed and interpreted in accordance with the laws of the State of California.

*[signatures on following page]*

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to Note as of the date first written above.

**THE CITY:**

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: \_\_\_\_\_

Dennis J. Herrera  
General Manager  
San Francisco Public Utilities  
Commission

Authority Pursuant to SFPUC Resolution  
No. \_\_\_\_\_ and Board of Supervisors  
Resolution No. \_\_\_\_\_

**APPROVED AS TO FORM:**

DAVID CHIU,  
City Attorney

By: \_\_\_\_\_

Elizabeth A. Dietrich  
Deputy City Attorney

**MAKER:**

BHC BALBOA BUILDERS, LLC,  
a California limited liability company

By: BRIDGE Housing Corporation,  
a California nonprofit public benefit  
corporation,  
Its Manager

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Attachment 1

Schedule A

Allocation Table

<b>Building Sites as depicted on Schedule B</b>	<b>Release Price</b>
Building A site	\$1,591,007*
Building B site	\$1,040,659
Building C & D site	\$2,501,582
Building E site	\$1,280,810*
Building F site	\$1,591,007*
Building G site	\$2,111,336
Townhouse 1 and Townhouse 2 sites	\$890,564
<b>Total</b>	<b>\$11,006,965</b>

\* May be encompassed in Initial Payment per Section 5.1.1.

Attachment 2

Schedule B

Illustrative Diagram of Property Development Sites

