

FIRST AMENDMENT TO
LOAN AGREEMENT
(4840 Mission Street – Islais Place)

This First Amendment to the Loan Agreement (“**First Amendment**”) is made as of March ____, 2023, by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development (the “City”), and **4840 MISSION HOUSING ASSOCIATES, LP**, a California limited partnership (the “Borrower”).

RECITALS

A. The City previously loaned Twenty-Eight Million Seven Hundred Fifty-One Thousand Four Hundred Fifty and No/100 Dollars (\$28,751,450.00) (the “**Original Loan**”) to Borrower to finance development of the property located on 4840 Mission Street (the “**Site**”), on which the Borrower is constructing a 137-unit (including two manager’s unit) multifamily rental housing development known as “Islais Place” (the “**Project**”). The Loan is evidenced by the following documents: (1) a Loan Agreement dated May 21, 2021 (the “**Loan Agreement**”); (2) a Secured Promissory Note (Residential) made by Borrower in an amount Twenty-Five Million Seven Hundred Fifty-One Thousand Four Hundred Fifty and No/100 Dollars (\$25,751,450) to the order of the City dated May 21, 2021 (the “**Residential Note**”); (3) a Secured Promissory Note made by Borrower in an amount of Three Million and No/100 Dollars (\$3,000,000.00) to the order of the City dated May 21, 2021 (the “**Clinic Note**”); (4) a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Residential) dated June 1, 2021, and recorded on June 11, 2021 as DOC-2021094811 of Official Records (the “**Deed of Trust**”); and (5) a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Community Clinic) dated June 1, 2021 and recorded on June 11, 2021 as DOC-2021094812 of Official Records, and; (6) a Declaration of Restrictions and Affordable Housing Covenant dated June 1, 2021, and recorded on June 11, 2021 as DOC-2021094810 of Official Records (the “**Declaration**”). All initially capitalized terms used but not defined in this First Amendment have the meanings given to those terms in the Agreement.

B. The Borrower has requested an additional loan of Funds (“**Additional Loan**” or “**Residential Additional Loan**”) from the City in the principal amount not to exceed Eight Million Nine Hundred Seventy-Seven Thousand Three Hundred Seven and No/100 Dollars (\$8,977,307) (“**Residential Additional Funding Amount**”) because of increased cost due to delay in PGE permanent power plan and trenching utility line, PGE installation charge and tax, extended general conditions in a not to exceed amount of \$4,037,727 and other soft costs in an estimated amount of \$4,939,580. The City has reviewed Borrower's application for the Residential Additional Loan and, in reliance on the accuracy of the statements in that application, has agreed to increase the Original Loan by the Residential Additional Funding Amount to finance the additional construction costs and soft costs.

C. The Borrower and the City now desire to amend the Loan Agreement in accordance with this First Amendment to increase the Original Loan and update the sources of the Funds. Concurrently with this First Amendment, the Parties are also entering into an

Amended and Restated Secured Promissory Note (Residential Loan) and a First Amendment to the Deed of Trust to reflect such changes under this First Amendment.

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

1. Amendments to Agreement. The Agreement is hereby amended as follows:

(a) Cover Page, first paragraph, is hereby amended as follows (additions in double underline; deletions in ~~striketrough~~):

**LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO
AFFORDABLE HOUSING FUND INCLUSIONARY AFFORDABLE
HOUSING PROGRAM; CITYWIDE AFFORDABLE HOUSING FUND =
CPMC; HOUSING TRUST FUND; and 2019 GENERAL OBLIGATION
BOND FOR AFFORDABLE HOUSING**

(b) Cover Page, list of City loan sources of funding and amounts, is hereby amended as follows (additions in double underline; deletions in ~~striketrough~~):

**4840 MISSION STREET
4840 Mission Street
~~\$28,751,450~~ \$37,728,757**

Affordable Housing Fund (Inclusionary Fees): \$1,359,797
Affordable Housing Fund (Inclusionary) – Cold Shell: \$1,000,000
Citywide Affordable Housing Fund (CPMC) – Cold Shell: \$2,000,000
Housing Trust Fund: \$6,791,357
2019 General Obligation Bond: ~~\$21,391,653~~ \$26,577,603

(c) Recital C is hereby amended as follows (additions in double underline; deletions in ~~striketrough~~):

C. On November 5, 2019, the voters of the City and County of San Francisco approved Proposition A (Ordinance 168-19), which provided for the issuance of up to \$600 million in general obligation bonds to finance the construction, acquisition, improvement, rehabilitation, preservation and repair of certain affordable housing improvements (the "2019 GO Bond"). To the extent permitted by law, the City intends to reimburse with proceeds of the Bond amounts disbursed under this Agreement to Borrower for the development of affordable housing. The funds provided under this Agreement from the proceeds of the 2019 GO Bonds shall be referred to herein as the "2019 GO Bond Funds," ~~and together with the Inclusionary Funds and the CPMC Funds, collectively, the "Funds."~~

(d) Recital F is hereby amended as follows (additions in double underline; deletions in ~~strikethrough~~):

F. The City has reviewed Borrower's applications for Funds and, in reliance on the accuracy of the statements in those at applications, has agreed to make a total loan of Funds to Borrower (the "Loan") in the amount of Thirty Seven Million Seven Hundred Twenty Eight Thousand Seven Hundred Fifty Seven and No/100 Dollars (\$37,728,757.00) ~~Twenty Eight Million Seven Hundred Fifty One Thousand Four Hundred Fifty and No/100 Dollars (\$28,751,450.00)~~ (the "Funding Amount") under this Agreement to fund certain costs related to the Project, ~~which incorporates \$3,667,525.00 of the Predevelopment Loan that has been previously disbursed to Borrower for predevelopment costs.~~ The Funding Amount is comprised of the following:

(1) a loan to Borrower of (i) Inclusionary Funds in the amount of One Million Three Hundred Fifty Nine Thousand Seven Hundred Ninety Seven and No/100 Dollars~~\$1,359,797~~, and (ii) 2019 GO Bond Funds in the amount of Twenty-Four Million Three Hundred Ninety-One Thousand Six Hundred Fifty-Three and No/100 Dollars (\$24,391,653.00), ~~and (iii) Inclusionary Funds in the amount of One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000) as a bridge loan for an anticipated loan under the Affordable Housing Program~~ (collectively the "Original Residential Loan"); for a subtotal amount of Twenty Five Million Seven Hundred Fifty One Thousand Four Hundred Fifty and No/100 Dollars (\$25,751,450.00) (the "Original Residential Funding Amount") under this Agreement to fund certain costs related to the Residential Improvements.

(2) a bridge loan to Borrower of (i) Inclusionary Funds in the amount of One Million and No/100 Dollars (\$1,000,000), and (ii) CMPC Funds in the amount of Two Million and No/100 Dollars (\$2,000,000) (collectively, the "Clinic Loan"); for a subtotal loan amount of Three Million and No/100 Dollars (\$3,000,000.00) ("Clinic Funding Amount") under this Agreement to fund certain costs related to the Clinic Improvements.

(3) based on Borrower's application for an additional loan of Funds for increased cost due to delay in PG&E permanent power plan and trenching utility line (including construction loan interest), PG&E installation charge and tax, extended general conditions, and other soft costs and, in reliance on the accuracy of the statements in that application, an additional loan of Funds (the "Residential Additional Loan") in the principal amount of Eight Million Nine Hundred Seventy-Seven Thousand Three Hundred Seven and No/100 Dollars (\$8,977,307) (the "Additional Residential Funding Amount"), for a total loan of Funds in the amount of Thirty Four Million Seven Hundred Twenty Eight Thousand Seven Hundred Fifty Seven and No/100 Dollars (\$34,728,757.00) (the "Residential Funding Amount") for the Residential Improvements. The Additional Residential Funding Amount is comprised of (i) HT Funds in the amount of Six Million Seven Hundred Ninety-One Thousand Three Hundred Fifty-Seven and No/100 Dollars (\$6,791,357.00), and (ii)

the 2019 GO Bond Funds in the amount of Two Million One Hundred Eighty-Five Thousand Nine Hundred Fifty and No/100 Dollars (\$2,185,950.00).

(e) Recital H are hereby added to the Agreement as follows:

H. In November 2012, the voters of the City approved Proposition C, which established a Housing Trust Fund to provide funds for the creation, acquisition, and rehabilitation of rental and ownership housing affordable to households earning up to 120% of the area median income, including, without limitation, the acquisition of land for such purpose (the "HT Funds"). Under Section 16.110 *et seq.* of the San Francisco City Charter, the City is authorized to provide funds from the HT Funds under this Agreement to Borrower for the development of affordable housing. The funds provided from the HT Funds under this Agreement shall be referred to herein as the "HT Funds," and together with 2019 GO Bond Funds, Inclusionary Funds, and CPMC Funds, collectively, the "Funds."

(f) Recital G is hereby amended as follows (additions in double underline; deletions in ~~strikethrough~~)

G. Borrower has secured the following additional financing for the Project (as defined below):

1. federal low-income housing tax credits reserved or allocated to the Project by the California Tax Credit Allocation Committee ("TCAC"), pursuant to its Reservation Letter – Tax Exempt of Low Income Housing Tax Credits dated December 21, 2020;

2. Deferred developer fee in the amount of Two Million One Hundred Eighteen Thousand Seven Hundred Seventy-Nine and No/100 Dollars (\$2,118,779.00).

3. An equity contribution from the Permitted Limited Partner in the anticipated approximate amount of \$49,929,090.

4. A contribution from the General Partner in the amount of One Hundred and No/100 Dollars (\$100.00).

5. a senior tax-exempt construction loan in the approximate amount of \$51,340,687, and a senior taxable construction loan in the approximate amount of \$15,662,805 to Borrower from the City and County of San Francisco (in such capacity, the "Governmental Lender"), each derived from a funding loan by Bank of America, N.A., a national banking association, a portion of the tax-exempt tranche of such funding loan to be purchased by

6. a permanent loan from JLL Real Estate Capital, LLC in the approximate amount of Twenty-Four Million Five Six Hundred Fifty Seventeen Thousand and No/100 Dollars (\$24,550~~617~~,000).

7. a Project Rental Assistance Contract/Housing Assistance Payment ("HAP") contract and budget authority with SFHA in the amount sufficient to fund nine (9) one bedroom, twenty (20) two-bedroom and six (6) three-bedroom units, which the Borrower anticipates will have a marketing preference to households voluntarily moving from Potrero and Potrero Annex, public housing developments.

(g) The definitions under Section 1.1 (Defined Terms) of the Agreement are hereby amended as follows (additions in double underline; deletions in ~~strikethrough~~):

“Agreement” means this Loan Agreement, including any written amendments executed by the parties.

“Funds” has the meaning set forth in Recital ~~EH~~ and supersedes the meaning set forth in Recital A.

“Funding Amount” has the meaning set forth in Recital ~~JF~~.

(h) Section 3.5 (Repayment of Principal and Interest) of the Agreement is hereby amended as follows (additions in double underline; deletions in ~~strikethrough~~):

3.5 Repayment of Principal and Interest.

(a) Residential Loan. Except as set forth in Section 3.7 below, the outstanding principal balance of the Residential Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Residential Note.

(b) AHP Bridge Loan. Notwithstanding the foregoing in Section 3.5(a), with respect to the Residential Loan, if Borrower is awarded AHP funding, Borrower must repay the AHP Bridge Loan to the City on the date that Borrower closes such loan for AHP funding and the AHP funds are disbursed to Borrower; provided, however, that if Borrower is not awarded AHP funding or receives AHP funding sufficient for only partial repayment of the AHP Bridge Loan, the unpaid principal balance of the AHP Bridge Loan and unpaid costs and fees incurred shall be due and payable at the Maturity Date according to the terms set forth in full in the Residential Note. Notwithstanding the foregoing, if Borrower is awarded AHP funding, and if the Residential Funding Amount combined with decreases to permanent loan sources and tax credit equity are insufficient to pay off the outstanding construction loan, the Borrower with City’s prior written approval may use the AHP funding to repay the outstanding construction loan, and the unpaid principal balance of the AHP Bridge Loan and unpaid costs and fees incurred shall be due and payable at the Maturity Date according to the terms set forth in full in the Residential Note.

(c) Clinic Bridge Loan. The outstanding principal balance of the Clinic Bridge Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Clinic Maturity Date according to the terms set forth in full in the Clinic Note.

(i) Section 4.9 (Disbursement of Additional Loan) is hereby added to the Agreement as follows:

Section 4.9 Disbursement of Additional Loan. In addition to the conditions precedent under Section 4.5, the City's obligation to approve any expenditure of the Additional Residential Funding Amount is subject to Borrower's satisfaction of the following conditions precedent:

(a) MOHCD will only disburse up to the amount necessary to pay off the construction and related costs, prevent mechanics liens against the Project, pay senior construction loan interest as needed, and cover soft costs approved by MOHCD in writing, which is currently estimated to be approximately \$5,005,000. The remaining amount of the Additional Residential Funding Amount, if needed will be disbursed as part of the permanent loan conversion and through the permanent loan closing escrow. No less than sixty (60) days prior to permanent loan conversion, Borrower must deliver to MOHCD an updated MOHCD and Borrower's proforma to allow MOHCD to reevaluate the Project's operating income with current SFHA project-based voucher amounts and current year rents and operating expenses and determine whether the Project can support the estimated senior permanent loan. If the senior permanent loan is increased, the Additional Residential Funding Amount shall be decreased by an equivalent amount.

(b) Once 95% occupancy is achieved, Borrower must provide the stabilized occupancy calculation to MOHCD within forty-five (45) days, and Borrower must provide MOHCD copies of the monthly stabilized occupancy calculations that Borrower is required to provide to the permanent lender until four-months of stabilized occupancy is achieved.

(c) Borrower must allow MOHCD to verify all costs and sources no later than thirty (30) days prior to the Conversion Date. MOHCD will only disburse any remaining portion of the Additional Residential Funding Amount needed to fund conversion of the senior construction loan after written approval by MOHCD of such costs and sources. All Development Proceeds and Development Expenses must be approved by MOHCD prior to the Conversion Date. In addition, all cost and sources verified must be approved by MOHCD before payment of the At-Risk Developer Fee of \$1,470,000, as defined in the Developer Fee Agreement between MOHCD and Developer dated June 1, 2021.

(j) EXHIBIT B-1 – Table of Sources and Uses of Funds, is deleted in its entirety and replaced with the new Exhibit B-1, attached hereto as Attachment 1.

2. Secured Residential Amended and Restated Promissory Note. Concurrently herewith, Borrower will execute an Amended and Restated Promissory Note (Residential Loan) in favor of the City. A copy of the Amended and Restated Promissory Note (Residential Loan) is attached to this First Amendment as Attachment 2.

3. First Amendment to Deed of Trust. Concurrently herewith, Borrower will execute a First Amendment to Deed of Trust in form and substance acceptable to the City. A copy of the First Amendment to Deed of Trust is attached to this First Amendment as Attachment 3.

4. Representations and Warranties.

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

(b) No event has occurred and is continuing that constitutes an event of default or potential event of default under the Agreement, Residential Note, Clinic Note, or any other City Documents.

5. Miscellaneous.

a. References. No reference to this First Amendment is necessary in any instrument or document at any time referring to the Agreement. Any reference to such documents will be deemed a reference to the Agreement as amended by this First Amendment.

(b) No Other Amendments. Except as amended by this First Amendment, the Agreement will remain unmodified and in full force and effect.

(c) Counterparts. This First Amendment may be executed in two or more counterparts, each of which will be deemed an original, but all of which when taken together will constitute one and the same instrument.

(d) Successors and Assigns. The terms, covenants, and conditions contained in this First Amendment will bind and inure to the benefit of Borrower 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.

(f) No Third-Party Beneficiaries. Nothing contained in this Amendment, nor any act of the City, may be interpreted or construed as creating the relationship of third-party beneficiary, limited or general partnership, joint venture, employer and employee, or principal and agent between the City and Borrower or Borrower's agents, employees or contractors.

Signatures Appear on Following Page

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment at San Francisco, California as of the date first written above.

THE CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____
London N. Breed
Mayor

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

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Keith Nagayama
Deputy City Attorney

BORROWER:

4840 MISSION HOUSING ASSOCIATES LP,
A California limited partnership

By: 4840 Mission Housing LLC,
a California limited liability company,
Its: General Partner

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

By: _____
Smitha Seshadri
Executive Vice President

Attachment 1

Exhibit B-1: Sources & Uses of Funds

See Attached.

Attachment 2

Secured Promissory Note (Residential Loan)

See Attached.

Attachment 3

First Amendment to Deed of Trust

See Attached.