

FIRST AMENDMENT TO AMENDED AND RESTATED  
LOAN AGREEMENT  
(500 Turk/555 Larkin)

This First Amendment to the Amended and Restated Loan Agreement (“First Amendment”) is made as of \_\_\_\_\_, 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 **TURK 500 ASSOCIATES, L.P.**, a California limited partnership (the “Borrower”).

RECITALS

A. The City previously loaned Nineteen Million Five Hundred Seventy Nine Thousand and No/100 Dollars (\$19,579,000) (the “Original Loan”) to Borrower to finance development of the property located in the Tenderloin neighborhood of San Francisco at 555 Larkin Street (formerly 500 Turk Street) (the “Site”), on which the Borrower is constructing a 108-unit (including one manager’s unit) multifamily rental housing development known as “555 Larkin” (the “Project”). The Loan is evidenced by the following documents: (1) an Amended and Restated Loan Agreement dated January 17, 2020 (the “Loan Agreement”); (2) a Second Amended and Restated Secured Promissory Note made by Borrower in an amount of Nineteen Million Five Hundred Seventy Nine Thousand and No/100 (\$19,579,000.00) to the order of the City dated January 28, 2020 (the “Construction Note”); (4) a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated January 30, 2020, and recorded on January 30, 2020 as DOC-2020-K897598 of Official Records (the “Deed of Trust”); and (5) a Declaration of Restrictions dated January 30, 2020, and recorded on January 30, 2020 as DOC-2020-K9897597 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”) from the City in the principal amount not to exceed Four Million Two Hundred Twenty Six Thousand Three Hundred Eleven and No/100 Dollars (\$4,226,311.00) (“Additional Funding Amount”) because of increased construction cost associated with PG&E infrastructure that was required after construction commenced for the Project, as well as costs related to the approximately ten month delay in obtaining permanent power to the Site from the San Francisco Public Utilities Commission. The City has reviewed Borrower's application for the Additional Loan and, in reliance on the accuracy of the statements in that application, has agreed to increase the Original Loan by the Additional Funding Amount to finance the additional construction costs and replace the loss of permanent financing sources.

C. The Borrower and the City now desire to amend the Agreement in accordance with this First Amendment to increase the Original Loan, update the sources of the Funds, and clarify the Residual Receipts payment split between HCD and the City. Concurrently with this First Amendment, the Parties are also entering into a Third Amended and Restated Secured Promissory Note (the “Note”) 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 ~~strikethrough~~):

**AMENDED AND RESTATED LOAN AGREEMENT  
(CITY AND COUNTY OF SAN FRANCISCO  
AFFORDABLE HOUSING BOND PROGRAM, AFFORDABLE HOUSING FUND  
INCLUSIONARY, HOME PROGRAM, HOUSING TRUST FUNDS)**

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

**500 TURK STREET  
500 Turk Street, San Francisco  
\$23,805,311**

2015 General Obligation Bond: \$13,904,731  
AHF Inclusionary: \$2,074,269  
HOME: \$3,600,000  
Housing Trust Fund: \$4,226,311

(c) Recital I is hereby added to the Agreement as follows:

I. 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 "Housing Trust Fund"). Under Section 16.110 et seq. of the San Francisco City Charter, the City is authorized to provide funds from the Housing Trust Fund under this Agreement to Borrower for the development and construction of affordable housing. The funds provided from the Housing Trust Fund under this Agreement will be referred to herein as the "HTF Funds." Notwithstanding Recital C, the definition of "Funds" shall be collectively refer to the Housing Fund, 2015 GO Bond, HOME Funds, and the HTF Funds.

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

G. The City has reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, has agreed to make a second additional loan of Funds to Borrower in the amount of Eleven Million Three Hundred Fifty Four Thousand Two Hundred Sixty Nine and No/100 Dollars (\$11,354,269.00) (the "Second Additional Loan") to fund completion of predevelopment activities and construction activities, including permanent financing, related to the Project, such that the Original Loan together with the First Additional Loan, less the Purchase Credit, is increased to a total loan amount equal to Nineteen

Million Five Hundred Thousand Seventy Nine No/100 Dollars (\$19,579,000.00) (the "Original Funding Amount") under this Agreement. The Original Funding Amount consist of four allocations: (i) Affordable Housing Fund Inclusionary Fees in the amount of Thirteen Million Nine Hundred Four Thousand Seven Hundred Thirty One and No/100 Dollars (\$13,904,731.00); (ii) Affordable Housing Fund Jobs-Housing Linkage Fees in the amount of Eight Hundred Twenty Four Thousand Two Hundred Sixty Nine and No/100 Dollars (\$824,269.00); (iii) up to One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000.00) in Affordable Housing Fund Jobs-Housing Linkage Fees to bridge an anticipated Affordable Housing Program ("AHP") loan; and (iv) HOME Funds in the amount of Three Million Six Hundred Thousand and No/100 Dollars (\$3,600,000.00)

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

1. a commitment from the San Francisco Housing Authority for rental assistance payments under a Housing Assistance Payment ("HAP") contract for twenty-seven (27) units;

2. a State of California Housing and Community Development ("HCD") Firm Commitment letter dated July 8, 2019, providing for Affordable Housing and Sustainable Communities ("AHSC") loan funding in the amount of Thirteen Million Seven Hundred Thousand and No/100 Dollars (\$13,700,000.00);

3. federal low income housing tax credits reserved or allocated to the Project by the California Tax Credit Allocation Committee ("TCAC"), pursuant to its Preliminary Reservation of Low Income Housing Tax Credits dated October 16, 2019; and

4. Deferred developer fee in the amount of Nine Million Five Hundred Seventy Eight Thousand Nine Hundred and Thirty Seven and no/100 Dollars (\$9,578,937.00).

5. an equity contribution from the General Partner in the amount of Five Hundred Thousand and No/100 Dollars (\$500,000.00).

6. an equity contribution from the General Partner from predevelopment income in the amount of Two Hundred and Eighty One Thousand and Nine Hundred and Two Dollars (\$281,902.00).

7. a permanent loan from California Community Reinvestment Corporation in the approximate amount of Eight Million Six Hundred Fifty Two Thousand and No/100 Dollars (\$8,652,000.00) ~~Ten Million Nine Hundred Fifty Three Thousand and No/100 Dollars (\$10,953,000.00)~~.

(e) Recital J is hereby added to the Recitals of the Agreement as follows:

J. The City has reviewed Borrower's application for an additional loan of Funds for the increased construction cost from costs associated with PG&E

infrastructure that was required after construction start, as well as costs related to the approximately ten month delay in obtaining permanent power to the Site from the San Francisco Public Utilities Commission, and replace the loss of permanent financing sources, and has agreed to make a third additional loan of Funds (the "Third Additional Loan") in the principal amount of Four Million Two Hundred Twenty Six Thousand Three Hundred Eleven and No/100 Dollars (\$4,226,311), such that the total loan of Funds is equal to Twenty-Three Million Eight Hundred Five Thousand Three Hundred Eleven and No/100 (\$23,805,311.00) ("Funding Amount"). The Third Additional Loan is comprised of HTF Funds.

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

"Additional Funding Amount" has the meaning set forth in Recital H.

"Agreement" means this Amended and Restated Loan Agreement, including any written amendments executed by the parties.

"Funds" has the meaning set forth in Recital ~~E~~I and supersedes the meaning set forth in Recital C.

"Funding Amount" has the meaning set forth in Recital J.

"Loan" ~~has the meaning set forth in Recital G~~ means collectively the Original Loan, the First Additional Loan, Second Additional Loan, and the Third Additional Loan.

"Note" means the Third Amended and Restated Secured Promissory Note ~~the promissory note~~ executed by Borrower in favor of the City in the original principal amount of the Funding Amount.

(g) 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 Funding Amount is subject to Borrower's satisfaction of the following conditions precedent:

(a) MOHCD will monitor the rate of lease up and interest rates to determine if any savings can come back to the MOHCD. Any cost savings from the Project will be used to reduce the Additional Funding Amount.

(b) Borrower will provide updated Operating Expenses to MOHCD within three (3) months of the Conversion Date and will hold costs constant or look to reduce costs where available.

(h) 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 Promissory Note. Concurrently herewith, Borrower will execute a Third Amended and Restated Promissory Note in favor of the City, in form and substance acceptable to the City. A copy of the Note 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. Residual Receipts Split with HCD. During negotiations of the Agreement, the City anticipates that it will split residual receipts with HCD. The City will receive residual receipt repayment of the Loan and the balance of the Loan available to receive residual receipts payments will be \$23,805,311. The City's residual receipts split with HCD is as shown below.

<b>50/50 Residual Receipts Split Analysis</b>				
<b>Name of Residual Receipts</b>	<b>Initial Loan Amount</b>	<b>Residual Share %</b>	<b>Net Cash Flow %</b>	
HCD Residual Receipts	\$13,700,000	18.3--%	36.5--%	
City & County of San Francisco	\$23,805,311	32.7--%	63.5--%	
<b>Total of City &amp; HCD Residual Receipts</b>	<b>\$--</b>	<b>50.00%</b>	<b>100.00%</b>	

5. 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, Note, or any other City Documents.

6. 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.

*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

**BORROWER:**

TURK 500 ASSOCIATES, L.P., a California limited partnership,

By: Turk 500 GP LLC,  
a California limited liability company,  
its general partner

By: Tenderloin Neighborhood  
Development Corporation,  
a California nonprofit public benefit  
corporation,  
its manager

By \_\_\_\_\_  
Maurilio Leon  
Chief Executive Officer

**APPROVED AS TO FORM:**

DAVID CHIU  
City Attorney

By: \_\_\_\_\_  
Keith Nagayama  
Deputy City Attorney

Attachment 1

Exhibit B-1: Sources & Uses of Funds

See Attached.



Attachment 2

Secured Promissory Note (Additional Loan)

See Attached.

Attachment 3

First Amendment to Deed of Trust

See Attached.