

File No. 230319

Committee Item No. 16

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date April 19, 2023

Board of Supervisors Meeting Date _____

Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Resolution
<input type="checkbox"/>	<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
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<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
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OTHER (Use back side if additional space is needed)

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>DRAFT First Amendment to Loan Agreement</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>DRAFT First Amendment to Deed of Trust</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>DRAFT Third Amended Restated Note</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Executed Amended & Restated Gap Loan Agreement 1/17/2020</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Executed Deed of Trust 1/30/2020</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Second Amended & Restated Promissory Note 1/17/2020</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>First Amended and Restated Promissory Note 12/21/2018</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>PC Motion No. 20148 3/29/2018</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>BOS Resolution No. 7-20 1/17/2020</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>BOS Resolution No. 541-21 12/10/2021</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>MOHCD Presentation 4/19/2023</u>
<input type="checkbox"/>	<input type="checkbox"/>	_____

Completed by: Brent Jalipa Date April 13, 2023

Completed by: Brent Jalipa Date _____

1 [Loan Amendment - Turk 500 Associates, L.P. - 100% Affordable Housing - 555 Larkin Street
2 - Not to Exceed \$23,805,311]

3 **Resolution approving and authorizing the execution of a First Amendment to the**
4 **Amended and Restated Loan Agreement with TURK 500 ASSOCIATES, L.P., a**
5 **California limited partnership, to increase the loan amount by \$4,266,311 for a new total**
6 **loan amount not to exceed \$23,805,311 to finance additional construction costs and**
7 **loss of permanent financing related to the 100% affordable, 108-unit multifamily rental**
8 **housing development (plus one staff unit) for low and moderate income households**
9 **located at 555 Larkin Street in the Tenderloin neighborhood (“Project”); adopting**
10 **findings that the First Amendment to the Amended and Restated Loan Agreement is**
11 **consistent with the General Plan, and the priority policies of Planning Code, Section**
12 **101.1; and to authorize the Mayor and the Director of Mayor’s Office of Housing and**
13 **Community Development to enter into amendments or modifications to the First**
14 **Amendment that do not materially increase the obligations or liabilities to the City and**
15 **are necessary to effectuate the purposes of the agreement or this Resolution.**

16
17 WHEREAS, The City and County of San Francisco, acting through the Mayor’s Office
18 of Housing and Community Development (“MOHCD”), administers a variety of housing
19 programs that provide financing for the development of new housing and the rehabilitation of
20 single- and multi-family housing for low- and moderate-income households in San Francisco;
21 and

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

1 WHEREAS, By an authorization dated September 18, 2018, (the "Planning Department
2 Authorization"), the Planning Director authorized the affordable housing project authorization
3 for the Project, deeming the Project consistent with the General Plan, and eight priority
4 policies of Planning Code, Section 101.1, a copy of the authorization is on file with the Clerk
5 of the Board of Supervisors in File No. 191265, and is incorporated herein by reference and

6 WHEREAS, On March 29, 2018, per Motion No. 20148, the Planning Commission
7 certified a Final Environmental Impact Report, pursuant to California Environmental Quality
8 Act ("CEQA") Guidelines 15183.3 and California Public Resources Code, Section 21094.5;
9 and

10 WHEREAS, Under Resolution No. 7-20, the Board of Supervisors approved an
11 Amended and Restated Loan Agreement between the City and Turk 500 Associates, L.P., a
12 California limited partnership ("Sponsor"), with Tenderloin Neighborhood Development
13 Corporation as general partner, a copy of which is on file with the Clerk of the Board of
14 Supervisors in File No. 191265 ("Loan Agreement"), and a loan in the amount of \$32,400,000
15 (the "Loan") to the Sponsor for development and construction of a 100% affordable,
16 supportive housing project with approximately 108 rental units for low-income households on
17 the Property (the "Project"); and

18 WHEREAS, Under Resolution No. 7-20, the Board of Supervisors also approved a
19 Ground Lease between the City and the Sponsor, a copy of which is on file with the Clerk of
20 the Board of Supervisors in File No. 191265, and the City leased the Property to the Sponsor
21 for the purpose of constructing and operating the Project on January 30, 2020; and

22 WHEREAS, On January 30, 2020, the Sponsor closed construction and permanent
23 financing for the Project, which included tax exempt multifamily revenue bonds issued by the
24 City and low income housing tax credits, and commenced construction of the Project in
25 February 2020; and

1 WHEREAS, Administrative Code, Section 99.3 requires all tenants of the City to
2 receive electric service from the San Francisco Public Utilities Commission ("SFPUC") unless
3 the SFPUC determines that such service is not feasible, but such tenants will continue to use
4 the distribution infrastructure owned by Pacific Gas & Electric ("PG&E"); and

5 WHEREAS, Under Resolution No. 541-21, the Board of Supervisors approved an
6 agreement between the City and PG&E ("PG&E Agreement") in which PG&E agreed to
7 provide secondary-level wholesale distribution service to SFPUC for new 100 percent
8 affordable housing projects that are on City-owned land; and

9 WHEREAS, The Sponsor was required to commence construction of the Project prior
10 to approval and execution of the PG&E Agreement and could not determine the feasibility or
11 the cost to change electric service from PG&E to the SFPUC prior to the required construction
12 commencement date, which has resulted in additional construction costs that were not
13 budgeted under the Loan Agreement and construction delays of over six months to negotiate
14 new agreements and redesign the Project; and

15 WHEREAS, Because of an approximately 10 month construction delay and new costs
16 to switch to SFPUC electric service under the PG&E Agreement, the construction cost of the
17 Project was increased by \$4,266,311; and

18 WHEREAS, To complete construction of the Project, the Sponsor requires additional
19 funding to cover part of the increased construction costs and replace the decrease in senior
20 permanent loan and tax credit equity financing; and

21 WHEREAS, The Citywide Affordable Housing Loan Committee, consisting of MOHCD,
22 Department of Homeless and Supportive Housing, Office of Community Investment and
23 Infrastructure, and the Controller's Office of Public Finance recommended approval to the
24 Mayor of a loan increase for the Project in an amount not to exceed \$4,266,311; and
25

1 WHEREAS, MOHCD desires to increase the Loan by an amount not to exceed
2 \$4,266,311 ("Additional Loan"), for a total loan to the Sponsor in the amount of \$23,805,311,
3 pursuant to a First Amendment to the Amended and Restated Loan Agreement ("First
4 Amendment") in substantially the form on file with the Clerk of the Board of Supervisors in File
5 No. 230319, and in such final form as approved by the Director of MOHCD and the City
6 Attorney; and

7 WHEREAS, The material terms of the Loan Agreement, as amended by the First
8 Amendment, include: (i) a minimum term of 55 years; (ii) no interest will accrue on the
9 Additional Loan; (iii) annual repayment of the loan through residual receipts from the Project;
10 (iv) the Project shall be restricted for the life of the Project as affordable housing to low- and
11 moderate-income veteran households with annual maximum rent and income established by
12 MOHCD; (v) the Additional Loan shall be secured by the deed of trust currently recorded
13 against the Sponsor's leasehold interest in the Property; now, therefore, be it

14 RESOLVED, That the Board of Supervisors hereby finds that the Project is consistent
15 with the General Plan, and with the eight priority policies of Planning Code, Section 101.1 for
16 the same reasons as set forth in the General Plan Consistency Determination; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors hereby approves the First
18 Amendment and authorizes the Mayor and the Director of MOHCD or his designee to enter
19 into any amendments or modifications to the First Amendment (including, without limitation,
20 preparation and attachment or, or changes to, any of all of the exhibits and ancillary
21 agreements) and any other documents or instruments necessary in connection therewith that
22 the Director determines, in consultation with the City Attorney, are in the best interest of the
23 City, do not materially increase the obligations or liabilities for the City or materially diminish
24 the benefits of the City, are necessary or advisable to effectuate the purposes and intent of
25

1 this Resolution and are in compliance with all applicable laws, including the City Charter; and,
2 be it

3 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
4 delegates to the Mayor and Director of MOHCD, and his designee, the authority to undertake
5 any actions necessary to protect the City's financial security in the Property and enforce the
6 affordable housing restrictions, which may include, curing the default under a senior loan; and,
7 be it

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

11 FURTHER RESOLVED, That within thirty (30) days of the First Amendment being fully
12 executed by all parties, MOHCD shall provide the final First Amendment to the Clerk of the
13 Board for inclusion into the official file.

14
15
16 RECOMMENDED:

17 /s/
18 Eric D. Shaw, Director
19 Mayor's Office of Housing and Community Development
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25

Item 16 File 23-0319	Department: Mayor's Office of Housing & Community Development (MOHCD)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> This proposed resolution would approve an amended and restated loan agreement between the Mayor's Office of Housing and Community Development (MOHCD) and Turk 500 Associates, L.P. in an amount not-to-exceed \$23,805,311, an increase of \$4,226,311. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> 500 Turk Street (also known as 555 Larkin) is an affordable housing development, consisting of 108 affordable housing units and commercial space. The Board previously authorized up to \$20.15 million for project development. Of the \$20.15 million, \$1.25 million was intended to be short-term gap financing for an Affordable Housing Program (AHP) award. While \$20.15 million was previously authorized by the Board, the project ultimately required only \$19.6 million in financing from the City. MOHCD is requesting additional gap financing due to a) project development delays and cost overruns caused by PG&E delays and b) the project was deemed not competitive for an Affordable Housing Program award. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> The proposed \$4.2 million loan increase would be funded from the Housing Trust Fund. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> As the gap lender for affordable housing projects, a significant amount of project risk is borne by the City. While the City is a partner in these projects, the developer is ultimately responsible for a project's success. Before the Board approves increased gap funding for any reason, it should evaluate the larger context of how project risks are managed and establish criteria for who absorbs that risk. Increased costs resulting from PG&E delays and excess requirements are the subject of litigation in cases before the Federal Energy Regulatory Commission. It is unclear when or if those costs will be recovered from PG&E. There is limited opportunity to pay for interconnection and related project costs from the PUC given State law regulating utility revenues, industry-practice, the City's Charter, and PUC rules and regulations. The City is investigating opportunities for recovery of these costs. The City could consider negotiating cost-sharing with Tenderloin Neighborhood Development Corporation (TNDC) and other affordable housing developers impacted by utility connection delays. In this case, TNDC generates project income through developer fees as well as operating revenues with annual management and asset management fees. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> Approval of the proposed resolution is a policy matter for the Board. 	

MANDATE STATEMENT

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

BACKGROUND**Low-Income Housing at 500 Turk Street**

In January 2020, the Board of Supervisors approved agreements to purchase the site at 500 Turk/555 Larkin Street and increase gap financing by \$11.9 million to \$32.4 million to partially fund the development of an affordable housing project co-located with commercial space (File 19-1265). The site, which is owned by the City, was developed by the Tenderloin Neighborhood Development Corporation (TNDC), which was selected through a competitive process. The development is a mixed-use eight-story building, with 107 units of 1-3 bedrooms of income-restricted housing, one resident manager unit, and commercial space. Unit income limits range from 30 to 80 percent of area median income and 27 units receive vouchers from the San Francisco Housing Authority (SFHA) and set aside for tenants relocating from HOPE SF projects.

Construction was originally expected to occur from February 2020 to December 2021. Actual construction occurred from February 2020 to October 2022. Currently, the project is at 63 percent lease-up (occupancy) and the commercial space will be leased to a nonprofit senior center with occupancy anticipated in September 2023.

PG&E Project Delays

San Francisco's Power Enterprise includes Hetch Hetchy Power, which generates and provides power to City facilities, and CleanPowerSF, a community choice aggregate program that purchases clean electricity for its retail customers in San Francisco. Both rely on PG&E transmission and distribution infrastructure within San Francisco to deliver power. Chapter 99 of the City's Administrative Code requires the San Francisco Public Utilities Commission (PUC) to study the feasibility of providing public power to City facilities and states that all City departments, including those not in City-owned facilities, should receive power from PUC wherever feasible.

The City obtains electric distribution service from PG&E via a federally regulated agreement. Due to ongoing litigation pertaining to PG&E's requirements, the City must negotiate each interconnection application. Retail and wholesale PG&E customers must pay for new interconnections, though retail customers may be reimbursed for some costs. According to PUC Power Enterprise Deputy Assistant General Manager Catherine Spaulding, PUC has similar reimbursement policies for its retail customers. In December 2021, the Board of Supervisors approved a 10-year agreement between SFPUC and PG&E to streamline interconnections at

certain affordable housing sites (File 21-1053), but the list attached to the agreement did not include 500 Turk because the project was already under construction.

According to media reports, PG&E has significant interconnection delays for new housing projects throughout its service area, not just in San Francisco.¹ According to a MOHCD March 3, 2023 staff memo to the Citywide Affordable Housing Loan Committee regarding this project and a similarly impacted project at 4840 Mission Street, PG&E recently announced a moratorium on interconnection work for retail and wholesale customers, citing staffing constraints. In addition, the City and PG&E are presently involved in litigation and negotiation before the Federal Energy Regulatory Commission regarding PG&E's interconnection terms, which the City believes are more costly and time-consuming than interconnection for PG&E retail customers.²

MOHCD reports that PG&E's process for approving electricity service at 500 Turk Street has caused the construction delays experienced at 500 Turk Street. The building was energized in September 2022, nine months later than the original project schedule of late 2021. These delays have resulted in both increased project costs as well as increased financing costs, especially due to the rising interest rates over the construction period.

According to MOHCD, because of delays in energizing the building, conversion of the construction loan to a permanent loan has been delayed 10 months, resulting in additional \$2.8 million interest costs for the construction loan, which has risen from 2.5 percent to 6.0 percent. Further, given the increase in interest rates over the construction period, the permanent loan will now incur an estimated interest rate of approximately 5.73 percent instead of 3.67 percent originally anticipated and result in a short loan term of 25 years rather than 35 years. Limited partner tax credit equity financing has also decreased because the project has not been able to meet the expected Occupancy Place in Service date required by the California Tax Credit Allocation Committee. These increased costs are resulting in an additional gap in project financing.

In addition to the financing impacts, the project has incurred hard costs associated with the delay, including retaining the general contractor, consultants, and security for an additional 10 months, as well as additional utility-related costs such as for a generator to be located on site and costs associated with change orders related to permanent power design. These additional costs total approximately \$1.4 million.

Federal Home Loan Bank of San Francisco: Affordable Housing Program

Original project financing included a bridge loan from the City of \$1.25 million in anticipation of TNDG applying for and receiving an Affordable Housing Program (AHP) award from the Federal Home Loan Bank of San Francisco. AHP awards are competitive grants wherein applicants are

¹ Dustin Gardiner, Julie Johnson. "Big hold for new Northern California Housing? PGE," *San Francisco Chronicle*, March 10, 2023. <https://tinyurl.com/26vbtaum>.

² The City also offered to purchase PG&E transmission and distribution assets in and around San Francisco for \$2.5 billion in 2019 and in 2020, but PG&E denied the offers, stating that they were below market value. In 2021, City filed a petition with the California Public Utilities Commission to establish a fair value for these PG&E assets.

scored on a variety of project characteristics, such as population served and project financing. According to MOHCD, AHP awards prioritize serving formerly homeless households. While TNDC did apply in 2020, the project did not sufficiently meet the award criteria for funding. TNDC did not re-apply in subsequent years because TNDC determined that the project would again not score high enough to receive an award.

Pursuant to the original Amended and Restated Loan Agreement from 2020, if TNDC applied for the AHP award in 2020 and 2021, failure to receive the AHP award does not result in default of the loan. While TNDC did not apply for the award on 2021, their analysis demonstrating non-competitiveness was shared and discussed with MOHCD.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would:

- Approve an amended and restated loan agreement between the City and 500 Turk Associates in an amount not-to-exceed \$23,805,311, an increase of \$4,226,311 to be funded from the Housing Trust Fund;
- Authorize the Mayor and the Director of MOHCD, or their designee, to execute any amendments or modifications to the First Amendment to the Amended and Restated Loan Agreement and other documents and instruments, including the Third Amended and Restated Promissory Note and the First Amendment to Deed of Trust, necessary in furtherance of this resolution;
- Authorize the Mayor and the Director of MOHCD, or their designee, to take any actions necessary to protect the City's financial interest in the property and to enforce affordable housing restrictions; and
- Confirm the project is consistent with the City's General Plan.

Amended and Restated Loan Agreement

The current loan agreement between MOHCD and Turk 500 Associates is for \$19,579,000.³ Under the proposed third amendment and restated loan agreement, the loan amount to Turk 500 Associates would increase by \$4,226,311 to \$23,805,311 as shown in Table 1 below.

³ File 19-1265 included approval of the original amended and restated loan agreement totaling up to \$32,400,000. This figure included \$12,250,000 as purchase credit against the City's prior loans of \$20,474,731 in exchange for acquiring the property and \$11,925,269 in new financing, resulting in total gap financing of \$20,150,000. The City's actual outstanding loan of \$19,579,000 is \$571,000 less than the maximum loan amount previously approved by the Board of Supervisors because of changes to total project costs and permanent financing sources.

Table 1: Updated Sources and Uses for 500 Turk Project

Sources	Original Amount	Proposed Amount	Change Amount	Change Percent
MOHCD	\$18,329,000	\$23,805,311	\$5,476,311	30%
MOHCD – AHP Gap Financing	1,250,000		-1,250,000	-100%
Subtotal MOHCD	19,579,000	23,805,311	4,226,311	22%
Limited Partner Equity	30,803,465	29,787,566	-1,015,899	-3%
General Partner Equity	500,000	500,000		
Permanent Debt	10,953,000	8,652,000	-2,301,000	-21%
Affordable Housing Sustainable Comm.	13,700,000	13,700,000		
Deferred Developer Fee	6,548,937	6,548,937		
Interim Income	329,901	329,901		
Total Sources	\$82,414,303	\$83,323,715	\$909,412	1%
Uses				
Acquisition	\$770,061	\$725,666	-\$44,395	-6%
Hard Costs	54,962,213	55,764,900	802,687	1%
Soft Costs	14,815,905	16,186,655	1,370,750	9%
Reserves	2,287,186	1,067,557	-1,219,629	-53%
Developer Fee	9,578,937	9,578,937		
Total Uses	\$82,414,302	\$83,323,715	\$909,413	1%

Source: MOHCD

As described above, development costs are increasing by \$2.1 million due to PG&E delays, offset by a \$1.2 million decrease in project reserves. According to MOHCD staff, reserves can be reduced due to new regulation changes in State financing that allow for the reduction, as well as overall project savings. Total City funding is increasing by \$4.2 million to pay for these additional costs (\$0.9 million) and backfill a \$3.3 million decrease in non-City funding sources, also described above.

FISCAL IMPACT

The proposed increased loan amount of \$4.2 million would be funded from the Housing Trust Fund. MOHCD staff report that the current fund balance allocated to new housing development within the Housing Trust Fund is \$58.4 million.

According to the terms of the loan, Turk 500 Associates must repay the loan by the 57th anniversary date of the deed of trust, but no later than December 31, 2077. No interest will be charged on the loan.

The loan balance will be reduced upon receipt by the City of residual receipts generated annually by project operations. In TNDC's application for the additional loan of funds, TNDC projects these receipts to total \$930,910 over the first 20 years of operations, an average of \$46,545 per year. According to Sara Amaral, MOHCD Director of Housing Development, there is no intention to forgive any balance remaining on this loan at the end of the term.

Project financing requirements are dependent on TNDC estimates. MOHCD reports these estimates have been reviewed, deemed reasonable, and are consistent with MOHCD's underwriting guidelines. Pursuant to the Amended and Restated Loan Agreement, MOHCD will monitor the rate of lease-up (occupancy) and interest rates. Any resulting cost savings will reduce the loan provided to 500 Turk Associates. Further, 500 Turk Associates will provide a report of updated operating expenses within three months of the conversion date, holding constant or reducing operating costs.

Revised Pro-Forma Operating Income and Expenses

MOHCD staff updated the projected income and expenses for the project in the first year of occupancy. Tenant rents remain virtually unchanged because the income bands for the units have not changed, but tenant assistance payments have increased from \$560,000 to \$833,000 due to an increase in the value of SFHA housing vouchers. No rent is assumed for the commercial space, a decrease of \$80,000 per year in project income.

Annual operating costs have increased by approximately \$280,000 due to higher property management staff costs, utility costs (not including the PG&E interconnection costs), and insurance costs, which MOHCD staff report is consistent with other affordable housing projects in process. The project is still projected to generate sufficient net income to make residual receipt payments on the MOHCD loan as described above.

The City's Subsidy per Housing Unit

The total per unit City subsidy is \$220,420, excluding site acquisition costs of \$12.5 million. The total development cost for the 108 units plus commercial space is \$83,323,715, or \$771,516 per unit.

POLICY CONSIDERATION

As the gap lender for affordable housing projects, a significant amount of project risk is borne by the City. While the City is a partner in these projects, the developer is ultimately responsible for a project's success. That success depends upon many variables and financing is complex. Risks associated with affordable housing projects are anticipated, evaluated, and mitigated throughout the pre-development and development process. Before the Board approves increased gap funding for any reason, it should evaluate the larger context of how project risks are managed and establish criteria for who absorbs that risk.

Recovery of Costs Resulting from PG&E Delays

Pursuant to Board Resolution 227-18, the PUC is required to provide the Board with a quarterly report of City projects with applications for electric service and the associated cost impacts of PG&E – related delays and requirements. Because 500 Turk was energized in September 2022, the project was not included in the January 2023 report. However, the October 2022 quarterly report identified a total of \$174,000 in additional project costs related to utilities for the 500 Turk project. According to Grace Tang, Utility Specialist at PUC, the PUC relies on individual departments to report these costs.

According to City's Attorney's Office staff, utility enterprises, including Hetchy Hetchy Power, are subject to State laws regulating the use of utility ratepayer revenues, which restrict charging utility rate payers for costs not related to serving them. Catherine Spaulding, PUC Power Enterprise Deputy Assistant General Manager, reports that PUC policy is for customers to pay for their own connection costs, which is consistent with not only industry-practice, but also State law. Accordingly, there is no available mechanism by which to recover interconnection and other power utility costs from the PUC.

The costs reported in PUC's quarterly report do not include the impact of PG&E delays on project financing or other hard and soft costs not associated with the provision of power services. Sheila Nickolopoulos, Director of Policy and Legislative Affairs for MOHCD, reports these increased costs are currently estimated to total \$40.0 million across 11 MOHCD projects. Because of the complexity and the breadth of PG&E issues, MOHCD-specific cost impacts may not be addressed through the City's filings with the Federal Energy Regulatory Commission (FERC), which pertain to infrastructure requirements. The City is investigating other opportunities for remedy.

Shared Project Risk

While MOHCD staff report that the \$4.2 million in additional loan financing for the 500 Turk Street project is due to PG&E delays, there are other project financing variables that have increased the need for additional funding. If interest rates had not increased to the extent they have, financing cost increases would be substantially lower. If TNDC was granted the AHP award that was previously determined to be obtainable, the City's subsidy would be less. The City cannot take one of these variables in isolation because project financing is the sum total of all of its parts. Accordingly, MOCHD and the City should consider negotiating cost-sharing with TNDC, which generates project income through developer fees as well as operating revenues with annual management and asset management fees.

RECOMMENDATION

Approval of the proposed resolution is a policy matter for the Board.



BUDGET AND FINANCE COMMITTEE

Item #15 & #16 – Request for Additional Funds

April 19, 2022

Lydia Ely, Deputy Director of Housing, MOHCD
Sheila Nickolopoulos, Director of Policy and Legislative Affairs, MOHCD

BACKGROUND

- **SF Commitment to Public Power:** Per Ordinance 247-14 amending Section 99.1 of the City Administrative Code, effective as of January 16, 2015, projects built on City land are required to study the feasibility of using SFPUC as the permanent power source.
- PG&E imposes **unnecessary requirements and delays** on projects that utilize public power. MOHCD and the SFPUC are working together to try to minimize the negative impacts on affordable housing projects.
- **PG&E issued and retracted a moratorium on work** for both Retail and WDT projects. Field work requests continue to exceed PG&E staffing capacity, leading to cancelations and additional delays to scheduled work.

BACKGROUND

100% Affordable Housing Agreement between SFPUC and PG&E

- File 21-1053 (fall 2021)
- The City and PG&E entered into a limited agreement to provide more certainty and allow certain Affordable Housing projects to move forward in a timely manner.
- The agreement generally provides that 100% affordable housing projects can connect at secondary (lower voltage) service.
- These two projects were underway before the agreement was in place.



4840 MISSION

File # 230318: Loan Amendment

- 137-unit affordable housing development that started construction in June 2021.
- Min. 6-month delay to completion and lease-up. Completion estimated December 2023.
- Seeking \$8,977,307 additional financing to offset costs associated with additional PG&E infrastructure and delays of completion.
- The Project will also request Board approval for two utility easements that are now required on the property.

PROJECT HISTORY – 4840 MISSION STREET

- 2016 – BRIDGE Housing selected after applying to MOHCD Notice of Funding Availability
- 2017 – Site acquired with loans from MOHCD and San Francisco Housing Accelerator Fund
- 2019 – SB35 approval
- 2020 – Financing commitments obtained for Tax Credits, Bonds, Bank of America, Permanent Lender, & operating subsidies from SFHA
- 2021 – MOHCD Loan approved by Board of Supervisors, including bridge loan for Affordable Housing Program (AHP) award from the Federal Home Loan Bank of San Francisco
- 2023 – BRIDGE applied for AHP
 - Award announcements expected Summer 2023.
 - If awarded, MOHCD loan will be reduced by award amount.
 - If not awarded, BRIDGE will reapply for AHP awards in subsequent funding cycles



PROJECT DETAILS



- 137 affordable units
 - >50% of units are 2- and 3-bedroom apartments
- Set Asides
 - 25% (35 units) supported by vouchers from SFHA, including priority for households voluntarily relocating from Potrero Terrace and Potrero Annex
 - 2 resident manager units
- 30% to 108% SF AMI
- Commercial Space
 - 9,977 sf community clinic for Mission Neighborhood Health Center (MNHC)
 - 4,407 sf of ground-floor retail space
- Amenities
 - Pedestrian plaza and walkways
 - Landscaped central courtyard
 - 39 parking spaces
 - 136 bike stalls

PERMANENT FINANCING

Total Development Costs: \$114,814,625

- MOHCD \$34,728,757
- MNHC Purchase \$3,000,000
- Tax Credit Equity \$50,417,089
- Permanent Loan \$24,550,000
- Deferred Developer Fee \$2,118,779

City Per Unit Investment: \$253,495

Per Unit Cost: \$838,063

TIMELINE

- **Construction Start:** June 2021
- **Marketing:** August 2023
- **Unit Lottery:** September 2023
- **Project completion:** June 2023 with interim power; December 2023 with permanent power.
- **Leasing:** December 2023





500 TURK (aka 555 LARKIN)

File # 230319: Loan Amendment

- 108-unit affordable development that started construction in February of 2020 completion was delayed 10 months
- Seeking \$4,226,311 in additional financing to offset costs associated with PG&E infrastructure that was required after construction start, as well as costs related to the approximately 10 month delay in obtaining permanent power for the Project.
- Due to delays, Project's 3.67% permanent loan rate lock expired. The Project has since renegotiated a permanent loan at a 6% interest rate, reducing supportable debt.
- Delays to lease up led to reductions in tax credit equity.

PROJECT HISTORY – 500 TURK STREET (AKA 555 LARKIN)

- 2016 – TNDC acquired 500 Turk using funds from Enterprise Community Loan Fund.
- 2018 – Planning Department approved demolition and project design plans.
- 2019 – Financing commitments obtained for Tax Credits, Bonds, State of California's Affordable Housing and Sustainable Communities Program, Wells Fargo, and operating subsidies from SFHA.
- 2019 – Board of Supervisors approved MOHCD Loan financing , including bridge loan for the Affordable Housing Program (AHP) award from the Federal Home Loan Bank of San Francisco
- 2020 – TNDC applied for AHP but the project did not meet the revised award threshold and was not awarded funds. Repayment terms in the MOHCD loan were adjusted to 55 years for this amount, instead of during construction.



PROJECT DETAILS



- 108 affordable units including:
 - >50% of units are 2- and 3-bedroom apartments
- Set Asides
 - 27 units supported by vouchers from SFHA, including priority for households voluntarily relocating from HOPE SF sites
 - 1 resident manager unit
- 30% to 80% MOHCD AMI
- Commercial Space
 - 2,380 sf senior wellness center (nonprofit lease-up anticipated in Sept. 2023)
- Amenities
 - Rooftop urban farm
 - Central courtyard
 - Indoor bicycle parking

PERMANENT FINANCING

Total Development Costs:	\$83,323,715
▪ MOHCD	\$23,805,311
▪ LP Equity	\$329,787,566
▪ CA AHSC	\$13,700,000
▪ Deferred Developer Fee	\$6,548,937
▪ General Partner Equity	\$500,000
▪ Pre-Dev Income	\$329,901
▪ Permanent Loan	\$8,652,000

City Per Unit Investment: \$220,420
Per Unit Cost: \$771,516

TIMELINE

- **Construction Start:** February 2020
- **Marketing:** August 2021
- **Unit Lottery:** October 2021
- **Project completion:** October 2022
- **Leasing:** October 2022 – Present (63% occupancy)



Mitigation Strategies

Implementation of the Affordable Housing Agreement between SFPUC and PG&E.

Per Mayor Breed's Housing for All Executive Directive 23-01, SFPUC will outline strategies to reduce delays in "providing critical infrastructure to housing development projects" including new ways to reduce PG&E-caused delays (plan due May 1).

Senator Wiener's proposed SB 83 could provide State enforcement mechanisms.

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 ~~strike through~~):

"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 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.

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

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

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Keith Nagayama
Deputy City Attorney

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

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.

**Free Recording Requested Pursuant to
Government Code Section 27383 and 27388.1**

When recorded, mail to:
Mayor's Office of Housing and Community Development
City and County of San Francisco
1 South Van Ness Ave., 5th Floor
San Francisco, California 94103
Attn: Agnes Defiesta

Lot 002; Block 0741

-----Space Above This Line for Recorder's Use-----

**FIRST AMENDMENT TO DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING
(Property Address: 555 Larkin)**

This First Amendment to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("First Amendment to Deed of Trust") dated as of April __, 2023, is attached to and made a part of that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated January 30, 2020, and recorded January 30, 2020, as Document Number DOC-2020-K897598 (the "Deed of Trust"). The Deed of Trust secures a loan in the amount of (the "Loan") made by the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation represented by the Mayor and acting through the Mayor's Office of Housing and Community Development ("City" or "Beneficiary"), to TURK 500 ASSOCIATES, L.P., a California Limited Partnership ("Borrower" or "Trustor"), whose address is 201 Eddy Street, San Francisco, CA 94102, for development expenses associated with the real property described in the attached **Exhibit A**.

The Loan was evidenced by that certain Amended and Restated Loan Agreement dated January 30, 2020, by and between Trustor and Beneficiary (the "Loan Agreement") and by that certain Second Amended and Restated Secured Promissory Note dated January 30, 2020 (the "Construction Note"), Declaration of Restrictions dated as of January 30, 2020 (the "Declaration") and the Deed of Trust.

Pursuant to that certain First Amendment to the Amended and Restated Loan Agreement, Beneficiary agreed to increase the Loan ("Additional Loan") by Four Million Two Hundred Twenty Six Thousand Three Hundred Eleven and No/100 Dollars (\$4,226,311) (the "Additional Funding Amount"), as evidenced by that certain Third Amended and Restated Promissory Note executed by Borrower, each dated as of the date set forth above. The new amount of the Loan is \$23,805,311.

The Trustor agrees that the following covenants, terms, and conditions shall be part of and shall modify or supplement the Deed of Trust and that in the event of any inconsistency or conflict between the covenants, terms, and conditions of the Deed of Trust, as amended by this First Amendment to Deed of Trust, the following covenants, terms, and conditions shall control and prevail:

1. Obligations Secured. The parties agree that the Deed of Trust is hereby amended as follows:

- 1.1 Section 2 is hereby deleted in its entirety and replaced with the following:

2. Obligations Secured. This Deed of Trust is given for the purpose of securing the following (collectively, the "Secured Obligations"):

- (a) performance of all present and future obligations of Trustor set forth in the Agreement, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, that certain Third Amended and Restated Promissory Note dated _____, 2023, made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "Note") and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement, as amended;
 - (b) payment of the indebtedness evidenced by the Agreement as amended by that certain First Amendment to Amended and Restated Loan Agreement and the Note in the original principal amount of Twenty-Three Million Eight Hundred Five Thousand Three Hundred Eleven and No/100 (\$23,805,311), with interest, if any, according to the terms of the Agreement and the Note; and
 - (c) payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note (or any other instrument) reciting that payment is secured by this Deed of Trust.

2. No Other Change. Except as specifically modified or amended by this Amendment, all other terms and conditions of the Deed of Trust remain the same.

Remainder of Page Intentionally Left Blank; Signatures Appear on Following Page

BENEFICIARY:

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

By: _____

Eric D. Shaw

Director, Mayor's Office of Housing and Community Development

SIGNATURE ABOVE MUST BE NOTARIZED

APPROVED AS TO FORM:

DAVID CHIU

City Attorney

By: _____

Deputy City Attorney

"TRUSTOR:"

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

ALL SIGNATURES MUST BE NOTARIZED

EXHIBIT A
Legal Description of the Land

THE FOLLOWING LAND SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

Commencing at the point of intersection of the Northerly line of Turk Street and the Westerly line of Larkin Street, running thence Westerly and along said Northerly line of Turk Street one hundred thirty-seven (137) feet six (6) inches, thence at a right angle Northerly one hundred thirty-seven (137) feet six (6) inches, thence at a right angles Easterly one hundred thirty-seven (137) feet six (6) inches to the Westerly line of Larkin Street, thence at a right angle Southerly along said Westerly line of Larkin Street one hundred thirty-seven (137) feet six (6) inches to the Northerly line of Turk Street and the point of commencement.

Being part of Western Addition Block No. 7.

Assessor's Lot 002; Block 0741

Street Address: 555 Larkin Street

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

State of California)
County of San Francisco)

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

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

WITNESS my hand and official seal.

Signature: _____

(Seal)

THIRD AMENDED AND RESTATED PROMISSORY NOTE
(2015 GENERAL OBLIGATION BOND FOR AFFORDABLE HOUSING, AFFORDABLE
HOUSING FUND INCLUSIONARY, HOME PROGRAM, HOUSING TRUST FUNDS)

Principal Amount: \$23,805,311

San Francisco, CA

Date: April ___, 2023

FOR VALUE RECEIVED, the undersigned, **TURK 500 ASSOCIATES, L.P.**, a California Limited Partnership ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "Holder"), the principal sum of Twenty Three Million Eight Hundred Five Thousand Three Hundred Eleven and No/100 Dollars (\$23,805,311) (the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, as provided in this Note.

1. Agreement.

1.1 Pursuant to an Amended and Restated Loan Agreement dated January 17, 2020, by and between Holder and Maker ("Original Agreement"), Holder previously made a loan in the amount of \$19,579,000.00 (the "Construction Loan") for the purpose to funding activities in support of the development, construction, and permanent financing of 107-units of affordable housing for low and very low income households, including 27 units that will have rental subsidies under a contract with the San Francisco Housing Authority (plus one manager's unit) (the "Residential Project") and a ground floor commercial warm shell with a total of approximately 2,380 square feet for one or two (1 or 2) commercial spaces (the "Commercial Space"), which is known as 555 Larkin (the "Project"). The Construction Loan was evidenced by that certain Second Amended and Restated Secured Promissory Note dated January 17, 2020, made by Maker to the order of Holder in an amount equal to the Construction Loan ("Construction Note"). The Original Agreement and the Construction Note were secured by that certain Deed of Trust, Assignments of Rents, Security Agreement and Fixture Filing dated January 30, 2020, executed by Maker for the benefit of Holder, and recorded in the Official Records on January 30, 2020, as Instrument No. 2020-K9897597 ("Deed of Trust").

1.2 Holder is making an additional loan of Four Million Two Hundred Twenty Six Thousand Three Hundred Eleven and No/100 Dollars (\$4,226,311.00) ("Third Additional Loan") to Maker for the completion of construction and permanent financing related to the Project, such that the Construction Loan together with the Third Additional Loan are increased to a total loan amount equal to the Funding Amount. This Third Amended & Restated Secured Promissory Note ("Note") is given under the terms of the Original Agreement, as amended by that certain First Amendment to the Amended and Restated Loan Agreement dated as of the date set forth above (collectively, as amended, the "Agreement") which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by the Deed of Trust, as amended by that certain First Amendment to Deed of Trust dated as of even date herewith. Definitions and rules of interpretation set forth in the Agreement apply to this Note. The Construction Note shall be cancelled and returned to the Maker. This Note amends, restates and replaces the Construction Note in its entirety. In the event of any inconsistency between the Agreement and this Note, this Note will control.

2. Interest. Except as provided in Section 3, no interest will accrue on the Funding Amount.

3. Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the

maximum lawful rate of interest, commencing on the Event of Default through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

4. Repayment of Funding Amount.

4.1 Subject to Section 13.4 of the Agreement, Maker will make annual payments of principal and interest (each, a "Payment") in an amount equal to the Residual Receipts, if any, attributable to the prior calendar year, beginning of the first June 30th after the end of the calendar year of the Completion Date, and continuing each June 30th thereafter up to and including the Maturity Date, as defined below (each, a "Payment Date"). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The entire unpaid principal balance of the Loan, together with all accrued and unpaid interest (if any) and other unpaid fees and costs incurred, will be due and payable on the date that is the later of (a) the fifty-seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the fifty-fifth (55th) anniversary of the Conversion Date, but in all events not later than December 31, 2077 (the "Maturity Date"). If any Payment Date, including any Excess Proceeds Payment Date and the Maturity Date, falls on a weekend or holiday, it will be deemed to fall on the next succeeding business day.

4.2 Excess Proceeds. Subject to Section 3.7 and 13.4 of the Agreement, Maker must make payments of principal and interest (each, an "Excess Proceeds Payment") in an amount equal to the Excess Proceeds, if any, on the date that is thirty (30) days after the later of the date on which Maker receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Maker receives Excess Proceeds from its limited partner or other financing sources (the "Excess Proceeds Payment Date"). All Excess Proceeds Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan.

5. Security. Maker's obligations under this Note and the Agreement are secured by the Deed of Trust.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Note to pay interest exceeding the lawful rate. Accordingly, if the payment of any sum by Maker pursuant to the terms of this Note would result in the payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole

discretion to determine the order and method of application of Payments to obligations under this Note.

6.5 Subject to this Section, Holder will not seek or obtain judgment against Maker for the payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, and Holder's sole recourse against Maker for any default under this Note will be limited to the collateral for the Loan, *provided, however*, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the City Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover sums arising under any obligation of Maker to indemnify Holder of sums incurred by Holder as a result of Maker's fraud, willful misrepresentation, misapplication of funds (including Loan Funds and Rents (as defined in the Deed of Trust)), waste or negligent or intentional damage to the collateral for the Loan.

6.6 Except as otherwise set forth herein or in the Agreement, no prepayment of this Note shall be permitted without Holder's prior written consent.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Note:

(a) Maker fails to make any Payment required under this Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the City Documents, Holder may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

8. Waivers.

8.1 Maker expressly agrees that the term of this Note or the date of any payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the payment of this Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part.

8.3 The obligations of Maker under this Note are absolute, and Maker waives any and all rights to offset, deduct, or withhold any Payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.2 In the event of any legal proceedings arising from the enforcement of or a default under this Note or in any bankruptcy proceeding of Maker, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.

9.3 This Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

9.4 This Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.

9.5 Time is of the essence in the performance of any obligations hereunder.

[Signatures on following page]

"MAKER"

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: _____

Name:

Its:

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

By and Between

THE CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, represented by the Mayor,
acting by and through the Mayor's Office of Housing and Community Development,

and

TURK 500 ASSOCIATES, L.P.,

a California limited partnership,

for

500 TURK STREET
500 Turk Street
\$19,579,000

2015 General Obligation Bond: \$13,904,731

AHF Inclusionary: \$2,074,269

HOME: \$3,600,000

Dated as of January 17, 2020

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AMENDED AND RESTATED LOAN AGREEMENT

(City and County of San Francisco
Affordable Housing Bond Program, Affordable Housing Fund Inclusionary, HOME Program)
(500 Turk)

THIS AMENDED AND RESTATED LOAN AGREEMENT ("Agreement") is entered into as of January 17, 2020, by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and **TURK 500 ASSOCIATES, L.P.** ("Borrower").

RECITALS

A. The City is authorized under a HOME Investment Partnership Agreement with the United States Department of Housing and Urban Development ("HUD"), executed pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 (42 U.S.C. §§ 12701 *et seq.* and 24 CFR §§ 92) to distribute HOME Investment Partnership Program ("HOME") funds under this Agreement (the "HOME Funds") for the specific and special purpose of increasing the housing stock in the City for low- and very low-income persons.

B. On November 3, 2015, the voters of the City and County of San Francisco approved Proposition A (Ordinance 121-15), which provided for the issuance of up to \$310 million in general obligation bonds to finance the construction, acquisition, improvement, rehabilitation, preservation and repair of certain affordable housing improvements (the "2015 GO Bond"). The City is authorized to provide funds from the proceeds of the 2015 GO Bond to Borrower under this Agreement for the development of affordable housing.

C. Under the Inclusionary Affordable Housing Program set forth in Sections 415.1 *et seq.* of the San Francisco Planning Code, the Citywide Affordable Housing Fund receives in-lieu Affordable Housing Fees ("Inclusionary Fees") paid by housing developers to satisfy requirements of the Inclusionary Affordable Housing Program. Under the Jobs-Housing Linkage Program set forth in Sections 413.1 *et seq.* of the San Francisco Planning Code, the Citywide Affordable Housing Fund receives in-lieu fees ("Jobs-Housing Fees") paid by developers to satisfy requirements of the Jobs-Housing Linkage Program. The City may use the Inclusionary Fees and Jobs-Housing Fees received by the Citywide Affordable Housing Fund (the "Housing Fund," and together with the 2015 GO Bond and HOME Funds, shall be collectively referred to herein as the "Funds") to finance housing affordable to qualifying households. MOHCD administers the Housing Funds pursuant to Section 10.100-49 of the San Francisco Administrative Code and enforces agreements relating to them.

D. Borrower intends to acquire a leasehold interest in the real property located at 500 Turk Street, also known as 555 Larkin/500-520 Turk Street, San Francisco, California (the "Land") under a Ground Lease dated January 30, 2020, by and between Borrower and the City and County of San Francisco ("Ground Lessor"). Borrower desires to use the Funds to construct 108-units of affordable housing for low and very low income households, including 27 units that will have rental subsidies under a contract with the San Francisco Housing Authority (plus one manager's unit) (the "Residential Project") and a ground floor commercial warm shell with a total of approximately 2,380 square feet for one or two (1 or 2) commercial spaces (the "Commercial Space") which will be known as 500 Turk Street (the "Project").

E. The City previously loaned Three Million and No/100 Dollars (\$3,000,000.00) (the "Original Loan") to Borrower to conduct predevelopment activities and acquire 500 Turk Street (the "Site") on which the Borrower will construct a multifamily rental housing development known as 500 Turk Street (the "Project"). The Loan is evidenced by the following documents each dated as of March 10, 2017: (1) a Loan Agreement (City and County of San Francisco Affordable Housing Bond Program) (the "Original Agreement"); (2) a Secured Promissory Note made by Borrower in an amount of the Original Loan to the order of the City (the "Original Note"); (3) a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing recorded on March 27, 2017 as Serial Number 2017-K425170 of Official Records (the "Original Deed of Trust"); and 4) a Declaration of Restrictions recorded on March 23, 2017 as Serial Number 2017-K425171 of Official Records (the "Original Declaration").

F. To complete additional predevelopment activities and refinance the Enterprise Community Loan Fund mortgage used to purchase the Land in 2016, the City provided an additional loan of Seventeen Million Four Hundred Seventy-Four Thousand Seven Hundred Thirty-One and No / 100 Dollars (\$17,474,731.00) (the "First Additional Loan") to Borrower. The First Additional Loan is evidenced by the following documents: (1) First Amendment to Loan Agreement (the "First Amendment") dated December 21, 2018; (2) an Amended and Restated Secured Promissory Note made by Borrower in an amount of the Original Loan and the First Additional Loan to the order of the City dated December 21, 2018 (the "First Amended Note"); (3) an Amended Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing recorded on December 31, 2018 as Serial Number 2018-K717766-00 of Official Records; and 4) a Declaration of Restrictions recorded on March 23, 2017 as Serial Number 2017-K425171 of Official Records. Substantially concurrently herewith, Borrower received a credit of \$12,250,000 ("Purchase Credit") under the First Amended Note in consideration of the City's acquisition of the Property from Borrower.

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 "Funding Amount") under this Agreement. The 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 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 Ten Million Nine Hundred Fifty Three Thousand and No/100 Dollars (\$10,953,000.00).

H. On the Agreement Date, this Agreement will amend, restate, supersede and replace the Original Agreement (as amended by the First Amendment). Concurrently herewith, Borrower will also (i) execute a second amended and restated promissory note in favor of the City to supersede and replace the First Amended Note, (ii) execute and record a new deed of trust to secure such amended and restated note, and (iii) execute and record a new declaration of restriction. As of the Agreement Date: (i) the Original Agreement is terminated; (i) the City will cancel and return the First Amended Note; (ii) the Original Deed of Trust shall be reconveyed; and (iii) the Original Declaration shall be terminated.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in this Agreement, the parties agree as follows:

ARTICLE 1 DEFINITIONS.

1.1 Defined Terms. As used in this Agreement, the following words and phrases have the following meanings:

"Accounts" means all depository accounts, including reserve and trust accounts, required or authorized under this Agreement or otherwise by the City in writing. All Accounts must be maintained in accordance with **Section 2.3**.

"AHP" means the Affordable Housing Program, which provides funds from a Federal Home Loan Bank.

"AHP Bridge Loan" means the portion of the Funding Amount that is a loan up to \$1,250,000 from the City to the Borrower for financing the Project during the pendency of Borrower's AHP loan application and until Borrower is awarded an AHP Loan.

"Agreement" means this Amended and Restated Loan Agreement.

"Agreement Date" means the date first written above.

"Annual Monitoring Report" has the meaning set forth in **Section 10.3**.

"Annual Operating Budget" means an annual operating budget for the Project attached hereto as **Exhibit B-2**, which may not be adjusted without the City's prior written approval.

"Approved Plans" has the meaning set for in **Section 5.2**.

"Approved Specifications" has the meaning set forth in **Section 5.2**.

"Authorizing Resolutions" means: (a) in the case of a corporation, a certified copy of resolutions adopted by its board of directors; (b) in the case of a partnership (whether general or limited), a certificate signed by all of its general partners; and (c) in the case of a limited liability company, a certified copy of resolutions adopted by its board of directors or members, satisfactory to the City and evidencing Borrower's authority to execute, deliver and perform the obligations under the City Documents to which Borrower is a party or by which it is bound.

"Borrower" means Turk 500 Associates, L.P., a California limited partnership whose general partner is Turk 500 GP LLC, a California limited liability company, whose manager is the Developer, and its authorized successors and assigns.

"CFR" means the Code of Federal Regulations.

"Charter Documents" means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement. The Charter Documents must be delivered to the City in their original form and as amended from time to time and be accompanied by a certificate of good standing for Borrower issued by the California Secretary of State and, if Borrower is organized under the laws of a state other than California, a certificate of good standing issued by the Secretary of State of the state of organization, issued no more than ninety (90) days before the Agreement Date.

"City" means the City and County of San Francisco, a municipal corporation, represented by the Mayor, acting by and through MOHCD. Whenever this Agreement provides for a submission to the City or an approval or action by the City, this Agreement refers to submission to or approval or action by MOHCD unless otherwise indicated.

"City Documents" means this Agreement, the Note, the Deed of Trust, the Declaration of Restrictions and any other documents executed or, delivered in connection with this Agreement.

"City Project" has the meaning set forth in **Exhibit E, Section 13(c)**.

"CNA" means a 20-year capital needs assessment or analysis of replacement reserve requirements, as further described by CNA Policy.

"CNA Policy" means MOHCD's Policy For Capital Needs Assessments dated November 5, 2013, as it may be amended from time to time.

"Commercial Income" means all receipts received by Borrower from the operation of the Commercial Space, including rents, fees, deposits (other than security deposits), any accrued interest disbursed from any reserve account authorized under this Agreement for a purpose other than that for which the reserve account was established, reimbursements and other charges paid to Borrower in connection with the Commercial Space.

"Commercial Shell" means all components of an unfinished Commercial Space as further defined by MOHCD's commercial space policy, as it may be amended from time to time.

"Commercial Space" has the meaning set forth in **Recital D** and further defined in MOHCD's commercial space policy as it may be amended from time to time. As used in this Agreement, the term excludes non-residential space in the Project to be used primarily for the benefit of the Tenants.

"Community-Serving Commercial Use" means a non-residential use that provides a direct benefit to the community in which the Project is located.

"Completion Date" has the meaning set forth in **Section 5.6**.

"Compliance Term" has the meaning set forth in **Section 3.2**.

"Construction Contract" has the meaning set forth in **Section 5.2**.

"Contracting Manual" means the Contracting Manual (2006 Amendment) for Federally Funded Construction Projects Financed by the Mayor's Office of Housing, issued by MOHCD on November 18, 2002, as amended on May 22, 2007, as the same may be further amended from time to time.

"Conversion Date" means the date on which construction financing for the Project is converted into permanent financing, if applicable.

"Declaration of Restrictions" means a recorded declaration of restrictions in form and substance acceptable to the City that requires Borrower and the Project to comply with the use restrictions in this Agreement for the Compliance Term, even if the Loan is repaid or otherwise satisfied, this Agreement terminates or the Deed of Trust is reconveyed.

"Deed of Trust" means the deed of trust executed by Borrower granting the City a lien on the Site and the Project to secure Borrower's performance under this Agreement and the Note, in form and substance acceptable to the City.

"Department of Building Inspection" has the meaning set forth in **Section 5.2**.

"Developer" means Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation, and its authorized successors and assigns.

"Developer Fees" has the meaning set forth in **Section 15.1**.

"Developer Fee Policy" means the MOHCD Policy on Development Fees for Tax Credit Projects dated July 29, 2016, as amended from time to time, attached hereto as **Exhibit J**.

"Development Expenses" means all costs incurred by Borrower and approved by the City in connection with the development of the Project, including: (a) hard and soft development costs; (b) deposits into required capitalized reserve accounts; (c) costs of converting Project financing, including bonds, into permanent financing; (d) the expense of a cost audit; and (e) allowed Developer Fees.

"Development Proceeds" means the sum of: (a) funds contributed or to be contributed to Borrower by Borrower's limited partner as capital contributions, equity or for any other purpose under Borrower's limited partnership agreement; and (b) the proceeds of all other financing for the Project.

"Disbursement" means the disbursement of all or a portion of the Funding Amount by the City as described in **Article 4**.

"Distributions" has the meaning set forth in **Section 13.1**.

“Early Retention Release Contractors” means contractors who will receive retention payments upon satisfaction of requirements set forth in **Section 4.7**.

"Environmental Activity" means any actual, proposed or threatened spill, leak, pumping, discharge, leaching, storage, existence, release, generation, abatement, removal, disposal, handling or transportation of any Hazardous Substance from, under, into or on the Site.

"Environmental Laws" means all present and future federal, state, local and administrative laws, ordinances, statutes, rules and regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements relating to health and safety, industrial hygiene or the environment or to any Hazardous Substance or Environmental Activity, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (commonly known as the "Superfund" law) (42 U.S.C. §§ 9601 *et seq.*), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (42 U.S.C. §§ 6901 *et seq.*); the National Environmental Policy Act of 1969 (“NEPA”) (24 CFR §§ 92 and 24 CFR §§ 58); the California Hazardous Substance Account Act (also known as the Carpenter-Presley-Tanner Hazardous Substance Account Law and commonly known as the "California Superfund" law) (Cal. Health & Safety Code §§ 25300 *et seq.*); and the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65") (Cal. Health & Safety Code §§ 25249.2 *et seq.*); and Sections 25117 and 25140 of the California Health & Safety Code.

"Escrow Agent" has the meaning set forth in **Section 4.2**.

"Event of Default" has the meaning set forth in **Section 19.1**.

"Excess Proceeds" means Development Proceeds remaining after payment of Development Expenses. For the purposes of determining Excess Proceeds, no allowed Project Expenses may be included in Development Expenses.

"Expenditure Request" means a written request by Borrower for a Disbursement from the Funding Amount, which must certify that the Project costs covered by the Expenditure Request have been paid or incurred by Borrower.

“Federal Funding” means funding provided by the federal government for capital improvements, operations or other direct financial assistance of the Project.

"Funding Amount" has the meaning set forth in **Recital G**.

"Funds" has the meaning set forth in **Recital C**.

"GAAP" means generally accepted accounting principles in effect on the date of this Agreement and at the time of any required performance.

"General Partner" means Turk 500 GP LLC, a California limited liability company with Tenderloin Neighborhood Development Corporation (TNDC) as the manager.

"Governmental Agency" means: (a) any government or municipality or political subdivision of any government or municipality; (b) any assessment, improvement, community facility or other special taxing district; (c) any governmental or quasi-governmental agency, authority, board, bureau, commission, corporation, department, instrumentality or public body; or (d) any court, administrative tribunal, arbitrator, public utility or regulatory body.

"Ground Lease" has the meaning set forth in **Recital D**.

"Ground Lessor" has the meaning specified in **Recital D**.

"HAP" has the meaning set forth in **Recital G**.

"Hazardous Substance" means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any Governmental Agency to pose a present or potential hazard to human health or safety or to the environment. Hazardous Substance includes any material or substance listed, defined or otherwise identified as a "hazardous substance," "hazardous waste," "hazardous material," "pollutant," "contaminant," "pesticide" or is listed as a chemical known to cause cancer or reproductive toxicity or is otherwise identified as "hazardous" or "toxic" under any Environmental Law, as well as any asbestos, radioactive materials, polychlorinated biphenyls and any materials containing any of them, and petroleum, including crude oil or any fraction, and natural gas or natural gas liquids. Materials of a type and quantity normally used in the construction, operation or maintenance of developments similar to the Project will not be deemed "Hazardous Substances" for the purposes of this Agreement if used in compliance with applicable Environmental Laws.

"Hold Harmless Policy" means the Hold Harmless Policy for MOHCD's Income Limits & Maximum Rents dated May 3, 2019, as amended from time to time, attached hereto as **Exhibit K**.

"HOME" has the meaning set forth in **Recital A**.

"HSH" means the San Francisco Department of Homelessness and Supportive Housing, or other successor agency.

"HUD" means the United States Department of Housing and Urban Development acting by and through the Secretary of Housing and Urban Development and any authorized agents.

"Improvements" has the meaning set forth in **Recital D**.

"in balance" means that the sum of undisbursed Funds and any other sources of funds that Borrower has closed or for which Borrower has firm commitments will be sufficient to complete acquisition/construction/rehabilitation of the Project, as determined by the City in its sole discretion.

"Income Restrictions" means the maximum household income limits for Qualified Tenants, as set forth in **Exhibit A**.

"Indemnatee" means, individually or collectively, (i) City, including MOHCD and all commissions, departments, agencies and other subdivisions of City; (ii) City's elected officials, directors, officers, employees, agents, successors and assigns; and (iii) all persons or entities acting on behalf of any of the foregoing.

"Land" means the real property owned by Ground Lessor on which the Site is located.

"Laws" means all statutes, laws, ordinances, regulations, orders, writs, judgments, injunctions, decrees or awards of the United States or any state, county, municipality or Governmental Agency.

"Life of the Project" means the period of time in which the Project continues to operate as a multi-family apartment project substantially similar to its current condition in terms of square footage and number of units, and in the event the Project is substantially damaged or destroyed by fire, the elements, an act of any public authority or other casualty, and is subsequently replaced by a multi-family residential project substantially similar to its current condition in terms of square footage and number of units, the life of such replacement project will be deemed to be a continuation of the life of the Project.

"Limited Partner" means Wells Fargo Affordable Housing Community Development Corporation, and its permitted successors and assigns.

"Loan" has the meaning set forth in **Recital G**.

"Loss" or "Losses" includes any and all loss, liability, damage, obligation, penalty, claim, action, suits, judgment, fee, cost, expense or charge and reasonable attorneys' fees and costs, including those incurred in an investigation or a proceeding in court or by mediation or arbitration, on appeal or in the enforcement of the City's rights or in defense of any action in a bankruptcy proceeding.

"Marketing and Tenant Selection Plan" has the meaning set forth in **Section 6.1**.

"Maturity Date" has the meaning set forth in **Section 3.1**.

"Median Income" means median income as published annually by MOHCD for the City and County of San Francisco, derived in part from the income limits area median income determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as "Unadjusted Median Income."

"MOHCD" means the Mayor's Office of Housing and Community Development or its successor.

"MOHCD Monthly Project Update" has the meaning set forth in **Section 10.2**.

"Note" means the promissory note executed by Borrower in favor of the City in the original principal amount of the Funding Amount.

"Official Records" means the official records of San Francisco County.

"Operating Reserve Account" has the meaning set forth in **Section 12.2**.

"Opinion" means an opinion of Borrower's California legal counsel, satisfactory to the City and its legal counsel, that Borrower is a duly formed, validly existing California limited partnership in good standing under the laws of the State of California, has the power and authority to enter into the City Documents and will be bound by their terms when executed and delivered, and that addresses any other matters the City reasonably requests.

"Out of Balance" means that the sum of undisbursed Funds and any other sources of funds that Borrower has closed or for which Borrower has firm commitments will not be sufficient to complete acquisition/construction/rehabilitation of the Project, as determined by the City in its sole discretion.

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of _____, 2020, as amended from time to time.

"Payment Date" means the first May 1st following the Completion Date and each succeeding May 1st until the Maturity Date.

"Permitted Exceptions" means liens in favor of the City, real property taxes and assessments that are not delinquent, and any other liens and encumbrances the City expressly approves in writing in its escrow instructions.

"Preferences and Lottery Manual" means MOHCD's Housing Preferences and Lottery Procedures Manual dated March 31, 2017, as amended from time to time.

"Preferences Ordinance" means Chapter 47 of the San Francisco Administrative Code, as amended from time to time.

"Project" means the development described in **Recital D**. If indicated by the context, "Project" means the Site and the improvements developed on the Site.

"Project Expenses" means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for

insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on any junior or senior financing secured by the Site and used to finance the Project that has been approved by the City; (d) annual monitoring fee and all other expenses actually incurred to cover routine operating and services provision costs of the Project, including maintenance and repairs and the fee of any managing agent as indicated in the Annual Operating Budget; (e) credit adjustor payments including interest to the Limited Partner (f) annual Base Rent payments (as defined in the Ground Lease); (g) approved annual supportive services expense; (h) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account); (i) required deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement; and Project Fees are not Project Expenses.

"Project Fees" means (i) a combined annual asset management and partnership management fee in the amount of \$46,910, increasing by 3.5% annually, payable to the Tenant's general partner, and (ii) an annual investor services fee in the amount of \$8,500, increasing by 3.5% annually. In no event will such fees exceed the maximum amount permitted by HCD so long as it is a Lender, as permitted by HCD's regulations.

"Project Income" means all income and receipts in any form received by Borrower from the operation of the Project, including rents, fees, deposits, any accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established, reimbursements and other charges paid to Borrower in connection with the Project. Interest accruing on any portion of the Funding Amount is not Project Income or Commercial Income. Tenant security deposits are not Project Income.

"Project Operating Account" has the meaning set forth in **Section 11.1**.

"Public Benefit Purposes" means activities or programs that primarily benefit low-income persons, are implemented by one or more nonprofit 501(c)(3) public benefit organizations, or have been identified by a City agency or a community planning process as a priority need in the neighborhood in which the Project is located.

"Qualified Tenant" means a Tenant household earning no more than the maximum permissible annual income level allowed under this Agreement as set forth in **Exhibit A**. The term "Qualified Tenant" includes each category of Tenant designated in **Exhibit A**.

"Rent" means the aggregate annual sum charged to Tenants for rent and utilities in compliance with **Article 7**, with utility charges to Qualified Tenants limited to an allowance determined by the SFHA.

"Replacement Cost" means all hard construction costs of the Project, not including the cost of site work and foundations but including construction contingency, for the purpose of establishing the amount of the Replacement Reserve Account. This defined term is not intended to affect any other calculation of replacement cost for any other purpose.

"Replacement Reserve Account" has the meaning set forth in **Section 12.1**.

"Residual Receipts" means Project Income remaining after payment of Project Expenses and Project Fees. The amount of Residual Receipts must be based on figures contained in audited financial statements.

"Retention" has the meaning set forth in **Section 4.7**.

"SBE Manual" means that certain Small Business Enterprise Program manual dated July 1, 2015, as the same may be amended from time to time.

"Section 8" means rental assistance provided under Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. § 1437f) or any successor or similar rent subsidy programs.

"Senior Lien" has the meaning set forth in **Section 22.1**.

"SFHA" means the San Francisco Housing Authority.

"Site" means the Land and the Improvements.

"Surplus Cash" means Commercial Income remaining after payment of the sum of commercial debt service, operating expenses for the Commercial Space and reserve deposits for the Commercial Space but excludes depreciation, amortization, depletion, other non-cash expenses or expenditures from reserve accounts.

"Table" means: (a) the Table of Sources and Uses, (b) the Annual Operating Budget, and (c) the 20-Year Cash Flow Proforma.

"Table of Sources and Uses" means a table of sources and uses of funds attached hereto as **Exhibit B-1**, including a line item budget for the use of the Funding Amount, which table may not be adjusted without the City's prior written approval.

"TCAC" means the California Tax Credit Allocation Committee.

"Tenant" means any residential household in the Project, whether or not a Qualified Tenant.

"Tenant Screening Criteria Policy" has the meaning set forth in **Section 6.3**.

"Title Policy" means an ALTA extended coverage lender's policy of title insurance in form and substance satisfactory to the City, issued by an insurer selected by Borrower and satisfactory to the City, together with any endorsements and policies of coinsurance and/or reinsurance required by the City, in a policy amount equal to the Funding Amount, insuring the Deed of Trust and indicating the Declaration of Restrictions as valid liens on the Site, each subject only to the Permitted Exceptions.

"20-Year Cash Flow Proforma" means the 20-year cash flow proforma for the Project attached as **Exhibit B-3**.

"Unit" means a residential rental unit within the Project.

"Waiting List" has the meaning set forth in **Section 6.5**.

"Work Product" has the meaning set forth in **Section 22.21**.

1.2 Interpretation. The following rules of construction will apply to this Agreement and the other City Documents.

(a) The masculine, feminine or neutral gender and the singular and plural forms include the others whenever the context requires. The word "include(s)" means "include(s) without limitation" and "include(s) but not limited to," and the word "including" means "including without limitation" and "including but not limited to" as the case may be. No listing of specific instances, items or examples in any way limits the scope or generality of any language in this Agreement. References to days, months and years mean calendar days, months and years unless otherwise specified. References to a party mean the named party and its successors and assigns.

(b) Headings are for convenience only and do not define or limit any terms. References to a specific City Document or other document or exhibit mean the document, together with all exhibits and schedules, as supplemented, modified, amended or extended from time to time in accordance with this Agreement. References to Articles, Sections and Exhibits refer to this Agreement unless otherwise stated.

(c) Accounting terms and financial covenants will be determined, and financial information must be prepared, in compliance with GAAP as in effect on the date of performance. References to any Law, specifically or generally, will mean the Law as amended, supplemented or superseded from time to time.

(d) The terms and conditions of this Agreement and the other City Documents are the result of arms'-length negotiations between and among sophisticated parties who were represented by counsel, and the rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not apply to the construction and interpretation of the City Documents. The language of this Agreement must be construed as a whole according to its fair meaning.

1.3 Contracting Manual. Borrower shall use the Contracting Manual as a guide to Borrower's responsibilities under Laws and regulations regarding soliciting, awarding and administering contracts associated with projects assisted by Federal Funds and some City funds. In the event of a conflict between the terms of the Contracting Manual and this Agreement, the terms of the Agreement shall prevail.

ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to finance demolition of existing improvements on the Site to construct 107 units of affordable housing for low and very low income households (plus one manager's unit), including 27 units that will have rental subsidies under the HAP and the Commercial Spaces. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement. Borrower and Lender hereby acknowledge that, at the time of the execution of the Loan Documents, it was intended by the parties that, subject to the consent of the MOHCD, the principal amount of the Loan might be adjusted to the extent necessary to meet the Borrower's pre-construction and construction financing needs. Pursuant to that understanding, the parties agree that the principal amount of the Loan may be increased to the Funding Amount, such increased principal amount to be reflected in the Note and Deed of Trust.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Notwithstanding anything to the contrary contained herein, City shall not approve expenditure of Funds for expenses incurred by Borrower prior to the April 18, 2016.

2.3 Accounts; Interest. Each Account to be maintained by Borrower under this Agreement must be held in a bank or savings and loan institution acceptable to the City as a segregated account that is insured by the Federal Deposit Insurance Corporation or other comparable federal insurance program. With the exception of tenant security deposit trust accounts, any interest earned on funds in any Account must be used for the benefit of the Project.

2.4 Records. Borrower must maintain and provide to the City upon request records that accurately and fully show the date, amount, purpose and payee of all expenditures from each Account authorized under this Agreement or by the City in writing and keep all estimates, invoices, receipts and other documents related to expenditures from each Account. In addition Borrower must provide to the City promptly following Borrower's receipt, complete copies of all monthly bank statements, together with a reconciliation, for each Account until all funds (including accrued interest) in each Account have been disbursed for eligible uses.

2.5 Conditions to Additional Financing. The City may grant or deny any application by Borrower for additional financing for the Project in its sole discretion.

2.6 Other Restrictions.

(a) Borrower shall submit an application for an AHP loan for permanent financing of the Project to the Federal Home Loan Bank of San Francisco in 2020. If Borrower's submitted application for the AHP loan is subsequently denied, Borrower will apply in 2021. If the Borrower submits an application in 2021, this condition shall be deemed satisfied, provided MOHCD reviews and approves application assumptions. If awarded AHP funds, and subject to any requirements of the San Francisco Federal Home Loan Bank Affordable Housing Program, Borrower will use the AHP Loan Amount to repay the AHP Bridge Loan, or any portion thereof, as set forth in Article 3. Borrower must submit to MOHCD a preliminary AHP application with a self-score prior to submission to Federal Home Loan Bank. Failure to receive an AHP award shall not be a default under the Loan Documents provided that Borrower otherwise complies with this section.

(b) Borrower shall deliver to MOHCD the following prior to commercial developer fee disbursement: (1) a commercial space plan and budget that includes a general description of the structure of the commercial space as well as assumptions to space use, rent charged, term of potential tenants, and research alternate funding sources for funding tenant improvements for the commercial spaces, (2) Letter of Interests from commercial tenants, and (3) Executed commercial leases with tenants.

(c) Before the Conversion Date, Borrower deliver to MOHCD a revised services plan and budget, in sufficient time so that MOHCD's Director of Public Initiatives has reviewed and approved the revised services plan and budget before the permanent loan closing.

ARTICLE 3 TERMS. Borrower's repayment obligations with respect to the Funding Amount will be evidenced and governed by the Note, which will govern in the event of any conflicting provision in this Agreement.

3.1 Maturity Date. Borrower must repay all amounts owing under the City Documents on the date that is the later of (a) the fifty seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the fifty fifth (55th) anniversary of the Conversion Date, but in all events not later than December 31, 2077 (the "Maturity Date").

3.2 Compliance Term; Declaration of Restrictions. Borrower must comply with all provisions of the City Documents relating to the use of the Site and the Project as set forth in the Declaration of Restrictions to be recorded in the Official Records, for the period commencing on the date the Deed of Trust is recorded in the Official Records and continue for the Life of the Project (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed before the end of the Compliance Term.

3.3 Interest. Except as provided in **Section 3.4**, no interest will be charged on the Loan.

3.4 Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, the principal balance of the Loan will bear interest at the default interest rate set forth in the Note, with such default interest rate commencing as of the date an Event of Default occurs and continuing until such Event of Default is fully cured. In addition, the default interest rate

will apply to any amounts to be reimbursed to the City under any City Document if not paid when due or as otherwise provided in any City Document.

3.5 Repayment of Principal and Interest. Except as set forth in Section 3.7 below, the outstanding principal balance of the 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 Note.

3.6 Changes In Funding Streams. The City's agreement to make the Loan on the terms set forth in this Agreement and the Note is based in part on Borrower's projected sources and uses of all funds for the Project, as set forth in the Table of Sources and Uses. Borrower covenants to give written notice to the City within thirty (30) days of any significant changes in budgeted funding or income set forth in documents previously provided to the City. Examples of significant changes include loss or adjustments (other than regular annual adjustments) in funding under Shelter + Care, Section 8 or similar programs.

3.7 Notification and Repayment of Excess Proceeds. Borrower must notify the City in writing within thirty (30) days after the later of the date on which Borrower receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Borrower receives Excess Proceeds from its limited partner or other financing sources. Borrower must repay all Excess Proceeds to the City no later than sixty (60) days after receipt of such notification, unless the City has elected to waive such payment. The City must use such Excess Proceeds to reduce the balance of the Loan.

3.8 Additional City Approvals. Borrower understands and agrees that City is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. Borrower understands and agrees that neither entry by City into this Agreement nor any approvals given by City under this Agreement shall be deemed to imply that Borrower will obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, City is in no way modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property shall require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property, which may include, without limitation, the San Francisco City Planning Commission and the San Francisco Board of Supervisors. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

ARTICLE 4 CLOSING; DISBURSEMENTS.

4.1 Generally. Subject to the terms of this Agreement, the City will make Disbursements in an aggregate sum not to exceed the Funding Amount to or for the account of Borrower in accordance with this Agreement and the approved line item budget contained in the Table of Sources and Uses.

4.2 Closing. Unless otherwise agreed by the City and Borrower in writing, Borrower will establish an escrow account with the title company issuing the Title Policy, or any other escrow agent Borrower chooses, subject to the City's approval (the "Escrow Agent"). The parties will execute and deliver to the Escrow Agent written instructions consistent with the terms of this Agreement. In the event the escrow does not close on or before the expiration date of escrow instructions signed by the City, or any other mutually agreed date, the City may declare this Agreement to be null and void.

4.3 Conditions Precedent to Closing. The City will authorize the close of the Loan upon satisfaction of the conditions in this Section.

(a) Borrower must have delivered to the City fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the City: (i) the Note; (ii) this Agreement (in triplicate); (iii) the Deed of Trust; (iv) the Declaration of Restrictions; (v) the Opinion; (vi) the Authorizing Resolutions; (vii) the Developer Fee Agreement; and (viii) any other City Documents reasonably requested by the City.

(b) Borrower must have delivered to the City: (i) Borrower's Charter Documents; and (ii) a comprehensive maintenance and operating plan for the Project duly approved by Borrower's governing body that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection.

(c) Borrower must have delivered to the City satisfactory evidence that Borrower has obtained commitments for any additional financing that may be required for the Project, in amounts and from lenders or investors satisfactory to the City in its sole discretion.

(d) Borrower must have delivered to the City insurance endorsements and, if requested by the City, copies of policies for all insurance required under **Exhibit L** of this Agreement.

(e) Borrower must have delivered to the City a preliminary report on title for the Site dated no earlier than thirty (30) days before the Agreement Date.

(f) Borrower must have submitted a "Phase I" environmental report for the Site, or any other report reasonably requested by the City, prepared by a professional hazardous materials consultant acceptable to the City.

(g) The Declaration of Restrictions and Deed of Trust must have been recorded as valid liens in the official records of San Francisco County, subject only to the Permitted Exceptions.

(h) The Escrow Agent must have committed to provide to the City the Title Policy in form and substance satisfactory to the City.

(i) Borrower must provide final interest rate after review of true debt analysis.

4.4 Disbursement of Funds. Following satisfaction of the conditions in **Section 4.3**, the City will authorize the Escrow Agent to disburse Funds as provided in the City's escrow instructions.

4.5 Disbursements. The City's obligation to approve any expenditure of Funds after Loan closing is subject to Borrower's satisfaction of the following conditions precedent.

(a) Borrower must have delivered to the City an Expenditure Request in form and substance satisfactory to the City, together with: (i) copies of invoices, contracts or other documents covering all amounts requested; (ii) a line item breakdown of costs to be covered by the Expenditure Request; and (iii) copies of checks issued to pay expenses covered in the previous Expenditure Request. The City may grant or withhold its approval of any line item contained in the Expenditure Request that, if funded, would cause it to exceed the budgeted line item as previously approved by the City. Additionally, the City must approve all requested reallocations of Funds for line items previously approved by the City.

(b) No Event of Default, or event that with notice or the passage of time or both could constitute an Event of Default, may have occurred that remains uncured as of the date of the Expenditure Request.

(c) With respect to any Expenditure Request that covers rehabilitation or construction costs, Borrower must have certified to the City that the Project complies with the labor standards set forth in **Exhibit E, Section 1**, if applicable.

(d) With respect to any Expenditure Request that covers travel expenses, Borrower's travel expenses must be reasonable and must comply with the following:

(i) Lodging, meals and incidental expenses shall not exceed the then-current per diem rates set forth by the United States General Services Administration for the County of San Francisco found at: <https://www.gsa.gov/portal/category/104711>.

(ii) Air transportation expenses must use fares for coach-class accommodations, provided that purchases for air travel must occur no less than one week before the travel day.

(iii) If ground transportation is required, the City urges the use of public transit or courtesy shuttles if provided by a lodging. If courtesy transportation is not

provided by a lodging, ground transportation expenses for travel to or from regional airports must not exceed Fifty Dollars (\$50.00) each way. Other ground transportation expenses must not exceed then-current San Francisco taxi rates found at: <https://www.sfmta.com/getting-around/taxi/taxi-rates>. Ground transportation must not include any expenses for luxury transportation services, such as a limousine, or any expenses related to travel to or from Project site meetings by Borrower's employees.

(iv) Miscellaneous travel expenses must not exceed Fifty Dollars (\$50.00) without prior written approval of the City.

(v) Any Expenditure Request for travel expenses must include supporting documentation, including, without limitation, original itemized receipts showing rates and cost, air travel itinerary, proof of payment, and any written justification requested by the City.

For the purpose of this Section, the terms "lodging," "meals" and "incidental expenses" shall have the same meanings defined in 41 CFR Part 300-3; the term "coach-class" shall have the same meaning defined in 41 CFR Part 301-10.121(a); and the term "miscellaneous" means copying services, printing services, communication services, or other services reasonably related to travel for the Project and approved by the City.

(e) The Loan must be in balance.

4.6 Loan In Balance. The City may require Borrower to pay certain costs incurred in connection with the Project from sources of funds other than the Loan at any time the City determines that the Loan is out of balance. When the City is satisfied that the Loan is again in balance, the City will recommence making Disbursements for Expenditure Requests meeting the conditions set forth above.

4.7 Retention. In addition to the other conditions to Disbursements, Borrower acknowledges that the amount of hard costs or tenant improvements costs included in any Expenditure Request associated with rehabilitation or construction, when added to previously approved costs, may not exceed ninety percent (90%) of the approved budgeted costs on a line item basis. The remaining ten percent (10%) of approved budgeted hard costs or tenant improvement costs associated with rehabilitation or construction will be held by the City and/or other Project lenders (the "Retention") and may be released only upon satisfaction of all requirements listed in the Construction Manager's Checklist for Release of Retention included in the Contracting Manual and as follows:

(a) Early Retention Release. After fifty percent (50%) of the rehabilitation or construction of the Project is complete as determined by the City, Borrower may submit a written request to the City to release up to fifty percent (50%) of the Retention, provided that the following prerequisites have been met: (i) all work required to be performed by all parties for whom the City agrees to release the Retention (the "Early Retention Release Contractors") has been completed in conformance with the terms of the applicable contract documents, the plans and specifications approved by the City and all applicable Laws; (ii) the applicable Early

Retention Release Contractors have filed unconditional lien waivers satisfactory to the City;
(iii) no liens or stop notices have been filed against the Project and no claims are pending;
(iv) the City determines that the contingency is in balance and adequate to complete the Project;
(v) the Project is on schedule, and (vi) Expenditure Requests will not exceed 95% of the approved budgeted costs on a line item basis.

(b) Retention Release After Project Completion. Borrower may request disbursement of the remaining percentage amount of the Retention only upon the satisfaction of each of the following conditions, unless otherwise approved in writing by the City:

(i) completion of rehabilitation or construction of the Project in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion; (ii) timely recordation of a notice of completion; and
(iii) either expiration of the lien period and the absence of any unreleased mechanics' liens or stop notices or recordation of the lien releases of all contractors, subcontractors and suppliers who provided labor or materials for the Project.

4.8 Limitations on Approved Expenditures. The City may refuse to approve any expenditure: (a) during any period in which an event that, with notice or the passage of time or both, would constitute an Event of Default remains uncured, or during the pendency of an uncured Event of Default; or (b) for disapproved, unauthorized or improperly documented expenses. The City is not obligated to approve expenditure of the full Funding Amount unless approved Expenditure Requests support disbursement of the full Funding Amount, and in no event may the aggregate amount of all Funds disbursed to Borrower under this Agreement exceed the Funding Amount.

ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION.

5.1 Selection Requirements. In the selection of all contractors and professional consultants for the Project, Borrower must comply with the City's procurement requirements and procedures as described in the Contracting Manual and with the requirements of the Small Business Enterprise Program ("SBE Program") as set forth in the SBE Manual according to the procedures established by the City's Contract Monitoring Division.

5.2 Plans and Specifications. Before starting any demolition, rehabilitation or construction on the Site, Borrower must have delivered to the City, and the City must have reviewed and approved, plans and specifications and the construction contract for the Project entered into between Borrower and Borrower's general contractor and approved by the City (the "Construction Contract"). The plans approved by the City must also be approved by the City and County of San Francisco's Department of Building Inspection (the "Department of Building Inspection") (collectively, the "Approved Plans") prior to the start of any demolition, rehabilitation or construction on the Site. The Approved Plans must be explicitly identified in the Construction Contract. The specifications approved by the City, including the funder requirements and the technical specifications (the "Approved Specifications") must also be explicitly identified in the Construction Contract. The Construction Contract may include funder requirements not otherwise addressed in the Approved Specifications. The Contracting Manual provides further guidance to Borrower regarding the City's policies for the review and approval of plans, specifications and construction contracts. After completion of the Project, Borrower must retain the Approved Plans as well as "as-built" plans for the Project, the Approved Specifications and the Construction Contract, all of which Borrower must make available to the City upon request.

5.3 Change Orders. Borrower may not approve or permit any change orders to the plans and specifications approved by the City without the City's prior written consent. Borrower must provide adequate and complete justification for analysis of any change order request to the City. The City will provide any questions, comments or requests for additional information to Borrower within five (5) business days of receipt of a change order request. City will review and approve or disapprove of a change order request within ten (10) business days of a complete submission by Borrower. In the event the City fails to approve or disapprove the change order request within such ten (10) business day period, the change order shall be deemed approved. Borrower acknowledges that the City's approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional Funds for the Project, unless the City agrees in its sole discretion to amend the Table of Sources and Uses or provide additional Funds for that purpose.

5.4 Insurance, Bonds and Security. Before starting any demolition, rehabilitation or construction on the Site, Borrower must deliver to the City insurance endorsements and bonds as described in **Exhibit L**. At all times, Borrower must take prudent measures to ensure the security of the Site.

5.5 Notice to Proceed. No demolition, rehabilitation or construction may commence until Borrower has issued a written notice to proceed with the City's approval.

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower must: (a) commence demolition, rehabilitation or construction by a date no later than February 28, 2020; (b) complete demolition, rehabilitation or construction by a date no later than January 1, 2023, in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion (the

"Completion Date"); and (c) achieve occupancy of one hundred percent (100%) of the Units by a date no later than April 1, 2023.

5.7 Rehabilitation/Construction Standards. All rehabilitation or construction must be performed in a first class manner, substantially in accordance with final plans and specifications approved by the City and in accordance with all applicable codes. All newly constructed Units must meet the requirements of the Model Energy Code most recently published by the Council of American Building Officials. All Units must meet the accessibility requirements under 24 CFR part 8, implementing Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) and the design and construction requirements under 24 CFR § 100.205, implementing the Fair Housing Act (42 U.S.C. §§ 3601-3619).

ARTICLE 6 MARKETING.

6.1 Marketing and Tenant Selection Plan. No later than six (6) months before the Completion Date, Borrower must deliver to the City for the City's review and approval an affirmative plan for initial and ongoing marketing of the Units and a written Tenant selection procedure for initial and ongoing renting of the Units based on MOHCD's then-current form of marketing and tenant selection plan (the "Marketing and Tenant Selection Plan"), all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City. Borrower must obtain the City's approval of reasonable alterations to the Marketing and Tenant Selection Plan. Borrower must market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City.

6.2 Affirmative Marketing and Tenant Selection Plan Requirements. Borrower's Marketing and Tenant Selection Plan must address how Borrower intends to market vacant Units and any opportunity for placement on the Waiting List, as defined in 6.5. The Marketing and Tenant Selection Plan shall include as many of the following elements as are appropriate to the Project, as determined by the City:

(a) A reasonable accommodations policy that indicates how Borrower intends to market Units to disabled individuals, including an indication of the types of accessible Units in the Project, the procedure for applying, and a policy giving disabled individuals a priority in the occupancy of accessible Units.

(b) A plan that satisfies the requirement to give preference in occupying units in accordance with the Preferences and Lottery Manual and the Preferences Ordinance. Notwithstanding the foregoing, in the event of a conflict between this provision and the provisions of Section 42 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated therewith, the provisions of such Section 42 (and the applicable regulations) shall control.

(c) Advertising in local neighborhood newspapers, community-oriented radio stations, on the internet and in other media that are likely to reach low-income households. All advertising must display the Equal Housing Opportunity logo.

(d) Notices to neighborhood-based, nonprofit housing corporations and other low-income housing advocacy organizations that maintain waiting lists or make referrals for below-market-rate housing.

(e) Notices to SFHA.

(f) Notices to MOHCD

(g) To the extent practicable, without holding Units off the market, the community outreach efforts listed above must take place before advertising vacant Units or open spots on the Waiting List to the general public.

(h) An acknowledgement that, with respect to vacant Units, the marketing elements listed above shall only be implemented if there are no qualified applicants interested or available from the Waiting List.

6.3 Marketing and Tenant Selection Plan & Tenant Screening Criteria Requirements:

(a) Borrower's Marketing and Tenant Selection Plan shall comply with the requirements of the Tenant Selection Plan Policy as set forth in the attached Exhibit H. The Marketing and Tenant Selection Plan must be kept on file at the Project at all times.

(b) Borrower's tenant screening criteria must comply with the Tenant Screening Criteria Policy set forth in the attached Exhibit I.

6.4 Marketing Records. Borrower must keep records of: (a) activities implementing the Marketing and Tenant Selection Plan; (b) advertisements; and (c) other community outreach efforts.

6.5 Waiting List. Borrower's Marketing and Tenant Selection Plan must contain, at a minimum, policies and criteria that provide for the selection of tenants from a written waiting list that complies with the Marketing and Tenant Selection Plan (the "Waiting List"). The Marketing and Tenant Selection Plan may allow an applicant to refuse an available Unit for good cause without losing standing on the Waiting List but shall limit the number of refusals without cause as approved by the City. Borrower shall at all times maintain the Waiting List. Upon the vacancy of any Unit, Borrower shall first attempt to select the new Tenant for such Unit from the Waiting List, and shall only market the Unit to the general public after determining that no applicants from the Waiting List qualify for such Unit. The Waiting List must be kept on file at the Project at all times.

ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

7.1 Term of Leasing Restrictions. Borrower acknowledges and agrees that the covenants and other leasing restrictions set forth in this Article will remain in full force and effect: (a) for the Compliance Term and survive the prior repayment or other satisfaction of the Loan, termination of this Agreement or reconveyance of the Deed of Trust; (b) for any Unit that has been subject to a regulatory agreement with TCAC, for a period ending three (3) years after the date of any transfer of the Project by foreclosure or deed-in-lieu of foreclosure; and (c) with respect to any Unit occupied by a Qualified Tenant at expiration of either the Compliance Term or the 3-year period referred to in **Subsection (b)** above, until the Qualified Tenant voluntarily vacates his/her Unit or is evicted lawfully for just cause. The requirements to comply with the provisions of Internal Revenue Code Section 42, including Section 42(h)(6)(E)(ii), are hereby acknowledged.

7.2 Borrower's Covenant.

(a) Borrower covenants to rent all Units (except one Unit reserved for the manager of the Project) at all times to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**. In addition, twenty seven (27) Units must be rented to holders of Section 8 certificates or vouchers or similar rental subsidy benefits subject to the terms of a HAP Contract with the San Francisco Housing Authority and applicable law, for so long as these subsidies are available to the Project. Borrower further covenants that no HOME funds will be allocated to the construction or rehabilitation of the manager's Unit. If the Project contains 5 or more units, at least 20% must be reserved for very low-income Tenants, as defined under the HOME program regulations.

(b) A Tenant who is a Qualified Tenant at initial occupancy may not be required to vacate the Unit due to subsequent rises in household income, except as provided in **Section 7.3**. After the over-income Tenant vacates the Unit, the vacant Unit must be rented only to Qualified Tenants as provided in this **Article 7**.

7.3 Rent Restrictions.

(a) Rent charged to each Qualified Tenant may not exceed the amounts set forth in **Exhibit A**, *provided that* Rents may be adjusted annually, subject to the limitations below.

(b) Subject to the Hold Harmless Policy, rents for all Units may be increased once annually up to the maximum monthly rent by unit type as published by MOHCD.

(c) With the City's prior written approval, Rent increases for Units exceeding the amounts permitted under **Section 7.3(b)** may be permitted once annually in order to recover increases in approved Project Expenses, provided that: (i) in no event may single or aggregate increases exceed ten percent (10%) per year unless such an increase is contemplated in a City-approved temporary relocation plan or is necessary due to the expiration of Section 8 or other rental subsidies; and (ii) Rents for each Unit may in no event exceed the maximum Rent

permitted under **Section 7.3(a)**. City approval for such Rent increases that are necessary to meet all approved Project Expenses shall not be unreasonably withheld.

(d) For any Qualified Tenant participating in a Rent or operating subsidy program where the Rent charged is calculated as a percentage of household income, adjustments to Rent charged may be made according to the rules of the relevant subsidy program. There is no limit on the increase/decrease in Rent charged under this provision, as long as it does not exceed the maximum Rent permitted under **Section 7.3(a)**. There is no limit on the number of Rent adjustments that can be made in a year under this provision.

(e) For any Qualified Tenant that becomes ineligible to continue participating in a rent or operating subsidy program, there is no limit on the increase in Rent charged as long as it does not exceed the maximum Rent permitted under **Section 7.3(a), (d) and (f)**.

(f) Unless prohibited under any applicable Laws, including without limitation Section 42 of the Internal Revenue Code of 1986, as amended, if the household income of a Qualified Tenant exceeds the maximum permissible income during occupancy of a Unit, then, upon no less than thirty (30) days' prior written notice to the Tenant or as otherwise required under the Tenant's lease or occupancy agreement, Borrower may adjust the charges for Rent for the previously Qualified Tenant to be equal to thirty percent (30%) of the Tenant's adjusted household income. Rents charged under this provision may exceed the Maximum Rent permitted under **Section 7.3(a)**.

7.4 Certification.

(a) As a condition to initial occupancy, each person who desires to be a Qualified Tenant in the Project must be required to sign and deliver to Borrower a certification in the form shown in **Exhibit C** in which the prospective Qualified Tenant certifies that he/she or his/her household qualifies as a Qualified Tenant. In addition, each person must be required to provide any other information, documents or certifications deemed necessary by the City to substantiate the prospective Tenant's income. Certifications provided to and accepted by the SFHA will satisfy this requirement.

(b) Each Qualified Tenant in the Project must recertify his/her household income to Borrower one time in the year after the first year of tenancy in accordance with tax credit requirements. Each Qualified Tenant in the Project must also recertify his/her household income to Borrower one time in every 6th year of the project's affordability period using the full recertification method required by the HOME program. Interim recertifications are also required annually but may be done using the abbreviated annual income recertification method which requires Tenants to submit income certification forms but does not require verification of income or assets.

(c) Income certifications with respect to each Qualified Tenant who resides in a Unit or resided therein during the immediately preceding calendar year must be maintained on file at Borrower's principal office, and Borrower must file or cause to be filed copies thereof with the City promptly upon request by the City.

7.5 Form of Lease. The form of lease for Tenants must provide for termination of the lease and consent to immediate eviction for failure to qualify as a Qualified Tenant if the Tenant has made any material misrepresentation in the initial income certification. The form of lease must also comply with 24 CFR § 92.253.

7.6 Nondiscrimination. Borrower agrees not to discriminate against or permit discrimination against any person or group of persons because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, disability, gender identity, height, weight, source of income or acquired immune deficiency syndrome (AIDS) or AIDS related condition (ARC) in the operation and use of the Project except to the extent permitted by law or required by any other funding source for the Project. Borrower agrees not to discriminate against or permit discrimination against Tenants using Section 8 certificates or vouchers or assistance through other rental subsidy programs.

7.7 Security Deposits. Security deposits may be required of Tenants only in accordance with applicable state law and this Agreement. Any security deposits collected must be segregated from all other funds of the Project in an Account held in trust for the benefit of the Tenants and disbursed in accordance with California law. The balance in the trust Account must at all times equal or exceed the aggregate of all security deposits collected plus accrued interest thereon, less any security deposits returned to Tenants.

7.8 Commercial Space. At least sixty (60) days prior to the date that build-out of the Commercial Space begins, MOHCD must have reviewed and approved proposed leases and development plans for the Commercial Space. All leases of Commercial Space must be to bona fide third party tenants capable of performing their financial obligations under their leases, which must reflect arms'-length transactions at the then-current market rental rate for comparable space, *provided that*, leases for Public Benefit Purposes or Community-serving Commercial Use may be at below-market rates so long as the sum of Project Income and Commercial Income meets approved cash flow requirements for the Project. Allowed uses of Commercial Space must be consistent with all applicable redevelopment plans and local planning and building codes and be reasonably compatible with the design and purpose of the Project. Each lease of Commercial Space must restrict its use to Public Benefit Purposes or Community-serving Commercial Use, or all Surplus Cash generated as a result of a market-rate lease of the Commercial Space must be directed toward repayment of the Loan or used for a Public Benefit Purpose. All Surplus Cash shall be subject to the MOHCD Policy on the Use of Residual Receipts. Each lease of Commercial Space must comply with the MOHCD Commercial Underwriting Guidelines as set forth in **Exhibit O** herein. MOHCD hereby has approved the master lease to Tenderloin Neighborhood Development Corporation (TNDC).

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1 Borrower's Responsibilities.

(a) Subject to the rights set forth in **Section 8.2**, Borrower will be specifically and solely responsible for causing all maintenance, repair and management functions performed in connection with the Project, including selection of tenants, recertification of income and household size, evictions, collection of rents, routine and extraordinary repairs and replacement of capital items. Borrower must maintain or cause to be maintained the Project, including the Units and common areas, in a safe and sanitary manner in accordance with local health, building and housing codes, California Health and Safety Code 17920.10 and the applicable provisions of 24 CFR Part 35, and all applicable federal requirements.

8.2 Contracting With Management Agent.

(a) Borrower may contract or permit contracting with a management agent for the performance of the services or duties required in **Section 8.1(a)**, subject to the City's prior written approval of both the management agent and, at the City's discretion, the management contract between Borrower and the management agent, *provided, however*, that the arrangement will not relieve Borrower of responsibility for performance of those duties. Any management contract must contain a provision allowing Borrower to terminate the contract without penalty upon no more than thirty (30) days' notice. As of the Agreement Date, the City has approved Tenderloin Neighborhood Development Corporation (TNDC) as Borrower's management agent, subject to approval of the management contract.

(b) The City will provide written notice to Borrower of any determination that the contractor performing the functions required in **Section 8.1(a)** has failed to operate and manage the Project in accordance with this Agreement. If the contractor has not cured the failure within a reasonable time period, as determined by the City, Borrower must exercise its right of termination immediately and make immediate arrangements for continuous and continuing performance of the functions required in **Section 8.1(a)**, subject to the City's approval.

8.3 Borrower Management. Borrower may manage the Project itself only with the City's prior written approval. The City will provide written notice to Borrower of any determination that Borrower has failed to operate and manage the Project in accordance with this Agreement, in which case, the City may require Borrower to contract or cause contracting with a management agent to operate the Project, or to make other arrangements the City deems necessary to ensure performance of the functions required in **Section 8.1(a)**.

ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS.

9.1 Approvals. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to be obtained for the Project. Subject to **Section 17.2**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

9.2 Borrower Compliance. Borrower must comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of Funds for the construction, rehabilitation and/or operation of the Project, including those set forth in **Exhibit E** and **Exhibit L**. Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement. Subject to **Section 17.2**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

9.3 Additional Federal Requirements. The following provision shall apply as long as HOME Funds are used to finance the Project.

(a) Compliance With Laws Borrower agrees to abide by all applicable Laws, including HUD regulations, pertaining to this Agreement and to any contracts pertaining to the Project. In the event HUD formally amends, waives or repeals any HUD administrative regulation previously applicable to Borrower's performance under this Agreement, MOHCD expressly reserves the right, upon giving notice to HUD and Borrower, to require Borrower's performance as though the regulation were not amended, waived or repealed, subject only to written and binding objection by HUD. Borrower further acknowledges that the City may impose more stringent requirements with regard to affordability restrictions than those required by HUD and agrees to comply with the City's requirements as set forth in this Agreement.

(b) Drug-Free Workplace Borrower acknowledges that under the Federal Drug-Free Workplace Act of 1988 (41 U.S.C. §§ 701 *et seq.*), the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited on its premises. Borrower agrees that any violation of this prohibition by Borrower, its employees, agents or assigns will be deemed an Event of Default under this Agreement.

(c) Restrictions on Lobbying Activities

(i) This Agreement is subject to 31 U.S.C. Section 1352, which provides in part that, with specified exceptions, no appropriated funds may be expended by the recipient of a federal contract, grant, loan or cooperative agreement to pay any person for influencing, or attempting to influence, an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with any of the following covered federal actions: the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any

cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.

(ii) If the Funding Amount exceeds \$100,000, Borrower must file with MOHCD at the beginning of the Compliance Term and promptly after the occurrence of any change in the facts certified or disclosed:

(A) a certification substantially the same as that attached hereto as **Exhibit F**, and otherwise, in form and content satisfactory to the City and to HUD, that Borrower, its employees, officers and agents have not made, and will not make, any payment prohibited by **Subsection (i)** above; and

(B) a disclosure form, Federal Standard Form-LLL, "Disclosure of Lobbying Activities," if Borrower, its employees, officers or agents have made or agreed to make any payment using funds from a source other than the Funds that would be prohibited under **Subsection (i)** above if payment were made with Funds. The City will file the disclosure form with HUD and retain the certification for the City's records as required by Law.

(d) Debarment or Suspension Borrower must certify in form and content substantially the same as that attached hereto as **Exhibit F** that neither it nor any of its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. In addition, Borrower will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities in addition to obtaining the certification of each contractor or subcontractor whose bid is accepted.

(e) Single Audit. If Borrower cumulatively expends \$750,000.00 or more in Federal Funds during Borrower's fiscal year, Borrower must conduct a single audit or program-specific audit by an independent auditor in accordance with OMB Uniform Guidance requirements in 2 CFR part 200 subpart F (§200.500 *et seq.*), as it may be amended from time to time ("Single Audit"). Borrower must submit a copy of the Single Audit report to MOHCD within nine (9) months after the end of Borrower's fiscal year or thirty (30) days after receiving the Single Audit report from the auditor.

(f) Other HUD Requirements. The provisions of 24 CFR part 92, "HOME Investment Partnership Program," and incorporated sections of 2 CFR part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements For Federal Awards."

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

(a) Borrower understands and agrees that it will be monitored by the City from time to time to assure compliance with all terms and conditions in this Agreement and all

Laws. Borrower acknowledges that the City may also conduct periodic on-site inspections of the Project. Borrower must cooperate with the monitoring by the City and ensure full access to the Project and all information related to the Project as reasonably required by the City.

(b) Borrower must keep and maintain books, records and other documents relating to the receipt and use of all Funds, including all documents evidencing any Project Income and Project Expenses. Borrower must maintain records of all income, expenditures, assets, liabilities, contracts, operations, tenant eligibility and condition of the Project. All financial reports must be prepared and maintained in accordance with GAAP as in effect at the time of performance.

(c) Borrower must provide written notice of the replacement of its executive director, director of housing development, director of property management and/or any equivalent position within thirty (30) days after the effective date of such replacement.

10.2 Monthly Reporting. Borrower must submit monthly reports (the "MOHCD Monthly Project Update") describing progress toward developing the Project with respect to obtaining necessary approvals from other City departments, procuring architects, consultants and contractors, changes in scope, cost or schedule and significant milestones achieved in the past month and expected to be achieved in the coming month. The MOHCD Monthly Project Update must be submitted by email in substantially the form to be found in the Contracting Manual until such time as the Project Completion Report is submitted to the City pursuant to **Section 10.5** below.

10.3 Annual Reporting.

(a) From and after the Completion Date, Borrower must file with the City annual report forms (the "Annual Monitoring Report") that include audited financial statements with an income and expense statement for the Project covering the applicable reporting period, a statement of balances, deposits and withdrawals from all Accounts, line item statements of Project Expenses, Project Income, Project Fees (if any), Residual Receipts and any Distributions made, evidence of required insurance, a description of marketing activities and a rent roll, no later than one hundred fifty (150) days after the end of Borrower's fiscal year. The Annual Monitoring Report must be in substantially the form attached as **Exhibit G** or as later modified during the Compliance Term.

(b) If the source of Funds is Federal Funding, Borrower must also provide an annual accounting of program income, as defined in applicable federal regulations.

10.4 Capital Needs Assessment. In accordance with the CNA Policy, Borrower must deliver to MOHCD an updated CNA every five (5) years after the Completion Date for approval.

10.5 Project Completion Report. Within the specific time periods set forth below after the completion of rehabilitation or construction, the lease-up and/or permanent financing of the Project, as applicable, Borrower must provide to the City the reports listed below certified by

Borrower to be complete and accurate. Subsequent to the required submission of the reports listed below, Borrower must provide to the City information or documents reasonably requested by the City to assist in the City's review and analysis of the submitted reports:

(a) within ninety (90) days after the Completion Date, a draft cost certification (or other similar project audit or audit required under the HOME Program) performed by an independent certified public accountant identifying the sources and uses of all Project funds including the Funds;

(b) within one hundred-eighty (180) days after the Completion Date, a report on use of Small Disadvantaged Business Enterprises as defined in the SBE Manual, including the type of work and the dollar value of such work;

(c) within ninety (90) days after seventy-five percent (75%) occupancy, and one hundred percent (100%) occupancy, respectively, a report on the lease-up of the Units including number of leases by race, ethnicity and single-headed household by gender, to the extent available, location of previous residence, and also indicating the Units by income category; and

(d) within ninety (90) days after the Completion Date, a report demonstrating compliance with all requirements regarding relocation, including the names of all individuals or businesses occupying the Site on the date of the submission of the application for Funds, those moving in after that date, and those occupying the Site upon completion of the Project.

(e) within one hundred-eighty (180) days after the Completion Date, and if the Project has used Federal Funds, a report demonstrating compliance with all requirements regarding HUD Section 3, including documentation of total labor hours worked on the Project, total Section 3 hours worked, total wages paid, total Section 3 wages paid, and the names of all individuals employed to comply with the Section 3 and Section 3 goals, including the total hours worked for each individual and total wages paid to each individual.

10.6 Response to Inquiries. At the request of the City, its agents, employees or attorneys, Borrower must respond promptly and specifically to questions relating to the income, expenditures, assets, liabilities, contracts, operations and condition of the Project, the status of any mortgage encumbering the Project and any other requested information with respect to Borrower or the Project.

10.7 Delivery of Records. At the request of the City, made through its agents, employees, officers or attorneys, Borrower must provide the City with copies of each of the following documents, certified in writing by Borrower to be complete and accurate:

(a) all tax returns filed with the United States Internal Revenue Service, the California Franchise Tax Board and/or the California State Board of Equalization on behalf of Borrower and any general partner or manager of Borrower;

(b) all certified financial statements of Borrower and, if applicable, its general partner or manager, the accuracy of which must be certified by an auditor satisfactory to the City; and

(c) any other records related to Borrower's ownership structure and the use and occupancy of the Site.

10.8 Access to the Project and Other Project Books and Records. In addition to Borrower's obligations under **Sections 2.4, 10.1, 10.2, 10.3, 10.4, 10.5, 10.6 and 10.7** and any other obligations to provide reports or maintain records in any City Document, Borrower agrees that duly authorized representatives of the City will have: (a) access to the Project throughout the Compliance Term to monitor the progress of work on the Project and compliance by Borrower with the terms of this Agreement and subject to the rights of tenants; and (b) access to and the right to inspect, copy, audit and examine all books, records and other documents Borrower is required to keep at all reasonable times, following reasonable notice, for the retention period required under **Section 10.9**.

10.9 Records Retention. Borrower must retain all records required for the periods required under applicable Laws, including 24 CFR Section 92.508.

ARTICLE 11 USE OF INCOME FROM OPERATIONS.

11.1 Project Operating Account.

(a) Borrower must deposit all Project Income promptly after receipt into a segregated depository account (the "Project Operating Account") established exclusively for the Project. Withdrawals from the Project Operating Account may be made only in accordance with the provisions of this Agreement and the approved Annual Operating Budget, as it may be revised from time to time with the City's approval. Borrower may make withdrawals from the Project Operating Account solely for the payment of Project Expenses and Project Fees. Withdrawals from the Project Operating Account (including accrued interest) for other purposes may be made only with the City's express prior written approval.

(b) Borrower must keep accurate records indicating the amount of Project Income deposited into and withdrawn from the Project Operating Account and the use of Project Income. Borrower must provide copies of the records to the City upon request.

ARTICLE 12 REQUIRED RESERVES.

12.1 Replacement Reserve Account.

(a) Commencing no later than sixty (60) days after the Completion Date, or any other date the City designates in writing, Borrower must establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account"). On or before the 15th day of each month following establishment of the Replacement Reserve Account, Borrower must make monthly deposits from Project Income into the

Replacement Reserve Account in the amount necessary to meet the requirements of this Section. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary.

(b) Monthly deposits must equal the lesser of: (i) 1/12th of 0.6% of Replacement Cost; or (ii) 1/12th of the following amount: \$54,000. After the Project's first five (5) years of operation, Borrower may request adjustments every five (5) years based on its most recently approved CNA.

(c) Borrower may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Project, such as replacing or repairing structural elements, furniture, fixtures or equipment of the Project that are reasonably required to preserve the Project. Borrower may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without the City's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed.

12.2 Operating Reserve Account.

(a) Commencing on the Conversion Date, or any other date the City designates in writing, Borrower must establish or cause to be established a segregated interest-bearing operating reserve depository account (the "Operating Reserve Account") by depositing funds in an amount equal to twenty-five percent (25%) of the approved budget for Project Expenses for the first full year of operation of the Project. The City may review the adequacy of deposits to the Operating Reserve Account periodically and require adjustments as it deems necessary.

(b) No less than annually after establishing the Operating Reserve Account and continuing until the Compliance Term has expired, Borrower must make additional deposits, if necessary, to bring the balance in the Operating Reserve Account to an amount equal to twenty-five percent (25%) of the prior year's actual Project Expenses.

(c) Borrower may withdraw funds from the Operating Reserve Account solely to alleviate cash shortages resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancies and other expenses that vary seasonally or from month to month in the Project. Borrower may not withdraw funds (including any accrued interest) from the Operating Reserve Account for any other purpose without the City's prior written approval.

12.3 Commercial Space Reserve Account(s). In addition to the reserve requirements set forth above, Borrower may establish the following reserve accounts:

(a) No later than the date of funding the conversion installment of capital contributions by Borrower's limited partner, Borrower shall deposit in the Operating Reserve Account a one-time amount equal to Sixty Five Thousand and No/100 dollars (\$65,000.00) (the "Commercial Operating Reserve Account Deposit"), which amount shall not be required to be replenished. The Commercial Operating Reserve Account Deposit may be used to fund any shortfall operating or maintenance costs in connection with the Commercial Space.

(b) The City may review the adequacy of deposits to the Commercial Reserve Account and/or the Commercial Replacement Reserve Account periodically and require adjustments as it deems necessary.

ARTICLE 13 DISTRIBUTIONS.

13.1 Definition. "Distributions" refers to cash or other benefits received as Project Income from the operation of the Project and available to be distributed to Borrower or any party having a beneficial interest in the Project, but does not include reasonable payments for property management, asset management and approved deferred Developer Fees or other services performed in connection with the Project.

13.2 Conditions to Distributions. The 20-Year Cash Flow Proforma attached hereto as Exhibit B-2 includes projections of annual Distributions. Exhibit B-2 is not intended to impose limits on the amounts to be annually distributed. Distributions for a particular fiscal year may be made only following: (a) City approval of the Annual Monitoring Report submitted for that year; (b) the City's determination that Borrower is not in default under this Agreement or any other agreement entered into with the City and County of San Francisco or the City for the Project; and (c) the City's determination that the amount of the proposed Distribution satisfies the conditions of this Agreement. The City will be deemed to have approved Borrower's written request for approval of a proposed Distribution unless the City delivers its disapproval or request for more information to Borrower within thirty (30) business days after the City's receipt of the request for approval.

13.3 Prohibited Distributions. No Distribution may be made in the following circumstances:

(a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or

(b) when the City determines that Borrower or Borrower's management agent has failed to comply with this Agreement; or

(c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or

(d) if the Replacement Reserve Account, Operating Reserve Account or any other reserve account required for the Project is not fully funded under this Agreement; or

(e) if the Loan is to be repaid from Residual Receipts, Borrower failed to make a payment when due on a Payment Date and the sum remains unpaid; or

(f) during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any time the City determines the Loan is out of balance) under any City Document.

13.4 Borrower's Use of Residual Receipts for Development. To the extent that making a Distribution is not inconsistent with any other financing agreement for the Project, and subject to the limitations in this Article, with the City's prior written approval Borrower may retain a portion of Residual Receipts in lieu of using them to repay the Loan in an amount consistent with the Residual Receipts Policy attached hereto as **Exhibit P**. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note. Subject to the terms of this Agreement and the conditions to distribution of Residual Receipts set forth in Exhibit P, Borrower may retain 50% of Residual Receipts until the earlier of (i) the fifteenth (15th) anniversary of the first Payment Date; or (ii) the payment in full of the deferred development fee in the approved amount of Six Million Five Hundred and Forty Eight Thousand Nine Hundred and Thirty Seven and no/100 dollars (\$6,548,937.00) payable by the Borrower to Developer pursuant to the Development Agreement by and between the Borrower and Developer dated as of January 30, 2020. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note.

ARTICLE 14 SYNDICATION PROCEEDS.

14.1 Distribution and Use. If Borrower is a limited partnership or limited liability company, and unless otherwise approved by the City in writing, Borrower must allocate, distribute and pay or cause to be allocated, distributed and paid all net syndication proceeds and all loan and grant funds as specified in the Table. Borrower must notify the City of the receipt and disposition of any net syndication proceeds received by Borrower during the term of this Agreement.

ARTICLE 15 DEVELOPER FEES.

15.1 Amount. The City has approved the payment of fees in an amount not to exceed Nine Million Five Hundred Seventy Eight Thousand Nine Hundred and Thirty Seven and no/100 Dollars (\$9,578,937.00) to Developer for developing the Project ("Developer Fees"), subject to the Developer Fee Policy and the terms and conditions in a Developer Fee Agreement by and among the City, Borrower and Developer.

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower may not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units and/or Commercial Space in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion (c) transfers from Borrower to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Borrower or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity or is the manager of a limited liability company that is the sole general partner or manager of that entity; (d) transfers of the

general partnership or manager's interest in Borrower to a nonprofit public benefit corporation approved in advance by the City; (e) transfers of any limited partnership or membership interest in Borrower to an investor pursuant to the tax credit syndication of the Project and/or as otherwise permitted by Tenant's amended and restated partnership agreement; (f) the grant or exercise of an option agreement between Borrower and Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by the City; or (g) to remove or replace the General Partner in accordance with the terms of the Partnership Agreement, a transfer of any general partnership interest to a new general partner reasonably approved in advance by the City. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

ARTICLE 17 INSURANCE AND BONDS; INDEMNITY.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or cause to be obtained and maintained, insurance and bonds as set forth in **Exhibit L** from the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County until the expiration of the Compliance Term at no expense to the City.

17.2 Borrower's Indemnity Obligations. Borrower must indemnify, protect, defend and hold harmless each of the Indemnitees from and against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the City Documents (including those covenants set forth in **Article 18** below); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents, the Loan, the Site or the Project or any transaction contemplated by, or the relationship between Borrower and the City or any action or inaction by the City under, the City Documents; (f) the occurrence, until the expiration of the Compliance Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring before the expiration of the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 9.2 and 18.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates

to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnatee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct.

17.3 Duty to Defend. Borrower acknowledges and agrees that its obligation to defend the Indemnitees under **Section 17.2**: (a) is an immediate obligation, independent of its other obligations hereunder; (b) applies to any Loss which actually or potentially falls within the scope of **Section 17.2**, regardless of whether the allegations asserted in connection with such Loss are or may be groundless, false or fraudulent; and (c) arises at the time the Loss is tendered to Borrower by the Indemnatee and continues at all times thereafter. In the event any action or proceeding is brought against an Indemnatee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower must answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnatee at Borrower's sole expense. Each Indemnatee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnatee in connection with the matters covered by this Agreement. The Indemnatee must give Borrower prompt notice of any Loss and Borrower has the right to defend, settle and compromise any such Loss; provided, however, that the Indemnatee has the right to retain its own counsel at the expense of Borrower if representation of such Indemnatee by the counsel retained by Borrower would be inappropriate due to conflicts of interest between such Indemnatee and Borrower. An Indemnatee's failure to notify Borrower promptly of any Loss does not relieve Borrower of any liability to such Indemnity under **Section 17.2**, unless such failure materially impairs Borrower's ability to defend such Loss. Borrower must seek the Indemnified Party's prior written consent to settle or compromise any Loss if Borrower contends that such Indemnatee shares in liability with respect thereto.

17.4 No Limitation. Borrower's obligations under **Section 17.2** are not limited by the insurance requirements under this Agreement.

17.5 Survival. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement.

ARTICLE 18 HAZARDOUS SUBSTANCES.

18.1 Borrower's Representations. Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as disclosed in the Phase I dated June 14, 2016, completed by Langan Treadwell Rollo or otherwise in writing: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on,

under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

18.2 Covenant. Unless the City otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, Borrower must: (a) comply with all applicable Environmental Laws relating to the Site and the Project, and not engage in or otherwise permit the occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Section will prevent Borrower from contesting, in good faith and by appropriate proceedings, any interpretation or application of Environmental Laws; and (b) deliver to the City notice of the discovery by Borrower of any event rendering any representation contained in this Section incorrect in any respect promptly following Borrower's discovery.

18.3 Survival . Borrower and City agree that this Article 18 is intended as City's written request for information (and Borrower's response) concerning the environmental condition of the Site as security as required by California Code of Civil Procedure § 726.5; and each provision in this Article (together with any indemnity applicable to a breach of any such provision) with respect to the environmental condition of the Site as security is intended by City and Borrower to be an "environmental provision" for purposes of California Code of Civil Procedure § 736, and as such it is expressly understood that Borrower's duty to indemnify City hereunder shall survive: (a) any judicial or non-judicial foreclosure under the Deed of Trust, or transfer of the Property in lieu thereof, (b) the release and reconveyance or cancellation of the Deed of Trust; and (c) the satisfaction of all of Borrower's obligation under the City Documents.

ARTICLE 19 DEFAULT.

19.1 Event of Default. Any material breach by Borrower of any covenant, agreement, provision or warranty contained in this Agreement or in any of the City Documents that remains uncured upon the expiration of any applicable notice and cure periods contained in any City Document will constitute an "Event of Default," including the following:

(a) Borrower fails to make any payment required under this Agreement within ten (10) days after the date when due; or

(b) Any lien is recorded against all or any part of the Site or the Project without the City's prior written consent, whether prior or subordinate to the lien of the Deed of Trust or Declaration of Restrictions, and the lien is not removed from title or otherwise remedied to the City's satisfaction within thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by

the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

(c) Borrower fails to perform or observe any other term, covenant or agreement contained in any City Document, and the failure continues for thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

(d) Any representation or warranty made by Borrower in any City Document proves to have been incorrect in any material respect when made; or

(e) All or a substantial or material portion of the improvements on the Site is damaged or destroyed by fire or other casualty, and the City has determined upon restoration or repair that the security of the Deed of Trust has been impaired or that the repair, restoration or replacement of the improvements in accordance with the requirements of the Deed of Trust is not economically practicable or is not completed within two (2) years of the receipt of insurance proceeds; or all or a substantial or material portion of the improvements is condemned, seized or appropriated by any non-City Governmental Agency or subject to any action or other proceeding instituted by any non-City Governmental Agency for any purpose with the result that the improvements cannot be operated for their intended purpose; or

(f) Borrower is dissolved or liquidated or merged with or into any other entity; or, if Borrower is a corporation, partnership, limited liability company or trust, Borrower ceases to exist in its present form and (where applicable) in good standing and duly qualified under the laws of the jurisdiction of formation and California for any period of more than ten (10) days; or, if Borrower is an individual, Borrower dies or becomes incapacitated; or all or substantially all of the assets of Borrower are sold or otherwise transferred except as permitted under **Section 16.1**; or

(g) Without the City's prior written consent, Borrower assigns or attempts to assign any rights or interest under any City Document, whether voluntarily or involuntarily, except as permitted under **Section 16.1**; or

(h) Without the City's prior written consent, Borrower voluntarily or involuntarily assigns or attempts to sell, lease, assign, encumber or otherwise transfer all or any portion of the ownership interests in Borrower or of its right, title or interest in the Project or the Site except as permitted under **Article 16**; or

(i) Without the City's prior written consent, Borrower transfers, or authorizes the transfer of, funds in any Account required or authorized under this Agreement; or

(j) Either the Deed of Trust or the Declaration of Restrictions ceases to constitute a valid and indefeasible perfected lien on the Site and improvements, subject only to Permitted Exceptions; or

(k) Borrower is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any receiver, trustee or similar official for Borrower or for all or any part of its property (or an appointment is made without its consent and the appointment continues undischarged and unstayed for sixty (60) days); or Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to Borrower or to all or any part of its property under the laws of any jurisdiction (or a proceeding is instituted without its consent and continues undismissed and unstayed for more than sixty (60) days); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against the Site, the improvements or any other property of Borrower and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

(l) Any material adverse change occurs in the financial condition or operations of Borrower, such as a loss of services funding or rental subsidies, that has a material adverse impact on the Project, provided that, if the Borrower provides an alternate funding source to cover a loss of funding or rental subsidy that is reasonably satisfactory to the City, a material adverse impact shall not be deemed to have occurred; or

(m) Borrower fails to make any payments or disbursements required to bring the Loan in balance after the City determines that the Loan is out of balance; or

(n) Borrower is in default of its obligations with respect to the Ground Lease or any funding obligation (other than the Loan) for the Project, and the default remains uncured following the expiration of any applicable cure periods; or

(o) Borrower is in default of its obligations under any other agreement entered into with the City and County of San Francisco, and the default remains uncured following the expiration of any applicable cure periods.

Notwithstanding the foregoing, the Limited Partner shall have the right to cure any Event of Default, and City shall accept or reject such cure on the same terms as if rendered by Borrower.

19.2 Remedies. During the pendency of an uncured Event of Default, the City may exercise any right or remedy available under this Agreement or any other City Document or at law or in equity. All of the City's rights and remedies following an Event of Default are cumulative, including:

(a) The City at its option may declare the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other City Documents, immediately due and payable without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which Borrower expressly waives.

(b) The City at its option may terminate all commitments to make Disbursements or to release the Site from the Deed of Trust or Declaration of Restrictions, or, without waiving the Event of Default, the City may determine to make further Disbursements or to release all or any part of the Site from the Deed of Trust or Declaration of Restrictions upon terms and conditions satisfactory to the City in its sole discretion.

(c) The City may perform any of Borrower's obligations in any manner, in the City's reasonable discretion.

(d) The City, either directly or through an agent or court-appointed receiver, may take possession of the Project and enter into contracts and take any other action the City deems appropriate to complete or construct all or any part of the improvements, subject to modifications and changes in the Project the City deems appropriate.

(e) The City may apply to any court of competent jurisdiction for specific performance, or an injunction against any violation, of this Agreement or for any other remedies or actions necessary or desirable to correct Borrower's noncompliance with this Agreement.

(f) Upon the occurrence of an Event of Default described in **Section 19.1(k)**, the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other City Documents, will become due and payable automatically.

(g) All costs, expenses, charges and advances of the City in exercising its remedies or to protect the Project will be deemed to constitute a portion of the principal balance of the Note, even if it causes the principal balance to exceed the face amount of the Note, unless Borrower reimburses the City within ten (10) days of the City's demand for reimbursement.

19.3 Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of the City or Borrower rendered impossible to perform while the event continues: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty and other causes beyond the control of the party obligated to perform. The occurrence of a force majeure event will excuse Borrower's performance only in the event that Borrower has provided notice to the City within thirty (30) days after the occurrence or commencement of the event or events, and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

19.4 City's Recourse. The City's recourse against Borrower following an Event of Default is limited as set forth more specifically in the Note.

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

20.1 **Borrower Representations and Warranties.** As a further inducement for the City to enter into this Agreement, Borrower represents and warrants as follows:

(a) The execution, delivery and performance of the City Documents will not contravene or constitute a default under or result in a lien upon assets of Borrower under any applicable Law, any Charter Document of Borrower or any instrument binding upon or affecting Borrower, or any contract, agreement, judgment, order, decree or other instrument binding upon or affecting Borrower.

(b) When duly executed, the City Documents will constitute the legal, valid and binding obligations of Borrower. Borrower hereby waives any defense to the enforcement of the City Documents related to alleged invalidity of the City Documents.

(c) No action, suit or proceeding is pending or, to the Borrower's knowledge, threatened that might affect Borrower or the Project adversely in any material respect.

(d) Borrower is not in default under any agreement to which it is a party, including any lease of real property.

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its general contractor been suspended, disciplined or prohibited from contracting with any Governmental Agency.

(f) The Loan is in balance, and the Funding Amount, together with all other committed sources of financing for the Project, are sufficient to complete the Project in accordance with this Agreement.

(g) All statements and representations made by Borrower in connection with the Loan remain true and correct as of the date of this Agreement.

(h) The Borrower is duly organized and in good standing under applicable laws of the State of California and is qualified to do business in the City and County of San Francisco.

ARTICLE 21 NOTICES.

21.1 Written Notice. All notices required by this Agreement must be made in writing and may be communicated by personal delivery, by a nationally recognized courier that obtains receipts, facsimile (if followed within one (1) business day by first class mail) or by United States certified mail, postage prepaid, return receipt requested. Delivery will be deemed complete as of the earlier of actual receipt (or refusal to accept proper delivery) or five (5) days after mailing, *provided that* any notice that is received after 5 p.m. on any day or on any weekend or holiday will be deemed to have been received on the next succeeding business day. Notices must be addressed as follows:

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

To Borrower: Turk 500 Associates, L.P.
c/o TNDC
201 Eddy Street
San Francisco, CA 94102
Attn: Chief Executive Officer

With a copy to
Borrower's Limited
Partner at: Wells Fargo Affordable Housing Community Development
Corporation
MAC #D1053-170
301 South College Street
Charlotte, North Carolina 28288-0170
Attention: Director of Tax Credit Asset Management

and
Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603
Attention: Philip C. Spahn

or any other address a party designates from time to time by written notice sent to the other party in manner set forth in this Section.

21.2 Required Notices. Borrower agrees to provide notice to the City in accordance with **Section 21.1** of the occurrence of any change or circumstance that: (a) will have an adverse effect on the physical condition or intended use of the Project; (b) causes the Loan to be out of balance; or (c) will have a material adverse effect on Borrower's operation of the Property or ability to repay the Loan.

21.3 Notice to Limited Partner. The City agrees to deliver a copy of any notice of default to Borrower's limited partner at the address set forth above at the same time and in the same manner as notice is delivered to Borrower.

ARTICLE 22 GENERAL PROVISIONS.

22.1 Subordination. The Deed of Trust may be subordinated to other financing secured by and used for development of the Project (in each case, a "Senior Lien"), but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval.

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

22.3 No Claims by Third Parties. Nothing contained in this Agreement creates or justifies any claim against the City by any person or entity with respect to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Project. Borrower must include this requirement as a provision in any contracts for the development of the Project.

22.4 Entire Agreement. This Agreement and its Exhibits incorporate the terms of all agreements made by the City and Borrower with regard to the subject matter of this Agreement. No alteration or variation of the terms of this Agreement will be valid unless made in writing and signed by the parties hereto. No oral understandings or agreements not incorporated herein will be binding on the City or Borrower.

22.5 City Obligations. The City's sole obligation under this Agreement is limited to providing the Funds as described in this Agreement, up to the Funding Amount. Under no circumstances, including breach of this Agreement, will the City be liable to Borrower for any special or consequential damages arising out of actions or failure to act by the City in connection with any of the City Documents.

22.6 Borrower Solely Responsible. Borrower is an independent contractor with the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance contemplated under this Agreement. Borrower is solely responsible for: (a) its own acts and those of its agents, employees and contractors and all matters relating to their performance, including compliance with Social Security, withholding and all other Laws governing these matters and requiring that contractors include in each contract that they will be solely responsible for similar matters relating to their employees;

(b) any losses or damages incurred by Borrower, any of its contractors or subcontractors and the City and its officers, representatives, agents and employees on account of any act, error or omission of Borrower in the performance of this Agreement or any other City Document and the development and operation of the Project; and (c) all costs and expenses relating to Borrower's performance of obligations under the City Documents, the delivery to the City of documents, information or items under or in connection with any of the City Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any City Document or document required under any City Document.

22.7 No Inconsistent Agreements. Borrower warrants that it has not executed and will not execute any other agreement(s) with provisions materially contradictory or in opposition to the provisions of this Agreement.

22.8 Inconsistencies in City Documents. In the event of any conflict between the terms of this Agreement and any other City Document, the terms of this Agreement control unless otherwise stated; *provided, however*, that any provision in this Agreement in conflict with any Law will be interpreted subject to that Law.

22.9 Governing Law. This Agreement is governed by California law without regard to its choice of law rules.

22.10 Joint and Several Liability. If Borrower consists of more than one person or entity, each is jointly and severally liable to the City for the faithful performance of this Agreement.

22.11 Successors. Except as otherwise limited herein, the provisions of this Agreement bind and inure to the benefit of the undersigned parties and their heirs, executors, administrators, legal representatives, successors and assigns. This provision does not relieve Borrower of its obligation under the City Documents to obtain the City's prior written consent to any assignment or other transfer of Borrower's interests in the Loan, the Site or the ownership interests in Borrower.

22.12 Attorneys' Fees. If any legal action is commenced to enforce any of the terms of this Agreement or rights arising from any party's actions in connection with this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees (including allocated fees of the City Attorney's Office) and costs of suit from the other party, whether incurred in a judicial, arbitration, mediation or bankruptcy proceeding or on appeal. For the purposes of this Agreement, reasonable fees of attorneys in the City Attorney's office will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter of law for which the City Attorney's services were rendered, who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office. An award of attorneys' fees and costs will bear interest at the default rate under the Note from the date of the award until paid.

22.13 Severability. The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

22.14 Time. Time is of the essence in this Agreement. Whenever the date on which an action must be performed falls on a Saturday, Sunday or federal holiday, the date for performance will be deemed to be the next succeeding business day.

22.15 Further Assurances. Borrower agrees to: (a) pursue in an effective and continuous manner; (b) use best efforts to achieve; and (c) take all actions reasonably required by the City from time to time to confirm or otherwise carry out the purpose of this Agreement.

22.16 Binding Covenants. The provisions of the City Documents constitute covenants running with the land and will be binding upon Borrower and Borrower's successors and assigns, and all parties having or acquiring any right, title or interest in whatever form, including leasehold interests (other than Tenants and approved commercial tenants), in or to any part of the Property, except that the same will terminate and become void automatically at the expiration of the Compliance Term of this Agreement. Any attempt to transfer any right, title or interest in the Property in violation of these covenants will be void.

22.17 Consent. Except as expressly provided otherwise, whenever consent or approval of a party is required in any City Document, that party agrees not to withhold or delay its consent or approval unreasonably.

22.18 Counterparts. This Agreement may be executed in any number of counterparts, all of which will constitute but one agreement.

22.19 Borrower's Personnel. The Project shall be implemented only by competent personnel under the direction and supervision of Borrower.

22.20 Borrower's Board of Directors. Borrower, or Borrower's manager or general partner, as applicable, shall at all times be governed by a legally constituted and fiscally responsible board of directors. Such board of directors shall meet regularly and maintain appropriate membership, as established in the bylaws and other governing documents of Borrower, Borrower's manager or Borrower's general partner, as applicable, and shall adhere to applicable provisions of federal, state and local laws governing nonprofit corporations. Such board of directors shall exercise such oversight responsibility with regard to this Agreement as is necessary to ensure full and prompt performance by Borrower of its obligations under this Agreement.

22.23 Exhibits. The following exhibits are attached to this Agreement and incorporated by reference:

EXHIBITS

- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma


B-4	20-Year Commercial Cash Flow Proforma
C	Form of Tenant Income Certification
D	First Source Hiring Requirements and Numerical Goals
E	Governmental Requirements
F	Lobbying/Debarment Certification Form
G	Form of Annual Monitoring Report
H	Tenant Selection Plan Policy
I	MOHCD Tenant Screening Criteria Policy
J	Developer Fee Policy
K	Hold Harmless Policy
L	Insurance Requirements
M	Reserved
N	Reserved
O	MOHCD Commercial Underwriting Guidelines
P	MOHCD Residual Receipts Policy


SIGNATURES ON THE NEXT PAGE

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

THE CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: 
London N. Breed
Mayor

By: 
Daniel Adams
Acting 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: 
Donald S. Falk
Chief Executive Officer

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: 
Keith Nagayama
Deputy City Attorney

EXHIBIT A
Schedules of Income and Rent Restrictions

1. **Income and Rent Restrictions.** Maximum rent is 30% of maximum income level. As used in this Agreement, the term "Qualified Tenant" includes each category of Tenant included below:

Unit Size	No. of Units	Maximum Income Level
Studio	2	80% of Median Income
1BR	2	80% of Median Income
2BR	5	80% of Median Income
3BR	2	80% of Median Income
Studio	5	60% of Median Income
1BR	4	60% of Median Income
2BR	10	60% of Median Income
3BR	2	60% of Median Income
Studio	13	50% of Median Income
1BR	5	50% of Median Income
2BR	15	50% of Median Income
3BR	4	50% of Median Income
Studio	3	40% of Median Income
1BR	3	40% of Median Income
2BR	8	40% of Median Income
3BR	2	40% of Median Income
1BR	6	30% of Median Income
2BR	12	30% of Median Income
3BR	4	30% of Median Income
2 BR	1	Manager

Twenty-seven (27) units must be rented at all times to tenants receiving vouchers or other subsidy through the HAP contract, for so long as these subsidies are available. If the HAP is terminated, discontinued or reduced at no fault of Borrower with respect to the Project, then the rent restrictions above may be altered, but only to the extent necessary for the Project to remain financially feasible, as determined in City's reasonable discretion; provided that:

(i) Borrower diligently pursues an additional or alternative source of income or subsidy acceptable to the City to replace the rental subsidies.

(ii) One hundred percent (100%) of the Units must at all times be occupied by Qualified Households whose Adjusted Income does not exceed eighty percent (80%) of Median Income, and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of eighty percent (80%) of Median Income (b) less utility allowance. The maximum initial occupancy income level restrictions when averaged for all Residential Units in the Project may not exceed sixty percent (60%) of Median Income and subject to any applicable regulatory

agreement, restrictive covenant, or other encumbrance. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

(iii) If the Project continues to demonstrate financial infeasibility after the rent alterations above, to the extent financially feasible as determined in City's reasonable discretion, the City will waive the average income restriction of sixty percent (60%) of Median Income for all Residential Units, and increase rents to the extent necessary for Project to remain financially feasible (not past TCAC maximums); provided that one hundred percent (100%) of the Units must at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed eighty percent (80%) of area median income, as published by TCAC (the "TCAC Median Income"), and the monthly rent paid by the Qualified Households may not exceed (a) thirty percent (30%) of eighty percent (80%) of TCAC Median Income (b) less utility allowance. On an annual basis, Borrower will convert to the TCAC Median Income and maximum rent to the corresponding published MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation. The maximum initial occupancy income level restrictions when averaged for all Residential Units in the Project may not exceed sixty percent (60%) of TCAC Median Income and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance.

In such event, the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. The relief provided by the foregoing will not be construed as authorizing Borrower to exceed any income or rent restriction imposed on the Project by CDLAC, CTCAC, or under any other agreement. Borrower covenants and warrants that it will use obtain all necessary approvals or relief from any other applicable income or rent limitations before implementing the relief provided above.

2. The total amount for rent and utilities (with the maximum allowance for utilities determined by the San Francisco Housing Authority) charged to a Qualified Tenant may not exceed the greater of:

(i) thirty percent (30%) of the applicable maximum income level, adjusted for household size; or

(ii) the tenant paid portion of the contract rent as determined by the San Francisco Housing Authority for Qualified Tenants holding Section 8 vouchers or certificates.

Rents may be increased as permitted pursuant to Section 7.3 of the Agreement.

3. To the extent the Borrower needs to repay the full outstanding loan balance by the Maturity Date, the rent restrictions above may be altered, but only to the extent necessary for the Project to refinance and repay the full outstanding loan balance by the Maturity Date, as determined in City's reasonable discretion. One hundred percent (100%) of the Units must at all times be occupied by Qualified Households whose Adjusted Income does not exceed eighty percent (80%) of Median Income, and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of eighty percent (80%) of Median Income (b) less utility allowance. The maximum initial occupancy income level restrictions when averaged for all

Residential Units in the Project may not exceed sixty percent (60%) of Median Income and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance. In such event, Borrower will provide the City with a written request no less than one year prior to the Maturity Date, and the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

4. Pursuant to HOME program regulations set forth in 24 CFR Part 92, no less than twenty two (22) of the total residential units in the Project must be rented to Qualified Tenants with a maximum income of 50% of median income, as determined by HUD and published annually, and restricted to a maximum rent of 30% of such maximum income level, adjusted for household size. With respect to the requirements in Section 1 above, Borrower will apply the most restrictive maximum income and maximum rent during the Compliance Term. Notwithstanding the foregoing, the Units designated as HOME units shall not be the 27 Units receiving vouchers or other subsidy through the HAP contract described above.

EXHIBIT B-1

Table of Sources and Uses of Funds

[To be attached.]

Application Date:10/18/19

Project Name:500 Turk / 555 Larkin

Project Address:555 Larkin St

Project Sponsor:Tenderloin Neighborhood Development Corporation

Units:108

Bedrooms:133

Beds:

SOURCES	Total Sources										Comments
	7,802,564	11,776,436	-	329,901	13,700,000	10,953,000	-	500,000	6,548,937	30,803,465	
Name of Sources:		MOHCD/OCII	MOHCD Gap Loan	Interim Use	AHSC	Perm Debt		GP Equity	Deferred	LP Equity	

USES

ACQUISITION

Acquisition cost or value	0										0	
Legal / Closing costs / Broker's Fee		270,061									270,061	
Holding Costs	105,000	114,665		280,335							500,000	Lease buyout expense
Transfer Tax											0	
TOTAL ACQUISITION	105,000	384,726	0	280,335	0	0	0	0	0	0	770,061	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab		5,406,996			13,700,000	10,953,000				15,556,770	45,616,766	Include FF&E
Commercial Shell Construction										892,604	892,604	Approximately \$460,448 covers cold shell, \$181,066 covers warm shell and \$178,785 covers TI allowance
Demolition										55,900	55,900	
Environmental Remediation										417,323	417,323	
Onsight Improvements/Landscaping											0	
Offsite Improvements											0	
Infrastructure Improvements											0	
Parking											0	
GC Bond Premium/GC Insurance/GC Taxes										640,078	640,078	1.4%
GC Overhead & Profit										1,935,686	1,935,686	4.1%
CG General Conditions										2,288,576	2,288,576	4.9%
Sub-total Construction Costs	0	5,406,996	0	0	13,700,000	10,953,000	0	0	0	21,786,937	51,846,933	
Design Contingency (remove at DD)											0	0.0%
Bid Contingency (remove at bid)											0	0.0%
Plan Check Contingency (remove/reduce during Plan Review)		506,550									506,550	1.1%
Hard Cost Construction Contingency										2,608,730	2,608,730	5.0% of \$51.2MM
Sub-total Construction Contingencies	0	506,550	0	0	0	0	0	0	0	0	3,115,280	5.6%
TOTAL CONSTRUCTION COSTS	0	5,913,546	0	0	13,700,000	10,953,000	0	0	0	24,395,667	54,962,213	

SOFT COSTS

Architecture & Design

Architect design fees	2,058,447	39,736								262,428	2,360,611	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)											0	
Architect Construction Admin		590,153									590,153	
Reimbursables		118,031									118,031	
Additional Services		118,031									118,031	
Sub-total Architect Contract	2,058,447	865,951	0	0	0	0	0	0	0	0	262,428	3,186,826
Other Third Party design consultants (not included under Architect contract)												Third party plan check (\$40,000 - est.), Archaeological (\$50,000 - est.), Dry Utilities (\$54K est) Telecom/Data (\$15,000 - est.), Acoustical consultant (7,500 - est.) Security (\$250,000 - est.), EBMS (\$15,000 - est.), Code Consultant (\$30,650 - est.), Other - (such as pest mgmt, small design/bid contracts, etc.) (\$25,000), Special Inspections - \$225,000 - est.; Interior Design (\$20,000 - est.); Solar Consultant (\$10,000)
	90,189	651,960									742,149	
Total Architecture & Design	2,148,637	1,517,911	0	0	0	0	0	0	0	0	262,428	3,928,975

Engineering & Environmental Studies

Survey	50,000										50,000	
Geotechnical studies	48,202	61,798									110,000	
Phase I & II Reports	65,725	29,275									95,000	
												Left Coast Architectural History (HRE) - \$8,000; PreVision Design (Shadow Study)- \$5,400; TrenorHL(ceqa mitigation)-\$70,000; LSA CEQA report - \$98,950; Frederic Knapp (Historic Consultant) - \$8,564
CEQA / Environmental Review consultants	74,741	116,173									190,914	
NEPA / 106 Review	27,446	501									27,947	
CNA/PNA (rehab only)											0	
Other environmental consultants											0	Name consultants & contract amounts
Total Engineering & Environmental Studies	266,114	207,747	0	0	0	0	0	0	0	0	0	473,861

Financing Costs

Construction Financing Costs												
Construction Loan Origination Fee	218,600										218,600	
Construction Loan Interest		1,110,622								2,098,184	3,208,806	
Title & Recording	36,559	45,754		32,687							115,000	
CDLAC & CDIAC fees	16,572			5,000							21,572	
Bond Issuer Fees		20,530		11,879							32,409	
Other Bond Cost of Issuance	234,722	45,311									280,033	
Other Lender Costs: acq loan fees, legal and interest	1,033,190	60,644									1,093,834	
Sub-total Const. Financing Costs	1,539,643	1,282,860	0	49,566	0	0	0	0	0	2,098,184	4,970,254	
Permanent Financing Costs												
Permanent Loan Origination Fee	77,148	5,000									82,148	
Credit Enhance. & Appl. Fee											0	
Title & Recording		10,000									10,000	
Sub-total Perm. Financing Costs	77,148	15,000	0	0	0	0	0	0	0	0	92,148	
Total Financing Costs	1,616,791	1,297,860	0	49,566	0	0	0	0	0	2,098,184	5,062,402	

Legal Costs

Borrower Legal fees	148,837	61,727									210,564	
Land Use / CEQA Attorney fees	273,195	26,805									300,000	Coblentz, Patch Duffy, and Bass LLP
Tax Credit Counsel	20,000	35,000									55,000	
Bond Counsel											0	
Construction Lender Counsel											0	
Permanent Lender Counsel											0	
Other Legal (specify)											0	
Total Legal Costs	442,032	123,532	0	0	0	0	0	0	0	0	0	565,564

Other Development Costs

Appraisal	14,500	5,500									20,000	
Market Study	10,000										10,000	
Insurance	622,927	155,424									778,351	
Property Taxes	416,659										416,659	
Accounting / Audit	3,587	31,413									35,000	
Organizational Costs	8,444	3,556									12,000	
Entitlement / Permit Fees	1,133,718	58,122									1,191,840	
Marketing / Rent-up		132,043									132,043	\$1000/unit for residential; \$25,043 (10.50/sf) for comm1
Furnishings		216,000									216,000	\$2,000/unit: See MOHCD UAW Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	8,669	820,457									829,126	
TCAC App / Alloc / Monitor Fees	49,797	25,834									75,631	
Financial Consultant fees	62,500	2,500									65,000	
Construction Management fees / Owner's Rep	55,243	144,757									200,000	
Security during Construction											0	
Relocation	2,791	12,209									15,000	
												JERO for potholing; addl \$25k for estimated consultants on back-end to address PM concerns
Direct Contracts	29,633	20,367									50,000	
Community Outreach	2,358	197,642									200,000	
Other (specify)											0	
Total Other Development Costs	2,420,826	1,825,823	0	0	0	0	0	0	0	0	0	4,246,649

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	33,163	505,292	0	0	0	0	0	0	0	0	538,455	5%
TOTAL SOFT COSTS	6,927,564	5,478,164	0	49,566	0	0	0	0	0	2,360,612	14,815,905	3.8%

RESERVES

Operating Reserves										515,138	515,138	
Replacement Reserves											0	
Tenant Improvements Reserves										65,000	65,000	
Start-up reserve										302,701	302,701	
HCD Subsidy Transition Reserve										1,404,346	1,404,346	
TOTAL RESERVES	0	0	0	0	0	0	0	0	0	2,287,186	2,287,186	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	770,000									330,000	1,100,000	
Developer Fee - Cash-out At Risk										1,430,000	1,430,000	\$250K commercial developer fee included in the at risk amount
Developer Fee - GP Equity (also show as source)								500,000			500,000	
Developer Fee - Deferred (also show as source)									6,548,937		6,548,937	
Development Consultant Fees											0	Need MOHCD approval for this cost, N/A for most projects
TOTAL DEVELOPER COSTS	770,000	0	0	0	0	0	0	500,000	6,548,937	1,760,000	9,578,937	

TOTAL DEVELOPMENT COST	7,802,564	11,776,436	0	329,901	13,700,000	10,953,000	0	500,000	6,548,937	30,803,465	82,414,302	
Development Cost/Unit by Source	72,246	109,041	0	3,055	128,852	101,417	0	4,630	60,638	285,217	763,095	
Development Cost/Unit as % of TDC by Source	9.5%	14.3%	0.0%	0.4%	16.6%	13.3%	0.0%	0.6%	7.9%	37.4%	100.0%	

Acquisition Cost/Unit by Source	0	0	0	0	0	0	0	0	0	0	0	
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Construction Cost (inc Const Contingency)/Unit By Source	0	54,755	0	0	126,852	101,417	0	0	0	225,886	508,909	
Construction Cost (inc Const Contingency)/SF	0.00	54.06	0.00	0.00	125.24	100.13	0.00	0.00	0.00	223.01	502.44	

City Subsidy/Unit	72,246
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Tax Credit Equity Pricing:	1.02
Construction Bond Amount:	47,347,500
Construction Loan Term (in months):	32 months
Construction Loan Interest Rate (as %):	5.35%

EXHIBIT B-2
Annual Operating Budget
[To be attached.]

Application Date:
Total # Units:
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):

10/18/2019
108
44562

Project Name:
Project Address:
Project Sponsor:

500 Turk / 555 Larkin
555 Larkin St
Tenderloin Neighborhood Development Corporation

Correct errors noted in Col N!

INCOME	Total	Comments
Residential - Tenant Rents	1,691,220	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	560,796	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	86,824	0%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	972	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	9,072	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	Links from 'Commercial Op. Budget' Worksheet
Withdrawal from Capitalized Reserve (deposit to operating account)		
Gross Potential Income	2,348,884	
Vacancy Loss - Residential - Tenant Rents	(84,561)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(28,040)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	(43,412)	Links from 'Commercial Op. Budget' Worksheet
EFFECTIVE GROSS INCOME	2,192,871	PUPA: 20,304

OPERATING EXPENSES

Management		
Management Fee	88,128	1st Year to be set according to HUD schedule.
Asset Management Fee	21,160	68
Sub-total Management Expenses	109,288	PUPA: 1,012

Salaries/Benefits		
Office Salaries	7,391	
Manager's Salary	104,000	GM+AM
Health Insurance and Other Benefits	95,503	Benefits, 403(b)
Other Salaries/Benefits	177,470	Desk Clerk, Facilities Manager
Administrative Rent-Free Unit	7,200	
Sub-total Salaries/Benefits	391,564	PUPA: 3,626

Administration		
Advertising and Marketing	2,133	
Office Expenses	39,030	Supplies, equipment, rentals, printing, software, telephone contract, subscription,
Office Rent		
Legal Expense - Property	11,269	
Audit Expense	13,257	
Bookkeeping/Accounting Services	12,312	
Bad Debts	7,785	
Miscellaneous	10,287	Bank Svc charges, payroll svc charges, program expenses
Sub-total Administration Expenses	96,073	PUPA: 890

Utilities		
Electricity	51,548	
Water	93,446	water and sewer
Gas	29,356	
Sewer		
Sub-total Utilities	174,350	PUPA: 1,614

Taxes and Licenses		
Real Estate Taxes	6,018	
Payroll Taxes	35,214	
Miscellaneous Taxes, Licenses and Permits	2,786	
Sub-total Taxes and Licenses	44,018	PUPA: 408

Insurance		
Property and Liability Insurance	45,081	
Fidelity Bond Insurance		
Worker's Compensation	39,616	
Director's & Officers' Liability Insurance		
Sub-total Insurance	84,697	PUPA: 784

Maintenance & Repair		
Payroll	151,320	Janitor&Cleaning, Maintenance
Supplies	21,371	
Contracts	61,035	Exterminating, Fire, Grounds, Maintenance,Elevator
Garbage and Trash Removal	39,376	
Security Payroll/Contract		
HVAC Repairs and Maintenance	9,639	
Vehicle and Maintenance Equipment Operation and Repairs	69	
Miscellaneous Operating and Maintenance Expenses	28,005	Life Safety, carpet cleaning, staff clothes, plumbing repairs, appliance replacement
Sub-total Maintenance & Repair Expenses	310,815	PUPA: 2,878

Supportive Services	118,128	Salaries, program expenses
Commercial Expenses	29,584	Links from 'Commercial Op. Budget' Worksheet

TOTAL OPERATING EXPENSES1,358,517PUPA: 12,579

Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	15,000	Ground lease with MOHCD
Bond Monitoring Fee	13,239	Provide additional comments here, if needed.
Replacement Reserve Deposit	54,000	
Operating Reserve Deposit		
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		
Required Reserve Deposits, Commercial	0	Links from 'Commercial Op. Budget' Worksheet
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	82,239	PUPA: 761

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)1,440,756PUPA: 13,340

NET OPERATING INCOME (INCOME minus OP EXPENSES)752,115PUPA: 6,964

Min DSCR:1.15

Mortgage Rate:4.39%

Term (Years):35

Supportable 1st Mortgage Pmt:654,013

Supportable 1st Mortgage Amt:\$11,691,501

Proposed 1st Mortgage Amt:\$10,953,000

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender	582,722	Private Debt
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len	57,540	HCD AHSC
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	
Hard Debt - Fourth Lender	0	
Commercial Hard Debt Service	0	Links from 'Commercial Op. Budget' Worksheet
TOTAL HARD DEBT SERVICE	640,262	PUPA: 5,928

CASH FLOW (NOI minus DEBT SERVICE)111,853

USES OF CASH FLOW BELOW (This row also shows DSCR.)1.17

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		
Partnership Management Fee (see policy for limits)	9,471	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	
Other Payments		
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	48,691	Def. Develop. Fee split: 50%
TOTAL PAYMENTS PRECEDING MOHCD	63,162	PUPA: 585

Deferred Developer Fee exceeds annual limit!

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)48,691

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?YesProject has MOHCD ground lease?Yes

Will Project Defer Developer Fee?Yes

Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:50%Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):0

% of Residual Receipts available for distribution to soft debt lenders in50%

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	\$19,579,000	43.80%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Acquisition Cost	\$11,425,000	25.56%
HCD (soft debt loan) - Lender 3	HCD AHSC	\$13,700,000	30.65%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
MOHCD Residual Receipts Amount Due	33,769	50% of residual receipts, multiplied by 69.35% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	33,769	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE14,922

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	14,922	50% of residual receipts, multiplied by 30.65% -- HCD AHSC's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
Total Non-MOHCD Residual Receipts Debt Service	14,922	

REMAINDER (Should be zero unless there are distributions below)0

Owner Distributions/Incentive Management Fee0

Other Distributions/Uses0

Final Balance (should be zero)0

EXHIBIT B-3
20-Year Cash Flow Proforma
[To be attached.]

500 Turk / 555 Larkin

Total # Units: 108

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			44562	44563	44564	44565	44566	44567	44568	44569	44570	44571
	% annual increase	Comments (related to annual inc assumptions)	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
INCOME												
Residential - Tenant Rents	2.5%		1,691,220	1,733,501	1,776,838	1,821,259	1,866,790	1,913,460	1,961,297	2,010,329	2,060,587	2,112,102
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%		560,796	574,816	589,186	603,916	619,014	634,489	650,351	666,610	683,275	700,357
Commercial Space	2.5%		86,824	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		972	996	1,021	1,047	1,073	1,100	1,127	1,155	1,184	1,214
Supportive Services Income	2.5%		-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		9,072	9,299	9,531	9,770	10,014	10,264	10,521	10,784	11,053	11,330
Tenant Charges	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%		-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	-
Gross Potential Income			2,348,884	2,407,606	2,465,571	2,524,986	2,585,886	2,648,308	2,712,291	2,777,873	2,845,095	2,913,998
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(84,561)	(86,675)	(88,842)	(91,063)	(93,340)	(95,673)	(98,065)	(100,516)	(103,029)	(105,605)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(28,040)	(28,741)	(29,459)	(30,196)	(30,951)	(31,724)	(32,518)	(33,331)	(34,164)	(35,018)
Vacancy Loss - Commercial	n/a		(43,412)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)
EFFECTIVE GROSS INCOME			2,192,871	2,247,693	2,302,773	2,359,230	2,417,098	2,476,413	2,537,211	2,599,529	2,663,405	2,728,877

OPERATING EXPENSES

Management

Management Fee	3.5%	1st Year to be set according to HUD schedule.	88,128	91,212	94,405	97,709	101,129	104,668	108,332	112,123	116,048	120,109
Asset Management Fee	3.5%	per MOHCD policy	21,160	21,901	22,667	23,460	24,282	25,131	26,011	26,921	27,864	28,839
Sub-total Management Expenses			109,288	113,113	117,072	121,170	125,410	129,800	134,343	139,045	143,911	148,948

Salaries/Benefits

Office Salaries	3.5%		7,391	7,650	7,917	8,195	8,481	8,778	9,085	9,403	9,733	10,073
Manager's Salary	3.5%		104,000	107,640	111,407	115,307	119,342	123,519	127,843	132,317	136,948	141,741
Health Insurance and Other Benefits	3.5%		95,503	98,846	102,305	105,886	109,592	113,428	117,398	121,506	125,759	130,161
Other Salaries/Benefits	3.5%		177,470	183,681	190,110	196,764	203,651	210,779	218,156	225,791	233,694	241,873
Administrative Rent-Free Unit	3.5%		7,200	7,452	7,713	7,983	8,262	8,551	8,851	9,160	9,481	9,813
Sub-total Salaries/Benefits			391,564	405,269	419,453	434,134	449,329	465,055	481,332	498,179	515,615	533,662

Administration

Advertising and Marketing	3.5%		2,133	2,208	2,285	2,365	2,448	2,533	2,622	2,714	2,809	2,907
Office Expenses	3.5%		39,030	40,396	41,810	43,273	44,788	46,355	47,978	49,657	51,395	53,194
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		11,269	11,663	12,072	12,494	12,931	13,384	13,852	14,337	14,839	15,358
Audit Expense	3.5%		13,257	13,721	14,201	14,698	15,213	15,745	16,296	16,867	17,457	18,068
Bookkeeping/Accounting Services	3.5%		12,312	12,743	13,189	13,651	14,128	14,623	15,135	15,664	16,213	16,780
Bad Debts	3.5%		7,785	8,057	8,339	8,631	8,933	9,246	9,570	9,905	10,251	10,610
Miscellaneous	3.5%		10,287	10,647	11,020	11,405	11,805	12,218	12,645	13,088	13,546	14,020
Sub-total Administration Expenses			96,073	99,436	102,916	106,518	110,246	114,105	118,098	122,232	126,510	130,938

Utilities

Electricity	3.5%		51,548	53,352	55,220	57,152	59,153	61,223	63,366	65,583	67,879	70,255
Water	3.5%		93,446	96,717	100,102	103,605	107,231	110,985	114,869	118,889	123,051	127,357
Gas	3.5%		29,356	30,383	31,447	32,548	33,687	34,866	36,086	37,349	38,656	40,009
Sewer	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Utilities			174,350	180,452	186,768	193,305	200,071	207,073	214,321	221,822	229,586	237,621

Taxes and Licenses

Real Estate Taxes	3.5%		6,018	6,229	6,447	6,672	6,906	7,147	7,398	7,657	7,925	8,202
Payroll Taxes	3.5%		35,214	36,446	37,722	39,042	40,409	41,823	43,287	44,802	46,370	47,993
Miscellaneous Taxes, Licenses and Permits	3.5%		2,786	2,884	2,984	3,089	3,197	3,309	3,425	3,545	3,669	3,797
Sub-total Taxes and Licenses			44,018	45,559	47,153	48,804	50,512	52,280	54,109	56,003	57,963	59,992

Insurance

Property and Liability Insurance	3.5%		45,081	46,659	48,292	49,982	51,731	53,542	55,416	57,356	59,363	61,441
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		39,616	41,003	42,438	43,923	45,460	47,051	48,698	50,403	52,167	53,993
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Insurance			84,697	87,661	90,730	93,905	97,192	100,593	104,114	107,758	111,530	115,433

Maintenance & Repair

Payroll	3.5%		151,320	156,616	162,098	167,771	173,643	179,721	186,011	192,521	199,260	206,234
Supplies	3.5%		21,371	22,119	22,893	23,694	24,524	25,382	26,270	27,190	28,142	29,126
Contracts	3.5%		61,035	63,171	65,382	67,671	70,039	72,490	75,028	77,654	80,371	83,184
Garbage and Trash Removal	3.5%		39,376	40,754	42,181	43,657	45,185	46,766	48,403	50,097	51,851	53,665
Security Payroll/Contract	3.5%		-	-	-	-	-	-	-	-	-	-
HVAC Repairs and Maintenance	3.5%		9,639	9,976	10,326	10,687	11,061	11,448	11,849	12,263	12,693	13,137
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		69	71	74	77	79	82	85	88	91	94
Miscellaneous Operating and Maintenance Expenses	3.5%		28,005	28,985	30,000	31,050	32,136	33,261	34,425	35,630	36,877	38,168
Sub-total Maintenance & Repair Expenses			310,815	321,694	332,953	344,606	356,667	369,151	382,071	395,443	409,284	423,609

Supportive Services

Commercial Expenses	3.5%		118,128	122,262	126,542	130,971	135,555	140,299	145,209	150,292	155,552	160,996
			24,314	30,620	31,691	32,800	33,948	35,137	36,366	37,639	38,957	40,320

TOTAL OPERATING EXPENSES			1,358,517	1,406,065	1,455,277	1,506,212	1,558,930	1,613,492	1,669,964	1,728,413	1,788,908	1,851,519
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PUPA (w/o Reserves/GL Base Rent/Bond Fees)

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Bond Monitoring Fee			13,239	13,211	13,042	12,865	12,680	12,488	12,287	12,077	11,859	11,630
Replacement Reserve Deposit			54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			82,239	82,211	82,042	81,865	81,680	81,488	81,287	81,077	80,859	80,630

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			1,440,756	1,488,276	1,537,319	1,588,077	1,640,610	1,694,980	1,751,251	1,809,490	1,869,767	1,932,149
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PUPA (w/ Reserves/GL Base Rent/Bond Fees)

NET OPERATING INCOME (INCOME minus OP EXPENSES)			752,115	759,417	765,454	771,153	776,489	781,433	785,960	790,039	793,638	796,728
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DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)

Hard Debt - First Lender			582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-	-

TOTAL HARD DEBT SERVICE			640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262
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CASH FLOW (NOI minus DEBT SERVICE)

			111,853	119,155	125,192	130,891	136,227	141,171	145,698	149,777	153,376	156,466
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USES OF CASH FLOW BELOW (This row also shows DSCR.)			1.17	1.19	1.2	1.2	1.21	1.22	1.23	1.23	1.24	1.24
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USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	9,471	9,802	10,146	10,501	10,868	11,249	11,642	12,050	12,471	12,908
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Other Payments			-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			48,691	52,176	55,023	57,695	60,179	62,461	64,528	66,364	67,952	69,279

TOTAL PAYMENTS PRECEDING MOHCD			63,162	66,978	70,169	73,196	76,047	78,710	81,170	83,414	85,423	87,187
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RESIDUAL RECEIPTS (CASH FLOW minus PAY
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500 Turk / 555 Larkin

Total # Units: 108

			Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
			44572	44573	44574	44575	44576	44577	44578	44579	44580	44581
	% annual increase	Comments (related to annual inc assumptions)	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
INCOME												
Residential - Tenant Rents	2.5%		2,164,905	2,219,027	2,274,503	2,331,365	2,389,650	2,449,391	2,510,626	2,573,391	2,637,726	2,703,669
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%		717,866	735,813	754,208	773,063	792,390	812,200	832,505	853,317	874,650	896,517
Commercial Space	2.5%		88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		1,244	1,275	1,307	1,340	1,373	1,408	1,443	1,479	1,516	1,554
Supportive Services Income	2.5%		-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		11,613	11,903	12,201	12,506	12,819	13,139	13,468	13,804	14,149	14,503
Tenant Charges	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%		-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable										
Gross Potential Income			2,984,623	3,057,013	3,131,214	3,207,269	3,285,226	3,365,132	3,447,036	3,530,987	3,617,036	3,705,237
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(108,245)	(110,951)	(113,725)	(116,568)	(119,482)	(122,470)	(125,531)	(128,670)	(131,886)	(135,183)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(35,893)	(36,791)	(37,710)	(38,653)	(39,620)	(40,610)	(41,625)	(42,666)	(43,733)	(44,826)
Vacancy Loss - Commercial	n/a		(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)
EFFECTIVE GROSS INCOME			2,795,987	2,864,774	2,935,281	3,007,551	3,081,627	3,157,555	3,235,382	3,315,154	3,396,920	3,480,731

OPERATING EXPENSES

Management

Management Fee	3.5%	1st Year to be set according to HUD schedule.	124,313	128,664	133,167	137,828	142,652	147,645	152,813	158,161	163,697	169,426
Asset Management Fee	3.5%	per MOHCD policy	29,848	30,893	31,974	33,093	34,252	35,450	36,691	37,975	39,304	40,680
Sub-total Management Expenses			154,162	159,557	165,142	170,922	176,904	183,096	189,504	196,137	203,001	210,106

Salaries/Benefits

Office Salaries	3.5%		10,426	10,791	11,168	11,559	11,964	12,383	12,816	13,264	13,729	14,209
Manager's Salary	3.5%		146,702	151,837	157,151	162,651	168,344	174,236	180,335	186,646	193,179	199,940
Health Insurance and Other Benefits	3.5%		134,716	139,431	144,312	149,362	154,590	160,001	165,601	171,397	177,396	183,605
Other Salaries/Benefits	3.5%		250,339	259,101	268,169	277,555	287,270	297,324	307,731	318,501	329,649	341,186
Administrative Rent-Free Unit	3.5%		10,156	10,512	10,880	11,260	11,655	12,063	12,485	12,922	13,374	13,842
Sub-total Salaries/Benefits			552,340	571,672	591,680	612,389	633,823	656,006	678,967	702,730	727,326	752,782

Administration

Advertising and Marketing	3.5%		3,009	3,114	3,223	3,336	3,453	3,574	3,699	3,828	3,962	4,101
Office Expenses	3.5%		55,056	56,983	58,977	61,041	63,178	65,389	67,677	70,046	72,498	75,035
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		15,896	16,452	17,028	17,624	18,241	18,880	19,540	20,224	20,932	21,665
Audit Expense	3.5%		18,700	19,355	20,032	20,733	21,459	22,210	22,987	23,792	24,625	25,487
Bookkeeping/Accounting Services	3.5%		17,367	17,975	18,604	19,255	19,929	20,627	21,349	22,096	22,869	23,670
Bad Debts	3.5%		10,982	11,366	11,764	12,175	12,602	13,043	13,499	13,972	14,461	14,967
Miscellaneous	3.5%		14,511	15,019	15,544	16,088	16,652	17,234	17,838	18,462	19,108	19,777
Sub-total Administration Expenses			135,520	140,264	145,173	150,254	155,513	160,956	166,589	172,420	178,455	184,700

Utilities

Electricity	3.5%		72,714	75,259	77,893	80,619	83,440	86,361	89,384	92,512	95,750	99,101
Water	3.5%		131,815	136,428	141,203	146,145	151,261	156,555	162,034	167,705	173,575	179,650
Gas	3.5%		41,410	42,859	44,359	45,911	47,518	49,182	50,903	52,684	54,528	56,437
Sewer	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Utilities			245,938	254,546	263,455	272,676	282,219	292,097	302,320	312,902	323,853	335,188

Taxes and Licenses

Real Estate Taxes	3.5%		8,489	8,786	9,094	9,412	9,741	10,082	10,435	10,800	11,178	11,570
Payroll Taxes	3.5%		49,673	51,411	53,211	55,073	57,001	58,996	61,061	63,198	65,410	67,699
Miscellaneous Taxes, Licenses and Permits	3.5%		3,930	4,067	4,210	4,357	4,510	4,668	4,831	5,000	5,175	5,356
Sub-total Taxes and Licenses			62,092	64,265	66,514	68,842	71,252	73,746	76,327	78,998	81,763	84,625

Insurance

Property and Liability Insurance	3.5%		63,591	65,817	68,120	70,505	72,972	75,526	78,170	80,906	83,737	86,668
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		55,882	57,838	59,862	61,958	64,126	66,371	68,694	71,098	73,586	76,162
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Insurance			119,473	123,655	127,983	132,462	137,099	141,897	146,863	152,004	157,324	162,830

Maintenance & Repair

Payroll	3.5%		213,452	220,923	228,655	236,658	244,941	253,514	262,387	271,570	281,075	290,913
Supplies	3.5%		30,146	31,201	32,293	33,423	34,593	35,804	37,057	38,354	39,696	41,086
Contracts	3.5%		86,096	89,109	92,228	95,456	98,797	102,255	105,834	109,538	113,372	117,340
Garbage and Trash Removal	3.5%		55,544	57,488	59,500	61,582	63,738	65,969	68,277	70,667	73,140	75,700
Security Payroll/Contract	3.5%		-	-	-	-	-	-	-	-	-	-
HVAC Repairs and Maintenance	3.5%		13,597	14,073	14,565	15,075	15,603	16,149	16,714	17,299	17,904	18,531
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		97	101	104	108	112	116	120	124	128	133
Miscellaneous Operating and Maintenance Expenses	3.5%		39,504	40,886	42,317	43,799	45,332	46,918	48,560	50,260	52,019	53,840
Sub-total Maintenance & Repair Expenses			438,435	453,780	469,663	486,101	503,115	520,724	538,949	557,812	577,336	597,542

Supportive Services	3.5%		166,631	172,463	178,500	184,747	191,213	197,906	204,832	212,001	219,421	227,101
Commercial Expenses			41,731	43,192	44,704	46,268	47,888	49,564	51,298	53,094	54,952	56,875

TOTAL OPERATING EXPENSES			1,916,322	1,983,394	2,052,813	2,124,661	2,199,024	2,275,990	2,355,650	2,438,097	2,523,431	2,611,751
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PUPA (w/o Reserves/GL Base Rent/Bond Fees)

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Bond Monitoring Fee			11,392	11,144	10,884	10,614	10,332	10,037	9,730	9,730	9,730	9,730
Replacement Reserve Deposit			54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			80,392	80,144	79,884	79,614	79,332	79,037	78,730	78,730	78,730	78,730

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			1,996,714	2,063,538	2,132,697	2,204,275	2,278,356	2,355,027	2,434,380	2,516,827	2,602,161	2,690,481
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PUPA (w/ Reserves/GL Base Rent/Bond Fees)

NET OPERATING INCOME (INCOME minus OP EXPENSES)			799,272	801,236	802,585	803,276	803,271	802,528	801,002	798,326	794,759	790,250
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DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)

Hard Debt - First Lender			582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262

CASH FLOW (NOI minus DEBT SERVICE)			159,010	160,974	162,323	163,014	163,009	162,266	160,740	158,064	154,497	149,988
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USES OF CASH FLOW BELOW (This row also shows DSCR.)			1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.24	1.23
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USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy										
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	13,360	13,827	14,311	14,812	15,331	15,867	16,423	16,997	17,592	18,208
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Other Payments												
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.										
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.										
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			70,325	71,074	71,506	71,601	71,339					

TOTAL PAYMENTS PRECEDING MOHCD			88,685	89,901	90,817	91,413	91,670	20,867	21,423	21,997	22,592	23,208
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RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			70,326	71,073	71,505	71,600	71,339	141,399	139,317</
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EXHIBIT B-4
20-Year Commercial Cash Flow Proforma
[To be attached.]

500 Turk / 555 Larkin

Total # Units: 108

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19
		44562	44563	44564	44565	44566	44567	44568	44569	44570	44571	44572	44573	44574	44575	44576	44577	44578	44579	44580
	% annual increase	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
INCOME																				
Residential - Tenant Rents	2.5%	1,691,220	1,733,501	1,776,838	1,821,259	1,866,790	1,913,460	1,961,297	2,010,329	2,060,587	2,112,102	2,164,905	2,219,027	2,274,503	2,331,365	2,389,650	2,449,391	2,510,626	2,573,391	2,637,726
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%	560,796	574,816	589,186	603,916	619,014	634,489	650,351	666,610	683,275	700,357	717,866	735,813	754,208	773,063	792,390	812,200	832,505	853,317	874,650
Commercial Space	2.5%	86,824	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995
Other Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Potential Income		2,348,884	2,407,606	2,465,571	2,524,986	2,585,886	2,648,308	2,712,291	2,777,873	2,845,095	2,913,998	2,984,623	3,057,013	3,131,214	3,207,269	3,285,226	3,365,132	3,447,036	3,530,987	3,617,036
Vacancy Loss - Residential - Tenant Rents	n/a	(84,561)	(86,675)	(88,842)	(91,063)	(93,340)	(95,673)	(98,065)	(100,516)	(103,029)	(105,605)	(108,245)	(110,951)	(113,725)	(116,568)	(119,482)	(122,470)	(125,531)	(128,670)	(131,886)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	(28,040)	(28,741)	(29,459)	(30,196)	(30,951)	(31,724)	(32,518)	(33,331)	(34,164)	(35,018)	(35,893)	(36,791)	(37,710)	(38,653)	(39,620)	(40,610)	(41,625)	(42,666)	(43,733)
Vacancy Loss - Commercial	n/a	(43,412)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)
EFFECTIVE GROSS INCOME		2,192,871	2,247,693	2,302,773	2,359,230	2,417,098	2,476,413	2,537,211	2,599,529	2,663,405	2,728,877	2,795,987	2,864,774	2,935,281	3,007,551	3,081,627	3,157,555	3,235,382	3,315,154	3,396,920
OPERATING EXPENSES																				
Management	3.5%	109,288	113,113	117,072	121,170	125,410	129,800	134,343	139,045	143,911	148,948	154,162	159,557	165,142	170,922	176,904	183,096	189,504	196,137	203,001
Salaries/Benefits	3.5%	391,564	405,269	419,453	434,134	449,329	465,055	481,332	498,179	515,615	533,662	552,340	571,672	591,680	612,389	633,823	656,006	678,967	702,730	727,326
Administration	3.5%	96,073	99,436	102,916	106,518	110,246	114,105	118,098	122,232	126,510	130,938	135,520	140,264	145,173	150,254	155,513	160,956	166,589	172,420	178,455
Utilities	3.5%	174,350	180,452	186,768	193,305	200,071	207,073	214,321	221,822	229,586	237,621	245,938	254,546	263,455	272,676	282,219	292,097	302,320	312,902	323,853
Taxes and Licenses	3.5%	44,018	45,559	47,153	48,804	50,512	52,280	54,109	56,003	57,963	59,992	62,092	64,265	66,514	68,842	71,252	73,746	76,327	78,998	81,763
Insurance	3.5%	84,697	87,661	90,730	93,905	97,192	100,593	104,114	107,758	111,530	115,433	119,473	123,655	127,983	132,462	137,099	141,897	146,863	152,004	157,324
Maintenance & Repair	3.5%	310,815	321,694	332,953	344,606	356,667	369,151	382,071	395,443	409,284	423,609	438,435	453,780	469,663	486,101	503,115	520,724	538,949	557,812	577,336
Supportive Services	3.5%	118,128	122,262	126,542	130,971	135,555	140,299	145,209	150,292	155,552	160,996	166,631	172,463	178,500	184,747	191,213	197,906	204,832	212,001	219,421
Commercial Expenses		24,314	30,620	31,691	32,800	33,948	35,137	36,366	37,639	38,957	40,320	41,731	43,192	44,704	46,268	47,888	49,564	51,298	53,094	54,952
TOTAL OPERATING EXPENSES		1,358,517	1,406,065	1,455,277	1,506,212	1,558,930	1,613,492	1,669,964	1,728,413	1,788,908	1,851,519	1,916,322	1,983,394	2,052,813	2,124,661	2,199,024	2,275,990	2,355,650	2,438,097	2,523,431
PUPA (w/o Reserves/GL Base Rent/Bond Fees)		12,579																		
Reserves/Ground Lease Base Rent/Bond Fees																				
Ground Lease Base Rent		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Bond Monitoring Fee		13,239	13,211	13,042	12,865	12,680	12,488	12,287	12,077	11,859	11,630	11,392	11,144	10,884	10,614	10,332	10,037	9,730	9,730	9,730
Replacement Reserve Deposit		54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Operating Reserve Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 1 Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 2 Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Required Reserve Deposit/s, Commercial		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total Reserves/Ground Lease Base Rent/Bond Fees		82,239	82,211	82,042	81,865	81,680	81,488	81,287	81,077	80,859	80,630	80,392	80,144	79,884	79,614	79,332	79,037	78,730	78,730	78,730
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)		1,440,756	1,488,276	1,537,319	1,588,077	1,640,610	1,694,980	1,751,251	1,809,490	1,869,767	1,932,149	1,996,714	2,063,538	2,132,697	2,204,275	2,278,356	2,355,027	2,434,380	2,516,827	2,602,161
PUPA (w/ Reserves/GL Base Rent/Bond Fees)		13,340																		
NET OPERATING INCOME (INCOME minus OP EXPENSES)		752,115	759,417	765,454	771,153	776,489	781,433	785,960	790,039	793,638	796,728	799,272	801,236	802,585	803,276	803,271	802,528	801,002	798,326	794,759
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)																				
Hard Debt - First Lender		582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE		640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262
CASH FLOW (NOI minus DEBT SERVICE)		111,853	119,155	125,192	130,891	136,227	141,171	145,698	149,777	153,376	156,466	159,010	160,974	162,323	163,014	163,009	162,266	160,740	158,064	154,497
USES OF CASH FLOW BELOW (This row also shows DSCR.)																				
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																				
Deferred Developer Fee (Enter amt <= Max Fee from row 131)		48,691	52,176	55,023	57,695	60,179	62,461	64,528	66,364	67,952	69,279	70,325	71,074	71,506	71,601	71,339	-	-	-	-
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	9,471	9,802	10,146	10,501	10,868	11,249	11,642	12,050	12,471	12,908	13,360	13,827	14,311	14,812	15,331	15,867	16,423	16,997	17,592
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Other Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD		63,162	66,978	70,169	73,196	76,047	78,710	81,170	83,414	85,423	87,187	88,685	89,901	90,817	91,413	91,670	20,867	21,423	21,997	22,592
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)		48,691	52,176	55,023	57,695	60,179	62,462	64,527	66,363	67,953	69,279	70,326	71,073	71,505	71,600	71,339	141,399	139,317	136,067	131,905
Does Project have a MOHCD Residual Receipt Obligation?	Yes																			
Will Project Defer Developer Fee?	Yes																			
1st Residual Receipts Split - Lender/Deferred Developer Fee	50% / 50%																			
MOHCD RESIDUAL RECEIPTS DEBT SERVICE																				
MOHCD Residual Receipts Amount Due	69.74%	33,957	24,259	25,582	26,825	27,980	29,041	30,001	30,855	31,594	32,210	32,697	33,044	33,245	33,290	33,168	65,742	64,774	63,263	61,328
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Replacement Reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE		14,734	27,918	29,441	30,871	32,200	33,421	34,526	35,508	36,359	37,069	37,629	38,029	38,260	38,311	38,171	75,657	74,544	72,805	70,578
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE																				
HCD Residual Receipts Amount Due	30.26%	14,734	10,526	11,100	11,639	12,140	12,600	13,017	13,387	13										

500 Turk / 555 Larkin

Total # Units: 108

		Year 20
		44581
	% annual increase	Total
INCOME		
Residential - Tenant Rents	2.5%	2,703,669
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%	896,517
Commercial Space	2.5%	88,995
Other Income		-
Gross Potential Income		3,705,237
Vacancy Loss - Residential - Tenant Rents	n/a	(135,183)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	(44,826)
Vacancy Loss - Commercial	n/a	(44,497)
EFFECTIVE GROSS INCOME		3,480,731

OPERATING EXPENSES		
Management	3.5%	210,106
Salaries/Benefits	3.5%	752,782
Administration	3.5%	184,700
Utilities	3.5%	335,188
Taxes and Licenses	3.5%	84,625
Insurance	3.5%	162,830
Maintenance & Repair	3.5%	597,542
Supportive Services	3.5%	227,101
Commercial Expenses		56,875

TOTAL OPERATING EXPENSES 2,611,751

PUPA (w/o Reserves/GL Base Rent/Bond Fees)		
Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent		15,000
Bond Monitoring Fee		9,730
Replacement Reserve Deposit		54,000
Operating Reserve Deposit		0
Other Required Reserve 1 Deposit		0
Other Required Reserve 2 Deposit		0
Required Reserve Deposit/s, Commercial		0
Sub-total Reserves/Ground Lease Base Rent/Bond Fees		78,730

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) 2,690,481

PUPA (w/ Reserves/GL Base Rent/Bond Fees)

NET OPERATING INCOME (INCOME minus OP EXPENSES) 790,250

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender		582,722
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		57,540
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		-
Hard Debt - Fourth Lender		-
Commercial Hard Debt Service		-
TOTAL HARD DEBT SERVICE		640,262

CASH FLOW (NOI minus DEBT SERVICE) 149,988

USES OF CASH FLOW BELOW (This row also shows DSCR.) DSCR: 1.23

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		
Deferred Developer Fee (Enter amt <= Max Fee from row 131)		-
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	-
Partnership Management Fee (see policy for limits)	3.5%	18,208
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		5,000
Other Payments		-
Non-amortizing Loan Pmnt - Lender 1		-
Non-amortizing Loan Pmnt - Lender 2		-
TOTAL PAYMENTS PRECEDING MOHCD		23,208

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) 126,780

Does Project have a MOHCD Residual Receipt Obligation?	Yes	
Will Project Defer Developer Fee?	Yes	
1st Residual Receipts Split - Lender/Deferred Developer Fee	50% / 50%	
MOHCD RESIDUAL RECEIPTS DEBT SERVICE	Dist. Soft Debt Loans	
MOHCD Residual Receipts Amount Due	69.74%	58,945
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		-
Proposed MOHCD Residual Receipts Amount to Replacement Reserve		-
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE		67,835
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	30.26%	25,575
Lender 4 Residual Receipts Due	0.00%	-
Lender 5 Residual Receipts Due	0.00%	-
Total Non-MOHCD Residual Receipts Debt Service		25,575
REMAINDER (Should be zero unless there are distributions below)		42,260
Owner Distributions/Incentive Management Fee		42,260
Other Distributions/Uses		-
Final Balance (should be zero)		-

RR Running Balance 1,080,000
OR Running Balance -
Other Required Reserve 1 Running Balance -
Other Required Reserve 2 Running Balance -

DEFERRED DEVELOPER FEE - RUNNING BALANCE		
Developer Fee Starting Balance		(960,193)
Deferred Developer Fee Earned in Year		-
Developer Fee Remaining Balance		(960,193)

EXHIBIT C
Tenant Income Certification Form
[To be attached.]

TENANT INCOME CERTIFICATION

☐ Initial Certification ☐ Recertification ☐ Other _____

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

PART I - DEVELOPMENT DATA

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

PART II. HOUSEHOLD COMPOSITION

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

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

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

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

Add totals from (A) through (D), above

TOTAL INCOME (E):

\$

PART IV. INCOME FROM ASSETS

HH Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset

TOTALS:

\$

\$

Enter Column (H) Total

Passbook Rate

If over \$5000

\$

X

0.06%

=

(J) Imputed Income

\$

Enter the greater of the total of column I, or J: imputed income

TOTAL INCOME FROM ASSETS (K)

\$

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

\$

HOUSEHOLD CERTIFICATION & SIGNATURES

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

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

Signature

(Date)

Signature

(Date)

Signature

(Date)

Signature

(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY**RECERTIFICATION ONLY:**

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

\$

Unit Meets Federal
Income Restriction at:
☐ 60% ☐ 50%

Current Federal LIHTC
Income Limit x 140%:
\$

Current Federal LIHTC Income Limit per
Family Size:

\$

Unit Meets Deeper Targeting
Income Restriction at:
☐ Other _____%

Household Income exceeds
140% at recertification:
☐ Yes ☐ No

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

\$

Household Income as of Move-in:

\$

Household Size at Move-in:

PART VI. RENT

Tenant Paid Monthly Rent:

\$

Monthly Utility Allowance:

\$

Other Monthly Non-optional charges:

\$

Federal Rent Assistance:

\$

*Source: _____

Non-Federal Rent Assistance:

\$

(*0-8)

Total Monthly Rent Assistance: \$

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

\$

Maximum Federal LIHTC Rent Limit for
this unit:

\$

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

\$

Unit Meets Federal Rent Restriction at:

☐

60% ☐ 50%

If Applicable, Unit Meets Bond Rent
Restriction at:

☐

60% ☐ 50%

Unit Meets Deeper Targeting Rent
Restriction at:

☐

Other: _____%

*Source of Federal Assistance

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

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

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

☐ yes

☐ no

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

Enter
1-5

*Student Explanation:

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

PART VIII. PROGRAM TYPE

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

a. Tax Credit ☐

b. HOME ☐

c. Tax Exempt Bond ☐

d. AHDP ☐

e. _____ ☐
(Name of Program)

See Part V above.

Income Status

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

Income Status

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

Income Status

- ☐ 50% AMGI
☐ 80% AMGI
☐ OI**

Income Status

- ☐ _____
☐ OI**

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

SIGNATURE OF OWNER/REPRESENTATIVE

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

SIGNATURE OF OWNER/REPRESENTATIVE

DATE

PART IX. SUPPLEMENTAL INFORMATION FORM

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

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

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

The Following Race Codes should be used:

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

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

The Following Ethnicity Codes should be used:

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

Disability Status:

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

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

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

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

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

Part I - Development Data

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

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

Part II - Household Composition

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

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

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

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

Part III - Annual Income

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

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

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

Part IV - Income from Assets

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

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

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

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

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

HOUSEHOLD CERTIFICATION AND SIGNATURES

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

Part V – Determination of Income Eligibility

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

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

Part VI - Rent

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

Part VII - Student Status

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

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

Part VIII – Program Type

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

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

SIGNATURE OF OWNER/REPRESENTATIVE

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

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

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

PART IX. SUPPLEMENTAL INFORMATION

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

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

EXHIBIT D

First Source Hiring Requirements and Numerical Goals

Borrower's use of Funds triggers the following hiring requirements imposed by the City's First Source Hiring Ordinance (San Francisco Administrative Code Chapter 83) as incorporated into MOHCD's Section 3 Plan.

1. **Section 3 Requirements.**

(a) The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. § 1701u ("Section 3"), based on Borrower's receipt of City funds under MOHCD's Section 3 Plan. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3 be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing, to the greatest extent feasible.

(b) The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

(c) The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and to post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference and set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions and the qualifications for each, the name and location of the person(s) taking applications for each of the positions and the anticipated date work will begin.

(d) The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135 and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

(e) The contractor will certify that any vacant employment positions, including training positions, that are filled: (i) after the contractor is selected but before the contract is executed; and (ii) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

(f) Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default and debarment or suspension from future HUD assisted contracts.

2. Recommended Minimum Numerical Goals. Contractors may demonstrate compliance with the "greatest extent feasible" requirement of Section 3 by meeting the numerical goals set forth below for training, employment and contracting opportunities to Section 3 residents and Section 3 business concerns, which represent minimum numerical goals.

(a) Training and Employment of Section 3 Residents (24 CFR § 135.30(b)). Contractors and subcontractors may demonstrate compliance by committing to employ Section 3 residents as thirty percent (30%) of the aggregate number of new hires (full-time employees for permanent, temporary or seasonal employment) and an overall goal of thirty percent (30%) of total work hours for the entire project.

(b) Contracts with Section 3 Business Concerns (24 CFR § 135.30). Contractors and subcontractors may demonstrate compliance with the requirements of this part by committing to award to Section 3 business concerns:

(i) At least ten percent (10%) of the total dollar amount of all Section 3 covered contracts for building trades work arising in connection with housing rehabilitation, housing construction and other public construction; and

(ii) At least three percent (3%) of the total dollar amount of all other Section 3 covered contracts.

EXHIBIT E
Governmental Requirements

1. Prevailing Wages and Working Conditions. Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 6.1. Every contract for the rehabilitation or construction of housing assisted with Funds must contain a provision requiring: (1) payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. §§ 276a-276a-5), to all laborers and mechanics employed in the development of any part of the housing, and (2) contracts involving their employment will be subject to the provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-332) (collectively, “Prevailing Wage Requirements”). The Prevailing Wage Requirements of this Section apply to all laborers and mechanics employed in the development of the Project, including portions other than the assisted Units. Borrower agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements. If applicable, Borrower must include, and require its Contractors and Subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Chapter 6.

2. Environmental Review. The Project must meet the requirements of the National Environmental Policy Act of 1969 (42 U.S.C. § 4321), related authorities listed at 24 CFR Section 51.100 and parts 50 and 58 and the California Environmental Quality Act (Cal. Pub. Res. Code §§ 2100 *et seq.*) and implementing regulations.

3. Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no employee, agent, consultant, officer or official of Borrower or the City who exercises or has exercised any function or responsibilities with respect to activities assisted by Funds, in whole or in part, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in or benefit from the activities assisted under this Agreement, or have an interest, direct or indirect, in any contract, subcontract or agreement with respect thereto, or in the proceeds thereunder either for himself/herself or for those with whom he/she has family or business ties, during his/her tenure and for one year thereafter. In order to carry out the purpose of this Section, Borrower must incorporate, or cause to be incorporated, in all contracts, subcontracts and agreements relating to activities assisted under the Agreement, a provision similar to that of this Section. Borrower will be responsible for obtaining compliance with conflict of interest provisions by the parties with whom it contracts and, in the event of a breach, Borrower must take prompt and diligent action to cause the breach to be remedied and compliance to be restored.

(b) Borrower represents that it is familiar with the provisions of 24 CFR § 84.42, Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the San Francisco Campaign and Governmental Conduct Code, and Sections 1090 through 1097 and 87100 *et seq.* of the California Government Code, all of which relate to prohibited conflicts of interest in connection with government contracts. Borrower certifies that it knows of no facts that constitute a violation of any of these provisions and agrees to notify the City immediately if Borrower at any time obtains knowledge of facts constituting a violation.

(c) In the event of any violation of the conflict of interest prohibitions, Borrower agrees that the City may refuse to consider any future application for funding from Borrower or any entity related to Borrower until the violation has been corrected to the City's satisfaction, in the City's sole discretion.

4. Disability Access. Borrower must comply with all applicable disability access Laws, including the Americans With Disabilities Act (42 U.S.C. §§ 1201 *et seq.*), Section 504 of the Rehabilitation Act (29 U.S.C. § 794) and the Fair Housing Amendments Act (42 U.S.C. §§ 3601 *et seq.*). Borrower is responsible for determining which disability access Laws apply to the Project, including those applicable due to the use of Funds. In addition, before occupancy of the Project, Borrower must provide to the City a written reasonable accommodations policy that indicates how Borrower will respond to requests by disabled individuals for accommodations in Units and common areas of the Project.

5. Lead-Based Paint. Borrower must satisfy the requirements of Chapter 36 of the San Francisco Building Code ("Work Practices for Exterior Lead-Based Paint") and the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821 *et seq.*) and implementing regulations at 24 CFR part 35. Borrower must also comply with the provisions contained in 17 CCR 350000 *et seq.*, and 8 CCR 1532.1 and all other applicable Laws governing lead-based hazards.

6. Relocation. Borrower must meet any applicable requirements of the California Relocation Assistance Act (Cal. Gov. Code §§ 7260 *et seq.*) and implementing regulations in Title 25, Chapter 6 of the California Administrative Code in addition to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. §§ 4601 *et seq.*) and implementing regulations at 49 CFR part 24, the requirements of 24 CFR § 92.353 (Displacement, relocation, and acquisition) and similar Laws.

7. Low-Income Hiring Requirements. The use of Funds triggers compliance with certain hiring requirements imposed by the City's First Source Hiring Ordinance (S.F. Admin. Code Chapter 83), as incorporated into MOHCD's Section 3 Plan. To ensure compliance with those requirements, Borrower must include the provisions attached as **Exhibit D** in its contract with the general contractor for the Project. Borrower will be responsible to the City for ensuring compliance with the requirements listed on **Exhibit D**.

8. Non-Discrimination in City Contracts and Benefits Ordinance.

(a) Borrower Shall Not Discriminate. In the performance of this Agreement, Borrower agrees not to discriminate against any employee, City and County employee working with Borrower or any subcontractor, applicant for employment with Borrower or any subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by Borrower on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, height, weight, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) Subcontracts. Borrower shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code. Borrower's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(c) Non-Discrimination in Benefits. Borrower does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) Condition to Contract. As a condition to this Agreement, Borrower shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the executed form by the San Francisco Contract Monitoring Division.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B ("Nondiscrimination in Contracts") and 12C ("Nondiscrimination in Property Contracts") of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Borrower shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including the remedies provided in such Chapters. Without limiting the foregoing, Borrower understands that pursuant to Sections 12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day

during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Borrower and/or deducted from any payments due Borrower.

9. MacBride Principles. Pursuant to San Francisco Administrative Code Section 12F.5, City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Borrower acknowledges and agrees that he or she has read and understood this Section.

10. Tropical Hardwood & Virgin Redwood Ban. Pursuant to § 804(b) of the San Francisco Environment Code, City urges all grantees and borrowers not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

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

12. Submitting False Claims; Monetary Penalties. Any borrower, grantee, contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A borrower, grantee, contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the borrower, grantee, contractor, subcontractor or consultant:

(a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval;

(b) knowingly makes, uses or causes to be made or used a false record or statement to get a false claim paid or approved by the City;

(c) conspires to defraud the City by getting a false claim allowed or paid by the City;

(d) knowingly makes, uses or causes to be made or used a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the City; or

(e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

13. Sunshine Ordinance.

(a) Borrower acknowledges and agrees that this Agreement and the Application Documents are subject to Section 67.24(e) of the San Francisco Administrative Code, which provides that contracts, including this Agreement, grantee's bids, responses to Requests for Proposals (RFPs) and all other records of communications between City and persons or entities seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in such Section 67.24(e) (as it exists on the date hereof) requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. All information provided by Borrower that is covered by such Section 67.24(e) (as it may be amended from time to time) will be made available to the public upon request. Further, Borrower specifically agrees to conduct any meeting of its governing board that addresses any matter relating to the Project or to Borrower's performance under this Agreement as a passive meeting. Further, Borrower specifically agrees that any meeting of the governing body of its general partner/manager that addresses any matter relating to the Project or to Borrower's performance under this Agreement will be conducted as a passive meeting.

(b) By executing this Agreement, Borrower agrees to comply with the provisions of Chapter 12L of the San Francisco Administrative Code to the extent applicable. By executing this Agreement, Borrower agrees to open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the San Francisco Administrative Code. Borrower further agrees to make good faith efforts to promote community membership on its Board of Directors in the manner set forth in Section 12L.6 of the Administrative Code. Borrower acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. Borrower further acknowledges that such material breach of the Agreement shall be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

(c) In accordance with the Citizen's Right to Know Act of 1998 (S. F. Admin. Code Chapter 79), no officer, department, board or commission of the City may approve a City Project, as defined in Chapter 79, unless a sign has been posted on the applicable property at least fifteen (15) days before approval. A City Project is a project

that involves new construction, a change in use or a significant expansion of an existing use where the City funding for the project is \$50,000 or more. If the Loan will be used for a City Project, this Agreement will not become effective until fifteen (15) days following the posting of the requisite sign, or, in the alternative, thirty (30) days following the delivery of written notices to residents and owners within 300 feet of the Site, and the City will have the right to nullify or revoke this Agreement without cost or liability of any sort whatsoever at any time before that date. If Borrower believes that this Agreement relates to a City Project and that the requisite sign has not been posted, Borrower must notify the City so that the City may determine the applicability of Chapter 79, and, if necessary, post the requisite sign.

14. Prohibition on Use of Public Funds for Political Activities. Borrower shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Borrower is subject to the enforcement and penalty provisions in Chapter 12G.

15. Nondisclosure of Private Information. Borrower has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information", and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Borrower agrees that any failure of Borrower to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Agreement, bring a false claim action against Borrower pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar Borrower.

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

(a) Borrower shall remove all graffiti from any real property owned or leased by Borrower in the City and County of San Francisco within forty eight (48) hours of the earlier of Borrower's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Borrower to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on

any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

(b) Any failure of Borrower to comply with this section of this Agreement shall constitute an Event of Default of this Agreement.

17. Resource-Efficient Building Ordinance. Borrower acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Chapter 7 relating to resource-efficient City buildings and resource-efficient pilot projects. Borrower hereby agrees it shall comply with the applicable provisions of such code sections as such sections may apply to the Property.

18. Consideration of Criminal History in Hiring and Employment Decisions.

(a) Borrower agrees to comply fully with and be bound by all of the provisions of Chapter 12T "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Administrative Code (Chapter 12T), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the Chapter 12T is available on the web at www.sfgov.org/olse/fco. A partial listing of some of Borrower's obligations under Chapter 12T is set forth in this Section. Borrower is required to comply with all of the applicable provisions of 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12T.

(b) The requirements of Chapter 12T shall only apply to a Borrower's or Subcontractor's operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, shall apply only when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco, and shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

(c) Borrower shall incorporate by reference in all subcontracts the provisions of Chapter 12T, and shall require all subcontractors to comply with such provisions. Borrower's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

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

(e) Borrower or Subcontractor shall not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection 16.16(d), above. Borrower or Subcontractor shall not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

(f) Borrower or Subcontractor shall state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment to be performed under this Agreement, that the Borrower or Subcontractor will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

(g) Borrower and Subcontractors shall post the notice prepared by the Office of Labor Standards Enforcement (OLSE), available on OLSE's website, in a conspicuous place at every workplace, job site, or other location under the Borrower or Subcontractor's control at which work is being done or will be done in furtherance of the performance of this Agreement. The notice shall be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the workplace, job site, or other location at which it is posted.

(h) Borrower understands and agrees that if it fails to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T, including but not limited to, a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Agreement.

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Borrower agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Borrower agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation,

established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Borrower's failure to comply with this provision.

20. Bottled Drinking Water. Unless exempt, Borrower agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San Francisco Environment Code Chapter 24, including the administrative fines, remedies, and implementing regulations provided therein, as the same may be amended from time to time. The provisions of Chapter 24 are incorporated herein by reference and made a part of this Agreement as though fully set forth.

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

EXHIBIT F
Lobbying/Debarment Certification Form

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

This lobbying certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed under Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for such failure.

3. Neither the undersigned nor its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. The undersigned will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities and will obtain the certification of each contractor or subcontractor whose bid is accepted that such contractor or subcontractor is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities.

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


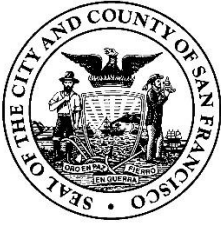
BY: 
NAME: Donald S. Falk
TITLE: CEO
DATE: 1/28/20

EXHIBIT G
Form of Annual Monitoring Report
[To be attached]

Mayor's Office of Housing and Community Development
City and County of San Francisco



Mark Farrell
Mayor

Kate Hartley
Director

March 19, 2018

Notice of Availability of 2017 Annual Monitoring Report Form
(plus reminders of Serious Incident Protocol and marketing procedure)

MOHCD is pleased to announce the availability of the Annual Monitoring Report (AMR) forms for Reporting Year 2017 (RY2017). The forms are now available to be downloaded from the [Asset Management page](#) of the MOHCD web site. A training on how to complete the AMR will be held at MOHCD on April 12, 2018 from 9:30 a.m.-12:15 p.m. See below for more information.

Deadline: For projects whose business year ended December 31, 2017, the report will be due on May 31, 2018 for the period 1/1/17-12/31/17. For any projects whose 2017 business year ended or will end on different dates than those above, the report will be due 5 months from the last date of that business year.)

Submissions for RY2017 and any outstanding reports from prior reporting years will be accepted only in the RY2017 format.

Completion and Submission Instructions

The Annual Monitoring Report consists of the following four parts:

I. AMR_RY2017 – project name.xlsx – This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

Instructions	3C. Demographic Summary
1A. Property & Residents	4. Narrative
1B. Transitional Programs	5. Project Financing
1C. Eviction Data	6. Services Funding
2. Fiscal Activity (revised)	7. Supplementary Audit Information Required by MOHCD
3A. Occupancy & Rent Info (revised)	Completeness Tracker
3B. Demographic Information	

Provide all applicable information that is requested in worksheets 1-7. Use the Instructions to help you complete each form and the Completeness Tracker to help you to determine when each worksheet is complete.

Use Question #1 on the Narrative worksheet to explain any data that you provide that may be unclear or better understood with additional information. In addition, certain questions in this report prompt you to supply an explanation for your answers on the Narrative worksheet. *Failure to supply the required explanation will render your submission incomplete.*

Submit this report as an Excel file only; do not convert it to pdf or another file type. Changing the format of AMR_RY2017.xlsx without MOHCD's prior approval is not allowed. Do not

overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. If you need to revise the form in order to successfully complete the report, submit a request to moh.amr@sfgov.org.

II. Owner Compliance Certification Form and Documentation of Insurance – The certification form is a Microsoft Word document that must be completed, signed and dated by the Executive Director (or other authorized officer) of the entity that owns the project. Scan the form along with documentation of insurance and email it to MOHCD as a single document. For each project, you must provide certificates of liability insurance and property insurance that are *current as of the date of submittal of the AMR*.

III. Audited Financial Statements – Provide financial statements for the project for Reporting Year 2017. They must be prepared by a certified public accountant in accordance with generally accepted accounting principles, applicable regulations and laws and with the City's "[Audit Requirements for MOHCD-Funded Projects](#)" a copy of which is attached and posted on [MOHCD's Asset Management web page](#). If the project is owned by a single asset entity, provide separate financial statements just for the project, otherwise provide audited statements for the parent corporation. Also include copies of any Management Letters and special notes from the auditor that pertain to the property and the financial statements.

MOHCD's audit requirements call for the preparation of a supplemental section to the financial statements that includes the following for each MOHCD-funded project:

- schedule of operating revenues,
- schedule of operating expenses,
- computation of cash flow/surplus cash
- summary of project reserve activity

The supplemental section may be prepared by using worksheet #7 of the AMR or a form generated by the accounting system of the project owner or the auditor.

IV. Waiting List – Submit a copy of the project's waiting list that is current as of the date of submittal. The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit:

- name of head-of-household
- contact information
- date of application,
- number of people in the household,
- stated household income and
- desired unit size.

This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

Completed AMRs must be submitted electronically, via one email message per project to moh.amr@sfgov.org, or if desired, for multiple projects, via flash drive or compact disc sent to Mike McLoone at MOHCD. If the documents that comprise the report are too large to attach to a single email, compress the files into a zip file and attach it to the email.

AMR Training – April 12, 9:30 a.m.-12:15 p.m.

To facilitate completion of the AMR by project sponsors, MOHCD will conduct a training on from 9:30 a.m. to 12:15 p.m. on Thursday, 4/12, in our office at 1 South Van Ness Avenue, 5th Floor, Room 5080. We strongly encourage the primary staff person who is responsible for completion of the report to

attend and to bring a Wi-Fi enabled lap top computer. Space is limited. Please RSVP to Ricky Lam at ricky.lam@sfgov.org or 415-701-5542.

Serious Incident Protocol

To ensure that MOHCD is kept informed of serious incidents that occur at projects financed by this office, we have established the following protocol for reporting serious, negative events such as accidents, criminal activity or equipment failure. The report should be filed only after emergency procedures have been followed and the situation has been stabilized.

The Mayor's Office of Housing and Community Development requests that owners of projects financed by this office notify us immediately if a serious incident occurs at their properties and meets one or more of the following parameters:

- Involves serious injury or death
- Is a serious, violent crime that involves a major police action (e.g. shooting)
- Causes the building or a significant number of units to be off-line
- Requires a resident to move out of a unit one month or longer
- Damage to the building is significant enough to require the use of reserves

The owner should notify the MOHCD asset manager assigned to the project and provide the following information:

- The date of the incident
- A description of the incident
- A description of what has been and is being done in response
- The name, phone and email of the staff that should be contacted if there are questions
- Confirmation that 1) the property insurance is current and 2) the insurance company has been contacted; a brief summary of their response, if available
- Statement of whether or not the organization plans to use the project's reserves to pay for corrective action

Marketing of Available Units and Waiting List Openings

Before advertising the availability of units for lease in a project or the opening of the waiting list, owners and property managers must notify MOHCD of this action by completing a [Marketing Plan Template](#) and submitting it to the assigned staff person on MOHCD's asset management and compliance monitoring team. The template is available on the [Asset Management page](#) of our web site, under "Marketing Requirements for MOHCD-Financed Multifamily Rental Projects." Once the marketing plan is approved, MOHCD will post information about the available units or opening of the wait list on this [page of our web site](#). General information for people seeking affordable housing in San Francisco can also be found on our web site at [this location](#)

Asset Management and Compliance Monitoring Team

Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
<http://sf-mohcd.org/>
P. 415-701-5500
F. 415-701-5501

Owner Compliance Certification and Insurance & Tax Certification Form
2017 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development

***** This form must be completed by Project Owner or authorized agent. *****

Complete this form, sign and date it, scan it along with current liability and property insurance certificates into a single PDF file, then email the file along with AMR_RY2017 – project name.xlsx, audited financial statements, and current waiting list to moh.amr@sfgov.org.

Project Name: _____

Project Street Address: _____

Reporting Period – Start Date: _____ End Date: _____

Owner Compliance Certification

The undersigned owner, having received housing development funds pursuant to a housing development program funding agreement/s entered into with the City and County of San Francisco ("CCSF") for the purpose of purchasing, constructing and/or improving low-income housing, does hereby certify as follows:

Initial all statements below, and supply data to make the statement complete where needed (look for underlined blanks; e.g.: ____). For any statements that are not true, you must supply a detailed explanation on the Annual Monitoring Report Narrative Worksheet. The failure to provide a conforming response to all statements below will render incomplete the entire Annual Monitoring Report ("AMR") submission for this project, which may result in a default condition under the funding agreement/s, and also subject the owner to scoring penalties in future efforts to obtain funding from MOHCD for this project and any other project.

	True	False	
1			The CCSF Mayor's Office of Housing and Community Development ("MOHCD") has been alerted by the owner prior to any actions taken by the owner that affect the value of the property associated with this project, including but not limited to the establishment of any liens or encumbrances on the property; and, where required, the owner has obtained written authorization from MOHCD prior to taking any such actions.
2			The undersigned is not in default of the terms of any Agreements with CCSF for this project, nor has it been in default on any other loans, contracts or obligations on this property during the reporting period.
3			The undersigned has not been the subject of any actions relating to any other loans, contracts or obligations on this property which might have a material adverse financial impact on the property.
4			The owner has not lost or failed to renew funding for supportive services for the project during the reporting period and has made available (or caused to be made available through another party) all supportive services that are required by existing, applicable funding and regulatory agreements.
5			The owner has not lost or failed to renew funding for operating subsidy/ies for the project during the reporting period.
6			For any existing operating subsidies supporting the project, during the reporting period, the owner submitted a request for the maximum increase possible.
7			The owner has paid all taxes due for the reporting period and prior reporting periods.
8			The undersigned has marketed the units in the manner set forth in the marketing and resident selection provisions of the funding agreement/s entered into with CCSF.

Owner Compliance Certification and Insurance & Tax Certification Form
2017 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development

	True	False	
9			The project has met affordability and other leasing provisions set forth in the funding agreement/s entered into with CCSF during the entire reporting period. As of the end date of the reporting period, _____ units (<i>supply exact number</i>) were occupied or held vacant and available for rental by low-income tenants meeting the income qualifications pursuant to the funding agreement/s entered into with CCSF.
10			The undersigned has obtained a tenant income certification and/or third party documentation to support that certification from each tenant household occupying a unit restricted to occupancy by income-qualified tenants. All income certifications are maintained onsite with respect to each qualified tenant who resides in a unit or resided therein during the immediately preceding business year.
11			The total charges for rent and a utility allowance to each income-qualified tenant in a restricted unit do not exceed the maximum rent specified in the funding agreement/s entered into with CCSF as adjusted by the most recent HUD income and rent figures, which have been taken from the figures that are supplied by MOHCD on its website.
12			All withdrawals from the replacement and operating reserve accounts have been made in accordance with the MOHCD funding agreement/s, unless approved in writing by MOHCD.
13			Security deposits required of tenants of the project are in accordance with applicable laws and the funding agreement/s entered into with CCSF.
14			The undersigned has obtained and will maintain insurance policies in accordance with requirements of the funding agreement/s entered into with CCSF as may be reasonably updated from time to time, and has supplied with this AMR certificates of insurance that are current through the end of the reporting period.
15			The undersigned has maintained the units and common areas in a decent, safe and sanitary manner in accordance with all local health, building, and housing codes and in accordance with the HUD Housing Quality Standards.
16			The data submitted in Section 1A – Property & Residents of the Annual Monitoring Report regarding any violation/s of any health, building, or housing codes is complete and accurate; all required copies of violations/citations that were not resolved by the end of the reporting periods are also included with this AMR submission.
17			The undersigned has made best efforts to: (a) keep the units in good repair and available for occupancy; (b) keep the Project fully rented and occupied; and (c) maximize rental revenue at the Project by increasing tenant rents, and if applicable, contract rents and commercial rents, the maximum amount permitted under all current regulatory agreements, contracts, regulations and leases, without causing undue rent burden on residential tenants.
18			All questions in the Annual Monitoring Report submitted for this reporting period have been answered fully and truthfully; answers have been supplied for all of questions requiring detailed responses on the Annual Monitoring Narrative Worksheet and any related documents have been submitted as attachments.
19			The project has received additional equity proceeds in the amount of \$_____ (<i>supply amount</i>) from low-income housing tax credit investors during the reporting period.
20			Accurate information has been provided in Worksheet 2 - Fiscal Activity about any Federal Program Income earned by this project during the reporting period.
21			Any amounts charged as Asset Management Fees are reflected accurately under Income & Expenses in Worksheet 2 - Fiscal Activity of the Annual Monitoring Report, and all such amounts have been used exclusively toward asset management of this

**Owner Compliance Certification and Insurance & Tax Certification Form
2017 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development**

	True	False	
			project. Asset Management Fees taken beyond pre-approved levels have been documented as required in response to question 7 in Section 4 - Narrative.
22			The calculation of cash flow in Worksheet 2 - Fiscal Activity accurately reflects all expenses incurred and income earned, and the proposed distribution of any Residual Receipts would be in accordance with all relevant agreements and policies.
23			The Waiting List that has been submitted with the 2016 Annual Monitoring Report is an accurate and correct record as of the last day of the reporting period of the households who have applied to live at the Project, including the name of the head-of-household (or a suitable alternative), date of application, number of people in the household, stated household income and desired unit size.

Property and Liability Insurance

Enter the information requested below, and attach a current copy (each) of the Property and Liability Insurance Certificates. SCAN the documents and send them as an attachment along with the complete AMR to MOHCD via e-mail to: moh.amr@sfgov.org.

Property Insurance		
	Property Street Address:	
	Policy Number:	
	Policy Effective Date:	
	Policy Expiration Date:	
Liability Insurance		
	Property Street Address:	
	Policy Number:	
	Policy Effective Date:	
	Policy Expiration Date:	

Tax Certification

Enter the information requested below. You do **NOT** need to submit copies of the invoice or checks used to pay the tax.

Property Tax		
	Tax Year:	
	Amount of Tax Paid:	
	Date Paid:	
	Amount outstanding from taxes due for Reporting Period:	
	Amount outstanding from taxes due prior to Reporting Period:	

***** This form must be completed by Project Owner or authorized agent. *****

The undersigned, acting under authority of the ownership of this project, executes this Certification, subject to the pains and penalties of perjury, and certifies that the foregoing is true and correct in all respects.

Signature: _____ Date: _____

Name: _____ Title: _____

Annual Monitoring Report - Instructions - Reporting Year 2017 - Mayor's Office of Housing & Community Development

The instructions and definitions below are organized by the worksheets contained within this Annual Monitoring Report. Please review the instructions below and within each worksheet thoroughly as instructions may have changed.

Updated 1/25/2018

1A. Property & Residents

Please follow the instructions provided on the worksheet.

1B. Transitional Programs Only

Use this worksheet to report the activity only of a transitional housing program, including program capacity, number of people served, length of stay and destination upon exit. Please follow the instructions provided on the worksheet.

1C. Eviction Data

MOHCD is required to collect this data by San Francisco Administrative Code Sections 20.500-20.508. Please follow the instructions provided on the worksheet.

2. Fiscal Activity

Income and Expenses

The purpose of the Income and Expenses form is to track actual income and expenses over the reporting period. In addition to the instructions below, please follow instructions provided on the worksheet.

INSTRUCTIONS:

Column B - "Description of Income Accounts" and "Description of Expense Accounts". A complete description of the Income Accounts and Expense Accounts are provided below. Refer to the descriptions when completing the Fiscal Activity Worksheet. The Chart of Accounts uses account categories prescribed by generally accepted accounting principles and closely follows accounts prescribed by HUD, the State of California's Housing and Community Development Department, and the City's Quarterly Program Income Worksheet.

Column D - "**Account Number**". Each number represents an account in the Chart of Accounts, see below for more info.

Column F - "**Residential**". This column is for the essential recurring income and expenses related to the operation of a rental housing property, group home, project serving special needs populations or a transitional housing program.

Column H - "**Non-Residential**". This column is used to report income and expenses related to commercial space or other non-residential space in a project.

Income

Rental Income

5120 Housing Units Gross Potential Tenant Rents. This account records gross rent payable by the tenant for all residential units. Offsetting debits to this account are Account 6331, Administrative Rent Free Unit.

5121 Rental Assistance Payments. This account records rental assistance payments received or earned by the project through the LOSP, HUD Section 8 program (project-based or tenant-based assistance), HUD Section 202/811 programs, Shelter Plus Care program, HOPWA program, Rent Supplement, HOME Tenant-Based Assistance and VASH.

5140 Commercial Unit Rents. This account records gross rental income from stores, offices, rented basement space, furniture and equipment or other commercial facilities provided by the property.

Vacancy Loss

5220 Rent Income - Residential Units Vacancy Loss. ENTER AS NEGATIVE NUMBER. This account records total loss of residential rental income due to vacant residential units.

5240 Rent Income - Commercial Units Vacancy Loss. ENTER AS NEGATIVE NUMBER. This account records total loss of commercial rental income due to vacant commercial units.

Other Income

5170 Garage and Parking Spaces. This account records the gross rental income from all garage and parking spaces.

5190 Miscellaneous Rent Income. This account records gross rental income expectancy not otherwise described above.

5300 Supportive Services Income. Accounts in this series are used primarily by group home projects or other projects restricted to a special needs population (e.g., group home for mentally disabled or senior apartments). These accounts record revenues received or payable (other than rents) for services provided to tenants (e.g., meal services, housekeeping, etc.). Supportive service-related expenses are charged to accounts in the 6900 series. Enter the total of all revenues received or payable, and identify the source(s) of the income in cell D39.

5400 Interest Income - Project Operations. This account records interest income received or accrued on the Project Operating Account/s; DO NOT RECORD interest earned on the Replacement Reserve or Operating Reserve here.

5910 Laundry and Vending. This account records project revenues received from laundry and vending machines owned or leased by the project.

5920 Tenant Charges. This account records charges collected from tenants for damages to apartment units and for fees paid by tenants for cleaning of an apartment unit (other than regular housekeeping services), any security deposits forfeited by tenants moving out of the project and charges assessed to tenants for rent checks returned for insufficient funds and for late payment of rents.

5990 Other Revenue. This account records project revenue not otherwise described in the above revenue accounts.

Expenses **Management**

6320 Management Fee. This account records the cost of management agent services contracted by the project. This account does not include charges for bookkeeping or accounting services paid directly by the project to either the management agent or another third party.

Salaries/Benefits

6310 Office Salaries. This account records salaries paid to office employees whether the employees work on site or not. Front-line responsibilities include for example, taking applications, verifying income and processing maintenance requests. The account does not include salaries paid to occupancy, maintenance and regional supervisors who carry out the agent's responsibility for overseeing or supervising project operations and personnel: These salaries are paid from the management fee. This account also does not include the project's share of payroll taxes (Account 6711) or other employee benefits paid by the project.

6330 Manager's Salary. This account records the salary paid to property managers. It does not include the project's share of payroll taxes or other employee benefits or compensation provided to residents managers in lieu of residents managers' salary payments.

6723 Employee Benefits: Health Insurance & Disability Insurance. This account records the cost of employee benefits paid and charged to the project for health insurance and disability insurance.

XXXX Employee Benefits: Retirement & Other Salary/Benefit Expenses. This account records the cost of employee benefits paid and charged to the project for retirement and any other employee salary/benefits.

6331 Administrative Rent Free Unit. This account records the contract rent of any rent free unit provided to a resident manager which would otherwise be considered revenue producing.

Administration

6210 Advertising and Marketing. This account records the cost of advertising the rental property.

6311 Office Expenses. This account records office expense items such as supplies, postage, stationery, telephone and copying.

6312 Office Rent. This account records the rental value of an apartment, otherwise considered potentially rent-producing, but used as the project office or as a model apartment. The account is normally debited by journal entry.

6340 Legal Expense - Property. This account records legal fees or services incurred on behalf of the project (as distinguished from the borrower/grantee entity). For example, agents charge legal fees for eviction procedures to this account.

6350 Audit Expense. This account records the auditing expenses incurred by the project that are directly related to requirements for audited financial statements and reports. This account does not include the auditor's charge for preparing the borrower/grantee's Federal, State and local tax returns. This account does not include the cost of routine maintenance or review of the project's books and records.

6351 Bookkeeping Fees/Accounting Services. This account records the cost of bookkeeping fees or automated accounting services not included in the management fee but paid to either the agent or a third party.

6370 Bad Debts. This account records by journal entry the amount of tenant accounts receivable that the agent estimates uncollectible at the end of the accounting period.

6390 Miscellaneous Administrative Expenses. This account records administrative expenses not otherwise classified in the 6300 Series. If the project had miscellaneous administrative expenses greater than \$10,000, a detailed itemization of these expenses must be provided in the Narrative worksheet.

Utilities

6450 Electricity

6451 Water

6452 Gas

6453 Sewer

Taxes and Licenses

6710 Real Estate Taxes. This account records payments made for real estate taxes of the project.

6711 Payroll Taxes (Project's Share). This account records the project's share of FICA and State and Federal Unemployment taxes.

6790 Miscellaneous Taxes, Licenses and Permits. This account records any taxes, licenses, permit fees or costs of insurance assessed to the property and not otherwise categorized in the 6700 Series.

Insurance

6720 Property and Liability Insurance. This account records the cost of project property and commercial general/auto liability insurance.

6721 Fidelity Bond Insurance. This account records the cost of insuring project employees who handle cash.

6722 Workers' Compensation. This account records the cost of workers' compensation insurance for project employees.

6724 Directors and Officers Liabilities Insurance. This account records the cost of insurance to cover financial protection for the directors and officers of the ownership entity in the event they are sued in conjunction with the performance of their duties as they relate to the property.

Maintenance and Repairs

6510 Payroll. This account records the salaries of project employees whose perform services including but not limited to janitorial/cleaning, exterminating, grounds, repairs, elevator maintenance and decorating. This account does not include the property's share of payroll taxes (FICA and Unemployment) or other employee benefits paid by the property.

6515 Supplies. This account records all cost of supplies charged to the property for janitorial cleaning, exterminating, grounds, repairs and decorating.

6520 Contracts. This account records the cost of contracts the owner or agent executes with third parties on behalf of the property for janitorial/cleaning, exterminating, grounds, repairs, elevator maintenance and decorating.

6525 Garbage and Trash Removal. This account records the cost of removing garbage and rubbish from the project. The account does not include salaries paid to janitors who collect the trash.

6530 Security Payroll/Contract. This account records the project's payroll costs attributable to the protection of the project or the costs of a protection contract that the owner or agent executes on behalf of the project.

6546 HVAC Repairs and Maintenance. This account records the cost of repairing and maintaining heating or air conditioning equipment owned by the project. Agents should capitalize repairs of significant amounts which extend the useful life of the equipment.

6570 Vehicle and Maintenance Equipment Operation and Repairs. This account records the cost of operating and repairing project motor vehicles and maintenance equipment. Motor vehicle insurance is not included in this account but is charged to account 6720.

6590 Miscellaneous Operating and Maintenance Expenses. This account records the cost of maintenance and repairs not otherwise classified in the 6400 and 6500 account Series. If the project had miscellaneous operating and maintenance expenses greater than \$10,000, a detailed itemization of these expenses must be provided in the Narrative worksheet.

Supportive Services

6900 Supportive Service Expenses. Accounts in this series are used primarily by group home projects and other projects restricted to a special needs population. The accounts record expenses directly related to special services provided to the tenants (e.g., food, housekeeping, case managers, social activity coordinator, etc.).

Reserve Account Activity

1320 Replacement Reserve Required Annual Deposits. This account records the required amount of deposits made to a segregated Replacement Reserve bank account from the project's Operating Account during the reporting period. See below for more guidance about data entry required for replacement reserve eligible expenditures.

1365 Operating Reserve Deposits. This account records amount of deposits made to a segregated Operating Reserve bank account from the project's Operating Account during the report period.

XXXX Operating Reserve Account Withdrawals. Enter the total amount of withdrawals made from the Operating Reserve, which will be deposited into the project's Operating Account during the reporting period.

1330 Other Reserve Accounts - Deposits. This account records amount of deposits made to segregated reserve bank accounts not identified above during the report period. Deposits are assumed to have been funded by the project's operating account and will decrease the surplus cash amount in row 136. You should provide the name of the account in cell D132.

XXXX Other Reserve Accounts - Withdrawals. This line is used to record the amount of withdrawals made from other segregated reserve bank accounts during the reporting period. Withdrawals entered are assumed to have been deposited into the project's operating account and will increase the surplus cash amount in row 136. You should provide the name of the account in cell D133.

3A. Occupancy & Rent Info

Accurate and complete household and tenancy data must be submitted on the Occupancy & Rent Info worksheet as evidence that the project complies with the income eligibility and rent affordability restrictions of MOHCD's funding agreements. Enter the data described below into the chart in Section 3a - Occupancy & Rent Info for the tenant population that occupied the project as of the end of the reporting period. *For vacant units and manager's units, you must supply data in columns D, E, P, R and T. All other columns should be left blank.*

COLUMN	DESCRIPTION
C.	Row Number. Do not enter data in this column.
D.	Unit No. Enter the unit number (or bed number for transitional or group housing) for each unit/bed in the property.
E.	Unit Type. Use the drop down menu to select the unit type (also shown below): Bed = (measurement for Group homes or transitional housing) "SRO" = Single Room Occupancy unit "Studio" = Studio unit "1BR" = 1 Bedroom unit "2BR" = 2 Bedroom unit "3BR" = 3 Bedroom unit "4BR" = 4 Bedroom unit "5+BR" = 5 or more Bedroom unit
F.	Date of Initial Occupancy. Enter the date when the tenant occupied their <i>first unit in the project</i> . For tenants who have transferred to another unit in the project, this date will be different than the date when they moved into their current unit.
G.	Household Annual Income at Initial Occupancy. Enter the tenant's annual household income from the initial income certification that was done before they moved into their <i>first unit in the project</i> . For tenants who have transferred to another unit in the project, this amount will be different than the amount from the certification that was done when they moved into their current unit.
H.	Household Size at Initial Occupancy. Enter the number of people that was in the tenant's household when they occupied their first unit in the project. For tenants who have transferred to another unit in the project, this number may be different than it was when they moved into their current unit.
I.	Date of Most Recent Income Recertification. Enter date of most recent income recertification. Leave blank for vacant units.
J.	Household Annual Income as of Most Recent Recertification within reporting period. Enter annual income of the household from the most recent recertification. OK to leave blank ONLY if ALL funders do not require annual income recertifications.
K.	Household Size as of Most Recent Recertification within reporting period. Enter the number of occupants in the unit from the most recent recertification within the reporting period.
L.	Minimum Occupancy for Unit Type. The data here is automatically entered from items 25-31 on Worksheet #1A.
M.	Maximum Occupancy for Unit Type. The data here is automatically entered from items 25-31 on Worksheet #1A.
N.	Overhoused or Overcrowded? The data here is automatically generated based on entries in column K and on items 26-32 on Worksheet #1A.
O.	Overhoused or Overcrowded - Narrative A household is "Overhoused" if there are fewer people residing in the unit than the minimum occupancy. "Overcrowded" means that there are more people residing in the unit than the maximum occupancy. If the data in column N indicates that the household is overhoused or overcrowded, please describe any extenuating circumstances that justify the overhoused/overcrowded status and summarize efforts that you have made to transfer the tenant to a unit that is appropriate for the size of the household, if applicable.
P.	Rental Assistance. From the drop-down menu, select one code only to indicate the type of assistance, if any, being provided to the tenant (low-income units only). Select "None" if no rental assistance comes with the unit or none is provided to the tenant. "Section 8 - Project Based" = The unit comes with Section 8 subsidy that will remain with the unit after the tenant moves out. "Section 8 - Tenant Voucher" = Tenant is receiving assistance through the Section 8 Certificate or Voucher programs. "PRAC - 202" = The unit receives a subsidy through a Project Rental Assistance Contract from HUD's 202 program. "PRAC - 811" = The unit receives a subsidy through a Project Rental Assistance Contract from HUD's 811 program.

“**S+C**” = Tenant is receiving tenant-based assistance, or the unit has project-based assistance, from the Shelter Plus Care program.

“**HOPWA**” = Tenant is receiving tenant-based assistance, or the unit comes with project-based rental assistance, from the Housing Opportunities for People With AIDS program.

“**VASH**” = Tenant is receiving tenant-based assistance, or the unit comes with project-based rental assistance, from the Veterans Administration Supportive Housing program.

“**LOSP**” = The unit receives a subsidy through the City's Local Operating Subsidy Program.

“**DAH (DPH)**” = The unit receives a subsidy through the City's Direct Access to Housing Program of DPH.

“**HSA Master Lease**” = The unit receives a subsidy through the City's Master Lease Program of the Human Services Agency.

“**HOME TBA**” = Tenant receives assistance from a HOME-funded rental assistance program.

“**Rent Supplement**” = Tenant receives a supplemental rent payment from an outside agency.

“**Other**” = Tenant is receiving, or unit comes with, rental assistance through another Federal, State or local program.

- Q. **Amount of Rental Assistance.** Enter the dollar amount of rental assistance that is paid on behalf of the household/tenant.
- R. **Amount of Maximum Gross Rent Allowed for Unit.** Enter the maximum rent for the unit that is allowed by the most restrictive funder of the project.
- S. **Amount of Tenant Paid Rent for Unit.** Enter only the amount of rent that the tenant pays. Do not include any rental assistance paid on behalf of the tenant by another party.
- T. **Utility Allowance.** If the tenant pays for utilities, enter the Utility Allowance allowed for the unit. Enter zero (0) if the Utilities are paid by the project.
- U. **Household Rent Burden.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE. If the rent burden is 100% or greater, it is likely that the amount of tenant paid rent and/or the amount of HH income is incorrect, please review the data for accuracy. Typically, rent burdens should be 60% or less. If a unit has a rent subsidy, the typical requirement is for tenants to pay 30% of income toward rent.
- V. **Date of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter date of most recent rent increase for unit.
- W. **Amount of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter amount of most recent rent increase for unit.
- X. **Percentage of Most Recent Rent Increase.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE.

3B. Demographic

The two ethnic categories are defined below:

- **Hispanic or Latino.** A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. The term “Spanish origin” can be used in addition to “Hispanic” or “Latino.”
- **Not Hispanic or Latino.** A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

The 10 racial categories are defined below:

- **American Indian or Alaska Native.** A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.
- **Asian.** A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
- **Black or African American.** A person having origins in any of the black racial groups of Africa.
- **Native Hawaiian or Other Pacific Islander.** A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
- **White.** A person having origins in any of the original peoples of Europe, the Middle East or North Africa.
- **American Indian or Alaska Native and Black or African American.** A person having these multiple race heritages as defined above.
- **American Indian or Alaska Native and White.** A person having these multiple race heritages as defined above.
- **Asian and White.** A person having these multiple race heritages as defined above.
- **Black or African American and White.** A person having these multiple race heritages as defined above.
- **Other/Multi-Racial.** For reporting individual responses for a person that is not included in any of the categories listed above.

Gender, Sex at Birth, and Sexual Orientation/Sexual Identity: on June 30, 2017, MOHCD published and distributed a Notice regarding new requirements to collect this demographic data. Click this cell to review the [Notice](#) if you have any questions about this.

Gender. Provide info for the Head of Household. The 8 possible answers for Gender are:

- Female
- Male
- Genderqueer/Gender Non-binary
- Trans Female
- Trans Male
- Not listed
- Declined/Not Stated
- Question Not Asked

Sex At Birth. Provide info for the Head of Household. The 5 possible answers for Sex at Birth are:

- Female
- Male
- Decline to Answer
- Not Stated
- Question Not Asked

Sexual Orientation / Sexual Identity. Provide info for the Head of Household. The 7 possible answers for Sexual Orientation / Sexual Identity are:

- Bisexual
- Gay /Lesbian/Same-Gender Loving
- Questioning /Unsure
- Straight/Heterosexual
- Not listed
- Decline to Answer
- Not Stated

Elderly Household. For each residential unit, enter "Yes" if the head of household is a person that is at least 62 years of age. Enter "No" if the head of the household is younger than 62.

Number of Children Under Age 18 in Household. Enter the number of occupants in the unit that were under age 18 as of the end date of the reporting period.

Disability (Physical/Visual/Hearing/None). If the unit is occupied by a tenant with any of the listed disabilities, select the disability from the drop-down menu. Select "None" if the unit is not occupied by a physically, visually, or hearing disabled tenant.

3C. Summary of Reported Household Demographics

No data entry required. Output based on information reported from Worksheets 3A and 3B.

4. Narrative

Please follow the instructions provided on the worksheet.

5. Project Financing

Supply the info requested about all current financing of the project. Lenders should be listed in lien order, i.e., with the most-senior lender in the first lien position, the most-junior lender in last lien position.

6. Services Funding

For each service that is provided based on your answers to questions 51-61 on Worksheet 1A, you must supply additional info about each service provider on Worksheet 6. Services Funding.

7. Supplementary Audit Information - Required by MOHCD

Use this template to satisfy the audit requirement for MOHCD-funded projects. Project Owners/auditors may enter data directly into this worksheet and then print it to create the required Supplemental Schedules in the Audited Financial Statement. Alternatively, the audit requirement may be satisfied by using a form generated by the Sponsor's accounting system, as long as the form includes all the elements contained within MOHCD's template.

Completeness Tracker

Use this worksheet to track your work and to verify that you have completed all required data entry.

Links to Relevant Policies

Double click on the following web links to access the policy documents posted at SFGOV for your reference. The web address of the pages on the web are included for manual navigation as well.

[MOHCD Forms Page at SFMOHCD.ORG](http://sfmohcd.org/documents-reports-and-forms)

<http://sfmohcd.org/documents-reports-and-forms>

[Program Income Overview](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH_ProgIncomeOverview.pdf)

http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH_ProgIncomeOverview.pdf

[MOHCD Residual Receipt Policy](http://sfmohcd.org/sites/default/files/Documents/CURRENTResidualRecPolicy%202016.pdf)

<http://sfmohcd.org/sites/default/files/Documents/CURRENTResidualRecPolicy%202016.pdf>

[MOHCD Insurance Requirements Policy](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K_2014-05-21.pdf)

http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K_2014-05-21.pdf

[MOHCD Operating Fees Policy](http://sfmohcd.org/sites/default/files/Documents/CURRENT%20OperatingFeesPolicy%202016.pdf)

<http://sfmohcd.org/sites/default/files/Documents/CURRENT%20OperatingFeesPolicy%202016.pdf>

Annual Monitoring Report - Property & Residents - Reporting Year 2017 - Mayor's Office of Housing & Community Development		
#	IDENTIFYING INFO	
1		Reporting Period Start Date (m/d/yyyy)
2		Reporting Period End Date (m/d/yyyy)
3		Property Name (select from drop down)
4		Property Full Street Address (e.g. "123 Main Street")
	CONTACT INFO	
5		Sponsor Executive Director Name
6		Sponsor Executive Director Phone Number
7		Sponsor Executive Director E-mail
8		Property Management Company
9		Property Manager Name
10		Property Manager Phone Number
11		Property Manager E-mail
12		Property Supervisor Name
13		Property Supervisor Phone Number
14		Property Supervisor E-mail
15		Property Owner Name
16		Property Owner Contact Person
17		Property Owner Contact Phone Number
18		Property Owner Contact E-mail
19		Property Asset Manager Name
20		Property Asset Manager Phone Number
21		Property Asset Manager E-mail
22		AMR Preparer's Name
23		AMR Preparer's Phone Number
24		AMR Preparer's E-mail

	PROPERTY/MARKETING INFO				
25		Is the project any of the following: Transitional Housing, Residential Treatment Program, Shelter or Transitional Group Home? (select "yes" or "no" from the drop-down menu to the left.) <i>If you answer "yes", skip questions 26 through 39 below, and continue with question 40. Also, you must complete worksheet "1B.TransitionalProg."</i>			
What is the Unit Mix for the Property? Please include any manager's units in this tally.					
	Unit Types	Number Of Units	Occupancy Standard: Minimum HH Size for this Unit Type*	Occupancy Standard: Maximum HH Size for this Unit Type*	*Occupancy Standards should be described in project's Approved Tenant Selection and Marketing Plan. If not defined there, supply the standards used organization-wide.
26	Single Room Occupancy (SRO) Units		1		
27	Studio Units		1		
28	One-Bedroom (1BR) Units		1		
29	Two-Bedroom (2BR) Units				
30	Three-Bedroom (3BR) Units				
31	Four-Bedroom (4BR) Units				
32	Five- or More (5+BR) Bedroom Units				
33	TOTAL # Units---->		0		
34		Vacancies - How many vacancies occurred at the project during the reporting period? (Be sure that the number you report here is not less than the number of vacant units that are included on worksheet 3.)			
35		0	Evictions - How many evictions occurred during the reporting year? (This data in this field is automatically calculated from the data that is entered on worksheet 1C. You must complete worksheet 1C, unless the project is transitional housing, a residential treatment program, a shelter or a transitional group home.)		
36		Vacant Unit Rent-Up Time - (<i>in DAYS</i>) State the average vacant unit rent-up time. This is the period from the time a household moves out to when the unit is rented again. <i>If this period exceeds 30 days, you must answer Question # 4 on the Narrative worksheet. (Click on # 4 at left to jump to Narrative worksheet.)</i>			
37		Waiting List - How many applicants are currently on the waiting list?			
38		When was the waiting list last updated? (m/yyyy)			

39		<div># 5</div> Affirmative Marketing - Did you conduct any marketing of the project during the reporting period? If you conducted marketing during the reporting period, you must answer Question #5 on the Narrative worksheet. (Click on #5 at left to jump to Narrative worksheet.)
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40		What is the date of the last Capital Needs Assessment? (m/d/yyyy)
41		What is the projected date of the next Capital Needs Assessment? (m/d/yyyy)
42		<div># 2</div> How many Health, Building or Housing Code Violations were issued against the property in the reporting year? (If there were no violations enter "0"). If the property was cited for code violations in the reporting year or has open, unresolved violations from prior years as indicated below, you must answer Question #2 on the Narrative worksheet. (Click on #2 at left to jump to Narrative worksheet.)
43		How many Health, Building or Housing Code Violations were open from <i>prior</i> years?
44		How many Health, Building or Housing Code Violations were cleared in the reporting year?
45		<div># 3</div> Are there urgent Major Property Repairs needed on the property in the next two years? (Yes/No) If there are needed major repairs you must answer Question #3 on the Narrative worksheet. (Click on #3 at left to jump to Narrative worksheet.)
46		<div># 3</div> If the property has Immediate Capital Needs and lacks adequate funds in the Replacement Reserve (or elsewhere) to cover the costs, please supply the amount of funds needed to make up the difference, and supply additional explanation in question #3 of the Narrative report. (Click on # 3 at left to jump to Narrative worksheet.)
47		As of the last day of the reporting period, how many units were fully Accessible to Physically Impaired Tenants?
48		As of the last day of the reporting period, how many units were Adaptable for Physically Impaired Tenants?
49		As of the last day of the reporting period, how many units were fully Accessible to Visually Impaired Tenants?
50		As of the last day of the reporting period, how many units were fully Accessible to Hearing Impaired Tenants?

	Resident Services: AN ANSWER IS REQUIRED FOR questions 51-61. Indicate below any services that were available to the residents free of charge, on site or at another designated location within 1/4 mile of the project. You must also provide additional information about each of the marked services below on Worksheet "6.Services"	
51		<div>Go To</div> <div>WS6</div> After School Program/s (y/n)
52		<div>Go To</div> <div>WS6</div> Licensed Day Care Service (<i>participant fees are allowable for day care ONLY</i>) (y/n)
53		<div>Go To</div> <div>WS6</div> Youth Program/s (y/n)
54		<div>Go To</div> <div>WS6</div> Educational Classes (e.g. basic skills, computer training, ESL) (y/n)
55		<div>Go To</div> <div>WS6</div> Health and Wellness Services/Programs (y/n)
56		<div>Go To</div> <div>WS6</div> Employment Services (y/n)
57		<div>Go To</div> <div>WS6</div> Case Management, Information and Referrals (y/n)
58		<div>Go To</div> <div>WS6</div> Benefits Assistance and Advocacy; Money Management; Financial Literacy and Counseling (y/n)
59		<div>Go To</div> <div>WS6</div> Support Groups, Social Events, Organized Tenant Activities (y/n)
60		<div>Go To</div> <div>WS6</div> Other Service #1 - Please specify in column G.
61		<div>Go To</div> <div>WS6</div> Other Service #2 - Please specify in column G.

POPULATION SERVED						
Target / Actual Populations: As of the last day of the reporting period, what are the Actual and Target Populations (expressed as Number of Households) for the Project?						
Under Target Population, enter the number of units at the project that, as a requirement of a specific funding source (e.g. 202, HOPWA, McKinney), are targeted to and set aside for the target populations shown in the table. Under Actual Population, enter the number of households at the project that, as of the end of the reporting period, contained at least one person who is a member of the populations shown in the table.						
			Target Population		Actual Population	
62			0	Families	0	Families
63			0	Persons with HIV/AIDS	0	Persons with HIV/AIDS
64			0	Housing for Homeless	0	Housing for Homeless
65			0	Mentally or Physically Disabled	0	Mentally or Physically Disabled
66			0	Senior Housing	0	Senior Housing
67			0	Substance Abuse	0	Substance Abuse
68			0	Domestic Violence Survivor	0	Domestic Violence Survivor
69			0	Veterans	0	Veterans
70			0	Formerly Incarcerated	0	Formerly Incarcerated
71			0	Transition-Aged Youth ("TAY")	0	Transition-Aged Youth ("TAY")

Remember, SAVE YOUR WORK!

Annual Monitoring Report - Transitional Programs - Reporting Year 2017 - Mayor's Office of Housing & Community Development						
Project Address:						
Project Capacity: What is the target capacity of this project? (All blanks in this section must be filled with a number of “0” or greater in order for the worksheet to be complete.)						
	A. Num Singles Not in Families	B. Num Families	C1. Num Adults in Families	C2. Num Children in Families	D. Num of Beds	
1						
2	0				Total Households (Singles and Families) That Can Be Served	
Persons Served During Operating Year (All blanks in this section must be filled with a number of “0” or greater in order for the worksheet to be complete.)						
	A. Num Singles Not in Families	B. Num Families	C1. Num Adults in Families	C2. Num Children in Families		
3					Num on the first day of operating year	
4					Num entering the program during the operating year	
5	0				Total Households (Singles and Families) Served	
6					Num who left the program during the operating year	
7	0	0	0	0	Num in the program on the last day of the operating year	
8	0				Total Households in program on the last day of the operating year	
9			<--Capacity Utilization Rate (by Household as of last Day of Operating Year)			
If the Capacity Utilization Rate is LESS than 75% you must respond to the following:						
10					1. Explain the reason(s) why the capacity utilization rate is as low as it is; and	
11					2. Describe plan/s to raise the capacity utilization rate to at least 75%, with specific timeline.	
Length of Stay: For the 0 households that LEFT the program during the operating year, how many were in the project for the following lengths of time? (Total in cell H28 should match total of cells H14 + I14. All blanks in this section must be filled with a number of “0” or greater in order for the worksheet to be complete.)						
12		Less than 1 month				
13		1 to 2 months				
14		3 - 6 months				
15		7 months -12 months				
16		13 months - 24 months				
17		25 months - 3 years				
18	0	TOTAL # HH's that left the program				
Destination: For the 0 households reported to have LEFT the program during the operating year, how many left for the following destinations? (Total in cell H53 should match total of cells H14 + I14. All blanks in this section must be filled with a number of “0” or greater in order for the worksheet to be complete.)						
19		Rental - House or Apartment (no subsidy)				PERMANENT
20		Public Housing				
21		Section 8 Voucher				
22		Subsidized Rental - house or apartment				
23		Homeownership				
24		Moved in with family or friends				
25	0	Permanent Housing Subtotal				
26		Transitional Housing for homeless persons				TRANSITIONAL
27		Moved in with family or friends TEMPORARILY				
28	0	Transitional Housing Subtotal				
29		Psychiatric hospital				INSTITUTIONAL
30		Inpatient alcohol or other drug treatment facility				
31		Jail/Prison				
32		Medical Facility				
33	0	Institutional Subtotal				
34		Emergency Shelter				OTHER
35		Places not meant for human habitation (e.g. street)				
36		Unknown				
37		Other				
38	0	Other Subtotal				
39	0	TOTAL # HH's that left the program				

Annual Monitoring Report - Eviction Data - Reporting Year 2017 - Mayor's Office of Housing & Community Development

Project Address:

This section of the AMR must be completed for all projects, except for transitional housing or residential treatment services.

Number of households who lived in the project during the reporting period:

1		Number of households who lived in the project AT ANY TIME during the reporting period. Be sure to include all households that moved in during the reporting period.
---	--	--

Number of households in the project who received Notices of Eviction during the reporting period for each of the following reasons:
(If more than one reason applies to a household, report only the primary reason.) *You MUST answer every question (i.e., enter zero if applicable).*

2		Breach of Lease Agreement
3		Capital Improvement
4		Condo Conversion
5		Demolition
6		Denial of Access to Unit
7		Development Agreement
8		Ellis Act Withdrawal
9		Failure to Sign Lease Renewal
10		Good Samaritan Tenancy Ends
11		Habitual Late Payment of Rent
12		Illegal Use of Unit
13		Lead Remediation
14		Non-payment of Rent
15		Nuisance
16		Other
17		Owner Move In
18		Roommate Living in Same Unit
19		Substantial Rehabilitation
20		Unapproved Subtenant
21	0	Total number of households who received Notices of Eviction

Number of unlawful detainer actions filed in court by the owner against tenants in the project during the reporting period for each of the following reasons:
(If more than one reason applies to a household, report only the primary reason.) *You MUST answer every question (i.e., enter zero if applicable).*

22		Breach of Lease Agreement
23		Capital Improvement
24		Condo Conversion
25		Demolition
26		Denial of Access to Unit
27		Development Agreement
28		Ellis Act Withdrawal
29		Failure to Sign Lease Renewal
30		Good Samaritan Tenancy Ends
31		Habitual Late Payment of Rent
32		Illegal Use of Unit
33		Lead Remediation
34		Non-payment of Rent
35		Nuisance
36		Other
37		Owner Move In
38		Roommate Living in Same Unit
39		Substantial Rehabilitation
40		Unapproved Subtenant
41	0	Total number of unlawful detainer actions filed

Number of households evicted from the project during the reporting period for the each of the following reasons:
(If more than one reason applies to a household, report only the primary reason.) *You MUST answer every question (i.e., enter zero if applicable).*

42		Breach of Lease Agreement
43		Capital Improvement
44		Condo Conversion
45		Demolition
46		Denial of Access to Unit
47		Development Agreement
48		Ellis Act Withdrawal
49		Failure to Sign Lease Renewal
50		Good Samaritan Tenancy Ends
51		Habitual Late Payment of Rent
52		Illegal Use of Unit
53		Lead Remediation
54		Non-payment of Rent
55		Nuisance
56		Other
57		Owner Move In
58		Roommate Living in Same Unit
59		Substantial Rehabilitation
60		Unapproved Subtenant
61	0	Total number of households evicted (total also used to answer question #35 on Worksheet 1A)

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2017 - Mayor's Office of Housing & Community Development				
16	INCOME & EXPENSES				
17	12 Month Report Period	Start Date:	1/0/1900	End Date:	1/0/1900
18	Number of Units-->	0			
19		Account			
20	Description of Income Accounts	Number			
21					
22	Rental Income				
23	Housing Units - Gross Potential Tenant Rents	5120			
24	Rental Assistance Payments (identify ALL sources in row below if applicable, including LOSP funding)	5121			
25	Source/s---->				
26	Commercial Unit Rents	5140			
27	sub-total Gross Rental Income:		\$0.00	\$0.00	\$0.00
28	Vacancy Loss - enter amounts as negative numbers!				vacancy rate
29	Housing Units	5220		Must click & explain if Residential Vac Rate is > 15%	
30	Commercial	5240			0.00%
31	sub-total Vacancies:		\$0.00	\$0.00	\$0.00
32					
33	NET RENTAL INCOME:		\$0.00	\$0.00	\$0.00
34					
35	Other Income				
36	Garage and Parking Spaces	5170			
37	Miscellaneous Rent Income	5190			
38	Supportive Services Income - Do not enter supportive services income if it is tracked in a separate budget and not appropriate per MOHCD loan terms to be included in Residual Receipts calculation.	5300			
39	Supportive Services Income Source/s- identify program source(s) if applicable -->				
40	Interest Income - Project Operations (From Operating Account Only)	5400			
41	Laundry and Vending	5910			
42	Tenant Charges	5920			
43	Other Revenue	5990			
44	sub-total Other Income Received:		\$0.00	\$0.00	\$0.00
45					
46	TOTAL INCOME RECEIVED:		\$0.00	\$0.00	\$0.00
47					
48	INCOME & EXPENSES				
49		Account Number	Residential	Non-Residential	Total
50	Description of Expense Accounts				
51	Management				
52	Management Fee	6320			
53	"Above the Line" Asset Management Fee (amount allowable may be limited, see Asset Mgt. Fee Policy)				
54	sub-total Management Expense:		\$0.00	\$0.00	\$0.00
55	Salaries/Benefits				
56	Office Salaries	6310			
57	Manager's Salary	6330			
58	Employee Benefits: Health Insurance & Disability Insurance	6723			

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2017 - Mayor's Office of Housing & Community Development				
59	Employee Benefits: Retirement & Other Salary/Benefit Expenses				
60	Administrative Rent Free Unit	6331			
61	sub-total Salary/Benefit Expense:		\$0.00	\$0.00	\$0.00
62	Administration				
63	Advertising and Marketing	6210			
64	Office Expenses	6311			
65	Office Rent	6312			
66	Legal Expense - Property	6340			
67	Audit Expense	6350			
68	Bookkeeping/Accounting Services	6351			
69	Bad Debts	6370			
70	Miscellaneous Administrative Expenses (must click & explain if >\$10k)	6390			
71	sub-total Administrative Expense:		\$0.00	\$0.00	\$0.00
72	Utilities				
73	Electricity	6450			
74	Water	6451			
75	Gas	6452			
76	Sewer	6453			
77	sub-total Utilities Expense:		\$0.00	\$0.00	\$0.00
78	Taxes and Licenses				
79	Real Estate Taxes	6710			
80	Payroll taxes	6711			
81	Miscellaneous Taxes, Licenses, and Permits	6719			
82	sub-total Taxes and License Expense:		\$0.00	\$0.00	\$0.00
83	Insurance				
84	Property and Liability Insurance	6720			
85	Fidelity Bond Insurance	6721			
86	Workers' Compensation	6722			
87	Directors & Officers Liabilities Insurance	6724			
88	sub-total Insurance Expense:		\$0.00	\$0.00	\$0.00
89	Maintenance and Repairs				
90	IMPORTANT NOTE RE: TREATMENT OF CAPITAL AND NON-CAPITAL MAINTENANCE REPAIR EXPENSES ELIGIBLE FOR PAYMENT BY REPLACEMENT RESERVE: If possible, exclude those from this section. If you do include those expenses here, be sure to record the amounts in rows 103 (non-capital) and 210:215 below (capital).				
91	Payroll	6510			
92	Supplies	6515			
93	Contracts	6520			
94	Garbage and Trash Removal	6525			
95	Security Payroll/Contract	6530			
96	HVAC Repairs and Maintenance	6546			
97	Vehicle and Maintenance Equipment Operation and Repairs	6570			
98	Miscellaneous Operating and Maintenance Expenses (must click & explain if >\$10k)	6590			
99	sub-total Maintenance Repair Expense:		\$0.00	\$0.00	\$0.00
100	Supportive Services: do not enter supportive services expenses if tracked in separate budget and not eligible to be counted against project income for residual receipts calculation.	6900			
101	SUB-TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
102	Capital Maintenance Repairs/Improvements eligible for payment by Replacement Reserve. If capital costs were entered in amounts for Maintenance & Repairs section above and are eligible for payment by the Replacement Reserve, please enter details in Replacement Reserve-Eligible Expenditures below, beginning from row 207. Amounts provided in F210:215 will be linked to cell F102 and netted out from operating expenses.		\$0.00		

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2017 - Mayor's Office of Housing & Community Development				
103	Non-Capital Maintenance Repair Expenses eligible for payment by Replacement Reserve. Only enter amounts here if they were included in amounts entered for Maintenance & Repairs section above and will be reimbursed by Replacement Reserve. Amount will be netted out from operating expenses. Enter as positive number.				
104	TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
105					
106	Ground Lease Base Rent/Bond Fees/Reserves	Name of Lessor/ Bond Monitoring Agency/ Reserve Account			
107	Ground Lease - Base Rent (provide Lessor name to the right)				\$0.00
108	Bond Monitoring Fee				\$0.00
109	Replacement Reserve Required Annual Deposit (Source is Operating Account.) Enter as positive number.	1320			\$0.00
110	Operating Reserve Deposits (Source is Operating Account.) Enter as positive number.	1365			\$0.00
111	Operating Reserve Account Withdrawals (For deposits to Operating Account.) Enter as positive number.				\$0.00
112	Other Required Reserve Account Deposits (Source is Operating Account. Enter as positive number. Identify reserve account in next col) (1330)				\$0.00
113	Other Required Reserve Account Withdrawals (For deposit to Operating account. Enter as positive number. Identify account in next col ---->				\$0.00
114	Sub-total Ground Lease Base Rent/Bond Fees/Reserves		\$0.00	\$0.00	\$0.00
115					
116	TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)		\$0.00	\$0.00	\$0.00
117		Acct Num	Residential	Non-Residential	Total
118	1. TOTAL INCOME RECEIVED:		\$0.00	\$0.00	\$0.00
119	2. TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
120	3. NET OPERATING INCOME:		\$0.00	\$0.00	\$0.00

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2017 - Mayor's Office of Housing & Community Development				
121					
122	4. Debt Service (Principal and Interest)	Name of Lender / Describe Other Amt Paid	Residential	Non-Residential	Total
123	Lender1 - Principal Paid (provide lender name to the right)				
124	Interest Paid				
125	Other Amount (describe to the right)				
126	Lender2 - Principal Paid (provide lender name to the right)				
127	Interest Paid				
128	Other Amount (describe to the right)				
129	Lender3 - Principal Paid (provide lender name to the right)				
130	Interest Paid				
131	Other Amount (describe to the right)				
132	Lender4 - Principal Paid (provide lender name to the right)				
133	Interest Paid				
134	Other Amount (describe to the right)				
135	Total Debt Service Payments		\$0.00	\$0.00	\$0.00
136					
137	Surplus Cash, Detail (NOI minus Debt Service and Reserve Activity)		\$0.00	\$0.00	\$0.00
138					
139	If amount for Surplus Cash above is negative: - you must provide a detailed explanation to question #8 on the Narrative worksheet - you must NOT supply data for any of the fields for Uses of Surplus Cash below		Go to ws4 Narrative question #8		
140	Surplus Cash, Total----->				\$0.00
141	Distribution of Surplus Cash/Residual Receipts - (Response Required.) In the space below, please provide a detailed narrative summary of allowable distributions of Surplus Cash that accurately reflects the requirements under all MOHCD agreements as well as the requirements of other funders and any other agreements that govern. Please include the calcluation methodology, applicable annual increases, etc. For proposed distribution amounts entered in column J, rows 143-164, select the distribution priority for each of the uses of cash flow/suprlus cash in column H. If distribution of surplus cash is not allowed under MOHCD agreements or other funder agreements, enter N/A in the box below.				
142					
143	USES OF SURPLUS CASH THAT ARE AUTHORIZED TO BE PAID PRIOR TO CALCULATION OF RESIDUAL RECEIPTS PAYMENTS (IF APPLICABLE)			Distribution Priority (select below)	Leave cells below blank if Surplus Cash is <= \$0.
144	5. Operating Reserve Replenishments (Deposits made out of surplus cash to satisfy minimum balance requirements).				
145	6. "Below-the-line" Asset Mgt fee (prior written authorization from City/SFRA may be required, see Asset Mgt. Fee Policy).				
146	7a. Partnership Management fee due from this reporting period. if any (tax credit projects only; not allowed if project is beyond 15-year compliance period).				
147	7b. Partnership Management fee accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only; per City policy, not allowed if project is beyond 15-year compliance period).				
148	8a. Investor Services Fee (aka LP Asset Management Fee) due from this reporting period. if any (tax credit projects only; per City policy, not allowed if project is beyond 15-year compliance period).				
149	8b. Investor Services Fee (aka LP Asset Management Fee) accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only; per City policy, not allowed if project is beyond 15-year compliance period).				
150	9. Deferred Developer fee, if any				

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2017 - Mayor's Office of Housing & Community Development				
151	10. Other payments: use question #1 on the Narrative (worksheet #4) to provide details about any fees or other payments, including ground lease residual rent payments for a non-MOHCD/OCII ground lease. Failure to provide details will result in disallowance of this expense. You may only include payments that were approved by MOHCD at time of funding that are also explicitly authorized by a Partnership Agreement or similar project document.	Go to ws4 Narrative question #1			
152	11ai. Debt Pmt to other lender1: Principal Paid (note lender name to right)				
153	11aii. Debt Pmt to other lender1: Interest Paid				
154	11bi. Debt Pmt to other lender2: Principal Paid (note lender name to right)				
155	11bii. Debt Pmt to other lender2: Interest Paid				
156	Total Payments preceding Residual Receipts Calculation:				\$0.00
157					
158	12. RESIDUAL RECEIPTS				\$0.00
159				Distribution Priority (select below)	Leave cells below blank if Surplus Cash is <= \$0.
160	12a. MOHCD Residual Receipts Due for Loan Repayment				
161	12b. MOHCD Residual Receipts Due for Ground Lease Residual Rent Payment				
162	12c. Subtotal Residual Receipts Payments to MOHCD				\$0.00
163	12d. Residual Receipts Debt Pmt to other lender3 (note lender name to right)				
164	12e. Residual Receipts Debt Pmt to other lender4 (note lender name to right)				
165	12f. Residual Receipts Debt Pmt to other lender5 (note lender name to right)				
166	Total Residual Receipts Payments:				\$0.00
167					
168	DO NOT SUBMIT YOUR PROPOSED RESIDUAL RECEIPT PAYMENT TO MOHCD WITH THIS AMR. MOHCD WILL REVIEW YOUR PROPOSED PAYMENT AND GENERATE AN INVOICE IF THE CALCULATION CAN BE VERIFIED AS APPROPRIATE; IF THE CALCULATION CANNOT BE VERIFIED, MOHCD WILL CONTACT YOU.				
169	Remaining Balance				\$0.00
170					
171	Proposed Owner Distributions (provide description in column D and enter amount in column J. If an amount is entered, a description is required.)				
172	Proposed Other Distributions/Uses (provide description in column D and enter amount in column J. If an amount is entered, a description is required. If you had a Calendar Year LOSP surplus, please acknowledge that and note exact amount.)				
173					
174	Final Balance: should be ZERO except when Surplus Cash (cell F136) is negative				\$0.00

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2017 - Mayor's Office of Housing & Community Development				
175					
176	RESERVE ACCOUNT DETAILS				
177					
178	OPERATING RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead.)				
179	Minimum Required Balance:				
180	Beginning Balance:				
181	Actual Annual Deposit (don't edit - taken from page 1 account number 1365):	\$0.00			
182	Interest Earned:				
183	Annual Withdrawal Amount (enter as negative number):				
184	Ending Balance (don't edit cell -- calculated):	\$0.00			
185	Required Annual Deposit:				
186	Total Operating Expenses plus debt service (don't edit cell -- calculated)	\$0.00			
187	<p>If the calculated percentage shown to the right (Op Reserve Account Ending Balance divided by Total Op Expenses) is less than 23.5%, you must describe how the project will remedy the shortfall in the adjacent cell.</p> <p>If the calculated percentage shown to the right is greater than 26.5%, you must explain why the Op Reserve balance exceeds MOHCD's requirement in the adjacent cell.</p>	0.000%			
188					
189	REPLACEMENT RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead.)				
190	Minimum Required Balance:				
191	Beginning Balance:				
192	Actual Annual Deposit:				
193	Interest Earned:				
194	Annual Withdrawal Amount (enter as negative number):				
195	Ending Balance (don't edit cell -- calculated):	\$0.00			
196	Required Annual Deposit (do not edit - taken from page 1 account number 1320):	\$0.00			
197	Describe how the amount of annual deposit and the minimum required balance is determined.				
198					
199	CHANGES TO REAL ESTATE ASSETS				
200	Enter Beginning and Ending Balances in each of the categories listed below. Changes in asset categories will auto calculate.	Balance, 1/00/1900	Changes	Balance, 1/00/1900	
201	Building & Improvements		\$0.00		
202	Offsite Improvements		\$0.00		
203	Site Improvements		\$0.00		
204	Land Improvements		\$0.00		
205	Furniture, Fixtures & Equipment		\$0.00		
206	Other		\$0.00		
207	Replacement Reserve-Eligible Expenditures: Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible.				
208	Capital Repairs and Improvements: Enter capital repairs and improvement costs associated with the reporting year. For each category in rows 200-205 above that shows a positive change, an entry is required in each corresponding cateogry in rows 210-215. If the operating account is used initially to fund the repair, and is later reimbursed by the replacement reserve during the reporting year, show the repair cost under "Replacement Reserve". If the operating account is used to fund the repair and was not reimbursed by the replacement reserve during the reporting year, show the repair cost under "Operating Account." Use the section below to supply a description of the capital repairs and improvements made.				
209		Capital Repairs and Improvements Funded By:			
210	Capital Repairs and Improvements - Categories	Replacement Reserve	Operating Account	Other Source	Total Amount
211	Building & Improvements				\$0.00

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2017 - Mayor's Office of Housing & Community Development				
212	Offsite Improvements				\$0.00
213	Site Improvements				\$0.00
214	Land Improvements				\$0.00
215	Furniture, Fixtures & Equipment				\$0.00
216	Other				\$0.00
217	Total	\$0.00	\$0.00	\$0.00	\$0.00
218	Description of Capital Repairs and Improvements				
219					
220	Non-Capital Replacement Reserve Eligible Expenditures (i.e., labor costs): Enter the amounts used to fund non-capital replacement reserve eligiblie expenditures. Use section below to supply explanations.				
221	Source				Amount
222	Paid out of Operating Budget, to be reimbursed by RR (shows the amount entered in row 103 above)				\$0.00
223	Paid Directly from Replacement Reserve				
224	Other Source				
225	Explanation of Non-Capital Replacement Reserve Eligible Expenditures			Total	\$0.00
226					
227	TOTAL REPLACEMENT RESERVE ELIGIBLE EXPENDITURES: the Replacement Reserve Withdrawal for the reporting period should not exceed the Total RR-eligible Expenditures. You must provide more details above or an explanation below if the RR withdrawal amount exceeds the Total RR-Eligible Expenditures.	RR Withdrawal Amount-->	\$0.00	Total RR-Eligible Expenditures--->	\$0.00
228	Notes About RR Withdrawal Amount in excess of Total RR-eligible Expenditures:				
229					
230					

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2017 - Mayor's Office of Housing & Community Development				
231	FEDERAL PROGRAM INCOME REPORT				
232	This section must be completed if the project received any CDBG funding, even if the amount of CDBG program income during the reporting period was zero. For more information, use the following link or copy this web address for manual navigation:				
233					
234	http://www.sf-moh.org/Modules/ShowDocument.aspx?documentid=5141				
235	Overview of Federal (HOME and CDBG) Program Income				
236					
237	CDBG PROGRAM INCOME				
238	Proposed amounts to be used to fund eligible CDBG activities as described in the Federal CDBG Program Regulations at 24 CFR 570.201-206 and consistent with the City's 2015-2019 Consolidated Plan, 2017-2018 Action Plans as follows:	AMOUNT	DESCRIPTION		
239	Amount to be used for CDBG eligible activity#1 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
240	Amount to be used for CDBG eligible activity#2 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
241	Amount to be used for CDBG eligible activity#3 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
242	Amount to be deposited for use on future eligible CDBG activities that will be undertaken by June 30, 2016 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
243	Other (provide amount in cell to the right, plus activity description and regulation citation in column furthest to the right):				
244	Total CDBG Program Income Calculation(see instructions for guidance on how to calculate)				
245	<i>To ensure the eligible use of CDBG Program Income, the recipient of federal CDBG funding hereby requests approval by the Mayor's Office of Housing and Community Development for the use of CDBG program income received during the 2017 reporting period as depicted above.</i>				

Annual Monitoring Report - Occupancy & Rent Info - Reporting Year 2017 - Mayor's Office of Housing & Community Development

Project Address:		Data supplied on this worksheet must be from the rent roll of the last month of the reporting period that was entered on worksheet 1A.	1/0/1900	# Units:	0
------------------	--	--	----------	----------	---

- Provide the data requested for the tenant population that was residing in the project at the end of the Reporting Period.
- Identify manager's unit with the unit number, follow by "- Mgr.". For example, if the manager occupies Unit 501, in column D, enter "501 - Mgr." For vacant units and manager's units, provide data in columns D, E, P, R and T only.
- For tenants who moved in during the reporting period, the data entered in columns F, G & H (at initial occupancy) should be the same as the data entered in columns I, J & K (within reporting period), respectively.
- For tenants who have transferred units within the project, report the initial occupancy data (occupancy date, income, household size) for the first unit that the tenant occupied in the project, i.e. when they first moved in to the building.
- Before using the "paste" function to enter data in columns E and P (Orange Highlighting in Column Header), please check the drop-down-menus to ensure that the data you are pasting conforms with the choices of the drop-down menu. This will help prevent you from submitting forms with invalid data. Any forms with invalid data will be returned with instructions to fix and resubmit.

[illegible]

Annual Monitoring Report - Demographic Information - Reporting Year 2017
Mayor's Office of Housing & Community Development

Project Address:	Data supplied on this worksheet must be from the rent roll of the last month of the reporting period that was entered on worksheet 1A.	1/0/1900	# Units:	0
------------------	--	----------	----------	---

- Provide the data requested for the tenant population that was residing in the project **at the end of the Reporting Period**.
- Select one Ethnicity category for the head of household. If unknown, manager's or vacant unit, select "Not Reported".
- Select one Race category for the head of household. If unknown, manager's or vacant unit, select "Not Reported".
- For legacy race and ethnicity data that reports race and ethnicity as a single field, an additional category of "Not Reported" should be used to categorize a head of household's race if it is listed as Latino/Hispanic. In these cases, the person's ethnicity would be listed as Latino/Hispanic and his/her race would be listed as "Not Reported".
- Select one Gender, one Sex and one Sexual Orientation/Identity category for the head of household. If unknown, manager's or vacant unit, select "Question Not Asked". See the Instructions worksheet for a link to additional info about the City ordinance that requires collection of this data beginning in 2017.

[illegible]

Annual Monitoring Report - Summary of Reported Household Demographics - Reporting Year 2017 - Mayor's Office of Housing & Community Development

Project Address:	Last Day of Reporting Period	1/0/1900	# Units:	0
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Household Size

	# Reported Households	% of Total
One Person Household	0	
Two Person Household	0	
Three Person Household	0	
Four Person Household	0	
Five Person Household	0	
Six Person Household	0	
Seven or more Person Household	0	
TOTAL Households*	0	
TOTAL Residents	0	

*Excludes 0 unit(s) reported as manager's or vacant unit(s).

Other Household Demographics

	# Reported
Elderly Households	0
Households with Children Under 18	0
Number of Children Under 18	0
Households with Tenant with Physical Disability	0
Households with Tenant with Visual Disability	0
Households with Tenant with Hearing Disability	0
Households with Tenant with Mental/Devt Disability	0
Households with Tenant with Other Disability	0
Households with Tenant with More than One Disability	0
Households with Tenant with No Disability	0

Head of Household Race/Ethnicity

	# Reported Head of HH	% of Total
Hispanic/Latino	0	
Not Hispanic/Latino		
American Indian/Alaskan Native	0	
Asian	0	
Black/African American	0	
Native Hawaiian/Other Pacific Islander	0	
White	0	
American Indian/Alaskan Native and Black/African American	0	
American Indian/Alaskan Native and White	0	
Asian and White	0	
Black/African American and White	0	
Other/Multiracial	0	
Not Reported	0	
Total Head of Households	0	

Gender

	# Reported Head of HH	% of Total
Female	0	
Male	0	
Genderqueer/Gender Non-binary	0	
Trans Female	0	
Trans Male	0	
Not listed	0	
Declined/Not Stated	0	
Question Not Asked	0	
Total Head of Households	0	

Sex At Birth

	# Reported Head of HH	% of Total
Female	0	
Male	0	
Decline to Answer	0	
Not Stated	0	
Question Not Asked	0	
Total Head of Households	0	

Sexual Orientation / Sexual Identity

	# Reported Head of HH	% of Total
Bisexual	0	
Gay /Lesbian/Same-Gender Loving	0	
Questioning /Unsure	0	
Straight/Heterosexual	0	
Not listed	0	
Decline to Answer	0	
Not Stated	0	
Question Not Asked	0	
Total Head of Households	0	

Target and Actual Population Served

Target Population		Actual Population	
0	Families	0	Families
0	Persons with HIV/AIDS	0	Persons with HIV/AIDS
0	Housing for Homeless	0	Housing for Homeless
0	Mentally or Physically Disabled	0	Mentally or Physically Disabled
0	Senior Housing	0	Senior Housing
0	Substance Abuse	0	Substance Abuse
0	Domestic Violence Survivor	0	Domestic Violence Survivor
0	Veterans	0	Veterans
0	Formerly Incarcerated	0	Formerly Incarcerated
0	Transition-Aged Youth ("TAY")	0	Transition-Aged Youth ("TAY")

**Annual Monitoring Report - Narrative - Reporting Year 2017 -
Mayor's Office of Housing & Community Development**

Project Street Address:

Reporting Period - Start Date: 1/0/1900

Reporting Period - End Date: 1/0/1900

MOHCD created the questions below to allow project owners to supply additional information about a small number of measurements that may indicate that a project is having difficulties. By providing this information, project owners will help provide context for the conclusions that can be made about the measurements. MOHCD will use the measurements and the information below to prioritize the projects that need closer scrutiny and support. Please supply as much information as is readily available.

1. Explanations & Comments

Use this space to record notes about any peculiarities in the data entry process. For example, if you entered a formula instead of a single number for a field, make a note here re: for which question on which worksheet that was done, and describe the formula & underlying numbers. Also use this field to describe in detail any amounts entered for "Other payments" on the worksheet "2.Fiscal," item 10.

2. Code Violations

Provide the following for any violations or citations of Health or Building or Housing Codes that were issued during the reporting period, or were issued in a prior reporting period but remained open during any time of the current reporting period:

Violation or Citation #	Date Issued	Issued By	Description	Cleared? (y/n)

(add additional rows as needed)

**** ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. ****

Violation or Citation #	Date Cleared	Issued By	Description of Remedy

(add additional rows as needed)

**** ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. ****

3. Major Repairs

Describe any major repair or replacement needs that have been identified as being required within the next 2 years, and any related plans to pay for whatever is needed.

4. Vacant Unit Rent-Up Time

If the project had an average VACANT UNIT RENT-UP TIME greater than 30 days for question 36 on the worksheet "1A.Prop&Residents," you must supply the following:

- a. A description of the work done to analyze the cause/s of the high turnaround time, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the turnaround time, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

5. Affirmative Marketing

Did you conduct any marketing of the project during the reporting period? If yes, please describe the marketing that was conducted, including

- a. when the marketing was conducted and how it was intended to reach populations least likely to apply for the project;
- b. any advertising, direct mailings, emailings and web postings that were done; and
- c. how many households were on the waiting list prior to the marketing and how many were on it after the marketing was completed.

6. Vacancy Rate -----;

If the project had a VACANCY RATE greater than 15%, as may be shown above from the Income Expense section of the worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the vacancy rate, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the vacancy rate, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

7. Miscellaneous Expenses: Administrative/Operating & Maintenance

If the project had miscellaneous administrative or miscellaneous operating & maintenance expenses greater than \$10,000 respectively, you must provide a detailed itemization of these individual expenses below. Total expenses must equal the total amount reported on the worksheet "2.Fiscal."

Misc. Admin Expenses

Expense Description	Amount	HUD Acct #	Notes
Total:	0.00		
Diff. from Fiscal Activity WS:			

Misc. Operating & Maintenance Expenses

Expense Description	Amount	HUD Acct #	Notes
Total:	0.00		
Diff. from Fiscal Activity WS:			

8. Negative Cash Flow

If the project had NEGATIVE CASH FLOW, as may be shown above from the Income Expense section of worksheet "2.Fiscal," you must supply the following:

a. A description of the work done to analyze the cause/s of the shortfall, and what the identified causes are; and

b. A description of the work done to identify remedies for the shortfall, and all viable remedies that have been identified; and

c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

d. If the project has a Project-Based Section 8 Housing Assistance Payments (HAP) contract, please also supply the date of the last increase to the HAP contract, the date when the project will submit the next HAP contract rent increase, and any related comments about whether the project has been diligent in seeking annual increases to the HAP contract.

Annual Monitoring Report - Project Financing - Reporting Year 2017 - Mayor's Office of Housing & Community Development

Provide information about all current financing of the project. Lenders should be listed in lien order, i.e., with the most-senior lender in the first lien position, the most-junior lender in last lien position.

Project Address:

Current Project Financing

Lien Order	Lender (and Loan Program if applicable)	Loan Amount	Interest Rate	Maturity Date	Repayment Terms	Monthly Debt Service Payment	Outstanding Principal Balance As Of End of Prior Reporting Period	Accrued Interest As Of End of Prior Reporting Period
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								

Annual Monitoring Report - Services Funding - Reporting Year 2017 - Mayor's Office of Housing & Community Development

Completion of this page is required based on your answers to questions 51 thru 61 on worksheet 1A.Prop&Residents. Supply one row of data for each service that is being provided. (If more than one service is being provided by the same Provider under the same grant, please repeat the data for each service provided.)

Project Address:

Current Services Funding	
2019	2020
2021	2022
2023	2024
2025	2026
2027	2028
2029	2030
2031	2032
2033	2034
2035	2036
2037	2038
2039	2040
2041	2042
2043	2044
2045	2046
2047	2048
2049	2050
2051	2052
2053	2054
2055	2056
2057	2058
2059	2060
2061	2062
2063	2064
2065	2066
2067	2068
2069	2070
2071	2072
2073	2074
2075	2076
2077	2078
2079	2080
2081	2082
2083	2084
2085	2086
2087	2088
2089	2090
2091	2092
2093	2094
2095	2096
2097	2098
2099	2100

[illegible]

Project Street Address:

Schedule of Operating Revenues
For the Year Ended January 0, 1900

Rental Income		Total
5120 Gross Potential Tenant Rents		\$0
5121 Rental Assistance Payments (inc. LOSP)		0
5140 Commercial Unit Rents		0
Total Rent Revenue:		\$0
Vacancies		
5220 Apartments		\$0
5240 Stores & Commercial		0
Total Vacancies:		\$0
Net Rental Income: (Rent Revenue Less Vacancies)		\$0
Other Revenue		
5170 Rent Revenue - Garage & Parking		\$0
5190 Misc. Rent Revenue		0
5300 Supportive Services Income		0
5400 Interest Revenue - Project Operations (From Operating Acct Only)		0
5400 Interest Revenue - Project Operations (From All Other Accts)		
5910 Laundry & Vending Revenue		0
5920 Tenant Charges		0
5990 Misc. Revenue		0
Total Other Revenue:		\$0
Total Operating Revenue:		\$0

Project Street Address:

**Schedule of Operating Expenses
For the Year Ended December 31, 1900**

Management	Total
6320 Management Fee	\$0
"Above the Line" Asset Management Fee	0
Total Management Expenses:	<u>\$0</u>
 Salaries/Benefits	
6310 Office Salaries	\$0
6330 Manager's Salary	0
6723 Employee Benefits: Health Insurance & Disability Insurance	0
Employee Benefits: Retirement & Other Salary/Benefit Expenses	0
6331 Administrative Rent Free Unit	0
Total Salary/Benefit Expenses:	<u>\$0</u>
 Administration	
6210 Advertising and Marketing	\$0
6311 Office Expenses	0
6312 Office Rent	0
6340 Legal Expense - Property	0
6350 Audit Expense	0
6351 Bookkeeping/Accounting Services	0
6370 Bad Debts	0
6390 Miscellaneous Administrative Expenses	0
Total Administrative Expenses:	<u>\$0</u>
 Utilities	
6450 Electricity	\$0
6451 Water	0
6452 Gas	0
6453 Sewer	0
Total Utilities Expenses:	<u>\$0</u>
 Taxes and Licenses	
6710 Real Estate Taxes	\$0
6711 Payroll taxes	0
6790 Miscellaneous Taxes, Licenses, and Permits	0
Total Taxes and Licenses Expenses:	<u>\$0</u>
 Insurance	
6720 Property and Liability Insurance	\$0
6721 Fidelity Bond Insurance	0
6722 Workers' Compensation	0
6724 Directors & Officers Liabilities Insurance	0
Total Insurance Expenses:	<u>\$0</u>

Project Street Address:

Schedule of Operating Expenses
For the Year Ended December 31, 1900

Maintenance and Repairs	Total
6510 Payroll	\$0
6515 Supplies	0
6520 Contracts	0
6525 Garbage and Trash Removal	0
6530 Security Payroll/Contract	0
6546 HVAC Repairs and Maintenance	0
6570 Vehicle and Maintenance Equipment Operation and Repairs	0
6590 Miscellaneous Operating and Maintenance Expenses	0
Total Maintenance and Repairs Expenses:	\$0
6900 Supportive Services	\$0
Capital and Non-Capital Expenditures to be Reimbursed from Replacement Reserve	\$0
Total Operating Expenses:	\$0

Financial Expenses	
Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.	
6820 Interest on Mortgage (or Bonds) Payable	
6825 Interest on Other Mortgages	
6830 Interest on Notes Payable (Long Term)	
6840 Interest on Notes Payable (Short Term)	
6850 Mortgage Insurance Premium/Service Charge	
6890 Miscellaneous Financial Expenses	
Total Financial Expenses:	\$0
6000 Total Cost of Operations before Depreciation:	\$0
5060 Operating Profit (Loss):	\$0

Depreciation & Amortization Expenses	
Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.	
6600 Depreciation Expense	
6610 Amortization Expense	
Operating Profit (Loss) after Depreciation & Amortization:	\$0

Net Entity Expenses	
the right.	
7190	
7190	
7190	
7190	
7190	
7190	
7190	
7190	
7190	
7190	
Total Net Entity Expenses:	\$0

3250 Change in Total Net Assets from Operations (Net Loss)	\$0
Amount computed in cell E139 should match audited financial statement.	

Project Street Address:

Computation of Operating Cash Flow/Surplus Cash
For the Year Ended January 0, 1900

	Total
Operating Revenue	\$0
Interest earned on restricted accounts	0
Adjusted Operating Revenue	<u>\$0</u>
Operating Expenses	\$0
Net Operating Income	\$0
Other Activity	
Ground Lease Base Rent	\$0
Bond Monitoring Fee	0
Mandatory Debt Service - Principal	0
Mandatory Debt Service - Interest	0
Mandatory Debt Service - Other Amount	0
Deposits to Replacement Reserve Account	0
Deposits to Operating Reserve Account	0
Deposits to Other Restricted Accounts per Regulatory Agreement	0
Withdrawals from Operating Reserve Account	0
Withdrawals from Other Required Reserve Account	0
Total Other Activity:	<u>\$0</u>
Allocation of Non-Residential Surplus (LOSP only)	
Operating Cash Flow/Surplus Cash:	<u>\$0</u>

Distribution of Surplus Cash Ahead of Residual Receipts Payments

Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid ahead of residual receipts payments.

	Total
Total Cash Available for Residual Receipts Distribution:	<u>\$0</u>

Distribution of Residual Receipts

Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid with remaining residual receipts.

	Total
Total Residual Receipts Distributions to Lenders:	<u>\$0</u>
Proposed Owner Distribution	\$0
Proposed Other Distribution/Uses	0
Total Residual Receipts Distributions to Lenders and Owners:	<u>\$0</u>

Project Street Address:

Summary of Replacement Reserve and Operating Reserve Activity
For the Year Ended January 0, 1900

	Replacement Reserve	Operating Reserve
Balance, December 31, 1899	\$0	\$0
Actual Annual Deposit	0	0
Interest Earned	0	0
Withdrawals	0	0
Balance, December 31, 1900	<u>\$0</u>	<u>\$0</u>

Annual Monitoring Report - Completeness Tracker - Reporting Year 2017 -
Mayor's Office of Housing & Community Development

This checklist is a tool to help you track progress toward completion. NOTE: Do not submit the AMR until all items are "COMPLETED."

Reporting Start Date: 1/0/00
Reporting End Date: 1/0/00

Project Address:

Submission Instructions:

Once all worksheets below are "COMPLETED", email the AMR, completed Owner Compliance Certiication, along with the attachments required under the Insurance and Tax Certification per page 3 of the Owner Certification, waitlist, and audited financial statements to: moh.amr@sfgov.org.

The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit: name of head-of-household, contact information, date of application, number of people in the household, stated household income and desired unit size. Prior to submittal, the waiting list must be redacted to exclude any private information that should not be shared publicly, for example, Social Security numbers, ID numbers from other forms of identification, information related to disabilities or other health conditions. Please confer with legal counsel and let MOHCD know if you have any questions prior to submitting a copy of the project's waitlist. This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

Worksheet 1A. Property & Residents	INCOMPLETE	
	Questions 1 thru 4	incomplete
	Questions 5 thru 24	incomplete
	Questions 25 thru 39	incomplete
	Questions 40 thru 50	incomplete
	Questions 51 thru 61	incomplete
Worksheet 1B. Transitional Programs	To Be Determined	
	Questions 1 thru 11	To Be Determined
	Questions 12 thru 18	To Be Determined
	Questions 19 thru 39	To Be Determined
Worksheet 1C. Eviction Data	To Be Determined	
	Question 1	To Be Determined
	Questions 2 thru 21	To Be Determined
	Questions 22 thru 41	To Be Determined
	Questions 42 thru 61	To Be Determined
Worksheet 2. Fiscal Activity	INCOMPLETE	
	Rental Income - Housing Unit GPTR	incomplete
	Vacancy Loss - Housing Units	incomplete
	Operating Expenses	incomplete
	Surplus Cash/Residual Receipts (Rows 140 - 171)	incomplete
	Operating Reserve (Rows 177 - 186)	incomplete
	Replacement Reserve (Rows 188 - 196)	incomplete
	Changes to Real Estate Assets (Rows 198 - 205)	incomplete
	Replacement Reserve Eligible Expenditures (Rows 209 - 228)	incomplete
	Program Income (Rows 230 - 243)	OK
Worksheet 3A. Occupancy & Rent Info	INCOMPLETE	
	Does number of units entered on Worksheet 3 match total units entered on Worksheet 1A or the total households that can be served in Worksheet 1B?	To Be Determined
	For each row with a Unit Number, was data entered in cells for Subsidy Type and Utility Allowance?	To Be Determined
	Narrative Provided for All rows indicating Overhoused or Overcrowded?	To Be Determined
Worksheet 3B. Demographic Information	To Be Determined	
	Is Ethnicity and Race selected for each household?	To Be Determined
	Is Gender, Sex at Birth, and Sexual Orientation/Identity selected for each household?	To Be Determined
Worksheet 4. Narrative	To Be Determined	
	2	To Be Determined
	3	To Be Determined
	4	To Be Determined
	5	To Be Determined
	6	To Be Determined
	7	To Be Determined
	8	To Be Determined
Worksheet 5. Project Financing	INCOMPLETE	
Worksheet 6. Services Funding	To Be Determined	
Worksheet 7. Supplementary Information Required by MOHCD	Worksheet incomplete. If using AMR to generate Schedules required for Audited Financial Statement, please complete the required data entry.	

EXHIBIT H

Tenant Selection Plan Policy

This policy is in addition to the obligations to comply with applicable federal, state and local civil rights laws, including laws pertaining to reasonable accommodation and limited English proficiency (LEP),¹ **and the applicable provision of the Violence Against Women Act, Pub. Law 109-62 (January 5, 2006), as amended.**

Application Process

- **Application Materials.** MOHCD shall provide an application to be used prior to the housing lottery. The housing provider agrees to use this application to determine lottery eligibility. The housing provider's written and/or electronic application materials should:
 - outline the screening criteria that the housing provider will use;
 - be in compliance with San Francisco Police Code Article 49 or the Fair Chance Ordinance,
 - outline how an applicant may request a modification of the admission process and/or a change in admission policies or practices as a reasonable accommodation;
 - be written in language that is clear and readily understandable,
- **First Interview.** In accordance with the housing provider policies, an initial interview is required to assess each applicant's minimum eligibility requirements for housing units. All applicants shall be offered the opportunity for an interview in lottery rank order.
- **Second Interview.** Before issuing a denial, the housing provider should consider offering a second interview to resolve issues and inconsistencies, gather additional information, and assist as much as possible with a determination to admit the applicant.
- **Confidentiality.** All information provided will be kept confidential and be used only by the housing provider, the referring agency and the funding agency for the purpose of assisting and evaluating the applicant in the admission process. All applicant information shall be retained for 12 months after the final applicant interview.
- **Delays in the Process.** If delays have occurred or are likely to occur in the application and screening process or the process exceeds the housing provider's normal timeline for application and screening, the housing provider must immediately inform the referring agency and the funding agency, of the status of the application, the reason for the delay and the anticipated time it will take to complete the application process.

¹See for e.g., Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), 42 U.S.C. §§ 3601, et seq.; 24 C.F.R. Part 100; Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000d-2000d-7; Executive Order 13,166, Improving Access to Services for Persons with Limited English Proficiency (August 11, 2000); Department of Housing and Urban Development Limited English Proficiency Guidance, 72 Fed. Reg. 2732 (Jan. 22, 2007); Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794; 24 C.F.R. Parts 8 and 9; Title II of the Americans with Disabilities Act of 1990, as amended; California Fair Employment and Housing Act, Gov't Code §§ **12,955-12,956.2**; **Unruh Civil Rights Act, Civil Code § 51**; **California Disabled Persons Act, Civil Code § 51.4**; Dymally-Alatorre Bilingual Services Act, Gov't Code §**7290-7299.8**; **San Francisco Language Access Ordinance, No. 202-09 (April 14, 2009)**

- **Problems with the Referring Agency.** If at any point the housing provider has difficulty reaching or getting a response from the applicant and referring agency, the housing provider must immediately contact the referring agency, if possible, and the funding agency, DPH or HSA.
- **Limited English Proficiency Policy.** Throughout the application process, the housing provider must comply with City policy for language access requirements for applicants with limited English proficiency.

Reasonable Accommodation and Modification Policy

Reasonable Accommodation: The application process should provide information about how an applicant may make a reasonable accommodation request. At any stage in the admission process, an applicant may request a reasonable accommodation, if the applicant has a disability and as a result of the disability needs a modification of the provider's rules, policies or practices, including a change in the way that the housing provider communicates with or provides information to the applicant that would give the applicant an equal chance to be selected by the housing provider to live in the unit.

Reasonable Modification: Applicant may request a reasonable modification if he or she has a disability and as a result of the disability needs:

- a physical change to the room or housing unit that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site;
- a physical change in some other part of the housing site that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site.

Response to Request: The housing provider shall respond to a request for reasonable accommodation or modification within ten (10) business days. The response may be to grant, deny, or modify the request, or seek additional information in writing or by a meeting with the applicant. The housing provider will work with the applicant and referring agency to determine if there are ways to accommodate the applicant.

The housing provider shall grant the request if the provider determines that:

- the applicant has a disability;
- reasonable accommodation or modification is necessary because of the disability; and
- the request is reasonable (i.e., does not impose an undue financial or administrative burden or fundamentally alter the nature of the housing program.)

If the reasonable accommodation request is denied, the rejection must explain the reasons in writing. If the denial of the reasonable accommodation request results in the applicant being denied admission to the unit, the provisions of the section on Notice of Denial and Appeal Process apply.

Notice of Denial and Appeal Process

- The housing provider shall:
 - Hold a comparable unit for the household during the entire appeal process.
 - promptly send a written and electronic notice (to the addresses provided) to each applicant denied admission with a written and/or electronic copy to the referring agency and the funding agency. The notice should:
 - list all the reasons for the rejection, including the particular conviction or convictions that led to the decision in cases where past criminal offenses were a reason for rejection;
 - explain how the applicant can request an in person appeal to contest the decision;
 - state that an applicant with a disability is entitled to request a reasonable accommodation to participate in the appeal;
 - inform the applicant that he or she is entitled to bring an advocate or attorney to the in person appeal;
 - provide referral information for local legal services and housing rights organizations;
 - describe the evidence that the applicant can present at the appeal;
 - give applicants denied admission a date within which to file the appeal, which shall be at least ten (10) business days from the date of the notice;
 - unless an extension is agreed to by the applicant and the housing provider, hold the appeal within ten (10) business days of the request for the appeal;
 - confine the subject of the appeal to the reason for denial listed in the notice;
 - give the applicant a chance to present documents and/or witnesses showing that he or she will be a suitable tenant;
 - have an impartial supervisor or manager from the housing provider, but who is not the person who made the initial decision or a subordinate of the person who made the initial decision, conduct the appeal;
 - within 5 business days of the in person appeal, provide the applicant with a written decision that states the reason for the decision and the evidence relied upon. A copy of the written decision must be sent (electronically or otherwise) to the referring agency and the funding agency.
- If the rejection is based on a criminal background check obtained from a tenant screening agency, the Fair Chance Ordinance imposes additional notice requirements.

EXHIBIT I

Tenant Screening Criteria Policy

The screening criteria and considerations outlined below encourage providers to “screen in” rather than “screen out” applicants. These requirements are also designed to satisfy the requirements of San Francisco Police Code Article 49, Sections 4901-4920 or the Fair Chance Ordinance. This policy describes a minimum level of leniency; providers are encouraged to adopt less restrictive policies and processes whenever appropriate. For example, providers may opt not to review or consider applicant criminal records at all.

Screening Criteria

- Housing providers shall not automatically bar applicants who have a criminal record² in recognition of the fact that past offenses do not necessarily predict future behavior, and many applicants with a criminal record are unlikely to re-offend.
- Housing providers shall not consider:
 - arrests that did not result in convictions, except for an open arrest warrant;
 - convictions that have been expunged or dismissed under Cal. Penal Code § 1203.4 or 1203.4a;³
 - juvenile adjudications.
- Housing providers shall consider:
 - the individual circumstances of each applicant; and
 - the relationship between the offense, and
 - (1) the safety and security of other tenants, staff and/or the property; and
 - (2) mitigating circumstances such as those listed below.
 - only those offenses that occurred in the prior 7 years, except in exceptional situations, which must be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity.
 - mitigating factors, including, but not limited to:
 - (1) the seriousness of the offense;
 - (2) the age and/or circumstances of the applicant at the time of the offense;
 - (3) evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;

² The policy recognizes that some housing may be subject to mandatory laws that require the exclusion of an applicant based upon certain types of criminal activity.

³ The purpose of the statute is allow a petitioner to request a dismissal of the criminal accusations, a change in plea or setting aside of a verdict and to seek to have certain criminal records sealed or expunged and a release “from all penalties and disabilities resulting from the offense.”

- (4) if the offense is related to acts of domestic violence committed against the applicant;
- (5) if the offense was related to a person's disability.

EXHIBIT J

Developer Fee Policy
[To be attached]

Mayor's Office of Housing and Community Development
Policy on Development Fees For Tax Credit Projects
Effective July 29, 2016

This MOHCD Developer Fee Policy for Tax Credit Projects applies to all developments seeking City funding in conjunction with new tax credit financing for the current project, including recapitalization projects with existing MOHCD loans. This does not apply to non-Tax Credit projects such as Small Site Program projects. It also does not apply to HOPE SF or RAD projects, which are subject to separate developer fee policies.

Developers may include fees in their project budgets according to the terms below.

I. MINIMUM FEES: 5% of total development costs.

II. MAXIMUM FEES: Notwithstanding any other section of this Fee Policy, the maximum Total Fee that may be included in basis is the lesser of \$4 million or 10% of eligible basis.

A. Total Development Fee

("Total Fee") for different project types are further detailed below, and reflect the sum of the Cash-Out Fee, GP Equity Contribution, and Deferred Fee, if any.

Project Type	9% Project - Maximum Cash-Out Fee	4% Project - Maximum Cash-Out Fee	Notes
New Construction	TCAC Maximum	The lesser of TCAC Maximum or \$2,000,000 + \$10,000 per unit over 100 units, if additional cash-out requires no additional MOHCD gap funding.	Developers may also take deferred fee; see further explanations below.
Newly Acquired and Substantially Rehabilitated (Per unit Hard Cost >= \$50,000)	TCAC Maximum	Same as new construction fee.	
Substantial Rehabilitation (Per unit Hard Cost >= \$50,000) by Existing or Affiliate GP -- Includes New City Funds	50% TCAC Maximum	The lesser of TCAC maximum or \$1,000,000 + \$10,000 per unit over 100 units, if additional cash-out requires no additional MOHCD gap funding.	Sponsor may take the allowable fee for Newly Acquired and Rehabilitated projects described above if 1) in the project's original syndication, sponsor did not take the maximum allowable developer fee; or 2) sponsor adds new affordable units to the project. Sponsor cash out from acquisition proceeds is prohibited.

Substantial Rehabilitation (Per unit Hard Cost >=\$50,000) by Existing or Affiliate GP -- No New City Funds	TCAC Maximum	Same as new construction fee.	Repayment of existing City loans shall be made pari passu with any sponsor cash out via acquisition proceeds, up to the full value of the City loan(s) plus remaining value of any City ground lease and/or operating subsidy.
Recapitalization, acquisition, or transfer with less than \$50,000 Per unit hard cost capital improvements	No Fee	No Fee	

B. Total Fee Components

1. Additional Cash Out: If eligible basis is less than Threshold Basis, Projects over 100 units may take up to \$10,000 per unit over 100 as cash-out fee, but only if such cash payment does not require additional gap funding from MOHCD (i.e., the cost of the additional developer fee taken as cash must be covered solely by the additional equity generated by any applicable deferred fee and by the additional cash-out fee itself).
2. Deferred Developer Fee: If eligible basis, including the maximum fee amount available as General Partner Equity, is less than Threshold Basis, Developers may include in Total Fee an amount equal to 50% of surplus cash flow taken over a maximum of 15 years (and after payment of the general partner management fee and investor asset management fee, if applicable) as Deferred Developer Fee. Developers may use industry standard inflators of income and expenses to calculate Deferred Developer Fee.
 - a. Distributions of surplus cash as Deferred Developer Fee are in lieu of an Incentive Management Fee. Upon full payment of the Deferred Fee, which may be prior to Year 15 of operations, a surplus cash distribution as Incentive Management Fee shall commence, at 33.3% of surplus cash (and after payment of the general partner management fee and investor asset management fee, if applicable).
 - b. For projects supported by the Local Operating Subsidy Program, Deferred Developer Fee must be taken over a minimum time period of 5 years.
3. General Partner Equity: If eligible basis is less than Threshold Basis, Developers should include in Total Fee the maximum amount available for re-contribution as General Partner Equity, with a minimum target of \$500,000.

III. FEE DISTRIBUTION: The Maximum Fee shall be divided equally between an “At-Risk Fee” and “Project Management Fee” (subject to the “At-Risk Fee Adjustment” described below).

A. Project Management Fees

Project Management Fees shall be distributed according to achievement of certain development milestones, as follows:

*(PM Fee assuming
Maximum Fee is \$2MM)*

Milestone	Project Mgmt Fee Distribution	Total PM Fee: \$1,000,000
Acquisition, if applicable, or predevelopment loan closing (or another agreed-upon milestone if acquisition is not applicable, e.g. being awarded a City-owned site through a RFQ/RFP process)	15%	\$150,000
During Predevelopment/ with no more than 35% of the total Project Management Fee to be disbursed prior to construction closing	35%	\$350,000
At Construction Closing	20%	\$200,000
During construction (disbursed upon request depending on % of construction completion) or at Completion of Construction	20%	\$200,000
Project Close-Out: Placed-In-Service application; 100% lease-up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification.	10%	\$100,000
TOTAL PM FEE	100%	\$1,000,000
TOTAL AT-RISK FEE		\$1,000,000 + \$10,000/unit over 100 units (if applicable)
TOTAL CASH-OUT DEVELOPER FEE		\$2,000,000 + \$10,000/unit over 100 units

B. At-Risk Fee

The remaining 50% of the base Cash-Out Fee + 100% of additional cash-out fee for projects with unit counts over 100 are at-risk for cost overruns that exceed the available contingency funds in the final project budget approved by MOHCD at construction loan closing. One fifth (20%) of the At-Risk Fee may be paid at Qualified Occupancy (95% Leased up and Draft Cost Certification Audit). One half (50%) of the At-Risk fee may be paid out at Permanent Loan Closing/Conversion (Final Cost Certification Audit). The remaining At-Risk fee (30%) may be paid at Project Close-Out, as defined above, including City approval of sponsor's project completion report and documents.

C. At-Risk Fee Adjustment

When outside funding sources limit the Maximum Fee to a value less than MOHCD's standard (e.g., California's Department of Housing and Community Development), the At-Risk Fee shall be capped at \$200,000 or 20% of the Maximum Fee, whichever is less.

IV. WAIVERS OF THE DEVELOPER FEE POLICY

The Citywide Affordable Housing Loan Committee may recommend a waiver or modification of any portion of this policy for the purpose of assuring project feasibility. All recommendations related to this policy are subject to the Mayor's approval in his or her sole discretion.

V. CDBG or HOME REQUIREMENTS

If MOHCD uses CDBG or HOME funds to pay the development fee, it is considered "program income", and, should MOHCD request it, the sponsor must provide a report to MOHCD on its use of developer fees.

Recipients of CDBG administrative funding may not also receive a Project Management Fee for the same project covering the same time period.

VI. POLICY IMPLEMENTATION

This policy applies to any development that has not received its gap financing commitment from MOHCD by the effective date of the policy.

Citywide Affordable Housing Loan Committee
San Francisco Mayor's Office of Housing and Community Development
Office of Community Investment and Infrastructure
Department of Homelessness and Supportive Housing

MEMORANDUM

DATE: July 20, 2018
TO: CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE
FROM: Kate Hartley, Director, MOHCD
RE: Technical Update to MOHCD Developer Fee Policy for Tax Credit Projects

1. This Request

The Mayor's Office of Housing and Community Development requests approval of a technical update to its "Policy on Development Fees for Tax Credit Projects" (Fee Policy). The Fee Policy currently allows Developers to take a developer fee for 4% low-income housing tax credit projects that is "The lesser of TCAC Maximum, or \$2,000,000, + \$10,000 per unit over 100 units if additional cash-out requires no additional MOHCD gap funding." The California Tax Credit Allocation Committee (TCAC) recently increased its base fee limit for 9% tax credit deals from \$2 million to \$2.2 million. (TCAC's base fee limit for 4% tax credit projects is \$2.5 million.) MOHCD requests that the maximum base "cash-out" fee allowed in the Fee Policy for 4% projects be increased to \$2.2 million to reflect the change. The additional \$200,000 in Developer Fee would be divided equally between Project Management Fees and At Risk Fee under this proposal. Furthermore, MOHCD requests a reference to MOHCD's commercial developer fee policy be added to the Fee Policy and proposes to correct a typo in the Fee Policy's milestones chart.

2. Reason for the Request

The Mayor's Office of Housing and Community Development and Office of Community Investment and Infrastructure underwrite projects seeking loans according to a variety of policies and procedures developed over time, with stakeholder input, and approved by Loan Committee. One of these is the Fee Policy (effective July 29, 2016.) This Fee Policy informs project sponsor requests and is the basis by which MOHCD and OCII approve developer fee budgeting. Any project seeking a MOHCD or OCII loan must be in conformance with the Fee

Policy or specifically request a waiver from the policy for a compelling reason that Loan Committee must approve.

MOHCD set the Fee Policy to reflect other important regulatory requirements, specifically TCAC's regulations. So that MOHCD can continue to conform its Fee Policy with TCAC limits related to tax credit projects, the "TCAC Maximum" value in the Fee Policy should change from \$2 million to \$2.2 million.

3. Staff Recommendation

Amend the Mayor's Office of Housing and Community Development Policy on Development Fees for Tax Credit Projects as follows:

Project Type	9% Project - Maximum Cash-Out Fee	4% Project - Maximum Cash-Out Fee	Notes
New Construction	TCAC Maximum	The lesser of TCAC Maximum allowed by the relevant eligible basis calculation OR \$2.2 million + \$10,000 per unit over 100 units, if additional cash-out requires no additional MOHCD gap funding. In addition, projects with commercial spaces may take a commercial developer fee in conformance with MOHCD's commercial underwriting guidelines.	Developers may also take deferred fee; see further explanations below.

The Fee Distribution Table will be updated as follows

Milestone	Project Mgmt Fee Distribution	Total PM Fee: \$1,100,000
Acquisition, if applicable, or predevelopment loan closing (or another agreed-upon milestone if acquisition is not applicable, e.g. being awarded a City-owned site through a RFQ/RFP process)	15%	\$165,000

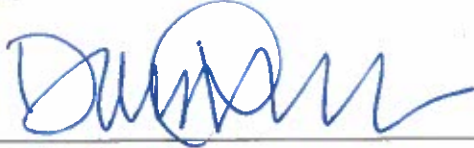
During Predevelopment, with no more than 50% of the total Project Management Fee during the predevelopment period	35%	\$385,000
At Construction Closing	20%	\$220,000
During construction (disbursed upon request depending on % of construction completion) or at Completion of Construction	20%	\$220,000
Project Close-Out: Placed-In-Service application; 100% lease-up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification.	10%	\$110,000
TOTAL PM FEE	100%	\$1,100,000
TOTAL AT-RISK FEE		\$1,100,000 + \$10,000/unit over 100 units (if applicable)
TOTAL CASH-OUT DEVELOPER FEE		\$2,200,000 + \$10,000/unit over 100 units

4. Loan Committee Modifications

5. LOAN COMMITTEE RECOMMENDATION

Approval indicates approval with modifications, when so determined by the Committee.

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.



Date: 7-20-18

Don Adams
Kate Hartley, Director
Mayor's Office of Housing and Community Development

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.



Date: 7-20-18

Nadia Sesay, Executive Director
Office of Community Investment and Infrastructure

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.



Date: 7-20-18

Jeff Kositsky, Director
Department of Homelessness and Supportive Housing

Kerry Abbott, Deputy Director
For

EXHIBIT K

Hold Harmless Policy
[To be attached]

Mayor's Office of Housing and Community Development
City and County of San Francisco



London N. Breed
Mayor

Kate Hartley
Director

Hold Harmless Policy for MOHCD's Income Limits & Maximum Rents
Effective: 5/3/2019 (update to the initial policy that was effective 2/19/2016)

Background

Every year, the United States Department of Housing and Urban Development ("HUD") publishes area median income ("AMI") data for jurisdictions across the United States. The City and County of San Francisco, acting through its Mayor's Office of Housing and Community Development ("MOHCD"), is a part of the San Francisco HUD Metropolitan Fair Market Rent Area ("SF HMFA"), which contains San Francisco, San Mateo and Marin County. MOHCD uses HUD's unadjusted AMI for SF HMFA as opposed to adjusted AMI, which is inflated to reflect high cost factors, to establish the income limits, maximum rents and sales prices that apply to affordable housing projects and programs regulated by MOHCD.

In 2016, MOHCD established a Hold Harmless Policy which stated that in any year when AMI decreased, MOHCD would maintain the income limits, maximum rents and sales prices at the previous year's levels in order to protect the operational integrity of affordable and inclusionary housing developments.

Purpose

This update to the Hold Harmless Policy (this "Policy") adds a limit to annual increases to income limits, maximum rents and sales prices published by MOHCD in order to mitigate the significant financial burden on low- and moderate-income tenants and homebuyers during periods of high escalation of AMI in San Francisco.

This Policy establishes the following:

- Limit annual increases to income limits, maximum rents, and sale prices to a maximum of 4%ⁱ
- Uphold the current policy of maintaining income limits, maximum rents and sales prices at the previous year's levels in years when AMI, as published by HUD, has decreased.

This Policy is intended to limit harm by:

1. Protecting tenants from displacement due to annual rent increases that would cause a significant financial burden; and
2. Protecting the operational integrity of housing developments so that owners are able to cover operating costs that typically increase annually, even when AMI decreases; and

3. Ensuring that San Francisco’s low-, moderate- and middle-income workforce retain access to homeownership opportunities.

Hold Harmless Limits

For the purpose of this Policy:

“HUD SF AMI” means the maximum income by household size, maximum rent by unit type, and maximum sales prices as published annually by MOHCD, derived from the median income determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as “Unadjusted Median Income”.

“MOHCD AMI” means the maximum income by household size, maximum rent by unit type, and maximum sales prices as published annually by MOHCD under this Policy.

“Housing Provider” means any person or entity that owns a multi-family property that is restricted for the purpose of affordable housing and/or subject to MOHCD administration, regulations, or policies.

Limited Increases: Annual increases to MOHCD AMI shall be limited to the lesser of: (1) the percentage amount necessary to adjust MOHCD AMI to match the then-current year’s HUD SF AMI, or (2) four percent (4%)ⁱ. This Policy limits year-over-year increases to MOHCD AMI to 4% in periods of high HUD SF AMI escalation, while allowing MOHCD AMI to “catch up” to HUD SF AMI during periods when HUD SF AMI grows slowly, is static, or decreases.

Limited Decreases: This update to the Policy does not eliminate the Hold Harmless Policy adopted in 2016. In years when the MOHCD AMI matches the HUD SF AMI, and the subsequent year’s HUD SF AMI decreases, MOHCD will maintain the MOHCD AMI from the previous year. If, in subsequent years, HUD SF AMI decreases again, stays flat, or increases to a level that is still lower than before the initial decrease, MOHCD will maintain its published AMI until such time as the HUD SF AMI increases to a level that is greater than the MOHCD AMI.

The application of this Policy may result in the creation of a calculation of MOHCD AMI that is different than the HUD SF AMI. The below chart demonstrates how this Policy would be applied over a hypothetical 6-year period:

	Base Year	Year 2		Year 3		Year 4		Year 5		Year 6	
	AMI	AMI	% Change	AMI	% Change	AMI	% Change	AMI	% Change	AMI	% Change
HUD SF AMI	100.0	108.0	8.0%	107	-0.9%	111	3.9%	109.0	-2.0%	112.5	3.2%
MOHCD AMI	100.0	104.0	4.0%	107	2.9%	111	3.9%	111	0.0%	112.5	1.2%

Utility Allowances

Notwithstanding anything to the contrary in this Policy, it is important to note that a Housing Provider will be required to lower net rents (i.e. tenant-paid rent) as the result of increases in utility allowances in years when the MOHCD AMI matches the HUD SF AMI, and HUD SF AMI has decreased or remained flat. MOHCD AMI establishes the limits for maximum gross rent (aka “Tier 2 rent” under the City’s Inclusionary Housing Manual),” which consists of tenant rent plus utility allowance. If HUD SF AMI decreases or remains flat, and therefore MOHCD AMI remain the same as the previous year, an increase in the utility allowance means that the tenant rent would have to be lowered.

Limited Hardship Waiver

MOHCD will consider, in its sole discretion, a waiver of this Policy from a Housing Provider with rental units restricted under contracts (i.e., loan agreement, grant agreement, or other agreement for funding from the City) with MOHCD upon demonstration that: (1) the MOHCD AMI imposes a financial hardship that puts at risk the Housing Provider's ability to cover reasonable operating costs and debt service, (2) existing tenants will not be unreasonably financially burdened by the Housing Provider's proposed rent increases, and (3) the Housing Provider is not in default under any contract with MOHCD. Any waiver from this Policy approved by MOHCD, in its sole discretion, shall apply for only one year. Housing Providers are solely responsible for providing MOHCD with any documentation requested by MOHCD to support a hardship waiver of this Policy.

ⁱ The application of the 4% increase is made on the amount for the 100% AMI level for a 4-person family. MOHCD continues to using rounding to the nearest \$50 on the calculations for all of the other income levels and household sizes. The use of rounding may create nominal differences in the percentage increases for all of the other max income levels and household sizes, as well as for all of the maximum rents.

EXHIBIT L
Insurance Requirements

Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or caused to be maintained, the insurance and bonds as set forth below from the date of this Agreement or other applicable date set forth below throughout the Compliance Term at no expense to the City:

1. **Liability Insurance.** Borrower must obtain and maintain, or cause its contractors, subcontractors, property managers and/or agents, as appropriate for each, to obtain and maintain, insurance and bonds as follows:

(a) to the extent Borrower or its contractors and subcontractors have "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident, injury or illness;

(b) commercial general liability insurance, with limits no less than Two Million Dollars (\$2,000,000) combined single limit per occurrence and Four Million Dollars (\$4,000,000) annual aggregate limit for bodily injury and property damage, including coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Borrower is conducting any activity on, alteration or improvement to the Site with risk of explosions, collapse, or underground hazards;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) professional liability insurance of no less than Two Million Dollars (\$2,000,000) per claim and Four Million Dollars (\$4,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Borrower's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Borrower shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars (\$50,000) each claim must be reviewed by Risk Management; and

(e) a crime policy or fidelity bond covering Borrower's officers and employees against dishonesty with respect to the Funds of no less than Seventy Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Five Thousand Dollars (\$5,000) each loss, including the City as additional obligee or loss payee;

(f) as applicable, pollution liability and/or asbestos pollution liability covering the work being performed with a limit no less than Two Million Dollars (\$2,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This

coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Borrower's contractor, provided that the policy must be "claims made" coverage and Borrower must require Borrower's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance. Borrower must maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds _____ as follows:

(a) Prior to construction:

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

(b) During the course of construction:

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

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

(c) Upon completion of construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor. For rehabilitation/construction projects that are unoccupied by residential or commercial tenants, Tenant must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an

amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City as loss payee.

The following notice is provided in accordance with the provisions of California Civil Code Section 2955.5: Under California law, no lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

3. Commercial Space. Borrower must require that all nonresidential tenants' liability insurance policies include Borrower and the City as additional insureds, as their respective interests may appear. Throughout the term of any lease of Commercial Space in the Project, Borrower must require commercial tenants to maintain insurance as follows:

(a) to the extent the tenant has "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident;

(b) commercial general liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including coverage for contractual liability; personal injury; advertisers' liability; including coverage for loss of income due to an insured peril for twelve (12) months; owners' and contractors' protective; broadform property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) with respect to any tenant who has (or is required by Law to have) a liquor license and who is selling or distributing alcoholic beverages and/or food products on the leased premises, to maintain liquor and/or food products liability coverage with limits not less than One Million Dollars (\$1,000,000), as appropriate;

(e) special form coverage insurance, including vandalism and malicious mischief, in the amount of 100% of the full replacement cost thereof, covering all furnishings, fixtures, equipment, leasehold improvements, alterations and property of every kind of the tenant and of persons claiming through the tenant; and

(f) full coverage plate glass insurance covering any plate glass on the commercial space.

4. General Requirements.

(a) General and automobile liability policies of Borrower, contractors, commercial tenants and property managers must include the City, including its Boards, commissions, officers, agents and employees, as an additional insured by endorsement acceptable to the City.

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to the City before cancellation or intended non-renewal is effective. The endorsement must provide the City with the same rights as the named insured in the event of cancellation or intended non-renewal.

(c) With respect to any property insurance, Borrower hereby waives all rights of subrogation against the City to the extent of any loss covered by Borrower's insurance, except to the extent subrogation would affect the scope or validity of insurance.

(d) Approval of Borrower's insurance by the City will not relieve or decrease the liability of Borrower under this Agreement.

(e) Any and all insurance policies called for herein must contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(f) The City reserves the right to require an increase in insurance coverage in the event the City determines that conditions show cause for an increase, unless Borrower demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Borrower.

(g) All liability policies must provide that the insurance is primary to any other insurance available to the additional insureds with respect to claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought and that an act of omission of one of the named insureds that would void or otherwise reduce coverage will not void or reduce coverage as to any other insured, but the inclusion of more than one insured will not operate to increase the insurer's limit of liability.

(h) Any policy in a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs are included in the general annual aggregate limit must be in amounts that are double the occurrence or claims limits specified above.

(i) All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made policy, coverage must be maintained continuously for a period ending no less than three (3) years after recordation of a notice of completion for builder's risk or the Compliance Term for general liability and property insurance.

Exhibit M

RESERVED

EXHIBIT N

RESERVE

EXHIBIT O
Commercial Underwriting Guidelines
[To be attached]

Mayor's Office of Housing and Community Development Commercial Space Underwriting Guidelines

Effective February 2, 2018

A. Applicability

The following Commercial Space Underwriting Guidelines (Guidelines) are intended to assist applicants for capital financing to prepare financing requests to the Mayor's Office of Housing and Community Development (MOHCD). They apply to new construction projects only. These Guidelines will also be used by MOHCD staff for purposes of evaluating funding requests and presenting them to the Citywide Affordable Housing Loan Committee for consideration. The Loan Committee maintains the right to set final terms and conditions for commitment of funds based on the actual circumstances of each project. MOHCD reserves the right to review and approve any requests for variations to these Guidelines. These Guidelines are subject to change.

B. Goals

1. To repay the City for costs related to the development of commercial spaces located within City-funded affordable housing properties.
2. To create vibrant neighborhoods, especially for those experiencing displacement of low-income residents, by facilitating the development of commercial space for Public Benefit and Community Serving Commercial Uses.
3. To recognize the dynamism and relationship to market conditions in commercial real estate that is not found in affordable housing while also mitigating against the market risk inherent in this dynamism.

C. Definitions

1. **Affiliated Entity:** An entity that is either controlled by the Housing Owner, controls the Housing Owner, or is under common control with Housing Owner. Control, as used in the previous sentence, means the ownership, directly or indirectly, of the right to vote in or direct the ordinary operations of the entity.
2. **Commercial Space:** An entire undifferentiated commercial area for Public Benefit Use, Community Serving Commercial Use, or Commercial Use. If the Project is subdivided, then the Commercial Space would be a condominium or air rights parcel, separate from the Residential Space. It is possible to have more than one Commercial Space in a Project because the developer intends different uses (for example, a space finished to Warm Shell and where use will be Public Benefit Use, while another area is finished to Cold Shell and Commercial Use is intended). A Commercial Space may be demised into more than one Individual Tenant Space as appropriate.
3. **Commercial Use:** A land use, typically retail or other sales and services use, with the sole or chief emphasis on making financial gain and that is not a Public Benefit Use or Community Serving Commercial Use as defined below. Commercial Uses shall not include uses that, in MOHCD's sole discretion, are inconsistent with fostering a stable environment for families and children, including, but not limited to, bars, liquor stores,

tobacco product stores, recreational cannabis shops (medical cannabis dispensaries may be permitted in MOHCD's sole discretion, but only to the extent permitted by funding sources and applicable local, state, and federal law) or other uses that cater exclusively to adults.

4. **Commercial Entity:** A legal entity, separate from the Housing Owner, who may either master lease the Commercial Space from the Housing Owner or ground lease the Commercial Space directly from the City, as provided in Permitted Legal Structures, below.
5. **Commercial Project Costs:** The total of all hard and soft costs associated with the development of the Commercial Space.
6. **Community Serving Commercial Use:** A land use, typically retail or other sales and services use, that provides a direct benefit to the community, e.g. a food market with affordable and healthy produce and other goods, community banking, or other neighborhood serving uses that have a demonstrated benefit to the residents of the Project, as determined by MOHCD in its sole discretion.
7. **Commercial Space Master Tenant:** A Commercial Entity that is an Affiliated Entity and that leases the Commercial Space from the Housing Owner and subleases Individual Tenant Space(s) to Individual Commercial Tenant(s).
8. **Housing Owner:** The owner of the residential improvements at the Project.
9. **Cold Shell:** Commercial Space improvements as defined in detail under Item 18.
10. **Individual Commercial Tenant:** An occupant of Commercial Space rented from the Housing Owner or Commercial Entity (depending on legal structure).
11. **Individual Tenant Space:** Demised portion of the Commercial Space for lease to an Individual Commercial Tenant.
12. **Net Commercial Cash Flow:** Commercial Operating Income less the Commercial Operating Expenses for a Lease Year (or portion thereof). **Commercial Operating Expenses** means the reasonable and customary expenses of reasonable operating and routine maintenance and repair expenses incurred by the Housing Owner or Commercial Entity (depending on legal structure) in the operation of the Commercial Space, debt service, and MOHCD-approved reserves. **Commercial Operating Income** means all income and receipts in any form received by the Housing Owner or Commercial Entity (depending on legal structure) from the operation of the Commercial Space, including rents, fees, deposits, and reimbursements.
13. **Project:** A mixed-use, multifamily residential and commercial project built with substantial reliance on City funding, which may include one or more subdivided residential condominium/air rights parcels and commercial condominium/air rights parcels.
14. **Public Benefit Use:** A land use, typically programs or services, that primarily benefits low-income persons, is implemented by one or more 501(c)(3) public benefit

corporations, and has been identified by the City or community as a priority use. Examples include, but are not limited to, childcare centers, adult day health centers, nonprofit office space, public libraries, supportive services for the residents of the affordable housing development, health clinics that serve the local community at no or low cost, arts-related spaces that provide programs, and classes and/or exhibition spaces available to community members at no or low cost.

- 15. Residential Space:** The entire undifferentiated residential area for future demising and occupancy by residential tenants. If the Project is subdivided, then the Residential Space would be a condominium or air rights parcel, separate from the Commercial Space(s).
- 16. Tenant Improvement Allowance:** A budget allowance sized to accommodate the build out of Warm Shell improvements, which MOHCD may approve when the Individual Commercial Tenant/s is unknown at construction loan closing.
- 17. Warm Shell:** Commercial Space improvements as defined in detail under Item 18.
- 18. *Detailed definition of Cold Shell and Warm Shell improvements (see next page)***

<u>Scope/Trade</u>	<u>Cold Shell</u>	<u>Warm Shell (Cold Shell plus the following)</u> (Note: The cost of Warm Shell improvements should be included in the development budget either as a specific scope of work, if known, or as a Tenant Improvement Allowance, subject to MOHCD approval.)
Walls/Doors	Exterior/perimeter walls and doors. Exterior/perimeter walls must be finished with gyp and fire taping to Code. No partition walls or doors.	Partition walls and doors to Individual Tenant Space/s. Partition walls, doors and locks for bathrooms based on Individual Commercial Tenants and Code requirements.
Finish	Exposed concrete slab with rough-in Plumbing, depressed to allow for anticipated use (floor sinks, drains). Temporary ramps for Certificate of Completion, as required.	Finished floor to minimum specification of Individual Commercial Tenant or exposed slab with clearance to install flooring to level landing at door. Wall and ceiling finish, lighting and finish specialties in bathrooms.
Specialties	Code required signage. Exterior commercial signage program developed and approved by Planning and MOHCD.	Bathroom accessories. Exterior signage design, infrastructure, fabrication and installation.
Structural	Anchors for drop-ceiling. Anchors must be cast-in slab 4' on center in each direction. Coring or block-out for assumed HVAC rough-in.	Code required ramps and railings to assumed final finish floor and level landing at entrance(s).
Elevator	No	As required.

Mechanical	Stub out for heat-pump, space on roof for equipment, and pad (or sidewall where possible). Fire rated shaft for later ducting of restaurant hood(s); supply air / louver on exterior wall.	Venting of bathrooms and all other plumbing fixtures. Ductwork to connect location of heatpump to exterior. Code required smoke control. In the case of an approved restaurant use, minimum of one (1) grease duct plus make up air (MUA) duct to accommodate Type 1 hood. Type 2 hood shaft and venting may be considered. Does not include water heating and all other mechanical equipment.
Gas	Stub-out for gas and gas meter in meter room.	Submeters based on establishment of Individual Tenant Space/s.
Plumbing	Stub-out for domestic water supply and water meter in meter room. Storm sewer 4". Stub out all plumbing (supply and waste) to bathroom location(s). No finish.	Water meters based on establishment of Individual Commercial Tenant/s. Distribute domestic water, waste and vents to plumbing fixture locations within Individual Tenant Space/s. Finish plumbing.
Electrical	200A-600A 3 phase service. Meter in electrical room with service to Commercial Space. Stub out and conduit on ceiling for mechanical. Perimeter walls to have wall receptacles. Light fixtures in space connected to house meter to meet Certificate of Completion requirements only. Emergency lighting battery back-up.	Submeters based on established Individual Commercial Tenant/s and extension of stub-outs to Individual Tenant Space/s. Installation of sub panel at Individual Tenant Space/s.
Telco	Two (2) 2" conduits from MPOE to space for telecom/data/security. Temporary security camera connected to residential system until Commercial Space is occupied.	

Fire Protection/ Alarm	Building Fire Alarm shall be sized and zoned to include Commercial Space. State and Local SFFD Code requirements for Completion and Certificate of Occupancy must be met. Sprinkler shall be installed, activated and monitored.	Zoning of Fire Alarm to Individual Tenant Space/s and re-configuration / programming of main building fire panel.
Site Work	No	No

D. Permitted Legal Structures

a. Each of the following legal structures may be used for a Project, as permitted by MOHCD, taking into account the location of the Project, the community that the Project intends to serve, financing requirements and restrictions, and the capacity and expertise of the developer and Housing Owner. These Guidelines assume MOHCD owns the land on which the Project is located. In the rare scenario in which that is not the case, MOHCD and the Housing Owner will adjust these Guidelines accordingly to achieve the Goals articulated in Paragraph B and the same financing principles related to the use of MOHCD funds.

1. No Subdivision; Single Ground Lease. The real property is not subdivided and the entire property is ground leased to Housing Owner.

a. Direct Leases: Housing Owner leases directly to Individual Commercial Tenant(s); or

b. Commercial Master Lease: Housing Owner leases the Commercial Space to the Commercial Entity (which must be an Affiliated Entity) (the “Commercial Space Master Tenant”). The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

2. Subdivision. The real property is subdivided into a separate residential condominium or air rights parcel and a separate commercial condominium or air rights parcel (or subdivided into more than one separate parcels of either use).

a. Single Ground Lease. The real property is subdivided, and the City ground leases the entire property to the Housing Owner.

(i) Direct Leases: Housing Owner retains ownership of the leasehold for the Commercial Space and leases directly to Individual Commercial Tenant(s); or

(ii) Commercial Master Lease: Housing Owner retains ownership of the leasehold for the Commercial Space and leases the Commercial Space to a Commercial Space Master Tenant. The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

b. Separate Ground Leases.

(i) The City ground leases the Residential Space to the Housing Owner. The City separately ground leases the Commercial Space to the Commercial Entity. The Commercial Entity may or may not be an Affiliated Entity.

(ii) Where the Commercial Entity is a for-profit company, not related to the Housing Owner, and the Commercial Space will be used for Commercial Use, the City’s strong preference is that the subdivision be in the form of a condominium as opposed to an air rights parcel.

E. Underwriting Guidelines for All Permitted Legal Structures

1. The eligible uses of MOHCD Funds for Commercial Project Costs are:
 - a. Hard Costs: Subject to approval by MOHCD, Borrower may request the use of MOHCD funds for the following:
 - i. Commercial Uses: Cold Shell only. However, MOHCD may provide funding for Warm Shell improvements required to be installed concurrent with residential construction (e.g. restaurant flue shafts with grease ducts and access panels on each floor, drain lines and anchor bolts installed in PT floor and ceiling slabs). If Housing Owner is working with the Commercial Entity or an Individual Commercial Tenant before or during construction, Housing Owner may install ducting to the exterior (roof or louvers on building exterior) as a reimbursable cost to Housing Owner by the Commercial Entity or the Individual Commercial Tenant. Costs for all Cold Shell and Warm Shell improvements must be repaid to MOHCD, in full or in part, through non-housing sources, according to the requirements set forth in Section I below.
 - ii. Community Serving Commercial Uses: Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources, such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc., as appropriate for the proposed use for the purpose of reducing funding required from MOHCD.
 - iii. Public Benefit Uses: Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc. as appropriate for the proposed use, for the purpose of reducing funding required from MOHCD.
 - b. Soft Costs: Subject to MOHCD approval and evaluated based on industry standards and market conditions for comparable projects and uses, including:
 - Construction management and consulting fees for coordination of tenant improvements with shell construction
 - Commercial broker fee
 - Commercial space lease-up reserve
 - Commercial space replacement reserve
 - Commercial space developer fee (see developer fee policy below)
 - Market analysis as is required by MOHCD
 - Future tenant improvements reserve
 - Pro rata share of Project development costs associated with Commercial Space (for example, financing costs and legal fees)

2. Conditions of MOHCD Funds.

- a. Market Analysis: Developer shall provide MOHCD a third party prepared market analysis (e.g. from a broker, appraiser, or market analyst) to determine appropriate terms for Market Rents, Rent Growth, Annual Rent Adjustments, Rent Concessions and/or Tenant Improvement Allowances, Vacancy, Expenses, Expense Growth, Management Fees, Leasing Agent Fees, and Reserves.
- b. Operating Budget. Developer shall provide the Housing Owner's or Commercial Entity's (depending on legal structure) commercial operating budget based on proposed use and market conditions consistent with the third party prepared Market Analysis provided for the project as defined above in 2.a. Commercial rents charged must be sufficient to cover all direct, shared, and allocated costs attributable to commercial use, including, but not limited to: pro-rata share of cleaning, maintenance and utility costs for shared bathrooms and hallways; pro-rata share of maintenance of fire sprinkler and fire alarm systems; pro-rata share of cleaning, maintenance and repair of the trash room; pro-rata share of maintenance and repair of the sidewalk, street trees and bike racks; pro-rata share of hydro-jetting of the sewer laterals; and pro-rata share of back-flow testing of the water lines. Commercial operating expenses shall include all utilities payable by the property for the Commercial Space, commercial property management and asset management fees, commercial operating and replacement reserves, and property taxes and insurance attributable to the Commercial Space.
- c. Leases and Letters of Intent. The Commercial Master Lease and business terms for Direct Leases and subleases are subject to review and approval by MOHCD, in accordance with the Market Analysis and these Guidelines.

F. Commercial Space Developer Fee

1. Commercial Uses: The lesser of \$100,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 incremental fee will be allowed for completion of the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. The Commercial Space Developer Fee is payable only from non-MOHCD sources, e.g. commercial loan proceeds or transfer of the leasehold estate in the Commercial Space, etc.
2. Public Benefit Uses and Community Serving Uses: The lesser of \$250,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 in fee will be allowed for completing the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. Half of the Commercial Space Developer Fee is payable

only from non-MOHCD sources, e.g. commercial loan proceeds, grants, or transfer of the leasehold estate in the Commercial Space.

3. Commercial Space Developer Fee; Net Developer Fee Maximums. To the extent allowable by TCAC, the Commercial Space Developer Fee is in addition to the net developer fee maximums pursuant to MOHCD Developer Fee Guidelines.

G. Change in Use

Change in use from Public Benefit Use or Community Serving Commercial Use to Commercial Use requires approval by MOHCD and will result in required repayment of the costs of Warm Shell improvements funded by MOHCD loan(s). Repayment will be calculated by amortizing the MOHCD-funded costs over the useful life of the improvements and sized based on the number of years the improvements did not serve a Public Benefit or Community Serving Commercial Use.

H. Single Ground Lease Additional Guidelines

The following ground lease terms apply where the City ground leases the entire property to the Housing Owner, whether or not the property has been subdivided.

1. Direct Lease
 - a. **40% City/60% Housing Owner:** 40% of Net Commercial Cash Flow will be paid by Housing Owner to City in the form of increased ground lease payment of Residual Rent (see MOHCD Policy on Ground Leases for defined terms). Housing Owner will retain 60% of Net Commercial Cash Flow.
 - b. Limit on Commercial Revenue: City recommends tax counsel guidance to avoid issues of unrelated business income.
2. Commercial Master Lease
 - a. **40% City/60% Affiliated Entity:** 40% of Net Commercial Cash Flow will be paid by Commercial Entity to Housing Owner and subsequently paid to City in the form of increased ground lease payment of Residual Rent. 60% of Net Commercial Cash Flow is payable to the Commercial Entity (ie. the Commercial Space Master Tenant). The Commercial Entity must be an Affiliated Entity.
 - b. Limit on Commercial Revenue: City recommends tax counsel guidance to avoid issues of unrelated business income.

I. Separate Ground Leases Additional Guidelines

The following MOHCD commercial loan repayment and commercial ground lease terms apply where the property has been subdivided, the City ground leases the Residential Space to the Housing Owner, and the City ground leases the Commercial Space(s) to the Commercial Entity(ies).

1. Reimbursement to MOHCD of Commercial Project Costs depends on the ownership structure and the type of use, as follows:

- a. Public Benefit Uses, Community Serving Commercial Uses, and Commercial Uses when the Commercial Entity is an Affiliated Entity:

Within the earlier of 90 days after 75% occupancy is achieved for Commercial Space or one year after the issuance of a Temporary Certificate of Occupancy or Certificate of Occupancy for the Commercial Space, the Commercial Entity must obtain a commercial loan commitment to repay MOHCD for all Commercial Project Costs included in MOHCD financing. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval. The commercial loan must close within 90 days following the issuance of a loan commitment. In the event that the commercial loan is not large enough to fully repay MOHCD for Commercial Project Costs, MOHCD will retain a second position Deed of Trust against the Commercial Space, securing a Note in the amount of any unpaid balance. Any outstanding balance on a MOHCD commercial loan will be payable upon refinance or transfer of the Commercial Space.

- b. Commercial Uses when the Commercial Entity is an unrelated third-party:

The Commercial Entity must repay MOHCD for all Commercial Project Costs included in MOHCD financing at close of purchase of the leasehold interest in the commercial condominium/air rights parcel and/or execution of the commercial ground lease. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval.

2. Commercial Space Ground Lease Payment and Payment on Any Outstanding MOHCD Commercial Loan

- a. Public Benefit Uses & Community Serving Commercial Uses: Annual ground lease payment equal to 40% of Net Commercial Cash Flow. However, if there is an outstanding MOHCD commercial loan, the 40% Net Commercial Cash Flow will first be used to pay down the MOHCD commercial loan and then to the annual ground lease payment. Commercial Entity will retain 60% of Net Commercial Cash Flow.
- b. Commercial Uses: Annual ground lease payment equal to market rent based on current comparable leases. Sizing of Base Rent and Residual Rent to be negotiated. If there is an outstanding MOHCD commercial loan (only applicable when the Commercial Entity is an Affiliated Entity), 40% Net Commercial Cash Flow will be used to pay off the MOHCD commercial loan and then go towards payment of Residual Rent, if applicable. Commercial Entity will retain 60% of Net Commercial Cash Flow.

3. Any transfer or sale of the Housing Owner's or Commercial Owner's ground lease interest in the Commercial Space parcel is subject to MOHCD approval as ground lessor. If the Project was developed as air rights parcels, MOHCD may require that the air rights subdivision be converted to condominiums before the Commercial Space may be transferred to an unaffiliated for-profit entity for Commercial Use.

4. Ground Lease Term: To be negotiated based on Market Analysis (see section E.2.a. for requirements for Market Analysis.)

EXHIBIT P
Residual Receipts Policy
[To be attached]

EXHIBIT P

**Mayor's Office of Housing and Community Development
Residual Receipts Policy
Effective April 1, 2016**

INTRODUCTION

The Mayor's Office of Housing and Community Development (MOHCD) typically requires annual payments under the Ground Leases and Loans provided for the purpose of developing or preserving affordable housing to the extent that making payments is feasible and does not jeopardize the long-term affordability or maintenance of safe and secure housing for its residents. Payments may be required under one or a combination of several structures, including amortization, deferral, or payment from residual receipts, depending on the circumstances.

When a development financed by MOHCD is projected to enjoy more income than is needed to pay expenses, service other debt, fully fund its reserves, and make approved payments out of surplus, it is MOHCD's policy that a portion of the remaining "residual" income be directed toward repayment of MOHCD's investment.

MOHCD also permits a modest portion of "residual" income to be distributed by the borrower. Distribution of any portion of "residual receipts" is conditioned on MOHCD's annual determination that certain performance standards and benchmarks have been met.

SUMMARY (see below for detailed requirements)

I. Definition of Residual Receipts	As depicted in the approved MOHCD Operating Budget Proforma for each project, the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments of surplus. .
II. Annual Residual Receipts Payments Due to MOHCD	Generally, 2/3 rd s of residual receipts is payable to the City. Larger Tax Credit projects may be eligible to use an alternative ½ - ½ split for up the first 10 years of a new tax credit period, see the Developer Fee Policy for more details.
III. When more than one MOHCD contract requires residual payments	The approved MOHCD Operating Budget Proforma is a required exhibit to the last-executed MOHCD contract and must reflect a comprehensive summary of approved cash flow waterfall, listing of all lenders, relative lien positions, underlying loan terms and amounts owed to MOHCD annually across all MOHCD contracts.
IV. When a project has other Lenders in addition to MOHCD that require residual payments	The portion to be repaid to each Lender is typically determined by the proportional amount of capital funded under each loan. The approved MOHCD Operating Budget Proforma must include a list of all loans and details about projected amounts owed annually, including how the portion of residual receipts to be paid to each lender will be calculated, if not based on a proportional amount.
V. Conditions to Distribution of Residual Receipts to Borrower	Distribution of Residual Receipts may be made only upon: (1) MOHCD approval of Annual Monitoring Report; (2) determination by MOHCD

	that borrower is not in default; and (3) approval by MOHCD of amount of Distribution.
VI. Use of Residual Receipts Distributed to the Borrower	MOHCD strongly encourages borrowers to use distributions for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).
VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project	Any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
MOHCD Repayment Waiver Option	The repayment waiver option has been terminated.

I. Definition of Residual Receipts

- A. Residual Receipts is the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments from surplus.
- B. The project-specific Funding Agreements and/or Ground Leases define what Project Income entails and which Project Expenses are allowable. In general, the definition of allowable Project Expenses will include mandatory or “hard” debt service payments, minimum or Base Rent owed under a Ground or Land lease, and required annual payments into Reserve accounts. Each MOHCD contract will include a copy of the approved Operating Budget Proforma.
- C. When MOHCD requires repayments from Residual Receipts, the formula usually requires payment of a portion of the available Residual Receipts. The use of a proportional formula makes it is essential to clearly define which uses of surplus cash have been approved for payment prior to the calculation of the amount owed to MOHCD.
- D. The approved uses of any available surplus may also be referred to as the cash flow waterfall. The approved MOHCD Operating Budget Proforma is used to document the approved cash flow waterfall. In general, the following expenses may be a part of a cash flow waterfall:
 - 1. Fees payable to the project, the GP, the LP or the parent entity
 - 2. Fees payable to project funders
 - 3. “Soft” debt repayments to lenders / lessors

Please see the City’s Developer Fee Policy and Operating Fees Policy for a list of allowable fees and any applicable limits.

- E. Limited Partnership Agreements may also provide a narrative summary of the cash flow waterfall. In the event that a Limited Partnership Agreements is found to be inconsistent with the MOHCD Funding Agreement and/or the approved MOHCD Operating Budget Proforma, the MOHCD documents shall control.

II. Annual Residual Receipts Payments due under MOHCD Ground Leases & Loans

Except as recommended by the Loan Committee and approved by the Mayor on a project by project basis, the portion to be paid to the City shall be $\frac{2}{3}$ rds of Residual Receipts. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period and the borrower's portion of Residual Receipts shall be considered payment of Deferred Developer Fee. See the Developer Fee Policy for more details.

Any residual receipts payments shall be applied toward the unpaid balance of MOHCD loan/s according to the terms in the Promissory Note and/or Funding Agreement, and toward the payments required under the MOHCD Ground Lease.

III. When more than one MOHCD contract requires residual payments:

Some projects supported by MOHCD may be governed by more than one MOHCD contract. The MOHCD Operating Budget Proforma provides a comprehensive summary of the approved cash flow waterfall, a listing of all lenders, the relative position of each lien, the amounts owed and the relevant repayment terms, and will also reflect the cumulative amount of repayments owed to MOHCD annually across all MOHCD contracts. Projects governed by more than one MOHCD contract that extend or initiate a MOHCD contract after the effective date of this policy will be required to get approval of a new MOHCD Operating Budget Proforma.

IV. When a project has other Lenders in addition to MOHCD that require residual payments

- A. If any other project lenders besides MOHCD require repayment from residual receipts, the portion to be repaid to each Lender will typically be determined by the proportional amount of capital supplied under each loan. For example, if a project received a \$2 million loan from MOHCD and a \$3 million loan from another lender, MOHCD would receive $\frac{2}{5}$ ths of the amount available to be repaid, and the other lender would receive $\frac{3}{5}$ ths of the amount available to be repaid. The approved MOHCD Operating Budget Proforma must include a list of all Loans and provide an appropriate amount of detail about the projected amounts owed annually including details about how the portions to be paid to each lender will be calculated. If a project makes an agreement with any other lender/s after executing a MOHCD contract containing the final MOHCD-approved Operating Budget Proforma, prior to making any payments to such other lender/s, the project must request and be approved in writing to amend the MOHCD-approved Operating Budget Proforma to include the new lender/s.
- B. During operations, MOHCD will require Residual Receipts payments using MOHCD's method of calculating surplus and any amounts owed to the MOHCD. If there is a difference in the amount calculated to be owed to any other lenders under another lender's repayment calculation method when compared to MOHCD method, then each lender will be paid according to its calculation, so long as doing so would not result in a reduction in the amount payable to MOHCD.

V. Conditions to Distribution of Residual Receipts to Borrower

- A. Distribution of Residual Receipts to the borrower of a MOHCD loan, or lessee of a MOHCD ground lease, may be made only upon:
 - 1. MOHCD approval of the Annual Monitoring Report submitted for that year; and
 - 2. Determination by MOHCD that the borrower is not in default under terms of the Loan; and

3. Approval by MOHCD of the amount to be distributed.
- B. No distribution of Residual Receipts shall be made under any of the following circumstances:
 1. When a written notice of default has been issued by any lender or investor and such default has not been cured; or
 2. When the City determines that the borrower or the borrower's management agent has failed to maintain the housing and its surroundings in a safe and sanitary manner in accordance with local health, building, and housing codes; or
 3. If any operating expense, including debt service on non-City loans remains unpaid; or
 4. If any required reserve account is not fully funded according to the terms of the MOHCD contract/s; or
 5. In the event of any other material failure to comply with the provisions of the MOHCD contract/s.

VI. Use of Residual Receipts Distributed to the Borrower

MOHCD strongly encourages borrowers to use the portion of Residual Receipts that is not applied toward repayment of MOHCD's loan or payment of residual rent under a MOHCD ground lease for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).

VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project

- A. With the exception of Residual Receipts retained by a borrower pursuant to this policy, any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
- B. The Loan Committee may approve variations of this policy on a project-specific basis, including the payment of costs associated with the provision of social, educational, vocational, counseling or other supportive services to residents either as a project expense or out of that portion of Residual Receipts that would otherwise be repaid to the City.

Order No.: 0227023280

Free Recording Requested Pursuant to
Government Code Section 27383

When recorded, mail to:
Mayor's Office of Housing and Community Development
of the City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Agnes Defiesta

CERTIFIED TO BE A TRUE AND CORRECT COPY OF
INSTRUMENT RECORDED 01/30/2020
AS INSTRUMENT NO. 2020-K897598
OFFICIAL RECORDS OF COUNTY OF _____
SAN FRANCISCO
OLD REPUBLIC TITLE COMPANY

BY: D. DeGuzman

-----Space Above This Line for Recorder's Use-----

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**
(Property Address: 500 Turk)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of Jan. 30, 2020, by **TURK 500 ASSOCIATES, L.P.**, a California nonprofit public benefit corporation A California Limited Partnership ("Trustor"), whose address is 201 Eddy Street, San Francisco, California 94102, to **OLD REPUBLIC TITLE COMPANY** ("Trustee"), whose address is 601 California Street, Suite 900, San Francisco, California 94108, for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development ("Beneficiary"). This Deed of Trust is executed pursuant to an Amended and Restated Loan Agreement by and between Trustor and Beneficiary dated as of January 17, 2020, as it may be amended from time to time (the "Agreement"), the provisions of which are incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust.

1. Grant in Trust. For valuable consideration, Trustor hereby grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, all right, title and interest Trustor now has or may have in the future in the following (all or any part of the following, or any interest in all or any part of it, as the context requires, the "Property"):

(a) that real property situated in the City and County of San Francisco, State of California, described in Exhibit A attached hereto and incorporated herein by reference (the "Land"), on which Trustor intends to construct a construct 108-units of affordable housing for low and very low income households, including 27 units that have rental subsidies under a contract with the San Francisco Housing Authority (plus one manager's unit) (the "Residential Project") and a ground floor commercial warm shell with a total of approximately 2,380 square feet for one or two (1 or 2) commercial spaces (the "Commercial Space") which will be known as 500 Turk Street (the "Project"); and

(b) all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "Improvements"); and

(c) all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions, and any guarantees thereof ("Leases") relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of the Leases; and

(d) all of Trustor's interest in and under that certain Ground Lease dated as of January 30, 2020, by and between Beneficiary, as lessor, and Trustor, as lessee, including any options of any nature whatsoever, and any future interest of Trustor in fee title to the Land; and

(e) except for personal property and removable fixtures installed by tenants or subtenants, all goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which will be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; and

(f) all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; and

(g) all Loan funds, whether disbursed or not, and all funds now or in the future on deposit in the Replacement Reserve Account, the Operating Reserve Account and any other account required or authorized for the Project; and

(h) all proceeds, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements; and

(i) all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records

relating to the application and allocation of any federal, state or local tax credits or benefits; and

(j) all rents, revenues, issues, royalties, proceeds, profits, income, reimbursements, royalties, receipts and similar items, including prepaid rent and security deposits, in whatever form (including, but not limited to, cash, checks, money orders, credit card receipts or other instruments for the payment of money) paid or payable in connection with the Property ("Rents"), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under **Section 3 below**; and

(k) all intangible personal property and rights relating to the Property or its operation or used in connection with it, including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, soils reports, engineering reports, land planning maps, drawings, construction contracts, notes, drafts, documents, engineering and architectural drawings, deposits for utility services, installations, refunds due Trustor, trade names, trademarks, and service marks; and

(l) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

2. Obligations Secured. This Deed of Trust is given for the purpose of securing the following (collectively, the "Secured Obligations"):

(a) performance of all present and future obligations of Trustor set forth in the Agreement, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, and the promissory note dated January 17, 2020, made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "Note") and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the Note in the original principal amount of Nineteen Million Five Hundred Thousand Seventy Nine No/100 Dollars (\$19,579,000.00), with interest according to the terms of the Agreement and the Note;

(c) payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note (or any other instrument) reciting that payment is secured by this Deed of Trust.

3. Assignment of Rents.

(a) Assignment as Additional Security. Trustor hereby irrevocably grants, transfers, and assigns to Beneficiary all of its right, title, and interest in and to the Rents as additional security for the Secured Obligations. Subject to the provisions of subsection 3(d) below, Beneficiary hereby confers upon Trustor a license ("License") to collect and retain the Rents as they become due and payable, so long as no Event of Default exists and is continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

(b) Collection and Application of Rents. Subject to the License granted to Trustor under subsection 3(a) above, Beneficiary has the right, power, and authority to collect any and all Rents. Subject to the License granted to Trustor under subsection 3(a) above, Trustor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

1. Demand, receive, and enforce payment of any and all Rents; or
2. Give receipts, releases, and satisfactions for any and all Rents; or
3. Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property. In Beneficiary's sole discretion, it may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under this Deed of Trust. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder.

(c) Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Real Property and Improvements, Beneficiary is not and shall not be deemed to be:

1. A "mortgagee in possession" for any purpose; or
2. Responsible for performing any of the obligations of the lessor under any lease; or
3. Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair, or control of the Property; or
4. Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

(d) Election by Beneficiary. Upon the occurrence and during the continuance of an Event of Default, Beneficiary, at its option, may exercise its rights under this Section or otherwise provided under applicable law (including, but not limited to, under Section 2938 of the California Civil Code).

4. Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

(a) to perform the Secured Obligations in accordance with their respective terms;

(b) to keep the Land and the Improvements in good condition and repair, normal wear and tear and acts of God excepted; not to remove or demolish any Improvements without Beneficiary's prior written consent; to complete or restore promptly and in good and workmanlike manner any Improvement constructed, damaged or destroyed on the Land; to pay when due all claims for labor performed and materials furnished therefor, subject to Trustor's right to contest any claim in good faith; to comply with all laws affecting the Project, subject to Trustor's right to contest any claim in good faith; not to commit or permit waste with respect to the Land or the Improvements; not to commit, suffer or permit any act upon the Land or the Improvements in violation of law, including Environmental Laws; and to do all other acts made reasonably necessary by the character or use of the Land and the Improvements;

(c) to provide, maintain and deliver to Beneficiary property and liability insurance as required under the Agreement and apply any insurance proceeds as provided below;

(d) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees and costs incurred in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust following an Event of Default;

(e) to pay in accordance with the Agreement, but in each case prior to delinquency: (i) all taxes and assessments affecting the Property, including assessments on appurtenant water stock; and (ii) all encumbrances, charges and liens, with interest, on the Property or any part thereof that appear to be prior or superior hereto;

(f) should Trustor fail to make any payment or to do any act as herein provided, then, subject to the notice and cure provisions included in this Deed of Trust and the Agreement without: (i) obligation to do so; (ii) notice to or demand upon Trustor; or (iii) releasing Trustor from any obligation hereof, Beneficiary or Trustee may: (A) make or do the same in any manner and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any

encumbrance, charge or lien that in its judgment appears to be prior or superior hereto; and (D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the Land and Improvements for any purpose set forth in this Subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

(g) to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

5. Security Agreement and Fixture Filing.

(a) Grant of Security Interest. Without limiting any of the other provisions of this Deed of Trust, to secure the payment, performance and observance of the Secured Obligations, Trustor, as debtor (referred to in this Section 5 as "Debtor"), expressly grants to Beneficiary, as secured party (referred to in this Section 5 as "Secured Party"), a continuing security interest in all the Property (including now and hereafter existing) to the full extent that any portion of the Property may be subject to the Uniform Commercial Code. For purposes of this Section 5, "Collateral" means the personal property (tangible or intangible) and fixtures included in the Property.

(b) Debtor's Covenants, Representations, and Warranties.

(i) Debtor covenants and agrees with Secured Party that:

(1) In addition to any other remedies granted in this Deed of Trust to Secured Party or Trustee (including specifically, but not limited to, the right to proceed against the Property in accordance with the rights and remedies in respect of the Property that is real property under the Uniform Commercial Code), Secured Party may, if an Event of Defaults occurs and is continuing, proceed under the Uniform Commercial Code as to all or any part of the Collateral, and shall have and may exercise with respect to the Collateral all the rights, remedies, and powers of a secured party under the Uniform Commercial Code.

(2) Without limiting the foregoing, Secured Party shall have the right upon any public sale or sales, and, to the extent permitted by law, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Debtor. Debtor further agrees to allow Secured Party to use or occupy the Property, without charge, for the purpose of effecting any of Secured Party's remedies in respect of the Collateral.

(3) To the extent permitted by applicable law, Debtor waives all claims, damages, and demands against Secured Party arising out of the repossession, retention, or sale of the Collateral, except for claims, damages, and demands due to the active gross negligence or willful misconduct of Secured Party in dealing with such Collateral. Trustor agrees that Secured Party need not give more than five (5) days' notice of the time and place of any public sale or of the time at which a private sale will take place and that such notice is reasonable notification of such matters. Secured Party may disclaim any

warranties that might arise in connection with the sale, lease, license, or other disposition of the Collateral and have no obligation to provide any warranties at such time. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(4) To the extent permitted by law, Debtor hereby specifically waives all rights of redemption, stay, or appraisal which it has or may have under any law now existing or hereafter enacted.

(ii) Debtor hereby authorizes Secured Party to file financing and continuation statements with respect to the Collateral as Secured Party may reasonably require.

(iii) Debtor hereby represents and warrants that no financing statement is on file in any public office except as authorized by Secured Party. Debtor will at its own cost and expense, upon demand, furnish to Secured Party such further information and will execute and deliver to Secured Party financing statements and other documents in form reasonably satisfactory to Secured Party and will do all such acts that Secured Party may at any time or from time to time reasonably require to establish and maintain a perfected security interest in the Collateral as security for the Secured Obligations, subject only to liens or encumbrances approved by or benefiting Secured Party. Debtor will pay the actual expense of filing or recording such financing statements or other documents, and this instrument, as and where reasonably required by Secured Party.

(iv) To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover all rents, royalties, issues and profits, and all inventory accounts, accounts receivable and other revenues of the Property.

(c) Fixture Filing. Certain of the Collateral is or will become "fixtures" (as that term is defined in the Uniform Commercial Code). This Deed of Trust, upon being filed for record in the real estate records of San Francisco County, shall operate also as a financing statement and fixture filing upon such of the Collateral that is or may become fixtures under the Uniform Commercial Code. Debtor's name and type and jurisdiction of entity are set forth in the introductory paragraph hereof. Debtor's address is set forth above. Debtor's EIN Number is 81-4280379. Secured Party's name and mailing address are set above.

6. Insurance and Condemnation Proceeds.

(a) Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.

(b) Any condemnation award or insurance proceeds must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to

the lien of another lender for the Project, according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Note and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City Document unless the default has been cured by the application or release of funds.

7. Further Agreements. Trustor further acknowledges and agrees as follows:

(a) Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

(b) Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

(d) Any voluntary or involuntary conveyance, sale, encumbrance, pledge or other transfer of all or any interest in the Property or in Trustor, including a security interest, in violation of the Agreement will constitute an Event of Default (as defined below) giving Beneficiary the right to exercise its remedies at law or in equity.

(e) For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of

proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers, and duties of Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

(f) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. The term Beneficiary shall mean the holder of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(g) Trustee accepts this Trust when this duly executed and acknowledged Deed of Trust is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

8. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods ("Event of Default"):

(a) Trustor's license to collect and retain Rents will terminate automatically.

(b) Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

(c) Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property ("Notice of Default"), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("Notice of Sale") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

9. Notice of Default to Trustor. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth above or any succeeding address given by notice in accordance with the Agreement.


Remainder of Page Intentionally Left Blank; Signatures Appear On Following Page

"TRUSTOR:"

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: 

Donald S. Falk
Chief Executive Officer

[ALL SIGNATURES MUST BE NOTARIZED.]

ACKNOWLEDGMENT

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

State of California
County of San Francisco

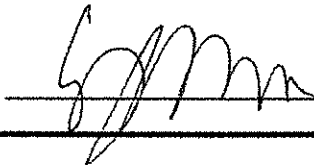
On 1/28/2020 before me, Jenny L. Villacorta, a notary public
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature



(Seal)



ORDER NO. : 0227023280

EXHIBIT A

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

Leasehold estate as created by that certain lease dated January 30, 2020, made by and between the City and County of San Francisco, a municipal corporation, as lessor, and Turk 500 Associates, L.P., a California limited partnership, as lessee, upon the terms and conditions contained in said lease, Memorandum of Lease of which is recorded concurrently herewith, in and to the following:

Commencing at the point of intersection of the Northerly line of Turk Street and the Westerly line of Larkin Street, running thence Westerly and along said Northerly line of Turk Street one hundred thirty-seven (137) feet six (6) inches, thence at a right angle Northerly one hundred thirty-seven (137) feet six (6) inches, thence at a right angles Easterly one hundred thirty-seven (137) feet six (6) inches to the Westerly line of Larkin Street, thence at a right angle Southerly along said Westerly line of Larkin Street one hundred thirty-seven (137) feet six (6) inches to the Northerly line of Turk Street and the point of commencement.

Being part of Western Addition Block No. 7.

Assessor's Lot 002; Block 0741

**SECOND AMENDED AND RESTATED SECURED PROMISSORY NOTE
(PROP A GO HOUSING BONDS, AHF INCLUSIONARY, HOME PROGRAM)**

San Francisco, CA

Principal Amount: \$19,579,000

Date: January 17, 2020

FOR VALUE RECEIVED, the undersigned, **TURK 500 ASSOCIATES L.P.**, a California Limited Partnership ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "Holder"), the principal sum of Nineteen Million Five Hundred Thousand Seventy Nine No/100 Dollars (\$19,579,000.00) (the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, as provided in this Note.

1. Agreement.

1.1 Original Funding. Pursuant to a Loan Agreement dated March 10, 2017, by and between Holder and Maker, Holder previously made a loan in the amount of Three Million and No/100 Dollars (\$3,000,000.00) (the "Original Loan") for the purpose to conducting predevelopment activities in support to construct 107-units of affordable housing for low and very low income households, including 27 units that will have rental subsidies under a contract with the San Francisco Housing Authority (plus one manager's unit) (the "Residential Project") and a ground floor commercial warm shell with a total of approximately 2,380 square feet for one or two (1 or 2) commercial spaces (the "Commercial Space") which will be known as 500 Turk Street (the "Project"). In order to complete predevelopment activities and refinance Maker's previous acquisition loan, the City provided an additional loan of Seventeen Million Four Hundred Seventy-Four Thousand Seven Hundred Thirty-One and No / 100 Dollars (\$17,474,731.00) (the "First Additional Loan") to Borrower pursuant to that certain First Amendment to the Loan Agreement dated December 21, 2018 ("First Amendment"). As evidence of the First Additional Loan, Borrower executed that certain Amended and Restated Secured Promissory Note (the "Amended Note") dated December 21, 2018. Substantially concurrently herewith, Holder received a credit of \$12,250,000 ("Purchase Credit") under the Amended Note in consideration of Holder's acquisition of the Property from Maker. Maker hereby acknowledges and agrees that \$20,052,564.05 of the Original Loan and First Additional Loan have been previously disbursed under the Amended Note, and that such funds were used for predevelopment expenses of the Project, including repayment of Maker's previous acquisition loan.

1.2 Increased Funding Amount. Holder is making an additional loan of Eleven Million Three Hundred Fifty Four Thousand Two Hundred Sixty Nine and No/100 Dollars (\$11,354,269.00) ("Second Additional Loan") to Maker for the completion of predevelopment activities, construction and permanent financing and construction activities related to the Project, such that the Original Loan together with the Additional Loan are increased to a total loan amount equal to the Funding Amount. This Second Amended and Restated Secured Promissory Note (this "Note") reflects the Original Loan, the First Additional Loan, and the Second Additional Loan, less the Purchase Credit, and amends, restates and replaces the Amended Note in its entirety. This Note is given under the terms of that certain Amended and Restated Loan Agreement by and between Maker and Holder dated as of the date of this Note (the "Agreement"), which Agreement is incorporated herein by this reference. Maker's obligations under this Note and the Agreement are secured by that certain Deed of Trust,

Assignment of Rents, Security Agreement and Fixture Filing dated as of the date of this Note, made by Maker for the benefit of Holder. Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control. Upon execution of this Note, the Amended Note will be cancelled and returned to Maker.

2. Interest. Except as provided in **Section 3**, no interest will accrue on the Funding Amount.

3. Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date the Funding Amount is disbursed through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

4. Repayment of Funding Amount.

4.1 Residual Receipts. Subject to Section 13.4 of the Agreement, Maker must make annual payments of principal and interest (each, a "Payment") in an amount equal to the Residual Receipts, if any, attributable to the prior calendar year, beginning on the first June 30th after the end of the calendar year of the Completion Date, and continuing each June 30th thereafter up to and including the Maturity Date, as defined below (each, a "Payment Date"). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The entire unpaid principal balance of the Loan, together with all accrued and unpaid interest (if any) and other unpaid fees and costs incurred (all together, the "Payment"), will be due and payable on the date that is the later of (a) the fifty-seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the fifty-fifth (55th) anniversary of the Conversion Date, but in all events not later than December 31, 2077 (the "Maturity Date"). If the Maturity Date falls on a weekend or holiday, it will be deemed to fall on the next succeeding business day.

4.2 Excess Proceeds. Subject to Section 3.7 and 13.4 of the Agreement, Maker must make payments of principal and interest (each, an "Excess Proceeds Payment") in an amount equal to the Excess Proceeds, if any, on the date that is thirty (30) days after the later of the date on which Maker receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Maker receives Excess Proceeds from its limited partner or other financing sources (the "Excess Proceeds Payment Date"). All Excess Proceeds Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan.

5. Security. Maker's obligations under this Note are secured by the Deed of Trust.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Note to pay interest exceeding the lawful rate. Accordingly, if the payment of any sum by Maker pursuant to the terms of this Note would result in the payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note.

6.5 Subject to this Section, Holder will not seek or obtain judgment against Maker for the payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, and Holder's sole recourse against Maker for any default under this Note will be limited to the collateral for the Loan, *provided, however*, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the City Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover sums arising under any obligation of Maker to indemnify Holder of sums incurred by Holder as a result of Maker's fraud, willful misrepresentation, misapplication of funds (including Loan Funds and Rents (as defined in the Deed of Trust)), waste or negligent or intentional damage to the collateral for the Loan.

6.6 Except as otherwise set forth herein or in the Agreement, no prepayment of this Note shall be permitted without Holder's prior written consent.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Note:

(a) Maker fails to make any Payment required under this Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the Agreement), Holder may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

8. Waivers.

8.1 Maker expressly agrees that the term of this Note or the date of any payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the payment of this Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part.

8.3 The obligations of Maker under this Note are absolute, and Maker waives any and all rights to offset, deduct, or withhold any Payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.2 In the event of any legal proceedings arising from the enforcement of or a default under this Note or in any bankruptcy proceeding of Maker, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.

9.3 This Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

9.4 This Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.

9.5 Time is of the essence in the performance of any obligations hereunder.

"MAKER"

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: 
Donald S. Falk
Chief Executive Officer

**AMENDED AND RESTATED SECURED PROMISSORY NOTE
(PROP A GO HOUSING BONDS)**

San Francisco, CA

Principal Amount: \$20,474,731

Date: *December 21, 2018*

FOR VALUE RECEIVED, the undersigned, **TURK 500 ASSOCIATES L.P.**, a California Limited Partnership ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "Holder"), the principal sum of Twenty Million Four Hundred Seventy-Four Thousand Seven Hundred Thirty-One and No/100 Dollars (\$20,474.731) (the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, as provided in this Note.

This Amended and Restated Promissory Note ("Note") replaces in its entirety that promissory note executed by Maker for the benefit of Holder dated March 10, 2017, in the principal amount of Three Million Dollars (\$3,000,000), (the "Original Note"). Upon execution of this Note by Maker, the Original Note will be cancelled and returned to Maker.

1. Agreement. This Note is given under the terms of that certain Affordable Housing Bond Program Loan Agreement dated March 10, 2017, by and between Maker and Holder, as amended by the First Amendment to Loan Agreement dated as of the date set forth above (collectively, the "Agreement"), which Agreement is incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control.

2. Interest. Except as provided in **Section 3**, no interest will accrue on the Funding Amount.

3. Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date the Funding Amount is disbursed through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

4. Repayment of Funding Amount. Subject to Section 13.4 of the Agreement, Maker must make annual payments of principal and interest (each, a "Payment") in an amount equal to the Residual Receipts, if any, attributable to the prior calendar year, beginning on the first June 30th after the end of the calendar year of the Completion Date, and continuing each June 30th thereafter up to and including the Maturity Date, as defined below (each, a "Payment Date"). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The entire principal balance of the Loan, together with all accrued and unpaid default interest (if any) and other unpaid fees and costs incurred (all together, the "Payment"), will be due and payable on the date that is the later of (a) the fifty-fifth (55th) anniversary of the

Completion Date or (b) the fifty-fifth (55th) anniversary of the Conversion Date (the "Maturity Date"). If the Maturity Date falls on a weekend or holiday, it will be deemed to fall on the next succeeding business day.

5. Security. Maker's obligations under this Note are secured by the Deed of Trust.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Note to pay interest exceeding the lawful rate. Accordingly, if the payment of any sum by Maker pursuant to the terms of this Note would result in the payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note.

6.5 Subject to this Section, Holder will not seek or obtain judgment against Maker for the payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, and Holder's sole recourse against Maker for any default under this Note will be limited to the collateral for the Loan, *provided, however*, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the City Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover sums arising under any obligation of Maker to indemnify Holder of sums incurred by Holder as a result of Maker's fraud, willful misrepresentation, misapplication of funds (including Loan Funds and Rents (as defined in the Deed of Trust)), waste or negligent or intentional damage to the collateral for the Loan.

6.6 Except as otherwise set forth herein or in the Agreement, no prepayment of this Note shall be permitted without Holder's prior written consent.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Note:

(a) Maker fails to make any Payment required under this Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the City Documents), Holder may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date

by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

8. Waivers.

8.1 Maker expressly agrees that the term of this Note or the date of any payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the payment of this Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part.

8.3 The obligations of Maker under this Note are absolute, and Maker waives any and all rights to offset, deduct, or withhold any Payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.2 In the event of any legal proceedings arising from the enforcement of or a default under this Note or in any bankruptcy proceeding of Maker, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.

9.3 This Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

9.4 This Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.


9.5 Time is of the essence in the performance of any obligations hereunder.

"MAKER"

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: 
Donald S. Falk
Chief Executive Officer



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Motion No. 20148

HEARING DATE: MARCH 29, 2018

Case No.: 2016-010340ENV
Project Address: 500 Turk Street
Zoning: RC-4 (Residential-Commercial-Combined, High Density)
Block/Lot: Block 0741, Lot: 002
Project Sponsor: Tenderloin Neighborhood Development Corporation
201 Eddy Street
San Francisco, CA 94102
Staff Contact: Jeanie Poling – (415) 575-9072
jeanie.poling@sfgov.org

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

ADOPTING FINDINGS RELATED TO THE CERTIFICATION OF A FINAL ENVIRONMENTAL IMPACT REPORT FOR A PROPOSED PROJECT THAT INCLUDES DEMOLITION OF A ONE- TO TWO-STORY TIRE AND AUTOMOBILE SERVICE BUILDING AND ASSOCIATED PARKING LOT, AND CONSTRUCTION OF AN EIGHT-STORY BUILDING CONTAINING APPROXIMATELY 107 AFFORDABLE HOUSING UNITS, ONE MANAGER'S RESIDENTIAL UNIT, AND APPROXIMATELY 2,600 SQUARE FEET OF GROUND FLOOR RETAIL SPACE.

MOVED, that the San Francisco Planning Commission (hereinafter "Commission") hereby CERTIFIES the final environmental impact report identified as Case No. 22016-010340ENV, the "500 Turk Street Project" at 500 Turk Street (hereinafter "the Project"), based upon the following findings:

1. The City and County of San Francisco, acting through the Planning Department (hereinafter "the Department") fulfilled all procedural requirements of the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 *et seq.*, hereinafter "CEQA"), the State CEQA Guidelines (Cal. Admin. Code Title 14, Section 15000 *et seq.*, hereinafter "CEQA Guidelines") and Chapter 31 of the San Francisco Administrative Code (hereinafter "Chapter 31").
 - A. The Department determined that an environmental impact report (hereinafter "EIR") was required and provided public notice of that determination by publication in a newspaper of general circulation on October 11, 2017.
 - B. The Department published the draft environmental impact report (hereinafter "DEIR") on November 22, 2017, and provided public notice in a newspaper of general circulation of the availability of the DEIR for public review and comment and of the date and time of the Planning Commission public hearing on the DEIR; this notice was mailed to the Department's list of persons requesting such notice and to property owners and occupants within a 300-foot radius of the site on November 22, 2017.
 - C. Notices of availability of the DEIR and of the date and time of the public hearing were posted on and near the Project site by the Project sponsor on November 22, 2017.

- D. Copies of the DEIR were mailed or otherwise delivered to a list of persons requesting it, to those noted on the distribution list in the DEIR, to adjacent property owners, and to government agencies, the latter both directly and through the State Clearinghouse, on November 22, 2017.
- E. A Notice of Completion was filed with the State Secretary of Resources via the State Clearinghouse on November 22, 2017.
- 2. The Commission held a duly advertised public hearing on said DEIR on January 11, 2018, at which opportunity for public comment was given, and public comment was received on the DEIR. The period for acceptance of written comments ended on January 16, 2018.
- 3. The Department prepared responses to comments on environmental issues received at the public hearing and in writing during the 55-day public review period for the DEIR, prepared revisions to the text of the DEIR in response to comments received or based on additional information that became available during the public review period, and corrected errors in the DEIR. This material was presented in a responses to comments document published on March 12, 2018, distributed to the Commission and all parties who commented on the DEIR on March 13, 2018, and made available to others upon request at the Department.
- 4. A final environmental impact report (hereinafter "FEIR") has been prepared by the Department, consisting of the DEIR, any consultations and comments received during the review process, any additional information that became available, and the responses to comments document, all as required by law.
- 5. Project EIR files have been made available for review by the Commission and the public. These files are available for public review at the Department at 1650 Mission Street, Suite 400, and are part of the record before the Commission.
- 6. On March 29, 2018, the Commission reviewed and considered the information contained in the FEIR and hereby does find that the contents of said report and the procedures through which the FEIR was prepared, publicized, and reviewed comply with the provisions of CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code.
- 7. The Planning Commission hereby does find that the FEIR concerning File No. 2016-010340ENV reflects the independent judgment and analysis of the City and County of San Francisco, is adequate, accurate and objective, and that the responses to comments document contains no significant revisions to the DEIR, and hereby does CERTIFY THE COMPLETION of said FEIR in compliance with CEQA and the CEQA Guidelines.
- 8. The Commission, in certifying the completion of said FEIR, hereby does find that the Project described in the EIR would have the following significant unavoidable environmental impacts, which cannot be mitigated to a level of insignificance:
 - A. The Project would have significant, project-specific environmental impact on historic architectural resources; and

- B. The Project would have significant cumulative environmental impact on historic architectural resources.
9. The Planning Commission reviewed and considered the information contained in the EIR prior to certifying the completion of the FEIR for the Project.

I hereby certify that the foregoing Motion was ADOPTED by the Planning Commission at its regular meeting of March 29, 2018.



Jonas P. Ionin
Commission Secretary

AYES: Hillis, Fong, Johnson, Koppel, and Richards
NOES: None
ABSENT: Melgar and Moore
ADOPTED: March 29, 2018

[Acquisition of Real Property - Turk 500 Associates, L.P. - 500-520 Turk Street/555 Larkin Street - 100% Affordable Housing - \$0 in Exchange for \$12,250,000 Credit - Ground Lease with Base Rent of \$15,000 - Loan Not to Exceed \$32,400,000]

Resolution 1) approving and authorizing the Director of Property, on behalf of the Mayor's Office of Housing and Community Development ("MOHCD"), to acquire real property, located at 500-520 Turk Street/555 Larkin Street ("Property") from Turk 500 Associates, L.P. ("Developer") for \$0 in exchange for a \$12,250,000 credit; 2) placing the Property under the jurisdiction of MOHCD for use in constructing affordable housing for San Franciscans; 3) approving and authorizing an Amended and Restated Loan Agreement in an amount not to exceed \$32,400,000 for a minimum loan term of 57 years ("Loan Agreement") to finance the construction of a 100% affordable, 108-unit multifamily rental housing development (plus one staff unit) on the Property for low income households with ancillary commercial space for public benefit or community-serving purposes ("Project"); 4) approving and authorizing an Agreement for Purchase and Sale for acquisition of the Property ("Purchase Agreement") and a Ground Lease back to the Developer for a lease term of 75 years and one 24-year option to extend and an annual base rent of \$15,000 in order to construct the Project ("Ground Lease"); 5) adopting findings that the Purchase Agreement, Loan Agreement and Ground Lease are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and 6) authorizing the Director of Property to execute the Purchase Agreement, Ground Lease, and authorize Director of MOHCD to execute the Loan Agreement, make certain modifications to such agreements, and take certain actions in furtherance of this Resolution, as defined herein.

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1 WHEREAS, The City and County of San Francisco (the "City"), acting through
2 MOHCD, administers a variety of housing programs that provide financing for the
3 development of new affordable housing and the rehabilitation of single- and multi-family
4 housing for low- and moderate-income households and resources for homeowners in San
5 Francisco; and

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

10 WHEREAS, On April 18, 2016, MOHCD issued the Proposition A Notice of Funding
11 Availability ("NOFA"), for the acquisition and predevelopment financing for affordable
12 multifamily rental housing; and

13 WHEREAS, The Tenderloin Neighborhood Development Corporation ("TNDC"),
14 California nonprofit public benefit corporation, responded to the NOFA, and the Project was
15 selected for development funding; and

16 WHEREAS, TNDC established Turk 500 Associates, L.P., a California limited
17 partnership (collectively, with TNDC, the "Developer"), as a separate entity under which
18 to develop the Project; and

19 WHEREAS, The Developer acquired the Property (Lot 002, Block 0741) for the
20 purpose of developing the Project; and

21 WHEREAS, MOHCD has evaluated the Property and confirmed that it can utilize the
22 Property for development of permanently affordable housing, and the City desires to acquire
23 the Property, and place under the jurisdiction of MOHCD, from Developer for the purpose of
24 constructing affordable housing; and
25

1 WHEREAS, By an authorization dated September 18, 2018 (the "Planning Department
2 Authorization"), the Planning Director authorized the affordable housing project authorization
3 for the Project, deeming the Project consistent with the General Plan, and eight priority
4 policies of Planning Code, Section 101.1, a copy of the authorization is on file with the Clerk of
5 the Board of Supervisors in File No. 191265, and is incorporated herein by reference; and

6 WHEREAS, City, through MOHCD and Real Estate Division, in consultation with the
7 Office of the City Attorney, has negotiated the Purchase Agreement to acquire the Property
8 from Developer for \$0 in exchange for a \$12,250,000 credit substantially in the form approved
9 by the Director of Property and the Acting Director of MOHCD and on file with the Clerk of the
10 Board of Supervisors in File No. 191265, incorporated herein by reference; and

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

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

14 WHEREAS, MOHCD and the Director of Property have approved the form of the
15 Ground Lease between City and the Developer, pursuant to which the City will lease the
16 Property back to the Developer for a term of 75 years and one 24-year option to extend and a
17 base rent of fifteen thousand dollar (\$15,000) per year, in exchange for the Developer's
18 agreement, among other things, to construct and operate the Project with rent levels
19 affordable to households up to 80% of unadjusted San Francisco Area Median Income (AMI),
20 and a copy of the Ground Lease in a form substantially approved is on file with the Clerk of
21 the Board of Supervisors in File No. 191265, and is incorporated herein by reference; and

22 WHEREAS, The proposed rent of the Ground Lease is less than Market Rent (as
23 defined in Administrative Code, Section 23.2), but the lower rent will serve a public purpose by
24 providing affordable housing for low-income households in need; and
25

1 WHEREAS, MOHCD is also providing the Developer with new financial assistance to
2 leverage equity from an allocation of low-income housing tax credits, funds from the State of
3 California, and other funding sources in order for Developer to construct the Project; and

4 WHEREAS, On October 18, 2019, the Citywide Affordable Housing Loan Committee,
5 consisting of MOHCD, Department of Homeless and Supportive Housing, and the Office of
6 Community Investment and Infrastructure, recommended approval to the Mayor of the Loan
7 Agreement for the Project in an amount not to exceed \$32,400,000 in local funds for a total
8 loan amount of \$32,400,000, a copy of which is in a form substantially approved is on file with
9 the Clerk of the Board of Supervisors in File No. 191265, and is incorporated herein by
10 reference; and

11 WHEREAS, The Loan Agreement would be entered into under the following material
12 terms: (i) a minimum term of 57 years; (ii) an interest rate of zero percent (0%); (iii) annual
13 repayment of the Loan Agreement by Developer through residual receipts from the Project;
14 (iv) the Project shall be restricted for life of the Project as affordable housing to low-income
15 households with annual maximum rent and income established by MOHCD; and (v) the Loan
16 Agreement shall be secured by a deed of trust recorded against the Developer's leasehold
17 interest in the Property; and

18 WHEREAS, In consideration of and upon the Developer's conveyance of the Property
19 to the City, MOHCD will apply a credit of \$12,250,000 to the outstanding balance and accrued
20 interest under the Loan Agreement, subject to the conditions described in the Purchase
21 Agreement; now, therefore, be it

22 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
23 associated actions necessary to effectuate the Project) is consistent with the General Plan,
24 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as
25

1 set forth in the Planning Department Authorization, and hereby incorporates such findings by
2 reference as though fully set forth in this Resolution; and, be it

3 FURTHER RESOLVED, That in accordance with the recommendation of the Acting
4 Director of MOHCD and the Director of Property, the Board of Supervisors approves the
5 Purchase Agreement and the Ground Lease, each in substantially the form presented to the
6 Board, and authorizes the Director of Property (or the Director's designee, as used
7 throughout), to execute and deliver the Purchase Agreement and the Ground Lease, each in
8 substantially the form presented to the Board, and any such other documents that are
9 necessary or advisable to complete the transaction contemplated by the Purchase Agreement
10 and the Ground Lease, and to effectuate the purpose and intent of this Resolution, and
11 determines that the less than Market Rent payable under the Ground Lease will serve a public
12 purpose by providing affordable housing for low-income households in need; and, be it

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

24 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
25 Agreement in substantially the form presented to the Board, and authorizes the Mayor and the

1 Director of MOHCD (or the Director's designee, as used throughout), to execute and deliver
2 the Loan Agreement and any such other documents that are necessary or advisable to
3 complete the transaction contemplated by the Loan Agreement and to effectuate the purpose
4 and intent of this Resolution; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
6 Property and/or Director of MOHCD, in consultation with the City Attorney, to enter into any
7 additions, amendments, or other modifications to the Purchase Agreement, Ground Lease,
8 Loan Agreement, and any other documents or instruments necessary in connection therewith
9 (including, without limitation, preparation and attachment or, or changes to, any of all of the
10 exhibits and ancillary agreements), that the Director of Property and/or Director of MOHCD
11 determine are in the best interests of the City, do not materially decrease the benefits to the
12 City with respect to the Property, do not materially increase the obligations or liabilities of the
13 City, and are necessary or advisable to complete the transaction contemplated in the
14 Purchase Agreement, Ground Lease, and Loan Agreement, and that effectuate the purpose
15 and intent of this Resolution, such determination to be conclusively evidenced by the
16 execution and delivery by the Director of Property and/or the Director of MOHCD of any such
17 additions, amendments, or other modifications; and, be it

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

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

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

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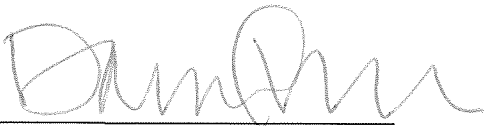
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3 RECOMMENDED:

4 

5
6 Andrico Q. Penick, Director of Property

7 

8
9 Daniel Adams, Acting Director
10 Mayor's Office of Housing and Community Development



City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 191265

Date Passed: January 14, 2020

Resolution 1) approving and authorizing the Director of Property, on behalf of the Mayor's Office of Housing and Community Development ("MOHCD"), to acquire real property, located at 500-520 TurkStreet/555 Larkin Street ("Property") from Turk 500 Associates, L.P. ("Developer") for \$0 in exchange for a \$12,250,000 credit; 2) placing the Property under the jurisdiction of MOHCD for use in constructing affordable housing for San Franciscans; 3) approving and authorizing an Amended and Restated Loan Agreement in an amount not to exceed \$32,400,000 for a minimum loan term of 57 years ("Loan Agreement") to finance the construction of a 100% affordable, 108-unit multifamily rental housing development (plus one staff unit) on the Property for low income households with ancillary commercial space for public benefit or community-serving purposes ("Project"); 4) approving and authorizing an Agreement for Purchase and Sale for acquisition of the Property ("Purchase Agreement") and a Ground Lease back to the Developer for a lease term of 75 years and one 24-year option to extend and an annual base rent of \$15,000 in order to construct the Project ("Ground Lease"); 5) adopting findings that the Purchase Agreement, Loan Agreement and Ground Lease are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and 6) authorizing the Director of Property to execute the Purchase Agreement, Ground Lease, and authorize Director of MOHCD to execute the Loan Agreement, make certain modifications to such agreements, and take certain actions in furtherance of this Resolution, as defined herein.


January 08, 2020 Budget and Finance Committee - RECOMMENDED

January 14, 2020 Board of Supervisors - ADOPTED

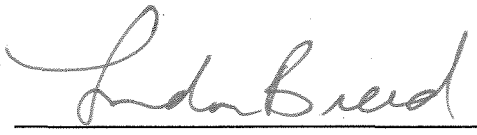
Ayes: 11 - Fewer, Haney, Mandelman, Mar, Peskin, Preston, Ronen, Safai, Stefani, Walton and Yee

File No. 191265


I hereby certify that the foregoing
Resolution was ADOPTED on 1/14/2020 by
the Board of Supervisors of the City and
County of San Francisco.



Angela Calvillo
Clerk of the Board



London N. Breed
Mayor



Date Approved

1 [Affordable Housing Agreement - Pacific Gas and Electric Company - Term of Ten or More
2 Years]

3 **Resolution approving an agreement between the City and County of San Francisco and**
4 **Pacific Gas and Electric Company establishing requirements for certain affordable**
5 **housing projects to connect to the electric grid for a term of ten or more years, to**
6 **commence following approval by the Federal Energy Regulatory Commission.**

7
8 WHEREAS, The City and County of San Francisco ("City"), through the San Francisco
9 Public Utilities Commission ("SFPUC"), has been providing electric service to affordable
10 housing projects for decades; and

11 WHEREAS, In most cases, the SFPUC must obtain wholesale distribution service
12 from Pacific Gas and Electric Company ("PG&E"), pursuant to the terms and conditions of
13 PG&E's Wholesale Distribution Tariff on file with the Federal Energy Regulatory Commission
14 ("FERC"), because the City does not own the electric distribution grid; and

15 WHEREAS, San Francisco housing costs are among the nation's highest and most
16 unaffordable, with approximately one-third of households burdened with housing costs more
17 than 30 percent of their income, and 17 percent of renters "extremely rent-burdened,"
18 meaning they spent 50 percent or more of their household income on rent; and

19 WHEREAS, San Francisco addresses this housing crisis in several ways, including by
20 investing significant public funding to create new and preserve existing housing affordable to
21 low- and moderate-income households; and

22 WHEREAS, In the past, at most affordable housing projects the SFPUC has obtained
23 secondary voltage level service from PG&E; and

1 WHEREAS, In recent years, PG&E has required these and other projects to connect at
2 primary voltage levels, using large, expensive equipment designed for much larger projects;
3 and

4 WHEREAS, At many of the affordable housing projects being developed in San
5 Francisco, it is both cost-prohibitive and infeasible due to space constraints to install the
6 equipment necessary to obtain primary voltage electric service, therefore undermining San
7 Francisco's strategies to address its affordable housing crisis; and

8 WHEREAS, The City and PG&E share a goal of supporting the development of high-
9 quality 100 percent affordable housing in San Francisco and providing its residents with
10 affordable electric service that will help protect vulnerable households and strengthen the
11 City's diverse communities; and

12 WHEREAS, Under the terms of the agreement on file with the Clerk of the Board of
13 Supervisors in File No. 211053, PG&E has agreed to provide secondary-level wholesale
14 distribution service to SFPUC for new 100 percent affordable housing projects that are on
15 City-owned land, subject to certain conditions ("Agreement"); and

16 WHEREAS, The Agreement will enable the SFPUC to provide electric service to some
17 new affordable housing projects being developed in the next ten years or more; and

18 WHEREAS, The term of the Agreement is for ten years, but the SFPUC and PG&E
19 may agree to extend the term for up to an additional five years without additional approval by
20 this Board of Supervisors or the Public Utilities Commission; and

21 WHEREAS, The Agreement does not obligate the SFPUC to expend any City funds;
22 and

23 WHEREAS, On September 28, 2021, in Resolution No. 21-0153, the SFPUC approved
24 the Agreement and authorized the General Manager of the SFPUC to seek Board of
25 Supervisors' approval of the Agreement; and

1 WHEREAS, Section 9.118(b) of the San Francisco Charter requires approval by the
2 Board of Supervisors ("Board") for contracts in excess of ten years; and

3 WHEREAS, This Agreement will be submitted to the FERC for approval, if approved by
4 this Board of Supervisors, and will not become effective unless approved by the FERC; now,
5 therefore, be it

6 RESOLVED, That the Board approves the Agreement for a term of ten years or more
7 from the effective date of the Agreement; and, be it

8 FURTHER RESOLVED, That the Board further authorizes the SFPUC General
9 Manager to extend the term of the Agreement for up to an additional five years, subject to the
10 agreement of PG&E; and

11 FURTHER RESOLVED, That the Board further authorizes the SFPUC General
12 Manager to enter into any modifications and amendments to the Agreement that the General
13 Manager determines, in consultation with the City Attorney, are in the best interests of the City
14 and do not materially increase the obligations or liabilities of the City, are necessary or
15 advisable to effectuate the purposes of the Agreement, and are in compliance with all
16 applicable laws, including the City's Charter; and, be it

17 FURTHER RESOLVED, That within 30 days of the Agreement being fully executed
18 by the parties, the SFPUC shall provide it to the Clerk of the Board for inclusion in the
19 official file.
20
21
22
23
24
25



City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 211053

Date Passed: November 30, 2021

Resolution approving an agreement between the City and County of San Francisco and Pacific Gas and Electric Company establishing requirements for certain affordable housing projects to connect to the electric grid for a term of ten or more years, to commence following approval by the Federal Energy Regulatory Commission.

November 17, 2021 Budget and Finance Committee - RECOMMENDED

November 30, 2021 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Haney, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 211053

I hereby certify that the foregoing
Resolution was ADOPTED on 11/30/2021 by
the Board of Supervisors of the City and
County of San Francisco.

† Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

12/10/21

Date Approved



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 230319

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Ryan vanZuylen	408-504-4966
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MYR Mayor Office Housing and Comm Dev	ryan.vanzuylen@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR Turk 500 Associates, L.P.	TELEPHONE NUMBER 415-930-8390
STREET ADDRESS (including City, State and Zip Code) 201 Eddy Street, San Francisco, CA 94102	EMAIL

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 230319
DESCRIPTION OF AMOUNT OF CONTRACT \$4,226,311		
NATURE OF THE CONTRACT (Please describe) An Amendment to the Amended and Restated Loan Agreement in the amount of up to \$4,226,311 to complete the financing for the construction of a 100% affordable 108-unit multifamily rental housing development (including one staff unit) for low-income individuals with community serving commercial space.		

7. COMMENTS
Turk 500 Associates, L.P. is the borrowing entity as a California limited partnership. Decisions are made by Turk 500 GP LLC, a California limited liability corporation, with managing member Tenderloin Neighborhood Development Corporation.

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Leon	Maurilio	CEO
2	Lamont	Katie	COO
3	Huey	Roxanne	CFO
4	Bohee	Tiffany	Board of Directors
5	McLean	Jme	Board of Directors
6	Johnson	Susan	Board of Directors
7	Edwards	Tracey	Board of Directors
8	Kroot	Dave	Board of Directors
9	Barahona	Luis	Board of Directors
10	Cervantes	Jim	Board of Directors
11	Cloutier	Mark	Board of Directors
12	Graf	Jane	Board of Directors
13	Kim	Kenneth	Board of Directors
14	Liu	wylie	Board of Directors
15	Martin	Freddy	Board of Directors
16	Pujals	Fernando	Board of Directors
17	Rock	Kathy	Board of Directors
18	Skurdenis	Birute	Board of Directors
19	Vuong	Michael	Board of Directors

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20	wolfe	Kathy	Board of Directors
21			
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9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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☐ Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK

DATE SIGNED

BOS Clerk of the Board

From: [Conine-Nakano, Susanna \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Paulino, Tom \(MYR\)](#); [Nikolopoulos, Sheila \(MYR\)](#); [Geithman, Kyra \(MYR\)](#); [Gluckstein, Lisa \(MYR\)](#); [Smeallie, Kyle \(BOS\)](#)
Subject: Mayor -- Resolution -- 555 Larkin
Date: Tuesday, March 21, 2023 4:35:53 PM
Attachments: [Mayor -- Resolution -- 555 Larkin.zip](#)

Hello Clerks,

Attached for introduction to the Board of Supervisors is a Resolution approving and authorizing the execution of a First Amendment to the Amended and Restated Loan Agreement with TURK 500 ASSOCIATES, L.P., a California limited partnership, to increase the loan amount by \$4,266,311, for a new total loan amount not to exceed \$23,805,311 to finance additional construction costs and loss of permanent financing related to the 100% affordable, 108-unit multifamily rental housing development (plus 1 staff unit) for low and moderate income households located at 555 Larkin Street in the Tenderloin neighborhood ("Project"); and adopting findings that the First Amendment to the Amended and Restated Loan Agreement is consistent with the City's General Plan and the priority policies of Planning Code Section 101.1.

@XYZ, can you please reply-all to confirm your approval? Thanks!

Please note that Supervisor Preston is a co-sponsor of this legislation.

Best,
Susanna

Susanna Conine-Nakano
Office of Mayor London N. Breed
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 200
San Francisco, CA 94102
415-554-6147