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WHEN RECORDED RETURN TO:

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**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

by and among the

CITY AND COUNTY OF SAN FRANCISCO,

BLOCK 9 MRU RESIDENTIAL, LLC

and

500 FOLSOM, L.P., A CALIFORNIA LIMITED PARTNERSHIP

Dated as of December 1, 2016

Relating to:

City and County of San Francisco, California
Multifamily Housing Revenue Bonds,
Series 2016E (Lower 500 Folsom Residential)

TABLE OF CONTENTS

	<u>Page</u>
1. Definitions and Interpretation	2
2. Construction of the Project	8
3. Qualified Residential Rental Property	10
4. Restricted Units.....	12
5. Additional Requirements of the City	15
6. Additional Requirements of State Law.....	17
7. CDLAC Requirements.....	19
8. Indemnification	19
9. Consideration	20
10. Reliance.....	21
11. Sale or Transfer of the Project	21
12. Term.....	22
13. Covenants to Run With the Land.....	22
14. Burden and Benefit	23
15. Uniformity: Common Plan	23
16. Enforcement.....	23
17. Recording and Filing.....	24
18. Payment of Fees	24
19. Governing Law	24
20. Amendments	2
21. City Contracting Provisions.....	25
22. Notice.....	25
23. Severability	27
24. Multiple Counterparts	27
25. Third-Party Beneficiaries.....	27

EXHIBIT A	– Legal Description of Site	A-1
EXHIBIT B	– Income and Rental Certification Form	B-1
EXHIBIT C	– Completion Certificate.....	C-1
EXHIBIT D	– Certificate of Continuing Program Compliance	D-1
EXHIBIT E	– Certificate as to Commencement of Qualified Project Period.....	E-1
EXHIBIT F	– CDLAC Resolution.....	F-1
EXHIBIT G	– Certificate of Compliance (CDLAC Resolution)	G-1
EXHIBIT H	– City and County of San Francisco Mandatory Contracting Provisions	H-1
EXHIBIT I	– Form of Annual Monitoring Report.....	I-1
EXHIBIT J	– Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities	J-1
EXHIBIT K	– Marketing and Tenant Selection Plan.....	K-1

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

This REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (the “Regulatory Agreement”) is made and entered into as of December 1, 2016, by and among the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the “City”), BLOCK 9 MRU RESIDENTIAL, LLC, a Delaware limited liability company (the “Market Borrower”), and 500 FOLSOM, L.P., a California limited partnership (the “Affordable Borrower” and, together with the Market Borrower, the “Owners”), Owners of the land described in Exhibit A attached hereto.

RECITALS

A. WHEREAS, pursuant to the Charter of the City, Article I of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (collectively, the “Act”), the City is authorized to issue revenue bonds to finance the construction and development of multifamily rental housing; and

B. WHEREAS, the Board of Supervisors of the City has authorized the issuance of multifamily mortgage revenue bonds under the Act in connection with the construction of a multifamily residential rental housing project located on the site described in Exhibit A-1 hereto and to be known as “Lower 500 Folsom Residential,” consisting of 311 housing units in the first 21 floors of a 42 floor multifamily housing development located at 500-510 Folsom Street in the City (the “Site”), of which 109 housing units are owned by the Affordable Borrower and will be rented at affordable rents to qualified tenants as more particularly described in this Agreement (the “Affordable Project”), and of which 202 housing units are owned by the Market Borrower and will be rented at market rents (the “Market Project” and, together with the Affordable Project, the “Project”) which Project shall be subject to the terms and provisions hereof; and

C. WHEREAS, the Site will have a total of 545 units with 234 units located on the upper 21 floors of the building (the “Upper 21 Floors”), which portion of the building is not encumbered by this Agreement it being understood that the Affordable Project shall be the means by which the affordability restrictions imposed by the Code and the Act are satisfied and that the residential units within the Market Project and in the Upper 21 Floors shall not be subject to any affordability or income restriction imposed by this Agreement; and

D. WHEREAS, in furtherance of the purposes of the Act and as a part of the City’s plan of financing affordable housing, the City is issuing its revenue bonds designated “City and County of San Francisco, California Multifamily Housing Revenue Bonds, Series 2016E (Lower 500 Folsom Residential)” (the “Bonds”) pursuant to the terms of an Indenture of Trust of even date herewith (the “Indenture”), by and between the City and U.S. Bank, National Association, as trustee (the “Trustee”), the proceeds of which Bonds are to be loaned to the Owners (the “Loan”) pursuant to a Loan Agreement, of even date herewith (the “Loan Agreement”), by and among the City and the Owners and as provided in the Construction Funding Agreement, dated as of

December 1, 2016 (the “Construction Funding Agreement”), among the Borrowers, the Trustee, Citibank, N.A., as Bondholder Representative and Citibank, N.A., as Servicer; and

E. WHEREAS, the City hereby certifies that all things necessary to make the Bonds, when issued as provided in the Indenture, the valid, binding and limited obligations of the City have been done and performed, and the execution and delivery of the Indenture and the issuance of the Bonds, subject to the terms thereof, in all respects have been duly authorized; and

F. WHEREAS, the Code and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Project be restricted in certain respects and in order to ensure that the Project will be constructed, equipped, used and operated in accordance with the Code and the Act, the City and the Owners have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the construction and operation of the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the City and the Owners agree as follows:

1. Definitions and Interpretation. Capitalized terms used herein have the meanings assigned to them in this Section 1, unless the context in which they are used clearly requires otherwise:

“Act” - The Charter of the City, Article I of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Adjusted Income” - The adjusted income of a person (together with the adjusted income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) as calculated in the manner prescribed pursuant to Section 8 of the Housing Act, or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under Section 142 of the Code and the Act.

“Administrative General Partner” – Essex 500 Folsom, LLC, a Delaware limited liability company, and/or any other Person that the partners of the Affordable Borrower have selected to be a general partner of Affordable Borrower, and any successor general partner of the Affordable Borrower, in each case to the extent permitted under the Loan Documents and hereunder.

“Affiliated Party” – (a) a Person whose relationship with the Owners would result in a disallowance of losses under Section 267 or 707(b) of the Code, (b) a Person who together with the Owners are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein), (c) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Owners would result in a disallowance of losses under Section 267 or 707(b) of the Code, and (d) an S corporation and each of its

shareholders (and their spouses and minor children) whose relationship with the Owners would result in a disallowance of losses under Section 267 or 707(b) of the Code.

“Affordable Borrower” – 500 Folsom, L.P., a California limited partnership.

“Affordable Project” – the portion of the Project which is owned by the Affordable Borrower and comprised of, among other things, the 108 rental housing units, all of which will be affordable to Very Low Income Tenants, plus one manager’s unit, and is more particularly described in Exhibit A-1.

“Annual Monitoring Report” has the meaning set forth in Section 5(l).

“Area” - The HUD Metro Fair Rent Market Area (HMFA), or successor area determined by HUD in which the Project is located.

“Authorized Owner Representative” - Any person who at the time and from time to time may be designated as such, by written certificate furnished to the City and the Trustee containing the specimen signature of such person and signed on behalf of (i) the Affordable Borrower by the general partner(s) of the Affordable Borrower and (ii) the Market Borrower by the manager or managing member of the Market Borrower, which certificate may designate an alternate or alternates.

“Available Unit” - Residential units in the Affordable Project (except for not more than one unit set aside for a resident manager) that are actually occupied and residential units in the Affordable Project that are vacant and have been occupied at least once after becoming available for occupancy.

“Bond Counsel” - An attorney or a firm of attorneys of nationally recognized standing in matters pertaining to the issuance, sale and delivery of bonds issued by states and their political subdivisions including as the context requires matters pertaining to the Act and the Code, who is selected by the City and duly admitted to the practice of law before the highest court of the State.

“Bondholder Representative” – Citibank, N.A., and its successor and assigns.

“Bonds” – City and County of San Francisco, California Multifamily Housing Revenue Bonds, Series 2016E (Lower 500 Folsom Residential), issued pursuant to the Indenture.

“CDLAC” - The California Debt Limit Allocation Committee.

“CDLAC Requirements” - The requirements described in Section 7 of this Regulatory Agreement.

“CDLAC Resolution” - The Resolution described in Section 7 of this Regulatory Agreement.

“Certificate of Continuing Program Compliance” - The Certificate with respect to the Project to be filed by the Owners with the City and the Program Administrator, which shall be

substantially in the form attached to this Regulatory Agreement as Exhibit D, or such other form as is provided by the City.

“Certificate of Preference” - A residential Certificate of Preference issued by the City pursuant to the City’s Certificate of Preference Program, as further described in attached Exhibit J.

“City” the City and County of San Francisco, California.

“City Median Income” the “Maximum Income by Household Size” derived by the Mayor’s Office of Housing and Community Development and published annually, based on the unadjusted area median income for the Area, as determined annually by HUD in a manner consistent with determinations of area median gross income under Section 8 of the Housing Act and Section 3009a of the Housing and Economic Recovery Act of 2008 or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination, and being adjusted for household size, but unadjusted for high housing cost area.

“Closing Date” - The date of the issuance of the Bonds, being December [___], 2016.

“Code” - The Internal Revenue Code of 1986, as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Completion Certificate” – The certificate of completion of the construction of the Project required to be delivered to the City and the Bondholder Representative by the Owners pursuant to Section 2 of this Regulatory Agreement, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit C.

“Completion Date” – The date of completion of the construction of the Project, as that date shall be certified as provided in Section 2 of this Regulatory Agreement.

“CTCAC” – The California Tax Credit Allocation Committee.

“EAHP Certificate Holder” – A person or household that has been issued a certificate under the Ellis Act Housing Preference Program, as further described in Exhibit J.

“Facilities” – The multifamily buildings, structures and other improvements on the Site related to the Project to be constructed, improved, and equipped, and all fixtures and other property related to the Project owned by the either the Affordable Borrower or the Market Borrower and located on the Site, or used in connection with such buildings, structures and other improvements (but excluding those associated with the Upper 21 Floors).

“Housing Act” – The United States Housing Act of 1937, as amended.

“Housing Authority” – The Housing Authority of the City and County of San Francisco and any successors.

“Housing Law” – Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended.

“HUD” – The United States Department of Housing and Urban Development, its successors and assigns.

“Income Certification Form” – A fully completed and executed Income Certification Form substantially in the form attached to this Regulatory Agreement as Exhibit B, or such other form as may be provided by the City.

“Indenture” – The Indenture of Trust, of even date herewith, between the City and the Trustee.

“Inducement Date” – April 26, 2016, the date of adoption of the Inducement Resolution.

“Inducement Resolution” - Resolution No. 156-16 adopted by the City on the Inducement Date, indicating its intention to issue Tax Exempt obligations to finance a portion of the Project.

“Investor Limited Partner” – Wells Fargo Affordable Housing Community Development Corporation, and any successor investor limited partner of the Affordable Borrower.

“Loan” – The loan of the proceeds of the Bonds made to the Owners pursuant to the Loan Agreement to provide financing for the construction of the Project.

“Loan Agreement” – The Loan Agreement, of even date herewith, among the City and the Owners, pursuant to which the Loan was made.

“Managing General Partner” – BRIDGE 500 Folsom, LLC, and any successor managing member of the Affordable Borrower.

“Market Borrower” – Block 9 MRU Residential, LLC, a Delaware limited liability company, solely in its capacity as the owner of the Market Project and not in its capacity as the owner of the Upper 21 Floors.

“Market Project” – the portion of the Project which is owned by the Market Borrower and comprised of, among other things, the 202 rental housing units (including two manager’s units) and is more particularly describe in Exhibit A-2.

“Median Income for the Area” the median gross income for the Area, as determined in a manner consistent with determinations of area median gross income under Section 8 of the Housing Act and Section 3009a of the Housing and Economic Recovery Act of 2008 or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under Section 142 of the Code and the Act, including adjustments for household size.

“Mortgage” - The Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated for reference purposes as of the date hereof, executed by the Owners and granting a first lien on the Project for the benefit of the City and assigned to the Trustee, including

any amendments and supplements thereto as permitted by the Indenture, which Mortgage will be released as a lien on the Affordable Project as provided in the Loan Documents (as defined in the Indenture).

“OCII” – The Office of Community Investment and Infrastructure, a public body, organized and existing under the laws of the State of California.

“Owners” – The Affordable Borrower and the Market Borrower, and their permitted successors and assigns.

“Partnership Agreement” - The Amended and Restated Agreement of Limited Partnership relating to Affordable Borrower, by and among the Administrative General Partner, the Managing General Partner, the Investor Limited Partner and _____, as a special limited partner.

“Program Administrator” - A governmental agency, a financial institution, a certified public accountant, an apartment management firm, a mortgage insurance company or other business entity performing similar duties or otherwise experienced in the administration of restrictions on bond financed multifamily housing projects, which shall be the City initially and, at the City’s election, any other person or entity appointed by the City who shall enter into an administration agreement in a form acceptable to the City.

“Project” - The Affordable Project and the Market Project.

“Project Costs” - To the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Owners with respect to the construction of the residential component of the Project, whether paid or incurred prior to or after the Inducement Date, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractor’s and Owners’ overhead and supervisors’ fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project), and interest accrued during construction and prior to the Completion Date.

“Qualified Project Costs” - The Project Costs incurred after the date which is sixty days prior to the Inducement Date and that are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Owners or but for the proper election by the Owners to deduct those amounts, within the meaning of Treasury Regulations Section 1.103-8(a)(1); provided, however, that only such portion of the interest accrued during construction of the Project shall constitute a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs, and provided further that such interest shall cease to be a Qualified Project Cost on the Completion Date, and provided still further that if any portion of the Project is being constructed by an Affiliated Party (whether as a general contractor or a subcontractor), “Qualified Project Costs” shall include only (a) the actual out-of-pocket costs incurred by such Affiliated

Party in constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Affiliated Party, and (c) any overhead expenses incurred by the Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the construction of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance.

“Qualified Project Period” - The period beginning on the later of the Closing Date or the first day on which at least ten percent (10%) of the units in the Project are first occupied, and ending on the later of the following:

- (a) the date that is thirty (30) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied;
- (b) the first date on which no Tax Exempt private activity bonds with respect to the Project are Outstanding;
- (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates;
- (d) the date that is fifty-five (55) years after the Closing Date; or
- (e) such later date as may be provided in Section 5 or Section 7 hereof.

“Regulations” - The income tax regulations promulgated by the United States Department of the Treasury pursuant to the Code from time to time.

“Regulatory Agreement” - This Regulatory Agreement and Declaration of Restrictive Covenants, together with any amendments hereto or supplements hereof.

“Restricted Unit” – A Very Low Income Unit.

“Servicer” – Shall have the meaning assigned to such term in the Indenture.

“Site” - The parcel or parcels of real property described in Exhibit A-3, which is attached hereto, and all rights and appurtenances thereto, and in which the Owners have an interest.

“State” - The State of California.

“Tax Certificate” – Collectively, the Certificate as to Arbitrage of the City, dated the date of issuance of the Bonds, executed and delivered by the City and the Owners, as amended or supplemented from time to time, and the Certificate Regarding Use of Proceeds of the Borrower, dated the date of issuance of the Bonds, as amended or supplemented from time to time.

“Tax Exempt” means, with respect to the status of interest on the Bonds, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such

interest may be includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax, under the Code.

“Tenant”, at any time of determination thereof, all persons who together occupy a single residential unit in the Project, and upon the occupancy of a unit by any individual in addition to the previous Tenant of such unit, such unit shall be deemed to be occupied by a new Tenant.

“Trustee” – Shall have the meaning assigned to such term in the Indenture.

“Very Low Income Tenant” any Tenant whose Adjusted Income does not exceed fifty percent (50%) of the lower of City Median Income or Median Income for the Area; provided, however, if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, such occupants shall not qualify as Very Low Income Tenants. The determination of a Tenant’s status as a Very Low Income Tenant shall initially be made by the Owners on the basis of an Income Certification Form executed by the Tenant upon such Tenant’s occupancy of a Restricted Unit in the Affordable Project and upon annual recertification thereafter.

“Very Low Income Units” – the dwelling units in the Affordable Project required to be rented to, or designated for occupancy by, Very Low Income Tenants pursuant to Section 4 of this Regulatory Agreement.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender used in this Regulatory Agreement shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

2. Construction of the Project.

(a) The Owners hereby represent, as of the date hereof, and covenant, warrant and agree as follows:

(i) The Owners have incurred, or will incur within six months after the Closing Date, a substantial binding obligation to commence the construction of the Project, pursuant to which the Owners are or will be obligated to expend at least the lesser of (i) 2-1/2 percent of the aggregate principal amount of the Bonds or (ii) \$100,000.

(ii) The Owners' reasonable expectations respecting the total cost of construction of the Project and the disbursement of Bond proceeds are accurately set forth in the Tax Certificate, which has been delivered to the City on the Closing Date.

(iii) the Owners expect to expend the maximum authorized amount of the Loan for Project Costs within 3 years of the Closing Date.

(iv) On the Completion Date the Owners will submit to the City and the Bondholder Representative a duly executed and completed Completion Certificate.

(v) On the date on which fifty percent (50%) of the units in the Project are first rented, the Owners will submit to the City and the Bondholder Representative a duly executed and completed Certificate as to Commencement of Qualified Project Period, in the form of Exhibit E hereto.

(vi) Money on deposit in any fund or account in connection with the Bonds, whether or not such money was derived from other sources, shall not be used by or under the direction of the Owners in a manner which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and the Owners specifically agree that the investment of money in any such fund shall be restricted as may be necessary to prevent the Bonds from being "arbitrage bonds" under the Code.

(vii) On or concurrently with the final draw by the Owners of amounts representing proceeds of the Bonds, the expenditure of such draw, when added to all previous disbursements representing proceeds of the Bonds, will result in not less than 97 percent of all disbursements of Bond proceeds having been used to pay or reimburse the Owners for Qualified Project Costs and less than 25 percent of all disbursements having been used to pay for the acquisition of land or any interest therein.

(viii) All of the amounts received by the Owners from the proceeds of the Bonds and earnings from the investment of such proceeds will be used to pay Project Costs; and no more than two percent (2%) of the proceeds of the Bonds shall be used to pay issuance costs of the Bonds, within the meaning of Section 147(g) of the Code.

(b) Each of the Owners hereby represents, as of the date hereof and as to itself and to that portion of the Project which it owns, and covenants, warrants and agrees as follows:

(i) The Owners will proceed with due diligence to complete the construction of the Project.

(ii) The Owners (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take any action if such action or omission would in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to the requirements of the Indenture, the Loan Agreement or this Regulatory Agreement.

(iii) The statements made in the various certificates delivered by the Owners to the City on the Closing Date are true and correct.

(iv) The Owners will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the Holder of the Bonds (other than with respect to interest on any portion thereof for a period during which such portion is held by a “substantial user” of any facility financed with the proceeds of the Bonds or a “related person,” as such terms are used in Section 147(a) of the Code), and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(v) The Owners will take such action or actions as may be necessary, in the written opinion of Bond Counsel to the City, to comply fully with the Act, the Code and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of the Holder of the Bonds (other than with respect to interest on any portion thereof for a period during which such portion is held by a “substantial user” of any facility financed with the proceeds of the Bonds or a “related person,” as such terms are used in Section 147(a) of the Code).

3. Qualified Residential Rental Property. The Owners hereby acknowledge and agree that the Project will be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code). The City hereby elects to have the Project meet the requirements of Section 142(d)(1)(A) of the Code and the Owners hereby elect to comply with Section 142(d)(1)(A) of the Code. To that end, and for the term of this Regulatory Agreement, the Owners hereby represent, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Project is being constructed for the purpose of providing affordable multifamily residential rental property, and the Owners shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the residential dwelling units in the Project will be similarly constructed units, and, to the extent required by the Code and the Regulations, each residential dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range (which may be a countertop cooking range), refrigerator and sink.

(c) None of the residential dwelling units in the Project will at any time be used on a transient basis (e.g., subject to leases that are less than 30 days’ duration) (including use as a corporate suite), or be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park.

(d) No part of the Project will at any time be owned as a condominium or by a cooperative housing corporation, nor shall the Owners take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Department of Real Estate and, the Owners shall not take any steps in connection with a conversion of the Project to a condominium ownership except with the prior written opinion of Bond Counsel that the interest on the Bonds will not become taxable thereby under Section 103 of the Code.

(e) All of the residential dwelling units in the Project will be available for rental on a continuous basis to members of the general public and the Owners will not give preference to any particular class or group in renting the residential dwelling units in the Project, except to the extent required by (i) this Regulatory Agreement, (ii) any regulatory or restrictive use agreement to which the Affordable Project is subject pursuant to Section 42 of the Code, (iii) any additional tenant income and rent restrictions imposed by any other federal, State or local governmental agencies, (iv) the Declaration of Restrictions, made as of February 10, 2105, by Block 9 Residential, LLC, a Delaware Limited Liability Company, in favor of OCII and recorded on February 10, 2015 as Document 2015-K018314-00 in the Official Records of San Francisco County and (v) any other legal or contractual requirement not excepted by clauses (i) through (iv) of this paragraph, upon receipt by the Owners, the Trustee and the City of an opinion of Bond Counsel to the effect that compliance with such other requirement will not adversely affect the Tax Exempt status of interest on the Bonds.

(f) The Site consists of a parcel or parcels that are contiguous and all of the Facilities will comprise a single geographically and functionally integrated project for residential rental property (including the portions of the common areas allocated to the Project), as evidenced by the ownership, management, accounting and operation of the Project.

(g) No residential dwelling unit in the Project shall be occupied by the Owners. Notwithstanding the foregoing, if the Project contains five or more residential dwelling units, this subsection shall not be construed to prohibit occupancy of residential dwelling units by one or more resident managers or maintenance personnel any of whom may be the Owner; provided that the number of such managers or maintenance personnel is not unreasonable given industry standards in the area for the number of residential dwelling units in the Project.

(h) The Owners shall not discriminate on the basis of race, creed, religion, color, sex, source of income (*e.g.*, AFDC, Section 8 or SSI), physical disability (including HIV/AIDS), age, national origin, ancestry, marital or domestic partner status, sexual preference or gender identity in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the construction, operation and management of the Project, except to the extent required hereby.

(i) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the City from enforcing the requirements of the Regulations, or condemnation or similar event, the Owners covenant that, within a “reasonable period” determined in accordance with the Regulations, it will either prepay the Bonds or, if permitted

under the provisions of the Mortgage and the Indenture, apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 42(d) of the Code and the Regulations.

(j) The Owners agree to maintain the Project, or cause the Project to be maintained, during the term of this Regulatory Agreement (i) in a reasonably safe condition and (ii) in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof such that the Project shall be substantially the same condition at all times as the condition it is in at the time of the completion of the construction of the Project with the proceeds of the Bonds. Notwithstanding the foregoing, the Owners' obligation to repair or rebuild the Project in the event of casualty or condemnation shall be subject to the terms of the Loan Agreement and the Mortgage.

(k) The Project will have three hundred eleven (311) residential dwelling units, three (3) of which will be manager's units.

(l) The Owners will not sell dwelling units within the Project.

4. Restricted Units. The Owners hereby represent, as of the date hereof, and warrant, covenant and agree as follows:

(a) Income and Rent Restrictions. In addition to the requirements of Section 5, hereof, the Owners shall comply with the income and rent restrictions of this Section 4(a), as applied to the Affordable Project, and any conflict or overlap between any two or more of such provisions shall be resolved in favor of the most restrictive of such provisions, that is, in favor of the lowest income and rent restriction.

(i) Very Low Income Units. A total of one hundred eight (108) units in the Affordable Project shall be rented to and continuously occupied by households who qualify as Very Low Income Tenants. The monthly rent charged for all the Very Low Income Units shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the lower of City Median Income or Median Income for the Area.

(ii) Low Income Units. Reserved.

(iii) Income Restrictions Pursuant to the Code. Pursuant to the requirements of Section 142(d) of the Code, for the Qualified Project Period, not less than twenty percent (20%) of the total number of completed units in the Project, or sixty-two (62) units, shall be designated as affordable units and during the Qualified Project Period shall be rented to and continuously occupied by Tenants whose Adjusted Income does not exceed fifty percent (50%) of the lower of City Median Income or Median Income for the Area; provided, however, if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, such occupants shall not be qualified Tenants pursuant to this sentence. The Owners shall satisfy the requirements of this Section 4(a)(iii) by complying with the requirements of Section 4(a)(i), to the extent such compliance meets the requirements of Section 142(d)(1)(A) of the Code.

(iv) Income and Rent Restrictions Pursuant to the Act. Pursuant to the requirements of Section 52080(a)(1)(A) of the Housing Law, for the Qualified Project Period, not less than twenty percent (20%) of the total number of completed units in the Project, or sixty-two (62) units, shall be designated as affordable units and during the Qualified Project Period shall be rented to and continuously occupied by Tenants whose Adjusted Income does not exceed fifty percent (50%) of the lower of City Median Income or Median Income for the Area; provided, however, if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, such occupants shall not be qualified Tenants pursuant to this sentence. Pursuant to the requirements of the Section 52080(a)(1)(A) of the Housing Law, the monthly rent charged for such units shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area. The Owners shall satisfy the requirements of this Section 4(a)(iv) by complying with the requirements of Section 4(a)(i), to the extent such compliance meets the requirements of Section 52080(a)(1)(B) of the Housing Law.

(v) CDLAC Requirements. To the extent the income and rent restrictions contained in the CDLAC Requirements are more restrictive, the Owners shall comply with the CDLAC Requirements.

(b) Over-Income Tenants. Notwithstanding the foregoing provisions of Section 4(a), no Tenant qualifying as a Very Low Income Tenant upon initial occupancy shall be denied continued occupancy of a Restricted Unit in the Project because, after admission, the aggregate Adjusted Income of all Tenants in the Restricted Unit increases to exceed the qualifying limit for such Restricted Unit.

However, should the aggregate Adjusted Income of Tenants in a Restricted Unit, as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for such Restricted Unit occupied by the same number of Tenants, the next Available Unit of comparable or smaller size in the Affordable Project must be rented to (or held vacant and available for immediate occupancy by) a Very Low Income Tenant. The unit occupied by such Tenant whose aggregate Adjusted Income exceeds such applicable income limit shall continue to be treated as occupied by a Very Low Income Tenant for purposes of the requirements of Section 4(a) hereof unless and until an Available Unit of comparable or smaller size is rented to persons other than Very Low Income Tenants. Moreover, a unit previously occupied by a Very Low Income Tenant and then vacated shall be considered occupied by a Very Low Income Tenant until reoccupied, other than a reoccupation for a temporary period, at which time the character of the unit shall be re-determined. In no event shall such temporary period exceed thirty-one (31) days.

(c) Income Certifications. The Affordable Borrower will obtain, complete and maintain on file an Income Certification Form for each Tenant (i) immediately prior to the initial occupancy of a Restricted Unit by such Tenant, and (ii) thereafter, annually, together with such information, documentation and certifications as are required therein or by the City, in its discretion, to substantiate the Tenant's Income Certification Form. In addition, the Affordable Borrower will provide such further information as may be required in the future by the State of California, the City (on a reasonable basis), the Program Administrator and by the Act, Section 142(d) of the Code or the Treasury Regulations, as the same may be amended from time to time,

or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code.

(d) Certificate of Continuing Program Compliance. Upon the commencement of the Qualified Project Period, and on each February 1st thereafter (or such other date as shall be requested in writing by the City or the Program Administrator) during the term of this Regulatory Agreement, the Owners shall advise the Program Administrator of the status of the occupancy of the Project by delivering to the Program Administrator (with a copy to the Trustee) a Certificate of Continuing Program Compliance (a form of which is attached hereto as Exhibit D). The Owners shall also timely provide to the City such information as is requested by the City to comply with any reporting requirements applicable to it with respect to the Bonds or the Project under any federal or State law or regulation, including without limitation, CDLAC regulations.

(e) Recordkeeping. The Affordable Borrower will maintain complete and accurate records pertaining to the Restricted Units. The Market Borrower will maintain complete and accurate records pertaining to the rental of the residential units in the Market Project. The Owners will permit any duly authorized representative of the City, the Program Administrator (if other than the City), the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Owners pertaining to the Project upon reasonable notice during normal business hours, including those records pertaining to the occupancy of the Restricted Units, but specifically excluding any material which may be legally privileged.

(f) Annual Certification to Secretary of Treasury. The Owners shall submit to the Secretary of the Treasury annually on or before March 31 of each year, or such other date as is required by the Secretary of the Treasury, a completed Internal Revenue Service Form 8703, and shall provide a copy of each such form to the Program Administrator and the Trustee. Failure to comply with the provisions of this paragraph will subject the Owners to penalty, as provided in Section 6652(j) of the Code.

(g) Lease Provisions Regarding Income Certification Reliance. All leases pertaining to Restricted Units do and shall contain clauses, among others, wherein each Tenant who occupies a Restricted Unit: (1) certifies the accuracy of the statements made in the Income Certification Form, (2) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such Tenant, that such Tenant will comply promptly with all requests for information with respect thereto from the Owners or the Program Administrator on behalf of the City, and that the failure to provide accurate information in the Income Certification Form or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such Tenant; (3) acknowledges that the Owners have relied on the Income Certification Form and supporting information supplied by the Tenant in determining qualification for occupancy of the Restricted Unit, and that any material misstatement in such certification (whether intentional) will be cause for immediate termination of such lease or rental agreement; and (4) agrees that the Tenant's income is subject to annual certification in accordance with Subsection 4(c) hereof and that failure to cooperate with the annual recertification process reasonably instituted by the Owners pursuant to Subsection 4(d) above may provide grounds for termination of the lease.

(h) Maintenance of Tenant Lists and Applications. All tenant lists, applications and waiting lists relating to the Affordable Project shall at all times be kept separate and identifiable from any other business which is unrelated to the Affordable Project and shall be maintained, as required from time to time by the Program Administrator on behalf of the City, in a reasonable condition for proper audit and subject to examination during normal business hours by representatives of the Project, the City or the Trustee. Failure to keep such lists and applications or to make them available to the City or the Trustee shall be a default hereunder.

(i) Tenant Lease Subordination. All tenant leases or rental agreements shall be subordinate to this Regulatory Agreement.

(j) No Encumbrance, Demolition or Non-Rental Residential Use. The Owners shall not take any of the following actions:

(i) other than as previously approved by the City, encumber any portion of the Project or grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project (except for apartment leases), except (i) pursuant to the provisions of this Regulatory Agreement and on a basis subordinate to the provisions of this Regulatory Agreement, to the extent applicable, (ii) upon receipt by the Owners, the Trustee and the City of an opinion of Bond Counsel that such action will not adversely affect the Tax Exempt status of interest on the Bonds, or (iii) upon a sale, transfer or other disposition of the Project in accordance with the terms of this Regulatory Agreement;

(ii) demolish any part of the Project or substantially subtract from any real or personal property of the Project (other than in the ordinary course of business or in the performance of repairs or restoration following a casualty or condemnation); or

(iii) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

(k) Compliance with Regulatory Agreement. The Owners shall exercise reasonable diligence to comply with the requirements of this Regulatory Agreement and shall notify the City within fifteen (15) days and correct any noncompliance within sixty (60) days after such noncompliance is first discovered or would have been discovered by the exercise of reasonable diligence, unless such noncompliance is not reasonably susceptible to correction within sixty (60) days, in which event the Owners shall have such additional time as may be reasonably necessary to effect such correction provided the Owners have commenced such correction after discovery and are diligently prosecuting such correction.

5. Additional Requirements of the City.

(a) Minimum Lease Term. The term of the lease for any Restricted Unit shall be not less than one (1) year.

(b) Limitation on Rent Increases. Annual rent increases on a Restricted Unit shall be limited to the percentage of the annual increase in the applicable Median Income for the Area for that Unit. Rent increases which are permitted but not made in a given year may not be carried forward and made in any subsequent year.

(c) Appointment of Program Administrator. The Owners acknowledge that the City may appoint a Program Administrator (other than the City), at the sole cost and expense of the City, to administer this Regulatory Agreement and to monitor performance by the Owners of the terms, provisions and requirements hereof. In such event, the Owners shall comply with any reasonable request by the City to deliver to any such Program Administrator, in addition to or instead of the City, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection during normal business hours with reasonable notice by the Program Administrator as an agent of the City. The Owners shall have the right to rely on any consent or direction given by the Program Administrator on the same basis as if given by the City.

(d) Management Agent. The Owners shall not enter into any agreement providing for the management or operation of the Project with any party other than Essex Management Corporation without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed.

(e) Certificate of Preference Program. To the fullest extent permitted by law, the Owners shall comply with the City's Certificate of Preference Program pursuant to San Francisco Administrative Code Section 24.8 and attached Exhibit J, to the extent such compliance is not in conflict with any other requirements imposed on the Project pursuant to Section 142(d) of the Code, the Act, the CDLAC Resolution, or CTCAC.

(f) Nondiscrimination Based on Section 8, Household Size, or Source of Income. The Owners shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, or any successor program or similar State or local governmental assistance program. The Owners shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants and the Owners shall not refuse to rent to any tenant on the basis of household size as long as such household size does not exceed two (2) persons for a studio unit; three (3) persons for a one-bedroom unit; five (5) persons for a two-bedroom unit and seven (7) persons for a three-bedroom unit. The Owners shall not collect any additional fees or payments from such a tenant except security deposits or other deposits required of all tenants. The Owners shall not collect security deposits or other deposits from Section 8 certificate or voucher holders in excess of that allowed under the Section 8 program. The Owners shall not discriminate against tenant applicants on the basis of legal source of income (e.g., TANF, Section 8 or SSI), and the Owners shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (i.e., ability to pay shall be demonstrated if such a tenant can show that the same percentage or more of the tenant's income has been consistently paid on time for rent in the past as will be required to be paid for the rent applicable to the unit to be occupied, provided that such tenant's expenses have not increased materially).

(g) Overincome Provisions after Expiration of Qualified Project Period. Notwithstanding the provisions of Section 4(b), from and after the expiration of the Qualified Project Period, in the event that Owners' certification of the Very Low Income Tenant's income, pursuant to Section 4(c), indicates that the Very Low Income Tenant's income exceeds one hundred twenty percent (120%) of the Median Income for the Area, the Owners shall terminate

such lease upon one hundred twenty (120) days prior written notice to the Tenant, and the lease for each Restricted Unit shall contain a statement to the foregoing effect. Notwithstanding the foregoing, the Owners shall not be required to terminate the Very Low Income Tenant's lease if any regulation or statute governing the Project or the financing thereof prohibits the termination of the Tenant's lease in this manner.

(h) Consideration for Restrictions. It is hereby acknowledged and agreed that any restrictions imposed on the operation of the Project herein and which are in addition to those imposed pursuant to Section 142(d) of the Code or the Act are at the request of the Owners, and that the Owners have voluntarily agreed to such additional restrictions in order to obtain financial assistance from the City and an allocation of private activity bond volume cap from CDLAC.

(i) Amendment or Waiver by City; Conflicting Provisions. The requirements of Section 4(a)(i) and (ii) and of Section 5 hereof may be amended, modified or waived (but not increased or made more onerous), at the City's sole discretion, by written amendment signed by the City and the Owners, or expressly waived by the City in writing, but no such waiver by the City shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the City and the Trustee have received an opinion of Bond Counsel to the effect that any such provision is not required by the Code or the Act and may be waived without adversely affecting the Tax Exempt status of interest on the Bonds. Any requirement of Section 4(a)(i) and (ii) or Section 5 shall be void and of no force and effect if the City, the Trustee and the Owners receive a written opinion of Bond Counsel to the effect that compliance with such requirement would be in conflict with the Act or any other applicable state or federal law.

(j) Extension of Qualified Project Period. Notwithstanding any other provision herein, the Qualified Project Period shall not expire earlier than, and the requirements of this Section 5 shall be in effect until, the date that is fifty-five (55) years after the Closing Date.

(k) Marketing and Tenant Selection Plan. Owners will market the Restricted Units in accordance with the marketing and tenant selection plan approved by the City, which shall be substantially in the form attached hereto as Exhibit K. Owners must keep records of (a) activities implementing the affirmative marketing plan; (b) advertisements; and (c) other community outreach efforts for a period of at least three (3) years.

(l) Annual Reporting. Owners must file with the City annual report forms (the "Annual Monitoring Report") no later than one hundred twenty (120) days after the end of Borrower's business year. The Annual Monitoring Report must be in substantially the form attached as Exhibit I or as later modified during the Compliance Term.

6. Additional Requirements of State Law. In addition to the requirements set forth above, the Owners hereby agree that it shall also comply with each of the requirements of Section 52080 of the Housing Law, including the following:

(a) Tenants Under Section 8 of the Housing Act. The Owners shall accept as tenants, on the same basis as all other prospective tenants, low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under

Section 8 of the Housing Act, and shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(b) Availability on Priority Basis. The Restricted Units shall remain available on a priority basis for occupancy at all times.

(c) Binding Covenants and Conditions. The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Owners.

(d) Recordation of Regulatory Agreement. This Regulatory Agreement shall be recorded in the office of the county recorder of the City and County of San Francisco, California, and shall be recorded in the grantor-grantee index under the names of the Owners as grantor and to the name of the City as grantee.

(e) Restricted Income Units of Comparable Quality. The Restricted Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units which are available to other tenants and shall be distributed throughout the Project.

(f) Availability Following Expiration of Qualified Project Period. Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure and redemption of the Bonds, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as required by Subsection 4(a)(iv) shall remain available to any eligible Tenant occupying a reserved unit at the date of such expiration or termination, at the rent determined by Subsection 4(a)(iv), until the earliest of (1) the household's income exceeds 140% of the maximum eligible income specified therein, (2) the household voluntarily moves or is evicted for good cause, as deemed in the Act, (3) 30 years after the date of the commencement of the Qualified Project Period, and (4) the Owners pay the relocation assistance and benefits to households if required by Section 7264(b) of the California Government Code.

(g) Availability Preceding Expiration of Qualified Project Period. During the three (3) years prior to the later of (i) the expiration of the Qualified Project Period or (ii) the date that is 55 years after the date of commencement of the Qualified Project Period, the Owners shall continue to make available to eligible households Restricted Units that have been vacated to the same extent that non-Restricted Units, if any, are made available to non-eligible households.

(h) Notice and Other Requirements. The Owners shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including the requirements for providing notices in Sections (b), (c), (d) and (e) thereof, and shall comply with all applicable requirements of Section 65863.11 of the California Government Code.

(i) Syndication of the Affordable Project. As provided in Section 52080(e) of the Housing Law, the City hereby approves the syndication of tax credits with respect to the Affordable Project, pursuant to Section 42 of the Code, to the Investor Limited Partner, or any affiliate thereof or successor thereto, pursuant to the terms of the Partnership Agreement. Any syndication of tax credits with respect to the Affordable Project to an affiliate of the Investor Limited Partner shall not require the prior written approval of the City if the Partnership

Agreement will not be amended, modified or supplemented in connection with such syndication; provided, however, that the Investor Limited Partner shall provide to the City, at least five (5) Business Days prior to the effective date of any such syndication, written notice of such syndication certifying that no amendment, modification or supplement to the Partnership Agreement will be effected in connection with such syndication, together with copies of any assignments of limited partnership interests and any other syndication documents. Any other syndication of the Affordable Project shall be subject to the prior written approval of the Director of the Mayor's Office of Housing Community Development of the City, which approval shall be granted only after the City determines that the terms and conditions of such syndication (1) shall not reduce or limit any of the requirements of the Act or regulations adopted or documents executed pursuant to the Act, (2) shall not cause any of the requirements of the City set forth in this Section 6 hereof to be subordinated to the syndication agreement, and (3) shall not result in the provision of fewer Restricted Units, or the reduction of any benefits or services, than were in existence prior to the syndication agreement.

7. CDLAC Requirements. The Owners hereby agree that the construction, equipping and operation of the Project and the financing thereof is and shall be in compliance with the conditions set forth in Exhibit A to CDLAC Resolution No. 16-84 adopted on July 20, 2016, attached hereto as Exhibit G (the "CDLAC Resolution"), which conditions (the "CDLAC Requirements") are incorporated herein by reference and are made a part hereof. The Owners shall prepare and submit to the City a Certificate of Compliance in substantially the form attached hereto as Exhibit G, executed by an Authorized Owner Representative.

8. Indemnification. As to itself and as to that portion of the Project it owns, each of the Owners hereby releases the City, the Bondholder Representative and their respective officers, members, directors, officials and employees from, and each Owner covenants and agrees to indemnify, hold harmless and defend the City and the Bondholder Representative and the officers, members, directors, officials, agents and employees of each of them (collectively, the "Indemnified Parties," and each an "Indemnified Party") from and against any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint and several (including, without limitation, costs of investigation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Affordable Project or the Market Project (as applicable), the Bonds, or the execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Project or the making of the Loan or otherwise, including without limitation, any advances of the Loan, or any failure by the Servicer, as defined in the Indenture, to make any advance thereunder; (c) arising from any act or omission of such Owner or any of its agents, servants, employees or licensees, in connection with the Loan or the Project; (d) arising in connection with the issuance and sale, resale or reissuance of any bonds or any certifications or representations made by any person other than the City or the party seeking indemnification in connection therewith and the carrying out by the Owners of any of the transactions contemplated by the Indenture, the Loan Agreement and this Regulatory Agreement; (e) arising in connection with the operation of the Affordable Project or the Market Project (as applicable), or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, installation, or

construction of, the Affordable Project or the Market Project (as applicable) or any part thereof; and (f) arising out of or in connection with the exercise by the Bondholder Representative or the Servicer of their powers or duties under the Indenture, the Loan Agreement, this Regulatory Agreement or any other agreements in connection therewith to which either of them is a party; provided, however, that this provision shall not require an Owner to indemnify (i) the Bondholder Representative from any claims, costs, fees, expenses or liabilities arising from the negligence or willful misconduct of the Bondholder Representative, or (ii) the City for any claims, costs, fees, expenses or liabilities arising solely from the willful misconduct of the City. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the applicable Owner(s), upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party; and the applicable Owner(s) shall assume the payment of all reasonable fees and expenses related thereto, with full power to litigate, compromise or settle the same in its discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Notwithstanding the foregoing, no indemnification obligation shall give rise to an obligation to pay principal and interest on the Loan, which is not otherwise set forth in the Indenture, the Loan Agreement, the Bonds or any other agreement relating to the Bonds. Each of the Owners, as to itself and as to that portion of the Project which it owns, also shall pay and discharge and shall indemnify and hold harmless the City and the Bondholder Representative from (i) any lien or charge upon payments by such Owner(s) to the City and the Bondholder Representative hereunder and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Affordable Project or the Market Project, as applicable. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the City or the Bondholder Representative shall give prompt notice to the applicable Owner(s), and such Owner(s) shall have the sole right and duty to assume, and will assume, the defense thereof, including the engagement of counsel approved by the Indemnified Party in such party's reasonable discretion, provided that if the Indemnified Party is the City, the selection of counsel rests in the sole discretion of the City Attorney, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. If a potential conflict exists between an Owner's defense and the interests of an Indemnified Party, then such Indemnified Party shall have the right to engage separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the applicable Owner(s) shall pay the reasonable fees and expenses of such separate counsel.

Notwithstanding any transfer of the Project to another Owner in accordance with the provisions of Section 11 of this Regulatory Agreement, each Owner shall remain obligated to indemnify the City pursuant to this Section 8 if a subsequent Owner fails to so indemnify the City, unless at the time of transfer the City has consented to the transfer to the extent such consent is required hereunder.

The provisions of this Section 8 shall survive the term of the Bonds and this Regulatory Agreement.

The obligations of the Owners under this Section are independent of any other contractual obligation of the Owners to provide indemnity to the Indemnified Parties or otherwise, and the obligation of the Owners to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Owners. The Indemnified Parties shall be entitled simultaneously to seek indemnity under this Section and any other provision under which they are entitled to indemnification.

In addition, the applicable Owner(s) will pay upon demand all of the fees and expenses paid or incurred by the Indemnified Parties in enforcing the provisions hereof.

9. Consideration. The City has issued the Bonds and made the Loan to provide funds for the purpose of financing the Project, all for the purpose, among others, of inducing the Owners to construct, equip and operate the Project. In consideration of the making of the Loan by the City, the Owners have entered into this Regulatory Agreement and have agreed to restrict the use of the Project on the terms and conditions set forth herein.

10. Reliance. The City and the Owners hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, and in the exclusion from gross income for federal income tax purposes of the interest on the Bonds. In performing its duties and obligations hereunder, the City may rely upon statements and certificates of the Owners and Very Low Income Tenants, and upon audits of the books and records of the Owners pertaining to the Project. In addition, the City may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the City hereunder in good faith and in conformity with such opinion.

11. Sale or Transfer of the Project. Each of the Owners intends to hold that portion of the Project which it owns for its own account, has no current plans to sell, transfer or otherwise dispose of its portion of the Project (except, as to the Affordable Borrower, in accordance with the option and the right of first refusal described in the Partnership Agreement), and, except as otherwise provided herein, hereby covenant and agree not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder and/or pursuant to the aforementioned option and right of first refusal) or interest therein, including any interest in an Owner, without obtaining the prior written consent of the City, which consent shall not be unreasonably withheld, and receipt by the City of (i) evidence satisfactory to the City that such Owner's purchaser or transferee has assumed in writing and in full, such Owner's duties and obligations under this Regulatory Agreement, (ii) an opinion of counsel of the transferee that the transferee has duly assumed the obligations of the Owner(s) under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iii) evidence acceptable to the City that either (A) the purchaser or assignee has experience in the ownership, operation and management of rental housing projects in the City such as the Affordable Project or the Market Project (as applicable) without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects, or (B) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subparagraph (A) above or (C) if the purchaser or assignee does not have management experience, the City may cause the Program Administrator to provide on-site training in program compliance if the City determines such training is necessary,

(iv) evidence satisfactory to the City that no event of default exists under this Regulatory Agreement, the Loan Agreement or any document related to the Loan, and payment of all fees and expenses of the City and the Trustee due under any of such documents is current, and (v) an opinion of Bond Counsel to the effect that such transfer will not, in itself, cause interest on the Bonds to become includable in the gross income of the recipients thereof for federal income tax purposes; provided, however, that with respect to a transfer of the Affordable Project only, from and after the Release Date subsection (iv) above shall be amended to include only the Regulatory Agreement. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Affordable Project and/or the Market Project in violation of this Section 11 shall be null, void and without effect, shall cause a reversion of title to the applicable Owner(s), and shall be ineffective to relieve the Owner(s) of their obligations under this Regulatory Agreement. Nothing in this Section 11 shall affect any provision of any other document or instrument between an Owner and any other party which requires such Owner to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project. Not less than 60 days prior to consummating any sale, transfer or disposition of any interest in the Project, the applicable Owner(s) shall deliver to the City a notice in writing explaining the nature of the proposed transfer. Notwithstanding the foregoing, the provisions of this Section 11 shall not apply to the transfer of all or any portion of (a) the limited partner interest of the Investor Limited Partner (which is instead subject to paragraph (i) of Section 6), (b) the Administrative General Partner interest to an affiliate of the Administrative General Partner, (c) the Managing General Partner interest to an affiliate of the Managing General Partner, (d) the manager or managing member interest of the Market Borrower to an affiliate of the manager or managing member of the Market Borrower or (e) the transfer of any non-managing member interest in the Market Borrower. In addition, the City's prior approval shall not be required for any transfer of the Investor Limited Partner's interest in the Affordable Borrower pursuant to the Partnership Agreement as amended from time to time.

12. Term. Subject to the following paragraph of this Section 12, Section 8 hereof and to any other provision expressly agreed herein to survive the termination of this Regulatory Agreement, this Regulatory Agreement and all of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect for the longer of (a) the Qualified Project Period or (b) fifty-five (55) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement shall terminate and be of no further force and effect in the event of (i) involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date, which prevents the City from enforcing such provisions, or (ii) foreclosure, exercise of power of sale, transfer of title by deed in lieu of foreclosure, or condemnation or a similar event, but only if, in case of the events described in either clause (i) or (ii) above, within a reasonable period, either the Bonds are paid in full or amounts received as a consequence of such event are used to provide a project that meets the requirements hereof; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure, exercise of power of sale, or the delivery of a deed in lieu of foreclosure or a similar event, the Owners or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtain an ownership

interest in the Project for federal income tax purposes. The Owners hereby agree that, following any foreclosure, exercise of power of sale, transfer of title by deed in lieu of foreclosure or similar event, neither the Owners nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. Notwithstanding any other provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated upon agreement by the City and the Owners subject to compliance with any of the provisions contained in this Regulatory Agreement only if there shall have been received an opinion of Bond Counsel that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds or the exemption from State personal income taxation of the interest on the Bonds. The Owners shall provide written notice of any termination of this Regulatory Agreement to the City.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

13. Covenants to Run With the Land. The Owners hereby subject the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The City and the Owners hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owners' successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. No breach of any of the provisions of this Regulatory Agreement shall defeat or render invalid the lien of a mortgage made in good faith and for value encumbering the Site.

14. Burden and Benefit. The City and the Owners hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owners' legal interest in the Project is rendered less valuable thereby. The City and the Owners hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Very Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were issued.

15. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Site.

16. Enforcement. If an Owner defaults in the performance or observance of any covenant, agreement or obligation of such Owner set forth in this Regulatory Agreement, and if such default remains uncured for a period of sixty (60) days after written notice thereof shall have been given by the City to the applicable Owner(s) (provided, however, that the City may at its sole option extend such period if the default is of the nature which would reasonably require more

than 60 days to cure and if the Owner(s) provide the City, if requested by the City, with an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds), then the City may declare an “event of default” to have occurred hereunder, and, subject to the provisions of the Indenture, may take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, require the applicable Owner(s) to perform its/their obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the City hereunder; or

(b) have access to and inspect, examine and make copies of all of the books and records of the applicable Owner(s) pertaining to the Affordable Project and/or the Market Project (as applicable); or

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the applicable Owner(s) hereunder.

Notwithstanding anything contained in this Regulatory Agreement to the contrary, the occurrence of an event of default under this Regulatory Agreement shall not be deemed, under any circumstances whatsoever, to be a default under the Mortgage except as may be otherwise specified in the Mortgage.

Notwithstanding anything contained in this Regulatory Agreement to the contrary, the City agrees that any cure of any default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the applicable Owner(s) and shall be accepted or rejected on the same basis as if made or tendered by such the Owner.

17. Recording and Filing. The Owners shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the City and County of San Francisco and in such other places as the City may reasonably request. The Owners shall pay all fees and charges incurred in connection with any such recording.

18. Payment of Fees. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture and/or the Loan Agreement, the Owners shall continue to pay the City’s annual administrative fee as calculated and described below. Upon the occurrence of an event of default hereunder, the Owners shall continue to pay to the City compensation for any services rendered by any of them hereunder and reimbursement for all expenses incurred by it in connection therewith.

The Owners shall pay to the City (i) an initial issuance fee of \$330,000 (which is equal to one quarter of one percent (0.25%) of the par amount of the Bonds) and (ii) an annual administrative fee not to exceed one eighth of one percent (0.125%) of the principal amount of the Bonds then outstanding, but no less than \$2,500, commencing on the Closing Date and thereafter on each anniversary date of the Closing Date thereafter during the term of this Agreement.

And
Office of the City Attorney
City Hall, 1 Dr. Carlton B. Goodlett Place, Room 234
San Francisco, California 94102
Attention: Finance Team

If to the Owner:
500 Folsom, L.P.
c/o Essex 500 Folsom, LLC
1100 Park Place
Suite 200
San Mateo, CA 94403
Attention: Legal Department (Jordan Ritter and Anika Fischer)
Fax: (650) 655-7811

And

Block 9 MRU Residential, LLC
1100 Park Place
Suite 200
San Mateo, CA 94403
Attention: Legal Department (Jordan Ritter and Anika Fischer)
Fax: (650) 655-7811

With a copy to:
500 Folsom, L.P.
c/o Essex 500 Folsom, LLC
1100 Park Place
Suite 200
San Mateo, CA 94403
Attention: Mark Mikl
Fax: (650) 655-7810

And

Block 9 MRU Residential, LLC
1100 Park Place
Suite 200
San Mateo, CA 94403
Attention: Mark Mikl
Fax: (650) 655-7810

BRIDGE 500 Folsom LLC
c/o BRIDGE Housing Corporation
600 California Street, Suite 900
San Francisco, CA 94108
Attn: Ann Silverberg, EVP
Fax: (415) 495-4898

And

BRIDGE 500 Folsom LLC
c/o BRIDGE Housing Corporation
600 California Street, Suite 900
San Francisco, CA 94108
Attn: Rebecca V. Hlebasko, General Counsel
Fax: (415) 495-4898

And with copy to (which
shall not constitute notice to
Borrower):

Chernove & Associates, Inc.
16027 Ventura Blvd., Suite 600
Encino, CA 91436
Attention: Sheldon B. Chernove, Esq.
Fax: (818) 377-8102

If to the Investor Limited
Partner:

Wells Fargo Affordable Housing Community
Development Corporation
MAC D1053-170
301 S. College Street
Charlotte, NC 28288
Attention: Director of Tax Credit Asset Management

With a copy to:

Sidley Austin LLP
555 West Fifth Street, Suite 4000
Los Angeles, CA 90013
Attention: Cynthia Christian, Esq.

If to the Bondholder
Representative:

Citibank, N.A.
390 Greenwich Street, 2nd Floor
New York, New York 10013
Attention: Transaction Management Group
Deal ID# 23410
Fax: (212) 723-8209

With a copy to:

Citibank, N.A.
325 East Hillcrest Drive, Suite 160
Thousand Oaks, California 91360
Attention: Operations Manager/Asset Manager
Deal ID# 23410
Fax: (805) 557-0924

If to the Trustee:

U.S. Bank National Association
Global Corporate Trust Services
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Andrew Fung
Phone: (415) 677-3593
Email: andrew.fung@usbank.com

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

23. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

24. Multiple Counterparts. This Regulatory Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

25. Third-Party Beneficiaries. The parties to the Regulatory Agreement recognize and agree that the terms of the Regulatory Agreement and the enforcement of those terms are entered into for the benefit of various parties, including CDLAC. The parties hereto acknowledge that the Bondholder Representative is a third party beneficiary of this Regulatory Agreement. CDLAC shall accordingly have contractual rights in this Regulatory Agreement and shall be entitled (but not obligated) to enforce, in accordance with Section 16 hereof, the terms hereof and the terms of the CDLAC Resolution. In addition, CDLAC is intended to be and shall be a third-party beneficiary of this Regulatory Agreement. Notwithstanding the above, CDLAC shall be entitled solely to enforce the terms of the CDLAC Resolution, and any enforcement of the terms and provisions of the CDLAC Resolution by CDLAC shall not adversely affect the interests of the Bondholder Representative, and shall otherwise be subject to the terms, conditions and limitations otherwise applicable to the enforcement of remedies under this Regulatory Agreement. Pursuant to Section 52080(k) of the Housing Law, the provisions of Section 6 hereof may be enforced either in law or in equity by any resident, local agency, entity, or by any other person adversely affected by the Owners' failure to comply with that Section.

[Signatures appear on next page]

IN WITNESS WHEREOF, the City and the Owners have executed this Regulatory Agreement by their duly authorized representatives, all as of the date first written hereinabove.

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Olson Lee, Director
Mayor's Office of Housing and
Community Development

Approved as to Form:

DENNIS J. HERRERA
City Attorney

By _____
Deputy City Attorney

[Signatures continue on following page.]

OWNER:

500 FOLSOM, L.P.,
a California limited partnership,

By: Essex 500 Folsom, LLC,
a Delaware limited liability company,
its Administrative General Partner

By: Essex Portfolio, L.P.,
a California limited partnership
its Authorized Signatory

By: Essex Property Trust, Inc.,
a Maryland corporation
its General Partner

By: _____
Name: _____
Title: _____

By: BRIDGE 500 Folsom LLC,
a California limited liability company,
its Managing General Partner

By: MCB Family Housing, Inc.,
a California nonprofit public benefit corporation
its sole member

By: _____
Ann Silverberg,
Vice President

BLOCK 9 MRU RESIDENTIAL, LLC
a Delaware limited liability company

By: Essex Portfolio, L.P.,
a California limited partnership,
its Authorized Signatory

By: Essex Property Trust, Inc.,
a Maryland corporation,
its General Partner

By: _____
Name: _____
Title: _____

EXHIBIT A-1

LEGAL DESCRIPTION OF THE AFFORDABLE PROJECT

All that certain real property situated in the City and County of San Francisco, State of California, more particularly described as follows:

EXHIBIT A-2

LEGAL DESCRIPTION OF THE MARKET PROJECT

EXHIBIT A-3

LEGAL DESCRIPTION OF THE SITE

EXHIBIT B
INCOME CERTIFICATION FORM

EXHIBIT C

COMPLETION CERTIFICATE

CITY AND COUNTY OF SAN FRANCISCO
Mayor's Office of Housing and
Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103

The undersigned (the "Owners") provide this certification pursuant to the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of December 1, 2016, by and among the City and County of San Francisco and the Owners (the "Regulatory Agreement"). Capitalized terms used herein but not defined shall have the meanings given in the Regulatory Agreement.

The undersigned hereby certifies that:

- (a) all aspects of the construction of the Project were substantially completed and available for occupancy by tenants in the Project as of _____ (the "Completion Date").
- (b) the aggregate amount disbursed on the Loan to date is \$ _____;
- (c) all amounts disbursed on the Loan have been applied to pay or reimburse the undersigned for the payment of Project Costs and none of the amounts disbursed on the Loan has been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and
- (d) as shown on the attached sheet (showing the breakdown of expenditures for the Project and the source of the funds which were used to pay such costs), at least ninety-five percent (95%) of the amounts disbursed on the Loan have been applied to pay or reimburse the Owners for the payment of Qualified Project Costs and less than twenty-five percent (25%) of the amounts disbursed on the Loan, exclusive of amounts applied to pay the costs of executing and delivering the Note, have been applied to pay or reimburse the Owners for the cost of acquiring land.

[Signatures appear on next page]

OWNER:

500 FOLSOM, L.P.,
a California limited partnership,

By: Essex 500 Folsom, LLC,
a Delaware limited liability company,
its Administrative General Partner

By: Essex Portfolio, L.P.,
a California limited partnership
its Authorized Signatory

By: Essex Property Trust, Inc.,
a Maryland corporation
its General Partner

By: _____
Name: _____
Title: _____

By: BRIDGE 500 Folsom LLC,
a California limited liability company,
its Managing General Partner

By: MCB Family Housing, Inc.,
a California nonprofit public benefit corporation
its sole member

By: _____
Ann Silverberg,
Vice President

BLOCK 9 MRU RESIDENTIAL, LLC
a Delaware limited liability company

By: Essex Portfolio, L.P.,
a California limited partnership,
its Authorized Signatory

By: Essex Property Trust, Inc.,
a Maryland corporation,
its General Partner

By: _____
Name: _____
Title: _____

EXHIBIT D

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Project Name: 500 Folsom Apartments (aka Transbay 9)

CDLAC Application Number(s): 16-420

CDLAC Resolution Number(s): 16-84

Property Address: 500-510 Folsom Street, San Francisco, California

Project Completion Date (if completed, otherwise mark NA):

Name of Obligation:

The undersigned, being the authorized representatives of Block 9 MRU Residential, LLC, a Delaware limited liability company, and 500 Folsom, L.P., a California Limited Partnership (the "Owners"), hereby certifies that he/she has read and is thoroughly familiar with the provisions of the various documents associated with the Owners' participation in the City and County of San Francisco (the "City") Multifamily Housing Program, such documents including:

1. the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of December 1, 2016 (the "Regulatory Agreement"), by and among the Owners and the City; and
2. the Loan Agreement, dated as of December 1, 2016, by and among the City and the Owners.

The undersigned further certifies that:

A. There have been no changes to the ownership entity, principals or property management of the Project since the Bonds were issued, or since the last certification was provided (as applicable), except as described below:

(If so please attach a request to revise the CDLAC Resolution, noting all pertinent information regarding the change, otherwise state "NONE")

If Project has not yet been placed in service, mark N/A for the balance of the items below:

B. During the preceding twelve-months (i) such Project was continually in compliance with the Regulatory Agreement executed in connection with such loan from the City and (ii) and ___% of the units in the Project were occupied by Very Low Income Tenants (minimum of 20%).

C. As of the date of this Certificate, the following percentages of completed residential units in the Project (as defined in the Regulatory Agreement) (i) are occupied by Very Low Income Tenants (as such term is defined in the Regulatory Agreement), or (ii) are currently vacant and

being held available for such occupancy and have been so held continuously since the date a Very Low Income Tenant vacated such unit, as indicated below:

Occupied by Very Low Income Tenants:

1 bedroom units:	Unit Nos. _____
2 bedroom units: _____	Unit Nos. _____
3 bedroom units: _____	Unit Nos. _____
4 bedroom units: _____	Unit Nos. _____

Total percentage occupied by Very Low Income Tenants: _____

Held vacant for occupancy continuously since last occupied by a Very Low Income Tenant:

_____%; Unit Nos. _____

Vacant Units:

_____%; Unit Nos. _____

It hereby is confirmed that each tenant currently residing in a unit in the Affordable Project has completed an Income Certification Form in the form approved by the City and that since commencement of the Qualified Project Period (as such term is defined in the Regulatory Agreement), not less than ___% of the occupied units in the Project have been rented to (or are vacant and last occupied by) Very Low Income Tenants. The undersigned hereby certifies that the Owners are not in default under any of the terms and provisions of the above documents.

D. The units occupied by Very Low Income Tenants are of similar size and quality to other units and are dispersed throughout the Project.

E. Select appropriate certification: [No unremedied default has occurred under this Regulatory Agreement, the Bonds, the Loan Agreement or the Mortgage.] [A default has occurred under the _____. The nature of the default and the measures being taken to remedy such default are as follows: _____.]

F. There has been no change of use for the Project, except as follows: (please describe if any, or otherwise indicate "NONE")

G. Select appropriate certification: The undersigned hereby certifies that the Project [has satisfied all] [except as described below, has satisfied all] of the requirements memorialized in the Exhibit A of the CDLAC Resolution, a copy of which is attached hereto (i.e. qualifying project completion, qualifying depreciable asset purchase, qualifying loan originations, the use of public funds, manager units, income rent restrictions, sustainable building methods, etc., as applicable), and thus has achieved all public benefit requirements (excluding service amenities) as presented to CDLAC.

[Describe any requirements not satisfied: _____]

H. As captured in Exhibit A of the Resolution, the Project has committed to and is currently providing the following service amenities for a minimum of ten years, on a regular and ongoing basis, which are provided free of charge (with the exception of day care services):

Please check the services that apply or write N/A where appropriate:

_____ After-school Programs

_____ Educational, health and wellness, or skill building classes

_____ Health and Wellness services and programs (not group classes)

_____ Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)

_____ Bona-Fide Service Coordinator/ Social Worker

1) For this reporting period, attached is evidence (i.e. MOUs, contracts, schedules, calendars, flyers, sign-up sheets, etc.) confirming that the above listed services are being provided and have met the requirements of Exhibit A of the Resolution.

2) If any of the above services requirements were not met, what corrective action is being taken to comply?

(Please also attach the completed project sponsor certification form as provided in the CDLAC Resolution)

(Please also attach the completed Occupancy and Rent Information form attached hereto)

I. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief, and the undersigned acknowledges and agrees that the City will be relying solely on the foregoing certifications and accompanying documentation, if any, in making its certification to CDLAC pursuant to Section 5144 of the CDLAC Regulations, and agrees to provide to the City such documentation or evidence, in support of the foregoing certifications, as the City or CDLAC may request.

Date: _____

By: _____

Its: _____

EXHIBIT E

**SAMPLE CERTIFICATE AS TO
COMMENCEMENT OF QUALIFIED PROJECT PERIOD**

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

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

City and County of San Francisco, California
Multifamily Housing Revenue Bonds,
Series 2016E (Lower 500 Folsom Residential)

The undersigned, being the authorized representative(s) of Block 9 MRU Residential, LLC, a Delaware limited liability company, and 500 Folsom, L.P., a California Limited Partnership, hereby certifies that: (complete blank information):

Ten percent (10%) of the dwelling units in the Project financed in part from the proceeds of the captioned Bonds were first occupied on _____;

Fifty percent (50%) of the dwelling units in the Project financed in part from the proceeds of the captioned Bonds were first occupied on _____.

DATED:

OWNER:

500 FOLSOM, L.P.,
a California limited partnership,

By: Essex 500 Folsom, LLC,
a Delaware limited liability company,
its Administrative General Partner

By: Essex Portfolio, L.P.,
a California limited partnership
its Authorized Signatory

By: Essex Property Trust, Inc.,
a Maryland corporation
its General Partner

By: _____
Name: _____
Title: _____

By: BRIDGE 500 Folsom LLC,
a California limited liability company,
its Managing General Partner

By: MCB Family Housing, Inc.,
a California nonprofit public benefit corporation
its sole member

By: _____
Ann Silverberg,
Vice President

BLOCK 9 MRU RESIDENTIAL, LLC
a Delaware limited liability company

By: Essex Portfolio, L.P.,
a California limited partnership,
its Authorized Signatory

By: Essex Property Trust, Inc.,
a Maryland corporation,
its General Partner

By: _____
Name: _____
Title: _____

Acknowledged:

City and County of San Francisco

By: _____
Name, Title

EXHIBIT F
CDLAC RESOLUTION

EXHIBIT G

**SAMPLE CERTIFICATE OF COMPLIANCE
(CDLAC RESOLUTION)**

Project Name: 500 Folsom Apartments (aka Transbay 9)

CDLAC Application No.: 16-420

Pursuant to Section 13 of Resolution No. 16-84 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on July 20, 2016, I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I am an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand Section 3 of the Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Please check if applicable:

____ The project is currently in the Construction or Rehabilitation phase (i.e. the project is not placed in service).

Signature of Officer

Date

Printed Name of Officer

Title of Officer

Phone Number

EXHIBIT H

CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

The following provisions shall apply to this Regulatory Agreement (this “Agreement”) as if set forth in the body thereof. Capitalized terms used but not defined in this Exhibit shall have the meanings given in this Regulatory Agreement.

1. Nondiscrimination; Penalties.

(a) *Non Discrimination in Contracts.* The Owners shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. The Owners shall incorporate by reference in any subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require any subcontractors to comply with such provisions. The Owners are subject to the enforcement and penalty provisions in Chapters 12B and 12C.

(b) *Nondiscrimination in the Provision of Employee Benefits.* San Francisco Administrative Code 12B.2. The Owners do not as of the date of this Agreement, and will not during the term of this Agreement, in any of their operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

(c) *Condition to Contract.* As a condition to this Agreement, the Owners shall execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

2. MacBride Principles—Northern Ireland. The provisions of San Francisco Administrative Code §12F are incorporated by this reference and made part of this Agreement. By entering into this Agreement, the Owners confirm that they have read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

3. Tropical Hardwood and Virgin Redwood Ban. Under San Francisco Environment Code Section 804(b), the City urges the Owners not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

4. Alcohol and Drug-Free Workplace. The City reserves the right to deny access to, or require the Owners to remove from, City facilities personnel of such Owners who the City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs the City’s ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. The Commission shall have the right of final

approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

5. Compliance with Americans with Disabilities Act. The Owners shall provide the services specified in the Agreement in a manner that complies with the Americans with Disabilities Act (ADA), including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

6. Sunshine Ordinance. The Owners acknowledge that this Agreement and all records related to their formation, the Owners' performance of services provided under the Agreement, and the City's payment are subject to the California Public Records Act, (California Government Code §6250 et. seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state or local law.

7. Limitations on Contributions. By executing this Agreement, the Owners acknowledge that they are familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The prohibition on contributions applies to each prospective party to the contract; each member of the Owners' board of directors; the Owners' chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in such Owners; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by such Owners. The Owners must inform each such person of the limitation on contributions imposed by Section 1.126 and provide the names of the persons required to be informed to City.

8. Requiring Minimum Compensation for Covered Employees. The Owners shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P. The Owners are subject to the enforcement and penalty provisions in Chapter 12P. By entering into this Agreement, the Owners certify that they are in compliance with Chapter 12P.

9. Requiring Health Benefits for Covered Employees. The Owners shall comply with San Francisco Administrative Code Chapter 12Q. The Owners shall choose and perform one of the Health Care Accountability options set forth in San Francisco Administrative Code Chapter 12Q.3. The Owners are subject to the enforcement and penalty provisions in Chapter 12Q.

10. Prohibition on Political Activity with City Funds. In performing the services provided under this Agreement, the Owners 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. The Owners are subject to the enforcement and penalty provisions in Chapter 12G.

11. Nondisclosure of Private, Proprietary or Confidential Information. If this Agreement requires the City to disclose “Private Information” to the Owners within the meaning of San Francisco Administrative Code Chapter 12M, the Owners shall use such information consistent with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the services provided under the Agreement. The Owners are subject to the enforcement and penalty provisions in Chapter 12M.

In the performance of services provided under the Agreement, the Owners may have access to the City’s proprietary or confidential information, the disclosure of which to third parties may damage the City. If the City discloses proprietary or confidential information to an Owner, such information must be held by such Owner in confidence and used only in performing the Agreement. The Owners shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or confidential information.

12. Consideration of Criminal History in Hiring and Employment Decisions. The Owners agree 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. The text of Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. A partial listing of some of the Owners’ obligations under Chapter 12T is set forth in this Section. The Owners are required to comply with all of the applicable provisions of Chapter 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.

The requirements of Chapter 12T shall only apply to an Owner’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, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco. Chapter 12T 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.

13. Submitting False Claims; Monetary Penalties. The full text of San Francisco Administrative Code §§ 21.35, including the enforcement and penalty provisions, is incorporated into this Agreement. Under San Francisco Administrative Code §21.35, any 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 contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the 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.

14. Conflict of Interest. By entering into the Agreement, each Owner certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 et seq.), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 et seq.), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Agreement.

15. Assignment. The services provided under the Agreement to be performed by the Owners are personal in character and neither this Agreement nor any duties or obligations may be assigned or delegated by the Owners unless first approved by the City by written instrument executed and approved in the same manner as this Agreement. Any purported assignment made in violation of this provision shall be null and void.

16. Food Service Waste Reduction Requirements. The Owners shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the provided remedies for noncompliance.

17. Cooperative Drafting. This Agreement has been drafted through a cooperative effort of the City and the Owners, and all parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

18. Laws Incorporated by Reference. The full text of the laws listed in this Exhibit H, including enforcement and penalty provisions, are incorporated into this Agreement by reference. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Exhibit H are available at www.sfgov.org under "Open Gov."

19. Sugar-Sweetened Beverage Prohibition. The Owners agrees that they will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Agreement.

EXHIBIT I
FORM OF ANNUAL MONITORING REPORT

[To be attached]

EXHIBIT J

OPERATIONAL RULES FOR SAN FRANCISCO HOUSING LOTTERIES AND RENTAL LEASE UP ACTIVITIES

In order to implement consistent and transparent marketing practices for all affordable housing under the purview of the Mayor's Office of Housing and Community Development (MOHCD), the following policies and procedures have been adopted. The Borrower hereby acknowledges and agrees to follow these procedures as outlined below.

If ever there is a conflict between a recorded development agreement and this document, the executed development agreement will prevail. Likewise, when state and federal funding sources conflict with anything outlined in this document, they too shall prevail.

HOUSING PREFERENCE PROGRAMS

The Borrower hereby agrees that first preference in occupying units designated for Very Low Income Households (Low Income Units) will be given to persons who have been issued a Residential Certificate of Preference (COP) and who meet all qualifications for the unit.

The Borrower further agrees that second preference in occupying units designated for Low Income Households will be given to persons who have been issued an Ellis Act Housing Preference Program (EAHP) Certificate and who meet all qualifications for the unit; provided, however, if the Project will include funds from the California Department of Housing and Community Development, this EAHP priority (and the corresponding requirements set forth below) will not apply for so long as the Project is subject to the requirements associated with such financing.

For new residential developments going through the initial lease-up process, the EAHP priority shall apply to twenty percent (20%) of the Low Income Units. Thus, if the number of units available exceeds the number of qualified applicants who hold a COP or other preference as dictated by specific loan documents or marketing plan, the next priority will go to EAHP certificate holders for up to twenty percent (20%) of the total Low Income Units. The EAHP priority does not apply at initial lease-up or sale to buildings having four (4) or fewer Low Income Units. However, the EAHP priority does apply to these same units upon re-rental.

Low Income Units with other occupancy priorities required by law, contract, or program rules may apply the COP and EAHP after other preferences, with COP holders being granted priority above EAHP certificate holders. Preferences required by a former Redevelopment Project Area Plan are not pre-empted by the COP Program or the Ellis Act Housing Preference Program. Preferences required by the LOSP, Direct Access to Housing Program, Housing First Program, or other government programs are not pre-empted by the Ellis Act Housing Preference Program.

Marketing and Tenant Selection Plan

The Borrower agrees to supply Mayor's Office of Housing and Community Development (MOHCD or the City) with a complete and updated marketing and tenant selection plan in form and substance acceptable to the City ("Marketing and Tenant Selection Plan"), including resident selection criteria, at least six months prior to construction completion. The Marketing and Tenant Selection Plan shall be submitted on a template form as provided by MOHCD, substantially in the form attached as Exhibit K. This Marketing and Tenant Selection Plan shall not be changed without providing the City with at least fourteen (14) calendar days' written notice.

New rental units shall be marketed for at least a twenty-eight (28) -day period, including a listing on the MOHCD website and on MOHCD's email housing alert system. Applicants shall submit

an abridged lottery application form only and supply full income and other documentation if selected in the lottery process to proceed with a rental.

Outreach to Certificate Holders

The City shall furnish the following:

- Written and/or printed notices to EAHP certificate holders advising them that units will soon be available.
- Names and addresses of COP certificate holders. MOHCD shall address printed notices created by Borrower using an MOHCD provided template. Borrower is responsible for the full cost of the mailing to COP certificate holders.
- Assistance to qualified tenants in filing COP and EAHP applications or referral to an appropriate housing counseling organization.

The Borrower agrees to:

- Written and mailed notices to COP certificate holders advising them that units are available using a template provided by MOHCD. COP mailings are at the cost of the Borrower.
- During the application period, conduct at least one general informational meeting for all persons interested in applying for occupancy in the development, at which the Borrower shall review application procedures.
- Specifically for COP and EAHP certificate holders, make support services staff available to provide assistance throughout the application process, as it may be needed, with the goal of maximizing COP/EAHP participation to the extent possible. The Borrower shall ensure that COP/EAHP certificate holders are aware that such assistance is available.

Application

The Borrower agrees to use a pre-lottery application template provided by MOHCD. After the lottery, the Borrower may require applicants to complete an additional application provided such additional application is included in the Marketing and Tenant Selection Plan and pre-approved by MOHCD.

Pre-Lottery Application Status Reports

The Borrower agrees to supply the City with the names, addresses, and housing preference certificate numbers (when available) of all applicants, including whether or not they indicate they are eligible for COP or EAHP priority status. The City will provide a template to be used to provide this status report, at a minimum, every seven (7) calendar days from the initial date applications are accepted. The City will, in turn, verify within seven (7) calendar days which such applicants are qualified as COP or EAHP certificate holders.

After the application period has closed, and at least five (5) business days prior to lottery proceedings, a non-prioritized list of all interested applicants will be provided to MOHCD on the template provided. The list shall include applicant names, addresses, and whether the applicant holds a COP or an EAHP certificate. If MOHCD does not receive this final applicant list within five (5) business days prior to the lottery, it will be cause to postpone the lottery proceedings until the complete list is received.

Lottery

The Borrower shall ensure that all COP certificate holders receive first priority for occupancy and EAHP certificate holders receive second priority for occupancy in twenty percent (20%) of units, except in cases where approved and documented occupancy priorities preempt the COP and EAHP preferences. EAHP certificate holders who are not offered a unit in the twenty percent (20%) set aside shall have equal chance at any remaining units as other qualified applicants.

The Borrower shall hold a public lottery to select renters. Applicants who submit a complete application by the application deadline receive a numbered lottery ticket whose twin ticket is entered into the lottery. Upon pre-approval from the City, lotteries may also be conducted using names of applicants.

When a Borrower chooses to receive applications by mail, applicants must be notified that applications must be post marked prior to the application deadline. Borrowers receiving applications via mail must allow five (5) business days from the application deadline before scheduling the lottery to allow for mail delivery. As stated above, the final application list is due to MOHCD at least five (5) business days prior to the lottery, therefore Borrowers who elect to receive applications via mail must allow ten (10) business days from the application deadline to the lottery date.

Lotteries are held in a public, accessible location. Applicants are invited to attend lotteries, but attendance is not mandatory.

To conduct the lottery, the City and/or the Borrower shall pull application tickets from a vessel and order and record the lottery results in rank order by application ticket number. When using names, Borrower shall pre-enter all applicant names onto individual name cards. All EAHP certificate holders should have two name cards. Names shall be pulled from a vessel in rank order. There should be separate lotteries held for each preference. First, COP certificate holders will be drawn and ranked, followed by EAHP certificate holders, followed by applicants from the general population. The EAHP certificate holder's second card will be included in the general lottery. Electronic lotteries are not allowed.

The Borrower should use a large computer or projector screen or hand printed flip chart sheets to display all numbers/names drawn and the sequenced lottery number assigned for each preference lottery and the general lottery. This can be done by listing all applicants in separate columns under each preference category.

The Borrower should record each name card/number ticket assigned a lottery number onto the applicant list template provided by MOHCD. A computer master list as well as a hand printed paper list for double checking. Results will remain projected on a screen or posted flip chart paper throughout the lottery drawing process for the public to view and record results.

The Borrower shall record the order of lottery numbers/names drawn and produce a final ranked lottery list for each preference and for the general lottery. Once the lottery preferences have been confirmed and applied, the Borrower must notify applicants of their position in the lottery by posting the results on Borrower's website or another public site and/or by mail.

Post-Lottery Lease up Instructions

The Borrower agrees to contact each applicant in lottery rank order to set up an interview where the Borrower will receive supporting documents from the applicant (i.e., income documentation, tax returns, and bank statements).

The Borrower agrees to income qualify each household member based on the supporting documents submitted by the applicant. Income qualification cannot be based solely on what's reported by the applicant on the application.

In accordance with San Francisco Administrative Code Section 12H and applicable laws of the State of California, Borrower shall not use citizen status as a qualification for selection. Borrower shall not ask for social security information prior determining the household's income eligibility.

The Borrower shall comply with San Francisco Police Code Article 49, Sections 4901-4920 (the "Fair Chance Ordinance") and the specific screening requirements set forth in Exhibit I (Tenant Screening Criteria Policy).

The Borrower agrees to offer units in ranked order to applicants who meet all qualifications. If an applicant is still in the review process and the applicant behind them in lottery rank order has been approved, the first applicant must be offered a specific unit that is reserved for that applicant until all qualifications have been reviewed and approved.

In the case where an applicant is denied for housing and appeals the denial, the Borrower agrees to hold a comparable unit until the final decision has been made regarding the appeal. Should Borrower determine that an applicant's denial appeal will be denied, Borrower will inform MOHCD of this decision with documentation used to sustain the denial. MOHCD will confirm the denial is in accordance with Borrower's eligibility requirements. Borrower agrees to be in compliance with all Fair Chance Ordinance appeals process requirements.

If ineligibility is determined, the applicant will be notified in writing within one week after such determination is made, with a copy to the City. These applicants will also appear on the status report.

Post-Lottery Status Report

Every seven (7) business days following any lottery the Borrower shall supply the City with a lease-up status report on a MOHCD-provided template. MOHCD has the right to audit the Borrower's lease up procedure and applicant files within 24 hour notice during the lease up period.

Response Deadline

Applicants who have been accepted and notified in writing by the Borrower shall have at least ten (10) calendar days thereafter to enter into a lease agreement. If the applicant fails to affirmatively respond, the application may be closed, making that unit available to the next eligible tenant. Written notice shall be provided to applicants whose applications are closed after 10 days due to a lack of response. Rejection of the unit by a COP or EAHP certificate holder and closed applications must be shown on the status report to the City.

Final Documentation

Within fourteen (14) calendar days after execution of a lease, the Borrower shall supply the City with a copy of the following for all COP and EAHP tenants:

- signed copy of lease

- copy of complete application
- a demographic report on all COP and EAHP applicants

Retention Policy

For MOHCD auditing purposes, Borrowers are required to keep all supporting documents for each applicant that has been interviewed for at least one year after the interview.

Re-rental of Low Income Units

Upon re-rental of any Low Income Unit or when re-opening the project waitlist to new applicants, the Borrower shall notify the City in advance of any vacancy or waitlist opportunity. In no event shall the City be notified fewer than thirty (30) days before the date of re-occupancy for a vacant unit. In no event shall the City be notified fewer than thirty (30) days before a closed waitlist is re-opened for new applications. Violation of the thirty (30) day notification requirement may delay re-occupancy.

Waitlist applications shall be entered into a lottery as described above. All lottery procedures listed in this document apply to wait list openings. Appeals, response deadline, application forms, and final documentation requirements listed above shall apply to all re-rentals.

Borrowers filling unit vacancies off a waitlist must accept applications from approved COP and EAHP certificate holders at any time, regardless of whether the waitlist is closed to other applicants. If a COP or EAHP certificate holder is found eligible for a Low Income Unit in the building, they shall be placed at the top of the waitlist.

No more than seven (7) calendar days following the date that any new applications are accepted for a waitlist, the Borrower shall supply the City with a status report listing names, addresses and certificate numbers (when available) of COP and EAHP certificate holders indicating the status of each application as of that date and the reason for any rejections.

The City will, in turn, verify within seven (7) calendar days which such applicants are qualified as COP or EAHP certificate holders.

On an annual basis and each time a new waitlist lottery is conducted, the City shall be provided with a complete list of all applicant names, lottery rank on the waitlist, and whether they hold a COP or EAHP certificate upon finalization of the waitlist.

EXHIBIT K

[TO BE UPDATED]

<p>How are utilities paid by the renter?</p>	<p>Renter pays own utility bills directly.</p> <p align="center">-OR-</p> <p>Renter is charged a flat rate of \$____ by a third party vendor for the following utilities: _____ on a monthly basis.</p> <p align="center">-OR-</p> <p>All utilities are paid by the building.</p>
<p>Other fees and/or building rules</p>	<p>Please list any fees for pets, mandatory insurance, bounced check, etc. here.</p>
<p>Contact Person</p>	
<p>Phone</p>	
<p>Email</p>	
<p>Website</p>	
<p>How to obtain an application</p>	
<p>Application deadline</p>	<p>_____, 5pm</p> <p>Applications must be <u>received</u> in paper form (no faxes or emails) by 5pm on the date of the deadline.</p>
<p>Address to which application should be delivered</p>	<p>Office: Rental Manager Name: Address: City/State/Zip Code: Attn:</p>
<p>Open House Dates (if applicable)</p>	<p>Date: Time:</p> <p>Date: Time:</p> <p>Date: Time:</p>
<p>Information Session</p>	<p>Enter date, time and location</p>
<p>Lottery</p>	<p>Enter date, time and location</p> <p>(Consider working with City to rent Main Library Koret Auditorium if a larger lottery is anticipated.)</p> <p>Applicants do not need to be present at the lottery. Results will be posted to (place your web URL here) within two weeks of the lottery.</p>

Special Note(s)	
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VII. Application/Selection Process and Timeline

The City and County of San Francisco’s requirements for the marketing, application process, lottery process, tenant selection process and tenant screening criteria are defined by Exhibits H, I, J, & K.

[Please complete the following timeline as part of your Marketing Plan]

Timeline of Entire Process (add info as needed)

Task Name	Date
Submittal of Marketing Plan to MOHCD	
Marketing period (3 months)	
Copy of Advertisements to required newspapers	
Applications Available to public	
Informational Workshop #1	
Informational Workshop #2	
Additional Community Outreach (if applicable)	
Application Deadline	
Lottery	
Demographic Summary of all Applicants to MOHCD	
Certificate of Preference count to MOHCD	
Application Review / Approval Process- start date	
Lease-up process / timeline	
Initial MOHCD approvals returned	
First Occupancy	
Construction start date- projected	
Project Closing- projected date	

VIII. Document Review

I/We certify that I/we and all agents involved in the process of renting affordable units have read Exhibits, H, I, J & K.

Representative (sign) _____

Representative (print) _____

Title (print) _____

Company (print) _____

Date (print) _____

Flyer Template

Affordable Homes for Rent in San Francisco

Exterior Photo	Interior Photo
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**3 two-bedroom + 3 three-bedroom “Below Market Rate” rental units available
Bayside Village, 1125 Laurel Court, San Francisco**

- New Units with Modern Design + Amenities
- (2) Two-bedroom units for ____ available to households at or under 55% of median income
- Renter households must earn no more than the income levels listed below:

Household Size	One Person	Two Person	Three Person	Four Person	Five Person
55% of Median Income 2014	\$37,350	\$42,750	\$48,050	\$53,400	\$57,650

Applications must be received by 5pm on [Date] to [Address], San Francisco, CA 94114.

Contact Smith Rentals at [(415) 282-1000] or [john@smithrentals.com] for application and information on the units and view the full unit posting at www.sfmohcd.org.

Units are monitored through the San Francisco Mayor’s Office of Housing and Community Development and are subject to monitoring and other restrictions. Visit www.sfmohcd.org for program information.

Information session
[Day], [Date], [Time]
[Address]

Open House Dates

June 2, 5-6pm; June 12, 12-1pm; June 25, 5-6pm

All applicants are encouraged to apply. Lottery preference will be given to Certificate of Preference and Ellis Act Housing Preference holders* and households that live or work in San Francisco.

Unit #	Bedroom Count	Bath Count	Square Feet	Floor	Rent	Income Maximum	Minimum Monthly Household Income Required	Deposit Required
E113	Studio	1	448	1	\$939	55% of AMI	\$2347.50	\$939
E114	1	1	605	1	\$1066	55% of AMI	\$2665	\$1066
E105	2	1	846	1	\$1192	55% of AMI	\$2980	\$1192

**Certificate of Preference holders are primarily households displaced in Redevelopment Project Areas during the 1960's and 1970's, but may also include other persons displaced by Agency action. Ellis Act Housing Preference holders are long term San Francisco tenants who were evicted because of the Ellis Act. Contact 415-701-5613 for more information.*



COP Postcard Template

Affordable Homes for Rent in San Francisco

Exterior Photo	Interior Photo
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3 two-bedroom (\$rent amount)+ 3 three-bedroom (\$rent amount) rental units available at Bayside Village, 1125 Laurel Court

- Renter Households must have a minimum monthly income of \$_____
- Renter households must earn no more than the income levels listed below:

Household Size	One Person	Two Person	Three Person	Four Person	Five Person
55% of Median Income 2012	\$39,650	\$45,300	\$51,000	\$56,650	\$61,200

**Certificate of Preference holders are primarily households displaced in Redevelopment Project Areas during the 1960's and 1970's, but may also include other persons displaced by Agency action. Ellis Act Housing Preference holders are long term San Francisco tenants who were evicted because of the Ellis Act. Contact 415-701-5613 for more information.*



Side Two:

**Mayor's Office of Housing & Community Development
1 South Van Ness, 5th Floor
San Francisco, CA 94103**

**Applications must be received by
5pm on Friday, April 13, 2012 to:
Makras Real Estate, 1193 Church St.
San Francisco, CA 94114.**

For more information & to apply Contact JM Rentals
(415) 282-8400 or victor@jmrentals.com or
www.sfmohcd.org

Information session

Monday, June 2, 2012, 6pm

123 Hyde Street

Open House Dates

June 2, 5-6pm; June 12, 12-1pm; June 25, 5-6pm