

LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO HOTEL TAX FUND, RESIDENTIAL
HOTEL REPLACEMENT, AHF INCLUSIONARY)

By and Between

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

and

1064 MISSION, L.P., a California limited partnership

for

1064-1068 Mission Street
\$6,224,561

HOTEL TAX: \$ 256,929
RESIDENTIAL HOTEL REPLACEMENT: \$2,000,000
AHF INCLUSIONARY: \$3,967,632

Dated as of February 7, 2019

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LOAN AGREEMENT
(City and County of San Francisco
HOTEL TAX FUND, RESIDENTIAL HOTEL REPLACEMENT, AHF INCLUSIONARY)
(1064-1068 Mission Street)

THIS LOAN AGREEMENT ("Agreement") is entered into as of February 7, 2019 by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and **1064 MISSION, L.P.**, a California limited partnership ("Borrower").

RECITALS

A. The City is authorized under San Francisco Business and Tax Regulations Code Section 515.01(b)(3)(F) to use a portion of hotel tax funds collected by the City under this Agreement (the "Hotel Tax Funds") to assist in the construction or rehabilitation of low-income rental housing for the elderly or physically handicapped.

B. Under the Inclusionary Affordable Housing Program set forth in Sections 415.1 *et seq.* of the San Francisco Planning Code, the Citywide Affordable Housing Fund receives in-lieu Affordable Housing Fees ("Fees") paid by housing developers to satisfy requirements of the Inclusionary Affordable Housing Program. The City may use the Fees received by the Citywide Affordable Housing Fund (the "AHF Inclusionary Funds") to finance housing affordable to qualifying households. MOHCD administers the Funds pursuant to Section 10.100-49 of the San Francisco Administrative Code and enforces agreements relating to them.

C. Under the Expedited Conversion program set forth in Section 1396.4 of the San Francisco Subdivision Code, the Citywide Affordable Housing Fund receives fees relating to the conversion of dwelling units into condominiums ("Fees"). The City may use the Fees received by the Citywide Affordable Housing Fund (the "Hotel Replacement Funds") to finance housing affordable to qualifying households. MOHCD administers the Funds pursuant to Section 10.100-49 of the San Francisco Administrative Code and enforces agreements relating to them.

D. Borrower intends to acquire a leasehold interest in the real property located at 1064-1068 Mission Street, San Francisco, California (the "Land") under a Ground Lease, by and between Borrower and the City and County of San Francisco ("Ground Lessor"). Borrower desires to use the Funds to develop two new permanent supportive housing developments with 153 units for formerly homeless adults, 103 units for formerly homeless seniors age 55 years and older on the Land, plus two resident staff units, as well as to construct the commercial shell of a culinary job training program (the "Commercial Space") which will be known as the CHEFS Program (the "Project"). If the context requires, the term "Improvements" will include the Commercial Space. A separate parcel will be created for the City to develop and own a Homeless Services Center funded by other City funds.

E. The City has reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, has agreed to make a loan of Funds to Borrower (the "Loan") in the amount of Six Million Two Hundred Twenty Four Thousand Five Hundred

Sixty One and No/100 Dollars (\$6,224,561) (the "Funding Amount") under this Agreement to fund certain costs related to the Project. The Funding Amount is comprised of (i) Hotel Tax Funds in the amount of Two Hundred Fifty Six Thousand Nine Hundred Twenty Nine and No/100 (\$256,929); (ii) Hotel Replacement Funds in the amount of Two Million Dollars (\$2,000,000); and (iii) AHF Inclusionary Funds in the amount of Three Million Nine Hundred Sixty-Seven Thousand Six Hundred Thirty-Two Dollars (\$3,967,632) (collectively, the "Funds").

AGREEMENT

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

ARTICLE 1 DEFINITIONS.

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

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

"Agreement" means this Loan Agreement.

"Agreement Date" means the date first written above.

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

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

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

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

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

"Borrower" means 1064 Mission, L.P., a California limited partnership, and its authorized successors and assigns.

“Certificate of Preference” means the form establishing a priority right for tenant selection, as further described in the Operational Rules.

“Certificate of Preference Holder” means a person or household that has been issued a Certificate of Preference.

"CFR" means the Code of Federal Regulations.

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

“CHEFS Program” means Conquering Homelessness through Employment in Food Services, a culinary job training program of Episcopal Community Services which will occupy the ground floor commercial space on Mission Street.

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

"City Documents" means this Agreement, the Note the Bridge Note and any other documents executed or, delivered in connection with this Agreement.

"CNA" means a 20-year capital needs assessment or analysis of replacement reserve requirements, as further defined by MOHCD’s CNA policy, as it may be amended from time to time.

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

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

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

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

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

“Control of the Site” means Borrower’s acquisition of a leasehold interest in the Site (or a portion thereof).

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

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

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

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

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

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

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

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

“Displaced Tenant Preference Certificate Holder” means a person or household that has been issued a certificate under the Displaced Tenant Preference Program, as further described in the Operational Rules.

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

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

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

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

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

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

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

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

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

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

"General Partner" means Mercy Housing 1064 Mission LLC and 1064 Mission LLC, California limited liability companies that are co-general partners, and respectively affiliates of Mercy Housing California and Episcopal Community Services.

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

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

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

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

"Homeless" means "Homeless" means an individual or a family who lacks a fixed, regular, and adequate nighttime residence and who has a primary nighttime residence in one or more of the following categories: (a) Anyone staying in a mission or homeless or domestic violence shelter, i.e., a supervised public or private facility that provides temporary living accommodations; (b) Anyone displaced from housing due to a disaster situation; (c) Anyone staying outdoors; for example, street, sidewalk, doorway, park, freeway underpass; (d) Anyone staying in a car, van, bus, truck, RV, or similar vehicle; (e) Anyone staying in an enclosure or structure that is not authorized or fit for human habitation by building or housing codes, including abandoned buildings ("squats") or sub-standard apartments and dwellings; (f) Anyone staying with friends and/or extended family members (excluding parents and children) because they are otherwise unable to obtain housing; (g) Any family with children staying in a Single Room Occupancy (SRO) hotel room (whether or not they have tenancy rights); (h) Anyone staying in temporary housing for less than 6 months where the accommodations provided to the person are substandard or inadequate (for example, in a garage a very small room, or an overly crowded space); (i) Anyone staying in a Single Room Occupancy (SRO) hotel room without tenancy rights; (j) Anyone formerly homeless (formerly in one of the above categories (a) through (i)) who is now incarcerated, hospitalized, or living in a treatment program, half-way house, transitional housing; or (k) Anyone formerly homeless (formerly in one of the above categories (a) through (i)) who has obtained and resided in supportive housing or permanent housing for less than 30 days.

"Homeless Household" means a household that meets the referring agency's definition of Homeless Household for initial occupancy and upon available vacancies thereafter, as per the Local Operating Subsidy contract.

"Homeless Services Center" means a separate parcel on Stevenson Street co-owned and operated by the Department of Homelessness and Supportive Housing and the Department of Public Health to serve the needs of people experiencing homelessness, including the relocated Tom Waddell Urgent Care Clinic, the Street Medicine program, dental services, and the SF Homeless Outreach Team (SF HOT).

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

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

"Indemnify" means, whenever any provision of this Agreement requires a person or entity (the "Indemnitor") to Indemnify any other entity or person (the "Indemnitee"), that the Indemnitor will be obligated to defend, indemnify and protect and hold harmless the Indemnitee, its officers, employees, agent, constituent partners, and members of its boards and commissions harmless from and against any and all Losses arising directly or indirectly, in whole or in part, out of the act, omission, event, occurrence or condition with respect to which the Indemnitor is required to indemnify an Indemnitee, whether the act, omission, event, occurrence or condition is caused by the Indemnitor or its agents, employees or contractors, or by any third party or any natural cause, foreseen or unforeseen; *provided that* no Indemnitor will be obligated to indemnify any Indemnitee against any Loss arising or resulting from the gross negligence or intentional wrongful acts or omissions of the Indemnitee or its agents, employees or contractors. If a Loss is attributable partially to the grossly negligent or intentionally wrongful acts or omissions of the Indemnitee (or its agents, employees or contractors), the Indemnitor must Indemnify the Indemnitee for that part of the Loss not attributable to its own grossly negligent or intentionally wrongful acts or omissions or those of its agents, employees or contractors.

"Indemnitee" has the specific meaning set forth in **Section 23.1** and the general meaning set forth in the definition of "Indemnify."

"Indemnitor" has the meaning set forth in the definition of "Indemnify."

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

"License Agreement" means the revocable license agreement between Borrower and the City permitting Borrower to access the Property prior to the date on which Borrower obtains Control of the Site on the terms and conditions to be more particularly set forth therein.

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

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

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

"Median Income" means median income as published annually by MOHCD, derived from the Income Limits determined by HUD for the for the San Francisco area, adjusted solely

for household size, but not high housing cost area, also referred to as “Unadjusted Median Income.”

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

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

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

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

“Operational Rules” means MOHCD’s Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities dated August 1, 2015, as amended from time to time.

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

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

“Outside Acquisition Date” has the meaning set forth in **Section 3.1**

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

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

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

"Project Expenses" means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments;

(c) required payments of interest and principal, if any, on any junior or senior financing secured by the Site and used to finance the Project that has been approved by the City; (d) all other expenses actually incurred to cover operating costs of the Project, including maintenance and repairs and the fee of any managing agent as indicated in the Annual Operating Budget; (e) required deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement; (f) the approved annual asset management fees indicated in the Annual Operating Budget and approved by the City; and (g) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account); Project Fees are not Project Expenses.

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

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

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

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

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

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

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

"Senior Lien" has the meaning set forth in **Section 24.1**.

"SFHA" means the San Francisco Housing Authority.

"Site" means the real property described in **Recital B** of this Agreement.

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

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

"TCAC" means the California Tax Credit Allocation Committee.

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

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

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

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

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

"Work Product" has the meaning set forth in **Section 24.21**.

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

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

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

(c) Accounting terms and financial covenants will be determined, and financial information must be prepared, in compliance with GAAP as in effect on the date of

performance. References to any Law, specifically or generally, will mean the Law as amended, supplemented or superseded from time to time.

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

1.3 Websites for Statutory References. The statutory and regulatory materials listed below may be accessed through the following identified websites.

(a) CFR provisions: www.access.gpo/nara/cfr

(b) OMB circulars: www.whitehouse.gov/OMB/circulars

(c) S.F. Administrative Code:
www.sfgov.org/site/government_index.asp#codes

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

ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to finance predevelopment costs for two new permanent supportive housing developments for formerly homeless adults (153 units) and seniors for age 55 years plus (103 units) plus two resident staff units as well as predevelopment costs related to the Commercial Space. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Notwithstanding anything to the contrary contained herein, City shall not approve expenditure of Funds for expenses incurred by Borrower prior to February 9, 2018.

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

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

2.5 Conditions to Additional Financing. The City may grant or deny any application by Borrower for additional financing for the Project in its sole discretion. Borrower must satisfy the following conditions before applying to the City for additional financing: 1. Full services plan and budget to be submitted to HSH for review and approval prior to the gap request.

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

3.1 Maturity Date. Borrower must repay all amounts owing under the City Documents on the date that is the later of (a) the fifty-seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the fifty-fifth (55th) anniversary of the Conversion Date (the "Maturity Date"), provided however that if Borrower fails to acquire Control of the Site on or before February 1, 2021 (the "Outside Acquisition Date"), the Maturity Date shall be the Outside Acquisition Date. The City may agree to extend the Outside Acquisition Date in its sole and absolute discretion. Notwithstanding the foregoing, if Borrower fails to acquire Control of the Site on or before the Outside Acquisition Date and such failure is not caused by Borrower's negligence or willful misconduct, then if Borrower delivers to the City all of the Work Product, the Predevelopment Funding Amount shall be deemed paid in full and this Agreement and the Note shall be terminated.

3.2 Compliance Term; Declaration of Restrictions. If Borrower acquires Control of the Site, Borrower must comply with all provisions of the City Documents relating to the use of the Site and the Project as set forth in the Declaration of Restrictions to be recorded in the official records of San Francisco County, for the period commencing on the date a certificate of occupancy for the Project is issued and ending on the Maturity Date (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed before that date.

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

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

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

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

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

3.7 Notification and Repayment of Excess Proceeds. Borrower must notify the City in writing within thirty (30) days after the later of the date on which Borrower receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Borrower receives Excess Proceeds from its limited partner or other financing sources. City shall have sixty (60) days after receipt of such notification to provide Borrower with a demand for payment, and upon receipt of the City's demand, Borrower shall repay all Excess Proceeds to the City. The City shall use such Excess Proceeds to reduce the balance of the Loan.

3.8 Failure to Provide Budgeted Supportive Services.

If Borrower fails to provide Supportive Services in the amount shown in the approved 20-Year Cash Flow Proforma, Borrower shall provide notice to the City within 10 business days of the date the Supportive Services were terminated, which notice shall include, at a minimum, a proposed plan to restore the Supportive Services within a reasonable period of time. If at the time such notice is provided, Borrower is unable to propose a financially feasible plan for restoring the Supportive Service, Borrower shall include in the notice a detailed explanation as to the cause of the termination of Supportive Services and the reasons why it would not be financially feasible to restore the Supportive Services within a reasonable period of time.

3.9 Recordation of the Deed of Trust and Declaration of Restrictions. Borrower shall cause each of the following requirements to be fully satisfied on or before the date it acquires Control of the Site:

- (a) Borrower shall have delivered the Deed of Trust and the Declaration of Restrictions to City, duly executed and acknowledged by Borrower;
- (b) Borrower shall have recorded the Deed of Trust and the Declaration of Restrictions in the Official Records, subject only to the Permitted Exceptions; and
- (c) A title company shall have committed to issue the Title Policy to City, and Borrower shall have delivered all documents reasonably required by such title company to issue

the Title Policy. Borrower shall pay all amounts charged by the title company for the issuance of the Title Policy; provided that such amounts may be included in a subsequent Expenditure Request.

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

ARTICLE 4 CLOSING; DISBURSEMENTS.

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

4.2 Closing. In the event Borrower does not satisfy all of the conditions to closing within a reasonable time, as determined by the City in its sole discretion, the City may declare this Agreement to be null and void.

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

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

(b) Borrower must have delivered to the City, Borrower's Charter Documents;

4.4 Disbursement of Funds. In addition to the satisfaction of the conditions in **Section 4.3**, City's obligation to approve any expenditure of Funds is subject to Borrower's satisfaction of the following conditions precedent.

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

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

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

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

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

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

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

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

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

ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION.

This Article will apply only if the Borrower or its affiliate acquires Control of the Site.

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

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

5.3 Change Orders. Borrower may not approve or permit any change orders to the plans and specifications approved by the City without the City's prior written consent. Borrower acknowledges that the City's approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional Funds for the Project, unless the City agrees in its sole discretion to amend the Table of Sources and Uses or provide additional Funds for that purpose.

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

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

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower must: (a) commence demolition, rehabilitation or construction by a date no later than December 31, 2020; (b) complete demolition, rehabilitation or construction by a date no later than June 1, 2022, in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion (the "Completion Date"); and (c) achieve occupancy of ninety five percent (95%) of the Units by a date no later than November 2022.

5.7 Rehabilitation/Construction Standards. All rehabilitation or construction must be performed in a first class manner, substantially in accordance with final plans and specifications approved by the City and in accordance with all applicable codes.

ARTICLE 6 INTENTIONALLY OMITTED.

ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

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

7.2 Borrower's Covenant.

(a) Borrower covenants to rent all Units (except two Units reserved for the resident staff managers of the Project) at all times to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**. 100% of the Units (except two Units reserved for staff of the Project) must be rented to Homeless Households during the period in which the City's Local Operating Subsidy Program is in operation and the City provides the Local Operating Subsidy to the Project.

(b) A Tenant who is a Qualified Tenant at initial occupancy may not be required to vacate the Unit due to subsequent rises in household income, except as provided in **Section 7.3**. After the over-income Tenant vacates the Unit, the vacant Unit must be rented only to Qualified Tenants as provided in **Section 7.1**.

7.3 Rent Restrictions.

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

(b) Rents for all Units may be increased once annually by the amount which corresponds to the percentage increase of the annual change in Median Income.

(c) With the City's prior written approval, Rent increases for Units exceeding the amounts permitted under **Section 7.3(b)** may be permitted once annually in order to recover increases in approved Project Expenses, provided that: (i) in no event may single or aggregate increases exceed ten percent (10%) per year unless such an increase is contemplated in a City-approved temporary relocation plan or is necessary due to the expiration of Section 8 or other rental subsidies; and (ii) Rents for each Unit may in no event exceed the maximum Rent permitted under **Section 7.3(a)**. City approval for such Rent increases that are necessary to meet all approved Project Expenses shall not be unreasonably withheld.

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

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

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

7.4 Certification.

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

(b) Each Qualified Tenant in the Project must recertify to Borrower on an annual basis his/her household income.

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

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

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

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

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.
If Borrower or its Affilite acquires Control of the Site, this Article will apply.

8.1 Borrower's Responsibilities.

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

(b) Borrower must take prudent measures to ensure the security of the Site. Measures may include erecting a fence; covering and securing all openings in any vacant building and hiring security guards, as appropriate for the circumstances.

8.2 Contracting With Management Agent.

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

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

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

ARTICLE 9 GOVERNMENTAL REQUIREMENTS.

9.1 Borrower Compliance. If Borrower acquires Control of the Site, Borrower must comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of Funds for the construction, rehabilitation and/or operation of the Project, including those set forth in **Exhibit E** and **Exhibit L**. Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement. Subject to **Section 23.1**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings. Construction-related requirements will not apply until Borrower acquires Control of the Site; *provided that*, construction-related requirements will apply to the Project whether or not the City approves and provides additional financing for the Project.

9.2 Additional Federal Requirements. If Borrower obtains any federal funds with respect to its acquisition of Control of the Site or the construction of the Project or any other project thereon, Borrower shall comply with the requirements specified in this Section.

(a) Compliance With Laws Borrower agrees to abide by all applicable Laws, including HUD regulations, pertaining to this Agreement and to any contracts pertaining to the Project. Borrower further acknowledges that the City may impose more stringent requirements with regard to affordability restrictions than those required by HUD and agrees to comply with the City's requirements as set forth in this Agreement.

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

(c) Restrictions on Lobbying Activities

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

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

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

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

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

(e) Other HUD Requirements The following federal requirements are applicable to all activities funded under this Agreement:

(i) the requirements of OMB Circular A-122, relating to allowable costs chargeable to the Funds, and OMB Circular A-110, relating to contractual requirements for nonprofit organizations, as applicable.

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

(a) Borrower understands and agrees that it will be monitored by the City from time to time to assure compliance with all terms and conditions in this Agreement and all Laws. Borrower acknowledges that, if and after Borrower acquires Control of the Site, the City may also conduct periodic on-site inspections of the Project. Borrower must cooperate with the monitoring by the City and ensure full access to the Project and all information related to the Project as reasonably required by the City.

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

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

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

10.3 Annual Reporting.

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

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

10.4 Intentionally Omitted.

10.5 Intentionally Omitted.

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

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

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

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

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

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

10.9 Records Retention. Borrower must retain all records required for the periods required under applicable Laws.

ARTICLE 11 INTENTIONALLY OMITTED.

ARTICLE 12 INTENTIONALLY OMITTED.

ARTICLE 13 DISTRIBUTIONS.

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

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

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

- (a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or
- (b) when the City determines that Borrower or Borrower's management agent has failed to comply with this Agreement; or
- (c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or
- (d) if the Replacement Reserve Account, Operating Reserve Account or any other reserve account required for the Project is not fully funded under this Agreement; or
- (e) if the Loan is to be repaid from Residual Receipts, Borrower failed to make a payment when due on a Payment Date and the sum remains unpaid; or
- (f) during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any time from and after the closing date of Borrower's financing for construction or rehabilitation of the Project that the City determines the Loan is out of balance) under any City Document.

13.4 Borrower's Use of Residual Receipts for Development. To the extent that making a Distribution is not inconsistent with any other financing agreement for the Project, and subject to the limitations in this Article, with the City's prior written approval Borrower may retain a portion of Residual Receipts in lieu of using them to repay the Loan in an amount consistent with the Residual Receipts Policy attached hereto as **Exhibit P**. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note.

ARTICLE 14 INTENTIONALLY OMITTED.

ARTICLE 15 DEVELOPER FEES.

15.1 Amount. Borrower is entitled to receive fees from the Loan in an amount not to exceed Five Hundred Fifty Thousand and No/100 Dollars (\$550,000.00) for predevelopment of the Project prior to the closing date of Borrower's financing for construction or rehabilitation of the Project and may be entitled to receive additional fees for developing the Project (collectively, "Developer Fees"), subject to the terms and conditions set forth in full in the Developer Fee Agreement between the City and Borrower and in an amount consistent with MOHCD policy in effect on the closing date of Borrower's financing for construction or rehabilitation of the Project.").

15.2 Payment Schedule. Developer Fees during the predevelopment phase shall be deemed earned and disbursed according to the following schedule:

| Developer Fee Disbursement Schedule - Residential | | |
|--|------------------------------|---------------|
| Payment Milestone | % of Project Mgmt Fee | Amount |
| At Acquisition or closing of preconstruction financing | 15% | \$165,000 |
| During Predevelopment | 35% | \$385,000 |

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower may not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units and/or Commercial Space in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion (c) transfers from Borrower to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Borrower or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity or is the manager of a limited liability company that is the sole general partner or manager of that entity; (d) transfers of the general partnership or manager's interest in Borrower to a nonprofit public benefit corporation approved in advance by the City; (e) transfers of any limited partnership or membership interest in Borrower to an investor pursuant to the tax credit syndication of the Project; or (f) the grant or exercise of an option agreement between Borrower and Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by the City. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

ARTICLE 17 INSURANCE AND BONDS.

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

ARTICLE 18 GOVERNMENTAL APPROVALS.

18.1 Compliance. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to be obtained for the Project. Subject to **Section 23.1**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 19 DEFAULT.

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

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

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

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

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

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

Governmental Agency for any purpose with the result that the improvements cannot be operated for their intended purpose; or

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

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

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

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

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

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

(m) Any material adverse change occurs in the financial condition or operations of Borrower, such as a loss of services funding or rental subsidies, that has a material adverse impact on the Project; or

(n) From and after the closing date of Borrower's financing for construction or rehabilitation of the Project, Borrower fails to make any payments or disbursements required to bring the Loan in balance after the City determines that the Loan is out of balance; or

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

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

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

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

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

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

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

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

(f) Upon the occurrence of an Event of Default described in **Section 19.1(k)**, the unpaid principal balance of the Note, together with default interest as provided in the Note

and any other charges due under the Note and the other City Documents, will become due and payable automatically.

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

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

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

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

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

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

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

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

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its general contractor been suspended, disciplined or prohibited from contracting with any Governmental Agency. Further, Borrower certifies that neither it nor any of its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the

Agreement Date. In addition, Borrower will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities in addition to obtaining the certification of each contractor or subcontractor whose bid is accepted.

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

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

ARTICLE 21 NOTICES.

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

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

To Borrower: 1064 Mission, L.P., a California limited partnership
Care of: Mercy Housing California
1256 Market Street
San Francisco, CA 94102
Attn: Director

With a copy to: Episcopal Community Services
165 Eighth Street, 3rd Floor
San Francisco, CA 94103
Attn: Director

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

21.2 Required Notices. Borrower agrees to provide notice to the City in accordance with **Section 21.1** of the occurrence of any change or circumstance that: (a) will have an adverse effect on the physical condition or intended use of the Project; (b) from and after the closing

date of Borrower's financing for construction or rehabilitation of the Project, causes the Loan to be out of balance; or (c) will have a material adverse effect on Borrower's operation of the Property or ability to repay the Loan.

ARTICLE 22 HAZARDOUS SUBSTANCES.

22.1 Intentionally Omitted.

22.2 Covenant. Unless the City otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, Borrower must: (a) comply with all applicable Environmental Laws relating to the Site, and not engage in or otherwise permit the occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Section will prevent Borrower from contesting, in good faith and by appropriate proceedings, any interpretation or application of Environmental Laws; *provided further that* prior to the date Borrower acquires Control of the Site, compliance under 22.2(a) shall only apply to activities of Borrower or Borrower's agents, employees, contractors and invitees in connection with the Site and the Project, including any activities conducted under any license agreement; and (b) deliver to the City notice of the discovery by Borrower of any event rendering any representation contained in this Section incorrect in any respect promptly following Borrower's discovery.

ARTICLE 23 INDEMNITY.

23.1 Borrower's Obligations. Borrower must Indemnify the City and its respective officers, agents and employees (individually or collectively, an "Indemnitee") against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the City Documents (including those covenants set forth in **Article 22** above); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) from and after the date Borrower acquires Control of the Site, injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) from and after the date Borrower acquires Control of the Site, any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents, the Loan, the Site (from and after the date Borrower acquires Control of the Site), or the Project or any transaction contemplated by, or the relationship between Borrower and the City or any action or inaction by the City under, the City Documents; (f) the occurrence, from and after the date Borrower acquires Control of the Site until the expiration of the Compliance Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring from and after the date Borrower acquires Control of the

Site and before the expiration of the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 18.1 and 22.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower must answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement.

23.2 No Limitation. Borrower's obligations under **Section 23.1** are not limited by the insurance requirements under this Agreement.

ARTICLE 24 GENERAL PROVISIONS.

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

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

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

24.4 Entire Agreement. This Agreement and its Exhibits incorporate the terms of all agreements made by the City and Borrower with regard to the subject matter of this Agreement. No alteration or variation of the terms of this Agreement will be valid unless made in writing and

signed by the parties hereto. No oral understandings or agreements not incorporated herein will be binding on the City or Borrower.

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

24.6 Borrower Solely Responsible. Borrower is an independent contractor with the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance contemplated under this Agreement. Borrower is solely responsible for: (a) its own acts and those of its agents, employees and contractors and all matters relating to their performance, including compliance with Social Security, withholding and all other Laws governing these matters and requiring that contractors include in each contract that they will be solely responsible for similar matters relating to their employees; (b) any losses or damages incurred by Borrower, any of its contractors or subcontractors and the City and its officers, representatives, agents and employees on account of any act, error or omission of Borrower in the performance of this Agreement or any other City Document and the development and operation of the Project; and (c) all costs and expenses relating to Borrower's performance of obligations under the City Documents, the delivery to the City of documents, information or items under or in connection with any of the City Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any City Document or document required under any City Document.

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

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

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

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

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

or other transfer of Borrower's interests in the Loan, the Site or the ownership interests in Borrower.

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

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

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

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

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

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

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

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

24.20 Borrower's Governance. Borrower shall at all times be governed by legally constituted and fiscally responsible general partners. Such general partners shall meet regularly

and maintain appropriate membership in Borrower, as established in Borrower's partnership agreement and other governing documents, and shall adhere to applicable provisions of federal, state and local laws governing such general partners. If Borrower has multiple general partners, Borrower shall have one managing general partner, and such managing general partner shall be a nonprofit corporation governed by a legally constituted and fiscally responsible board of directors. Borrower's general partners shall exercise such oversight responsibility with regard to this Agreement as is necessary to ensure full and prompt performance by Borrower of its obligations under this Agreement.

24.21 Ownership of Results. Any interest of Borrower or any sub-borrower, in drawings, plans, specifications, studies, reports, memoranda, computation sheets, the contents of computer diskettes, or other documents or Publications prepared by or on behalf of Borrower or any sub-borrower in connection with this Agreement, the implementation of the Project, the services to be performed under this Agreement, or acquired through the use of any Loan proceeds ("Work Product"), is hereby pledged to City as security for Borrower's obligations under this Agreement and the Note, and upon an Event of Default, shall become the property of and be promptly transmitted by Borrower to the City. Notwithstanding the foregoing, Borrower may retain and use copies for reference and as documentation of its experience and capabilities.

This Agreement constitutes a security agreement under the California Uniform Commercial Code, as it may be amended from time to time, and Borrower authorizes City to file any financing statements City elects and deems necessary to perfect its security interest in the Work Product.

24.22 Works for Hire. If, in connection with this Agreement or the implementation of the Project, Borrower or any sub-borrower creates artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, source codes or any other original works of authorship or Publications, such creations shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such creations shall be the property of the City. If it is ever determined that any such creations are not works for hire under applicable law, Borrower hereby assigns all copyrights thereto to the City, and agrees to provide any material, execute such documents and take such other actions as may be necessary or desirable to effect such assignment. With the prior written approval of the City, Borrower may retain and use copies of such creations for reference and as documentation of its experience and capabilities. Borrower shall obtain all releases, assignments or other agreements from sub-borrowers or other persons or entities implementing the Project to ensure that the City obtains the rights set forth in this Section.

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

EXHIBITS

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

- C Form of Tenant Income Certification
- D First Source Hiring Requirements and Numerical Goals
- E Governmental Requirements
- F Lobbying/Debarment Certification Form
- G Form of Annual Monitoring Report
- H Tenant Selection Plan Policy
- I MOHCD Tenant Screening Criteria Policy
- J Reserved
- K Reserved
- L Insurance Requirements
- M Form of Deed of Trust
- N Form of Declaration of Restrictions
- O INTENTIONALLY OMITTED
- P MOHCD Residual Receipts Policy

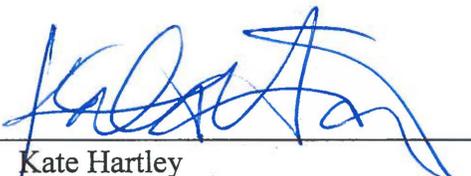
24.23 City's Recourse. The City's recourse against Borrower following an Event of Default is limited as set forth more specifically in the Note.

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

THE CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: 
London N. Breed
Mayor

By: 
Kate Hartley
Director, Mayor's Office of Housing and Community Development

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: 
Deputy City Attorney

1064 Mission, L.P.,
a California limited partnership

By: Mercy Housing 1064 Mission LLC,
a California limited liability company,
its co-general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit
corporation,
its sole member/manager .

By: 
Name: Jennifer Dolin
Title: Vice President

By: 1064 Mission LLC,
a California limited liability company,
its co-general partner

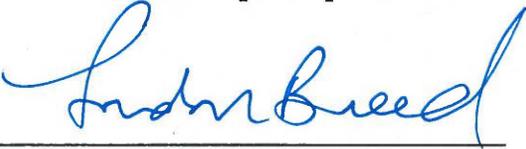
By: ECS Housing Corporation
a California nonprofit public benefit
corporation, its sole member/manager

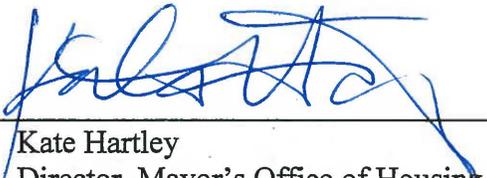
By: 
Name: MARY E. STOKES
Title: EXECUTIVE DIRECTOR

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

THE CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: 
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By: Mercy Housing 1064 Mission LLC,
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a California nonprofit public benefit
corporation,
its sole member/manager

By: 
Name: Jennifer Dolin
Title: Vice President

By: 1064 Mission LLC,
a California limited liability company,
its co-general partner

By: ECS Housing Corporation
a California nonprofit public benefit
corporation, its sole member/manager

By: 
Name: MARY E. STOKES
Title: Executive Director

EXHIBIT A
Schedules of Income and Rent Restrictions

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

| Unit Size | No. of Units | Maximum Income Level |
|------------------|---------------------|-----------------------------|
| Studio Senior | 103 | 50% of Median Income |
| Studio Adult | 153 | 50% of Median Income |
| 1-BR Staff Unit | 2 | N/A |

EXHIBIT B-1
Table of Sources and Uses of Funds

Application Date: 1064-1088 Mission Street # Units: 259
 Project Name: 1064-1088 Mission St # Bedrooms: 259
 Project Address: Episcopal Community Services (ECS) with Mercy Housing Ca (MHC)
 Project Sponsor:

| SOURCES | Total Sources | | | | | | | | | | Comments | |
|---------|---------------|-------------|--------------------|-----------|-----------|-------------------------|----------------|---------------|----------------|-----------------------------------|------------------|---------------------------------------|
| | 45,267,298 | 49,847,588 | 26,666,703 | 500,000 | 2,000,000 | 2,444,467 | 2,875,887 | 833,444 | 771,858 | 1,157,838 | | 12,831,547 |
| | MOHCD/OCI | Equity-Real | No Place Like Home | GP Equity | AHP | CHEFS Social Enterprise | Equity - CHEFS | MOHCD - CHEFS | Clinic - Shell | Clinic Shell Work Order DPK / HSH | DPH/HSH - Clinic | DPH/PROJECT - HOUSING PLUS HEALTH CTR |

USES

| ACQUISITION | Name of Source: | MOHCD/OCI | Equity-Real | No Place Like Home | GP Equity | AHP | CHEFS Social Enterprise | Equity - CHEFS | MOHCD - CHEFS | Clinic - Shell | Clinic Shell Work Order DPK / HSH | DPH/HSH - Clinic | DPH/PROJECT - HOUSING PLUS HEALTH CTR |
|-------------------------------------|-----------------|---------------|-------------|--------------------|-----------|----------|-------------------------|----------------|---------------|----------------|-----------------------------------|------------------|---------------------------------------|
| Acquisition cost or value | | | | | | | | | | | | | 0 |
| Local / Client costs / Broker's Fee | | 47,977 | | | | | 1,888 | | | | | | 15,000 |
| Holding Costs | | | | | | | | | | | | | 64,865 |
| Transfer Tax | | | | | | | | | | | | | 0 |
| TOTAL ACQUISITION | | 47,977 | 0 | 0 | 0 | 0 | 1,888 | 0 | 0 | 0 | 0 | 0 | 15,000 |

CONSTRUCTION (HARD COSTS)

| Unit Construction/Rehab | 26,490,799 | 26,397,022 | 26,666,703 | | 2,000,000 | | 2,323,523 | | | | 8,545,928 | 91,423,969 | Equity includes \$2,975,887 to fund Chefs costs. |
|--|-------------------|-------------------|-------------------|--|------------------|---|----------------|------------------|----------------|----------------|------------------|-------------------|--|
| Commercial Shell Construction | | | | | | | | 555,629 | 633,444 | 771,958 | 1,157,838 | 3,118,869 | Clinic shell in MOHCD \$, chefs shell not covered by basis |
| Demolition | | 200,544 | | | | | | | | | | 200,544 | |
| Environmental Remediation | | | | | | | | | | | | | |
| Grass/Integrations/Landscaping | 714,868 | | | | | | | | | | | 109,838 | 824,724 |
| Office Improvements | | | | | | | | | | | | | 0 |
| Infrastructure Improvements | | | | | | | | | | | | | 0 |
| Painting | | | | | | | | 57,483 | | | | 200,932 | 1,722,866 |
| GC Bond Premium/GC Insurance/GC Taxes | 714,563 | 750,000 | | | | | | | | | | 349,176 | 2,094,181 |
| GC Overhead & Profit | 1,185,122 | 1,350,000 | | | | | 60,541 | 39,352 | | | | 347,618 | 2,680,820 |
| GC General Conditions | 1,383,757 | 1,350,000 | | | | | 99,447 | | | | | 2,680,820 | |
| Sub-total Construction Costs | 29,498,143 | 29,847,568 | 26,666,703 | | 2,000,000 | | 159,989 | 2,975,887 | 833,444 | 771,958 | 1,157,838 | 8,651,499 | 107,488,218 |
| Design Contingency (remove at DD) | 611,637 | 3,300,000 | | | | | 153,527 | | | | | 536,654 | 4,601,818 |
| Bid Contingency (remove at bid) | 786,982 | 1,550,000 | | | | | 62,116 | | | | | 331,992 | 2,761,080 |
| Plan Check Contingency (remove/reduce during Plan R) | 732,636 | 750,000 | | | | | 58,384 | | | | | 234,081 | 1,750,000 |
| Hard Cost Construction Contingency | 2,634,473 | 2,350,000 | | | | | 213,672 | | | | | 530,811 | 5,658,656 |
| Sub-total Construction Contingencies | 4,689,627 | 7,950,000 | | | 0 | 0 | 517,699 | 0 | | | | 1,593,538 | 14,741,864 |
| TOTAL CONSTRUCTION COSTS | 34,178,770 | 37,797,568 | 26,666,703 | | 2,000,000 | | 677,687 | 2,875,887 | 833,444 | 771,858 | 1,157,838 | 11,147,868 | 118,208,079 |

SOFT COSTS

| Architecture & Design | 1,558,000 | | | | | | 308,000 | | | | 250,000 | 2,113,000 | Clinic - HCLA only |
|--|-------------------|------------------|----------|----------|----------|----------|------------------|----------|----------|----------|----------|------------------|--------------------|
| Architect design fees | | | | | | | | | | | | | |
| Design Subconsultants to the Architect (incl Fees) | 919,480 | | | | | | 35,683 | | | | | 322,296 | 1,277,439 |
| Architect Construction Admin | 100,000 | | | | | | 10,000 | | | | | 100,000 | |
| Reimbursables | 100,000 | | | | | | | | | | | 100,000 | |
| Additional Services | | | | | | | | | | | | | 0 |
| Sub-total Architect Contract | 2,574,480 | 0 | 0 | 0 | 0 | 0 | 353,683 | 0 | 0 | 0 | 0 | 582,296 | 3,510,439 |
| Other Third Party design consultants (not included under Architect contract) | 236,187 | | | | | | 9,270 | | | | | 28,823 | 272,280 |
| Total Architecture & Design | 2,810,667 | 0 | 0 | 0 | 0 | 0 | 362,953 | 0 | 0 | 0 | 0 | 609,119 | 3,782,719 |
| Engineering & Environmental Studies | | | | | | | | | | | | | |
| Survey | 37,626 | | | | | | 1,465 | | | | | 30,190 | 89,561 |
| Geotechnical studies | 161,929 | | | | | | 6,356 | | | | | 22,216 | 190,501 |
| Phase I & II Reports | 75,362 | | | | | | 2,783 | | | | | 9,728 | 87,901 |
| CEQA / Environmental Review consultants | | | | | | | | | | | | | 0 |
| NEPA / IOR Review | 2,000 | | | | | | | | | | | | 2,000 |
| CNA/PHA (rehab only) | | | | | | | | | | | | | 0 |
| Other environmental consultants | 107,000 | | | | | | 4,000 | | | | | 38,904 | 145,000 |
| Total Engineering & Environmental Studies | 378,156 | 0 | 0 | 0 | 0 | 0 | 14,627 | 0 | 0 | 0 | 0 | 181,128 | 484,903 |
| Financing Costs | | | | | | | | | | | | | |
| Construction Financing Costs | | | | | | | | | | | | | |
| Construction Loan Origination Fee | 522,331 | | | | | | | | | | | | 522,331 |
| Construction Loan Interest | 6,352,120 | | | | | | | | | | | | 6,352,120 |
| Title & Recording | 40,000 | | | | | | | | | | | | 40,000 |
| CDAC & CDAC fees | 29,347 | | | | | | | | | | | | 29,347 |
| Bond Issuer Fees | 348,220 | | | | | | | | | | | | 348,220 |
| Other Bond Cost of Issuance | 56,000 | | | | | | | | | | | | 56,000 |
| Other Lender Costs (specify) | | | | | | | | | | | | | 0 |
| Sub-total Const. Financing Costs | 7,347,018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,347,018 |
| Permanent Financing Costs | | | | | | | | | | | | | |
| Permanent Loan Origination Fee | | | | | | | | | | | | | 0 |
| Grant Enhance. & Anal. Fee | | | | | | | | | | | | | 0 |
| Title & Recording | 38,489 | | | | | | 1,511 | | | | | 10,000 | 50,000 |
| Sub-total Perm. Financing Costs | 38,489 | 0 | 0 | 0 | 0 | 0 | 1,511 | 0 | 0 | 0 | 0 | 10,000 | 50,000 |
| Total Financing Costs | 7,385,507 | 0 | 0 | 0 | 0 | 0 | 1,511 | 0 | 0 | 0 | 0 | 10,000 | 7,387,018 |
| Legal Costs | | | | | | | | | | | | | |
| Borrower Legal fees | 95,000 | | | | | | | | | | | | 95,000 |
| Land Use / CEQA Attorney fees | 19,245 | | | | | | 755 | | | | | | 20,000 |
| Tax Credit Counsel | 60,000 | | | | | | | | | | | | 60,000 |
| Bond Counsel | 75,000 | | | | | | | | | | | | 75,000 |
| Construction Lender Counsel | 60,000 | | | | | | | | | | | | 60,000 |
| Permanent Lender Counsel | | | | | | | | | | | | | 0 |
| Other Legal (specify) | | | | | | | | | | | | | 0 |
| Total Legal Costs | 339,245 | 0 | 0 | 0 | 0 | 0 | 50,000 | 59,755 | 0 | 0 | 0 | 40,000 | 409,000 |
| Other Development Costs | | | | | | | | | | | | | |
| Appraisal | | 28,897 | | | | | 1,133 | | | | | | 30,000 |
| Market Study | | 28,000 | | | | | | | | | | | 28,000 |
| Insurance | | 1,000,000 | | | | | 60,000 | | | | | | 1,120,000 |
| Property Taxes | | 70,000 | | | | | | | | | | | 70,000 |
| Assessment / Audit | | | | | | | | | | | | | 0 |
| Organizational Costs | | | | | | | | | | | | | 0 |
| Establishment / Permit Fees | 1,078,851 | | | | | | 48,186 | | | | | | 1,127,037 |
| Marketing / Rent-up | 525,000 | | | | | | | | | | | | 525,000 |
| Furniture | 1,302,250 | | | | | | 262,000 | | | | | | 1,564,250 |
| POS / Utility Fees | 853,852 | | | | | | 184,653 | | | | | | 1,038,505 |
| TCAC Ass. / Allow / Monitor Fees | 182,161 | | | | | | | | | | | | 182,161 |
| Financial Consultant fees | 65,000 | | | | | | | | | | | | 65,000 |
| Construction Management fees / Owner's Rep | 187,254 | | | | | | 6,122 | | | | | | 193,376 |
| Security during Construction | | | | | | | | | | | | | 0 |
| Reasoning | | | | | | | | | | | | | 0 |
| Other Special Inspection and window lockup | 170,064 | | | | | | 6,872 | | | | | | 176,936 |
| Other Predev Loan interest | 7,217 | | | | | | 263 | | | | | | 7,480 |
| Other Public Art | 605,000 | | | | | | | | | | | | 605,000 |
| Total Other Development Costs | 6,048,909 | 0 | 0 | 0 | 0 | 0 | 579,997 | 0 | 0 | 0 | 0 | 458,278 | 7,087,232 |
| Soft Cost Contingency | | | | | | | | | | | | | |
| Contingency (Arch, Eng, Fin, Legal, & Other Dev) | 1,037,831 | 0 | 0 | 0 | 0 | 0 | 130,949 | 0 | 0 | 0 | 0 | 150,000 | 1,318,780 |
| TOTAL SOFT COSTS | 10,914,549 | 7,946,749 | 0 | 0 | 0 | 0 | 1,139,962 | 0 | 0 | 0 | 0 | 1,249,521 | 20,510,702 |

RESERVES

| | | | | | | | | | | | | | |
|------------------------------|------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|------------------|
| Operating Reserves | 1,333,282 | | | | | | | | | | | | 1,333,282 |
| Replacement Reserves | | | | | | | | | | | | | 0 |
| Tenant improvements Reserves | | | | | | | | | | | | | 0 |
| Other (specify) | | | | | | | | | | | | | 0 |
| Other (specify) | | | | | | | | | | | | | 0 |
| TOTAL RESERVES | 1,333,282 | 0 | 1,333,282 |

DEVELOPER COSTS

| | | | | | | | | | | | | | |
|---|----------------|------------------|----------------|----------|----------|----------|----------------|----------|----------|----------|----------|----------------|------------------|
| Developer Fee - Cash-out Part of Milestones | 125,000 | 1,100,000 | | | | | 125,000 | | | | | 300,000 | 1,650,000 |
| Developer Fee - Cash-out At Risk | | 2,820,000 | | | | | | | | | | | 2,820,000 |
| Developer Fee - GP Equity (also show as source) | | | 500,000 | | | | | | | | | | 500,000 |
| Developer Fee - Deferred (also show as source) | | | | | | | | | | | | | 0 |
| Development Consultant Fees | | | | | | | 150,000 | | | | | | 150,000 |
| Other - Capital Campaign | | | | | | | 350,000 | | | | | | 350,000 |
| TOTAL DEVELOPER COSTS | 125,000 | 3,720,000 | 500,000 | 0 | 0 | 0 | 625,000 | 0 | 0 | 0 | 0 | 300,000 | 5,280,000 |

TOTAL DEVELOPMENT COST

| | | | | | | | | | |
|---------------------------------|------------|------------|------------|---------|-----------|-----------|-----------|---------|-----|
| Development Cost/Unit by Source | 45,267,298 | 49,847,588 | 26,666,703 | 500,000 | 2,000,000 | 2,444,467 | 2,875,887 | 833,444 | 771 |
|---------------------------------|------------|------------|------------|---------|-----------|-----------|-----------|---------|-----|

EXHIBIT B-2
Annual Operating Budget

ASULT

Application Date: 6/1/2018
 Total # Units: 153
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021

Project Name: 1064-1068 Mission Street
 Project Address: 1064-1068 Mission St

Project Sponsor: *Correct errors noted in Col N*

| | LOSP/non-LOSP Allocation | | Total | Comments | |
|--|--------------------------|-------------|------------------|--|--|
| | 100% LOSP | 0% non-LOSP | | | |
| INCOME | | | | | |
| Residential - Tenant Rents | 459,000 | 0 | 459,000 | Links from 'New Proj. - Rent & Unit Mix' Worksheet | Alternative LOSP Split |
| Residential - Tenant Assistance Payments (Non-LOSP) | 0 | 0 | 0 | Links from 'New Proj. - Rent & Unit Mix' Worksheet | Residential - Tenant Assistance Payments (N |
| Residential - LOSP Tenant Assistance Payments | 1,100,294 | 0 | 1,100,294 | | |
| Commercial Space | 0 | 0 | 0 | 0% | |
| Residential Parking | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet | |
| Miscellaneous Rent Income | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet | Alternative LOSP Split |
| Supportive Services Income | 0 | 0 | 0 | | Supportive Services Income |
| Interest Income - Project Operations | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet | |
| Laundry and Vending | 9,120 | 0 | 9,120 | Links from 'Utilities & Other Income' Worksheet | Projected LOSP Split |
| Tenant Charges | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet | Tenant Charges |
| Miscellaneous Residential Income | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet | |
| Other Commercial Income | 0 | 0 | 0 | Links from 'Commercial Op. Budget' Worksheet | Alternative LOSP Split |
| Withdrawal from Capitalized Reserve (deposit to operating account) | 0 | 0 | 0 | | Withdrawal from Capitalized Reserve (deposit |
| Gross Potential Income | 1,568,414 | 0 | 1,568,414 | | |
| Vacancy Loss - Residential - Tenant Rents | (22,950) | 0 | (22,950) | Vacancy loss is 5% of Tenant Rents. | |
| Vacancy Loss - Residential - Tenant Assistance Payments | 0 | 0 | 0 | #DIV/0! | |
| Vacancy Loss - Commercial | 0 | 0 | 0 | Links from 'Commercial Op. Budget' Worksheet | |
| EFFECTIVE GROSS INCOME | 1,545,464 | 0 | 1,545,464 | PUPA: 10,101 | |

| OPERATING EXPENSES | | | | | |
|--------------------------------------|----------------|----------|----------------|---|-------------------------------------|
| Management | | | | | |
| Management Fee | 110,160 | 0 | 110,160 | \$60/unit/mo per HUD schedule (\$57 Nor Cal+\$3 special needs +\$3 non profit ownership) | Alternative LOSP Split |
| Asset Management Fee | 22,670 | 0 | 22,670 | MOHCD policy amount prorated to 2021 | Asset Management Fee |
| Sub-total Management Expenses | 132,830 | 0 | 132,830 | PUPA: 888 | |
| Salaries/Benefits | | | | | |
| Office Salaries | 183,946 | 0 | 183,946 | 24 Hour Desk Clerks (8,424 hrs at \$17/hr), \$30/hr for 14 days for contract desk clerks and 20 | Alternative LOSP Split |
| Manager's Salary | 68,000 | 0 | 68,000 | Property Manager (\$50k) and Assistant Manager (\$38k) | Office Salaries |
| Health Insurance and Other Benefits | 48,000 | 0 | 48,000 | \$800 per employee per month (5 employees) | Manager's Salary |
| Other Salaries/Benefits | 0 | 0 | 0 | | Health Insurance and Other Benefits |
| Administrative Rent-Free Unit | 0 | 0 | 0 | | Other Salaries/Benefits |
| Sub-total Salaries/Benefits | 319,946 | 0 | 319,946 | PUPA: 2,091 | Administrative Rent-Free Unit |

| | | | | | |
|--|----------------|----------|----------------|--|--------------------------|
| Administration | | | | | |
| Advertising and Marketing | 0 | 0 | 0 | | |
| Office Expenses | 56,908 | 0 | 56,908 | Including Telephone and Occupancy Specialist (15/hr week) | |
| Office Rent | 0 | 0 | 0 | | Projected LOSP Split |
| Legal Expense - Property | 37,218 | 0 | 37,218 | Based on Bishop Swing prorated for 165 units. Mostly stipulated agreements, entry letters re | Legal Expense - Property |
| Audit Expense | 14,000 | 0 | 14,000 | | |
| Bookkeeping/Accounting Services | 17,442 | 0 | 17,442 | \$9.50 PUPM | Projected LOSP Split |
| Bad Debts | 1,500 | 0 | 1,500 | (2% of Rental Income) Left blank, we can add it after we determine total income | Bad Debts |
| Miscellaneous | 6,795 | 0 | 6,795 | office expenses | |
| Sub-total Administration Expenses | 133,863 | 0 | 133,863 | PUPA: 876 | |
| Utilities | | | | | |
| Electricity | 80,772 | 0 | 80,772 | All below based on Bishop Swing but prorated for smaller sf | Electricity |
| Water | 30,612 | 0 | 30,612 | Bishop Swing has radiant heat/same utility arrangement | |
| Gas | 25,908 | 0 | 25,908 | as MBBS Phase II | |
| Sewer | 46,068 | 0 | 46,068 | | |
| Sub-total Utilities | 183,360 | 0 | 183,360 | PUPA: 1,198 | |

| | | | | | |
|---|---------------|----------|---------------|------------------|------------------------|
| Taxes and Licenses | | | | | |
| Real Estate Taxes | 1,000 | 0 | 1,000 | | Alternative LOSP Split |
| Payroll Taxes | 25,514 | 0 | 25,514 | | Real Estate Taxes |
| Miscellaneous Taxes, Licenses and Permits | 5,000 | 0 | 5,000 | | Payroll Taxes |
| Sub-total Taxes and Licenses | 31,514 | 0 | 31,514 | PUPA: 206 | |

| | | | | | |
|--|----------------|----------|----------------|--|------------------------|
| Insurance | | | | | |
| Property and Liability Insurance | 117,374 | 0 | 117,374 | Used BSCH and Prorated based on unit count | |
| Fidelity Bond Insurance | 0 | 0 | 0 | | Alternative LOSP Split |
| Worker's Compensation | 15,744 | 0 | 15,744 | | Worker's Compensation |
| Director's & Officers' Liability Insurance | 0 | 0 | 0 | | |
| Sub-total Insurance | 133,118 | 0 | 133,118 | PUPA: 870 | |

| | | | | | |
|---|----------------|----------|----------------|--|---------------------------|
| Maintenance & Repair | | | | | |
| Payroll | 0 | 0 | 0 | | Projected LOSP Split |
| Supplies | 52,790 | 0 | 52,790 | Janitorial, Grounds, Repairs, Decorating Supplies/Material | Supplies |
| Contracts | 352,800 | 0 | 352,800 | Jan \$83k, Exterm \$18.4k, Grnds \$4.8k, Rprs payroll and routine maintenance contracts \$166k | Contracts |
| Garbage and Trash Removal | 49,593 | 0 | 49,593 | | Alternative LOSP Split |
| Security Payroll/Contract | 42,200 | 0 | 42,200 | Roving Patrol and security guard for the community open space | Security Payroll/Contract |
| HVAC Repairs and Maintenance | 10,000 | 0 | 10,000 | | |
| Vehicle and Maintenance Equipment Operation and Repairs | 0 | 0 | 0 | | |
| Miscellaneous Operating and Maintenance Expenses | 2,400 | 0 | 2,400 | | |
| Sub-total Maintenance & Repair Expenses | 509,783 | 0 | 509,783 | PUPA: 3,332 | |

| | | | | | |
|----------------------------|---|---|---|--|------------------------|
| Supportive Services | | | | | |
| Commercial Expenses | 0 | 0 | 0 | Links from 'Commercial Op. Budget' Worksheet | Alternative LOSP Split |
| | | | | Carried separately | Supportive Services |

TOTAL OPERATING EXPENSES 1,444,414 0 1,444,414 PUPA: 9,441

| | | | | | |
|--|---------------|----------|---------------|--|--|
| Reserves/Ground Lease Base Rent/Bond Fees | | | | | |
| Ground Lease Base Rent | 15,000 | 0 | 15,000 | Ground lease with MOHCD | Provide additional comments here, if needed. |
| Bond Monitoring Fee | 2,500 | 0 | 2,500 | Annual Minimum Bond Fee | Alternative LOSP Split |
| Replacement Reserve Deposit | 53,550 | 0 | 53,550 | \$350 PUPM MOHCD allowable amount for SRCs of 100+ units | Replacement Reserve Deposit |
| Operating Reserve Deposit | 0 | 0 | 0 | | Operating Reserve Deposit |
| Other Required Reserve 1 Deposit | 0 | 0 | 0 | | Other Required Reserve 1 Deposit |
| Other Required Reserve 2 Deposit | 0 | 0 | 0 | | |
| Required Reserve Deposits, Commercial | 0 | 0 | 0 | Links from 'Commercial Op. Budget' Worksheet | |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | 71,050 | 0 | 71,050 | PUPA: 464 | |

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) 1,515,464 0 1,515,464 PUPA: 9,905

NET OPERATING INCOME (INCOME minus OP EXPENSES) 30,000 0 30,000 PUPA: 196

Min DSCR: 1.09
 Mortgage Rate: 5.00%
 Term (Years): 30
 Supportable 1st Mortgage Pmt: 27,523
 Supportable 1st Mortgage Amt: \$427,251
 Proposed 1st Mortgage Amt: \$0

| | | | | | |
|---|----------|----------|----------|--|---|
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | | |
| Hard Debt - First Lender | 0 | 0 | 0 | | Alternative LOSP Split |
| Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len | 0 | 0 | 0 | | Hard Debt - First Lender |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | 0 | 0 | 0 | | Hard Debt - Second Lender (HCD Program 0 |
| Hard Debt - Fourth Lender | 0 | 0 | 0 | | Hard Debt - Third Lender (Other HCD Program |
| Commercial Hard Debt Service | 0 | 0 | 0 | Links from 'Commercial Op. Budget' Worksheet | Hard Debt - Fourth Lender |
| TOTAL HARD DEBT SERVICE | 0 | 0 | 0 | PUPA: 0 | |

CASH FLOW (NOI minus DEBT SERVICE) 30,000 0 30,000

Commercial Only Cash Flow 0

Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) 0

AVAILABLE CASH FLOW 30,000 0 30,000

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

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

| | | | | | |
|---|---------------|----------|---------------|------------------|--|
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | 0 | 0 | 0 | | |
| Partnership Management Fee (see policy for limits) | 22,500 | 0 | 22,500 | | |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | 7,500 | 0 | 7,500 | | Alternative LOSP Split |
| Other Payments | 0 | 0 | 0 | | Other Payments |
| Non-amortizing Loan Pmt - Lender 1 (select lender in comments field) | 0 | 0 | 0 | | Provide additional comments here, if needed. |
| Non-amortizing Loan Pmt - Lender 2 (select lender in comments field) | 0 | 0 | 0 | | Provide additional comments here, if needed. |
| Deferred Developer Fee (Enter amt <= Max Fee from call 1130) | 0 | 0 | 0 | #DIV/0! | Provide additional comments here, if needed. |
| TOTAL PAYMENTS PRECEDING MOHCD | 30,000 | 0 | 30,000 | PUPA: 196 | |

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) 0 0 0

Residual Receipts Calculation

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

Will Project Defer Developer Fee? TBD

Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 33%

% of Residual Receipts available for distribution to soft debt lenders in: 67%

Sum of DD F from LOSP and non-LOSP:
 Ratio of Sum of DDF and calculated 50%:

| Soft Debt Lenders with Residual Receipts Obligations | (Select lender name/program from drop down) | Total Principal Amt | Distrib. of Soft Debt Loans |
|--|---|---------------------|-----------------------------|
| MOHCD/OCIL - Soft Debt Loans | All MOHCD/OCIL Loans payable from res. recs | | 0.00% |

Application Date: 6/1/2018
 Total # Units: 153
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021

LOSP Units: 163
 Non-LOSP Units: 0

Project Name: 1064-1068 Mission Street
 Project Address: 1064-1068 Mission St
 Project Sponsor:

| | LOSP/Non-LOSP Allocation | | Ground Lease | Correct errors noted in Col N/ | |
|-----------------------------------|--------------------------|----|--------------|--------------------------------|---------|
| | 100% | 0% | | | |
| MOHCD/OCII - Ground Lease Value | | | | \$150,000 | 100.00% |
| HCD (soft debt loan) - Lender 3 | | | | | 0.00% |
| Other Soft Debt Lender - Lender 4 | | | | | 0.00% |
| Other Soft Debt Lender - Lender 5 | | | | | 0.00% |

| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | |
|--|--|---|---|--|--|
| MOHCD Residual Receipts Amount Due | | 0 | 0 | 67% of residual receipts, multiplied by 100% - MOHCD's pro rata share of all soft debt | |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | | 0 | 0 | Enter/override amount of residual receipts proposed for loan repayment | |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | | 0 | 0 | If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt. | |

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE: 0

| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | |
|--|--|--|---|--|--|
| HCD Residual Receipts Amount Due | | | 0 | | |
| Lender 4 Residual Receipts Due | | | 0 | | |
| Lender 5 Residual Receipts Due | | | 0 | | |
| Total Non-MOHCD Residual Receipts Debt Service | | | 0 | | |

| REMAINDER (Should be zero unless there are distributions below) | | | | | |
|---|--|--|---|--|--|
| Owner Distributions/Incentive Management Fee | | | 0 | | |
| Other Distributions/Fees | | | 0 | | |
| Final Balance (should be zero) | | | 0 | | |

Application Date: 6/1/2018
 Total # Units: 153
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021

INCOME

| | | | |
|--|------------------------|----------|---|
| Residential - Tenant Rents | | non-LOSP | Approved By (reqd) |
| Residential - Tenant Assistance Payments (Non-LOSP) | non-LOSP | | |
| Residential - LOSP Tenant Assistance Payments | | | |
| Commercial Space | | | |
| Residential Parking | | | |
| Miscellaneous Rent Income | LOSP | non-LOSP | Approved By (reqd) |
| Supportive Services Income | | | |
| Interest Income - Project Operations | | | |
| Laundry and Vending | LOSP | non-LOSP | (only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system) |
| Tenant Charges | | | |
| Miscellaneous Residential Income | | | |
| Other Commercial Income | LOSP | non-LOSP | Approved By (reqd) |
| Withdrawal from Capitalized Reserve (deposit to operating account) | (to operating account) | | |
| Gross Potential Income | | | |
| Vacancy Loss - Residential - Tenant Rents | | | |
| Vacancy Loss - Residential - Tenant Assistance Payments | | | |
| Vacancy Loss - Commercial | | | |

EFFECTIVE GROSS INCOME

OPERATING EXPENSES

| | | | |
|--------------------------------------|------|----------|--------------------|
| Management | LOSP | non-LOSP | Approved By (reqd) |
| Management Fee | | | |
| Asset Management Fee | | | |
| Sub-total Management Expenses | | | |
| Salaries/Benefits | LOSP | non-LOSP | Approved By (reqd) |
| Office Salaries | | | |
| Manager's Salary | | | |
| Health Insurance and Other Benefits | | | |
| Other Salaries/Benefits | | | |
| Administrative Rent-Free Unit | | | |
| Sub-total Salaries/Benefits | | | |

Administration

| | | | |
|--|------|----------|---|
| Advertising and Marketing | | | |
| Office Expenses | | | |
| Office Rent | LOSP | non-LOSP | (only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system) |
| Legal Expense - Property | | 100.00% | 0.00% |
| Audit Expense | | | |
| Bookkeeping/Accounting Services | LOSP | non-LOSP | (only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system) |
| Bad Debts | | 100.00% | 0.00% |
| Miscellaneous | | | |
| Sub-total Administration Expenses | | | |

Utilities

| | | | |
|----------------------------|------|----------|---|
| Electricity | LOSP | non-LOSP | (only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system) |
| Water | | 100.00% | 0.00% |
| Gas | | | |
| Sewer | | | |
| Sub-total Utilities | | | |

Taxes and Licenses

| | | | |
|---|------|----------|--------------------|
| Real Estate Taxes | LOSP | non-LOSP | Approved By (reqd) |
| Payroll Taxes | | | |
| Miscellaneous Taxes, Licenses and Permits | | | |
| Sub-total Taxes and Licenses | | | |

Insurance

| | | | |
|--|------|----------|--------------------|
| Property and Liability Insurance | | | |
| Fidelity Bond Insurance | LOSP | non-LOSP | Approved By (reqd) |
| Worker's Compensation | | | |
| Director's & Officers' Liability Insurance | | | |
| Sub-total Insurance | | | |

Maintenance & Repair

| | | | |
|---|------|----------|---|
| Payroll | LOSP | non-LOSP | (only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system) |
| Supplies | | 100.00% | 0.00% |
| Contracts | | | |
| Garbage and Trash Removal | LOSP | non-LOSP | Approved By (reqd) |
| Security Payroll/Contract | | | |
| HVAC Repairs and Maintenance | | | |
| Vehicle and Maintenance Equipment Operation and Repairs | | | |
| Miscellaneous Operating and Maintenance Expenses | | | |
| Sub-total Maintenance & Repair Expenses | | | |

Supportive Services

| | | | |
|---------------------|------|----------|--------------------|
| Commercial Expenses | LOSP | non-LOSP | Approved By (reqd) |
|---------------------|------|----------|--------------------|

TOTAL OPERATING EXPENSES

Reserves/Ground Lease Base Rent/Bond Fees

| | | | |
|--|------|----------|--------------------|
| Ground Lease Base Rent | | | |
| Bond Monitoring Fee | LOSP | non-LOSP | Approved By (reqd) |
| Replacement Reserve Deposit | | | |
| Operating Reserve Deposit | | | |
| Other Required Reserve 1 Deposit | | | |
| Other Required Reserve 2 Deposit | | | |
| Required Reserve Deposits, Commercial | | | |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | | | |

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)

NET OPERATING INCOME (INCOME minus OP EXPENSES)

| | | | |
|--|------|----------|--------------------|
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | LOSP | non-LOSP | Approved By (reqd) |
| Hard Debt - First Lender | | 0.00% | 100.00% |
| Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender 42% pymt, or other 2nd Lender 42% pymt, or other 2nd Lender 42% pymt) | | | |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender 42% pymt, or other 3rd Lender 42% pymt) | | | |
| Hard Debt - Fourth Lender | | | |
| Commercial Hard Debt Service | | | |
| TOTAL HARD DEBT SERVICE | | | |

CASH FLOW (NOI minus DEBT SERVICE)

| | | | |
|---|----------------------------|----------|----------------------------|
| Commercial Only Cash Flow | | | |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | non-LOSP (residual income) | | |
| AVAILABLE CASH FLOW | | | |
| USES OF CASH FLOW BELOW (This row also shows DSCR) | | | |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | | | |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | | | |
| Partnership Management Fee (see policy for limits) | | | |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | LOSP | non-LOSP | Approved By (reqd) |
| Other Payments | | | |
| Non-amortizing Loan Pymt - Lender 1 (select lender in comments field) | | | (lender in comments field) |
| Non-amortizing Loan Pymt - Lender 2 (select lender in comments field) | | | (lender in comments field) |
| Deferred Developer Fee (Enter amt <= Max Fee from cell 1130) | | 0.00% | 100.00% |

TOTAL PAYMENTS PRECEDING MOHCD

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)

Residual Receipts Calculation
 Does Project have a MOHCD Residual Receipt Obligation?
 Will Project Defer Developer Fee?
 Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 0
 % of Residual Receipts available for distribution to soft debt lenders in: #VALUE!

Soft Debt Lenders with Residual Receipts Obligations

MOHCD/OCLI - Soft Debt Loans

Application Date: 6/1/2018
 Total # Units: 153
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021

| |
|-----------------------------------|
| MOHCDJOCII - Ground Lease Value |
| HCD (soft debt loan) - Lender 3 |
| Other Soft Debt Lender - Lender 4 |
| Other Soft Debt Lender - Lender 5 |

| |
|--|
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE |
| MOHCD Residual Receipts Amount Due |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease |

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE

| |
|---|
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE |
| HCD Residual Receipts Amount Due |
| Lender 4 Residual Receipts Due |
| Lender 5 Residual Receipts Due |
| Total Non-MOHCD Residual Receipts Debt Service |

| |
|---|
| REMAINDER (Should be zero unless there are distributions below) |
| Owner Distributions/Incentive Management Fee |
| Other Distributions/Lease |
| Final Balance (should be zero) |

SENIOR

Application Date: 8/1/2018
 Total # Units: 106
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021

Project Name: 1064-1068 Mission Street
 Project Address: 1064-1068 Mission St

Project Sponsor:

| INCOME | LOSP/Non-LOSP Allocation | | Total | Comments | Correct errors noted in Col N! |
|--|--------------------------|----------|------------------|---|--|
| | LOSP | non-LOSP | | | |
| Residential - Tenant Rents | 318,000 | 0 | 318,000 | Links from 'New Proj - Rent & Unit Mix' Worksheet | Alternative LOSP Split |
| Residential - Tenant Assistance Payments (Non-LOSP) | 0 | 0 | 0 | Links from 'New Proj - Rent & Unit Mix' Worksheet | Residential - Tenant Assistance Payments (N |
| Residential - LOSP Tenant Assistance Payments | 929,859 | 0 | 929,859 | | |
| Commercial Space | 0 | 0 | 0 | 0% | |
| Residential Parking | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet | |
| Miscellaneous Rent Income | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet | Alternative LOSP Split |
| Supportive Services Income | 0 | 0 | 0 | | Supportive Services Income |
| Interest Income - Project Operations | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet | |
| Laundry and Vending | 6,360 | 0 | 6,360 | Links from 'Utilities & Other Income' Worksheet | Projected LOSP Split |
| Tenant Charges | 2,400 | 0 | 2,400 | Links from 'Utilities & Other Income' Worksheet | Tenant Charges |
| Miscellaneous Residential Income | 0 | 0 | 0 | Links from 'Utilities & Other Income' Worksheet | |
| Other Commercial Income | 0 | 0 | 0 | Links from 'Commercial Op. Budget' Worksheet | Alternative LOSP Split |
| Withdrawal from Capitalized Reserve (deposit to operating account) | 0 | 0 | 0 | | Withdrawal from Capitalized Reserve (deposit |
| Gross Potential Income | 1,256,619 | 0 | 1,256,619 | | |
| Vacancy Loss - Residential - Tenant Rents | (15,900) | 0 | (15,900) | Vacancy loss is 5% of Tenant Rents. | |
| Vacancy Loss - Residential - Tenant Assistance Payments | 0 | 0 | 0 | #DIV/0! | |
| Vacancy Loss - Commercial | 0 | 0 | 0 | Links from 'Commercial Op. Budget' Worksheet | |
| EFFECTIVE GROSS INCOME | 1,240,719 | 0 | 1,240,719 | PUPA: 11,705 | |

| OPERATING EXPENSES | | | | | |
|--------------------------------------|---------------|----------|---------------|---|------------------------|
| Management | | | | | |
| Management Fee | 76,320 | 0 | 76,320 | \$60/unit/mo per HUD schedule (\$57 Nor Cal+\$3 special needs+\$3 non profit ownership) | Alternative LOSP Split |
| Asset Management Fee | 22,670 | 0 | 22,670 | MOHCD policy amount prorated to 2021 | Asset Management Fee |
| Sub-total Management Expenses | 98,990 | 0 | 98,990 | PUPA: 934 | |

| Salaries/Benefits | | | | | |
|-------------------------------------|----------------|----------|----------------|--|-------------------------------------|
| Office Salaries | 148,506 | 0 | 148,506 | 24 Hour Desk Clerks (6,344 hrs at \$17/hr) \$30/hr for 14 days for contract desk clerks and 20 | Alternative LOSP Split |
| Manager's Salary | 83,000 | 0 | 83,000 | Property Manager (\$49k) and Assistant Manager (\$39k) Assistant manager is desk clerk dur | Office Salaries |
| Health Insurance and Other Benefits | 48,000 | 0 | 48,000 | \$800 per employee per month (5 employees) | Manager's Salary |
| Other Salaries/Benefits | 0 | 0 | 0 | | Health Insurance and Other Benefits |
| Administrative Rent-Free Unit | 0 | 0 | 0 | | Other Salaries/Benefits |
| Sub-total Salaries/Benefits | 279,506 | 0 | 279,506 | PUPA: 2,637 | Administrative Rent-Free Unit |

| Administration | | | | | |
|--|----------------|----------|----------------|--|--------------------------|
| Advertising and Marketing | 0 | 0 | 0 | | |
| Office Expenses | 58,848 | 0 | 58,848 | Including Telephone and Occupancy Specialist (16hr week) | |
| Office Rent | 0 | 0 | 0 | | Projected LOSP Split |
| Legal Expense - Property | 23,766 | 0 | 23,766 | Based on Bishop Swing prorated for 95 units. Mostly stipulated agreements, attorney letters re | Legal Expense - Property |
| Audit Expense | 14,000 | 0 | 14,000 | | |
| Bookkeeping/Accounting Services | 12,084 | 0 | 12,084 | \$9.50 PUPM | Projected LOSP Split |
| Bad Debts | 0 | 0 | 0 | (2% of Rental Income) Left blank, we can add it after we determine total income | Bad Debts |
| Miscellaneous | 5,395 | 0 | 5,395 | office expenses | |
| Sub-total Administration Expenses | 114,093 | 0 | 114,093 | PUPA: 1,076 | |

| Utilities | | | | | |
|----------------------------|----------------|----------|----------------|--|-------------|
| Electricity | 57,348 | 0 | 57,348 | All below based on Bishop Swing but prorated for smaller sf. | Electricity |
| Water | 21,732 | 0 | 21,732 | Bishop Swing has radiant heat/same utility arrangement | |
| Gas | 18,396 | 0 | 18,396 | | |
| Sewer | 32,712 | 0 | 32,712 | | |
| Sub-total Utilities | 130,188 | 0 | 130,188 | PUPA: 1,228 | |

| Taxes and Licenses | | | | | |
|---|---------------|----------|---------------|------------------|------------------------|
| Real Estate Taxes | 1,000 | 0 | 1,000 | | Alternative LOSP Split |
| Payroll Taxes | 26,057 | 0 | 26,057 | | Real Estate Taxes |
| Miscellaneous Taxes, Licenses and Permits | 5,000 | 0 | 5,000 | | Payroll Taxes |
| Sub-total Taxes and Licenses | 31,057 | 0 | 31,057 | PUPA: 293 | |

| Insurance | | | | | |
|--|---------------|----------|---------------|---|------------------------|
| Property and Liability Insurance | 74,794 | 0 | 74,794 | Used BSCH Prorated based on unit count with 10% reduction applied due to insurance provid | |
| Fidelity Bond Insurance | 0 | 0 | 0 | | Alternative LOSP Split |
| Worker's Compensation | 15,444 | 0 | 15,444 | Will need to adjust after rent free unit value is determined | Worker's Compensation |
| Director's & Officers' Liability Insurance | 0 | 0 | 0 | | |
| Sub-total Insurance | 90,238 | 0 | 90,238 | PUPA: 851 | |

| Maintenance & Repair | | | | | |
|---|----------------|----------|----------------|--|---------------------------|
| Payroll | 0 | 0 | 0 | | Projected LOSP Split |
| Supplies | 41,696 | 0 | 41,696 | Janitorial, Grounds, Repairs, Decorating Supplies/Material | Supplies |
| Contracts | 291,200 | 0 | 291,200 | Jan \$63.1k, Exterm \$18.4k, Grnds \$4.8k, Rops payroll and routine maintenance contracts \$19 | Contracts |
| Garbage and Trash Removal | 36,661 | 0 | 36,661 | | Alternative LOSP Split |
| Security Payroll/Contract | 32,200 | 0 | 32,200 | Roving patrol and security guard for the community open space | Security Payroll/Contract |
| HVAC Repairs and Maintenance | 10,000 | 0 | 10,000 | | |
| Vehicle and Maintenance Equipment Operation and Repairs | 0 | 0 | 0 | | |
| Miscellaneous Operating and Maintenance Expenses | 2,400 | 0 | 2,400 | | |
| Sub-total Maintenance & Repair Expenses | 414,147 | 0 | 414,147 | PUPA: 3,907 | |

| | | | | | |
|---------------------|---|---|---|--|------------------------|
| Supportive Services | 0 | 0 | 0 | Carried separately | Alternative LOSP Split |
| Commercial Expenses | 0 | 0 | 0 | Links from 'Commercial Op. Budget' Worksheet | Supportive Services |

| | | | | | |
|---------------------------------|------------------|----------|------------------|---------------------|--|
| TOTAL OPERATING EXPENSES | 1,168,219 | 0 | 1,168,219 | PUPA: 10,927 | |
|---------------------------------|------------------|----------|------------------|---------------------|--|

| Reserves/Ground Lease Base Rent/Bond Fees | | | | | |
|--|---------------|----------|---------------|---|--|
| Ground Lease Base Rent | 15,000 | 0 | 15,000 | Ground lease with MOHCD | Provide additional comments here, if needed. |
| Bond Monitoring Fee | 2,500 | 0 | 2,500 | Annual Minimum Bond fee | Alternative LOSP Split |
| Replacement Reserve Deposit | 35,000 | 0 | 35,000 | \$400 per unit, MOHCD allowable amount for SRO of 100 units | Replacement Reserve Deposit |
| Operating Reserve Deposit | 0 | 0 | 0 | | Operating Reserve Deposit |
| Other Required Reserve 1 Deposit | 0 | 0 | 0 | | Other Required Reserve 1 Deposit |
| Other Required Reserve 2 Deposit | 0 | 0 | 0 | | |
| Required Reserve Deposits, Commercial | 0 | 0 | 0 | Links from 'Commercial Op. Budget' Worksheet | |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | 62,500 | 0 | 62,500 | PUPA: 495 | |

| | | | | | |
|---|------------------|----------|------------------|---------------------|--|
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) | 1,210,719 | 0 | 1,210,719 | PUPA: 11,422 | |
|---|------------------|----------|------------------|---------------------|--|

| | | | | | |
|--|---------------|----------|---------------|------------------|--|
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | 30,000 | 0 | 30,000 | PUPA: 283 | |
|--|---------------|----------|---------------|------------------|--|

| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | | |
|---|----------|----------|----------|--|---|
| Hard Debt - First Lender | 0 | 0 | 0 | | Alternative LOSP Split |
| Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len | 0 | 0 | 0 | | Hard Debt - First Lender |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | 0 | 0 | 0 | | Hard Debt - Second Lender (HCD Program 0 |
| Hard Debt - Fourth Lender | 0 | 0 | 0 | | Hard Debt - Third Lender (Other HCD Program |
| Commercial Hard Debt Service | 0 | 0 | 0 | Links from 'Commercial Op. Budget' Worksheet | Hard Debt - Fourth Lender |
| TOTAL HARD DEBT SERVICE | 0 | 0 | 0 | PUPA: 0 | |

| | | | | | |
|---|---------------|----------|---------------|--|--|
| CASH FLOW (NOI minus DEBT SERVICE) | 30,000 | 0 | 30,000 | | |
|---|---------------|----------|---------------|--|--|

| | | | | | |
|---|---------------|----------|---------------|--|--|
| Commercial Only Cash Flow | 0 | 0 | 0 | | |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | 0 | 0 | 0 | | Allocation of Commercial Surplus to LOSP/non |
| AVAILABLE CASH FLOW | 30,000 | 0 | 30,000 | | |

| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | | | | | |
|---|---------------|----------|---------------|--|--|
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | 0 | 0 | 0 | | |
| Partnership Management Fee (see policy for limits) | 22,500 | 0 | 22,500 | | |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | 7,500 | 0 | 7,500 | | Alternative LOSP Split |
| Other Payments | 0 | 0 | 0 | | Other Payments |
| Non-amortizing Loan Pmt - Lender 1 (select lender in comments field) | 0 | 0 | 0 | Provide additional comments here, if needed. | Non-amortizing Loan Pmt - Lender 1 (select |
| Non-amortizing Loan Pmt - Lender 2 (select lender in comments field) | 0 | 0 | 0 | Provide additional comments here, if needed. | |
| Deferred Developer Fee (Enter amt <= Max Fee from cell 1130) | 0 | 0 | 0 | #DIV/0! | Deferred Developer Fee (Enter amt <= Max F |
| TOTAL PAYMENTS PRECEDING MOHCD | 30,000 | 0 | 30,000 | PUPA: 283 | |

| | | | | | |
|---|----------|----------|----------|--|--|
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | 0 | 0 | 0 | | |
|---|----------|----------|----------|--|--|

| | | | | | |
|---|-----|---------------------------------|-----|--|--|
| <i>Residual Receipts Calculation</i> | | | | | |
| Does Project have a MOHCD Residual Receipt Obligation? | Yes | Project has MOHCD ground lease? | Yes | | |
| Will Project Defer Developer Fee? | TBD | | | | |
| Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1 | 33% | | | | Sum of DD F from LOSP and non-LOSP |
| % of Residual Receipts available for distribution to soft debt lenders in | 67% | | | | Ratio of Sum of DDF and calculated 50% |

| Soft Debt Lenders with Residual Receipts Obligations | (Select lender name/program from drop down) | Total Principal Amt | Distrib. of Soft Debt Loans |
|--|--|---------------------|-----------------------------|
| MOHCD/OCCII - Soft Debt Loans | All MOHCD/OCCII Loans payable from res. recs | | 0.00% |

Application Date: 6/1/2018
 Total # Units: 106
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021

| LOSP Units | | Non-LOSP Units | |
|------------|--|----------------|--|
| 106 | | 0 | |

Project Name: 1064-1068 Mission Street
 Project Address: 1064-1068 Mission St
 Project Sponsor:

| | LOSP/Non-LOSP Allocation | | | Correct errors noted in Col H/I | |
|-----------------------------------|--------------------------|----|--------------|---------------------------------|---------|
| | 100% | 0% | | | |
| MOHCD/OJCI - Ground Lease Value | | | Ground Lease | \$150,000 | 100.00% |
| HCD (soft debt loan) - Lender 3 | | | | | 0.00% |
| Other Soft Debt Lender - Lender 4 | | | | | 0.00% |
| Other Soft Debt Lender - Lender 5 | | | | | 0.00% |

| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | |
|--|--|---|---|---|--|
| MOHCD Residual Receipts Amount Due | | 0 | 0 | 67% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt | |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | | 0 | 0 | Enter/override amount of residual receipts proposed for loan repayment. | |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | | 0 | 0 | If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt. | |

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE 0

| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | |
|--|--|--|---|--|--|
| HCD Residual Receipts Amount Due | | | 0 | | |
| Lender 4 Residual Receipts Due | | | 0 | | |
| Lender 5 Residual Receipts Due | | | 0 | | |
| Total Non-MOHCD Residual Receipts Debt Service | | | 0 | | |

| REMAINDER (Should be zero unless there are distributions below) | | | | | |
|---|--|--|---|--|--|
| Owner Distributions/Incentive Management Fee | | | 0 | | |
| Other Distributions/Uses | | | 0 | | |
| Final Balance (should be zero) | | | 0 | | |

Application Date: 6/1/2018
 Total # Units: 106
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021

| |
|-----------------------------------|
| MOHCD/JCII - Ground Lease Value |
| HCD (soft debt loan) - Lender 3 |
| Other Soft Debt Lender - Lender 4 |
| Other Soft Debt Lender - Lender 5 |

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

| |
|--|
| MOHCD Residual Receipts Amount Due |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease |

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

| |
|--|
| HCD Residual Receipts Amount Due |
| Lender 4 Residual Receipts Due |
| Lender 5 Residual Receipts Due |
| Total Non-MOHCD Residual Receipts Debt Service |

REMAINDER (Should be zero unless there are distributions below)

| |
|--|
| Owner Distributions/Incentive Management Fee |
| Other Distributions/Uses |
| Final Balance (should be zero) |

EXHIBIT B-3

20-Year Cash Flow Proforma

[This Proforma must include the same line items as the Annual Operating Budget shown in Exhibit B-2.]

ADULT

1064-1068 Mission Street

| Total # Units: | LOSP Units | | Non-LOSP Units | | Year 1 2021 | | | Year 2 2022 | | | Year 3 2023 | | |
|---|------------|---------|----------------|-------|-------------------|-------------------|--|-------------|----------|-----------|-------------|----------|-----------|
| | 163 | 163 | 0 | 0 | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | 100.00% | 100.00% | 0.00% | 0.00% | % annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | | | | | | |
| INCOME | | | | | | | | | | | | | |
| Residential - Tenant Rents | | 1.0% | 2.5% | | 459,000 | - | 459,000 | 463,590 | - | 463,590 | 468,226 | - | 468,226 |
| Residential - Tenant Assistance Payments (Non-LOSP) | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| Residential - LOSP Tenant Assistance Payments | | n/a | n/a | | 1,100,294 | - | 1,100,294 | 1,147,310 | - | 1,147,310 | 1,195,083 | - | 1,195,083 |
| Commercial Space | | n/a | 2.5% | | - | - | - | - | - | - | - | - | - |
| Residential Parking | | 2.5% | 2.5% | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Rent Income | | 2.5% | 2.5% | | - | - | - | - | - | - | - | - | - |
| Supportive Services Income | | 2.5% | 2.5% | | - | - | - | - | - | - | - | - | - |
| Interest Income - Project Operations | | 2.5% | 2.5% | | - | - | - | - | - | - | - | - | - |
| Laundry and Vending | | 2.5% | 2.5% | | 9,120 | - | 9,120 | 9,348 | - | 9,348 | 9,582 | - | 9,582 |
| Tenant Changes | | 2.5% | 2.5% | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Residential Income | | 2.5% | 2.5% | | - | - | - | - | - | - | - | - | - |
| Other Commercial Income | | n/a | 2.5% | | - | - | - | - | - | - | - | - | - |
| Withdrawal from Capitalized Reserve (deposit to operating account) | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| Gross Potential Income | | | | | 1,588,414 | - | 1,588,414 | 1,620,248 | - | 1,620,248 | 1,673,890 | - | 1,673,890 |
| Vacancy Loss - Residential - Tenant Rents | | n/a | n/a | | (22,950) | - | (22,950) | (23,180) | - | (23,180) | (23,411) | - | (23,411) |
| Vacancy Loss - Residential - Tenant Assistance Payments | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| Vacancy Loss - Commercial | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| EFFECTIVE GROSS INCOME | | | | | 1,546,464 | - | 1,546,464 | 1,597,068 | - | 1,597,068 | 1,650,479 | - | 1,650,479 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | |
| Management Fee | | 3.5% | 3.5% | | 110,160 | - | 110,160 | 114,016 | - | 114,016 | 118,006 | - | 118,006 |
| Asset Management Fee | | 3.5% | 3.5% | | 22,670 | - | 22,670 | 23,463 | - | 23,463 | 24,285 | - | 24,285 |
| Sub-total Management Expenses | | | | | 132,830 | - | 132,830 | 137,479 | - | 137,479 | 142,291 | - | 142,291 |
| Salaries/Benefits | | | | | | | | | | | | | |
| Office Salaries | | 3.5% | 3.5% | | 183,946 | - | 183,946 | 190,384 | - | 190,384 | 197,048 | - | 197,048 |
| Manager's Salary | | 3.5% | 3.5% | | 88,000 | - | 88,000 | 91,080 | - | 91,080 | 94,268 | - | 94,268 |
| Health Insurance and Other Benefits | | 3.5% | 3.5% | | 48,000 | - | 48,000 | 49,680 | - | 49,680 | 51,419 | - | 51,419 |
| Other Salaries/Benefits | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Administrative Rent-Free Unit | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sub-total Salaries/Benefits | | | | | 319,946 | - | 319,946 | 331,144 | - | 331,144 | 342,734 | - | 342,734 |
| Administration | | | | | | | | | | | | | |
| Advertising and Marketing | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Office Expenses | | 3.5% | 3.5% | | 56,908 | - | 56,908 | 58,900 | - | 58,900 | 60,961 | - | 60,961 |
| Office Rent | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Legal Expense - Property | | 3.5% | 3.5% | | 37,218 | - | 37,218 | 38,521 | - | 38,521 | 39,869 | - | 39,869 |
| Audit Expense | | 3.5% | 3.5% | | 14,000 | - | 14,000 | 14,490 | - | 14,490 | 14,997 | - | 14,997 |
| Bookkeeping/Accounting Services | | 3.5% | 3.5% | | 17,442 | - | 17,442 | 18,052 | - | 18,052 | 18,684 | - | 18,684 |
| Bad Debts | | 3.5% | 3.5% | | 1,500 | - | 1,500 | 1,553 | - | 1,553 | 1,607 | - | 1,607 |
| Miscellaneous | | 3.5% | 3.5% | | 6,795 | - | 6,795 | 7,033 | - | 7,033 | 7,279 | - | 7,279 |
| Sub-total Administration Expenses | | | | | 133,863 | - | 133,863 | 138,648 | - | 138,648 | 143,397 | - | 143,397 |
| Utilities | | | | | | | | | | | | | |
| Electricity | | 3.5% | 3.5% | | 80,772 | - | 80,772 | 83,599 | - | 83,599 | 86,525 | - | 86,525 |
| Water | | 3.5% | 3.5% | | 30,612 | - | 30,612 | 31,683 | - | 31,683 | 32,792 | - | 32,792 |
| Gas | | 3.5% | 3.5% | | 25,908 | - | 25,908 | 26,815 | - | 26,815 | 27,753 | - | 27,753 |
| Sewer | | 3.5% | 3.5% | | 46,068 | - | 46,068 | 47,680 | - | 47,680 | 49,349 | - | 49,349 |
| Sub-total Utilities | | | | | 183,360 | - | 183,360 | 189,778 | - | 189,778 | 196,420 | - | 196,420 |
| Taxes and Licenses | | | | | | | | | | | | | |
| Real Estate Taxes | | 3.5% | 3.5% | | 1,000 | - | 1,000 | 1,035 | - | 1,035 | 1,071 | - | 1,071 |
| Payroll Taxes | | 3.5% | 3.5% | | 25,514 | - | 25,514 | 26,407 | - | 26,407 | 27,331 | - | 27,331 |
| Miscellaneous Taxes, Licenses and Permits | | 3.5% | 3.5% | | 5,000 | - | 5,000 | 5,175 | - | 5,175 | 5,356 | - | 5,356 |
| Sub-total Taxes and Licenses | | | | | 31,514 | - | 31,514 | 32,617 | - | 32,617 | 33,769 | - | 33,769 |
| Insurance | | | | | | | | | | | | | |
| Property and Liability Insurance | | 3.5% | 3.5% | | 117,374 | - | 117,374 | 121,482 | - | 121,482 | 125,734 | - | 125,734 |
| Fidelity Bond Insurance | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Worker's Compensation | | 3.5% | 3.5% | | 15,744 | - | 15,744 | 16,295 | - | 16,295 | 16,865 | - | 16,865 |
| Director's & Officers' Liability Insurance | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sub-total Insurance | | | | | 133,118 | - | 133,118 | 137,777 | - | 137,777 | 142,599 | - | 142,599 |
| Maintenance & Repair | | | | | | | | | | | | | |
| Payroll | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Supplies | | 3.5% | 3.5% | | 52,790 | - | 52,790 | 54,638 | - | 54,638 | 56,550 | - | 56,550 |
| Contracts | | 3.5% | 3.5% | | 352,800 | - | 352,800 | 365,148 | - | 365,148 | 377,828 | - | 377,828 |
| Garbage and Trash Removal | | 3.5% | 3.5% | | 49,593 | - | 49,593 | 51,229 | - | 51,229 | 52,925 | - | 52,925 |
| Security Payroll/Contract | | 3.5% | 3.5% | | 42,200 | - | 42,200 | 43,677 | - | 43,677 | 45,206 | - | 45,206 |
| HVAC Repairs and Maintenance | | 3.5% | 3.5% | | 10,000 | - | 10,000 | 10,350 | - | 10,350 | 10,712 | - | 10,712 |
| Vehicle and Maintenance Equipment Operation and Repairs | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Operating and Maintenance Expenses | | 3.5% | 3.5% | | 2,400 | - | 2,400 | 2,484 | - | 2,484 | 2,571 | - | 2,571 |
| Sub-total Maintenance & Repair Expenses | | | | | 608,783 | - | 608,783 | 627,626 | - | 627,626 | 646,092 | - | 646,092 |
| Supportive Services | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Commercial Expenses | | - | - | | - | - | - | - | - | - | - | - | - |
| TOTAL OPERATING EXPENSES | | | | | 1,444,414 | - | 1,444,414 | 1,494,869 | - | 1,494,869 | 1,547,292 | - | 1,547,292 |
| Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | 15,000 | - | 15,000 | 15,000 | - | 15,000 | 15,000 | - | 15,000 |
| Bond Monitoring Fee | | | | | 2,500 | - | 2,500 | 2,500 | - | 2,500 | 2,500 | - | 2,500 |
| Replacement Reserve Deposit | | | | | 53,550 | - | 53,550 | 53,550 | - | 53,550 | 53,550 | - | 53,550 |
| Operating Reserve Deposit | | | | | - | - | - | - | - | - | - | - | - |
| Other Required Reserve 1 Deposit | | | | | - | - | - | - | - | - | - | - | - |
| Other Required Reserve 2 Deposit | | | | | - | - | - | - | - | - | - | - | - |
| Required Reserve Deposits, Commercial | | | | | - | - | - | - | - | - | - | - | - |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | | | | | 71,050 | - | 71,050 | 71,050 | - | 71,050 | 71,050 | - | 71,050 |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees) | | | | | 1,515,464 | - | 1,515,464 | 1,566,019 | - | 1,566,019 | 1,618,342 | - | 1,618,342 |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | 30,000 | - | 30,000 | 31,060 | - | 31,060 | 32,137 | - | 32,137 |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | | | | | | | | | | |
| Hard Debt - First Lender | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender) | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Fourth Lender | | | | | - | - | - | - | - | - | - | - | - |
| Commercial Hard Debt Service | | | | | - | - | - | - | - | - | - | - | - |
| TOTAL HARD DEBT SERVICE | | | | | - | - | - | - | - | - | - | - | - |
| CASH FLOW (NOI minus DEBT SERVICE) | | | | | 30,000 | - | 30,000 | 31,060 | - | 31,060 | 32,137 | - | 32,137 |
| Commercial Only Cash Flow | | | | | - | - | - | - | - | - | - | - | - |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | | | | | - | - | - | - | - | - | - | - | - |
| AVAILABLE CASH FLOW | | | | | 30,000 | - | 30,000 | 31,060 | - | 31,060 | 32,137 | - | 32,137 |
| USES OF CASH FLOW BELOW (This row also shows DSCR) | | | | | | | | | | | | | |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | | | | | | | | | | | | | |
| "Below-the-line" Asset Mat fee (uncommon in new projects, see policy) | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Partnership Management Fee (see policy for limits) | | 3.5% | 3.5% | | 22,500 | - | 22,500 | 23,288 | - | 23,288 | 24,103 | - | 24,103 |
| Investor Service Fee (aka "LP Asset Mat Fee") (see policy for limits) | | 3.5% | 3.5% | | 7,500 | - | 7,500 | 7,763 | - | 7,763 | 8,034 | - | 8,034 |
| Other Payments | | - | - | | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmnt - Lender 1 | | - | - | | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmnt - Lender 2 | | - | - | | - | - | - | - | - | - | - | - | - |
| Deferred Developer Fee (Enter amt <= Max Fee from row 131) | | - | - | | - | - | - | - | - | - | - | - | - |
| TOTAL PAYMENTS PRECEDING MOHCD | | | | | 30,000 | - | 30,000 | 31,060 | - | 31,060 | 32,137 | - | 32,137 |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | | | | | - | - | - | - | - | - | - | - | - |
| Does Project have a MOHCD Residual Receipt Obligation? | | | | | Yes | | | | | | | | |
| Will Project Defer Developer Fee? | | | | | TBD | | | | | | | | |
| Residual Receipts split for all years. - Lender/Owner | | | | | 67% / 33% | | | | | | | | |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | | |
| MOHCD Residual Receipts Amount Due | | | | | 100.00% | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | | | | | | | | | | | | | |

Handwritten text at the top left corner, possibly a page number or identifier, appearing as "10/29".

| INCOME | Total # Units: | | | | | Year 1 2021 | | | Year 2 2022 | | | Year 3 2023 | | |
|--|----------------|----------------|-------------------|-------------------|--|-------------|----------|--------|-------------|----------|---------|-------------|----------|---------|
| | LOSP Units | Non-LOSP Units | % annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | 163 | 163 | 100.00% | 0.00% | | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | | | | | Proposed Total MOHCD Amt Due less Loan Repayment | | | - | | | - | | | - |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | | | |
| HCD Residual Receipts Amount Due | | | 0.00% | | No HCD Financing | | | - | | | - | | | - |
| Lender 4 Residual Receipts Due | | | 0.00% | | | | | - | | | - | | | - |
| Lender 5 Residual Receipts Due | | | 0.00% | | | | | - | | | - | | | - |
| Total Non-MOHCD Residual Receipts Debt Service | | | | | | | | - | | | - | | | - |
| REMAINDER (Should be zero unless there are distributions below) | | | | | | | | | | | | | | |
| Owner Distributions/Incentive Management Fee | | | | | | | | - | | | - | | | - |
| Other Distributions/Uses | | | | | | | | - | | | - | | | - |
| Final Balance (should be zero) | | | | | | | | - | | | - | | | - |
| REPLACEMENT RESERVE - RUNNING BALANCE | | | | | | | | | | | | | | |
| Replacement Reserve Starting Balance | | | | | | | | - | | | 63,660 | | | 107,100 |
| Replacement Reserve Deposits | | | | | | | | 63,660 | | | 63,660 | | | 63,660 |
| Replacement Reserve Withdrawals (Ideally tied to CNA) | | | | | | | | - | | | - | | | - |
| Replacement Reserve Interest | | | | | | | | - | | | - | | | - |
| RR Running Balance | | | | | | | | 63,660 | | | 107,100 | | | 160,660 |
| | | | | | | | | \$350 | | | \$700 | | | \$1,050 |
| OPERATING RESERVE - RUNNING BALANCE | | | | | | | | | | | | | | |
| Operating Reserve Starting Balance | | | | | | | | - | | | - | | | - |
| Operating Reserve Deposits | | | | | | | | - | | | - | | | - |
| Operating Reserve Withdrawals | | | | | | | | - | | | - | | | - |
| Operating Reserve Interest | | | | | | | | - | | | - | | | - |
| OR Running Balance | | | | | | | | - | | | - | | | - |
| | | | | | | | | | | | 0.0% | | | 0.0% |
| OTHER REQUIRED RESERVE 1 - RUNNING BALANCE | | | | | | | | | | | | | | |
| Other Reserve 1 Starting Balance | | | | | | | | - | | | - | | | - |
| Other Reserve 1 Deposits | | | | | | | | - | | | - | | | - |
| Other Reserve 1 Withdrawals | | | | | | | | - | | | - | | | - |
| Other Reserve 1 Interest | | | | | | | | - | | | - | | | - |
| Other Required Reserve 1 Running Balance | | | | | | | | - | | | - | | | - |
| OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | | | - | | | - | | | - |
| Other Reserve 2 Deposits | | | | | | | | - | | | - | | | - |
| Other Reserve 2 Withdrawals | | | | | | | | - | | | - | | | - |
| Other Reserve 2 Interest | | | | | | | | - | | | - | | | - |
| Other Required Reserve 2 Running Balance | | | | | | | | - | | | - | | | - |

1064-1068 Mission Street

| Total # Units: | LOSP Units | | Non-LOSP Units | | Year 4 2024 | | | Year 5 2025 | | | Year 6 2026 | | | |
|--|-------------------|-------------------|--|-------|-------------|-----------|-----------|-------------|-----------|-----------|-------------|-----------|-----------|-----------|
| | 163 | 163 | 0 | 0 | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | |
| | 100.00% | 100.00% | 0.00% | 0.00% | | | | | | | | | | |
| INCOME | % annual Inc LOSP | % annual Increase | Comments (related to annual inc assumptions) | | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| Residential - Tenant Rents | 1.0% | 2.5% | | | | 472,908 | - | 472,908 | 477,637 | - | 477,637 | 482,414 | - | 482,414 |
| Residential - Tenant Assistance Payments (Non-LOSP) | n/a | n/a | | | | - | - | - | - | - | - | - | - | - |
| Residential - LOSP Tenant Assistance Payments | n/a | n/a | | | | 1,246,675 | - | 1,246,675 | 1,299,152 | - | 1,299,152 | 1,353,580 | - | 1,353,580 |
| Commercial Space | n/a | 2.5% | | | | - | - | - | - | - | - | - | - | - |
| Residential Parking | 2.5% | 2.5% | | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Rent Income | 2.5% | 2.5% | | | | - | - | - | - | - | - | - | - | - |
| Supportive Services Income | 2.5% | 2.5% | | | | - | - | - | - | - | - | - | - | - |
| Interest Income - Project Operations | 2.5% | 2.5% | | | | - | - | - | - | - | - | - | - | - |
| Laundry and Vending | 2.5% | 2.5% | | | | 9,821 | - | 9,821 | 10,067 | - | 10,067 | 10,318 | - | 10,318 |
| Tenant Charges | 2.5% | 2.5% | | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Residential Income | 2.5% | 2.5% | | | | - | - | - | - | - | - | - | - | - |
| Other Commercial Income | n/a | 2.5% | | | | - | - | - | - | - | - | - | - | - |
| Withdrawal from Capitalized Reserve (deposit to operating account) | n/a | n/a | Link from Reserve Section below, as applicable | | | - | - | - | - | - | - | - | - | - |
| Gross Potential Income | | | | | 1,728,406 | - | 1,728,406 | 1,788,858 | - | 1,788,858 | 1,848,312 | - | 1,848,312 | |
| Vacancy Loss - Residential - Tenant Rents | n/a | n/a | Enter formulas manually per relevant MOH policy; annual increasing usually not appropriate | | | (23,645) | - | (23,645) | (23,882) | - | (23,882) | (24,121) | - | (24,121) |
| Vacancy Loss - Residential - Tenant Assistance Payments | n/a | n/a | | | | - | - | - | - | - | - | - | - | - |
| Vacancy Loss - Commercial | n/a | n/a | | | | - | - | - | - | - | - | - | - | - |
| EFFECTIVE GROSS INCOME | | | | | 1,706,769 | - | 1,706,769 | 1,762,974 | - | 1,762,974 | 1,822,191 | - | 1,822,191 | |
| OPERATING EXPENSES | | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | | |
| Management Fee | 3.5% | 3.5% | 1st Year to be set according to HUD schedule | | | 122,136 | - | 122,136 | 126,411 | - | 126,411 | 130,836 | - | 130,836 |
| Asset Management Fee | 3.5% | 3.5% | per MOHCD policy | | | 25,135 | - | 25,135 | 26,014 | - | 26,014 | 26,925 | - | 26,925 |
| Sub-total Management Expenses | | | | | 147,271 | - | 147,271 | 152,426 | - | 152,426 | 157,761 | - | 157,761 | |
| Salaries/Benefits | | | | | | | | | | | | | | |
| Office Salaries | 3.5% | 3.5% | | | | 203,944 | - | 203,944 | 211,082 | - | 211,082 | 218,470 | - | 218,470 |
| Manager's Salary | 3.5% | 3.5% | | | | 97,587 | - | 97,587 | 100,982 | - | 100,982 | 104,516 | - | 104,516 |
| Health Insurance and Other Benefits | 3.5% | 3.5% | | | | 53,218 | - | 53,218 | 55,081 | - | 55,081 | 57,009 | - | 57,009 |
| Other Salaries/Benefits | 3.5% | 3.5% | | | | - | - | - | - | - | - | - | - | - |
| Administrative Rent-Free Unit | 3.5% | 3.5% | | | | - | - | - | - | - | - | - | - | - |
| Sub-total Salaries/Benefits | | | | | 354,730 | - | 354,730 | 367,146 | - | 367,146 | 379,995 | - | 379,995 | |
| Administration | | | | | | | | | | | | | | |
| Advertising and Marketing | 3.5% | 3.5% | | | | - | - | - | - | - | - | - | - | - |
| Office Expenses | 3.5% | 3.5% | | | | 63,095 | - | 63,095 | 65,303 | - | 65,303 | 67,589 | - | 67,589 |
| Office Rent | 3.5% | 3.5% | | | | - | - | - | - | - | - | - | - | - |
| Legal Expense - Property | 3.5% | 3.5% | | | | 41,264 | - | 41,264 | 42,709 | - | 42,709 | 44,203 | - | 44,203 |
| Audit Expense | 3.5% | 3.5% | | | | 15,522 | - | 15,522 | 16,055 | - | 16,055 | 16,628 | - | 16,628 |
| Bookkeeping/Accounting Services | 3.5% | 3.5% | | | | 19,338 | - | 19,338 | 20,015 | - | 20,015 | 20,716 | - | 20,716 |
| Bad Debts | 3.5% | 3.5% | | | | 1,683 | - | 1,683 | 1,721 | - | 1,721 | 1,782 | - | 1,782 |
| Miscellaneous | 3.5% | 3.5% | | | | 7,534 | - | 7,534 | 7,797 | - | 7,797 | 8,070 | - | 8,070 |
| Sub-total Administration Expenses | | | | | 148,416 | - | 148,416 | 153,811 | - | 153,811 | 158,987 | - | 158,987 | |
| Utilities | | | | | | | | | | | | | | |
| Electricity | 3.5% | 3.5% | | | | 89,553 | - | 89,553 | 92,688 | - | 92,688 | 95,932 | - | 95,932 |
| Water | 3.5% | 3.5% | | | | 33,940 | - | 33,940 | 35,128 | - | 35,128 | 36,357 | - | 36,357 |
| Gas | 3.5% | 3.5% | | | | 28,725 | - | 28,725 | 29,730 | - | 29,730 | 30,771 | - | 30,771 |
| Sewer | 3.5% | 3.5% | | | | 51,076 | - | 51,076 | 52,864 | - | 52,864 | 54,714 | - | 54,714 |
| Sub-total Utilities | | | | | 203,296 | - | 203,296 | 210,410 | - | 210,410 | 217,774 | - | 217,774 | |
| Taxes and Licenses | | | | | | | | | | | | | | |
| Real Estate Taxes | 3.5% | 3.5% | | | | 1,109 | - | 1,109 | 1,148 | - | 1,148 | 1,188 | - | 1,188 |
| Payroll Taxes | 3.5% | 3.5% | | | | 28,288 | - | 28,288 | 29,278 | - | 29,278 | 30,303 | - | 30,303 |
| Miscellaneous Taxes, Licenses and Permits | 3.5% | 3.5% | | | | 5,544 | - | 5,544 | 5,738 | - | 5,738 | 5,938 | - | 5,938 |
| Sub-total Taxes and Licenses | | | | | 34,940 | - | 34,940 | 36,163 | - | 36,163 | 37,429 | - | 37,429 | |
| Insurance | | | | | | | | | | | | | | |
| Property and Liability Insurance | 3.5% | 3.5% | | | | 130,135 | - | 130,135 | 134,689 | - | 134,689 | 139,403 | - | 139,403 |
| Fidelity Bond Insurance | 3.5% | 3.5% | | | | - | - | - | - | - | - | - | - | - |
| Worker's Compensation | 3.5% | 3.5% | | | | 17,456 | - | 17,456 | 18,067 | - | 18,067 | 18,699 | - | 18,699 |
| Director's & Officers' Liability Insurance | 3.5% | 3.5% | | | | - | - | - | - | - | - | - | - | - |
| Sub-total Insurance | | | | | 147,690 | - | 147,690 | 152,756 | - | 152,756 | 158,102 | - | 158,102 | |
| Maintenance & Repair | | | | | | | | | | | | | | |
| Payroll | 3.5% | 3.5% | | | | - | - | - | - | - | - | - | - | - |
| Supplies | 3.5% | 3.5% | | | | 58,529 | - | 58,529 | 60,578 | - | 60,578 | 62,698 | - | 62,698 |
| Contracts | 3.5% | 3.5% | | | | 391,156 | - | 391,156 | 404,846 | - | 404,846 | 419,016 | - | 419,016 |
| Garbage and Trash Removal | 3.5% | 3.5% | | | | 54,985 | - | 54,985 | 56,809 | - | 56,809 | 58,691 | - | 58,691 |
| Security Payroll/Contract | 3.5% | 3.5% | | | | 46,788 | - | 46,788 | 48,425 | - | 48,425 | 50,120 | - | 50,120 |
| HVAC Repairs and Maintenance | 3.5% | 3.5% | | | | 11,087 | - | 11,087 | 11,475 | - | 11,475 | 11,877 | - | 11,877 |
| Vehicle and Maintenance Equipment Operation and Repairs | 3.5% | 3.5% | | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Operating and Maintenance Expenses | 3.5% | 3.5% | | | | 2,681 | - | 2,681 | 2,754 | - | 2,754 | 2,850 | - | 2,850 |
| Sub-total Maintenance & Repair Expenses | | | | | 586,206 | - | 586,206 | 604,988 | - | 604,988 | 624,482 | - | 624,482 | |
| Supportive Services | 3.5% | 3.5% | | | | - | - | - | - | - | - | - | - | - |
| Commercial Expenses | | | | | | | | | | | | | | |
| TOTAL OPERATING EXPENSES | | | | | 1,801,448 | - | 1,801,448 | 1,867,498 | - | 1,867,498 | 1,935,511 | - | 1,935,511 | |
| RESERVES/GROUND LEASE BASE RENT/BOND FEES | | | | | | | | | | | | | | |
| Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | 15,000 | - | 15,000 | 15,000 | - | 15,000 | 15,000 | - | 15,000 | |
| Bond Monitoring Fee | | | | | 2,500 | - | 2,500 | 2,500 | - | 2,500 | 2,500 | - | 2,500 | |
| Replacement Reserve Deposit | | | | | 53,550 | - | 53,550 | 53,550 | - | 53,550 | 53,550 | - | 53,550 | |
| Operating Reserve Deposit | | | | | - | - | - | - | - | - | - | - | - | |
| Other Required Reserve 1 Deposit | | | | | - | - | - | - | - | - | - | - | - | |
| Other Required Reserve 2 Deposit | | | | | - | - | - | - | - | - | - | - | - | |
| Required Reserve Deposits, Commercial | | | | | - | - | - | - | - | - | - | - | - | |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | | | | | 71,050 | - | 71,050 | 71,050 | - | 71,050 | 71,050 | - | 71,050 | |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees) | | | | | 1,872,498 | - | 1,872,498 | 1,938,548 | - | 1,938,548 | 2,006,561 | - | 2,006,561 | |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | 33,282 | - | 33,282 | 34,428 | - | 34,428 | 35,631 | - | 35,631 | |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | | | | | | | | | | | |
| Hard Debt - First Lender | | | | | | | | | | | | | | |
| Hard Debt - Second Lender (HCD Program 0.42% pmt; or other 2nd Lender) | | | | | | | | | | | | | | |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | | | | | | | | | | | | | |
| Hard Debt - Fourth Lender | | | | | | | | | | | | | | |
| Commercial Hard Debt Service | | | | | | | | | | | | | | |
| TOTAL HARD DEBT SERVICE | | | | | | | | | | | | | | |
| CASH FLOW (NOI minus DEBT SERVICE) | | | | | 33,282 | - | 33,282 | 34,428 | - | 34,428 | 35,631 | - | 35,631 | |
| Commercial Only Cash Flow | | | | | | | | | | | | | | |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | | | | | | | | | | | | | | |
| AVAILABLE CASH FLOW | | | | | 33,282 | - | 33,282 | 34,428 | - | 34,428 | 35,631 | - | 35,631 | |
| USES OF CASH FLOW BELOW (This row also shows DSCR) | | | | | | | | | | | | | | |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | | | | | | | | | | | | | | |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | 3.5% | 3.5% | per MOHCD policy | | | 24,946 | - | 24,946 | 25,819 | - | 25,819 | 26,723 | - | 26,723 |
| Partnership Management Fee (see policy for limits) | 3.5% | 3.5% | per MOHCD policy | | | 8,315 | - | 8,315 | 8,606 | - | 8,606 | 8,908 | - | 8,908 |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | per MOHCD policy no annual increase | | | - | - | - | - | - | - | - | - | - |
| Other Payments | | | | | | - | - | - | - | - | - | - | - | |
| Non-amortizing Loan Pmnt - Lender 1 | | | | | | - | - | - | - | - | - | - | - | |
| Non-amortizing Loan Pmnt - Lender 2 | | | | | | - | - | - | - | - | - | - | - | |
| Deferred Developer Fee (Enter amt => Max Fee from row 131) | | | | | | - | - | - | - | - | - | - | - | |
| TOTAL PAYMENTS PRECEDING MOHCD | | | | | 33,282 | - | 33,282 | 34,428 | - | 34,428 | 35,631 | - | 35,631 | |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | | | | | | | | | | | | | | |

| INCOME | Total # Units: 163 | LOSP | Non-LOSP | Year 4 2024 | | | Year 5 2025 | | | Year 6 2026 | | |
|--|-----------------------|--------------|------------|---------------------------------|-------------------------------|---|----------------|----------|-------|----------------|----------|-------|
| | | Units 163 | Units 0 | % annual inc LOSP 100.00% | % annual increase 0.00% | Comments (related to annual inc assumptions) | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | | | | | | | | | | | | |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | |
| HCD Residual Receipts Amount Due | | | 0.00% | No HCD Financing | | | | | | | | |
| Lender 4 Residual Receipts Due | | | 0.00% | | | | | | | | | |
| Lender 5 Residual Receipts Due | | | 0.00% | | | | | | | | | |
| Total Non-MOHCD Residual Receipts Debt Service | | | | | | | | | | | | |
| REMAINDER (Should be zero unless there are distributions below) | | | | | | | | | | | | |
| Owner Distributions/Incentive Management Fee | | | | | | | | | | | | |
| Other Distributions/Uses | | | | | | | | | | | | |
| Final Balance (should be zero) | | | | | | | | | | | | |
| REPLACEMENT RESERVE - RUNNING BALANCE | | | | | | | | | | | | |
| Replacement Reserve Starting Balance | | | | | | 160,660 | | 214,200 | | | 267,760 | |
| Replacement Reserve Deposits | | | | | | 63,660 | | 63,660 | | | 63,660 | |
| Replacement Reserve Withdrawals (ideally tied to CNA) | | | | | | - | | - | | | - | |
| Replacement Reserve Interest | | | | | | - | | - | | | - | |
| RR Running Balance | | | | | | 214,200 | | 267,760 | | | 321,300 | |
| | | | | | | \$1,400 | | \$1,750 | | | \$2,100 | |
| OPERATING RESERVE - RUNNING BALANCE | | | | | | | | | | | | |
| Operating Reserve Starting Balance | | | | | | - | | - | | | - | |
| Operating Reserve Deposits | | | | | | - | | - | | | - | |
| Operating Reserve Withdrawals | | | | | | - | | - | | | - | |
| Operating Reserve Interest | | | | | | - | | - | | | - | |
| OR Running Balance | | | | | | - | | - | | | - | |
| OTHER REQUIRED RESERVE 1 - RUNNING BALANCE | | | | | | | | | | | | |
| Other Reserve 1 Starting Balance | | | | | | - | | - | | | - | |
| Other Reserve 1 Deposits | | | | | | - | | - | | | - | |
| Other Reserve 1 Withdrawals | | | | | | - | | - | | | - | |
| Other Reserve 1 Interest | | | | | | - | | - | | | - | |
| Other Required Reserve 1 Running Balance | | | | | | - | | - | | | - | |
| OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | - | | - | | | - | |
| Other Reserve 2 Deposits | | | | | | - | | - | | | - | |
| Other Reserve 2 Withdrawals | | | | | | - | | - | | | - | |
| Other Reserve 2 Interest | | | | | | - | | - | | | - | |
| Other Required Reserve 2 Running Balance | | | | | | - | | - | | | - | |

1064-1068 Mission Street

| | Total # Units: 163 | LOSP Units 163 | Non-LOSP Units 0 | 100.00% | 0.00% | Year 7 2027 | | | Year 8 2028 | | | Year 9 2029 | | | | | |
|---|-----------------------|----------------------|------------------------|---------|--|----------------------|----------------------|---|------------------|----------|------------------|------------------|----------|------------------|------|----------|-------|
| | | | | | | % annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | | | | | | | | | | | | | | | | | |
| INCOME | | | | | | | | | | | | | | | | | |
| Residential - Tenant Rents | | 1.0% | 2.5% | | | 487,238 | - | 487,238 | 492,110 | - | 492,110 | 497,031 | - | 497,031 | | | |
| Residential - Tenant Assistance Payments (Non-LOSP) | | n/a | n/a | | | - | - | - | - | - | - | - | - | - | | | |
| Residential - LOSP Tenant Assistance Payments | | n/a | n/a | | | 1,410,029 | - | 1,410,029 | 1,468,571 | - | 1,468,571 | 1,529,280 | - | 1,529,280 | | | |
| Commercial Space | | n/a | 2.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Residential Parking | | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Miscellaneous Rent Income | | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Supportive Services Income | | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Interest Income - Project Operations | | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Laundry and Vending | | 2.5% | 2.5% | | | 10,576 | - | 10,576 | 10,841 | - | 10,841 | 11,112 | - | 11,112 | | | |
| Tenant Charges | | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Miscellaneous Residential Income | | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Other Commercial Income | | n/a | 2.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Withdrawal from Capitalized Reserve (deposited to operating account) | | n/a | n/a | | | - | - | - | - | - | - | - | - | - | | | |
| Gross Potential Income | | | | | | 1,907,843 | - | 1,907,843 | 1,971,622 | - | 1,971,622 | 2,037,423 | - | 2,037,423 | | | |
| Vacancy Loss - Residential - Tenant Rents | | n/a | n/a | | | (24,362) | - | (24,362) | (24,606) | - | (24,606) | (24,852) | - | (24,852) | | | |
| Vacancy Loss - Residential - Tenant Assistance Payments | | n/a | n/a | | | - | - | - | - | - | - | - | - | - | | | |
| Vacancy Loss - Commercial | | n/a | n/a | | | - | - | - | - | - | - | - | - | - | | | |
| EFFECTIVE GROSS INCOME | | | | | | 1,883,481 | - | 1,883,481 | 1,946,916 | - | 1,946,916 | 2,012,572 | - | 2,012,572 | | | |
| OPERATING EXPENSES | | | | | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | | | | | |
| Management Fee | | 3.5% | 3.5% | | 1st Year to be set according to HUD schedule | 135,415 | - | 135,415 | 140,154 | - | 140,154 | 145,060 | - | 145,060 | | | |
| Asset Management Fee | | 3.5% | 3.5% | | per MOHCD policy | 27,867 | - | 27,867 | 28,843 | - | 28,843 | 29,852 | - | 29,852 | | | |
| Sub-total Management Expenses | | | | | | 163,282 | - | 163,282 | 168,997 | - | 168,997 | 174,912 | - | 174,912 | | | |
| Salaries/Benefits | | | | | | | | | | | | | | | | | |
| Office Salaries | | 3.5% | 3.5% | | | 226,117 | - | 226,117 | 234,031 | - | 234,031 | 242,222 | - | 242,222 | | | |
| Manager's Salary | | 3.5% | 3.5% | | | 108,174 | - | 108,174 | 111,961 | - | 111,961 | 115,879 | - | 115,879 | | | |
| Health Insurance and Other Benefits | | 3.5% | 3.5% | | | 59,004 | - | 59,004 | 61,069 | - | 61,069 | 63,207 | - | 63,207 | | | |
| Other Salaries/Benefits | | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Administrative Rent-Free Unit | | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Sub-total Salaries/Benefits | | | | | | 393,295 | - | 393,295 | 407,061 | - | 407,061 | 421,308 | - | 421,308 | | | |
| Administration | | | | | | | | | | | | | | | | | |
| Advertising and Marketing | | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Office Expenses | | 3.5% | 3.5% | | | 69,954 | - | 69,954 | 72,403 | - | 72,403 | 74,937 | - | 74,937 | | | |
| Office Rent | | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Lease Expense - Property | | 3.5% | 3.5% | | | 45,750 | - | 45,750 | 47,352 | - | 47,352 | 49,009 | - | 49,009 | | | |
| Audit Expense | | 3.5% | 3.5% | | | 17,210 | - | 17,210 | 17,812 | - | 17,812 | 18,435 | - | 18,435 | | | |
| Bookkeeping/Accounting Services | | 3.5% | 3.5% | | | 21,441 | - | 21,441 | 22,191 | - | 22,191 | 22,968 | - | 22,968 | | | |
| Bad Debts | | 3.5% | 3.5% | | | 1,844 | - | 1,844 | 1,908 | - | 1,908 | 1,975 | - | 1,975 | | | |
| Miscellaneous | | 3.5% | 3.5% | | | 8,353 | - | 8,353 | 8,645 | - | 8,645 | 8,948 | - | 8,948 | | | |
| Sub-total Administration Expenses | | | | | | 164,662 | - | 164,662 | 170,311 | - | 170,311 | 176,272 | - | 176,272 | | | |
| Utilities | | | | | | | | | | | | | | | | | |
| Electricity | | 3.5% | 3.5% | | | 99,289 | - | 99,289 | 102,765 | - | 102,765 | 106,361 | - | 106,361 | | | |
| Water | | 3.5% | 3.5% | | | 37,630 | - | 37,630 | 38,847 | - | 38,847 | 40,310 | - | 40,310 | | | |
| Gas | | 3.5% | 3.5% | | | 31,848 | - | 31,848 | 32,962 | - | 32,962 | 34,116 | - | 34,116 | | | |
| Sewer | | 3.5% | 3.5% | | | 56,629 | - | 56,629 | 58,611 | - | 58,611 | 60,663 | - | 60,663 | | | |
| Sub-total Utilities | | | | | | 225,396 | - | 225,396 | 233,285 | - | 233,285 | 241,460 | - | 241,460 | | | |
| Taxes and Licenses | | | | | | | | | | | | | | | | | |
| Real Estate Taxes | | 3.5% | 3.5% | | | 1,229 | - | 1,229 | 1,272 | - | 1,272 | 1,317 | - | 1,317 | | | |
| Payroll Taxes | | 3.5% | 3.5% | | | 31,363 | - | 31,363 | 32,461 | - | 32,461 | 33,597 | - | 33,597 | | | |
| Miscellaneous Taxes, Licenses and Permits | | 3.5% | 3.5% | | | 6,146 | - | 6,146 | 6,261 | - | 6,261 | 6,584 | - | 6,584 | | | |
| Sub-total Taxes and Licenses | | | | | | 38,738 | - | 38,738 | 40,096 | - | 40,096 | 41,498 | - | 41,498 | | | |
| Insurance | | | | | | | | | | | | | | | | | |
| Property and Liability Insurance | | 3.5% | 3.5% | | | 144,283 | - | 144,283 | 149,333 | - | 149,333 | 154,559 | - | 154,559 | | | |
| Fidelity Bond Insurance | | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Worker's Compensation | | 3.5% | 3.5% | | | 19,353 | - | 19,353 | 20,031 | - | 20,031 | 20,732 | - | 20,732 | | | |
| Director's & Officers' Liability Insurance | | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Sub-total Insurance | | | | | | 163,636 | - | 163,636 | 169,363 | - | 169,363 | 175,291 | - | 175,291 | | | |
| Maintenance & Repair | | | | | | | | | | | | | | | | | |
| Payroll | | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Supplies | | 3.5% | 3.5% | | | 64,892 | - | 64,892 | 67,164 | - | 67,164 | 69,514 | - | 69,514 | | | |
| Contracts | | 3.5% | 3.5% | | | 433,681 | - | 433,681 | 448,860 | - | 448,860 | 464,570 | - | 464,570 | | | |
| Garbage and Trash Removal | | 3.5% | 3.5% | | | 60,962 | - | 60,962 | 63,096 | - | 63,096 | 65,305 | - | 65,305 | | | |
| Security Payroll/Contract | | 3.5% | 3.5% | | | 51,875 | - | 51,875 | 53,690 | - | 53,690 | 55,589 | - | 55,589 | | | |
| HVAC Repairs and Maintenance | | 3.5% | 3.5% | | | 12,293 | - | 12,293 | 12,723 | - | 12,723 | 13,168 | - | 13,168 | | | |
| Vehicle and Maintenance Equipment Operation and Repairs | | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Miscellaneous Operating and Maintenance Expenses | | 3.5% | 3.5% | | | 2,950 | - | 2,950 | 3,053 | - | 3,053 | 3,160 | - | 3,160 | | | |
| Sub-total Maintenance & Repair Expenses | | | | | | 628,663 | - | 628,663 | 648,686 | - | 648,686 | 671,287 | - | 671,287 | | | |
| Supportive Services | | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | | | |
| Commercial Expenses | | | | | | - | - | - | - | - | - | - | - | - | | | |
| TOTAL OPERATING EXPENSES | | | | | | 1,776,664 | - | 1,776,664 | 1,837,098 | - | 1,837,098 | 1,902,017 | - | 1,902,017 | | | |
| RESERVES/GROUND LEASE BASE RENT/BOND FEES | | | | | | | | | | | | | | | | | |
| PUPA (w/o Reserves/GL Base Rent/Bond Fees) | | | | | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | | 15,000 | - | 15,000 | 15,000 | - | 15,000 | 15,000 | - | 15,000 | | | |
| Bond Monitoring Fee | | | | | | 2,500 | - | 2,500 | 2,500 | - | 2,500 | 2,500 | - | 2,500 | | | |
| Replacement Reserve Deposit | | | | | | 53,550 | - | 53,550 | 53,550 | - | 53,550 | 53,550 | - | 53,550 | | | |
| Operating Reserve Deposit | | | | | | - | - | - | - | - | - | - | - | - | | | |
| Other Required Reserve 1 Deposit | | | | | | - | - | - | - | - | - | - | - | - | | | |
| Other Required Reserve 2 Deposit | | | | | | - | - | - | - | - | - | - | - | - | | | |
| Required Reserve Deposits, Commercial | | | | | | - | - | - | - | - | - | - | - | - | | | |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | | | | | | 71,050 | - | 71,050 | 71,050 | - | 71,050 | 71,050 | - | 71,050 | | | |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees) | | | | | | 1,848,004 | - | 1,848,004 | 1,908,748 | - | 1,908,748 | 1,973,067 | - | 1,973,067 | | | |
| PUPA (w Reserves/GL Base Rent/Bond Fees) | | | | | | | | | | | | | | | | | |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | | 36,878 | - | 36,878 | 38,168 | - | 38,168 | 39,504 | - | 39,504 | | | |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | | | | | | | | | | | | | | |
| Hard Debt - First Lender | | | | | | - | - | - | - | - | - | - | - | - | | | |
| Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender) | | | | | | - | - | - | - | - | - | - | - | - | | | |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | | | | | - | - | - | - | - | - | - | - | - | | | |
| Hard Debt - Fourth Lender | | | | | | - | - | - | - | - | - | - | - | - | | | |
| Commercial Hard Debt Service | | | | | | - | - | - | - | - | - | - | - | - | | | |
| TOTAL HARD DEBT SERVICE | | | | | | - | - | - | - | - | - | - | - | - | | | |
| CASH FLOW (NOI minus DEBT SERVICE) | | | | | | 36,878 | - | 36,878 | 38,168 | - | 38,168 | 39,504 | - | 39,504 | | | |
| Commercial Only Cash Flow | | | | | | | | | | | | | | | | | |
| Allocation of Commercial Surplus to LOSP(non-LOSP (residual income)) | | | | | | - | - | - | - | - | - | - | - | - | | | |
| AVAILABLE CASH FLOW | | | | | | 36,878 | - | 36,878 | 38,168 | - | 38,168 | 39,504 | - | 39,504 | | | |
| USES OF CASH FLOW BELOW (This row also shows DSCR) | | | | | | | | | | | | | | | | | |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | | | | | | | | | | | | | | | | | |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | | 3.5% | 3.5% | | per MOHCD policy | 27,658 | - | 27,658 | 28,626 | - | 28,626 | 29,628 | - | 29,628 | | | |
| Partnership Management Fees (see policy for limits) | | 3.5% | 3.5% | | per MOHCD policy | 9,219 | - | 9,219 | 9,542 | - | 9,542 | 9,876 | - | 9,876 | | | |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | | | per MOHCD policy no annual increase | - | - | - | - | - | - | - | - | - | | | |
| Other Payments | | | | | | - | - | - | - | - | - | - | - | - | | | |
| Non-amortizing Loan Pmtnt - Lender 1 | | | | | | - | - | - | - | - | - | - | - | - | | | |
| Non-amortizing Loan Pmtnt - Lender 2 | | | | | | | | | | | | | | | | | |

| INCOME | Total # Units: | | Comments | | | Year 7 2027 | | | Year 8 2028 | | | Year 9 2029 | | |
|--|----------------|-------------------|----------------------|----------------------|--|----------------|----------|---------|----------------|----------|---------|----------------|----------|---------|
| | LOSP Units | Non-LOSP Units | % annual inc LOSP | % annual increase | (related to annual inc assumptions) | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | 153 | 153 | | | | 0 | 0.00% | 100.00% | 0.00% | | | | | |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | | | | | Proposed Total MOHCD Amt Due less Loan Repayment | | | - | | | - | | | - |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | | | |
| HCD Residual Receipts Amount Due | | | 0.00% | | No HCD Financing | | | - | | | - | | | - |
| Lender 4 Residual Receipts Due | | | 0.00% | | | | | - | | | - | | | - |
| Lender 5 Residual Receipts Due | | | 0.00% | | | | | - | | | - | | | - |
| Total Non-MOHCD Residual Receipts Debt Service | | | | | | | | - | | | - | | | - |
| REMAINDER (Should be zero unless there are distributions below) | | | | | | | | | | | | | | |
| Owner Distributions/Incentive Management Fee | | | | | | | | - | | | - | | | - |
| Other Distributions/Uses | | | | | | | | - | | | - | | | - |
| Final Balance (should be zero) | | | | | | | | - | | | - | | | - |
| REPLACEMENT RESERVE - RUNNING BALANCE | | | | | | | | | | | | | | |
| Replacement Reserve Starting Balance | | | | | | | | 321,300 | | | 374,850 | | | 428,400 |
| Replacement Reserve Deposits | | | | | | | | 53,550 | | | 53,550 | | | 53,550 |
| Replacement Reserve Withdrawals (ideally tied to CNA) | | | | | | | | - | | | - | | | - |
| Replacement Reserve Interest | | | | | | | | - | | | - | | | - |
| RR Running Balance | | | | | | | | 374,850 | | | 428,400 | | | 481,950 |
| | | | | | | | | \$2,450 | | | \$2,800 | | | \$3,150 |
| | | | | | | | | | | | | | | |
| OPERATING RESERVE - RUNNING BALANCE | | | | | | | | | | | | | | |
| Operating Reserve Starting Balance | | | | | | | | - | | | - | | | - |
| Operating Reserve Deposits | | | | | | | | - | | | - | | | - |
| Operating Reserve Withdrawals | | | | | | | | - | | | - | | | - |
| Operating Reserve Interest | | | | | | | | - | | | - | | | - |
| OR Running Balance | | | | | | | | - | | | - | | | - |
| | | | | | | | | 0.0% | | | 0.0% | | | 0.0% |
| | | | | | | | | | | | | | | |
| OTHER REQUIRED RESERVE 1 - RUNNING BALANCE | | | | | | | | | | | | | | |
| Other Reserve 1 Starting Balance | | | | | | | | - | | | - | | | - |
| Other Reserve 1 Deposits | | | | | | | | - | | | - | | | - |
| Other Reserve 1 Withdrawals | | | | | | | | - | | | - | | | - |
| Other Reserve 1 Interest | | | | | | | | - | | | - | | | - |
| Other Required Reserve 1 Running Balance | | | | | | | | - | | | - | | | - |
| OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | | | - | | | - | | | - |
| Other Reserve 2 Deposits | | | | | | | | - | | | - | | | - |
| Other Reserve 2 Withdrawals | | | | | | | | - | | | - | | | - |
| Other Reserve 2 Interest | | | | | | | | - | | | - | | | - |
| Other Required Reserve 2 Running Balance | | | | | | | | - | | | - | | | - |

1064-1068 Mission Street

| Total # Units: | LOSP Units | | Non-LOSP Units | | Year 10 2030 | | | Year 11 2031 | | | Year 12 2032 | | | | | |
|---|------------|---------|----------------|-------|-------------------|-------------------|--|--------------|----------|-----------|--------------|----------|-----------|-----------|----------|-----------|
| | 163 | 163 | 0 | 0 | | | | | | | | | | | | |
| | 100.00% | 100.00% | 0.00% | 0.00% | % annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| INCOME | | | | | | | | | | | | | | | | |
| Residential - Tenant Rents | | 1.0% | 2.5% | | | | | 502,002 | - | 502,002 | 507,022 | - | 507,022 | 512,092 | - | 512,092 |
| Residential - Tenant Assistance Payments (Non-LOSP) | | n/a | n/a | | | | | - | - | - | - | - | - | - | - | - |
| Residential - LOSP Tenant Assistance Payments | | n/a | n/a | | | | | 1,592,234 | - | 1,592,234 | 1,657,512 | - | 1,657,512 | 1,725,196 | - | 1,725,196 |
| Commercial Space | | n/a | 2.5% | | | | | - | - | - | - | - | - | - | - | - |
| Residential Parking | | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Rent Income | | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - |
| Supportive Services Income | | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - |
| Interest Income - Project Operations | | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - |
| Laundry and Vending | | 2.5% | 2.5% | | | | | 11,390 | - | 11,390 | 11,674 | - | 11,674 | 11,966 | - | 11,966 |
| Tenant Charges | | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Residential Income | | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - |
| Other Commercial Income | | n/a | 2.5% | | | | | - | - | - | - | - | - | - | - | - |
| Withdrawal from Capitalized Reserve (deposit to operating account) | | n/a | n/a | | | | | - | - | - | - | - | - | - | - | - |
| Gross Potential Income | | | | | | | | | | | | | | | | |
| | | | | | | | | 2,106,626 | - | 2,106,626 | 2,176,208 | - | 2,176,208 | 2,249,254 | - | 2,249,254 |
| Vacancy Loss - Residential - Tenant Rents | | n/a | n/a | | | | | (25,100) | - | (25,100) | (25,351) | - | (25,351) | (25,605) | - | (25,605) |
| Vacancy Loss - Residential - Tenant Assistance Payments | | n/a | n/a | | | | | - | - | - | - | - | - | - | - | - |
| Vacancy Loss - Commercial | | n/a | n/a | | | | | - | - | - | - | - | - | - | - | - |
| EFFECTIVE GROSS INCOME | | | | | | | | | | | | | | | | |
| | | | | | | | | 2,080,626 | - | 2,080,626 | 2,150,867 | - | 2,150,867 | 2,223,650 | - | 2,223,650 |
| OPERATING EXPENSES | | | | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | | | | |
| Management Fee | | 3.5% | 3.5% | | | | | 150,137 | - | 150,137 | 155,392 | - | 155,392 | 160,830 | - | 160,830 |
| Asset Management Fee | | 3.5% | 3.5% | | | | | 30,897 | - | 30,897 | 31,878 | - | 31,878 | 33,098 | - | 33,098 |
| Sub-total Management Expenses | | | | | | | | | | | | | | | | |
| | | | | | | | | 181,034 | - | 181,034 | 187,370 | - | 187,370 | 193,928 | - | 193,928 |
| Salaries/Benefits | | | | | | | | | | | | | | | | |
| Office Salaries | | 3.5% | 3.5% | | | | | 250,700 | - | 250,700 | 259,474 | - | 259,474 | 268,556 | - | 268,556 |
| Manager's Salary | | 3.5% | 3.5% | | | | | 119,935 | - | 119,935 | 124,133 | - | 124,133 | 128,477 | - | 128,477 |
| Health Insurance and Other Benefits | | 3.5% | 3.5% | | | | | 65,419 | - | 65,419 | 67,709 | - | 67,709 | 70,079 | - | 70,079 |
| Other Salaries/Benefits | | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Administrative Rent-Free Unit | | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Sub-total Salaries/Benefits | | | | | | | | | | | | | | | | |
| | | | | | | | | 438,064 | - | 438,064 | 461,316 | - | 461,316 | 487,111 | - | 487,111 |
| Administration | | | | | | | | | | | | | | | | |
| Advertising and Marketing | | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Office Expenses | | 3.5% | 3.5% | | | | | 77,560 | - | 77,560 | 80,274 | - | 80,274 | 83,084 | - | 83,084 |
| Office Rent | | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Legal Expense - Property | | 3.5% | 3.5% | | | | | 50,724 | - | 50,724 | 52,500 | - | 52,500 | 54,337 | - | 54,337 |
| Audit Expense | | 3.5% | 3.5% | | | | | 19,081 | - | 19,081 | 19,748 | - | 19,748 | 20,440 | - | 20,440 |
| Bookkeeping/Accounting Services | | 3.5% | 3.5% | | | | | 23,772 | - | 23,772 | 24,604 | - | 24,604 | 25,465 | - | 25,465 |
| Bad Debts | | 3.5% | 3.5% | | | | | 2,044 | - | 2,044 | 2,116 | - | 2,116 | 2,190 | - | 2,190 |
| Miscellaneous | | 3.5% | 3.5% | | | | | 9,261 | - | 9,261 | 9,585 | - | 9,585 | 9,920 | - | 9,920 |
| Sub-total Administration Expenses | | | | | | | | | | | | | | | | |
| | | | | | | | | 182,442 | - | 182,442 | 188,827 | - | 188,827 | 195,438 | - | 195,438 |
| Utilities | | | | | | | | | | | | | | | | |
| Electricity | | 3.5% | 3.5% | | | | | 110,084 | - | 110,084 | 113,937 | - | 113,937 | 117,925 | - | 117,925 |
| Water | | 3.5% | 3.5% | | | | | 41,721 | - | 41,721 | 43,181 | - | 43,181 | 44,693 | - | 44,693 |
| Gas | | 3.5% | 3.5% | | | | | 35,310 | - | 35,310 | 36,546 | - | 36,546 | 37,825 | - | 37,825 |
| Sewer | | 3.5% | 3.5% | | | | | 62,786 | - | 62,786 | 64,883 | - | 64,883 | 67,258 | - | 67,258 |
| Sub-total Utilities | | | | | | | | | | | | | | | | |
| | | | | | | | | 249,901 | - | 249,901 | 268,647 | - | 268,647 | 287,700 | - | 287,700 |
| Taxes and Licenses | | | | | | | | | | | | | | | | |
| Real Estate Taxes | | 3.5% | 3.5% | | | | | 1,363 | - | 1,363 | 1,411 | - | 1,411 | 1,460 | - | 1,460 |
| Payroll Taxes | | 3.5% | 3.5% | | | | | 34,773 | - | 34,773 | 35,990 | - | 35,990 | 37,250 | - | 37,250 |
| Miscellaneous Taxes, Licenses and Permits | | 3.5% | 3.5% | | | | | 8,814 | - | 8,814 | 7,953 | - | 7,953 | 7,309 | - | 7,309 |
| Sub-total Taxes and Licenses | | | | | | | | | | | | | | | | |
| | | | | | | | | 42,960 | - | 42,960 | 44,464 | - | 44,464 | 46,009 | - | 46,009 |
| Insurance | | | | | | | | | | | | | | | | |
| Property and Liability Insurance | | 3.5% | 3.5% | | | | | 159,869 | - | 159,869 | 165,568 | - | 165,568 | 171,362 | - | 171,362 |
| Fidelity Bond Insurance | | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Worker's Compensation | | 3.5% | 3.5% | | | | | 21,457 | - | 21,457 | 22,208 | - | 22,208 | 22,986 | - | 22,986 |
| Director's & Officers' Liability Insurance | | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Sub-total Insurance | | | | | | | | | | | | | | | | |
| | | | | | | | | 181,426 | - | 181,426 | 187,776 | - | 187,776 | 194,348 | - | 194,348 |
| Maintenance & Repair | | | | | | | | | | | | | | | | |
| Payroll | | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Supplies | | 3.5% | 3.5% | | | | | 71,947 | - | 71,947 | 74,466 | - | 74,466 | 77,072 | - | 77,072 |
| Contracts | | 3.5% | 3.5% | | | | | 480,830 | - | 480,830 | 497,659 | - | 497,659 | 515,077 | - | 515,077 |
| Garbage and Trash Removal | | 3.5% | 3.5% | | | | | 67,590 | - | 67,590 | 69,956 | - | 69,956 | 72,404 | - | 72,404 |
| Security Payroll/Contract | | 3.5% | 3.5% | | | | | 57,514 | - | 57,514 | 59,527 | - | 59,527 | 61,611 | - | 61,611 |
| HVAC Repairs and Maintenance | | 3.5% | 3.5% | | | | | 13,629 | - | 13,629 | 14,106 | - | 14,106 | 14,600 | - | 14,600 |
| Vehicle and Maintenance Equipment Operation and Repairs | | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Operating and Maintenance Expenses | | 3.5% | 3.5% | | | | | 3,271 | - | 3,271 | 3,385 | - | 3,385 | 3,504 | - | 3,504 |
| Sub-total Maintenance & Repair Expenses | | | | | | | | | | | | | | | | |
| | | | | | | | | 684,782 | - | 684,782 | 718,088 | - | 718,088 | 744,288 | - | 744,288 |
| Supportive Services | | | | | | | | | | | | | | | | |
| Commercial Expenses | | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| TOTAL OPERATING EXPENSES | | | | | | | | | | | | | | | | |
| | | | | | | | | 1,868,588 | - | 1,868,588 | 2,037,488 | - | 2,037,488 | 2,168,801 | - | 2,168,801 |
| Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | | | | 15,000 | - | 15,000 | 15,000 | - | 15,000 | 15,000 | - | 15,000 |
| Bond Monitoring Fee | | | | | | | | 2,500 | - | 2,500 | 2,500 | - | 2,500 | 2,500 | - | 2,500 |
| Replacement Reserve Deposit | | | | | | | | 53,550 | - | 53,550 | 53,550 | - | 53,550 | 53,550 | - | 53,550 |
| Operating Reserve Deposit | | | | | | | | - | - | - | - | - | - | - | - | - |
| Other Required Reserve 1 Deposit | | | | | | | | - | - | - | - | - | - | - | - | - |
| Other Required Reserve 2 Deposit | | | | | | | | - | - | - | - | - | - | - | - | - |
| Required Reserve Deposits, Commercial | | | | | | | | - | - | - | - | - | - | - | - | - |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | | | | | | | | | | |
| | | | | | | | | 71,060 | - | 71,060 | 71,060 | - | 71,060 | 71,060 | - | 71,060 |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) | | | | | | | | | | | | | | | | |
| | | | | | | | | 2,038,638 | - | 2,038,638 | 2,108,538 | - | 2,108,538 | 2,178,861 | - | 2,178,861 |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | | | | | | | | | | | | |
| | | | | | | | | 40,887 | - | 40,887 | 42,318 | - | 42,318 | 43,789 | - | 43,789 |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | | | | | | | | | | | | | |
| Hard Debt - First Lender | | | | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender) | | | | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | | | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Fourth Lender | | | | | | | | - | - | - | - | - | - | - | - | - |
| Commercial Hard Debt Service | | | | | | | | - | - | - | - | - | - | - | - | - |
| TOTAL HARD DEBT SERVICE | | | | | | | | | | | | | | | | |
| | | | | | | | | - | - | - | - | - | - | - | - | - |
| CASH FLOW (NOI minus DEBT SERVICE) | | | | | | | | | | | | | | | | |
| | | | | | | | | 40,887 | - | 40,887 | 42,318 | - | 42,318 | 43,789 | - | 43,789 |
| Commercial Only Cash Flow | | | | | | | | | | | | | | | | |
| Allocation of Commercial Surplus to LOPS/non-LOSP (residual income) | | | | | | | | - | - | - | - | - | - | - | - | - |
| AVAILABLE CASH FLOW | | | | | | | | | | | | | | | | |
| | | | | | | | | 40,887 | - | 40,887 | 42,318 | - | 42,318 | 43,789 | - | 43,789 |
| USES OF CASH FLOW BELOW (This row also shows DSCR.) | | | | | | | | | | | | | | | | |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | | | | | | | | | | | | | | | | |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Partnership Management Fee (see policy for limits) | | 3.5% | 3.5% | | | | | 30,665 | - | 30,665 | 31,738 | - | 31,738 | 32,849 | - | 32,849 |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | | | | | | 10,222 | - | | | | | | | |

| INCOME | Total # Units: | | Comments (related to annual Inc assumptions) | Year 10 2030 | | | Year 11 2031 | | | Year 12 2032 | | |
|--|----------------|-------------------|--|-----------------|----------|-------|-----------------|----------|-------|-----------------|----------|-------|
| | LOSP Units | Non-LOSP Units | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | 153 | 153 | | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | 100.00% | 0.00% | Proposed Total MOHCD Amt Due less Loan Repayment | | | - | | | | | | |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | |
| HCD Residual Receipts Amount Due | 0.00% | No HCD Financing | | | - | | | - | | | - | |
| Lender 4 Residual Receipts Due | 0.00% | | | | - | | | - | | | - | |
| Lender 5 Residual Receipts Due | 0.00% | | | | - | | | - | | | - | |
| Total Non-MOHCD Residual Receipts Debt Service | | | | | | - | | | - | | - | |
| REMAINDER (Should be zero unless there are distributions below) | | | | | | 0 | | | 0 | | 0 | |
| Owner Distributions/Incentive Management Fee | | | | | - | | | - | | | - | |
| Other Distributions/Uses | | | | | - | | | - | | | - | |
| Final Balance (should be zero) | | | | | | - | | | - | | - | |
| REPLACEMENT RESERVE - RUNNING BALANCE | | | | | | | | | | | | |
| Replacement Reserve Starting Balance | | | | | 481,950 | | | 635,600 | | | 689,060 | |
| Replacement Reserve Deposits | | | | | 63,660 | | | 63,660 | | | 63,660 | |
| Replacement Reserve Withdrawals (Ideally tied to CNA) | | | | | - | | | - | | | - | |
| Replacement Reserve Interest | | | | | - | | | - | | | - | |
| RR Running Balance | | | | | 635,600 | | | 699,260 | | | 752,720 | |
| | | | | | \$3,500 | | | \$3,850 | | | \$4,200 | |
| OPERATING RESERVE - RUNNING BALANCE | | | | | | | | | | | | |
| Operating Reserve Starting Balance | | | | | - | | | - | | | - | |
| Operating Reserve Deposits | | | | | - | | | - | | | - | |
| Operating Reserve Withdrawals | | | | | - | | | - | | | - | |
| Operating Reserve Interest | | | | | - | | | - | | | - | |
| OR Running Balance | | | | | - | | | - | | | - | |
| | | | | | 0.0% | | | 0.0% | | | 0.0% | |
| OTHER REQUIRED RESERVE 1 - RUNNING BALANCE | | | | | | | | | | | | |
| Other Reserve 1 Starting Balance | | | | | - | | | - | | | - | |
| Other Reserve 1 Deposits | | | | | - | | | - | | | - | |
| Other Reserve 1 Withdrawals | | | | | - | | | - | | | - | |
| Other Reserve 1 Interest | | | | | - | | | - | | | - | |
| Other Required Reserve 1 Running Balance | | | | | - | | | - | | | - | |
| OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | - | | | - | | | - | |
| Other Reserve 2 Deposits | | | | | - | | | - | | | - | |
| Other Reserve 2 Withdrawals | | | | | - | | | - | | | - | |
| Other Reserve 2 Interest | | | | | - | | | - | | | - | |
| Other Required Reserve 2 Running Balance | | | | | - | | | - | | | - | |

1064-1068 Mission Street

| INCOME | Total # Units: | | LOSP Units | | Non-LOSP Units | | Year 13 2033 | | | Year 14 2034 | | | Year 15 2035 | | | |
|--|----------------|---------|------------|-------|----------------|-------------------|-------------------------------------|----------|------------------|------------------|----------|------------------|------------------|----------|------------------|--------|
| | 163 | 163 | 163 | 0 | | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | |
| | 100.00% | 100.00% | 100.00% | 0.00% | % annual inc | % annual increase | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | |
| Residential - Tenant Rents | 1.0% | 2.5% | | | | | 517,213 | - | 517,213 | 522,385 | - | 522,385 | 527,609 | - | 527,609 | |
| Residential - Tenant Assistance Payments (Non-LOSP) | n/a | n/a | | | | | - | - | - | - | - | - | - | - | - | |
| Residential - LOSP Tenant Assistance Payments | n/a | n/a | | | | | 1,799,373 | - | 1,799,373 | 1,868,131 | - | 1,868,131 | 1,943,561 | - | 1,943,561 | |
| Commercial Space | n/a | 2.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Residential Parking | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous Rent Income | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Supportive Services Income | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Interest Income - Project Operations | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Laundry and Vending | 2.5% | 2.5% | | | | | 12,265 | - | 12,265 | 12,572 | - | 12,572 | 12,886 | - | 12,886 | |
| Tenant Charges | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous Residential Income | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Other Commercial Income | n/a | 2.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Withdrawal from Capitalized Reserve (deposit to operating account) | n/a | n/a | | | | | - | - | - | - | - | - | - | - | - | |
| Gross Potential Income | | | | | | | 2,324,851 | - | 2,324,851 | 2,403,088 | - | 2,403,088 | 2,484,058 | - | 2,484,058 | |
| Vacancy Loss - Residential - Tenant Rents | n/a | n/a | | | | | (25,851) | - | (25,851) | (26,119) | - | (26,119) | (26,380) | - | (26,380) | |
| Vacancy Loss - Residential - Tenant Assistance Payments | n/a | n/a | | | | | - | - | - | - | - | - | - | - | - | |
| Vacancy Loss - Commercial | n/a | n/a | | | | | - | - | - | - | - | - | - | - | - | |
| EFFECTIVE GROSS INCOME | | | | | | | 2,298,991 | - | 2,298,991 | 2,376,969 | - | 2,376,969 | 2,467,678 | - | 2,467,678 | |
| OPERATING EXPENSES | | | | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | | | | |
| Management Fee | 3.5% | 3.5% | | | | | 166,459 | - | 166,459 | 172,285 | - | 172,285 | 178,315 | - | 178,315 | |
| Asset Management Fee | 3.5% | 3.5% | | | | | 34,256 | - | 34,256 | 35,455 | - | 35,455 | 36,696 | - | 36,696 | |
| Sub-total Management Expenses | | | | | | | 200,715 | - | 200,715 | 207,740 | - | 207,740 | 215,011 | - | 215,011 | |
| Salaries/Benefits | | | | | | | | | | | | | | | | |
| Office Salaries | 3.5% | 3.5% | | | | | 277,955 | - | 277,955 | 287,683 | - | 287,683 | 297,752 | - | 297,752 | |
| Manager's Salary | 3.5% | 3.5% | | | | | 132,974 | - | 132,974 | 137,628 | - | 137,628 | 142,445 | - | 142,445 | |
| Health Insurance and Other Benefits | 3.5% | 3.5% | | | | | 72,531 | - | 72,531 | 75,070 | - | 75,070 | 77,697 | - | 77,697 | |
| Other Salaries/Benefits | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Administrative Rent-Free Unit | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Sub-total Salaries/Benefits | | | | | | | 483,460 | - | 483,460 | 500,381 | - | 500,381 | 517,896 | - | 517,896 | |
| Administration | | | | | | | | | | | | | | | | |
| Advertising and Marketing | 3.5% | 3.5% | | | | | 85,992 | - | 85,992 | 89,002 | - | 89,002 | 92,117 | - | 92,117 | |
| Office Expenses | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Office Rent | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Legal Expense - Property | 3.5% | 3.5% | | | | | 58,239 | - | 58,239 | 58,207 | - | 58,207 | 60,245 | - | 60,245 | |
| Audit Expense | 3.5% | 3.5% | | | | | 21,155 | - | 21,155 | 21,895 | - | 21,895 | 22,662 | - | 22,662 | |
| Bookkeeping/Accounting Services | 3.5% | 3.5% | | | | | 26,356 | - | 26,356 | 27,279 | - | 27,279 | 28,233 | - | 28,233 | |
| Bad Debts | 3.5% | 3.5% | | | | | 2,267 | - | 2,267 | 2,346 | - | 2,346 | 2,428 | - | 2,428 | |
| Miscellaneous | 3.5% | 3.5% | | | | | 10,268 | - | 10,268 | 10,627 | - | 10,627 | 10,999 | - | 10,999 | |
| Sub-total Administration Expenses | | | | | | | 202,276 | - | 202,276 | 208,368 | - | 208,368 | 216,683 | - | 216,683 | |
| Utilities | | | | | | | | | | | | | | | | |
| Electricity | 3.5% | 3.5% | | | | | 122,092 | - | 122,092 | 126,324 | - | 126,324 | 130,745 | - | 130,745 | |
| Water | 3.5% | 3.5% | | | | | 46,257 | - | 46,257 | 47,876 | - | 47,876 | 49,551 | - | 49,551 | |
| Gas | 3.5% | 3.5% | | | | | 39,149 | - | 39,149 | 40,519 | - | 40,519 | 41,937 | - | 41,937 | |
| Sewer | 3.5% | 3.5% | | | | | 69,612 | - | 69,612 | 72,048 | - | 72,048 | 74,570 | - | 74,570 | |
| Sub-total Utilities | | | | | | | 277,070 | - | 277,070 | 286,767 | - | 286,767 | 296,804 | - | 296,804 | |
| Taxes and Licenses | | | | | | | | | | | | | | | | |
| Real Estate Taxes | 3.5% | 3.5% | | | | | 1,511 | - | 1,511 | 1,564 | - | 1,564 | 1,619 | - | 1,619 | |
| Payroll Taxes | 3.5% | 3.5% | | | | | 38,553 | - | 38,553 | 39,903 | - | 39,903 | 41,299 | - | 41,299 | |
| Miscellaneous Taxes, Licenses and Permits | 3.5% | 3.5% | | | | | 7,555 | - | 7,555 | 7,820 | - | 7,820 | 8,093 | - | 8,093 | |
| Sub-total Taxes and Licenses | | | | | | | 47,620 | - | 47,620 | 49,287 | - | 49,287 | 51,012 | - | 51,012 | |
| Insurance | | | | | | | | | | | | | | | | |
| Property and Liability Insurance | 3.5% | 3.5% | | | | | 177,360 | - | 177,360 | 183,568 | - | 183,568 | 189,993 | - | 189,993 | |
| Fidelity Bond Insurance | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Worker's Compensation | 3.5% | 3.5% | | | | | 23,790 | - | 23,790 | 24,623 | - | 24,623 | 25,485 | - | 25,485 | |
| Director's & Officers' Liability Insurance | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Sub-total Insurance | | | | | | | 201,150 | - | 201,150 | 208,191 | - | 208,191 | 216,477 | - | 216,477 | |
| Maintenance & Repair | | | | | | | | | | | | | | | | |
| Payroll | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Supplies | 3.5% | 3.5% | | | | | 79,769 | - | 79,769 | 82,561 | - | 82,561 | 85,451 | - | 85,451 | |
| Contracts | 3.5% | 3.5% | | | | | 533,105 | - | 533,105 | 551,764 | - | 551,764 | 571,075 | - | 571,075 | |
| Garbage and Trash Removal | 3.5% | 3.5% | | | | | 74,938 | - | 74,938 | 77,561 | - | 77,561 | 80,276 | - | 80,276 | |
| Security Payroll/Contract | 3.5% | 3.5% | | | | | 63,767 | - | 63,767 | 65,999 | - | 65,999 | 68,309 | - | 68,309 | |
| HVAC Repairs and Maintenance | 3.5% | 3.5% | | | | | 15,111 | - | 15,111 | 15,640 | - | 15,640 | 16,187 | - | 16,187 | |
| Vehicle and Maintenance Equipment Operation and Repairs | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous Operating and Maintenance Expenses | 3.5% | 3.5% | | | | | 3,627 | - | 3,627 | 3,753 | - | 3,753 | 3,885 | - | 3,885 | |
| Sub-total Maintenance & Repair Expenses | | | | | | | 770,317 | - | 770,317 | 787,278 | - | 787,278 | 826,183 | - | 826,183 | |
| Supportive Services | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - | |
| Commercial Expenses | | | | | | | - | - | - | - | - | - | - | - | - | |
| TOTAL OPERATING EXPENSES | | | | | | | 2,182,609 | - | 2,182,609 | 2,268,000 | - | 2,268,000 | 2,338,065 | - | 2,338,065 | |
| Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | | | 15,000 | - | 15,000 | 15,000 | - | 15,000 | 15,000 | - | 15,000 | |
| Bond Monitoring Fee | | | | | | | 2,500 | - | 2,500 | 2,500 | - | 2,500 | 2,500 | - | 2,500 | |
| Replacement Reserve Deposit | | | | | | | 53,550 | - | 53,550 | 53,550 | - | 53,550 | 53,550 | - | 53,550 | |
| Operating Reserve Deposit | | | | | | | - | - | - | - | - | - | - | - | - | |
| Other Required Reserve 1 Deposit | | | | | | | - | - | - | - | - | - | - | - | - | |
| Other Required Reserve 2 Deposit | | | | | | | - | - | - | - | - | - | - | - | - | |
| Required Reserve Deposits/Commercial | | | | | | | - | - | - | - | - | - | - | - | - | |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | 71,050 | - | 71,050 | 71,050 | - | 71,050 | 71,050 | - | 71,050 | |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) | | | | | | | 2,253,659 | - | 2,253,659 | 2,339,050 | - | 2,339,050 | 2,409,115 | - | 2,409,115 | |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | | | 46,332 | - | 46,332 | 48,919 | - | 48,919 | 48,561 | - | 48,561 | |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | | | | | | | | | | | | | |
| Hard Debt - First Lender | | | | | | | - | - | - | - | - | - | - | - | - | |
| Hard Debt - Second Lender (HCD Program 0.42% pmt, or other 2nd Lender) | | | | | | | - | - | - | - | - | - | - | - | - | |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | | | | | | - | - | - | - | - | - | - | - | - | |
| Hard Debt - Fourth Lender | | | | | | | - | - | - | - | - | - | - | - | - | |
| Commercial Hard Debt Service | | | | | | | - | - | - | - | - | - | - | - | - | |
| TOTAL HARD DEBT SERVICE | | | | | | | - | - | - | - | - | - | - | - | - | |
| CASH FLOW (NOI minus DEBT SERVICE) | | | | | | | 46,332 | - | 46,332 | 48,919 | - | 48,919 | 48,561 | - | 48,561 | |
| Commercial Only Cash Flow | | | | | | | | | | | | | | | | |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | | | | | | | - | - | - | - | - | - | - | - | - | |
| AVAILABLE CASH FLOW | | | | | | | 46,332 | - | 46,332 | 48,919 | - | 48,919 | 48,561 | - | 48,561 | |
| USES OF CASH FLOW BELOW (This row also shows DSCR.) | | | | | | | | | | | | | | | | |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | | | | | | | | | | | | | | | | |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | 3.5% | 3.5% | | | | | per MOHCD policy | | | | | | | | | |
| Partnership Management Fee (see policy for limits) | 3.5% | 3.5% | | | | | per MOHCD policy | 33,999 | - | 33,999 | 35,789 | - | 35,180 | 36,421 | - | 36,421 |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | | | | | per MOHCD policy no annual increase | 11,333 | | | | | | | | |

1064-1068 Mission Street

| | Total # Units: | | LOSP Units | | Non-LOSP Units | | Year 16 2036 | | | Year 17 2037 | | | Year 18 2038 | | |
|---|----------------|-------------------|--------------|-------------------|----------------|-------|--------------|----------|-----------|--------------|----------|-----------|--------------|----------|-----------|
| | 163 | | 163 | | 0 | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | % annual inc | % annual increase | % annual inc | % annual increase | 100.00% | 0.00% | | | | | | | | | |
| INCOME | | | | | | | | | | | | | | | |
| Residential - Tenant Rents | 1.0% | 2.5% | | | | | 532,885 | - | 532,885 | 538,214 | - | 538,214 | 543,596 | - | 543,596 |
| Residential - Tenant Assistance Payments (Non-LOSP) | n/a | n/a | | | | | - | - | - | - | - | - | - | - | - |
| Residential - LOSP Tenant Assistance Payments | n/a | n/a | | | | | 2,021,759 | - | 2,021,759 | 2,102,822 | - | 2,102,822 | 2,186,852 | - | 2,186,852 |
| Commercial Space | n/a | 2.5% | | | | | - | - | - | - | - | - | - | - | - |
| Residential Parking | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Rent Income | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - |
| Supportive Services Income | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - |
| Interest Income - Project Operations | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - |
| Laundry and Vending | 2.5% | 2.5% | | | | | 13,208 | - | 13,208 | 13,539 | - | 13,539 | 13,877 | - | 13,877 |
| Tenant Charges | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Residential Income | 2.5% | 2.5% | | | | | - | - | - | - | - | - | - | - | - |
| Other Commercial Income | n/a | 2.5% | | | | | - | - | - | - | - | - | - | - | - |
| Withdrawal from Capitalized Reserve (deposit to operating account) | n/a | n/a | | | | | - | - | - | - | - | - | - | - | - |
| Gross Potential Income | | | | | | | 2,667,862 | - | 2,667,862 | 2,664,674 | - | 2,664,674 | 2,744,326 | - | 2,744,326 |
| Vacancy Loss - Residential - Tenant Rents | n/a | n/a | | | | | (26,644) | - | (26,644) | (26,911) | - | (26,911) | (27,180) | - | (27,180) |
| Vacancy Loss - Residential - Tenant Assistance Payments | n/a | n/a | | | | | - | - | - | - | - | - | - | - | - |
| Vacancy Loss - Commercial | n/a | n/a | | | | | - | - | - | - | - | - | - | - | - |
| EFFECTIVE GROSS INCOME | | | | | | | 2,641,208 | - | 2,641,208 | 2,627,663 | - | 2,627,663 | 2,717,146 | - | 2,717,146 |
| OPERATING EXPENSES | | | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | | | |
| Management Fee | 3.5% | 3.5% | | | | | 184,556 | - | 184,556 | 191,016 | - | 191,016 | 197,701 | - | 197,701 |
| Asset Management Fee | 3.5% | 3.5% | | | | | 37,980 | - | 37,980 | 39,309 | - | 39,309 | 40,685 | - | 40,685 |
| Sub-total Management Expenses | | | | | | | 222,537 | - | 222,537 | 230,326 | - | 230,326 | 238,387 | - | 238,387 |
| Salaries/Benefits | | | | | | | | | | | | | | | |
| Office Salaries | 3.5% | 3.5% | | | | | 308,174 | - | 308,174 | 318,860 | - | 318,860 | 330,123 | - | 330,123 |
| Manager's Salary | 3.5% | 3.5% | | | | | 147,431 | - | 147,431 | 152,591 | - | 152,591 | 157,931 | - | 157,931 |
| Health Insurance and Other Benefits | 3.5% | 3.5% | | | | | 80,417 | - | 80,417 | 83,231 | - | 83,231 | 86,144 | - | 86,144 |
| Other Salaries/Benefits | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Administrative Rent-Free Unit | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Sub-total Salaries/Benefits | | | | | | | 636,021 | - | 636,021 | 664,782 | - | 664,782 | 674,199 | - | 674,199 |
| Administration | | | | | | | | | | | | | | | |
| Advertising and Marketing | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Office Expenses | 3.5% | 3.5% | | | | | 95,341 | - | 95,341 | 98,678 | - | 98,678 | 102,131 | - | 102,131 |
| Office Rent | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Legal Expense - Property | 3.5% | 3.5% | | | | | 62,353 | - | 62,353 | 64,536 | - | 64,536 | 66,794 | - | 66,794 |
| Audit Expense | 3.5% | 3.5% | | | | | 23,455 | - | 23,455 | 24,276 | - | 24,276 | 25,125 | - | 25,125 |
| Bookkeeping/Accounting Services | 3.5% | 3.5% | | | | | 29,221 | - | 29,221 | 30,244 | - | 30,244 | 31,303 | - | 31,303 |
| Bad Debts | 3.5% | 3.5% | | | | | 2,513 | - | 2,513 | 2,601 | - | 2,601 | 2,692 | - | 2,692 |
| Miscellaneous | 3.5% | 3.5% | | | | | 11,384 | - | 11,384 | 11,782 | - | 11,782 | 12,195 | - | 12,195 |
| Sub-total Administration Expenses | | | | | | | 224,287 | - | 224,287 | 232,117 | - | 232,117 | 240,241 | - | 240,241 |
| Utilities | | | | | | | | | | | | | | | |
| Electricity | 3.5% | 3.5% | | | | | 135,321 | - | 135,321 | 140,058 | - | 140,058 | 144,960 | - | 144,960 |
| Water | 3.5% | 3.5% | | | | | 51,286 | - | 51,286 | 53,081 | - | 53,081 | 54,939 | - | 54,939 |
| Gas | 3.5% | 3.5% | | | | | 43,405 | - | 43,405 | 44,924 | - | 44,924 | 46,496 | - | 46,496 |
| Sewer | 3.5% | 3.5% | | | | | 77,180 | - | 77,180 | 79,881 | - | 79,881 | 82,677 | - | 82,677 |
| Sub-total Utilities | | | | | | | 307,192 | - | 307,192 | 317,944 | - | 317,944 | 328,072 | - | 328,072 |
| Taxes and Licenses | | | | | | | | | | | | | | | |
| Real Estate Taxes | 3.5% | 3.5% | | | | | 1,675 | - | 1,675 | 1,734 | - | 1,734 | 1,795 | - | 1,795 |
| Payroll Taxes | 3.5% | 3.5% | | | | | 42,745 | - | 42,745 | 44,241 | - | 44,241 | 45,789 | - | 45,789 |
| Miscellaneous Taxes, Licenses and Permits | 3.5% | 3.5% | | | | | 8,377 | - | 8,377 | 8,670 | - | 8,670 | 8,973 | - | 8,973 |
| Sub-total Taxes and Licenses | | | | | | | 52,797 | - | 52,797 | 54,645 | - | 54,645 | 56,567 | - | 56,567 |
| Insurance | | | | | | | | | | | | | | | |
| Property and Liability Insurance | 3.5% | 3.5% | | | | | 196,642 | - | 196,642 | 203,525 | - | 203,525 | 210,648 | - | 210,648 |
| Fidelity Bond Insurance | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Worker's Compensation | 3.5% | 3.5% | | | | | 26,377 | - | 26,377 | 27,300 | - | 27,300 | 28,255 | - | 28,255 |
| Director's & Officers' Liability Insurance | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Sub-total Insurance | | | | | | | 223,019 | - | 223,019 | 230,825 | - | 230,825 | 238,904 | - | 238,904 |
| Maintenance & Repair | | | | | | | | | | | | | | | |
| Payroll | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Supplies | 3.5% | 3.5% | | | | | 88,442 | - | 88,442 | 91,537 | - | 91,537 | 94,741 | - | 94,741 |
| Contracts | 3.5% | 3.5% | | | | | 591,063 | - | 591,063 | 611,750 | - | 611,750 | 633,162 | - | 633,162 |
| Garbage and Trash Removal | 3.5% | 3.5% | | | | | 83,086 | - | 83,086 | 85,994 | - | 85,994 | 89,003 | - | 89,003 |
| Security Payroll/Contract | 3.5% | 3.5% | | | | | 70,700 | - | 70,700 | 73,174 | - | 73,174 | 75,735 | - | 75,735 |
| HVAC Repairs and Maintenance | 3.5% | 3.5% | | | | | 16,753 | - | 16,753 | 17,340 | - | 17,340 | 17,947 | - | 17,947 |
| Vehicle and Maintenance Equipment Operation and Repairs | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Operating and Maintenance Expenses | 3.5% | 3.5% | | | | | 4,021 | - | 4,021 | 4,162 | - | 4,162 | 4,307 | - | 4,307 |
| Sub-total Maintenance & Repair Expenses | | | | | | | 864,064 | - | 864,064 | 883,967 | - | 883,967 | 914,896 | - | 914,896 |
| Supportive Services | 3.5% | 3.5% | | | | | - | - | - | - | - | - | - | - | - |
| Commercial Expenses | | | | | | | - | - | - | - | - | - | - | - | - |
| TOTAL OPERATING EXPENSES | | | | | | | 2,419,887 | - | 2,419,887 | 2,604,694 | - | 2,604,694 | 2,692,266 | - | 2,692,266 |
| RESERVES/GROUND LEASE BASE RENT/BOND FEES | | | | | | | | | | | | | | | |
| PUPA (w/ Reserves/GL Base Rent/Bond Fees) | | | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | | | 15,000 | - | 15,000 | 15,000 | - | 15,000 | 15,000 | - | 15,000 |
| Bond Monitoring Fee | | | | | | | 2,500 | - | 2,500 | 2,500 | - | 2,500 | 2,500 | - | 2,500 |
| Replacement Reserve Deposit | | | | | | | 53,550 | - | 53,550 | 53,550 | - | 53,550 | 53,550 | - | 53,550 |
| Operating Reserve Deposit | | | | | | | - | - | - | - | - | - | - | - | - |
| Other Required Reserve 1 Deposit | | | | | | | - | - | - | - | - | - | - | - | - |
| Other Required Reserve 2 Deposit | | | | | | | - | - | - | - | - | - | - | - | - |
| Required Reserve Deposits, Commercial | | | | | | | - | - | - | - | - | - | - | - | - |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | 71,050 | - | 71,050 | 71,050 | - | 71,050 | 71,050 | - | 71,050 |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees) | | | | | | | 2,490,947 | - | 2,490,947 | 2,675,744 | - | 2,675,744 | 2,663,306 | - | 2,663,306 |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | | | 60,280 | - | 60,280 | 62,020 | - | 62,020 | 63,840 | - | 63,840 |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | | | | | | | | | | | | |
| Hard Debt - First Lender | | | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender) | | | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Fourth Lender | | | | | | | - | - | - | - | - | - | - | - | - |
| Commercial Hard Debt Service | | | | | | | - | - | - | - | - | - | - | - | - |
| TOTAL HARD DEBT SERVICE | | | | | | | - | - | - | - | - | - | - | - | - |
| CASH FLOW (NOI minus DEBT SERVICE) | | | | | | | 60,280 | - | 60,280 | 62,020 | - | 62,020 | 63,840 | - | 63,840 |
| Commercial Only Cash Flow | | | | | | | | | | | | | | | |
| Allocation of Commercial Surplus to LOSP(non-LOSP, residual income) | | | | | | | - | - | - | - | - | - | - | - | - |
| AVAILABLE CASH FLOW | | | | | | | 60,280 | - | 60,280 | 62,020 | - | 62,020 | 63,840 | - | 63,840 |
| USES OF CASH FLOW BELOW (This row also shows DSCR.) | | | | | | | | | | | | | | | |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | | | | | | | | | | | | | | | |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | 3.5% | 3.5% | | | | | 37,695 | - | 37,695 | 39,015 | - | 39,015 | 40,380 | - | 40,380 |
| Partnership Management Fee (see policy for limits) | 3.5% | 3.5% | | | | | 12,565 | - | 12,565 | 13,005 | - | 13,005 | 13,460 | - | 13,460 |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | | | | | - | - | - | - | - | - | - | - | - |
| Other Payments | | | | | | | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmnt - Lender 1 | | | | | | | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmnt - Lender 2 | | | | | | | - | - | - | - | - | - | - | - | - |
| Deferred Developer Fee (Enter amt <= Max Fee from row 131) | | | | | | | - | - | - | - | - | - | - | - | - |
| TOTAL PAYMENTS PRECEDING MOHCD | | | | | | | 60,280 | - | 60,280 | 62,020 | - | 62,020 | 63,840 | - | 63,840 |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | | | | | | | (0) | - | (0) | (0) | - | (0) | 0 | - | 0 |
| Does Project have a MOHCD Residual Receipt Obligation? | | | | | | | | | | | | | | | |
| Will Project Defer Developer Fees? | | | | | | | | | | | | | | | |
| Residual Receipts split for all years - Lender/Owner | | | 67% | 33% | | | | | | | | | | | |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | | | | |

| INCOME | Total # Units: | | Comments (related to annual Inc assumptions) | Year 16 2036 | | | Year 17 2037 | | | Year 18 2038 | | |
|--|----------------|-------------------|--|-----------------|----------|---------|-----------------|----------|---------|-----------------|----------|---------|
| | LOSP Units | Non-LOSP Units | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | 163 | 0 | | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | 100.00% | 0.00% | Proposed Total MOHCD Amt Due less Loan Repayment | | | - | | | - | | | - |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | |
| HCD Residual Receipts Amount Due | 0.00% | | No HCD Financing | | | - | | | - | | | - |
| Lender 4 Residual Receipts Due | 0.00% | | | | | - | | | - | | | - |
| Lender 5 Residual Receipts Due | 0.00% | | | | | - | | | - | | | - |
| Total Non-MOHCD Residual Receipts Debt Service | | | | | | - | | | - | | | - |
| REMAINDER (Should be zero unless there are distributions below) | | | | | | | | | | | | |
| Owner Distributions/Incentive Management Fee | | | | | | - | | | - | | | 0 |
| Other Distributions/Uses | | | | | | - | | | - | | | - |
| Final Balance (should be zero) | | | | | | - | | | - | | | - |
| REPLACEMENT RESERVE - RUNNING BALANCE | | | | | | | | | | | | |
| Replacement Reserve Starting Balance | | | | | | 803,250 | | | 856,800 | | | 810,360 |
| Replacement Reserve Deposits | | | | | | 63,660 | | | 63,660 | | | 63,660 |
| Replacement Reserve Withdrawals (ideally tied to CNA) | | | | | | - | | | - | | | - |
| Replacement Reserve Interest | | | | | | - | | | - | | | - |
| RR Running Balance | | | | | | 866,800 | | | 910,360 | | | 863,900 |
| | | | | | | \$5,600 | | | \$5,950 | | | \$6,300 |
| OPERATING RESERVE - RUNNING BALANCE | | | | | | | | | | | | |
| Operating Reserve Starting Balance | | | | | | - | | | - | | | - |
| Operating Reserve Deposits | | | | | | - | | | - | | | - |
| Operating Reserve Withdrawals | | | | | | - | | | - | | | - |
| Operating Reserve Interest | | | | | | - | | | - | | | - |
| OR Running Balance | | | | | | - | | | - | | | - |
| | | | | | | 0.0% | | | 0.0% | | | 0.0% |
| OTHER REQUIRED RESERVE 1 - RUNNING BALANCE | | | | | | | | | | | | |
| Other Reserve 1 Starting Balance | | | | | | - | | | - | | | - |
| Other Reserve 1 Deposits | | | | | | - | | | - | | | - |
| Other Reserve 1 Withdrawals | | | | | | - | | | - | | | - |
| Other Reserve 1 Interest | | | | | | - | | | - | | | - |
| Other Required Reserve 1 Running Balance | | | | | | - | | | - | | | - |
| OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | - | | | - | | | - |
| Other Reserve 2 Deposits | | | | | | - | | | - | | | - |
| Other Reserve 2 Withdrawals | | | | | | - | | | - | | | - |
| Other Reserve 2 Interest | | | | | | - | | | - | | | - |
| Other Required Reserve 2 Running Balance | | | | | | - | | | - | | | - |

1064-1068 Mission Street

| INCOME | Total # Units: | | LOSP Units | | Non-LOSP Units | | Year 19 2039 | | | Year 20 2040 | | |
|---|----------------|-------------------|--|-------|------------------|----------|------------------|------------------|----------|------------------|--|--|
| | 163 | 0 | 100.00% | 0.00% | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | | |
| | % annual inc | % annual increase | Comments (related to annual inc assumptions) | | | | | | | | | |
| Residential - Tenant Rents | 1.0% | 2.5% | | | 549,032 | - | 549,032 | 554,522 | - | 554,522 | | |
| Residential - Tenant Assistance Payments (Non-LOSP) | n/a | n/a | | | - | - | - | - | - | - | | |
| Residential - LOSP Tenant Assistance Payments | n/a | n/a | | | 2,273,954 | - | 2,273,954 | 2,364,237 | - | 2,364,237 | | |
| Commercial Space | n/a | 2.5% | | | - | - | - | - | - | - | | |
| Residential Parking | 2.5% | 2.5% | | | - | - | - | - | - | - | | |
| Miscellaneous Rent Income | 2.5% | 2.5% | | | - | - | - | - | - | - | | |
| Supportive Services Income | 2.5% | 2.5% | | | - | - | - | - | - | - | | |
| Interest Income - Project Operations | 2.5% | 2.5% | | | - | - | - | - | - | - | | |
| Laundry and Vending | 2.5% | 2.5% | | | 14,224 | - | 14,224 | 14,580 | - | 14,580 | | |
| Tenant Charges | 2.5% | 2.5% | | | - | - | - | - | - | - | | |
| Miscellaneous Residential Income | 2.5% | 2.5% | | | - | - | - | - | - | - | | |
| Other Commercial Income | n/a | 2.5% | | | - | - | - | - | - | - | | |
| Withdrawal from Capitalized Reserve (deposit to operating account) | n/a | n/a | | | - | - | - | - | - | - | | |
| Gross Potential Income | | | | | 2,837,210 | - | 2,837,210 | 2,933,339 | - | 2,933,339 | | |
| Vacancy Loss - Residential - Tenant Rents | n/a | n/a | | | (27,452) | - | (27,452) | (27,726) | - | (27,726) | | |
| Vacancy Loss - Residential - Tenant Assistance Payments | n/a | n/a | | | - | - | - | - | - | - | | |
| Vacancy Loss - Commercial | n/a | n/a | | | - | - | - | - | - | - | | |
| EFFECTIVE GROSS INCOME | | | | | 2,809,758 | - | 2,809,758 | 2,905,613 | - | 2,905,613 | | |
| OPERATING EXPENSES | | | | | | | | | | | | |
| Management | | | | | | | | | | | | |
| Management Fee | 3.5% | 3.5% | 1st Year to be set according to HUD schedule | | 204,621 | - | 204,621 | 211,783 | - | 211,783 | | |
| Asset Management Fee | 3.5% | 3.5% | per MOHCD policy | | 42,109 | - | 42,109 | 43,583 | - | 43,583 | | |
| Sub-total Management Expenses | | | | | 246,730 | - | 246,730 | 255,366 | - | 255,366 | | |
| Salaries/Benefits | | | | | | | | | | | | |
| Office Salaries | 3.5% | 3.5% | | | 341,678 | - | 341,678 | 353,636 | - | 353,636 | | |
| Manager's Salary | 3.5% | 3.5% | | | 163,459 | - | 163,459 | 169,180 | - | 169,180 | | |
| Health Insurance and Other Benefits | 3.5% | 3.5% | | | 89,159 | - | 89,159 | 92,280 | - | 92,280 | | |
| Other Salaries/Benefits | 3.5% | 3.5% | | | - | - | - | - | - | - | | |
| Administrative Rent-Free Unit | 3.5% | 3.5% | | | - | - | - | - | - | - | | |
| Sub-total Salaries/Benefits | | | | | 594,296 | - | 594,296 | 615,097 | - | 615,097 | | |
| Administration | | | | | | | | | | | | |
| Advertising and Marketing | 3.5% | 3.5% | | | - | - | - | - | - | - | | |
| Office Expenses | 3.5% | 3.5% | | | 105,706 | - | 105,706 | 109,406 | - | 109,406 | | |
| Office Rent | 3.5% | 3.5% | | | - | - | - | - | - | - | | |
| Legal Expense - Property | 3.5% | 3.5% | | | 69,132 | - | 69,132 | 71,552 | - | 71,552 | | |
| Audit Expense | 3.5% | 3.5% | | | 26,005 | - | 26,005 | 26,915 | - | 26,915 | | |
| Bookkeeping/Accounting Services | 3.5% | 3.5% | | | 32,398 | - | 32,398 | 33,532 | - | 33,532 | | |
| Bad Debts | 3.5% | 3.5% | | | 2,786 | - | 2,786 | 2,864 | - | 2,864 | | |
| Miscellaneous | 3.5% | 3.5% | | | 12,622 | - | 12,622 | 13,063 | - | 13,063 | | |
| Sub-total Administration Expenses | | | | | 248,649 | - | 248,649 | 257,352 | - | 257,352 | | |
| Utilities | | | | | | | | | | | | |
| Electricity | 3.5% | 3.5% | | | 150,033 | - | 150,033 | 155,284 | - | 155,284 | | |
| Water | 3.5% | 3.5% | | | 56,861 | - | 56,861 | 58,852 | - | 58,852 | | |
| Gas | 3.5% | 3.5% | | | 48,124 | - | 48,124 | 49,808 | - | 49,808 | | |
| Sewer | 3.5% | 3.5% | | | 85,571 | - | 85,571 | 88,568 | - | 88,568 | | |
| Sub-total Utilities | | | | | 340,589 | - | 340,589 | 352,510 | - | 352,510 | | |
| Taxes and Licenses | | | | | | | | | | | | |
| Real Estate Taxes | 3.5% | 3.5% | | | 1,857 | - | 1,857 | 1,923 | - | 1,923 | | |
| Payroll Taxes | 3.5% | 3.5% | | | 47,392 | - | 47,392 | 49,051 | - | 49,051 | | |
| Miscellaneous Taxes, Licenses and Permits | 3.5% | 3.5% | | | 9,287 | - | 9,287 | 9,613 | - | 9,613 | | |
| Sub-total Taxes and Licenses | | | | | 58,536 | - | 58,536 | 60,588 | - | 60,588 | | |
| Insurance | | | | | | | | | | | | |
| Property and Liability Insurance | 3.5% | 3.5% | | | 218,021 | - | 218,021 | 225,652 | - | 225,652 | | |
| Fidelity Bond Insurance | 3.5% | 3.5% | | | - | - | - | - | - | - | | |
| Worker's Compensation | 3.5% | 3.5% | | | 29,244 | - | 29,244 | 30,268 | - | 30,268 | | |
| Director's & Officers' Liability Insurance | 3.5% | 3.5% | | | - | - | - | - | - | - | | |
| Sub-total Insurance | | | | | 247,266 | - | 247,266 | 256,920 | - | 256,920 | | |
| Maintenance & Repair | | | | | | | | | | | | |
| Payroll | 3.5% | 3.5% | | | - | - | - | - | - | - | | |
| Supplies | 3.5% | 3.5% | | | 98,057 | - | 98,057 | 101,489 | - | 101,489 | | |
| Contracts | 3.5% | 3.5% | | | 655,322 | - | 655,322 | 678,258 | - | 678,258 | | |
| Garbage and Trash Removal | 3.5% | 3.5% | | | 82,118 | - | 82,118 | 85,343 | - | 85,343 | | |
| Security Payroll/Contract | 3.5% | 3.5% | | | 78,386 | - | 78,386 | 81,130 | - | 81,130 | | |
| HVAC Repairs and Maintenance | 3.5% | 3.5% | | | 18,575 | - | 18,575 | 19,225 | - | 19,225 | | |
| Vehicle and Maintenance Equipment Operation and Repairs | 3.5% | 3.5% | | | - | - | - | - | - | - | | |
| Miscellaneous Operating and Maintenance Expenses | 3.5% | 3.5% | | | 4,458 | - | 4,458 | 4,614 | - | 4,614 | | |
| Sub-total Maintenance & Repair Expenses | | | | | 946,916 | - | 946,916 | 980,058 | - | 980,058 | | |
| Supportive Services | 3.5% | 3.5% | | | - | - | - | - | - | - | | |
| Commercial Expenses | | | | | - | - | - | - | - | - | | |
| TOTAL OPERATING EXPENSES | | | | | 2,882,983 | - | 2,882,983 | 2,776,888 | - | 2,776,888 | | |
| RESERVES/GROUND LEASE BASE RENT/BOND FEES | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | 15,000 | - | 15,000 | 15,000 | - | 15,000 | | |
| Bond Monitoring Fee | | | | | 2,500 | - | 2,500 | 2,500 | - | 2,500 | | |
| Replacement Reserve Deposit | | | | | 53,550 | - | 53,550 | 53,550 | - | 53,550 | | |
| Operating Reserve Deposit | | | | | - | - | - | - | - | - | | |
| Other Required Reserve 1 Deposit | | | | | - | - | - | - | - | - | | |
| Other Required Reserve 2 Deposit | | | | | - | - | - | - | - | - | | |
| Required Reserve Deposits/Commercial | | | | | - | - | - | - | - | - | | |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | | | | | 71,050 | - | 71,050 | 71,050 | - | 71,050 | | |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) | | | | | 2,764,033 | - | 2,764,033 | 2,847,938 | - | 2,847,938 | | |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | 66,726 | - | 66,726 | 67,676 | - | 67,676 | | |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | | | | | | | | | |
| Hard Debt - First Lender | | | | | - | - | - | - | - | - | | |
| Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender) | | | | | - | - | - | - | - | - | | |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | | | | - | - | - | - | - | - | | |
| Hard Debt - Fourth Lender | | | | | - | - | - | - | - | - | | |
| Commercial Hard Debt Service | | | | | - | - | - | - | - | - | | |
| TOTAL HARD DEBT SERVICE | | | | | - | - | - | - | - | - | | |
| CASH FLOW (NOI minus DEBT SERVICE) | | | | | 66,726 | - | 66,726 | 67,676 | - | 67,676 | | |
| Commercial Only Cash Flow | | | | | - | - | - | - | - | - | | |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | | | | | - | - | - | - | - | - | | |
| AVAILABLE CASH FLOW | | | | | 66,726 | - | 66,726 | 67,676 | - | 67,676 | | |
| USES OF CASH FLOW BELOW (This row also shows DSCR.) | | | | | | | | | | | | |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | | | | | | | | | | | | |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | 3.5% | 3.5% | per MOHCD policy | | - | - | - | - | - | - | | |
| Partnership Management Fee (see policy for limits) | 3.5% | 3.5% | per MOHCD policy | | 41,794 | - | 41,794 | 43,256 | - | 43,256 | | |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | per MOHCD policy no annual increase | | 13,931 | - | 13,931 | 14,419 | - | 14,419 | | |
| Other Payments | | | | | - | - | - | - | - | - | | |
| Non-amortizing Loan Pmnt - Lender 1 | | | | | - | - | - | - | - | - | | |
| Non-amortizing Loan Pmnt - Lender 2 | | | | | - | - | - | - | - | - | | |
| Deferred Developer Fee (Enter amt <= Mix Fee from row 131) | | | | | - | - | - | - | - | - | | |
| TOTAL PAYMENTS PRECEDING MOHCD | | | | | 66,726 | - | 66,726 | 67,676 | - | 67,676 | | |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | | | | | (0) | - | (0) | (0) | - | (0) | | |
| Does Project have a MOHCD Residual Receipt Obligation? | | | Yes | | | | | | | | | |
| Will Project Defer Developer Fee? | | | TBD | | | | | | | | | |
| Residual Receipts split for all years - Lender/Owner | | | 67% / 33% | | | | | | | | | |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | |
| MOHCD Residual Receipts Amount Due | | | 100.00% | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | | | | | | | | | | | | |

MOHCD Proforma - 20 Year Cash Flow

| INCOME | Total # Units: | | % annual Inc LOSP | % annual Increase | Comments (related to annual inc assumptions) | Year 19 2039 | | | Year 20 2040 | | |
|--|----------------|----------------|-------------------|-------------------|--|-----------------|----------|-----------|-----------------|----------|-----------|
| | LOSP Units | Non-LOSP Units | | | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | 163 | 0 | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | 100.00% | 0.00% | | | Proposed Total MOHCD Amt Due less Loan Repayment | | | - | | | - |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | |
| HCD Residual Receipts Amount Due | | | 0.00% | | No HCD Financing | | | - | | | - |
| Lender 4 Residual Receipts Due | | | 0.00% | | | | | - | | | - |
| Lender 5 Residual Receipts Due | | | 0.00% | | | | | - | | | - |
| Total Non-MOHCD Residual Receipts Debt Service | | | | | | | | - | | | - |
| REMAINDER (Should be zero unless there are distributions below) | | | | | | | | | | | |
| Owner Distributions/Incentive Management Fee | | | | | | | | - | | | - |
| Other Distributions/Uses | | | | | | | | - | | | - |
| Final Balance (should be zero) | | | | | | | | - | | | - |
| REPLACEMENT RESERVE - RUNNING BALANCE | | | | | | | | | | | |
| Replacement Reserve Starting Balance | | | | | | | | 863,800 | | | 1,017,460 |
| Replacement Reserve Deposits | | | | | | | | 63,660 | | | 63,660 |
| Replacement Reserve Withdrawals (ideally tied to CNA) | | | | | | | | - | | | - |
| Replacement Reserve Interest | | | | | | | | - | | | - |
| RR Running Balance | | | | | | | | 1,017,460 | | | 1,071,000 |
| | | | | | | | | \$6,650 | | | \$7,000 |
| OPERATING RESERVE - RUNNING BALANCE | | | | | | | | | | | |
| Operating Reserve Starting Balance | | | | | | | | - | | | - |
| Operating Reserve Deposits | | | | | | | | - | | | - |
| Operating Reserve Withdrawals | | | | | | | | - | | | - |
| Operating Reserve Interest | | | | | | | | - | | | - |
| OR Running Balance | | | | | | | | - | | | - |
| | | | | | | | | 0.0% | | | 0.0% |
| OTHER REQUIRED RESERVE 1 - RUNNING BALANCE | | | | | | | | | | | |
| Other Reserve 1 Starting Balance | | | | | | | | - | | | - |
| Other Reserve 1 Deposits | | | | | | | | - | | | - |
| Other Reserve 1 Withdrawals | | | | | | | | - | | | - |
| Other Reserve 1 Interest | | | | | | | | - | | | - |
| Other Required Reserve 1 Running Balance | | | | | | | | - | | | - |
| OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | | | - | | | - |
| Other Reserve 2 Deposits | | | | | | | | - | | | - |
| Other Reserve 2 Withdrawals | | | | | | | | - | | | - |
| Other Reserve 2 Interest | | | | | | | | - | | | - |
| Other Required Reserve 2 Running Balance | | | | | | | | - | | | - |

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| INCOME | Total # Units: | | Comments (related to annual inc assumptions) | Year 1 2021 | | | Year 2 2022 | | | Year 3 2023 | | |
|--|----------------|-------------------|--|----------------|----------|--------|----------------|----------|--------|----------------|----------|-------|
| | LOSP Units | Non-LOSP Units | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | 106 | 0 | | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | 100.00% | 0.00% | Proposed Total MOHCD Amt Due less Loan Repayment | - | - | - | - | - | - | - | - | |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | |
| HCD Residual Receipts Amount Due | 0.00% | No HCD Financing | - | - | - | - | - | - | - | - | - | |
| Lender 4 Residual Receipts Due | 0.00% | - | - | - | - | - | - | - | - | - | - | |
| Lender 5 Residual Receipts Due | 0.00% | - | - | - | - | - | - | - | - | - | - | |
| Total Non-MOHCD Residual Receipts Debt Service | | | | - | - | - | - | - | - | - | - | |
| REMAINDER (Should be zero unless there are distributions below) | | | | | | | | | | | | |
| Owner Distributions/Incentive Management Fee | | | | - | - | - | - | - | - | - | - | |
| Other Distributions/Leases | | | | - | - | - | - | - | - | - | - | |
| Final Balance (should be zero) | | | | - | - | - | - | - | - | - | - | |
| REPLACEMENT RESERVE - RUNNING BALANCE | | | | | | | | | | | | |
| Replacement Reserve Starting Balance | | | | - | - | 35,000 | - | - | 70,000 | - | 70,000 | |
| Replacement Reserve Deposits | | | | 35,000 | - | - | 35,000 | - | - | - | 35,000 | |
| Replacement Reserve Withdrawals (ideally tied to CNA) | | | | - | - | - | - | - | - | - | - | |
| Replacement Reserve Interest | | | | - | - | - | - | - | - | - | - | |
| RR Running Balance | | | | 35,000 | - | - | 70,000 | - | - | 105,000 | - | |
| | | | | \$330 | | \$660 | | | \$991 | | | |
| OPERATING RESERVE - RUNNING BALANCE | | | | | | | | | | | | |
| Operating Reserve Starting Balance | | | | - | - | - | - | - | - | - | - | |
| Operating Reserve Deposits | | | | - | - | - | - | - | - | - | - | |
| Operating Reserve Withdrawals | | | | - | - | - | - | - | - | - | - | |
| Operating Reserve Interest | | | | - | - | - | - | - | - | - | - | |
| OR Running Balance | | | | - | - | - | - | - | - | - | - | |
| | | | | | | | 0.0% | | | | 0.0% | |
| OTHER REQUIRED RESERVE 1 - RUNNING BALANCE | | | | | | | | | | | | |
| Other Reserve 1 Starting Balance | | | | - | - | - | - | - | - | - | - | |
| Other Reserve 1 Deposits | | | | - | - | - | - | - | - | - | - | |
| Other Reserve 1 Withdrawals | | | | - | - | - | - | - | - | - | - | |
| Other Reserve 1 Interest | | | | - | - | - | - | - | - | - | - | |
| Other Required Reserve 1 Running Balance | | | | - | - | - | - | - | - | - | - | |
| OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | - | - | - | - | - | - | - | - | |
| Other Reserve 2 Deposits | | | | - | - | - | - | - | - | - | - | |
| Other Reserve 2 Withdrawals | | | | - | - | - | - | - | - | - | - | |
| Other Reserve 2 Interest | | | | - | - | - | - | - | - | - | - | |
| Other Required Reserve 2 Running Balance | | | | - | - | - | - | - | - | - | - | |

1064-1068 Mission Street

| Total # Units: | LOSP Units | | Non-LOSP Units | | Year 4 2024 | | | Year 5 2025 | | | Year 6 2026 | | |
|---|-------------------|-------------------|--|--|-------------|----------|-----------|-------------|----------|-----------|-------------|----------|-----------|
| | 106 | 108 | 0 | 0 | | | | | | | | | |
| | 100.00% | 0.00% | | | | | | | | | | | |
| | % annual Inc LOSP | % annual Increase | Comments (related to annual inc assumptions) | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| INCOME | | | | | | | | | | | | | |
| Residential - Tenant Rents | 1.0% | 2.5% | | | 327,636 | - | 327,636 | 330,912 | - | 330,912 | 334,221 | - | 334,221 |
| Residential - Tenant Assistance Payments (Non-LOSP) | n/a | n/a | | | - | - | - | - | - | - | - | - | - |
| Residential - LOSP Tenant Assistance Payments | n/a | n/a | | | 1,049,212 | - | 1,049,212 | 1,091,973 | - | 1,091,973 | 1,136,310 | - | 1,136,310 |
| Commercial Space | n/a | 2.5% | | | - | - | - | - | - | - | - | - | - |
| Residential Parking | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Rent Income | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - |
| Supportive Services Income | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - |
| Interest Income - Project Operations | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - |
| Laundry and Vending | 2.5% | 2.5% | | | 6,849 | - | 6,849 | 7,020 | - | 7,020 | 7,196 | - | 7,196 |
| Tenant Charges | 2.5% | 2.5% | | | 2,585 | - | 2,585 | 2,649 | - | 2,649 | 2,715 | - | 2,715 |
| Miscellaneous Residential Income | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - |
| Other Commercial Income | n/a | 2.5% | | | - | - | - | - | - | - | - | - | - |
| Withdrawal from Capitalized Reserve (deposit to operating account) | n/a | n/a | | Link from Reserve Section below, as applicable | - | - | - | - | - | - | - | - | - |
| Gross Potential Income | | | | | 1,386,281 | - | 1,386,281 | 1,432,654 | - | 1,432,654 | 1,480,442 | - | 1,480,442 |
| Vacancy Loss - Residential - Tenant Rents | n/a | n/a | | Enter formulas manually per relevant MOH policy; annual increasing usually not appropriate | (16,392) | - | (16,392) | (16,546) | - | (16,546) | (16,711) | - | (16,711) |
| Vacancy Loss - Residential - Tenant Assistance Payments | n/a | n/a | | | - | - | - | - | - | - | - | - | - |
| Vacancy Loss - Commercial | n/a | n/a | | | - | - | - | - | - | - | - | - | - |
| EFFECTIVE GROSS INCOME | | | | | 1,369,890 | - | 1,369,890 | 1,416,009 | - | 1,416,009 | 1,463,731 | - | 1,463,731 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | |
| Management Fee | 3.5% | 3.5% | | 1st Year to be set according to HUD schedule. | 84,617 | - | 84,617 | 87,579 | - | 87,579 | 90,644 | - | 90,644 |
| Asset Management Fee | 3.5% | 3.5% | | per MOHCD policy | 25,135 | - | 25,135 | 26,014 | - | 26,014 | 26,925 | - | 26,925 |
| Sub-total Management Expenses | | | | | 109,752 | - | 109,752 | 113,593 | - | 113,593 | 117,569 | - | 117,569 |
| Salaries/Benefits | | | | | | | | | | | | | |
| Office Salaries | 3.5% | 3.5% | | | 164,651 | - | 164,651 | 170,414 | - | 170,414 | 176,379 | - | 176,379 |
| Manager's Salary | 3.5% | 3.5% | | | 92,024 | - | 92,024 | 95,244 | - | 95,244 | 98,678 | - | 98,678 |
| Health Insurance and Other Benefits | 3.5% | 3.5% | | | 53,218 | - | 53,218 | 55,081 | - | 55,081 | 57,009 | - | 57,009 |
| Other Salaries/Benefits | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Administrative Rent-Free Unit | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Sub-total Salaries/Benefits | | | | | 309,893 | - | 309,893 | 320,740 | - | 320,740 | 331,996 | - | 331,996 |
| Administration | | | | | | | | | | | | | |
| Advertising and Marketing | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Office Expenses | 3.5% | 3.5% | | | 65,246 | - | 65,246 | 67,529 | - | 67,529 | 69,893 | - | 69,893 |
| Office Rent | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Legal Expense - Property | 3.5% | 3.5% | | | 26,350 | - | 26,350 | 27,272 | - | 27,272 | 28,227 | - | 28,227 |
| Audit Expense | 3.5% | 3.5% | | | 15,522 | - | 15,522 | 16,065 | - | 16,065 | 16,628 | - | 16,628 |
| Bookkeeping/Accounting Services | 3.5% | 3.5% | | | 13,398 | - | 13,398 | 13,867 | - | 13,867 | 14,352 | - | 14,352 |
| Bad Debts | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous | 3.5% | 3.5% | | | 5,982 | - | 5,982 | 6,191 | - | 6,191 | 6,408 | - | 6,408 |
| Sub-total Administration Expenses | | | | | 128,497 | - | 128,497 | 130,926 | - | 130,926 | 136,607 | - | 136,607 |
| Utilities | | | | | | | | | | | | | |
| Electricity | 3.5% | 3.5% | | | 63,583 | - | 63,583 | 65,808 | - | 65,808 | 68,111 | - | 68,111 |
| Water | 3.5% | 3.5% | | | 24,095 | - | 24,095 | 24,838 | - | 24,838 | 25,611 | - | 25,611 |
| Gas | 3.5% | 3.5% | | | 20,396 | - | 20,396 | 21,110 | - | 21,110 | 21,848 | - | 21,848 |
| Sewer | 3.5% | 3.5% | | | 36,268 | - | 36,268 | 37,538 | - | 37,538 | 38,852 | - | 38,852 |
| Sub-total Utilities | | | | | 144,342 | - | 144,342 | 149,384 | - | 149,384 | 156,423 | - | 156,423 |
| Taxes and Licenses | | | | | | | | | | | | | |
| Real Estate Taxes | 3.5% | 3.5% | | | 1,109 | - | 1,109 | 1,148 | - | 1,148 | 1,188 | - | 1,188 |
| Payroll Taxes | 3.5% | 3.5% | | | 27,781 | - | 27,781 | 28,753 | - | 28,753 | 29,780 | - | 29,780 |
| Miscellaneous Taxes, Licenses and Permits | 3.5% | 3.5% | | | 5,544 | - | 5,544 | 5,738 | - | 5,738 | 5,938 | - | 5,938 |
| Sub-total Taxes and Licenses | | | | | 34,433 | - | 34,433 | 35,639 | - | 35,639 | 36,886 | - | 36,886 |
| Insurance | | | | | | | | | | | | | |
| Property and Liability Insurance | 3.5% | 3.5% | | | 82,925 | - | 82,925 | 85,827 | - | 85,827 | 88,831 | - | 88,831 |
| Fidelity Bond Insurance | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Worker's Compensation | 3.5% | 3.5% | | | 17,123 | - | 17,123 | 17,722 | - | 17,722 | 18,343 | - | 18,343 |
| Director's & Officers' Liability Insurance | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Sub-total Insurance | | | | | 100,048 | - | 100,048 | 103,650 | - | 103,650 | 107,174 | - | 107,174 |
| Maintenance & Repair | | | | | | | | | | | | | |
| Payroll | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Supplies | 3.5% | 3.5% | | | 46,218 | - | 46,218 | 47,836 | - | 47,836 | 49,510 | - | 49,510 |
| Contracts | 3.5% | 3.5% | | | 322,859 | - | 322,859 | 334,159 | - | 334,159 | 345,854 | - | 345,854 |
| Garbage and Trash Removal | 3.5% | 3.5% | | | 40,647 | - | 40,647 | 42,069 | - | 42,069 | 43,542 | - | 43,542 |
| Security Payroll/Contract | 3.5% | 3.5% | | | 35,701 | - | 35,701 | 36,950 | - | 36,950 | 38,243 | - | 38,243 |
| HVAC Repairs and Maintenance | 3.5% | 3.5% | | | 11,087 | - | 11,087 | 11,475 | - | 11,475 | 11,877 | - | 11,877 |
| Vehicle and Maintenance Equipment Operation and Repairs | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Operating and Maintenance Expenses | 3.5% | 3.5% | | | 2,661 | - | 2,661 | 2,754 | - | 2,754 | 2,850 | - | 2,850 |
| Sub-total Maintenance & Repair Expenses | | | | | 469,172 | - | 469,172 | 476,243 | - | 476,243 | 491,877 | - | 491,877 |
| Supportive Services | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Commercial Expenses | | | | | - | - | - | - | - | - | - | - | - |
| TOTAL OPERATING EXPENSES (PUPA (w/o Reserves/GL Base Rent/Bond Fees)) | | | | | 1,284,138 | - | 1,284,138 | 1,329,083 | - | 1,329,083 | 1,375,601 | - | 1,375,601 |
| Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | | | | | | | |
| <i>delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.</i> | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | 15,000 | - | 15,000 | 15,000 | - | 15,000 | 15,000 | - | 15,000 |
| Bond Monitoring Fee | | | | | 2,500 | - | 2,500 | 2,500 | - | 2,500 | 2,500 | - | 2,500 |
| Replacement Reserve Deposit | | | | | 35,000 | - | 35,000 | 35,000 | - | 35,000 | 35,000 | - | 35,000 |
| Operating Reserve Deposit | | | | | - | - | - | - | - | - | - | - | - |
| Other Required Reserve 1 Deposit | | | | | - | - | - | - | - | - | - | - | - |
| Other Required Reserve 2 Deposit | | | | | - | - | - | - | - | - | - | - | - |
| Required Reserve Deposits - Commercial | | | | | - | - | - | - | - | - | - | - | - |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | | | | | 62,500 | - | 62,500 | 62,500 | - | 62,500 | 62,500 | - | 62,500 |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) PUPA (w/ Reserves/GL Base Rent/Bond Fees) | | | | | 1,336,638 | - | 1,336,638 | 1,391,583 | - | 1,391,583 | 1,428,101 | - | 1,428,101 |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | 33,282 | - | 33,282 | 34,426 | - | 34,426 | 36,631 | - | 36,631 |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | | | | | | | | | | |
| <i>delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.</i> | | | | | | | | | | | | | |
| Hard Debt - First Lender | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender) | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Fourth Lender | | | | | - | - | - | - | - | - | - | - | - |
| Commercial Hard Debt Service | | | | | - | - | - | - | - | - | - | - | - |
| TOTAL HARD DEBT SERVICE | | | | | - | - | - | - | - | - | - | - | - |
| CASH FLOW (NOI minus DEBT SERVICE) | | | | | 33,282 | - | 33,282 | 34,426 | - | 34,426 | 36,631 | - | 36,631 |
| Commercial Only Cash Flow | | | | | | | | | | | | | |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | | | | | - | - | - | - | - | - | - | - | - |
| AVAILABLE CASH FLOW | | | | | 33,282 | - | 33,282 | 34,426 | - | 34,426 | 36,631 | - | 36,631 |
| USES OF CASH FLOW BELOW (This row also shows DSCR) | | | | | | | | | | | | | |
| <i>delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.</i> | | | | | | | | | | | | | |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | | | | | | | | | | | | | |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | 3.5% | 3.5% | | per MOHCD policy | - | - | - | - | - | - | - | - | - |
| Partnership Management Fee (see policy for limits) | 3.5% | 3.5% | | per MOHCD policy | 24,946 | - | 24,946 | 25,819 | - | 25,819 | 26,723 | - | 26,723 |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | | per MOHCD policy no annual increase | 8,315 | - | 8,315 | 8,606 | - | 8,606 | 8,908 | - | 8,908 |
| Other Payments | | | | | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmt - Lender 1 | | | | | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmt - Lender 2 | | | | | - | - | - | - | - | - | - | - | - |
| Deferred Developer Fee (Enter amt <= Max Fee from row 131) | | | | | - | - | - | - | - | - | - | - | - |
| TOTAL PAYMENTS PRECEDING MOHCD | | | | | 33,282 | - | 33,282 | 34,426 | - | 34,426 | 36,631 | - | 36,631 |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | | | | | (0) | - | (0) | (0) | - | (0) | 0 | - | 0 |
| Does Project have a MOHCD Residual Receipt Obligation? | | | | | | | | | | | | | |
| Will Project Defer Developer Fees? | | | | Yes | | | | | | | | | |
| Residual Receipts split for all years - Lender/Owner | | | | 67% / 33% | | | | | | | | | |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | | |
| <i>Dist. Soft Debt Loans</i> | | | | | | | | | | | | | |
| <i>Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy</i> | | | | | | | | | | | | | |
| MOHCD Residual Receipts Amount Due | | | | 100.00% | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | | | | | | | | | | | | | |

MOHCD Proforma - 20 Year Cash Flow

| | Total # Units: | | Comments | | | Year 4 2024 | | | Year 5 2025 | | | Year 6 2026 | | |
|--|----------------|-------------------|----------------------|----------------------|--|----------------|----------|---------|----------------|----------|---------|----------------|----------|---------|
| | LOSP Units | Non-LOSP Units | % annual inc LOSP | % annual increase | (related to annual inc assumptions) | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | 106 | 106 | | | | | | | | | | | | |
| INCOME | | | | | | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | | | | | Proposed Total MOHCD Amt Due less Loan Repayment | | | - | | | - | | | - |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | | | |
| HCD Residual Receipts Amount Due | | | 0.00% | | No HCD Financing | | | - | | | - | | | - |
| Lender 4 Residual Receipts Due | | | 0.00% | | | | | - | | | - | | | - |
| Lender 5 Residual Receipts Due | | | 0.00% | | | | | - | | | - | | | - |
| Total Non-MOHCD Residual Receipts Debt Service | | | | | | | | - | | | - | | | - |
| REMAINDER (Should be zero unless there are distributions below) | | | | | | | | | | | | | | |
| Owner Distributions/Incentive Management Fee | | | | | | | | - | | | - | | | 0 |
| Other Distributions/Uses | | | | | | | | - | | | - | | | - |
| Final Balance (should be zero) | | | | | | | | - | | | - | | | - |
| REPLACEMENT RESERVE - RUNNING BALANCE | | | | | | | | | | | | | | |
| Replacement Reserve Starting Balance | | | | | | | | 105,000 | | | 140,000 | | | 175,000 |
| Replacement Reserve Deposits | | | | | | | | 35,000 | | | 35,000 | | | 35,000 |
| Replacement Reserve Withdrawals (ideally tied to CNA) | | | | | | | | - | | | - | | | - |
| Replacement Reserve Interest | | | | | | | | - | | | - | | | - |
| RR Running Balance | | | | | | | | 140,000 | | | 175,000 | | | 210,000 |
| | | | | | | | | \$1,321 | | | \$1,651 | | | \$1,981 |
| OPERATING RESERVE - RUNNING BALANCE | | | | | | | | | | | | | | |
| Operating Reserve Starting Balance | | | | | | | | - | | | - | | | - |
| Operating Reserve Deposits | | | | | | | | - | | | - | | | - |
| Operating Reserve Withdrawals | | | | | | | | - | | | - | | | - |
| Operating Reserve Interest | | | | | | | | - | | | - | | | - |
| OR Running Balance | | | | | | | | - | | | - | | | - |
| OR Balance as a % of Prior Yr Op Exps + Debt Service | | | | | | | | 0.0% | | | 0.0% | | | 0.0% |
| OTHER REQUIRED RESERVE 1 - RUNNING BALANCE | | | | | | | | | | | | | | |
| Other Reserve 1 Starting Balance | | | | | | | | - | | | - | | | - |
| Other Reserve 1 Deposits | | | | | | | | - | | | - | | | - |
| Other Reserve 1 Withdrawals | | | | | | | | - | | | - | | | - |
| Other Reserve 1 Interest | | | | | | | | - | | | - | | | - |
| Other Required Reserve 1 Running Balance | | | | | | | | - | | | - | | | - |
| OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | | | - | | | - | | | - |
| Other Reserve 2 Deposits | | | | | | | | - | | | - | | | - |
| Other Reserve 2 Withdrawals | | | | | | | | - | | | - | | | - |
| Other Reserve 2 Interest | | | | | | | | - | | | - | | | - |
| Other Required Reserve 2 Running Balance | | | | | | | | - | | | - | | | - |

1064-1068 Mission Street

| Total # Units: | LOSP Units | | Non-LOSP Units | | Year 7 2027 | | | Year 8 2028 | | | Year 9 2029 | | | |
|--|--------------|--------------|-------------------|-------------------|-------------|----------|-----------|-------------|----------|-----------|-------------|----------|-----------|--|
| | 106 | 108 | 0 | 0 | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | |
| | % annual inc | % annual inc | % annual increase | % annual increase | | | | | | | | | | |
| INCOME | | | | | | | | | | | | | | |
| Residential - Tenant Rents | 1.0% | 2.5% | | | 337,563 | - | 337,563 | 340,939 | - | 340,939 | 344,348 | - | 344,348 | |
| Residential - Tenant Assistance Payments (Non-LOSP) | n/a | n/a | | | - | - | - | - | - | - | - | - | - | |
| Residential - LOSP Tenant Assistance Payments | n/a | n/a | | | 1,182,280 | - | 1,182,280 | 1,229,841 | - | 1,229,841 | 1,279,353 | - | 1,279,353 | |
| Commercial Space | n/a | 2.5% | | | - | - | - | - | - | - | - | - | - | |
| Residential Parking | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous Rent Income | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - | |
| Supportive Services Income | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - | |
| Interest Income - Project Operations | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - | |
| Laundry and Vending | 2.5% | 2.5% | | | 7,376 | - | 7,376 | 7,560 | - | 7,560 | 7,749 | - | 7,749 | |
| Tenant Charges | 2.5% | 2.5% | | | 2,783 | - | 2,783 | 2,853 | - | 2,853 | 2,924 | - | 2,924 | |
| Miscellaneous Residential Income | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - | |
| Other Commercial Income | n/a | 2.5% | | | - | - | - | - | - | - | - | - | - | |
| Withdrawal from Capitalized Reserve (deposit to operating account) | n/a | n/a | | | - | - | - | - | - | - | - | - | - | |
| Gross Potential Income | | | | | 1,630,003 | - | 1,630,003 | 1,681,283 | - | 1,681,283 | 1,734,376 | - | 1,734,376 | |
| Vacancy Loss - Residential - Tenant Rents | n/a | n/a | | | (19,878) | - | (19,878) | (17,047) | - | (17,047) | (17,217) | - | (17,217) | |
| Vacancy Loss - Residential - Tenant Assistance Payments | n/a | n/a | | | - | - | - | - | - | - | - | - | - | |
| Vacancy Loss - Commercial | n/a | n/a | | | - | - | - | - | - | - | - | - | - | |
| EFFECTIVE GROSS INCOME | | | | | 1,610,124 | - | 1,610,124 | 1,664,236 | - | 1,664,236 | 1,717,159 | - | 1,717,159 | |
| OPERATING EXPENSES | | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | | |
| Management Fee | 3.5% | 3.5% | | | 93,817 | - | 93,817 | 97,100 | - | 97,100 | 100,499 | - | 100,499 | |
| Asset Management Fee | 3.5% | 3.5% | | | 27,867 | - | 27,867 | 28,843 | - | 28,843 | 29,852 | - | 29,852 | |
| Sub-total Management Expenses | | | | | 121,684 | - | 121,684 | 126,843 | - | 126,843 | 130,351 | - | 130,351 | |
| Salaries/Benefits | | | | | | | | | | | | | | |
| Office Salaries | 3.5% | 3.5% | | | 182,552 | - | 182,552 | 188,841 | - | 188,841 | 195,554 | - | 195,554 | |
| Manager's Salary | 3.5% | 3.5% | | | 102,028 | - | 102,028 | 105,599 | - | 105,599 | 109,295 | - | 109,295 | |
| Health Insurance and Other Benefits | 3.5% | 3.5% | | | 59,004 | - | 59,004 | 61,069 | - | 61,069 | 63,207 | - | 63,207 | |
| Other Salaries/Benefits | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Administrative Rent-Free Unit | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Sub-total Salaries/Benefits | | | | | 343,584 | - | 343,584 | 355,510 | - | 355,510 | 368,056 | - | 368,056 | |
| Administration | | | | | | | | | | | | | | |
| Advertising and Marketing | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Office Expenses | 3.5% | 3.5% | | | 72,339 | - | 72,339 | 74,871 | - | 74,871 | 77,492 | - | 77,492 | |
| Office Rent | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Legal Expense - Property | 3.5% | 3.5% | | | 29,215 | - | 29,215 | 30,237 | - | 30,237 | 31,296 | - | 31,296 | |
| Audit Expense | 3.5% | 3.5% | | | 17,210 | - | 17,210 | 17,812 | - | 17,812 | 18,435 | - | 18,435 | |
| Bookkeeping/Accounting Services | 3.5% | 3.5% | | | 14,854 | - | 14,854 | 15,374 | - | 15,374 | 15,912 | - | 15,912 | |
| Bad Debts | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous | 3.5% | 3.5% | | | 6,632 | - | 6,632 | 6,864 | - | 6,864 | 7,104 | - | 7,104 | |
| Sub-total Administration Expenses | | | | | 140,260 | - | 140,260 | 146,159 | - | 146,159 | 150,239 | - | 150,239 | |
| Utilities | | | | | | | | | | | | | | |
| Electricity | 3.5% | 3.5% | | | 70,495 | - | 70,495 | 72,963 | - | 72,963 | 75,516 | - | 75,516 | |
| Water | 3.5% | 3.5% | | | 26,714 | - | 26,714 | 27,649 | - | 27,649 | 28,617 | - | 28,617 | |
| Gas | 3.5% | 3.5% | | | 22,613 | - | 22,613 | 23,405 | - | 23,405 | 24,224 | - | 24,224 | |
| Sewer | 3.5% | 3.5% | | | 40,211 | - | 40,211 | 41,619 | - | 41,619 | 43,075 | - | 43,075 | |
| Sub-total Utilities | | | | | 160,034 | - | 160,034 | 166,636 | - | 166,636 | 171,433 | - | 171,433 | |
| Taxes and Licenses | | | | | | | | | | | | | | |
| Real Estate Taxes | 3.5% | 3.5% | | | 1,229 | - | 1,229 | 1,272 | - | 1,272 | 1,317 | - | 1,317 | |
| Payroll Taxes | 3.5% | 3.5% | | | 30,801 | - | 30,801 | 31,880 | - | 31,880 | 32,995 | - | 32,995 | |
| Miscellaneous Taxes, Licenses and Permits | 3.5% | 3.5% | | | 6,146 | - | 6,146 | 6,361 | - | 6,361 | 6,584 | - | 6,584 | |
| Sub-total Taxes and Licenses | | | | | 38,177 | - | 38,177 | 39,613 | - | 39,613 | 40,896 | - | 40,896 | |
| Insurance | | | | | | | | | | | | | | |
| Property and Liability Insurance | 3.5% | 3.5% | | | 91,940 | - | 91,940 | 95,158 | - | 95,158 | 98,489 | - | 98,489 | |
| Fidelity Bond Insurance | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Worker's Compensation | 3.5% | 3.5% | | | 19,985 | - | 19,985 | 19,649 | - | 19,649 | 20,337 | - | 20,337 | |
| Director's & Officers' Liability Insurance | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Sub-total Insurance | | | | | 110,925 | - | 110,925 | 114,807 | - | 114,807 | 118,826 | - | 118,826 | |
| Maintenance & Repair | | | | | | | | | | | | | | |
| Payroll | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Supplies | 3.5% | 3.5% | | | 51,243 | - | 51,243 | 53,036 | - | 53,036 | 54,893 | - | 54,893 | |
| Contracts | 3.5% | 3.5% | | | 357,959 | - | 357,959 | 370,488 | - | 370,488 | 383,455 | - | 383,455 | |
| Garbage and Trash Removal | 3.5% | 3.5% | | | 45,066 | - | 45,066 | 46,643 | - | 46,643 | 48,276 | - | 48,276 | |
| Security Payroll/Contract | 3.5% | 3.5% | | | 39,582 | - | 39,582 | 40,967 | - | 40,967 | 42,401 | - | 42,401 | |
| HVAC Repairs and Maintenance | 3.5% | 3.5% | | | 12,293 | - | 12,293 | 12,723 | - | 12,723 | 13,168 | - | 13,168 | |
| Vehicle and Maintenance Equipment Operation and Repairs | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous Operating and Maintenance Expenses | 3.5% | 3.5% | | | 2,950 | - | 2,950 | 3,053 | - | 3,053 | 3,160 | - | 3,160 | |
| Sub-total Maintenance & Repair Expenses | | | | | 609,092 | - | 609,092 | 626,911 | - | 626,911 | 646,363 | - | 646,363 | |
| Supportive Services | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Commercial Expenses | | | | | - | - | - | - | - | - | - | - | - | |
| TOTAL OPERATING EXPENSES | | | | | 1,423,747 | - | 1,423,747 | 1,473,678 | - | 1,473,678 | 1,526,163 | - | 1,526,163 | |
| Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | | | | | | | | |
| Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | 15,000 | - | 15,000 | 15,000 | - | 15,000 | 15,000 | - | 15,000 | |
| Bond Monitoring Fee | | | | | 2,500 | - | 2,500 | 2,500 | - | 2,500 | 2,500 | - | 2,500 | |
| Replacement Reserve Deposit | | | | | 35,000 | - | 35,000 | 35,000 | - | 35,000 | 35,000 | - | 35,000 | |
| Operating Reserve Deposit | | | | | - | - | - | - | - | - | - | - | - | |
| Other Required Reserve 1 Deposit | | | | | - | - | - | - | - | - | - | - | - | |
| Other Required Reserve 2 Deposit | | | | | - | - | - | - | - | - | - | - | - | |
| Required Reserve Deposits, Commercial | | | | | - | - | - | - | - | - | - | - | - | |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | | | | | 62,500 | - | 62,500 | 62,500 | - | 62,500 | 62,500 | - | 62,500 | |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) | | | | | 1,476,247 | - | 1,476,247 | 1,526,078 | - | 1,526,078 | 1,577,663 | - | 1,577,663 | |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | 38,878 | - | 38,878 | 38,168 | - | 38,168 | 39,504 | - | 39,504 | |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | | | | | | | | | | | |
| Hard Debt - First Lender | | | | | - | - | - | - | - | - | - | - | - | |
| Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender) | | | | | - | - | - | - | - | - | - | - | - | |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | | | | - | - | - | - | - | - | - | - | - | |
| Hard Debt - Fourth Lender | | | | | - | - | - | - | - | - | - | - | - | |
| Commercial Hard Debt Service | | | | | - | - | - | - | - | - | - | - | - | |
| TOTAL HARD DEBT SERVICE | | | | | - | - | - | - | - | - | - | - | - | |
| CASH FLOW (NOI minus DEBT SERVICE) | | | | | 38,878 | - | 38,878 | 38,168 | - | 38,168 | 39,504 | - | 39,504 | |
| Commercial Only Cash Flow | | | | | | | | | | | | | | |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | | | | | - | - | - | - | - | - | - | - | - | |
| AVAILABLE CASH FLOW | | | | | 38,878 | - | 38,878 | 38,168 | - | 38,168 | 39,504 | - | 39,504 | |
| USES OF CASH FLOW BELOW (This row also shows DSCR.) | | | | | | | | | | | | | | |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | | | | | | | | | | | | | | |
| "Below-the-line" Asset Mgt fee (common in new projects, see policy) | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Partnership Management Fee (see policy for limits) | 3.5% | 3.5% | | | 27,658 | - | 27,658 | 28,626 | - | 28,626 | 29,628 | - | 29,628 | |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | | | 9,219 | - | 9,219 | 9,542 | - | 9,542 | 9,876 | - | 9,876 | |
| Other Payments | | | | | - | - | - | - | - | - | - | - | - | |
| Non-amortizing Loan Pmnt - Lender 1 | | | | | - | - | - | - | - | - | - | - | - | |
| Non-amortizing Loan Pmnt - Lender 2 | | | | | - | - | - | - | - | - | - | - | - | |
| Deferred Developer Fee (Enter amt <= Max Fee from row 131) | | | | | - | - | - | - | - | - | - | - | - | |
| TOTAL PAYMENTS PRECEDING MOHCD | | | | | 38,878 | - | 38,878 | 38,168 | - | 38,168 | 39,504 | - | 39,504 | |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | | | | | - | - | 0 | 0 | - | 0 | (0) | - | (0) | |
| Does Project have a MOHCD Residual Receipt Obligation? | | | | | | | | | | | | | | |
| Will Project Defer Developer Fee? | | | | | Yes | | | | | | | | | |
| Residual Receipts split for all years - Lender/Owner | | | | | TBD | | | | | | | | | |
| | | | | | 67% / 33% | | | | | | | | | |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | | | |
| MOHCD Residual Receipts Amount Due | | | | | | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | | | | | 100.00% | | | | | | | | | |
| Dist. Soft Debt Loans | | | | | | | | | | | | | | |
| Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy | | | | | | | | | | | | | | |
| | | | | | - | - | - | - | - | - | - | - | - | |

MOHCD Proforma - 20 Year Cash Flow

| | Total # Units: | | Comments (related to annual inc assumptions) | Year 7 2027 | | | Year 8 2028 | | | Year 9 2029 | | |
|--|---------------------------------|-------------------------------|---|----------------|----------|---------|----------------|----------|-------|----------------|----------|---------|
| | LOSP Units 108 | Non-LOSP Units 0 | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | % annual inc LOSP 100.00% | % annual increase 0.00% | | | | | | | | | | |
| INCOME | | | | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | | | Proposed Total MOHCD Amt Due less Loan Repayment | | | - | | | | | | |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | |
| HCD Residual Receipts Amount Due | | 0.00% | No HCD Financing | | | - | | | | | | |
| Lender 4 Residual Receipts Due | | 0.00% | | | | - | | | | | | |
| Lender 5 Residual Receipts Due | | 0.00% | | | | - | | | | | | |
| Total Non-MOHCD Residual Receipts Debt Service | | | | | | - | | | | | | |
| REMAINDER (Should be zero unless there are distributions below) | | | | | | | | | | | | |
| Owner Distributions/Incentive Management Fee | | | | | | - | | 0 | | | | |
| Other Distributions/Uses | | | | | | - | | - | | | | |
| Final Balance (should be zero) | | | | | | - | | - | | | | |
| REPLACEMENT RESERVE - RUNNING BALANCE | | | | | | | | | | | | |
| Replacement Reserve Starting Balance | | | | | | 210,000 | | 245,000 | | | | 280,000 |
| Replacement Reserve Deposits | | | | | | 35,000 | | 35,000 | | | | 35,000 |
| Replacement Reserve Withdrawals (ideally tied to CNA) | | | | | | - | | - | | | | - |
| Replacement Reserve Interest | | | | | | - | | - | | | | - |
| <i>RR Running Balance</i> | | | | | | 245,000 | | 280,000 | | | | 315,000 |
| | | | | | | \$2,311 | | \$2,642 | | | | \$2,972 |
| OPERATING RESERVE - RUNNING BALANCE | | | | | | | | | | | | |
| Operating Reserve Starting Balance | | | | | | - | | - | | | | - |
| Operating Reserve Deposits | | | | | | - | | - | | | | - |
| Operating Reserve Withdrawals | | | | | | - | | - | | | | - |
| Operating Reserve Interest | | | | | | - | | - | | | | - |
| <i>OR Running Balance</i> | | | | | | - | | - | | | | - |
| | | | <i>OR Balance as a % of Prior Yr Op Exps + Debt Service</i> | | | 0.0% | | 0.0% | | | | 0.0% |
| OTHER REQUIRED RESERVE 1 - RUNNING BALANCE | | | | | | | | | | | | |
| Other Reserve 1 Starting Balance | | | | | | - | | - | | | | - |
| Other Reserve 1 Deposits | | | | | | - | | - | | | | - |
| Other Reserve 1 Withdrawals | | | | | | - | | - | | | | - |
| Other Reserve 1 Interest | | | | | | - | | - | | | | - |
| <i>Other Required Reserve 1 Running Balance</i> | | | | | | - | | - | | | | - |
| OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | - | | - | | | | - |
| Other Reserve 2 Deposits | | | | | | - | | - | | | | - |
| Other Reserve 2 Withdrawals | | | | | | - | | - | | | | - |
| Other Reserve 2 Interest | | | | | | - | | - | | | | - |
| <i>Other Required Reserve 2 Running Balance</i> | | | | | | - | | - | | | | - |

1064-1068 Mission Street

| Total # Units: | LOSP Units | | Non-LOSP Units | | Year 10 2030 | | | Year 11 2031 | | | Year 12 2032 | | |
|---|------------|---------|----------------|-------|--------------|----------|-----------|--------------|----------|-----------|--------------|----------|-----------|
| | 106 | 108 | 0 | 0 | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | 100.00% | 100.00% | 0.00% | 0.00% | | | | | | | | | |
| INCOME | | | | | | | | | | | | | |
| Residential - Tenant Rents | | | | | 347,792 | - | 347,792 | 351,270 | - | 351,270 | 354,783 | - | 354,783 |
| Residential - Tenant Assistance Payments (Non-LOSP) | n/a | n/a | | | - | - | - | - | - | - | - | - | - |
| Residential - LOSP Tenant Assistance Payments | n/a | n/a | | | 1,330,578 | - | 1,330,578 | 1,383,680 | - | 1,383,680 | 1,438,728 | - | 1,438,728 |
| Commercial Space | n/a | 2.5% | | | - | - | - | - | - | - | - | - | - |
| Residential Parking | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Rent Income | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - |
| Supportive Services Income | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - |
| Interest Income - Project Operations | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - |
| Laundry and Vending | 2.5% | 2.5% | | | 7,943 | - | 7,943 | 8,141 | - | 8,141 | 8,345 | - | 8,345 |
| Tenant Charges | 2.5% | 2.5% | | | 2,997 | - | 2,997 | 3,072 | - | 3,072 | 3,149 | - | 3,149 |
| Miscellaneous Residential Income | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - |
| Other Commercial Income | n/a | 2.5% | | | - | - | - | - | - | - | - | - | - |
| Withdrawal from Capitalized Reserve (deposit to operating account) | n/a | n/a | | | - | - | - | - | - | - | - | - | - |
| Gross Potential Income | | | | | 1,889,310 | - | 1,889,310 | 1,748,164 | - | 1,748,164 | 1,806,003 | - | 1,806,003 |
| Vacancy Loss - Residential - Tenant Rents | n/a | n/a | | | (17,390) | - | (17,390) | (17,363) | - | (17,363) | (17,739) | - | (17,739) |
| Vacancy Loss - Residential - Tenant Assistance Payments | n/a | n/a | | | - | - | - | - | - | - | - | - | - |
| Vacancy Loss - Commercial | n/a | n/a | | | - | - | - | - | - | - | - | - | - |
| EFFECTIVE GROSS INCOME | | | | | 1,871,920 | - | 1,871,920 | 1,728,600 | - | 1,728,600 | 1,787,264 | - | 1,787,264 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | |
| Management Fee | 3.5% | 3.5% | | | 104,016 | - | 104,016 | 107,657 | - | 107,657 | 111,425 | - | 111,425 |
| Asset Management Fee | 3.5% | 3.5% | | | 30,897 | - | 30,897 | 31,978 | - | 31,978 | 33,098 | - | 33,098 |
| Sub-total Management Expenses | | | | | 134,913 | - | 134,913 | 139,636 | - | 139,636 | 144,523 | - | 144,523 |
| Salaries/Benefits | | | | | | | | | | | | | |
| Office Salaries | 3.5% | 3.5% | | | 202,398 | - | 202,398 | 209,482 | - | 209,482 | 216,814 | - | 216,814 |
| Manager's Salary | 3.5% | 3.5% | | | 113,120 | - | 113,120 | 117,080 | - | 117,080 | 121,177 | - | 121,177 |
| Health Insurance and Other Benefits | 3.5% | 3.5% | | | 65,419 | - | 65,419 | 67,709 | - | 67,709 | 70,079 | - | 70,079 |
| Other Salaries/Benefits | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Administrative Rent-Free Unit | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Sub-total Salaries/Benefits | | | | | 380,938 | - | 380,938 | 394,271 | - | 394,271 | 408,070 | - | 408,070 |
| Administration | | | | | | | | | | | | | |
| Advertising and Marketing | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Office Expenses | 3.5% | 3.5% | | | 80,204 | - | 80,204 | 83,011 | - | 83,011 | 85,916 | - | 85,916 |
| Office Rent | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Legal Expense - Property | 3.5% | 3.5% | | | 32,391 | - | 32,391 | 33,525 | - | 33,525 | 34,698 | - | 34,698 |
| Audit Expense | 3.5% | 3.5% | | | 19,081 | - | 19,081 | 19,748 | - | 19,748 | 20,440 | - | 20,440 |
| Bookkeeping/Accounting Services | 3.5% | 3.5% | | | 16,469 | - | 16,469 | 17,046 | - | 17,046 | 17,642 | - | 17,642 |
| Bad Debts | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous | 3.5% | 3.5% | | | 7,353 | - | 7,353 | 7,610 | - | 7,610 | 7,877 | - | 7,877 |
| Sub-total Administration Expenses | | | | | 166,497 | - | 166,497 | 168,840 | - | 168,840 | 171,777 | - | 171,777 |
| Utilities | | | | | | | | | | | | | |
| Electricity | 3.5% | 3.5% | | | 78,159 | - | 78,159 | 80,895 | - | 80,895 | 83,726 | - | 83,726 |
| Water | 3.5% | 3.5% | | | 29,618 | - | 29,618 | 30,655 | - | 30,655 | 31,728 | - | 31,728 |
| Gas | 3.5% | 3.5% | | | 25,072 | - | 25,072 | 25,849 | - | 25,849 | 26,588 | - | 26,588 |
| Sewer | 3.5% | 3.5% | | | 44,583 | - | 44,583 | 46,144 | - | 46,144 | 47,759 | - | 47,759 |
| Sub-total Utilities | | | | | 177,433 | - | 177,433 | 183,643 | - | 183,643 | 190,071 | - | 190,071 |
| Taxes and Licenses | | | | | | | | | | | | | |
| Real Estate Taxes | 3.5% | 3.5% | | | 1,363 | - | 1,363 | 1,411 | - | 1,411 | 1,460 | - | 1,460 |
| Payroll Taxes | 3.5% | 3.5% | | | 34,150 | - | 34,150 | 35,345 | - | 35,345 | 36,582 | - | 36,582 |
| Miscellaneous Taxes, Licenses and Permits | 3.5% | 3.5% | | | 6,814 | - | 6,814 | 7,053 | - | 7,053 | 7,300 | - | 7,300 |
| Sub-total Taxes and Licenses | | | | | 42,328 | - | 42,328 | 43,809 | - | 43,809 | 45,342 | - | 45,342 |
| Insurance | | | | | | | | | | | | | |
| Property and Liability Insurance | 3.5% | 3.5% | | | 101,938 | - | 101,938 | 105,504 | - | 105,504 | 109,196 | - | 109,196 |
| Fidelity Bond Insurance | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Worker's Compensation | 3.5% | 3.5% | | | 21,049 | - | 21,049 | 21,785 | - | 21,785 | 22,548 | - | 22,548 |
| Director's & Officers' Liability Insurance | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Sub-total Insurance | | | | | 122,986 | - | 122,986 | 127,289 | - | 127,289 | 131,744 | - | 131,744 |
| Maintenance & Repair | | | | | | | | | | | | | |
| Payroll | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Supplies | 3.5% | 3.5% | | | 56,814 | - | 56,814 | 58,802 | - | 58,802 | 60,860 | - | 60,860 |
| Contracts | 3.5% | 3.5% | | | 396,876 | - | 396,876 | 410,766 | - | 410,766 | 425,143 | - | 425,143 |
| Garbage and Trash Removal | 3.5% | 3.5% | | | 49,965 | - | 49,965 | 51,714 | - | 51,714 | 53,524 | - | 53,524 |
| Security Payroll/Contract | 3.5% | 3.5% | | | 43,885 | - | 43,885 | 45,421 | - | 45,421 | 47,011 | - | 47,011 |
| HVAC Repairs and Maintenance | 3.5% | 3.5% | | | 13,629 | - | 13,629 | 14,106 | - | 14,106 | 14,600 | - | 14,600 |
| Vehicle and Maintenance Equipment Operation and Repairs | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Operating and Maintenance Expenses | 3.5% | 3.5% | | | 3,271 | - | 3,271 | 3,385 | - | 3,385 | 3,504 | - | 3,504 |
| Sub-total Maintenance & Repair Expenses | | | | | 664,440 | - | 664,440 | 684,196 | - | 684,196 | 704,642 | - | 704,642 |
| Supportive Services | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Commercial Expenses | - | - | | | - | - | - | - | - | - | - | - | - |
| TOTAL OPERATING EXPENSES | | | | | 1,678,633 | - | 1,678,633 | 1,633,782 | - | 1,633,782 | 1,680,965 | - | 1,680,965 |
| Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | 15,000 | - | 15,000 | 15,000 | - | 15,000 | 15,000 | - | 15,000 |
| Bond Monitoring Fee | | | | | 2,500 | - | 2,500 | 2,500 | - | 2,500 | 2,500 | - | 2,500 |
| Replacement Reserve Deposit | | | | | 35,000 | - | 35,000 | 35,000 | - | 35,000 | 35,000 | - | 35,000 |
| Operating Reserve Deposit | | | | | - | - | - | - | - | - | - | - | - |
| Other Required Reserve 1 Deposit | | | | | - | - | - | - | - | - | - | - | - |
| Other Required Reserve 2 Deposit | | | | | - | - | - | - | - | - | - | - | - |
| Required Reserve Deposits/Commercial | | | | | - | - | - | - | - | - | - | - | - |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | | | | | 62,500 | - | 62,500 | 62,500 | - | 62,500 | 62,500 | - | 62,500 |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) | | | | | 1,631,033 | - | 1,631,033 | 1,686,282 | - | 1,686,282 | 1,743,465 | - | 1,743,465 |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | 40,887 | - | 40,887 | 42,318 | - | 42,318 | 43,799 | - | 43,799 |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | | | | | | | | | | |
| Hard Debt - First Lender | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender) | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | | | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Fourth Lender | | | | | - | - | - | - | - | - | - | - | - |
| Commercial Hard Debt Service | | | | | - | - | - | - | - | - | - | - | - |
| TOTAL HARD DEBT SERVICE | | | | | - | - | - | - | - | - | - | - | - |
| CASH FLOW (NOI minus DEBT SERVICE) | | | | | 40,887 | - | 40,887 | 42,318 | - | 42,318 | 43,799 | - | 43,799 |
| Commercial Only Cash Flow | | | | | | | | | | | | | |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | | | | | - | - | - | - | - | - | - | - | - |
| AVAILABLE CASH FLOW | | | | | 40,887 | - | 40,887 | 42,318 | - | 42,318 | 43,799 | - | 43,799 |
| USES OF CASH FLOW BELOW (This row also shows DSCR.) | | | | | | | | | | | | | |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | | | | | | | | | | | | | |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - |
| Partnership Management Fee (see policy for limits) | 3.5% | 3.5% | | | 30,665 | - | 30,665 | 31,738 | - | 31,738 | 32,849 | - | 32,849 |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | | | 10,222 | - | 10,222 | 10,579 | - | 10,579 | 10,950 | - | 10,950 |
| Other Payments | | | | | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmt - Lender 1 | | | | | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmt - Lender 2 | | | | | - | - | - | - | - | - | - | - | - |
| Deferred Developer Fee (Enter amt <= Max Fee from row 131) | | | | | - | - | - | - | - | - | - | - | - |
| TOTAL PAYMENTS PRECEDING MOHCD | | | | | 40,887 | - | 40,887 | 42,318 | - | 42,318 | 43,799 | - | 43,799 |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | | | | | 0 | - | 0 | (0) | - | (0) | 0 | - | 0 |
| Does Project have a MOHCD Residual Receipt Obligation? | | | Yes | | | | | | | | | | |
| Will Project Defer Developer Fee? | | | TBD | | | | | | | | | | |
| Residual Receipts split for all years - Lender/Owner | | | 67% / 33% | | | | | | | | | | |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | | |
| MOHCD Residual Receipts Amount Due | | | | | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | | | | | | | | | | | | | |

MOHCD Proforma - 20 Year Cash Flow

| INCOME | Total # Units: | | % annual inc | % annual increase | Comments (related to annual inc assumptions) | Year 10 2030 | | | Year 11 2031 | | | Year 12 2032 | | |
|--|----------------|----------------|--------------|-------------------|--|-----------------|----------|---------|-----------------|----------|---------|-----------------|----------|---------|
| | LOSP Units | Non-LOSP Units | | | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | 106 | 0 | | | | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | 100.00% | 0.00% | | | Proposed Total MOHCD Amt Due less Loan Repayment | | | - | | | - | | | - |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | | | |
| HCD Residual Receipts Amount Due | 0.00% | | | | No HCD Financing | | | - | | | - | | | - |
| Lender 4 Residual Receipts Due | 0.00% | | | | | | | - | | | - | | | - |
| Lender 5 Residual Receipts Due | 0.00% | | | | | | | - | | | - | | | - |
| Total Non-MOHCD Residual Receipts Debt Service | | | | | | | | - | | | - | | | - |
| REMAINDER (Should be zero unless there are distributions below) | | | | | | | | | | | | | | |
| Owner Distributions/Incentive Management Fee | | | | | | | | 0 | | | - | | | 0 |
| Other Distributions/Uses | | | | | | | | - | | | - | | | - |
| Final Balance (should be zero) | | | | | | | | - | | | - | | | - |
| REPLACEMENT RESERVE - RUNNING BALANCE | | | | | | | | | | | | | | |
| Replacement Reserve Starting Balance | | | | | | | | 315,000 | | | 360,000 | | | 385,000 |
| Replacement Reserve Deposits | | | | | | | | 36,000 | | | 36,000 | | | 36,000 |
| Replacement Reserve Withdrawals (ideally tied to CNA) | | | | | | | | - | | | - | | | - |
| Replacement Reserve Interest | | | | | | | | - | | | - | | | - |
| RR Running Balance | | | | | | | | 360,000 | | | 385,000 | | | 420,000 |
| | | | | | | | | \$3,302 | | | \$3,632 | | | \$3,952 |
| OPERATING RESERVE - RUNNING BALANCE | | | | | | | | | | | | | | |
| Operating Reserve Starting Balance | | | | | | | | - | | | - | | | - |
| Operating Reserve Deposits | | | | | | | | - | | | - | | | - |
| Operating Reserve Withdrawals | | | | | | | | - | | | - | | | - |
| Operating Reserve Interest | | | | | | | | - | | | - | | | - |
| OR Running Balance | | | | | | | | - | | | - | | | - |
| | | | | | | | | 0.0% | | | 0.0% | | | 0.0% |
| OTHER REQUIRED RESERVE 1 - RUNNING BALANCE | | | | | | | | | | | | | | |
| Other Reserve 1 Starting Balance | | | | | | | | - | | | - | | | - |
| Other Reserve 1 Deposits | | | | | | | | - | | | - | | | - |
| Other Reserve 1 Withdrawals | | | | | | | | - | | | - | | | - |
| Other Reserve 1 Interest | | | | | | | | - | | | - | | | - |
| Other Required Reserve 1 Running Balance | | | | | | | | - | | | - | | | - |
| OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | | | - | | | - | | | - |
| Other Reserve 2 Deposits | | | | | | | | - | | | - | | | - |
| Other Reserve 2 Withdrawals | | | | | | | | - | | | - | | | - |
| Other Reserve 2 Interest | | | | | | | | - | | | - | | | - |
| Other Required Reserve 2 Running Balance | | | | | | | | - | | | - | | | - |

1064-1068 Mission Street

| | Total # Units: | LOSP Units 106 | Non-LOSP Units 0 | Year 13 2033 | | | Year 14 2034 | | | Year 15 2035 | | | |
|--|----------------|-------------------|---------------------|--|-------------------|-------|-----------------|-----------|------|-----------------|-----------|------|-----------|
| | | | | 100.00% | | 0.00% | | | | | | | |
| | | | | % annual inc | % annual increase | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP |
| INCOME | | | | | | | | | | | | | |
| Residential - Tenant Rents | | 1.0% | 2.5% | | 358,330 | - | 358,330 | 361,914 | - | 361,914 | 365,533 | - | 365,533 |
| Residential - Tenant Assistance Payments (Non-LOSP) | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| Residential - LOSP Tenant Assistance Payments | | n/a | n/a | | 1,495,785 | - | 1,495,785 | 1,554,928 | - | 1,554,928 | 1,616,230 | - | 1,616,230 |
| Commercial Space | | n/a | 2.5% | | - | - | - | - | - | - | - | - | - |
| Residential Parking | | 2.5% | 2.5% | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Rent Income | | 2.5% | 2.5% | | - | - | - | - | - | - | - | - | - |
| Supportive Services Income | | 2.5% | 2.5% | | - | - | - | - | - | - | - | - | - |
| Interest Income - Project Operations | | 2.5% | 2.5% | | - | - | - | - | - | - | - | - | - |
| Laundry and Vending | | 2.5% | 2.5% | | 8,553 | - | 8,553 | 8,767 | - | 8,767 | 8,987 | - | 8,987 |
| Tenant Charges | | 2.5% | 2.5% | | 3,228 | - | 3,228 | 3,308 | - | 3,308 | 3,391 | - | 3,391 |
| Miscellaneous Residential Income | | 2.5% | 2.5% | | - | - | - | - | - | - | - | - | - |
| Other Commercial Income | | n/a | 2.5% | | - | - | - | - | - | - | - | - | - |
| Withdrawal from Capitalized Reserve (deposit to operating account) | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| Gross Potential Income | | | | | 1,865,897 | - | 1,865,897 | 1,928,918 | - | 1,928,918 | 1,994,140 | - | 1,994,140 |
| Vacancy Loss - Residential - Tenant Rents | | n/a | n/a | | (17,917) | - | (17,917) | (18,096) | - | (18,096) | (18,277) | - | (18,277) |
| Vacancy Loss - Residential - Tenant Assistance Payments | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| Vacancy Loss - Commercial | | n/a | n/a | | - | - | - | - | - | - | - | - | - |
| EFFECTIVE GROSS INCOME | | | | | 1,847,980 | - | 1,847,980 | 1,910,822 | - | 1,910,822 | 1,976,863 | - | 1,976,863 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | |
| Management Fee | | 3.5% | 3.5% | 1st Year to be set according to HUD schedule | 115,325 | - | 115,325 | 119,361 | - | 119,361 | 123,539 | - | 123,539 |
| Asset Management Fee | | 3.5% | 3.5% | per MOHCD policy | 34,256 | - | 34,256 | 35,455 | - | 35,455 | 36,696 | - | 36,696 |
| Sub-total Management Expenses | | | | | 149,581 | - | 149,581 | 154,816 | - | 154,816 | 160,235 | - | 160,235 |
| Salaries/Benefits | | | | | | | | | | | | | |
| Office Salaries | | 3.5% | 3.5% | | 224,403 | - | 224,403 | 232,257 | - | 232,257 | 240,386 | - | 240,386 |
| Manager's Salary | | 3.5% | 3.5% | | 125,419 | - | 125,419 | 129,608 | - | 129,608 | 134,352 | - | 134,352 |
| Health Insurance and Other Benefits | | 3.5% | 3.5% | | 72,531 | - | 72,531 | 75,070 | - | 75,070 | 77,697 | - | 77,697 |
| Other Salaries/Benefits | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Administrative Rent-Free Unit | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sub-total Salaries/Benefits | | | | | 422,353 | - | 422,353 | 437,135 | - | 437,135 | 452,436 | - | 452,436 |
| Administration | | | | | | | | | | | | | |
| Advertising and Marketing | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Office Expenses | | 3.5% | 3.5% | | 88,923 | - | 88,923 | 92,036 | - | 92,036 | 95,257 | - | 95,257 |
| Office Rent | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Legal Expense - Property | | 3.5% | 3.5% | | 35,913 | - | 35,913 | 37,169 | - | 37,169 | 38,470 | - | 38,470 |
| Audit Expense | | 3.5% | 3.5% | | 21,155 | - | 21,155 | 21,895 | - | 21,895 | 22,662 | - | 22,662 |
| Bookkeeping/Accounting Services | | 3.5% | 3.5% | | 18,260 | - | 18,260 | 18,899 | - | 18,899 | 19,560 | - | 19,560 |
| Bad Debts | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Miscellaneous | | 3.5% | 3.5% | | 8,152 | - | 8,152 | 8,438 | - | 8,438 | 8,733 | - | 8,733 |
| Sub-total Administration Expenses | | | | | 172,403 | - | 172,403 | 174,437 | - | 174,437 | 178,482 | - | 178,482 |
| Utilities | | | | | | | | | | | | | |
| Electricity | | 3.5% | 3.5% | | 86,657 | - | 86,657 | 89,890 | - | 89,890 | 92,829 | - | 92,829 |
| Water | | 3.5% | 3.5% | | 32,839 | - | 32,839 | 33,888 | - | 33,888 | 35,177 | - | 35,177 |
| Gas | | 3.5% | 3.5% | | 27,798 | - | 27,798 | 28,771 | - | 28,771 | 29,778 | - | 29,778 |
| Sewer | | 3.5% | 3.5% | | 49,430 | - | 49,430 | 51,160 | - | 51,160 | 52,951 | - | 52,951 |
| Sub-total Utilities | | | | | 196,723 | - | 196,723 | 203,608 | - | 203,608 | 210,736 | - | 210,736 |
| Taxes and Licenses | | | | | | | | | | | | | |
| Real Estate Taxes | | 3.5% | 3.5% | | 1,511 | - | 1,511 | 1,564 | - | 1,564 | 1,619 | - | 1,619 |
| Payroll Taxes | | 3.5% | 3.5% | | 37,863 | - | 37,863 | 39,188 | - | 39,188 | 40,560 | - | 40,560 |
| Miscellaneous Taxes, Licenses and Permits | | 3.5% | 3.5% | | 7,555 | - | 7,555 | 7,820 | - | 7,820 | 8,093 | - | 8,093 |
| Sub-total Taxes and Licenses | | | | | 46,929 | - | 46,929 | 48,572 | - | 48,572 | 50,272 | - | 50,272 |
| Insurance | | | | | | | | | | | | | |
| Property and Liability Insurance | | 3.5% | 3.5% | | 113,018 | - | 113,018 | 116,974 | - | 116,974 | 121,068 | - | 121,068 |
| Fidelity Bond Insurance | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Worker's Compensation | | 3.5% | 3.5% | | 23,337 | - | 23,337 | 24,154 | - | 24,154 | 24,999 | - | 24,999 |
| Director's & Officers' Liability Insurance | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Sub-total Insurance | | | | | 136,355 | - | 136,355 | 141,128 | - | 141,128 | 146,067 | - | 146,067 |
| Maintenance & Repair | | | | | | | | | | | | | |
| Payroll | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Supplies | | 3.5% | 3.5% | | 62,990 | - | 62,990 | 65,195 | - | 65,195 | 67,477 | - | 67,477 |
| Contracts | | 3.5% | 3.5% | | 440,023 | - | 440,023 | 455,424 | - | 455,424 | 471,364 | - | 471,364 |
| Garbage and Trash Removal | | 3.5% | 3.5% | | 55,397 | - | 55,397 | 57,336 | - | 57,336 | 59,343 | - | 59,343 |
| Security Payroll/Contract | | 3.5% | 3.5% | | 48,656 | - | 48,656 | 50,359 | - | 50,359 | 52,122 | - | 52,122 |
| HVAC Repairs and Maintenance | | 3.5% | 3.5% | | 15,111 | - | 15,111 | 15,640 | - | 15,640 | 16,187 | - | 16,187 |
| Vehicle and Maintenance Equipment Operation and Repairs | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Miscellaneous Operating and Maintenance Expenses | | 3.5% | 3.5% | | 3,627 | - | 3,627 | 3,753 | - | 3,753 | 3,885 | - | 3,885 |
| Sub-total Maintenance & Repair Expenses | | | | | 626,805 | - | 626,805 | 647,708 | - | 647,708 | 670,377 | - | 670,377 |
| Supportive Services | | 3.5% | 3.5% | | - | - | - | - | - | - | - | - | - |
| Commercial Expenses | | - | - | | - | - | - | - | - | - | - | - | - |
| TOTAL OPERATING EXPENSES | | | | | 1,760,148 | - | 1,760,148 | 1,811,403 | - | 1,811,403 | 1,874,803 | - | 1,874,803 |
| RESERVES/GROUND LEASE BASE RENT/BOND FEES | | | | | | | | | | | | | |
| Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | | | | | | | |
| Ground Lease Base Rent | | - | - | | 15,000 | - | 15,000 | 15,000 | - | 15,000 | 15,000 | - | 15,000 |
| Bond Monitoring Fee | | - | - | | 2,500 | - | 2,500 | 2,500 | - | 2,500 | 2,500 | - | 2,500 |
| Replacement Reserve Deposit | | - | - | | 35,000 | - | 35,000 | 35,000 | - | 35,000 | 35,000 | - | 35,000 |
| Operating Reserve Deposit | | - | - | | - | - | - | - | - | - | - | - | - |
| Other Required Reserve 1 Deposit | | - | - | | - | - | - | - | - | - | - | - | - |
| Other Required Reserve 2 Deposit | | - | - | | - | - | - | - | - | - | - | - | - |
| Required Reserve Deposits, Commercial | | - | - | | - | - | - | - | - | - | - | - | - |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | | | | | 62,500 | - | 62,500 | 62,500 | - | 62,500 | 62,500 | - | 62,500 |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) | | | | | 1,802,648 | - | 1,802,648 | 1,863,903 | - | 1,863,903 | 1,927,303 | - | 1,927,303 |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | | | | | | | | | |
| | | | | | 46,332 | - | 46,332 | 46,919 | - | 46,919 | 46,561 | - | 46,561 |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | | | | | | | | | | |
| Hard Debt - First Lender | | - | - | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender) | | - | - | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | - | - | | - | - | - | - | - | - | - | - | - |
| Hard Debt - Fourth Lender | | - | - | | - | - | - | - | - | - | - | - | - |
| Commercial Hard Debt Service | | - | - | | - | - | - | - | - | - | - | - | - |
| TOTAL HARD DEBT SERVICE | | | | | - | - | - | - | - | - | - | - | - |
| CASH FLOW (NOI minus DEBT SERVICE) | | | | | 46,332 | - | 46,332 | 46,919 | - | 46,919 | 46,561 | - | 46,561 |
| Commercial Only Cash Flow | | | | | | | | | | | | | |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | | - | - | | - | - | - | - | - | - | - | - | - |
| AVAILABLE CASH FLOW | | | | | 46,332 | - | 46,332 | 46,919 | - | 46,919 | 46,561 | - | 46,561 |
| USES OF CASH FLOW BELOW (This row also shows DSCR.) | | | | | | | | | | | | | |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | | | | | | | | | | | | | |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | | 3.5% | 3.5% | per MOHCD policy | - | - | - | - | - | - | - | - | - |
| Partnership Management Fee (see policy for limits) | | 3.5% | 3.5% | per MOHCD policy | 33,999 | - | 33,999 | 35,189 | - | 35,189 | 36,421 | - | 36,421 |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | - | - | per MOHCD policy no annual increase | 11,333 | - | 11,333 | 11,730 | - | 11,730 | 12,140 | - | 12,140 |
| Other Payments | | - | - | | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmnt - Lender 1 | | - | - | | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmnt - Lender 2 | | - | - | | - | - | - | - | - | - | - | - | - |
| Deferred Developer Fee (Enter amt => Max Fee from row 131) | | - | - | | - | - | - | - | - | - | - | - | - |
| TOTAL PAYMENTS PRECEDING MOHCD | | | | | 46,332 | - | 46,332 | 46,919 | - | 46,919 | 46,561 | - | 46,561 |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | | | | | (0) | - | (0) | - | - | (0) | - | - | (0) |
| Does Project have a MOHCD Residual Receipt Obligation? Yes | | | | | | | | | | | | | |
| Will Project Defer Developer Fee? YBD | | | | | | | | | | | | | |
| Residual Receipts split for all years - Lender/Owner 67% / 33% | | | | | | | | | | | | | |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | | |
| MOHCD Residual Receipts Amount Due | | | | | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | | | | | | | | | | | | | |
| Dist. Soft Debt Loans | | | | | | | | | | | | | |
| Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy | | | | | | | | | | | | | |

MOHCD Proforma - 20 Year Cash Flow

| INCOME | Total # Units: | | Year 13 | | | Year 14 | | | Year 15 | | |
|--|----------------|------------------|---------|----------|---------|---------|----------|---------|---------|----------|---------|
| | 108 | 108 | 2033 | | | 2034 | | | 2035 | | |
| | 100.00% | 100.00% | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | | | | | | | | | | | |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | |
| HCD Residual Receipts Amount Due | 0.00% | No HCD Financing | | | | | | | | | |
| Lender 4 Residual Receipts Due | 0.00% | | | | | | | | | | |
| Lender 5 Residual Receipts Due | 0.00% | | | | | | | | | | |
| Total Non-MOHCD Residual Receipts Debt Service | | | | | | | | | | | |
| REMAINDER (Should be zero unless there are distributions below) | | | | | | | | | | | |
| Owner Distributions/Incentive Management Fee | | | | | | | | | | | |
| Other Distributions/Uses | | | | | | | | | | | |
| Final Balance (should be zero) | | | | | | | | | | | |
| REPLACEMENT RESERVE - RUNNING BALANCE | | | | | | | | | | | |
| Replacement Reserve Starting Balance | | | 420,000 | | 420,000 | 466,000 | | 466,000 | 490,000 | | 490,000 |
| Replacement Reserve Deposits | | | 36,000 | | 36,000 | 36,000 | | 36,000 | 36,000 | | 36,000 |
| Replacement Reserve Withdrawals (ideally tied to CNA) | | | - | | - | - | | - | - | | - |
| Replacement Reserve Interest | | | - | | - | - | | - | - | | - |
| RR Running Balance | | | 466,000 | | 466,000 | 490,000 | | 490,000 | 526,000 | | 526,000 |
| OPERATING RESERVE - RUNNING BALANCE | | | \$4,292 | | \$4,292 | \$4,623 | | \$4,623 | \$4,953 | | \$4,953 |
| Operating Reserve Starting Balance | | | - | | - | - | | - | - | | - |
| Operating Reserve Deposits | | | - | | - | - | | - | - | | - |
| Operating Reserve Withdrawals | | | - | | - | - | | - | - | | - |
| Operating Reserve Interest | | | - | | - | - | | - | - | | - |
| OR Running Balance | | | - | | - | - | | - | - | | - |
| OTHER REQUIRED RESERVE 1 - RUNNING BALANCE | | | 0.0% | | 0.0% | 0.0% | | 0.0% | 0.0% | | 0.0% |
| Other Reserve 1 Starting Balance | | | - | | - | - | | - | - | | - |
| Other Reserve 1 Deposits | | | - | | - | - | | - | - | | - |
| Other Reserve 1 Withdrawals | | | - | | - | - | | - | - | | - |
| Other Reserve 1 Interest | | | - | | - | - | | - | - | | - |
| Other Required Reserve 1 Running Balance | | | - | | - | - | | - | - | | - |
| OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | | | | |
| Other Reserve 2 Starting Balance | | | - | | - | - | | - | - | | - |
| Other Reserve 2 Deposits | | | - | | - | - | | - | - | | - |
| Other Reserve 2 Withdrawals | | | - | | - | - | | - | - | | - |
| Other Reserve 2 Interest | | | - | | - | - | | - | - | | - |
| Other Required Reserve 2 Running Balance | | | - | | - | - | | - | - | | - |

1064-1068 Mission Street

| Total # Units: | LOSP Units | | Non-LOSP Units | | Year 16 2036 | | | Year 17 2037 | | | Year 18 2038 | | | |
|---|------------|---------|----------------|-------|--------------|----------|-----------|--------------|----------|-----------|--------------|----------|-----------|--|
| | 106 | 106 | 0 | 0 | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | |
| | 100.00% | 100.00% | 0.00% | 0.00% | | | | | | | | | | |
| INCOME | | | | | | | | | | | | | | |
| Residential - Tenant Rents | 1.0% | 2.5% | | | 369,188 | - | 369,188 | 372,880 | - | 372,880 | 376,609 | - | 376,609 | |
| Residential - Tenant Assistance Payments (Non-LOSP) | n/a | n/a | | | - | - | - | - | - | - | - | - | - | |
| Residential - LOSP Tenant Assistance Payments | n/a | n/a | | | 1,679,785 | - | 1,679,785 | 1,745,615 | - | 1,745,615 | 1,813,860 | - | 1,813,860 | |
| Commercial Space | n/a | 2.5% | | | - | - | - | - | - | - | - | - | - | |
| Residential Parking | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous Rent Income | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - | |
| Supportive Services Income | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - | |
| Interest Income - Project Operations | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - | |
| Laundry and Vending | 2.5% | 2.5% | | | 9,211 | - | 9,211 | 9,441 | - | 9,441 | 9,677 | - | 9,677 | |
| Tenant Charges | 2.5% | 2.5% | | | 3,476 | - | 3,476 | 3,563 | - | 3,563 | 3,652 | - | 3,652 | |
| Miscellaneous Residential Income | 2.5% | 2.5% | | | - | - | - | - | - | - | - | - | - | |
| Other Commercial Income | n/a | 2.5% | | | - | - | - | - | - | - | - | - | - | |
| Withdrawal from Capitalized Reserve (deposit to operating account) | n/a | n/a | | | - | - | - | - | - | - | - | - | - | |
| Gross Potential Income | | | | | 2,061,641 | - | 2,061,641 | 2,131,489 | - | 2,131,489 | 2,203,798 | - | 2,203,798 | |
| Vacancy Loss - Residential - Tenant Rents | n/a | n/a | | | (18,459) | - | (18,459) | (18,644) | - | (18,644) | (18,830) | - | (18,830) | |
| Vacancy Loss - Residential - Tenant Assistance Payments | n/a | n/a | | | - | - | - | - | - | - | - | - | - | |
| Vacancy Loss - Commercial | n/a | n/a | | | - | - | - | - | - | - | - | - | - | |
| EFFECTIVE GROSS INCOME | | | | | 2,043,181 | - | 2,043,181 | 2,112,866 | - | 2,112,866 | 2,184,967 | - | 2,184,967 | |
| OPERATING EXPENSES | | | | | | | | | | | | | | |
| Management | | | | | | | | | | | | | | |
| Management Fee | 3.5% | 3.5% | | | 127,863 | - | 127,863 | 132,338 | - | 132,338 | 136,970 | - | 136,970 | |
| Asset Management Fee | 3.5% | 3.5% | | | 37,980 | - | 37,980 | 39,309 | - | 39,309 | 40,685 | - | 40,685 | |
| Sub-total Management Expenses | | | | | 165,843 | - | 165,843 | 171,647 | - | 171,647 | 177,655 | - | 177,655 | |
| Salaries/Benefits | | | | | | | | | | | | | | |
| Office Salaries | 3.5% | 3.5% | | | 248,799 | - | 248,799 | 257,507 | - | 257,507 | 266,520 | - | 266,520 | |
| Manager's Salary | 3.5% | 3.5% | | | 139,054 | - | 139,054 | 143,921 | - | 143,921 | 148,958 | - | 148,958 | |
| Health Insurance and Other Benefits | 3.5% | 3.5% | | | 80,417 | - | 80,417 | 83,231 | - | 83,231 | 86,144 | - | 86,144 | |
| Other Salaries/Benefits | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Administrative Rent-Free Unit | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Sub-total Salaries/Benefits | | | | | 468,270 | - | 468,270 | 484,660 | - | 484,660 | 501,623 | - | 501,623 | |
| Administration | | | | | | | | | | | | | | |
| Advertising and Marketing | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Office Expenses | 3.5% | 3.5% | | | 88,591 | - | 88,591 | 102,042 | - | 102,042 | 105,613 | - | 105,613 | |
| Office Rent | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Legal Expense - Property | 3.5% | 3.5% | | | 39,817 | - | 39,817 | 41,210 | - | 41,210 | 42,653 | - | 42,653 | |
| Audit Expense | 3.5% | 3.5% | | | 23,455 | - | 23,455 | 24,276 | - | 24,276 | 25,125 | - | 25,125 | |
| Bookkeeping/Accounting Services | 3.5% | 3.5% | | | 20,245 | - | 20,245 | 20,953 | - | 20,953 | 21,687 | - | 21,687 | |
| Bad Debt | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous | 3.5% | 3.5% | | | 9,039 | - | 9,039 | 9,355 | - | 9,355 | 9,682 | - | 9,682 | |
| Sub-total Administration Expenses | | | | | 191,148 | - | 191,148 | 197,836 | - | 197,836 | 204,760 | - | 204,760 | |
| Utilities | | | | | | | | | | | | | | |
| Electricity | 3.5% | 3.5% | | | 98,078 | - | 98,078 | 99,441 | - | 99,441 | 102,921 | - | 102,921 | |
| Water | 3.5% | 3.5% | | | 36,408 | - | 36,408 | 37,683 | - | 37,683 | 39,002 | - | 39,002 | |
| Gas | 3.5% | 3.5% | | | 30,820 | - | 30,820 | 31,898 | - | 31,898 | 33,015 | - | 33,015 | |
| Sewer | 3.5% | 3.5% | | | 54,804 | - | 54,804 | 56,722 | - | 56,722 | 58,707 | - | 58,707 | |
| Sub-total Utilities | | | | | 218,110 | - | 218,110 | 226,744 | - | 226,744 | 233,646 | - | 233,646 | |
| Taxes and Licenses | | | | | | | | | | | | | | |
| Real Estate Taxes | 3.5% | 3.5% | | | 1,675 | - | 1,675 | 1,734 | - | 1,734 | 1,795 | - | 1,795 | |
| Payroll Taxes | 3.5% | 3.5% | | | 41,979 | - | 41,979 | 43,448 | - | 43,448 | 44,969 | - | 44,969 | |
| Miscellaneous Taxes, Licenses and Permits | 3.5% | 3.5% | | | 8,377 | - | 8,377 | 8,670 | - | 8,670 | 8,973 | - | 8,973 | |
| Sub-total Taxes and Licenses | | | | | 62,031 | - | 62,031 | 63,862 | - | 63,862 | 66,737 | - | 66,737 | |
| Insurance | | | | | | | | | | | | | | |
| Property and Liability Insurance | 3.5% | 3.5% | | | 125,305 | - | 125,305 | 129,691 | - | 129,691 | 134,230 | - | 134,230 | |
| Fidelity Bond Insurance | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Worker's Compensation | 3.5% | 3.5% | | | 25,874 | - | 25,874 | 26,780 | - | 26,780 | 27,717 | - | 27,717 | |
| Director's & Officers' Liability Insurance | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Sub-total Insurance | | | | | 151,179 | - | 151,179 | 156,471 | - | 156,471 | 161,947 | - | 161,947 | |
| Maintenance & Repair | | | | | | | | | | | | | | |
| Payroll | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Supplies | 3.5% | 3.5% | | | 69,839 | - | 69,839 | 72,283 | - | 72,283 | 74,813 | - | 74,813 | |
| Contracts | 3.5% | 3.5% | | | 487,882 | - | 487,882 | 504,937 | - | 504,937 | 522,610 | - | 522,610 | |
| Garbage and Trash Removal | 3.5% | 3.5% | | | 61,420 | - | 61,420 | 63,570 | - | 63,570 | 65,795 | - | 65,795 | |
| Security Payroll/Contract | 3.5% | 3.5% | | | 53,946 | - | 53,946 | 55,834 | - | 55,834 | 57,789 | - | 57,789 | |
| HVAC Repairs and Maintenance | 3.5% | 3.5% | | | 16,753 | - | 16,753 | 17,340 | - | 17,340 | 17,847 | - | 17,847 | |
| Vehicle and Maintenance Equipment Operation and Repairs | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Miscellaneous Operating and Maintenance Expenses | 3.5% | 3.5% | | | 4,021 | - | 4,021 | 4,162 | - | 4,162 | 4,307 | - | 4,307 | |
| Sub-total Maintenance & Repair Expenses | | | | | 693,841 | - | 693,841 | 718,126 | - | 718,126 | 743,269 | - | 743,269 | |
| Supportive Services | 3.5% | 3.5% | | | - | - | - | - | - | - | - | - | - | |
| Commercial Expenses | - | - | | | - | - | - | - | - | - | - | - | - | |
| TOTAL OPERATING EXPENSES | | | | | 1,940,421 | - | 1,940,421 | 2,008,336 | - | 2,008,336 | 2,078,927 | - | 2,078,927 | |
| RESERVES/GROUND LEASE BASE RENT/BOND FEES | | | | | | | | | | | | | | |
| Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | 15,000 | - | 15,000 | 15,000 | - | 15,000 | 15,000 | - | 15,000 | |
| Bond Monitoring Fee | | | | | 2,500 | - | 2,500 | 2,500 | - | 2,500 | 2,500 | - | 2,500 | |
| Replacement Reserve Deposit | | | | | 35,000 | - | 35,000 | 35,000 | - | 35,000 | 35,000 | - | 35,000 | |
| Operating Reserve Deposit | | | | | - | - | - | - | - | - | - | - | - | |
| Other Required Reserve 1 Deposit | | | | | - | - | - | - | - | - | - | - | - | |
| Other Required Reserve 2 Deposit | | | | | - | - | - | - | - | - | - | - | - | |
| Required Reserve Deposits, Commercial | | | | | - | - | - | - | - | - | - | - | - | |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | | | | | 62,500 | - | 62,500 | 62,500 | - | 62,500 | 62,500 | - | 62,500 | |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees) | | | | | 1,992,921 | - | 1,992,921 | 2,060,836 | - | 2,060,836 | 2,131,127 | - | 2,131,127 | |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | 60,260 | - | 60,260 | 62,020 | - | 62,020 | 63,840 | - | 63,840 | |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | | | | | | | | | | | |
| Hard Debt - First Lender | | | | | - | - | - | - | - | - | - | - | - | |
| Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender) | | | | | - | - | - | - | - | - | - | - | - | |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | | | | - | - | - | - | - | - | - | - | - | |
| Hard Debt - Fourth Lender | | | | | - | - | - | - | - | - | - | - | - | |
| Commercial Hard Debt Service | | | | | - | - | - | - | - | - | - | - | - | |
| TOTAL HARD DEBT SERVICE | | | | | - | - | - | - | - | - | - | - | - | |
| CASH FLOW (NOI minus DEBT SERVICE) | | | | | 60,260 | - | 60,260 | 62,020 | - | 62,020 | 63,840 | - | 63,840 | |
| Commercial Only Cash Flow | | | | | | | | | | | | | | |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | | | | | - | - | - | - | - | - | - | - | - | |
| AVAILABLE CASH FLOW | | | | | 60,260 | - | 60,260 | 62,020 | - | 62,020 | 63,840 | - | 63,840 | |
| USES OF CASH FLOW BELOW (This row also shows DSCR.) | | | | | | | | | | | | | | |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | | | | | | | | | | | | | | |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | 3.5% | 3.5% | | | 37,695 | - | 37,695 | 39,015 | - | 39,015 | 40,380 | - | 40,380 | |
| Partnership Management Fee (see policy for limits) | 3.5% | 3.5% | | | 12,565 | - | 12,565 | 13,005 | - | 13,005 | 13,460 | - | 13,460 | |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | | | - | - | - | - | - | - | - | - | - | |
| Other Payments | | | | | - | - | - | - | - | - | - | - | - | |
| Non-amortizing Loan Pmnt - Lender 1 | | | | | - | - | - | - | - | - | - | - | - | |
| Non-amortizing Loan Pmnt - Lender 2 | | | | | - | - | - | - | - | - | - | - | - | |
| Deferred Developer Fee (Enter amt <= Max Fee from row 131) | | | | | - | - | - | - | - | - | - | - | - | |
| TOTAL PAYMENTS PRECEDING MOHCD | | | | | 50,260 | - | 50,260 | 52,020 | - | 52,020 | 53,840 | - | 53,840 | |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | | | | | 0 | - | 0 | (0) | - | (0) | - | - | - | |
| Does Project have a MOHCD Residual Receipt Obligation? | | | | | | | | | | | | | | |
| Will Project Defer Developer Fee? | | | | | Yes | | | | | | | | | |
| Residual Receipts split for all years - Lender/Owner | | | | | TBD | | | | | | | | | |
| | | | | | 67% / 33% | | | | | | | | | |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | | | |
| MOHCD Residual Receipts Amount Due | | | | | 100.00% | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | | | | | | | | | | | | | | |

MOHCD Proforma - 20 Year Cash Flow

| INCOME | Total # Units: | | | | | | | | | | |
|--|----------------|------------------|--------------|----------|----------|--------------|----------|----------|--------------|----------|-----------|
| | LOSP Units | Non-LOSP Units | Year 16 2036 | | | Year 17 2037 | | | Year 18 2038 | | |
| | 106 | 0 | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | 100.00% | 0.00% | | | | | | | | | |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | |
| HCD Residual Receipts Amount Due | 0.00% | No HCD Financing | | | | | | | | | |
| Lender 4 Residual Receipts Due | 0.00% | | | | | | | | | | |
| Lender 5 Residual Receipts Due | 0.00% | | | | | | | | | | |
| Total Non-MOHCD Residual Receipts Debt Service | | | | | | | | | | | |
| REMAINDER (Should be zero unless there are distributions below) | | | | | | | | | | | |
| Owner Distributions/Incentive Management Fee | | | | | 0 | | | - | | | - |
| Other Distributions/Uses | | | | | | | | | | | |
| Final Balance (should be zero) | | | | | | | | | | | |
| REPLACEMENT RESERVE - RUNNING BALANCE | | | | | | | | | | | |
| Replacement Reserve Starting Balance | | | | | \$25,000 | | | \$60,000 | | | \$95,000 |
| Replacement Reserve Deposits | | | | | 35,000 | | | 35,000 | | | 35,000 |
| Replacement Reserve Withdrawals (ideally tied to CNA) | | | | | | | | | | | |
| Replacement Reserve Interest | | | | | | | | | | | |
| RR Running Balance | | | | | \$60,000 | | | \$95,000 | | | \$130,000 |
| | | | | | \$5,283 | | | \$5,613 | | | \$5,943 |
| OPERATING RESERVE - RUNNING BALANCE | | | | | | | | | | | |
| Operating Reserve Starting Balance | | | | | | | | | | | |
| Operating Reserve Deposits | | | | | | | | | | | |
| Operating Reserve Withdrawals | | | | | | | | | | | |
| Operating Reserve Interest | | | | | | | | | | | |
| OR Running Balance | | | | | | | | | | | |
| OTHER REQUIRED RESERVE 1 - RUNNING BALANCE | | | | | | | | | | | |
| Other Reserve 1 Starting Balance | | | | | | | | | | | |
| Other Reserve 1 Deposits | | | | | | | | | | | |
| Other Reserve 1 Withdrawals | | | | | | | | | | | |
| Other Reserve 1 Interest | | | | | | | | | | | |
| Other Required Reserve 1 Running Balance | | | | | | | | | | | |
| OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | | | | | | |
| Other Reserve 2 Deposits | | | | | | | | | | | |
| Other Reserve 2 Withdrawals | | | | | | | | | | | |
| Other Reserve 2 Interest | | | | | | | | | | | |
| Other Required Reserve 2 Running Balance | | | | | | | | | | | |

1064-1068 Mission Street

| | Total # Units: | | LOSP Units | | Non-LOSP Units | | Year 19 2039 | | | Year 20 2040 | | |
|---|-------------------|-------------------|--|-------|----------------|--|--------------|----------|-----------|--------------|----------|-----------|
| | 106 | 106 | 100.00% | 0.00% | | | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | % annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | | | | | | | | | |
| INCOME | | | | | | | | | | | | |
| Residential - Tenant Rents | 1.0% | 2.5% | | | | | 380,375 | - | 380,375 | 384,179 | - | 384,179 |
| Residential - Tenant Assistance Payments (Non-LOSP) | n/a | n/a | | | | | - | - | - | - | - | - |
| Residential - LOSP Tenant Assistance Payments | n/a | n/a | | | | | 1,884,585 | - | 1,884,585 | 1,957,879 | - | 1,957,879 |
| Commercial Space | n/a | 2.5% | | | | | - | - | - | - | - | - |
| Residential Parking | 2.5% | 2.5% | | | | | - | - | - | - | - | - |
| Miscellaneous Rent Income | 2.5% | 2.5% | | | | | - | - | - | - | - | - |
| Supportive Services Income | 2.5% | 2.5% | | | | | - | - | - | - | - | - |
| Interest Income - Project Operations | 2.5% | 2.5% | | | | | - | - | - | - | - | - |
| Laundry and Vending | 2.5% | 2.5% | | | | | 9,919 | - | 9,919 | 10,167 | - | 10,167 |
| Tenant Charges | 2.5% | 2.5% | | | | | 3,743 | - | 3,743 | 3,837 | - | 3,837 |
| Miscellaneous Residential Income | 2.5% | 2.5% | | | | | - | - | - | - | - | - |
| Other Commercial Income | n/a | 2.5% | | | | | - | - | - | - | - | - |
| Withdrawal from Capitalized Reserve (deposit to operating account) | n/a | n/a | | | | | - | - | - | - | - | - |
| Gross Potential Income | | | | | | | 2,278,823 | - | 2,278,823 | 2,356,061 | - | 2,356,061 |
| Vacancy Loss - Residential - Tenant Rents | n/a | n/a | | | | | (19,019) | - | (19,019) | (19,209) | - | (19,209) |
| Vacancy Loss - Residential - Tenant Assistance Payments | n/a | n/a | | | | | - | - | - | - | - | - |
| Vacancy Loss - Commercial | n/a | n/a | | | | | - | - | - | - | - | - |
| EFFECTIVE GROSS INCOME | | | | | | | 2,259,804 | - | 2,259,804 | 2,336,852 | - | 2,336,852 |
| OPERATING EXPENSES | | | | | | | | | | | | |
| Management | | | | | | | | | | | | |
| Management Fee | 3.5% | 3.5% | | | | | 141,764 | - | 141,764 | 146,725 | - | 146,725 |
| Asset Management Fee | 3.5% | 3.5% | | | | | 42,109 | - | 42,109 | 43,583 | - | 43,583 |
| Sub-total Management Expenses | | | | | | | 183,873 | - | 183,873 | 190,308 | - | 190,308 |
| Salaries/Benefits | | | | | | | | | | | | |
| Office Salaries | 3.5% | 3.5% | | | | | 275,848 | - | 275,848 | 285,503 | - | 285,503 |
| Manager's Salary | 3.5% | 3.5% | | | | | 154,172 | - | 154,172 | 159,568 | - | 159,568 |
| Health Insurance and Other Benefits | 3.5% | 3.5% | | | | | 89,159 | - | 89,159 | 92,290 | - | 92,290 |
| Other Salaries/Benefits | 3.5% | 3.5% | | | | | - | - | - | - | - | - |
| Administrative Rent-Free Unit | 3.5% | 3.5% | | | | | - | - | - | - | - | - |
| Sub-total Salaries/Benefits | | | | | | | 619,179 | - | 619,179 | 637,351 | - | 637,351 |
| Administration | | | | | | | | | | | | |
| Advertising and Marketing | 3.5% | 3.5% | | | | | - | - | - | - | - | - |
| Office Expenses | 3.5% | 3.5% | | | | | 109,310 | - | 109,310 | 113,135 | - | 113,135 |
| Office Rent | 3.5% | 3.5% | | | | | - | - | - | - | - | - |
| Legal Expense - Property | 3.5% | 3.5% | | | | | 44,146 | - | 44,146 | 45,691 | - | 45,691 |
| Audit Expense | 3.5% | 3.5% | | | | | 26,005 | - | 26,005 | 26,915 | - | 26,915 |
| Bookkeeping/Accounting Services | 3.5% | 3.5% | | | | | 22,446 | - | 22,446 | 23,232 | - | 23,232 |
| Bad Debts | 3.5% | 3.5% | | | | | - | - | - | - | - | - |
| Miscellaneous | 3.5% | 3.5% | | | | | 10,021 | - | 10,021 | 10,372 | - | 10,372 |
| Sub-total Administration Expenses | | | | | | | 211,927 | - | 211,927 | 219,346 | - | 219,346 |
| Utilities | | | | | | | | | | | | |
| Electricity | 3.5% | 3.5% | | | | | 106,523 | - | 106,523 | 110,252 | - | 110,252 |
| Water | 3.5% | 3.5% | | | | | 40,367 | - | 40,367 | 41,780 | - | 41,780 |
| Gas | 3.5% | 3.5% | | | | | 34,170 | - | 34,170 | 35,366 | - | 35,366 |
| Sewer | 3.5% | 3.5% | | | | | 60,762 | - | 60,762 | 62,889 | - | 62,889 |
| Sub-total Utilities | | | | | | | 241,822 | - | 241,822 | 250,287 | - | 250,287 |
| Taxes and Licenses | | | | | | | | | | | | |
| Real Estate Taxes | 3.5% | 3.5% | | | | | 1,857 | - | 1,857 | 1,923 | - | 1,923 |
| Payroll Taxes | 3.5% | 3.5% | | | | | 46,543 | - | 46,543 | 48,172 | - | 48,172 |
| Miscellaneous Taxes, Licenses and Permits | 3.5% | 3.5% | | | | | 9,287 | - | 9,287 | 9,613 | - | 9,613 |
| Sub-total Taxes and Licenses | | | | | | | 67,687 | - | 67,687 | 69,707 | - | 69,707 |
| Insurance | | | | | | | | | | | | |
| Property and Liability Insurance | 3.5% | 3.5% | | | | | 138,928 | - | 138,928 | 143,791 | - | 143,791 |
| Fidelity Bond Insurance | 3.5% | 3.5% | | | | | - | - | - | - | - | - |
| Workers' Compensation | 3.5% | 3.5% | | | | | 28,687 | - | 28,687 | 29,691 | - | 29,691 |
| Director's & Officers' Liability Insurance | 3.5% | 3.5% | | | | | - | - | - | - | - | - |
| Sub-total Insurance | | | | | | | 167,615 | - | 167,615 | 173,482 | - | 173,482 |
| Maintenance & Repair | | | | | | | | | | | | |
| Payroll | 3.5% | 3.5% | | | | | - | - | - | - | - | - |
| Supplies | 3.5% | 3.5% | | | | | 77,431 | - | 77,431 | 80,141 | - | 80,141 |
| Contracts | 3.5% | 3.5% | | | | | 540,901 | - | 540,901 | 559,832 | - | 559,832 |
| Garbage and Trash Removal | 3.5% | 3.5% | | | | | 68,097 | - | 68,097 | 70,481 | - | 70,481 |
| Security Payroll/Contract | 3.5% | 3.5% | | | | | 59,811 | - | 59,811 | 61,905 | - | 61,905 |
| HVAC Repairs and Maintenance | 3.5% | 3.5% | | | | | 18,575 | - | 18,575 | 19,225 | - | 19,225 |
| Vehicle and Maintenance Equipment Operation and Repairs | 3.5% | 3.5% | | | | | - | - | - | - | - | - |
| Miscellaneous Operating and Maintenance Expenses | 3.5% | 3.5% | | | | | 4,458 | - | 4,458 | 4,614 | - | 4,614 |
| Sub-total Maintenance & Repair Expenses | | | | | | | 789,274 | - | 789,274 | 796,198 | - | 796,198 |
| Supportive Services | 3.5% | 3.5% | | | | | - | - | - | - | - | - |
| Commercial Expenses | | | | | | | - | - | - | - | - | - |
| TOTAL OPERATING EXPENSES | | | | | | | 2,161,379 | - | 2,161,379 | 2,226,977 | - | 2,226,977 |
| RESERVES/GROUND LEASE BASE RENT/BOND FEES | | | | | | | | | | | | |
| Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | | | | | | |
| Ground Lease Base Rent | | | | | | | 15,000 | - | 15,000 | 15,000 | - | 15,000 |
| Bond Monitoring Fee | | | | | | | 2,500 | - | 2,500 | 2,500 | - | 2,500 |
| Replacement Reserve Deposit | | | | | | | 35,000 | - | 35,000 | 35,000 | - | 35,000 |
| Operating Reserve Deposit | | | | | | | - | - | - | - | - | - |
| Other Required Reserve 1 Deposit | | | | | | | - | - | - | - | - | - |
| Other Required Reserve 2 Deposit | | | | | | | - | - | - | - | - | - |
| Required Reserve Deposits, Commercial | | | | | | | - | - | - | - | - | - |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees | | | | | | | 62,500 | - | 62,500 | 62,500 | - | 62,500 |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) | | | | | | | 2,203,879 | - | 2,203,879 | 2,279,177 | - | 2,279,177 |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) | | | | | | | 66,925 | - | 66,925 | 67,675 | - | 67,675 |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans) | | | | | | | | | | | | |
| Hard Debt - First Lender | | | | | | | - | - | - | - | - | - |
| Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender) | | | | | | | - | - | - | - | - | - |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | | | | | | - | - | - | - | - | - |
| Hard Debt - Fourth Lender | | | | | | | - | - | - | - | - | - |
| Commercial Hard Debt Service | | | | | | | - | - | - | - | - | - |
| TOTAL HARD DEBT SERVICE | | | | | | | - | - | - | - | - | - |
| CASH FLOW (NOI minus DEBT SERVICE) | | | | | | | 66,925 | - | 66,925 | 67,675 | - | 67,675 |
| Commercial Only Cash Flow | | | | | | | - | - | - | - | - | - |
| Allocation of Commercial Surplus to LOSP/non-LOSP (residual income) | | | | | | | - | - | - | - | - | - |
| AVAILABLE CASH FLOW | | | | | | | 66,925 | - | 66,925 | 67,675 | - | 67,675 |
| USES OF CASH FLOW BELOW (This row also shows DSCR.) | | | | | | | | | | | | |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL | | | | | | | | | | | | |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | 3.5% | 3.5% | | | | | - | - | - | - | - | - |
| Partnership Management Fee (see policy for limits) | 3.5% | 3.5% | | | | | 41,794 | - | 41,794 | 43,256 | - | 43,256 |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | | | | | 13,931 | - | 13,931 | 14,419 | - | 14,419 |
| Other Payments | | | | | | | - | - | - | - | - | - |
| Non-amortizing Loan Pmnt - Lender 1 | | | | | | | - | - | - | - | - | - |
| Non-amortizing Loan Pmnt - Lender 2 | | | | | | | - | - | - | - | - | - |
| Deferred Developer Fee (Enter amt <= Max Fee from row 131) | | | | | | | - | - | - | - | - | - |
| TOTAL PAYMENTS PRECEDING MOHCD | | | | | | | 66,725 | - | 66,725 | 67,675 | - | 67,675 |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) | | | | | | | (0) | - | (0) | (0) | - | (0) |
| Does Project have a MOHCD Residual Receipt Obligation? | | | | | | | | | | | | |
| Will Project Defeat Developer Fee? | | | | | | | | | | | | |
| Residual Receipts split for all years - Lender/Owner | | | | | | | 67% / 33% | | | | | |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | | | | | |
| MOHCD Residual Receipts Amount Due | | | | | | | | | | | | |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | | | | | | | 100.00% | | | | | |
| Dist Soft Debt Loans | | | | | | | | | | | | |
| Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy | | | | | | | | | | | | |

MOHCD Proforma - 20 Year Cash Flow

| INCOME | Total # Units: | | Year 19 | | | Year 20 | | |
|--|-------------------|-------------------|--|----------|-------|----------|----------|-------|
| | LOSP | Non-LOSP | 2039 | | | 2040 | | |
| | Units | Units | LOSP | non-LOSP | Total | LOSP | non-LOSP | Total |
| | 106 | 0 | | | | | | |
| | 100.00% | 0.00% | | | | | | |
| | % annual inc LOSP | % annual increase | Comments (related to annual inc assumptions) | | | | | |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | | | Proposed Total MOHCD Amt Due less Loan Repayment | | | - | - | - |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE | | | | | | | | |
| HCD Residual Receipts Amount Due | 0.00% | 0.00% | No HCD Financing | | | - | - | - |
| Lender 4 Residual Receipts Due | 0.00% | 0.00% | | | | - | - | - |
| Lender 5 Residual Receipts Due | 0.00% | 0.00% | | | | - | - | - |
| Total Non-MOHCD Residual Receipts Debt Service | | | | | | - | - | - |
| REMAINDER (Should be zero unless there are distributions below) | | | | | | | | |
| Owner Distributions/Incentive Management Fee | | | | | | - | - | - |
| Other Distributions/Uses | | | | | | - | - | - |
| Final Balance (should be zero) | | | | | | - | - | - |
| REPLACEMENT RESERVE - RUNNING BALANCE | | | | | | | | |
| Replacement Reserve Starting Balance | | | | | | \$30,000 | \$65,000 | |
| Replacement Reserve Deposits | | | | | | 35,000 | 35,000 | |
| Replacement Reserve Withdrawals (ideally tied to CNA) | | | | | | - | - | |
| Replacement Reserve Interest | | | | | | - | - | |
| RR Running Balance | | | RR Balance/Unit | | | \$65,000 | 700,000 | |
| | | | | | | \$8,274 | \$5,604 | |
| OPERATING RESERVE - RUNNING BALANCE | | | | | | | | |
| Operating Reserve Starting Balance | | | | | | - | - | |
| Operating Reserve Deposits | | | | | | - | - | |
| Operating Reserve Withdrawals | | | | | | - | - | |
| Operating Reserve Interest | | | | | | - | - | |
| OR Running Balance | | | OR Balance as a % of Prior Yr Op Exps + Debt Service | | | 0.0% | 0.0% | |
| OTHER REQUIRED RESERVE 1 - RUNNING BALANCE | | | | | | | | |
| Other Reserve 1 Starting Balance | | | | | | - | - | |
| Other Reserve 1 Deposits | | | | | | - | - | |
| Other Reserve 1 Withdrawals | | | | | | - | - | |
| Other Reserve 1 Interest | | | | | | - | - | |
| Other Required Reserve 1 Running Balance | | | | | | - | - | |
| OTHER RESERVE 2 - RUNNING BALANCE | | | | | | | | |
| Other Reserve 2 Starting Balance | | | | | | - | - | |
| Other Reserve 2 Deposits | | | | | | - | - | |
| Other Reserve 2 Withdrawals | | | | | | - | - | |
| Other Reserve 2 Interest | | | | | | - | - | |
| Other Required Reserve 2 Running Balance | | | | | | - | - | |

EXHIBIT C
Tenant Income Certification Form

[To be attached.]

PART V. DETERMINATION OF INCOME ELIGIBILITY

RECERTIFICATION ONLY:

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

\$

Unit Meets Federal Income Restriction at:
 60% 50%

Current Federal LIHTC Income Limit x 140%:
 \$ _____

Current Federal LIHTC Income Limit per Family Size: \$ _____

Unit Meets Deeper Targeting Income Restriction at:
 Other _____%

Household Income exceeds 140% at recertification:
 Yes No

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

Household Income as of Move-in: \$ _____

Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Monthly Rent: \$ _____
 Monthly Utility Allowance: \$ _____
 Other Monthly Non-optional charges: \$ _____

Federal Rent Assistance: \$ _____ *Source: _____
 Non-Federal Rent Assistance: \$ _____ (*0-8)
Total Monthly Rent Assistance: \$ _____

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

\$

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

Maximum Federal LIHTC Rent Limit for this unit: \$ _____

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

Unit Meets Federal Rent Restriction at: 60% 50%

If Applicable, Unit Meets Bond Rent Restriction at: 60% 50%

Unit Meets Deeper Targeting Rent Restriction at: Other: _____%

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

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

yes no

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

Enter 1-5

*Student Explanation:

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

PART VIII. PROGRAM TYPE

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

a. Tax Credit

b. HOME

c. Tax Exempt Bond

d. AHDP

e. _____

See Part V above.

Income Status

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

Income Status

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

Income Status

- 50% AMGI
- 80% AMGI
- OI**

Income Status

- _____
- OI**

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

SIGNATURE OF OWNER/REPRESENTATIVE

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

SIGNATURE OF OWNER/REPRESENTATIVE

DATE

PART IX. SUPPLEMENTAL INFORMATION FORM

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

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

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

The Following Race Codes should be used:

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

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

The Following Ethnicity Codes should be used:

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

Disability Status:

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

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

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

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

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

Part I - Development Data

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

Effective Date Enter the effective date of the certification. For move-in, this should be the move-in date. For annual income recertification's, this effective date should be no later than one year from the effective date of the previous (re)certification.

Move-In Date Enter the most recent date the household tax credit qualified. This could be the move-in date or in an acquisition rehab property, this is not the date the tenant moved into the unit, it is the most recent date the management company income qualified the unit for tax credit purposes.

Property Name Enter the name of the development.

County Enter the county (or equivalent) in which the building is located.

TCAC# Enter the project number assigned to the property by TCAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: CA-2010-123

BIN # Enter the building number assigned to the building (from IRS Form 8609).

Address Enter the physical address of the building, including street number and name, city, state, and zip code.

If applicable, CDLAC# If project is awarded 4% bonds please enter the project number assigned to the property by CDLAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: 16-436

Unit Number Enter the unit number.

Bedrooms Enter the number of bedrooms in the unit.

Square Footage Enter the square footage for the entire unit.

Vacant Unit Check if unit was vacant on December 31 of requesting year. For example, for the collection of 2011 data, this would refer to December 31, 2011.

Part II - Household Composition

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

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

Date of Birth Enter each household member's date of birth.

Student Status Enter "Yes" if the household member is a full-time student or "NO" if the household member is not a full-time student.

Last Four Digits of Social Security Number For each tenant 15 years of age or older, enter the last four digits of the social security number or the last four digits of the alien registration number. If the last four digits of SSN or alien registration is missing, enter 0000. For tenants under age 15, social security number not required, although please enter 0000.

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

Part III - Annual Income

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

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

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

Part IV - Income from Assets

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

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

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

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

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

HOUSEHOLD CERTIFICATION AND SIGNATURES

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

Part V – Determination of Income Eligibility

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

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

Part VI - Rent

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

Part VII - Student Status

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

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

Part VIII – Program Type

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

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

SIGNATURE OF OWNER/REPRESENTATIVE

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

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

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

PART IX. SUPPLEMENTAL INFORMATION

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

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

EXHIBIT D

First Source Hiring Requirements and Numerical Goals

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

1. Section 3 Requirements.

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT E
Governmental Requirements

1. Prevailing Wages. Every contract for the rehabilitation or construction of housing assisted with Funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. §§ 276a-276a-5), to all laborers and mechanics employed in the development of any part of the housing, and contracts involving their employment will be subject to the provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-332). The prevailing wage requirements of this Section apply to all laborers and mechanics employed in the development of the Project, including portions other than the assisted Units.

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

3. Conflict of Interest.

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

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

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

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

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

6. Relocation. Borrower must meet any applicable requirements of the California Relocation Assistance Act (Cal. Gov. Code §§ 7260 *et seq.*) and implementing regulations in Title 25, Chapter 6 of the California Administrative Code and similar Laws.

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

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

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

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

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

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

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

Agreement may be assessed against Borrower and/or deducted from any payments due Borrower.

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

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

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

12. Submitting False Claims; Monetary Penalties. Any borrower, grantee, contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in Section 21.35 of the San Francisco Administrative Code. A borrower, grantee, contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the borrower, grantee, contractor, subcontractor or consultant:

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

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

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

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

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

13. Sunshine Ordinance.

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

(b) By executing this Agreement, Borrower agrees to comply with the provisions of Chapter 12L of the San Francisco Administrative Code to the extent applicable.

(c) In accordance with the Citizen's Right to Know Act of 1998 (S. F. Admin. Code Chapter 79), no officer, department, board or commission of the City may approve a City Project, as defined in Chapter 79, unless a sign has been posted on the applicable property at least fifteen (15) days before approval. A City Project is a project that involves new construction, a change in use or a significant expansion of an existing use where the City funding for the project is \$50,000 or more. If the Loan will be used for a City Project, this Agreement will not become effective until fifteen (15) days following the posting of the requisite sign, or, in the alternative, thirty (30) days following the delivery of written notices to residents and owners within 300 feet of the Site, and the City will have the right to nullify or revoke this Agreement without cost or liability of any sort whatsoever at any time before that date. If Borrower believes that this Agreement relates to a City Project and that the requisite sign has not been posted,

Borrower must notify the City so that the City may determine the applicability of Chapter 79, and, if necessary, post the requisite sign.

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

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

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

(a) Borrower shall remove all graffiti from any real property owned or leased by Borrower in the City and County of San Francisco within forty eight (48) hours of the earlier of Borrower's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Borrower to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of

fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

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

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

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

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

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

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

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

date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

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

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

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

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

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Borrower agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Borrower agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Borrower's failure to comply with this provision.

20. Bottled Drinking Water. Unless exempt, Borrower agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San Francisco Environment Code Chapter 24, including the administrative

finest, remedies, and implementing regulations provided therein, as the same may be amended from time to time. The provisions of Chapter 24 are incorporated herein by reference and made a part of this Agreement as though fully set forth.

EXHIBIT F
Lobbying/Debarment Certification Form

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

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

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

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

(Signatures on next page)

1064 Mission, L.P.,
a California limited partnership

By: Mercy Housing 1064 Mission LLC,
a California limited liability company,
its co-general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: Jennifer Dolin
Title: Vice President

By: 1064 Mission LLC,
a California limited liability company,
its co-general partner

By: Episcopal Community Services of
San Francisco,
a California nonprofit public benefit
corporation, its sole member/manager

By: Mary E. Stoiles
Name: MARY E. STOILES
Title: EXECUTIVE DIRECTOR

Date: _____

EXHIBIT G
Form of Annual Monitoring Report

[To be attached]

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



London N. Breed
Mayor

Kate Hartley
Director

October 1, 2018

Notice of Availability of 2018 Annual Monitoring Report Form
(plus reminders of Marketing Procedure and Serious Incident Protocol)

MOHCD is pleased to announce the availability of the Annual Monitoring Report (AMR) forms for Reporting Year 2018 (RY2018). The forms are now available to be downloaded from the [Asset Management page](#) of the MOHCD web site. A training on how to complete the AMR will be held at MOHCD on October 31, 2018 from 9-11:45 a.m. See below for more information.

Deadline: For projects whose business year ended June 30, 2018, the report will be due on November 30, 2018 for the period 7/1/17-6/30/18. For any projects whose 2018 business year ended or will end on different dates than those above, the report will be due 5 months from the last date of that business year.)

Submissions for RY2018 and any outstanding reports from prior reporting years will be accepted only in the RY2018 format.

Completion and Submission Instructions

The Annual Monitoring Report consists of the following four parts:

I. AMR_RY2018 – project name.xlsx

This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

| | |
|------------------------------------|-------------------------|
| Instructions (revised) | 3C. Demographic Summary |
| 1A. Property & Residents (revised) | 4. Narrative |
| 1B. Transitional Programs | 5. Project Financing |

| | |
|--|---|
| 1C. Eviction Data | 6. Services Funding |
| 2. Fiscal Activity | 7. Supplementary Audit Information Required by MOHCD |
| 3A. Occupancy & Rent Info (revised) | Completeness Tracker |
| 3B. Demographic Information | |

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

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

Submit this report as an Excel file only; do not convert it to pdf or another file type. Changing the format of AMR_RY2018.xlsx without MOHCD's prior approval is not allowed. Do not overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. If you need to revise the form in order to successfully complete the report, submit a request to moh.amr@sfgov.org.

II. Owner Compliance Certification Form and Documentation of Insurance

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

III. Audited Financial Statements

Provide financial statements for the project for Reporting Year 2018. They must be prepared by a certified public accountant in accordance with generally accepted accounting principles, applicable regulations and laws and with the City's "[Audit Requirements for MOHCD-Funded Projects](#)" a copy of which is

posted on [MOHCD's Asset Management web page](#). If the project is owned by a single asset entity, provide separate financial statements just for the project, otherwise provide audited statements for the parent corporation. Also include copies of any Management Letters and special notes from the auditor that pertain to the property and the financial statements.

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

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

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

IV. Waiting List

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

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

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

Completed AMRs must be submitted electronically, via *one email message per project* to moh.amr@sfgov.org. If the documents that comprise the report are too large to attach to a single email, compress the files into a zip file and attach it to the email.

AMR Training – October 31, 9-11:45 a.m.

To facilitate completion of the AMR by project sponsors, MOHCD will conduct a training on from 9 to 11:45 a.m. on Thursday, 10/31, in our office at 1 South Van Ness Avenue, 5th Floor, Room 5080. We strongly encourage the primary staff person who is responsible for completion of the report to attend and to bring a Wi-Fi enabled lap top computer. Space is limited. Please RSVP to Ricky Lam at ricky.lam@sfgov.org or 415-701-5542.

Marketing Procedure for Available Units and Waiting List Openings

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

Serious Incident Protocol

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

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

- Involves serious injury or death
- Is a serious, violent crime that involves a major police action (e.g. shooting)
- Causes the building or a significant number of units to be off-line

- Requires a resident to move out of a unit one month or longer
- Damage to the building is significant enough to require the use of reserves

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

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

Asset Management and Compliance Monitoring Team

Mayor's Office of Housing and Community Development

1 South Van Ness Avenue, 5th Floor

San Francisco, CA 94103

<http://sfmohcd.org>

P. 415-701-5500

F. 415-701-5501

**Owner Compliance Certification and Insurance & Tax Certification Form
2018 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development**

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

Complete this form, sign and date it, scan it along with current liability and property insurance certificates into a single PDF file, then email the file along with AMR_RY2018 – project name.xlsx, audited financial statements, and current waiting list to moh.amr@sfgov.org.

Project Name: _____

Project Street Address: _____

Reporting Period – Start Date: _____ End Date: _____

Owner Compliance Certification

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

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

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

**Owner Compliance Certification and Insurance & Tax Certification Form
2018 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development**

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

**Owner Compliance Certification and Insurance & Tax Certification Form
2018 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development**

| | True | False | |
|----|------|-------|---|
| | | | project. Asset Management Fees taken beyond pre-approved levels have been documented as required in response to question 7 in Section 4 - Narrative. |
| 22 | | | The calculation of cash flow in Worksheet 2 - Fiscal Activity accurately reflects all expenses incurred and income earned, and the proposed distribution of any Residual Receipts would be in accordance with all relevant agreements and policies. |
| 23 | | | The Waiting List that has been submitted with the 2018 Annual Monitoring Report is an accurate and correct record as of the last day of the reporting period of the households who have applied to live at the Project, including the name of the head-of-household (or a suitable alternative), date of application, number of people in the household, stated household income and desired unit size. |

Property and Liability Insurance

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

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

Tax Certification

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

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

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

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

Signature: _____ Date: _____

Name: _____ Title: _____

Annual Monitoring Report - Instructions - Reporting Year 2018 - Mayor's Office of Housing & Community Development

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

Updated 12/21/2018

1A. Property & Residents

Please follow the instructions provided on the worksheet.

1B. Transitional Programs Only

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

1C. Eviction Data

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

2. Fiscal Activity

Income and Expenses

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

INSTRUCTIONS:

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

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

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

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

Income

Rental Income

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

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

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

Vacancy Loss

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

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

Other Income

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

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

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

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

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

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

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

Expenses

Management

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

Salaries/Benefits

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

6330 Manager's Salary. This account records the salary paid to property managers. It does not include the project's share of payroll taxes or other employee benefits or compensation provided to residents managers in lieu of residents managers' salary payments.

6723 Employee Benefits: Health Insurance & Disability Insurance. This account records the cost of employee benefits paid and charged to the project for health insurance and disability insurance.

XXXX Employee Benefits: Retirement & Other Salary/Benefit Expenses. This account records the cost of employee benefits paid and charged to the project for retirement and any other employee salary/benefits.

6331 Administrative Rent Free Unit. This account records the contract rent of any rent free unit provided to a resident manager which would otherwise be considered revenue producing.

Administration

6210 Advertising and Marketing. This account records the cost of advertising the rental property.

6311 Office Expenses. This account records office expense items such as supplies, postage, stationery, telephone and copying.

6312 Office Rent. This account records the rental value of an apartment, otherwise considered potentially rent-producing, but used as the project office or as a model apartment. The account is normally debited by journal entry.

6340 Legal Expense - Property. This account records legal fees or services incurred on behalf of the project (as distinguished from the borrower/grantee entity). For example, agents charge legal fees for eviction procedures to this account.

6350 Audit Expense. This account records the auditing expenses incurred by the project that are directly related to requirements for audited financial statements and reports. This account does not include the auditor's charge for preparing the borrower/grantee's Federal, State and local tax returns. This account does not include the cost of routine maintenance or review of the project's books and records.

6351 Bookkeeping Fees/Accounting Services. This account records the cost of bookkeeping fees or automated accounting services not included in the management fee but paid to either the agent or a third party.

6370 Bad Debts. This account records by journal entry the amount of tenant accounts receivable that the agent estimates uncollectible at the end of the accounting period.

6390 Miscellaneous Administrative Expenses. This account records administrative expenses not otherwise classified in the 6300 Series. If the project had miscellaneous administrative expenses greater than \$10,000, a detailed itemization of these expenses must be provided in the Narrative worksheet.

Utilities

6450 Electricity

6451 Water

6452 Gas

6453 Sewer

Taxes and Licenses

6710 Real Estate Taxes. This account records payments made for real estate taxes of the project.

6711 Payroll Taxes (Project's Share). This account records the project's share of FICA and State and Federal Unemployment taxes.

6790 Miscellaneous Taxes, Licenses and Permits. This account records any taxes, licenses, permit fees or costs of insurance assessed to the property and not otherwise categorized in the 6700 Series.

Insurance

6720 Property and Liability Insurance. This account records the cost of project property and commercial general/auto liability insurance.

6721 Fidelity Bond Insurance. This account records the cost of insuring project employees who handle cash.

6722 Workers' Compensation. This account records the cost of workers' compensation insurance for project employees.

6724 Directors and Officers Liabilities Insurance. This account records the cost of insurance to cover financial protection for the directors and officers of the ownership entity in the event they are sued in conjunction with the performance of their duties as they relate to the property.

Maintenance and Repairs

6510 Payroll. This account records the salaries of project employees whose perform services including but not limited to janitorial/cleaning, exterminating, grounds, repairs, elevator maintenance and decorating. This account does not include the property's share of payroll taxes (FICA and Unemployment) or other employee benefits paid by the property.

6515 Supplies. This account records all cost of supplies charged to the property for janitorial cleaning, exterminating, grounds, repairs and decorating.

6520 Contracts. This account records the cost of contracts the owner or agent executes with third parties on behalf of the property for janitorial/cleaning, exterminating, grounds, repairs, elevator maintenance and decorating.

6525 Garbage and Trash Removal. This account records the cost of removing garbage and rubbish from the project. The account does not include salaries paid to janitors who collect the trash.

6530 Security Payroll/Contract. This account records the project's payroll costs attributable to the protection of the project or the costs of a protection contract that the owner or agent executes on behalf of the project.

6546 HVAC Repairs and Maintenance. This account records the cost of repairing and maintaining heating or air conditioning equipment owned by the project. Agents should capitalize repairs of significant amounts which extend the useful life of the equipment.

6570 Vehicle and Maintenance Equipment Operation and Repairs. This account records the cost of operating and repairing project motor vehicles and maintenance equipment. Motor vehicle insurance is not included in this account but is charged to account 6720.

6590 Miscellaneous Operating and Maintenance Expenses. This account records the cost of maintenance and repairs not otherwise classified in the 6400 and 6500 account Series. If the project had miscellaneous operating and maintenance expenses greater than \$10,000, a detailed itemization of these expenses must be provided in the Narrative worksheet.

Supportive Services

6900 Supportive Service Expenses. Accounts in this series are used primarily by group home projects and other projects restricted to a special needs population. The accounts record expenses directly related to special services provided to the tenants (e.g., food, housekeeping, case managers, social activity coordinator, etc.).

Reserve Account Activity

1320 Replacement Reserve Required Annual Deposits. This account records the required amount of deposits made to a segregated Replacement Reserve bank account from the project's Operating Account during the reporting period. See below for more guidance about data entry required for replacement reserve eligible expenditures.

1365 Operating Reserve Deposits. This account records amount of deposits made to a segregated Operating Reserve bank account from the project's Operating Account during the report period.

XXXX Operating Reserve Account Withdrawals. Enter the total amount of withdrawals made from the Operating Reserve, which will be deposited into the project's Operating Account during the reporting period.

1330 Other Reserve Accounts - Deposits. This account records amount of deposits made to segregated reserve bank accounts not identified above during the report period. Deposits are assumed to have been funded by the project's operating account and will decrease the surplus cash amount in row 136. You should provide the name of the account in cell D132.

XXXX Other Reserve Accounts - Withdrawals. This line is used to record the amount of withdrawals made from other segregated reserve bank accounts during the reporting period. Withdrawals entered are assumed to have been deposited into the project's operating account and will increase the surplus cash amount in row 136. You should provide the name of the account in cell D133.

3A. Occupancy & Rent Info

Accurate and complete household and tenancy data must be submitted on the Occupancy & Rent Info worksheet as evidence that the project complies with the income eligibility and rent affordability restrictions of MOHCD's funding agreements. Enter the data described below into the chart in Section 3a - Occupancy & Rent Info for the tenant population that occupied the project as of the end of the reporting period. For vacant units and manager's units, you must supply data in columns D, E, P, R and T. All other columns should be left blank.

| COLUMN | DESCRIPTION |
|--------|-------------|
|--------|-------------|

| | |
|----|--|
| C. | Row Number. Do not enter data in this column. |
|----|--|

| | |
|----|--|
| D. | Unit No. Enter the unit number (or bed number for transitional or group housing) for each unit/bed in the property. |
|----|--|

| | |
|----|--|
| E. | Unit Type. Use the drop down menu to select the unit type (also shown below): |
|----|--|

Bed = (measurement for Group homes or transitional housing)

"SRO" = Single Room Occupancy unit

"Studio" = Studio unit

"1BR" = 1 Bedroom unit

"2BR" = 2 Bedroom unit

"3BR" = 3 Bedroom unit

"4BR" = 4 Bedroom unit

"5+BR" = 5 or more Bedroom unit

| | |
|----|--|
| F. | Is the Unit Fully-Accessible or Adaptable? Use the drop down menu to indicate which |
|----|--|

"Accessible - Mobility" = The unit is fully-accessible for persons with mobility impairment.

"Accessible - Communication" = The unit is fully-accessible for persons with visual and hearing impairment.

"Mobility & Communication" = The unit is fully-accessible for persons with mobility, visual and hearing impairment.

"Adaptable" = The unit was designed to be accessible, but some accessibility features may have been omitted or concealed.

"Not Accessible or Adaptable" = Not Accessible or Adaptable.

| | |
|----|--|
| G. | Date of Initial Occupancy. Enter the date when the tenant occupied their <i>first unit in the project</i> . For tenants who have transferred to another unit in the project, this date will be different than the date when they moved into their current unit. |
|----|--|

| | |
|----|--|
| H. | Household Annual Income at Initial Occupancy. Enter the tenant's annual household income from the initial income certification that was done before they moved into their <i>first unit in the project</i> . For tenants who have transferred to another unit in the project, this amount will be different than the amount from the certification that was done when they moved into their current unit. |
|----|--|

| | |
|----|--|
| I. | Household Size at Initial Occupancy. Enter the number of people that was in the tenant's household when they occupied their first unit in the project. For tenants who have transferred to another unit in the project, this number may be different than it was when they moved into their current unit. |
|----|--|

| | |
|----|--|
| J. | Date of Most Recent Income Recertification. Enter date of most recent income recertification. Leave blank for vacant units. |
|----|--|

| | |
|----|---|
| K. | Household Annual Income as of Most Recent Recertification within reporting period. Enter annual income of the household from the most recent recertification. OK to leave blank ONLY if ALL funders do not require annual income recertifications. |
|----|---|

| | |
|----|--|
| L. | Household Size as of Most Recent Recertification within reporting period. Enter the number of occupants in the unit from the most recent recertification within the reporting period. |
|----|--|

| | |
|----|---|
| M. | Minimum Occupancy for Unit Type. The data here is automatically entered from items 25-31 on Worksheet #1A. |
|----|---|

| | |
|----|---|
| N. | Maximum Occupancy for Unit Type. The data here is automatically entered from items 25-31 on Worksheet #1A. |
|----|---|

| | |
|----|--|
| O. | Overhoused or Overcrowded? The data here is automatically generated based on entries in column K and on items 26-32 on Worksheet #1A. |
|----|--|

- Overhoused or Overcrowded - Narrative** A household is "Overhoused" if there are fewer people residing in the unit than the minimum occupancy. "Overcrowded" means that there are more people residing in the unit than the maximum occupancy. If the data in column N indicates that the household is overhoused or overcrowded, please describe any extenuating circumstances that justify the overhoused/overcrowded status and summarize efforts that you have made to transfer the tenant to a unit that is appropriate for the size of the household, if applicable.
- P.
- Q. **Is this Unit a HOPWA set-aside unit? (yes/no).** "HOPWA set-aside" units are required when HOPWA capital funding is used to acquire, construct or rehab a project.
- R. **Rental Assistance.** From the drop-down menu, select one code only to indicate the type of assistance, if any, being provided to the tenant (low-income units only). Select "None" if no rental assistance comes with the unit or none is provided to the tenant.
- "RAD - PBV" = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a RAD Project-Based Section 8 subsidy that will remain with the unit after the tenant moves out.
- "TPV" = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a HUD Tenant Protection Voucher subsidy to help prevent displacement and/or stabilize the property.
- "Section 8 - Project Based" = The unit comes with Section 8 subsidy that will remain with the unit after the tenant moves out.
- "Section 8 - Tenant Voucher" = Tenant is receiving assistance through the Section 8 Certificate or Voucher programs.
- "PRAC - 202" = The unit receives a subsidy through a Project Rental Assistance Contract from HUD's 202 program.
- "PRAC - 811" = The unit receives a subsidy through a Project Rental Assistance Contract from HUD's 811 program.
- "S+C" = Tenant is receiving tenant-based assistance, or the unit has project-based assistance, from the Shelter Plus Care program.
- "HOPWA" = The unit is a HOPWA-designated unit under the project funding from the Housing Opportunities for People With AIDS program. While HOPWA is not a source of tenant-based assistance, if the tenant is receiving any other form of subsidy, please report on the amount of Rental Assistance on this worksheet and note the source of the Rental Assistance in the Narrative section of the AMR.
- "VASH" = Tenant is receiving tenant-based assistance, or the unit comes with project-based rental assistance, from the Veterans Administration Supportive Housing program.
- "LOSP" = The unit receives a subsidy through the City's Local Operating Subsidy Program.
- "DAH (DPH)" = The unit receives a subsidy through the City's Direct Access to Housing Program of DPH.
- "HSA Master Lease" = The unit receives a subsidy through the City's Master Lease Program of the Human Services Agency.
- "MHSA" = The unit receives a subsidy under CA HCD's Mental Health Services Act.
- "HOME TBA" = Tenant receives assistance from a HOME-funded rental assistance program.
- "Rent Supplement" = Tenant receives a supplemental rent payment from an outside agency.
- "Other" = Tenant is receiving, or unit comes with, rental assistance through another Federal, State or local program.
- S. **Amount of Rental Assistance.** Enter the dollar amount of rental assistance that is paid on behalf of the household/tenant.
- T. **Amount of Maximum Gross Rent Allowed for Unit.** Enter the maximum rent for the unit that is allowed by the most restrictive funder of the project.
- U. **Amount of Tenant Paid Rent for Unit.** Enter only the amount of rent that the tenant pays. Do not include any rental assistance paid on behalf of the tenant by another party.
- V. **Utility Allowance.** If the tenant pays for utilities, enter the Utility Allowance allowed for the unit. Enter zero (0) if the Utilities are paid by the project.
- W. **Household Rent Burden.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE. If the rent burden is 100% or greater, it is likely that the amount of tenant paid rent and/or the amount of HH income is incorrect, please review the data for accuracy. Typically, rent burdens should be 60% or less. If a unit has a rent subsidy, the typical requirement is for tenants to pay 30% of income toward rent.
- X. **Date of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter date of most recent rent increase for unit.

- Y. **Amount of Most Recent Rent Increase within the Reporting Period. ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY.** Enter amount of most recent rent increase for unit.
- Z. **Percentage of Most Recent Rent Increase. THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE.**

3B. Demographic

The two ethnic categories are defined below:

- **Hispanic or Latino.** A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. The term "Spanish origin" can be used in addition to "Hispanic" or "Latino."
- **Not Hispanic or Latino.** A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

The 10 racial categories are defined below:

- **American Indian or Alaska Native.** A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.
- **Asian.** A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
- **Black or African American.** A person having origins in any of the black racial groups of Africa.
- **Native Hawaiian or Other Pacific Islander.** A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
- **White.** A person having origins in any of the original peoples of Europe, the Middle East or North Africa.
- **American Indian or Alaska Native and Black or African American.** A person having these multiple race heritages as defined above.
- **American Indian or Alaska Native and White.** A person having these multiple race heritages as defined above.
- **Asian and White.** A person having these multiple race heritages as defined above.
- **Black or African American and White.** A person having these multiple race heritages as defined above.
- **Other/Multi-Racial.** For reporting individual responses for a person that is not included in any of the categories listed above.

Gender, Sex at Birth, and Sexual Orientation/Sexual Identity: on June 30, 2017, MOHCD published and distributed a Notice regarding new requirements to collect this demographic data. Click this cell to review the [Notice](#) if you have any questions about this.

Gender. Provide info for the Head of Household. The 8 possible answers for Gender are:

- Female
- Male
- Genderqueer/Gender Non-binary
- Trans Female
- Trans Male
- Not listed
- Declined/Not Stated
- Question Not Asked

Sexual Orientation / Sexual Identity. Provide info for the Head of Household. The 7 possible answers for Sexual Orientation / Sexual Identity are:

- Bisexual
- Gay /Lesbian/Same-Gender Loving
- Questioning /Unsure
- Straight/Heterosexual
- Not listed
- Decline to Answer
- Not Stated

Elderly Household. For each residential unit, enter "Yes" if the head of household is a person that is at least 62 years of age. Enter "No" if the head of the household is younger than 62.

Number of Children Under Age 18 in Household. Enter the number of occupants in the unit that were under age 18 as of the end date of the reporting period.

Disability. If the unit is occupied by a tenant with any of the listed disabilities, select the disability from the drop-down menu. Select "None" if the unit is not occupied by tenant with a listed disability.

3C. Summary of Reported Household Demographics

No data entry required. Output based on information reported from Worksheets 3A and 3B.

4. Narrative

Please follow the instructions provided on the worksheet.

5. Project Financing

Supply the info requested about all current financing of the project. Lenders should be listed in lien order, i.e., with the most-senior lender in the first lien position, the most-junior lender in last lien position.

6. Services Funding

For each service that is provided based on your answers to questions 51-61 on Worksheet 1A, you must supply additional info about each service provider on Worksheet 6. Services Funding.

7. Supplementary Audit Information - Required by MOHCD

Use this template to satisfy the audit requirement for MOHCD-funded projects. Project Owners/auditors may enter data directly into this worksheet and then print it to create the required Supplemental Schedules in the Audited Financial Statement. Alternatively, the audit requirement may be satisfied by using a form generated by the Sponsor's accounting system, as long as the form includes all the elements contained within MOHCD's template.

Completeness Tracker

Use this worksheet to track your work and to verify that you have completed all required data entry.

Links to Relevant Policies

Double click on the following web links to access the policy documents posted at SFGOV for your reference. The web address of the pages on the web are included for manual navigation as well.

[MOHCD Forms Page at SFMOHCD.ORG](http://sfmohcd.org)

<http://sfmohcd.org/documents-reports-and-forms>

[Program Income Overview](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH_ProgIncomeOverview.pdf)

http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH_ProgIncomeOverview.pdf

[MOHCD Residual Receipt Policy](http://sfmohcd.org/sites/default/files/Documents/CURRENTResidualRecPolicy%202016.pdf)

<http://sfmohcd.org/sites/default/files/Documents/CURRENTResidualRecPolicy%202016.pdf>

[MOHCD Insurance Requirements Policy](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K_2014-05-21.pdf)

http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K_2014-05-21.pdf

[MOHCD Operating Fees Policy](http://sfmohcd.org/sites/default/files/Documents/CURRENT%20OperatingFeesPolicy%202016.pdf)

<http://sfmohcd.org/sites/default/files/Documents/CURRENT%20OperatingFeesPolicy%202016.pdf>

**Annual Monitoring Report - Property & Residents - Reporting Year 2018 -
Mayor's Office of Housing & Community Development**

| # | IDENTIFYING INFO | |
|---------------------|-------------------------|---|
| 1 | | Reporting Period Start Date (m/d/yyyy) |
| 2 | | Reporting Period End Date (m/d/yyyy) |
| 3 | | Property Name (select from drop down) |
| 4 | | Property Full Street Address (e.g. "123 Main Street") |
| CONTACT INFO | | |
| 5 | | Sponsor Executive Director Name |
| 6 | | Phone Number |
| 7 | | E-mail |
| 8 | | Property Management Company |
| 9 | | Property Manager Name |
| 10 | | Phone Number |
| 11 | | E-mail |
| 12 | | Property Supervisor Name |
| 13 | | Phone Number |
| 14 | | E-mail |
| 15 | | Property Owner Name |
| 16 | | Property Owner Contact Person |
| 17 | | Phone Number |
| 18 | | E-mail |
| 19 | | Asset Manager Name |
| 20 | | Phone Number |
| 21 | | E-mail |
| 22 | | AMR Preparer's Name |
| 23 | | Phone Number |
| 24 | | E-mail |

| PROPERTY/MARKETING INFO | | | | | |
|--|------------------------------------|--|---|---|--|
| 25 | | Is the project any of the following: Transitional Housing, Residential Treatment Program, Shelter or Transitional Group Home? (select "yes" or "no" from the drop-down menu to the left.) <i>If you answer "yes", skip questions 26 through 39 below, and continue with question 40. Also, you must complete worksheet "1B.TransitionalProg."</i> | | | |
| What is the Unit Mix for the Property? Please include any manager's units in this tally. | | | | | |
| | Unit Types | Number Of Units | Occupancy Standard: Minimum HH Size for this Unit Type* | Occupancy Standard: Maximum HH Size for this Unit Type* | *Occupancy Standards should be described in project's Approved Tenant Selection and Marketing Plan. If not defined there, supply the standards used organization-wide. |
| 26 | Single Room Occupancy (SRO) Units | | 1 | | |
| 27 | Studio Units | | 1 | | |
| 28 | One-Bedroom (1BR) Units | | 1 | | |
| 29 | Two-Bedroom (2BR) Units | | | | |
| 30 | Three-Bedroom (3BR) Units | | | | |
| 31 | Four-Bedroom (4BR) Units | | | | |
| 32 | Five- or More (5+BR) Bedroom Units | | | | |
| 33 | TOTAL # Units----> | 0 | | | |
| 34 | | Vacancies - How many vacancies occurred at the project during the reporting period? (Be sure that the number you report here is not less than the number of vacant units that are included on worksheet 3.) | | | |
| 35 | 0 | Evictions - How many evictions occurred during the reporting year? (This data in this field is automatically calculated from the data that is entered on worksheet 1C. You must complete worksheet 1C, unless the project is transitional housing, a residential treatment program, a shelter or a transitional group home.) | | | |
| 36 | | Vacant Unit Rent-Up Time - (in DAYS) State the average vacant unit rent-up time. This is the period from the time a household moves out to when the unit is rented again. # 4 <i>If this period exceeds 30 days, you must answer Question # 4 on the Narrative worksheet. (Click on # 4 at left to jump to Narrative worksheet.)</i> | | | |
| 37 | | Waiting List - How many applicants are currently on the waiting list? <i>(Please also submit a copy of the waiting list, see AMR submission instructions.)</i> | | | |
| 38 | | When was the waiting list last updated? (m/yyyy) | | | |

| | | |
|----|--|---|
| 39 | | # 5 Affirmative Marketing - Did you conduct any marketing of the project during the reporting period? If you conducted marketing during the reporting period, you must answer Question #5 on the Narrative worksheet. (Click on #5 at left to jump to Narrative worksheet.) |
|----|--|---|

| | | |
|----|--|--|
| 40 | | What is the date of the last Capital Needs Assessment? (m/d/yyyy) |
| 41 | | What is the projected date of the next Capital Needs Assessment? (m/d/yyyy) |
| 42 | | <p># 2</p> <p>How many Health, Building or Housing Code Violations were issued against the property in the reporting year? (If there were no violations enter "0"). If the property was cited for code violations in the reporting year or has open, unresolved violations from prior years as indicated below, you must answer Question #2 on the Narrative worksheet. (Click on #2 at left to jump to Narrative worksheet.)</p> |
| 43 | | How many Health, Building or Housing Code Violations were open from <i>prior</i> years? |
| 44 | | How many Health, Building or Housing Code Violations were cleared in the reporting year? |
| 45 | | <p># 3</p> <p>Are there urgent Major Property Repairs needed on the property in the next two years? (Yes/No) If there are needed major repairs you must answer Question #3 on the Narrative worksheet. (Click on #3 at left to jump to Narrative worksheet.)</p> |
| 46 | | <p># 3</p> <p>If the property has Immediate Capital Needs and lacks adequate funds in the Replacement Reserve (or elsewhere) to cover the costs, please supply the amount of funds needed to make up the difference, and supply additional explanation in question #3 of the Narrative report. (Click on # 3 at left to jump to Narrative worksheet.)</p> |

Resident Services: AN ANSWER IS REQUIRED FOR questions 51-61. Indicate below any services that were available to the residents free of charge, on site or at another designated location within 1/4 mile of the project. You must also provide additional information about each of the marked services below on Worksheet "6.Services"

| | | | |
|----|--|--------------|---|
| 47 | | Go To WS6 | After School Program/s (y/n) |
| 48 | | Go To WS6 | Licensed Day Care Service (<i>participant fees are allowable for day care ONLY</i>) (y/n) |
| 49 | | Go To WS6 | Youth Program/s (y/n) |
| 50 | | Go To WS6 | Educational Classes (e.g. basic skills, computer training, ESL) (y/n) |
| 51 | | Go To WS6 | Health and Wellness Services/Programs (y/n) |
| 52 | | Go To WS6 | Employment Services (y/n) |
| 53 | | Go To WS6 | Case Management, Information and Referrals (y/n) |
| 54 | | Go To WS6 | Benefits Assistance and Advocacy; Money Management; Financial Literacy and Counseling (y/n) |
| 55 | | Go To WS6 | Support Groups, Social Events, Organized Tenant Activities (y/n) |
| 56 | | Go To WS6 | Other Service #1 - Please specify in column G. |
| 57 | | Go To WS6 | Other Service #2 - Please specify in column G. |

**Annual Monitoring Report - Completeness Tracker - Reporting Year 2018 -
Mayor's Office of Housing & Community Development**

This checklist is a tool to help you track progress toward completion. NOTE: Do not submit the AMR until all items are "COMPLETED."

Reporting Start Date: 1/0/00
Reporting End Date: 1/0/00

Project Address: _____

Submission Instructions:

Once all worksheets below are "COMPLETED", email the AMR, completed Owner Compliance Certification, along with the attachments required under the Insurance and Tax Certification per page 3 of the Owner Certification, waitlist, and audited financial statements to: moh.amr@sfgov.org.

The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit: name of head-of-household, contact information, date of application, number of people in the household, stated household income and desired unit size. Prior to submittal, the waiting list must be redacted to exclude any private information that should not be shared publicly, for example, Social Security numbers, ID numbers from other forms of identification, information related to disabilities or other health conditions. Please confer with legal counsel and let MOHCD know if you have any questions prior to submitting a copy of the project's waitlist. This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

| | |
|---|-------------------|
| Worksheet 1A. Property & Residents | INCOMPLETE |
| Questions 1 thru 4 | incomplete |
| Questions 5 thru 24 | incomplete |
| Questions 25 thru 39 | incomplete |
| Questions 40 thru 46 | incomplete |
| Questions 51 thru 57 | incomplete |

| | |
|--|-------------------------|
| Worksheet 1B. Transitional Programs | To Be Determined |
| Questions 1 thru 11 | To Be Determined |
| Questions 12 thru 18 | To Be Determined |
| Questions 19 thru 39 | To Be Determined |

| | |
|------------------------------------|-------------------------|
| Worksheet 1C. Eviction Data | To Be Determined |
| Question 1 | To Be Determined |
| Questions 2 thru 21 | To Be Determined |
| Questions 22 thru 41 | To Be Determined |
| Questions 42 thru 61 | To Be Determined |

| | |
|--|-------------------|
| Worksheet 2. Fiscal Activity | INCOMPLETE |
| Rental Income - Housing Unit GPTR | incomplete |
| Vacancy Loss - Housing Units | incomplete |
| Operating Expenses | incomplete |
| Surplus Cash/Residual Receipts (Rows 140 - 171) | incomplete |
| Operating Reserve (Rows 177 - 186) | incomplete |
| Replacement Reserve (Rows 188 - 196) | incomplete |
| Changes to Real Estate Assets (Rows 198 - 205) | incomplete |
| Replacement Reserve Eligible Expenditures (Rows 209 - 228) | incomplete |
| Program Income (Rows 230 - 243) | incomplete |

| | |
|---|-------------------|
| Worksheet 3A. Occupancy & Rent Info | INCOMPLETE |
| Does number of units entered on Worksheet 3 match total units entered on Worksheet 1A or the total households that can be served in Worksheet 1B? | To Be Determined |
| For each row with a Unit Number, was data entered in cells for Subsidy Type and Utility Allowance? | To Be Determined |
| Narrative Provided for All rows indicating Overhoused or Overcrowded? | To Be Determined |

| | |
|--|-------------------------|
| Worksheet 3B. Demographic Information | To Be Determined |
| Is Ethnicity and Race selected for each household? | To Be Determined |
| Is Gender and Sexual Orientation/Identity selected for each household? | To Be Determined |

| | |
|-------------------------------|-------------------------|
| Worksheet 4. Narrative | To Be Determined |
| 2 | To Be Determined |
| 3 | To Be Determined |
| 4 | To Be Determined |
| 5 | To Be Determined |
| 6 | To Be Determined |
| 7 | To Be Determined |
| 8 | To Be Determined |

| | |
|---------------------------------------|-------------------|
| Worksheet 5. Project Financing | INCOMPLETE |
|---------------------------------------|-------------------|

| | |
|--------------------------------------|-------------------------|
| Worksheet 6. Services Funding | To Be Determined |
|--------------------------------------|-------------------------|

Project Street Address:

**Summary of Replacement Reserve and Operating Reserve Activity
For the Year Ended January 0, 1900**

| | Replacement Reserve | Operating Reserve |
|----------------------------|--------------------------------|------------------------------|
| Balance, December 31, 1899 | \$0 | \$0 |
| Actual Annual Deposit | \$0 | \$0 |
| Interest Earned | \$0 | \$0 |
| Withdrawals | <u>\$0</u> | <u>\$0</u> |
| Balance, December 31, 1900 | <u>\$0</u> | <u>\$0</u> |

Project Street Address:

**Schedule of Operating Expenses
For the Year Ended December 31, 1900**

| Maintenance and Repairs | Total |
|--|-------------------|
| 6510 Payroll | \$0 |
| 6515 Supplies | \$0 |
| 6520 Contracts | \$0 |
| 6525 Garbage and Trash Removal | \$0 |
| 6530 Security Payroll/Contract | \$0 |
| 6546 HVAC Repairs and Maintenance | \$0 |
| 6570 Vehicle and Maintenance Equipment Operation and Repairs | \$0 |
| 6590 Miscellaneous Operating and Maintenance Expenses | \$0 |
| Total Maintenance and Repairs Expenses: | <u>\$0</u> |
| 6900 Supportive Services | \$0 |
| Capital and Non-Capital Expenditures to be Reimbursed from Replacement Reserve | \$0 |
| Total Operating Expenses: | <u><u>\$0</u></u> |

Financial Expenses

Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.

| | |
|--|------------|
| 6820 Interest on Mortgage (or Bonds) Payable | |
| 6825 Interest on Other Mortgages | |
| 6830 Interest on Notes Payable (Long Term) | |
| 6840 Interest on Notes Payable (Short Term) | |
| 6850 Mortgage Insurance Premium/Service Charge | |
| 6890 Miscellaneous Financial Expenses | |
| Total Financial Expenses: | <u>\$0</u> |
| 6000 Total Cost of Operations before Depreciation: | <u>\$0</u> |
| 5060 Operating Profit (Loss): | <u>\$0</u> |

Depreciation & Amortization Expenses

Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.

| | |
|--|------------|
| 6600 Depreciation Expense | |
| 6610 Amortization Expense | |
| Operating Profit (Loss) after Depreciation & Amortization: | <u>\$0</u> |

Net Entity Expenses

the right.

| | | |
|----------------------------|------------|--|
| 7190 | | |
| 7190 | | |
| 7190 | | |
| 7190 | | |
| 7190 | | |
| 7190 | | |
| 7190 | | |
| 7190 | | |
| 7190 | | |
| 7190 | | |
| Total Net Entity Expenses: | <u>\$0</u> | |

3250 Change in Total Net Assets from Operations (Net Loss) \$0

Amount computed in cell E139 should match audited financial statement.

Project Street Address:

**Schedule of Operating Expenses
For the Year Ended December 31, 1900**

| | <u>Total</u> |
|---|--------------|
| Management | |
| 6320 Management Fee | \$0 |
| "Above the Line" Asset Management Fee | \$0 |
| Total Management Expenses: | <u>\$0</u> |
| Salaries/Benefits | |
| 6310 Office Salaries | \$0 |
| 6330 Manager's Salary | \$0 |
| 6723 Employee Benefits: Health Insurance & Disability Insurance | \$0 |
| Employee Benefits: Retirement & Other Salary/Benefit Expenses | \$0 |
| 6331 Administrative Rent Free Unit | \$0 |
| Total Salary/Benefit Expenses: | <u>\$0</u> |
| Administration | |
| 6210 Advertising and Marketing | \$0 |
| 6311 Office Expenses | \$0 |
| 6312 Office Rent | \$0 |
| 6340 Legal Expense - Property | \$0 |
| 6350 Audit Expense | \$0 |
| 6351 Bookkeeping/Accounting Services | \$0 |
| 6370 Bad Debts | \$0 |
| 6390 Miscellaneous Administrative Expenses | \$0 |
| Total Administrative Expenses: | <u>\$0</u> |
| Utilities | |
| 6450 Electricity | \$0 |
| 6451 Water | \$0 |
| 6452 Gas | \$0 |
| 6453 Sewer | \$0 |
| Total Utilities Expenses: | <u>\$0</u> |
| Taxes and Licenses | |
| 6710 Real Estate Taxes | \$0 |
| 6711 Payroll taxes | \$0 |
| 6790 Miscellaneous Taxes, Licenses, and Permits | \$0 |
| Total Taxes and Licenses Expenses: | <u>\$0</u> |
| Insurance | |
| 6720 Property and Liability Insurance | \$0 |
| 6721 Fidelity Bond Insurance | \$0 |
| 6722 Workers' Compensation | \$0 |
| 6724 Directors & Officers Liabilities Insurance | \$0 |
| Total Insurance Expenses: | <u>\$0</u> |

Project Street Address:

**Schedule of Operating Revenues
For the Year Ended January 0, 1900**

| | <u>Total</u> |
|---|--------------|
| Rental Income | |
| 5120 Gross Potential Tenant Rents | \$0 |
| 5121 Rental Assistance Payments (inc. LOSP) | \$0 |
| 5140 Commercial Unit Rents | \$0 |
| Total Rent Revenue: | <u>\$0</u> |
| | |
| Vacancies | |
| 5220 Apartments | \$0 |
| 5240 Stores & Commercial | \$0 |
| Total Vacancies: | <u>\$0</u> |
| Net Rental Income: (Rent Revenue Less Vacancies) | <u>\$0</u> |
| | |
| Other Revenue | |
| 5170 Rent Revenue - Garage & Parking | \$0 |
| 5190 Misc. Rent Revenue | \$0 |
| 5300 Supportive Services Income | \$0 |
| 5400 Interest Revenue - Project Operations (From Operating Acct Only) | \$0 |
| 5400 Interest Revenue - Project Operations (From All Other Accts) | \$0 |
| 5910 Laundry & Vending Revenue | \$0 |
| 5920 Tenant Charges | \$0 |
| 5990 Misc. Revenue | \$0 |
| Total Other Revenue: | <u>\$0</u> |
| Total Operating Revenue: | <u>\$0</u> |

7. Miscellaneous Expenses: Administrative/Operating & Maintenance

If the project had miscellaneous administrative or miscellaneous operating & maintenance expenses greater than \$10,000 respectively, you must provide a detailed itemization of these individual expenses below. Total expenses must equal the total amount reported on the worksheet "2.Fiscal."

Misc. Admin Expenses

| Expense Description | Amount | HUD Acct # | Notes |
|---------------------------------------|--------|------------|-------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total: | 0.00 | | |
| Diff. from Fiscal Activity WS: | | | |

Misc. Operating & Maintenance Expenses

| Expense Description | Amount | HUD Acct # | Notes |
|---------------------------------------|--------|------------|-------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total: | 0.00 | | |
| Diff. from Fiscal Activity WS: | | | |

8. Negative Cash Flow

If the project had NEGATIVE CASH FLOW, as may be shown above from the Income Expense section of worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the shortfall, and what the identified causes are; and
- b. A description of the work done to identify remedies for the shortfall, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.
- d. If the project has a Project-Based Section 8 Housing Assistance Payments (HAP) contract, please also supply the date of the last increase to the HAP contract, the date when the project will submit the next HAP contract rent increase, and any related comments about whether the project has been diligent in seeking annual increases to the HAP contract.

5. Affirmative Marketing

Did you conduct any marketing of the project during the reporting period? If yes, please describe the marketing that was conducted, including

- a. when the marketing was conducted and how it was intended to reach populations least likely to apply for the project;
- b. any advertising, direct mailings, emailings and web postings that were done; and
- c. how many households were on the waiting list prior to the marketing and how many were on it after the marketing was completed.

6. Vacancy Rate ----->

If the project had a VACANCY RATE greater than 15%, as may be shown above from the Income Expense section of the worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the vacancy rate, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the vacancy rate, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

3. Major Repairs

Describe any major repair or replacement needs that have been identified as being required within the next 2 years, and any related plans to pay for whatever is needed.

| Item | Description | Estimated Cost | Priority |
|------|-------------|----------------|----------|
| | | | |
| | | | |
| | | | |
| | | | |

4. Vacant Unit Rent-Up Time

If the project had an average VACANT UNIT RENT-UP TIME greater than 30 days for question 36 on the worksheet "1A.Prop&Residents," you must supply the following:

- a. A description of the work done to analyze the cause/s of the high turnaround time, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the turnaround time, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

| Item | Description | Estimated Cost | Priority |
|------|-------------|----------------|----------|
| | | | |
| | | | |
| | | | |
| | | | |

2. Code Violations

Provide the following for any violations or citations of Health or Building or Housing Codes that were issued during the reporting period, or were issued in a prior reporting period but remained open during any time of the current reporting period:

| Violation or Citation # | Date Issued | Issued By | Description | Cleared? (y/n) |
|-------------------------|-------------|-----------|-------------|----------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

(add additional rows as needed)

**** ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. ****

| Violation or Citation # | Date Cleared | Issued By | Description of Remedy |
|-------------------------|--------------|-----------|-----------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

(add additional rows as needed)

**** ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. ****

**Annual Monitoring Report - Summary of Reported Household Demographics - Reporting Year 2018 -
Mayor's Office of Housing & Community Development**

| | | | | |
|------------------|------------------------------|----------|----------|---|
| Project Address: | Last Day of Reporting Period | 1/0/1900 | # Units: | 0 |
|------------------|------------------------------|----------|----------|---|

Household Size

| | # Reported Households | % of Total |
|--------------------------------|-----------------------|------------|
| One Person Household | 0 | |
| Two Person Household | 0 | |
| Three Person Household | 0 | |
| Four Person Household | 0 | |
| Five Person Household | 0 | |
| Six Person Household | 0 | |
| Seven or more Person Household | 0 | |
| TOTAL Households* | 0 | |
| TOTAL Residents | 0 | |

*Excludes 0 unit(s) reported as manager's or vacant unit(s).

Other Household Demographics

| | # Reported |
|--|------------|
| Elderly Households | 0 |
| Households with Children Under 18 | 0 |
| Number of Children Under 18 | 0 |
| Households with Tenant with Physical Disability | 0 |
| Households with Tenant with Visual Disability | 0 |
| Households with Tenant with Hearing Disability | 0 |
| Households with Tenant with Mental/Devt Disability | 0 |
| Households with Tenant with Other Disability | 0 |
| Households with Tenant with More than One Disability | 0 |
| Households with Tenant with No Disability | 0 |

Head of Household Race/Ethnicity

| | # Reported Head of HH | % of Total |
|---|-----------------------|------------|
| Hispanic/Latino | 0 | |
| Not Hispanic/Latino | | |
| American Indian/Alaskan Native | 0 | |
| Asian | 0 | |
| Black/African American | 0 | |
| Native Hawaiian/Other Pacific Islander | 0 | |
| White | 0 | |
| American Indian/Alaskan Native and Black/African American | 0 | |
| American Indian/Alaskan Native and White | 0 | |
| Asian and White | 0 | |
| Black/African American and White | 0 | |
| Other/Multiracial | 0 | |
| Not Reported | 0 | |
| Total Head of Households | 0 | |

Gender

| | # Reported Head of HH | % of Total |
|---------------------------------|-----------------------|------------|
| Female | 0 | |
| Male | 0 | |
| Genderqueer/Gender Non-binary | 0 | |
| Trans Female | 0 | |
| Trans Male | 0 | |
| Not listed | 0 | |
| Declined/Not Stated | 0 | |
| Question Not Asked | 0 | |
| Total Head of Households | 0 | |

Sexual Orientation / Sexual Identity

| | # Reported Head of HH | % of Total |
|---------------------------------|-----------------------|------------|
| Bisexual | 0 | |
| Gay /Lesbian/Same-Gender Loving | 0 | |
| Questioning /Unsure | 0 | |
| Straight/Heterosexual | 0 | |
| Not listed | 0 | |
| Decline to Answer | 0 | |
| Not Stated | 0 | |
| Question Not Asked | 0 | |
| Total Head of Households | 0 | |

Target and Actual Population Served

| Target Population | | Actual Population | |
|-------------------|---------------------------------|-------------------|---------------------------------|
| 0 | Families | 0 | Families |
| 0 | Persons with HIV/AIDS | 0 | Persons with HIV/AIDS |
| 0 | Housing for Homeless | 0 | Housing for Homeless |
| 0 | Mentally or Physically Disabled | 0 | Mentally or Physically Disabled |
| 0 | Senior Housing | 0 | Senior Housing |
| 0 | Substance Abuse | 0 | Substance Abuse |
| 0 | Domestic Violence Survivor | 0 | Domestic Violence Survivor |
| 0 | Veterans | 0 | Veterans |
| 0 | Formerly Incarcerated | 0 | Formerly Incarcerated |
| 0 | Transition-Aged Youth ("TAY") | 0 | Transition-Aged Youth ("TAY") |

| | B | D | F | H | J |
|-----|--|--------|--|---|---|
| 15 | Annual Monitoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development | | | | |
| 231 | FEDERAL PROGRAM INCOME REPORT | | | | |
| 232 | This section must be completed if the project received any CDBG funding, even if the amount of CDBG program income during the reporting period was zero. For more information, use the following link or copy this web address for manual navigation: | | | | |
| 233 | http://www.ci.moh.ca.us/modules/showdocument.aspx?documentid=5141 | | | | |
| 234 | Overview of Federal HOME and CDBG Program Income | | | | |
| 235 | | | | | |
| 236 | | | | | |
| 237 | CDBG PROGRAM INCOME | | | | |
| 238 | Proposed amounts to be used to fund eligible CDBG activities as described in the Federal CDBG Program Regulations at 24 CFR 870.201-208 and consistent with the City's 2015-2019 Consolidated Plan, 2018-2019 Action Plans as follows | | | | |
| 239 | | AMOUNT | DESCRIPTION | | |
| 239 | | | Amount to be used for CDBG eligible activity#1 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right) | | |
| 239 | | | Amount to be used for CDBG eligible activity#2 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right) | | |
| 240 | | | Amount to be used for CDBG eligible activity#3 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right) | | |
| 241 | | | Amount to be deposited for use on future eligible CDBG activities that will be undertaken by June 30, 2017 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right) | | |
| 242 | | | Other (provide amount in cell to the right, plus activity description and regulation citation in column furthest to the right) | | |
| 243 | | | | | |
| 244 | Total CDBG Program Income Calculation (see instructions for guidance on how to calculate) | | | | |
| 245 | To ensure the eligible use of CDBG Program Income, the recipient of federal CDBG funding hereby requests approval by the Mayor's Office of Housing and Community Development for the use of CDBG program income received during the 2018 reporting period as depicted above. | | | | |

| | B | D | F | H | J |
|-----|--|--|--------------------|-----------------------------------|--------------------|
| 15 | Annual Monitoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development | | | | |
| 173 | RESERVE ACCOUNT DETAILS | | | | |
| 174 | OPERATING RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead) | | | | |
| 175 | Minimum Required Balance: | | | | |
| 180 | Beginning Balance: | | | | |
| 181 | Actual Annual Deposit (don't edit - taken from page 1 account number 1365) | | \$ 0.00 | | |
| 182 | Interest Earned: | | | | |
| 183 | Annual Withdrawal Amount (enter as negative number) | | | | |
| 184 | Ending Balance (don't edit cell - calculated) | | \$ 0.00 | | |
| 185 | Required Annual Deposit: | | | | |
| 186 | Total Operating Expenses plus debt service (don't edit cell - calculated) | | \$ 0.00 | | |
| 187 | If the calculated percentage shown to the right (Op Reserve Account Ending Balance divided by Total Op Expenses) is less than 23.5%, you must describe how the project will remedy the shortfall in the adjacent cell. | | | | |
| 188 | If the calculated percentage shown to the right is greater than 26.5%, you must explain why the Op Reserve balance exceeds MCHCD's requirement in the adjacent cell. | | 0.000% | | |
| 189 | REPLACEMENT RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead) | | | | |
| 190 | Minimum Required Balance: | | | | |
| 191 | Beginning Balance: | | | | |
| 192 | Actual Annual Deposit: | | | | |
| 193 | Interest Earned: | | | | |
| 194 | Annual Withdrawal Amount (enter as negative number) | | | | |
| 195 | Ending Balance (don't edit cell - calculated) | | \$ 0.00 | | |
| 196 | Required Annual Deposit (do not edit - taken from page 1 account number 1320) | | \$ 0.00 | | |
| 197 | Describe how the amount of annual deposit and the minimum required balance is determined. | | | | |
| 198 | CHANGES TO REAL ESTATE ASSETS | | | | |
| 199 | Enter Beginning and Ending Balances in each of the categories listed below. Changes in asset categories will auto calculate. | | | | |
| 200 | Building & Improvements | | Balance, 1/00/1900 | Changes | Balance, 1/00/1900 |
| 201 | Offsite Improvements | | | \$ 0.00 | |
| 202 | Site Improvements | | | \$ 0.00 | |
| 203 | Land Improvements | | | \$ 0.00 | |
| 204 | Furniture, Fixtures & Equipment | | | \$ 0.00 | |
| 205 | Other | | | \$ 0.00 | |
| 206 | | | | \$ 0.00 | |
| 207 | Replacement Reserve-Eligible Expenditures: Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible. | | | | |
| 208 | Capital Repairs and Improvements: Enter capital repairs and improvement costs associated with the reporting year. For each category in rows 200-205 above that shows a positive change, an entry is required in each corresponding category in rows 210-215. If the operating account is used initially to fund the repair, and is later reimbursed by the replacement reserve during the reporting year, show the repair cost under "Replacement Reserve". If the operating account is used to fund the repair and was not reimbursed by the replacement reserve during the reporting year, show the repair cost under "Operating Account." Use the section below to supply a description of the capital repairs and improvements made. | | | | |
| 209 | | Capital Repairs and Improvements Funded By: | | | |
| 210 | Capital Repairs and Improvements - Categories | Replacement Reserve | Operating Account | Other Source | Total Amount |
| 211 | Building & Improvements | | | | \$ 0.00 |
| 212 | Offsite Improvements | | | | \$ 0.00 |
| 213 | Site Improvements | | | | \$ 0.00 |
| 214 | Land Improvements | | | | \$ 0.00 |
| 215 | Furniture, Fixtures & Equipment | | | | \$ 0.00 |
| 216 | Other | | | | \$ 0.00 |
| 217 | Total | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| 218 | Description of Capital Repairs and Improvements: | | | | |
| 219 | Non-Capital Replacement Reserve Eligible Expenditures (i.e., labor costs): Enter the amounts used to fund non-capital replacement reserve eligible expenditures. Use section below to supply explanations. | | | | |
| 220 | Source | | | Amount | |
| 221 | Paid out of Operating Budget, to be reimbursed by RR (shows the amount entered in row 103 above) | | | \$ 0.00 | |
| 222 | Paid Directly from Replacement Reserve | | | | |
| 223 | Other Source | | | | |
| 224 | | | | | |
| 225 | Explanation of Non-Capital Replacement Reserve Eligible Expenditures | | | Total | \$ 0.00 |
| 226 | TOTAL REPLACEMENT RESERVE ELIGIBLE EXPENDITURES: the Replacement Reserve Withdrawal for the reporting period should not exceed the Total RR-eligible Expenditures. You must provide more detail above or an explanation below if the RR withdrawal amount exceeds the Total RR-eligible Expenditures. | | | | |
| 227 | | RR Withdrawal Amount--> | \$ 0.00 | Total RR-eligible Expenditures--> | \$ 0.00 |
| 228 | Notes About RR Withdrawal Amount in excess of Total RR-eligible Expenditures: | | | | |
| 229 | | | | | |
| 230 | | | | | |

| | B | D | F | H | J |
|--|---|--|---|-----------------|---------------------------------|
| Annual Monitoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development | | | | | |
| 121 | | Name of Lender / Describe Other Amt Paid | Residential | Non-Residential | Total |
| 122 | 4. Debt Service (Principal and Interest) | | | | |
| 123 | Lender1 - Principal Paid (provide lender name to the right) | | | | |
| 124 | Interest Paid | | | | |
| 125 | Other Amount (describe to the right) | | | | |
| 126 | Lender2 - Principal Paid (provide lender name to the right) | | | | |
| 127 | Interest Paid | | | | |
| 128 | Other Amount (describe to the right) | | | | |
| 129 | Lender3 - Principal Paid (provide lender name to the right) | | | | |
| 130 | Interest Paid | | | | |
| 131 | Other Amount (describe to the right) | | | | |
| 132 | Lender4 - Principal Paid (provide lender name to the right) | | | | |
| 133 | Interest Paid | | | | |
| 134 | Other Amount (describe to the right) | | | | |
| 135 | Total Debt Service Payments | | \$0.00 | \$0.00 | \$0.00 |
| 136 | | | | | |
| 137 | Surplus Cash, Detail (NOI minus Debt Service and Reserve Activity) | | \$0.00 | \$0.00 | \$0.00 |
| 138 | | | | | |
| 139 | If amount for Surplus Cash above is negative: - you must provide a detailed explanation in question #8 on the Narrative worksheet - you must NOT supply data for any of the fields for Uses of Surplus Cash below | | | | Go to vs4 Narrative question #8 |
| 140 | Surplus Cash, Total | | | | \$0.00 |
| 141 | Distribution of Surplus Cash/Residual Receipts - (Response Required.) In the space below, please provide a detailed narrative summary of allowable distributions of Surplus Cash that accurately reflects the requirements under all MOHCD agreements as well as the requirements of other funders and any other agreements that govern. Please include the calculation methodology, applicable annual increases etc. For proposed distribution amounts entered in column J, rows 143-165, select the distribution priority for each of the uses of cash flow/surplus cash in column H. If distribution of surplus cash is not allowed under MOHCD agreements or other funder agreements, enter N/A in the box below. | | | | |
| 142 | USES OF SURPLUS CASH THAT ARE AUTHORIZED TO BE PAID PRIOR TO CALCULATION OF RESIDUAL RECEIPTS | | | | |
| 143 | PAYMENTS (IF APPLICABLE) | Distribution Priority (select below) | Leave cells below blank if Surplus Cash is = \$0. | | |
| 144 | 5. Operating Reserve Replenishments (Deposits made out of surplus cash to satisfy minimum balance requirements) | | | | |
| 145 | 6. "Below-the-line" Asset Mgt fee (prior written authorization from CeySFRRA may be required, see Asset Mgt. Fee Policy) | | | | |
| 146 | 7a. Partnership Management fee due from this reporting period, if any (tax credit projects only, not allowed if project is beyond 15-year compliance period) | | | | |
| 147 | 7b. Partnership Management fee accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only, per City policy, not allowed if project is beyond 15-year compliance period) | | | | |
| 148 | 8a. Investor Services Fee (aka LP Asset Management Fee) due from this reporting period, if any (tax credit projects only, per City policy, not allowed if project is beyond 15-year compliance period) | | | | |
| 149 | 8b. Investor Services Fee (aka LP Asset Management Fee) accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only, per City policy, not allowed if project is beyond 15-year compliance period) | | | | |
| 150 | 9. Deferred Developer fee, if any | | | | |
| 151 | 10. Other payments: use question #1 on the Narrative worksheet #4 to provide details about any fees or other payments, including ground lease residual rent payments for a non-MOHCD/DOCII ground lease. Failure to provide details will result in disallowance of this expense. You may only include payments that were approved by MOHCD at time of funding that are also explicitly authorized by a Partnership Agreement or similar project document. | Go to vs4 Narrative question #1 | | | |
| 152 | 11a. Debt Pmt to other lender1: Principal Paid (note lender name to right) | | | | |
| 153 | 11a. Debt Pmt to other lender1: Interest Paid | | | | |
| 154 | 11b. Debt Pmt to other lender2: Principal Paid (note lender name to right) | | | | |
| 155 | 11b. Debt Pmt to other lender2: Interest Paid | | | | |
| 156 | Total Payments preceding Residual Receipts Calculation: | | | | \$0.00 |
| 157 | | | | | |
| 158 | 12. RESIDUAL RECEIPTS | | | | \$0.00 |
| 159 | | Distribution Priority (select below) | Leave cells below blank if Surplus Cash is = \$0. | | |
| 160 | 12a. MOHCD Residual Receipts Due for Loan Repayment | | | | |
| 161 | 12b. MOHCD Residual Receipts Due for Ground Lease Residual Rent Payment | | | | |
| 162 | 12c. Subtotal Residual Receipts Payments to MOHCD | | | | \$0.00 |
| 163 | 12d. Residual Receipts Debt Pmt to other lender3 (note lender name to right) | | | | |
| 164 | 12e. Residual Receipts Debt Pmt to other lender4 (note lender name to right) | | | | |
| 165 | 12f. Residual Receipts Debt Pmt to other lender5 (note lender name to right) | | | | |
| 166 | Total Residual Receipts Payments: | | | | \$0.00 |
| 167 | DO NOT SUBMIT YOUR PROPOSED RESIDUAL RECEIPT PAYMENT TO MOHCD WITH THIS AMR. MOHCD WILL REVIEW YOUR PROPOSED PAYMENT AND GENERATE AN INVOICE IF THE CALCULATION CAN BE VERIFIED AS APPROPRIATE, IF THE CALCULATION CANNOT BE VERIFIED, MOHCD WILL CONTACT YOU. | | | | |
| 168 | Remaining Balance | | | | \$0.00 |
| 169 | | | | | |
| 170 | Proposed Owner Distributions (provide description in column D and enter amount in column J. If an amount is entered, a description is required.) | | | | |
| 171 | | | | | |
| 172 | Proposed Other Distributions/Uses (provide description in column D and enter amount in column J. If an amount is entered, a description is required. If you had a Calendar Year (LOSP) surplus, please acknowledge that and note exact amount.) | | | | |
| 173 | | | | | |
| 174 | Final Balance: should be ZERO except when Surplus Cash (cell F136) is negative | | | | \$0.00 |

| | B | D | F | H | J |
|-----|---|-----------|-------------|-----------------|--------|
| 15 | Annual Monitoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development | | | | |
| 111 | Operating Reserve Account Withdrawals (For deposits to Operating Account.) Enter as positive number. | | | | \$0.00 |
| 112 | Other Required Reserve Account Deposits (Source is Operating Account. Enter as positive number. Identify reserve account in next col) (1.330) | | | | \$0.00 |
| 113 | Other Required Reserve Account Withdrawals (For deposit to Operating account. Enter as positive number. Identify account in next col. --> | | | | \$0.00 |
| 114 | Sub-total Ground Lease Base Rent/Bond Fees/Reserves | | \$0.00 | \$0.00 | \$0.00 |
| 115 | | | | | |
| 116 | TOTAL OPERATING EXPENSES (w/ Reserves) (G.L. Base Rent/ Bond Fees) | | \$0.00 | \$0.00 | \$0.00 |
| 117 | | Acct Name | Residential | Non-Residential | Total |
| 118 | 1. TOTAL INCOME RECEIVED: | | \$0.00 | \$0.00 | \$0.00 |
| 119 | 2. TOTAL OPERATING EXPENSES: | | \$0.00 | \$0.00 | \$0.00 |
| 120 | 3. NET OPERATING INCOME: | | \$0.00 | \$0.00 | \$0.00 |

| | B | D | F | H | J | |
|--|--|----------------|-------------|-----------------|--|--|
| Annual Monitoring Report - Fiscal Activity - Reporting Year 2018 - Mayor's Office of Housing & Community Development | | | | | | |
| INCOME & EXPENSES | | | | | | |
| 17 | 12 Month Report Period | Start Date: | 10/1/2008 | End Date: | 10/1/2008 | |
| 18 | Number of Units--> | Account | | | | |
| 19 | | Number | Residential | Non-Residential | Total | |
| 20 | Description of Income Accounts | | | | | |
| 21 | Rental Income | | | | | |
| 22 | Housing Units - Gross Potential Tenant Rents | 5120 | | | | |
| 23 | Rental Assistance Payments (Identify ALL sources in row below if applicable, including (LOSP funding)) | 5121 | | | | |
| 24 | Source/s--> | | | | | |
| 25 | Commercial Unit Rents | 5140 | | | | |
| 26 | sub-total Gross Rental Income: | | \$0.00 | \$0.00 | \$0.00 | |
| 27 | Vacancy Loss - enter amounts as negative numbers! | | | | Vacancy rate | |
| 28 | Housing Units | 5220 | | | Must click & explain if Residential Vac. Rate is > 15% | |
| 29 | Commercial | 5240 | | | 0.00% | |
| 30 | sub-total Vacancies: | | \$0.00 | \$0.00 | \$0.00 | |
| 31 | NET RENTAL INCOME: | | \$0.00 | \$0.00 | \$0.00 | |
| 32 | Other Income | | | | | |
| 33 | Garage and Parking Spaces | 5170 | | | | |
| 34 | Miscellaneous Rent Income | 5190 | | | | |
| 35 | Supportive Services Income - Do not enter supportive services income if it is tracked in a separate budget and not appropriate per MOHCD loan terms to be included in Residual Receipts calculation | 5300 | | | | |
| 36 | Supportive Services Income Source/s-Identify program source(s) if applicable--> | | | | | |
| 37 | Interest Income - Project Operations (From Operating Account Only) | 5400 | | | | |
| 38 | Laundry and Vending | 5910 | | | | |
| 39 | Tenant Charges | 5920 | | | | |
| 40 | Other Revenue | 5990 | | | | |
| 41 | sub-total Other Income Received: | | \$0.00 | \$0.00 | \$0.00 | |
| 42 | TOTAL INCOME RECEIVED: | | \$0.00 | \$0.00 | \$0.00 | |
| 43 | INCOME & EXPENSES | | | | | |
| 44 | Description of Expense Accounts | Account Number | Residential | Non-Residential | Total | |
| 45 | Management | | | | | |
| 46 | Management Fee | 6320 | | | | |
| 47 | "Above the Line" Asset Management Fee (amount allowable may be limited- see Asset Mgt Fee Policy) | | | | | |
| 48 | sub-total Management Expense: | | \$0.00 | \$0.00 | \$0.00 | |
| 49 | Salaries/Benefits | | | | | |
| 50 | Office Salaries | 6310 | | | | |
| 51 | Manager's Salary | 6330 | | | | |
| 52 | Employee Benefits Health Insurance & Disability Insurance | 6723 | | | | |
| 53 | Employee Benefits Retirement & Other Salary/Benefit Expenses | | | | | |
| 54 | Administrative Rent Free Unit | 6331 | | | | |
| 55 | sub-total Salary/Benefit Expense: | | \$0.00 | \$0.00 | \$0.00 | |
| 56 | Administrative | | | | | |
| 57 | Advertising and Marketing | 6210 | | | | |
| 58 | Office Expenses | 6311 | | | | |
| 59 | Office Rent | 6312 | | | | |
| 60 | Legal Expense - Property | 6340 | | | | |
| 61 | Audit Expense | 6350 | | | | |
| 62 | Bookkeeping/Accounting Services | 6351 | | | | |
| 63 | Bad Debts | 6370 | | | | |
| 64 | Miscellaneous Administrative Expenses (must click & explain if > \$10k) | 6390 | | | | |
| 65 | sub-total Administrative Expense: | | \$0.00 | \$0.00 | \$0.00 | |
| 66 | Utilities | | | | | |
| 67 | Electricity | 6450 | | | | |
| 68 | Water | 6451 | | | | |
| 69 | Gas | 6452 | | | | |
| 70 | Sewer | 6453 | | | | |
| 71 | sub-total Utilities Expense: | | \$0.00 | \$0.00 | \$0.00 | |
| 72 | Taxes and Licenses | | | | | |
| 73 | Real Estate Taxes | 6710 | | | | |
| 74 | Payroll taxes | 6711 | | | | |
| 75 | Miscellaneous Taxes, Licenses, and Permits | 6719 | | | | |
| 76 | sub-total Taxes and License Expense: | | \$0.00 | \$0.00 | \$0.00 | |
| 77 | Insurance | | | | | |
| 78 | Property and Liability Insurance | 6720 | | | | |
| 79 | Fidelity Bond Insurance | 6721 | | | | |
| 80 | Workers' Compensation | 6722 | | | | |
| 81 | Directors & Officers Liabilities Insurance | 6724 | | | | |
| 82 | sub-total Insurance Expense: | | \$0.00 | \$0.00 | \$0.00 | |
| 83 | Maintenance and Repairs | | | | | |
| 84 | IMPORTANT NOTE RE TREATMENT OF CAPITAL AND NON-CAPITAL MAINTENANCE REPAIR EXPENSES ELIGIBLE FOR PAYMENT BY REPLACEMENT RESERVE: If possible, exclude these from this section. If you do include these expenses here, be sure to record the amounts in rows 102 (non-capital) and 103 (below) (capital). | | | | | |
| 85 | Payroll | 6510 | | | | |
| 86 | Supplies | 6515 | | | | |
| 87 | Contracts | 6520 | | | | |
| 88 | Garbage and Trash Removal | 6525 | | | | |
| 89 | Security Payroll/Contract | 6530 | | | | |
| 90 | HVAC Repairs and Maintenance | 6546 | | | | |
| 91 | Vehicle and Maintenance Equipment Operation and Repairs | 6570 | | | | |
| 92 | Miscellaneous Operations and Maintenance Expenses (must click & explain if > \$10k) | 6590 | | | | |
| 93 | sub-total Maintenance Repair Expense: | | \$0.00 | \$0.00 | \$0.00 | |
| 94 | Supportive Services: do not enter supportive services expenses if tracked in separate budget and not eligible to be counted against project income for residual receipts calculation | 6830 | | | | |
| 95 | SUB-TOTAL OPERATING EXPENSES: | | \$0.00 | \$0.00 | \$0.00 | |
| 96 | Capital Maintenance Repairs/Improvements eligible for payment by Replacement Reserve. If capital costs were entered in amounts for Maintenance & Repairs section above and are eligible for payment by the Replacement Reserve, please enter details in Replacement Reserve-Eligible Expenditures below, beginning from row 207. Amounts provided in F210-215 will be linked to cell F102 and netted out from operating expenses | | | | | |
| 97 | Non-Capital Maintenance Repair Expense eligible for payment by Replacement Reserve. Only enter amounts here if they were included in amounts entered for Maintenance & Repairs section above and will be reimbursed by Replacement Reserve. Amount will be netted out from operating expenses. Enter as positive number | | | | | |
| 98 | TOTAL OPERATING EXPENSES: | | \$0.00 | \$0.00 | \$0.00 | |
| 99 | Name of Lessor/ Bond Meeting/ Agency/ Reserve Account | | | | | |
| 100 | Ground Lease Base Rent/Bond Fees/Reserves | | | | | |
| 101 | Ground Lease - Base Rent (provide Lessor name to the right) | | | | \$0.00 | |
| 102 | Bond Meeting Fee | | | | \$0.00 | |
| 103 | Replacement Reserve Required Annual Deposit (Source is Operating Account) Enter as positive number | 1320 | | | \$0.00 | |
| 104 | Operating Reserve Deposits (Source is Operating Account) Enter as positive number | 1365 | | | \$0.00 | |

Annual Monitoring Report - Eviction Data - Reporting Year 2018 - Mayor's Office of Housing & Community Development

Project Address:

This section of the AMR must be completed for all projects, except for transitional housing or residential treatment services

Number of households who lived in the project during the reporting period:

1 Number of households who lived in the project **AT ANY TIME** during the reporting period. Be sure to include all households that moved in during the reporting period.

Number of households in the project who received Notices of Eviction during the reporting period for each of the following reasons:

(If more than one reason applies to a household, report only the primary reason.) You MUST answer every question (i.e., enter zero if applicable).

| | |
|----|--|
| 2 | Breach of Lease Agreement |
| 3 | Capital Improvement |
| 4 | Condo Conversion |
| 5 | Demolition |
| 6 | Denial of Access to Unit |
| 7 | Development Agreement |
| 8 | Ellis Act Withdrawal |
| 9 | Failure to Sign Lease Renewal |
| 10 | Good Samaritan Tenancy Ends |
| 11 | Habitual Late Payment of Rent |
| 12 | Illegal Use of Unit |
| 13 | Lead Remediation |
| 14 | Non-payment of Rent |
| 15 | Nuisance |
| 16 | Other |
| 17 | Owner Move In |
| 18 | Roommate Living in Same Unit |
| 19 | Substantial Rehabilitation |
| 20 | Unapproved Subtenant |
| 21 | 0 Total number of households who received Notices of Eviction |

Number of unlawful detainer actions filed in court by the owner against tenants in the project during the reporting period for each of the following reasons:

(If more than one reason applies to a household, report only the primary reason.) You MUST answer every question (i.e., enter zero if applicable).

| | |
|----|--|
| 22 | Breach of Lease Agreement |
| 23 | Capital Improvement |
| 24 | Condo Conversion |
| 25 | Demolition |
| 26 | Denial of Access to Unit |
| 27 | Development Agreement |
| 28 | Ellis Act Withdrawal |
| 29 | Failure to Sign Lease Renewal |
| 30 | Good Samaritan Tenancy Ends |
| 31 | Habitual Late Payment of Rent |
| 32 | Illegal Use of Unit |
| 33 | Lead Remediation |
| 34 | Non-payment of Rent |
| 35 | Nuisance |
| 36 | Other |
| 37 | Owner Move In |
| 38 | Roommate Living in Same Unit |
| 39 | Substantial Rehabilitation |
| 40 | Unapproved Subtenant |
| 41 | 0 Total number of unlawful detainer actions filed |

Number of households evicted from the project during the reporting period for the each of the following reasons:

(If more than one reason applies to a household, report only the primary reason.) You MUST answer every question (i.e., enter zero if applicable).

| | |
|----|--|
| 42 | Breach of Lease Agreement |
| 43 | Capital Improvement |
| 44 | Condo Conversion |
| 45 | Demolition |
| 46 | Denial of Access to Unit |
| 47 | Development Agreement |
| 48 | Ellis Act Withdrawal |
| 49 | Failure to Sign Lease Renewal |
| 50 | Good Samaritan Tenancy Ends |
| 51 | Habitual Late Payment of Rent |
| 52 | Illegal Use of Unit |
| 53 | Lead Remediation |
| 54 | Non-payment of Rent |
| 55 | Nuisance |
| 56 | Other |
| 57 | Owner Move In |
| 58 | Roommate Living in Same Unit |
| 59 | Substantial Rehabilitation |
| 60 | Unapproved Subtenant |
| 61 | 0 Total number of households evicted (total also used to answer question #35 on Worksheet 1A) |

Annual Monitoring Report - Transitional Programs - Reporting Year 2018 - Mayor's Office of Housing & Community Development

Project Address:

Project Capacity: What is the target capacity of this project? (All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

| | A Num Singles Not in Families | B Num Families | C1 Num Adults in Families | C2 Num Children in Families | D Num of Beds |
|---|-------------------------------------|-------------------|---------------------------------|-----------------------------------|---|
| 1 | | | | | |
| 2 | 0 | | | | Total Households (Singles and Families) That Can Be Served |

Persons Served During Operating Year (All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

| | A Num Singles Not in Families | B Num Families | C1 Num Adults in Families | C2 Num Children in Families | |
|---|--|-------------------|---------------------------------|-----------------------------------|--|
| 3 | | | | | Num on the first day of operating year |
| 4 | | | | | Num entering the program during the operating year |
| 5 | 0 | | | | Total Households (Singles and Families) Served |
| 6 | | | | | Num who left the program during the operating year |
| 7 | 0 | 0 | 0 | 0 | Num in the program on the last day of the operating year |
| 8 | 0 | | | | Total Households in program on the last day of the operating year |
| 9 | ←Capacity Utilization Rate (by Household as of last Day of Operating Year) | | | | |

If the Capacity Utilization Rate is **LESS** than 75% you must respond to the following:

| | |
|----|--|
| 10 | 1. Explain the reason(s) why the capacity utilization rate is as low as it is; and |
| 11 | 2. Describe plan/s to raise the capacity utilization rate to at least 75%, with specific timeline. |

Length of Stay: For the 0 households that LEFT the program during the operating year, how many were in the project for the following lengths of time? (Total in cell H28 should match total of cells H14 + I14. All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

| | |
|----|---|
| 12 | Less than 1 month |
| 13 | 1 to 2 months |
| 14 | 3 - 6 months |
| 15 | 7 months - 12 months |
| 16 | 13 months - 24 months |
| 17 | 25 months - 3 years |
| 18 | 0 |
| | TOTAL # HH's that left the program |

Destination: For the 0 households reported to have LEFT the program during the operating year, how many left for the following destinations? (Total in cell H53 should match total of cells H14 + I14. All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

| | | |
|----|---|---|
| 19 | Rental - House or Apartment (no subsidy) | PERMANENT |
| 20 | Public Housing | |
| 21 | Section 8 Voucher | |
| 22 | Subsidized Rental - house or apartment | |
| 23 | Homeownership | |
| 24 | Moved in with family or friends | |
| 25 | 0 | Permanent Housing Subtotal |
| 26 | Transitional Housing for homeless persons | TRANSITIONAL |
| 27 | Moved in with family or friends <i>TEMPORARILY</i> | |
| 28 | 0 | Transitional Housing Subtotal |
| 29 | Psychiatric hospital | INSTITUTIONAL |
| 30 | Inpatient alcohol or other drug treatment facility | |
| 31 | Jail/Prison | |
| 32 | Medical Facility | |
| 33 | 0 | Institutional Subtotal |
| 34 | Emergency Shelter | OTHER |
| 35 | Places not meant for human habitation (e.g. street) | |
| 36 | Unknown | |
| 37 | Other | |
| 38 | 0 | Other Subtotal |
| 39 | 0 | TOTAL # HH's that left the program |

POPULATION SERVED

Target / Actual Populations: As of the last day of the reporting period, what are the Actual and Target Populations (expressed as Number of Households) for the Project?

Under Target Population, enter the number of units at the project that, as a requirement of a specific funding source (e.g. 202, HOPWA, McKinney), are targeted to and set aside for the target populations shown in the table. Under Actual Population, enter the number of households at the project that, as of the end of the reporting period, contained at least one person who is a member of the populations shown in the table.

| | | Target Population | | Actual Population | |
|----|--|-------------------|---------------------------------|-------------------|---------------------------------|
| 58 | | 0 | Families | 0 | Families |
| 59 | | 0 | Persons with HIV/AIDS | 0 | Persons with HIV/AIDS |
| 60 | | 0 | Housing for Homeless | 0 | Housing for Homeless |
| 61 | | 0 | Mentally or Physically Disabled | 0 | Mentally or Physically Disabled |
| 62 | | 0 | Senior Housing | 0 | Senior Housing |
| 63 | | 0 | Substance Abuse | 0 | Substance Abuse |
| 64 | | 0 | Domestic Violence Survivor | 0 | Domestic Violence Survivor |
| 65 | | 0 | Veterans | 0 | Veterans |
| 66 | | 0 | Formerly Incarcerated | 0 | Formerly Incarcerated |
| 67 | | 0 | Transition-Aged Youth ("TAY") | 0 | Transition-Aged Youth ("TAY") |

Remember, SAVE YOUR WORK!

EXHIBIT H

Tenant Selection Plan Policy

This policy is in addition to the obligations to comply with applicable federal, state and local civil rights laws, including laws pertaining to reasonable accommodation and limited English proficiency (LEP),¹ **and the applicable provision of the Violence Against Women Act, Pub. Law 109-62 (January 5, 2006), as amended.**

Application Process

- **Application Materials.** MOHCD shall provide an application to be used prior to the housing lottery. The housing provider agrees to use this application to determine lottery eligibility. The housing provider's written and/or electronic application materials should:
 - outline the screening criteria that the housing provider will use;
 - be in compliance with San Francisco Police Code Article 49 or the Fair Chance Ordinance,
 - outline how an applicant may request a modification of the admission process and/or a change in admission policies or practices as a reasonable accommodation;
 - be written in language that is clear and readily understandable,
- **First Interview.** In accordance with the housing provider policies, an initial interview is required to assess each applicant's minimum eligibility requirements for housing units. All applicants shall be offered the opportunity for an interview in lottery rank order.
- **Second Interview.** Before issuing a denial, the housing provider should consider offering a second interview to resolve issues and inconsistencies, gather additional information, and assist as much as possible with a determination to admit the applicant.
- **Confidentiality.** All information provided will be kept confidential and be used only by the housing provider, the referring agency and the funding agency for the purpose of assisting and evaluating the applicant in the admission process. All applicant information shall be retained for 12 months after the final applicant interview.
- **Delays in the Process.** If delays have occurred or are likely to occur in the application and screening process or the process exceeds the housing provider's normal timeline for application and screening, the housing provider must immediately inform the referring agency and the funding agency, of the status of the application, the reason for the delay and the anticipated time it will take to complete the application process.

¹See for e.g., Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), 42 U.S.C. §§ 3601, et seq.; 24 C.F.R. Part 100; Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000d-2000d-7; Executive Order 13,166, Improving Access to Services for Persons with Limited English Proficiency (August 11, 2000); Department of Housing and Urban Development Limited English Proficiency Guidance, 72 Fed. Reg. 2732 (Jan. 22, 2007); Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794; 24 C.F.R. Parts 8 and 9; Title II of the Americans with Disabilities Act of 1990, as amended; California Fair Employment and Housing Act, Gov't Code §§ 12,955-12,956.2; Unruh Civil Rights Act, Civil Code § 51; California Disabled Persons Act, Civil Code § 51.4; Dymally-Alatorre Bilingual Services Act, Gov't Code §7290-7299.8; San Francisco Language Access Ordinance, No. 202-09 (April 14, 2009)

ENVIRONMENTAL
Form of Annual Monitoring Report

[To be attached]

- **Problems with the Referring Agency.** If at any point the housing provider has difficulty reaching or getting a response from the applicant and referring agency, the housing provider must immediately contact the referring agency, if possible, and the funding agency, DPH or HSA.
- **Limited English Proficiency Policy.** Throughout the application process, the housing provider must comply with City policy for language access requirements for applicants with limited English proficiency.

Reasonable Accommodation and Modification Policy

Reasonable Accommodation: The application process should provide information about how an applicant may make a reasonable accommodation request. At any stage in the admission process, an applicant may request a reasonable accommodation, if the applicant has a disability and as a result of the disability needs a modification of the provider's rules, policies or practices, including a change in the way that the housing provider communicates with or provides information to the applicant that would give the applicant an equal chance to be selected by the housing provider to live in the unit.

Reasonable Modification: Applicant may request a reasonable modification if he or she has a disability and as a result of the disability needs:

- a physical change to the room or housing unit that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site;
- a physical change in some other part of the housing site that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site.

Response to Request: The housing provider shall respond to a request for reasonable accommodation or modification within ten (10) business days. The response may be to grant, deny, or modify the request, or seek additional information in writing or by a meeting with the applicant. The housing provider will work with the applicant and referring agency to determine if there are ways to accommodate the applicant.

The housing provider shall grant the request if the provider determines that:

- the applicant has a disability;
- reasonable accommodation or modification is necessary because of the disability; and
- the request is reasonable (i.e., does not impose an undue financial or administrative burden or fundamentally alter the nature of the housing program.)

If the reasonable accommodation request is denied, the rejection must explain the reasons in writing. If the denial of the reasonable accommodation request results in the applicant being denied admission to the unit, the provisions of the section on Notice of Denial and Appeal Process apply.

Notice of Denial and Appeal Process

- The housing provider shall:
 - Hold a comparable unit for the household during the entire appeal process.
 - promptly send a written and electronic notice (to the addresses provided) to each applicant denied admission with a written and/or electronic copy to the referring agency and the funding agency. The notice should:
 - list all the reasons for the rejection, including the particular conviction or convictions that led to the decision in cases where past criminal offenses were a reason for rejection;
 - explain how the applicant can request an in person appeal to contest the decision;
 - state that an applicant with a disability is entitled to request a reasonable accommodation to participate in the appeal;
 - inform the applicant that he or she is entitled to bring an advocate or attorney to the in person appeal;
 - provide referral information for local legal services and housing rights organizations;
 - describe the evidence that the applicant can present at the appeal;
 - give applicants denied admission a date within which to file the appeal, which shall be at least ten (10) business days from the date of the notice;
 - unless an extension is agreed to by the applicant and the housing provider, hold the appeal within ten (10) business days of the request for the appeal;
 - confine the subject of the appeal to the reason for denial listed in the notice;
 - give the applicant a chance to present documents and/or witnesses showing that he or she will be a suitable tenant;
 - have an impartial supervisor or manager from the housing provider, but who is not the person who made the initial decision or a subordinate of the person who made the initial decision, conduct the appeal;
 - within 5 business days of the in person appeal, provide the applicant with a written decision that states the reason for the decision and the evidence relied upon. A copy of the written decision must be sent (electronically or otherwise) to the referring agency and the funding agency.

- If the rejection is based on a criminal background check obtained from a tenant screening agency, the Fair Chance Ordinance imposes additional notice requirements.

EXHIBIT I

Tenant Screening Criteria Policy

The screening criteria and considerations outlined below encourage providers to “screen in” rather than “screen out” applicants. These requirements are also designed to satisfy the requirements of San Francisco Police Code Article 49, Sections 4901-4920 or the Fair Chance Ordinance. This policy describes a minimum level of leniency; providers are encouraged to adopt less restrictive policies and processes whenever appropriate. For example, providers may opt not to review or consider applicant criminal records at all.

Screening Criteria

- Housing providers shall not automatically bar applicants who have a criminal record² in recognition of the fact that past offenses do not necessarily predict future behavior, and many applicants with a criminal record are unlikely to re-offend.
- Housing providers shall not consider:
 - arrests that did not result in convictions, except for an open arrest warrant;
 - convictions that have been expunged or dismissed under Cal. Penal Code § 1203.4 or 1203.4a;³
 - juvenile adjudications.
- Housing providers shall consider:
 - the individual circumstances of each applicant; and
 - the relationship between the offense, and
 - (1) the safety and security of other tenants, staff and/or the property; and
 - (2) mitigating circumstances such as those listed below.
 - only those offenses that occurred in the prior 7 years, except in exceptional situations, which must be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity.
 - mitigating factors, including, but not limited to:
 - (1) the seriousness of the offense;
 - (2) the age and/or circumstances of the applicant at the time of the offense;
 - (3) evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;

² The policy recognizes that some housing may be subject to mandatory laws that require the exclusion of an applicant based upon certain types of criminal activity.

³ The purpose of the statute is allow a petitioner to request a dismissal of the criminal accusations, a change in plea or setting aside of a verdict and to seek to have certain criminal records sealed or expunged and a release “from all penalties and disabilities resulting from the offense.”

- (4) if the offense is related to acts of domestic violence committed against the applicant;
- (5) if the offense was related to a person's disability.

EXHIBIT J

RESERVED

EXHIBIT K

RESERVED

EXHIBIT L
Insurance Requirements

Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or caused to be maintained, the insurance and bonds as set forth below from the date of this Agreement throughout the Compliance Term at no expense to the City:

1. Borrower, Contractors.

(a) to the extent Borrower or its contractors and subcontractors have "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident, injury or illness;

(b) commercial general liability insurance, with limits no less than One Million Dollars (\$1,000,000) combined single limit per occurrence and Two Million Dollars (\$2,000,000) annual aggregate limit for bodily injury and property damage, including coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Borrower is conducting any activity on, alteration or improvement to the Site with risk of explosions, collapse, or underground hazards;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) professional liability insurance of no less than One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Borrower's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Borrower shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars (\$50,000) each claim must be reviewed by Risk Management; and

(e) Contractor shall maintain throughout the term of this contract, at no expense to City, a blanket fidelity bond or a Crime Policy (Employee Dishonesty Coverage) that includes coverage for employee dishonesty, forgery & alteration, theft of money & securities, and theft via electronic means, endorsed to cover third party fidelity, covering all officers and employees in an amount not less than \$3 million with any deductible not to exceed \$50,000 and including City as additional obligee or loss payee as its interest may appear. Application of Crime Insurance Proceeds. Borrower shall promptly notify Lender of any claim under the required Crime Insurance Policy. Lender may retain from the proceeds of the required Crime Insurance Policy, a sufficient amount of the proceeds to pay the Indebtedness, if any, and shall pay the balance to Borrower. For the avoidance of doubt, Lender shall have no right or claim to the proceeds of the required Crime Insurance Policy in excess of the Indebtedness.

(f) pollution liability and/or asbestos pollution liability applicable to the work being performed with a limit no less than One Million Dollars (\$1,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Borrower's contractor, provided that the policy must be "claims made" coverage and Borrower must require Borrower's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance.

Borrower must maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds as follows:

(a) Prior to construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all improvements prior to commencement of construction and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(b) During the course of construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(ii) Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Borrower as dual obligees or other completion security approved by the City in its sole discretion.

(c) Upon completion of construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor. For rehabilitation/construction projects that are unoccupied by residential or commercial tenants, Tenant must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City as loss payee.

The following notice is provided in accordance with the provisions of California Civil Code Section 2955.5: Under California law, no lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

3. Commercial Space.

Borrower must require that all nonresidential tenants' liability insurance policies include Borrower and the City as additional insureds, as their respective interests may appear. Throughout the term of any lease of Commercial Space in the Project, Borrower must require commercial tenants to maintain insurance as follows:

(a) to the extent the tenant has "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident;

(b) commercial general liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including coverage for contractual liability; personal injury; advertisers' liability; including coverage for loss of income due to an insured peril for twelve (12) months; owners' and contractors' protective; broadform property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) with respect to any tenant who has (or is required by Law to have) a liquor license and who is selling or distributing alcoholic beverages and/or food products on the leased premises, to maintain liquor and/or food products liability coverage with limits not less than One Million Dollars (\$1,000,000), as appropriate;

(e) special form coverage insurance, including vandalism and malicious mischief, in the amount of 100% of the full replacement cost thereof, covering all furnishings, fixtures, equipment, leasehold improvements, alterations and property of every kind of the tenant and of persons claiming through the tenant; and

(f) full coverage plate glass insurance covering any plate glass on the commercial space.

4. General Requirements.

(a) General and automobile liability policies of Borrower, contractors, commercial tenants and property managers must include the City, including its Boards, commissions, officers, agents and employees, as an additional insured by endorsement acceptable to the City.

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to the City before cancellation or intended non-renewal is effective.

(c) With respect to any property insurance, Borrower hereby waives all rights of subrogation against the City to the extent of any loss covered by Borrower's insurance, except to the extent subrogation would affect the scope or validity of insurance.

(d) Approval of Borrower's insurance by the City will not relieve or decrease the liability of Borrower under this Agreement.

(e) Any and all insurance policies called for herein must contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(f) The City reserves the right to require an increase in insurance coverage in the event the City determines that conditions show cause for an increase, unless Borrower demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Borrower.

(g) All liability policies must provide that the insurance is primary to any other insurance available to the additional insureds with respect to claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought and that an act of omission of one of the named insureds that would void or otherwise reduce coverage will not void or reduce coverage as to any other insured, but the inclusion of more than one insured will not operate to increase the insurer's limit of liability.

(h) Any policy in a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs are included in the general annual aggregate limit must be in amounts that are double the occurrence or claims limits specified above.

(i) All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made policy, coverage must be maintained continuously for a period ending no less than three (3) years after recordation of a notice of completion for builder's risk or the Compliance Term for general liability and property insurance.

(j) Borrower must provide the City with copies of endorsements for each required insurance policy and make each policy available for inspection and copying promptly upon request.

Exhibit M
Deed of Trust

[To be attached]

Free Recording Requested Pursuant to
Government Code Section 27383

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

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

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**
(Property Address: 1064-68 Mission)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of _____, _____, by **1064 MISSION, L.P.**, A California Limited Partnership ("Trustor"), whose address is 1256 Market Street, San Francisco, California 94102, to **Old Republic Title Company** ("Trustee"), whose address is _____, San Francisco, California, for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development ("Beneficiary"). This Deed of Trust is executed pursuant to a Loan Agreement by and between Trustor and Beneficiary dated as of _____, 20____, as it may be amended from time to time (the "Agreement"), the provisions of which are incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust.

1. Grant in Trust. For valuable consideration, Trustor hereby grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, all right, title and interest Trustor now has or may have in the future in the following (all or any part of the following, or any interest in all or any part of it, as the context requires, the "Property"):

(a) that real property situated in the City and County of San Francisco, State of California, described in **Exhibit A** attached hereto and incorporated herein by reference (the "Land"), on which Trustor intends to construct two new permanent supportive housing developments for formerly homeless adults (153 units), seniors (104 units) for age 52 years and older on the Land, plus two resident staff units, as well as to construct a commercial shell (the "Commercial Space"), which will all be known as the Project (the "Project"); and

(b) all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "Improvements"); and

(c) all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions, and any guarantees thereof ("Leases") relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of the Leases; and

(d) all of Trustor's interest in and under that certain Ground Lease dated as of _____, by and between the City and County of San Francisco, as lessor, and Trustor, as lessee, including any options of any nature whatsoever, and any future interest of Trustor in fee title to the Land; and

(e) except for personal property and removable fixtures installed by tenants or subtenants, all goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which will be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; and

(f) all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; and

(g) all Loan funds, whether disbursed or not, and all funds now or in the future on deposit in the Replacement Reserve Account, the Operating Reserve Account and any other account required or authorized for the Project; and

(h) all proceeds, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements; and

(i) all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records relating to the application and allocation of any federal, state or local tax credits or benefits; and

(j) all rents, revenues, issues, royalties, proceeds, profits, income, reimbursements, royalties, receipts and similar items, including prepaid rent and security deposits, in whatever form (including, but not limited to, cash, checks, money orders, credit card receipts or other instruments for the payment of money) paid or payable in connection with the Property ("Rents"), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under **Section 3 below**; and

(k) all intangible personal property and rights relating to the Property or its operation or used in connection with it, including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, soils reports, engineering reports, land planning maps, drawings, construction contracts, notes, drafts, documents, engineering and architectural drawings, deposits for utility services, installations, refunds due Trustor, trade names, trademarks, and service marks; and

(l) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

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

(a) performance of all present and future obligations of Trustor set forth in the Agreement, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, and the promissory notes, including the Note and the Bridge Loan Note both dated _____, 2018, made by Trustor to the order of Beneficiary, as either promissory note may be amended from time to time (together, the "Notes") and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the Notes in the original principal amount of Six Million Two Hundred Twenty Four Thousand Five Hundred Sixty One and No/100 Dollars (\$6,224,561.00), with interest, according to the terms of the Agreement and the Notes; and

(c) payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note (or any other instrument) reciting that payment is secured by this Deed of Trust.

3. Assignment of Rents.

(a) Assignment as Additional Security. Trustor hereby irrevocably grants, transfers, and assigns to Beneficiary all of its right, title, and interest in and to the Rents as

additional security for the Secured Obligations. Subject to the provisions of subsection 3(d) below, Beneficiary hereby confers upon Trustor a license ("License") to collect and retain the Rents as they become due and payable, so long as no Event of Default exists and is continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

(b) Collection and Application of Rents. Subject to the License granted to Trustor under subsection 3(a) above, Beneficiary has the right, power, and authority to collect any and all Rents. Subject to the License granted to Trustor under subsection 3(a) above, Trustor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

1. Demand, receive, and enforce payment of any and all Rents; or
2. Give receipts, releases, and satisfactions for any and all Rents; or
3. Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property. In Beneficiary's sole discretion, it may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under this Deed of Trust. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder.

(c) Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Real Property and Improvements, Beneficiary is not and shall not be deemed to be:

1. A "mortgagee in possession" for any purpose; or
2. Responsible for performing any of the obligations of the lessor under any lease; or
3. Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair, or control of the Property; or
4. Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

(d) Election by Beneficiary. Upon the occurrence and during the continuance of an Event of Default, Beneficiary, at its option, may exercise its rights under

this Section or otherwise provided under applicable law (including, but not limited to, under Section 2938 of the California Civil Code).

4. Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

(a) to perform the Secured Obligations in accordance with their respective terms;

(b) to keep the Land and the Improvements in good condition and repair, normal wear and tear and acts of God excepted; not to remove or demolish any Improvements without Beneficiary's prior written consent; to complete or restore promptly and in good and workmanlike manner any Improvement constructed, damaged or destroyed on the Land; to pay when due all claims for labor performed and materials furnished therefor, subject to Trustor's right to contest any claim in good faith; to comply with all laws affecting the Project, subject to Trustor's right to contest any claim in good faith; not to commit or permit waste with respect to the Land or the Improvements; not to commit, suffer or permit any act upon the Land or the Improvements in violation of law, including Environmental Laws; and to do all other acts made reasonably necessary by the character or use of the Land and the Improvements;

(c) to provide, maintain and deliver to Beneficiary property and liability insurance as required under the Agreement and apply any insurance proceeds as provided below;

(d) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees and costs incurred in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust following an Event of Default;

(e) to pay in accordance with the Agreement, but in each case prior to delinquency: (i) all taxes and assessments affecting the Property, including assessments on appurtenant water stock; and (ii) all encumbrances, charges and liens, with interest, on the Property or any part thereof that appear to be prior or superior hereto;

(f) should Trustor fail to make any payment or to do any act as herein provided, then, without: (i) obligation to do so; (ii) notice to or demand upon Trustor; or (iii) releasing Trustor from any obligation hereof, Beneficiary or Trustee may: (A) make or do the same in any manner and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any encumbrance, charge or lien that in its judgment appears to be prior or superior hereto; and (D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the

Land and Improvements for any purpose set forth in this Subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

(g) to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

5. Security Agreement and Fixture Filing.

(a) Grant of Security Interest. Without limiting any of the other provisions of this Deed of Trust, to secure the payment, performance and observance of the Secured Obligations, Trustor, as debtor (referred to in this Section 5 as "Debtor"), expressly grants to Beneficiary, as secured party (referred to in this Section 5 as "Secured Party"), a continuing security interest in all the Property (including now and hereafter existing) to the full extent that any portion of the Property may be subject to the Uniform Commercial Code. For purposes of this Section 5, "Collateral" means the personal property (tangible or intangible) and fixtures included in the Property.

(b) Debtor's Covenants, Representations, and Warranties.

(i) Debtor covenants and agrees with Secured Party that:

(1) In addition to any other remedies granted in this Deed of Trust to Secured Party or Trustee (including specifically, but not limited to, the right to proceed against the Property in accordance with the rights and remedies in respect of the Property that is real property under the Uniform Commercial Code), Secured Party may, if an Event of Defaults occurs and is continuing, proceed under the Uniform Commercial Code as to all or any part of the Collateral, and shall have and may exercise with respect to the Collateral all the rights, remedies, and powers of a secured party under the Uniform Commercial Code.

(2) Without limiting the foregoing, Secured Party shall have the right upon any public sale or sales, and, to the extent permitted by law, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Debtor. Debtor further agrees to allow Secured Party to use or occupy the Property, without charge, for the purpose of effecting any of Secured Party's remedies in respect of the Collateral.

(3) To the extent permitted by applicable law, Debtor waives all claims, damages, and demands against Secured Party arising out of the repossession, retention, or sale of the Collateral, except for claims, damages, and demands due to the active gross negligence or willful misconduct of Secured Party in dealing with such Collateral. Trustor agrees that Secured Party need not give more than five (5) days' notice of the time and place of any public sale or of the time at which a private sale will take place and that such notice is reasonable notification of such matters. Secured Party may disclaim any warranties that might arise in connection with the sale, lease, license, or other disposition of the Collateral and have no obligation to provide any warranties at such time. Secured Party may adjourn any public or private sale from time to time by announcement at the time and

place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(4) To the extent permitted by law, Debtor hereby specifically waives all rights of redemption, stay, or appraisal which it has or may have under any law now existing or hereafter enacted.

(ii) Debtor hereby authorizes Secured Party to file financing and continuation statements with respect to the Collateral as Secured Party may reasonably require.

(iii) Debtor hereby represents and warrants that no financing statement is on file in any public office except as authorized by Secured Party. Debtor will at its own cost and expense, upon demand, furnish to Secured Party such further information and will execute and deliver to Secured Party financing statements and other documents in form reasonably satisfactory to Secured Party and will do all such acts that Secured Party may at any time or from time to time reasonably require to establish and maintain a perfected security interest in the Collateral as security for the Secured Obligations, subject only to liens or encumbrances approved by or benefiting Secured Party. Debtor will pay the actual expense of filing or recording such financing statements or other documents, and this instrument, as and where reasonably required by Secured Party.

(iv) To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover all rents, royalties, issues and profits, and all inventory accounts, accounts receivable and other revenues of the Property.

(c) Fixture Filing. Certain of the Collateral is or will become "fixtures" (as that term is defined in the Uniform Commercial Code). This Deed of Trust, upon being filed for record in the real estate records of San Francisco County, shall operate also as a financing statement and fixture filing upon such of the Collateral that is or may become fixtures under the Uniform Commercial Code. Debtor's name and type and jurisdiction of entity are set forth in the introductory paragraph hereof. Debtor's address is set forth above. Debtor's EIN Number is _____. Secured Party's name and mailing address are set above.

6. Insurance and Condemnation Proceeds.

(a) Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.

(b) Any condemnation award or insurance proceeds must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to the lien of another lender for the Project, according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Notes and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City Document unless the default has been cured by the application or release of funds.

7. Further Agreements. Trustor further acknowledges and agrees as follows:

(a) Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

(b) Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Notes for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the Notes to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

(d) Any voluntary or involuntary conveyance, sale, encumbrance, pledge or other transfer of all or any interest in the Property or in Trustor, including a security interest, in violation of the Agreement will constitute an Event of Default (as defined below) giving Beneficiary the right to exercise its remedies at law or in equity.

(e) For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers, and duties of

Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

(f) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. The term Beneficiary shall mean the holder of the Notes, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(g) Trustee accepts this Trust when this duly executed and acknowledged Deed of Trust is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

8. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods ("Event of Default"):

(a) Trustor's license to collect and retain Rents will terminate automatically.

(b) Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

(c) Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property ("Notice of Default"), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Notes and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("Notice of Sale") having been given as

then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

9. Notice of Default to Trustor. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth above or any succeeding address given by notice in accordance with the Agreement.

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

"TRUSTOR:"

1064 Mission, L.P., a California limited partnership

By: Mercy Housing 1064 Mission LLC,
a California limited liability company,
its co-general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: Jennifer Dolin
Title: Vice President

By: 1064 Mission LLC,
a California limited liability company,
its co-general partner

By: ECS Housing Corporation,
a California nonprofit public benefit
corporation, its sole member/manager

By: _____

Name: _____

Title: _____

[ALL SIGNATURES MUST BE NOTARIZED.]

EXHIBIT A
Legal Description of the Land

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

Street Address: 1064-68 Mission Street

EXHIBIT A

EXHIBIT N
Declaration of Restrictions

[To be attached]

Free Recording Requested Pursuant to
Government Code Section 27383 and 27388.1

Recording requested by and
when recorded mail to:
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
Attn: Jenny Collins
APN#:
Address: 1064-68 Mission Street

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

DECLARATION OF RESTRICTIONS
1064-1068 Mission Street

THIS DECLARATION OF RESTRICTIONS ("Declaration") is made as of _____, _____, by **1064 MISSION, L.P.**, A California Limited Partnership ("Borrower"), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development (the "City").

RECITALS

A. The City is making a loan (the "Loan") to Borrower of Hotel Tax, Residential Hotel Replacement and AHF Inclusionary Program funds to finance costs associated with the development of the leasehold interest in the real property described in **Exhibit A** attached hereto and incorporated herein by reference (the land and the leasehold interest, the "Property") as low-income housing (the "Project"). The Loan is evidenced by, among other documents, a Loan Agreement between the City and Borrower dated as of _____, as it may be amended from time to time (the "Agreement"). The Agreement is incorporated by reference in this Declaration as though fully set forth in this Declaration. Definitions and rules of interpretation set forth in the Agreement apply to this Declaration.

B. Pursuant to the Agreement, Borrower has agreed to comply with certain affordability and other use and occupancy restrictions (collectively, the "Regulatory Obligations"), commencing on the date on which a certificate of occupancy is issued for the Project, and continuing for fifty five (55) years (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed.

AGREEMENT

Now, therefore, in consideration of the City's providing the Loan in accordance with the City Documents, Borrower agrees as follows:

1. Borrower must comply with the Regulatory Obligations through the expiration of the Compliance Term, regardless of any reconveyance of the Deed of Trust. Specifically, Borrower agrees as follows, subject to additional terms as set forth in the Agreement:

(a) With the exception of two Units reserved for the managers of the Project, Units in the Project will at all times be rented only to tenants who qualify as Qualified Tenants at initial occupancy, specifically:

| Unit Size | No. of Units | Maximum Income Level |
|--------------------------------|---------------------|-----------------------------|
| Studio Senior Age 55 and above | 103 | 50% of Median Income |
| Studio Adult | 153 | 50% of Median Income |
| 1-BR Resident Staff Unit | 2 | N/A |

In addition:

(i) All Units except for the resident staff units must be made available to the chronically homeless or those at risk of homelessness during the period in which the City's Local Operating Subsidy Program is in operation and the City provides such subsidy to the Project.

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

(i) thirty percent (30%) of the household income per the requirements of the Local Operating Subsidy Program; or

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

2. During the Compliance Term the City may rely on the Deed of Trust and/or this Declaration, in the City's discretion, to enforce any of the City's rights under the City Documents. In addition to the power of sale granted to the City under the Deed of Trust, Borrower grants to the City an independent power of sale under this Declaration as additional security for Borrower's compliance with the Regulatory Obligations, which the

City may exercise in the event that Borrower fails to comply with the Regulatory Obligations, as provided in applicable provisions of the California Civil Code relating to mortgages, as amended from time to time.

3. This Declaration and the Regulatory Obligations constitute covenants running with the land including the leasehold interest and bind successors and assigns of Borrower and any non-borrower owner and lessee of the Property.

Borrower has executed this Declaration as of the date first written above.

"BORROWER" 1064 Mission, L.P.,
a California limited partnership

By: Mercy Housing 1064 Mission LLC,
a California limited liability company,
its co-general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit
corporation,
its sole member/manager

By: _____
Name: Jennifer Dolin
Title: Vice President

By: 1064 Mission LLC,
a California limited liability company,
its co-general partner

By: ECS Housing Corporation,
a California nonprofit public benefit
corporation, its sole member/manager

By: _____
Name: _____
Title: _____

[ALL SIGNATURES MUST BE NOTARIZED.]

EXHIBIT A

(Legal Description of the Property)

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

Street Address: 1064-68 Mission Street

EXHIBIT O
Commercial Underwriting Guidelines

[To be attached]

Mayor's Office of Housing and Community Development Commercial Space Underwriting Guidelines

Effective February 2, 2018

A. Applicability

The following Commercial Space Underwriting Guidelines (Guidelines) are intended to assist applicants for capital financing to prepare financing requests to the Mayor's Office of Housing and Community Development (MOHCD). They apply to new construction projects only. These Guidelines will also be used by MOHCD staff for purposes of evaluating funding requests and presenting them to the Citywide Affordable Housing Loan Committee for consideration. The Loan Committee maintains the right to set final terms and conditions for commitment of funds based on the actual circumstances of each project. MOHCD reserves the right to review and approve any requests for variations to these Guidelines. These Guidelines are subject to change.

B. Goals

1. To repay the City for costs related to the development of commercial spaces located within City-funded affordable housing properties.
2. To create vibrant neighborhoods, especially for those experiencing displacement of low-income residents, by facilitating the development of commercial space for Public Benefit and Community Serving Commercial Uses.
3. To recognize the dynamism and relationship to market conditions in commercial real estate that is not found in affordable housing while also mitigating against the market risk inherent in this dynamism.

C. Definitions

1. **Affiliated Entity:** An entity that is either controlled by the Housing Owner, controls the Housing Owner, or is under common control with Housing Owner. Control, as used in the previous sentence, means the ownership, directly or indirectly, of the right to vote in or direct the ordinary operations of the entity.
2. **Commercial Space:** An entire undifferentiated commercial area for Public Benefit Use, Community Serving Commercial Use, or Commercial Use. If the Project is subdivided, then the Commercial Space would be a condominium or air rights parcel, separate from the Residential Space. It is possible to have more than one Commercial Space in a Project because the developer intends different uses (for example, a space finished to Warm Shell and where use will be Public Benefit Use, while another area is finished to Cold Shell and Commercial Use is intended). A Commercial Space may be demised into more than one Individual Tenant Space as appropriate.
3. **Commercial Use:** A land use, typically retail or other sales and services use, with the sole or chief emphasis on making financial gain and that is not a Public Benefit Use or Community Serving Commercial Use as defined below. Commercial Uses shall not include uses that, in MOHCD's sole discretion, are inconsistent with fostering a stable environment for families and children, including, but not limited to, bars, liquor stores,

tobacco product stores, recreational cannabis shops (medical cannabis dispensaries may be permitted in MOHCD's sole discretion, but only to the extent permitted by funding sources and applicable local, state, and federal law) or other uses that cater exclusively to adults.

4. **Commercial Entity:** A legal entity, separate from the Housing Owner, who may either master lease the Commercial Space from the Housing Owner or ground lease the Commercial Space directly from the City, as provided in Permitted Legal Structures, below.
5. **Commercial Project Costs:** The total of all hard and soft costs associated with the development of the Commercial Space.
6. **Community Serving Commercial Use:** A land use, typically retail or other sales and services use, that provides a direct benefit to the community, e.g. a food market with affordable and healthy produce and other goods, community banking, or other neighborhood serving uses that have a demonstrated benefit to the residents of the Project, as determined by MOHCD in its sole discretion.
7. **Commercial Space Master Tenant:** A Commercial Entity that is an Affiliated Entity and that leases the Commercial Space from the Housing Owner and subleases Individual Tenant Space(s) to Individual Commercial Tenant(s).
8. **Housing Owner:** The owner of the residential improvements at the Project.
9. **Cold Shell:** Commercial Space improvements as defined in detail under Item 18.
10. **Individual Commercial Tenant:** An occupant of Commercial Space rented from the Housing Owner or Commercial Entity (depending on legal structure).
11. **Individual Tenant Space:** Demised portion of the Commercial Space for lease to an Individual Commercial Tenant.
12. **Net Commercial Cash Flow:** Commercial Operating Income less the Commercial Operating Expenses for a Lease Year (or portion thereof). **Commercial Operating Expenses** means the reasonable and customary expenses of reasonable operating and routine maintenance and repair expenses incurred by the Housing Owner or Commercial Entity (depending on legal structure) in the operation of the Commercial Space, debt service, and MOHCD-approved reserves. **Commercial Operating Income** means all income and receipts in any form received by the Housing Owner or Commercial Entity (depending on legal structure) from the operation of the Commercial Space, including rents, fees, deposits, and reimbursements.
13. **Project:** A mixed-use, multifamily residential and commercial project built with substantial reliance on City funding, which may include one or more subdivided residential condominium/air rights parcels and commercial condominium/air rights parcels.
14. **Public Benefit Use:** A land use, typically programs or services, that primarily benefits low-income persons, is implemented by one or more 501(c)(3) public benefit

corporations, and has been identified by the City or community as a priority use. Examples include, but are not limited to, childcare centers, adult day health centers, nonprofit office space, public libraries, supportive services for the residents of the affordable housing development, health clinics that serve the local community at no or low cost, arts-related spaces that provide programs, and classes and/or exhibition spaces available to community members at no or low cost.

15. Residential Space: The entire undifferentiated residential area for future demising and occupancy by residential tenants. If the Project is subdivided, then the Residential Space would be a condominium or air rights parcel, separate from the Commercial Space(s).

16. Tenant Improvement Allowance: A budget allowance sized to accommodate the build out of Warm Shell improvements, which MOHCD may approve when the Individual Commercial Tenant/s is unknown at construction loan closing.

17. Warm Shell: Commercial Space improvements as defined in detail under Item 18.

18. Detailed definition of Cold Shell and Warm Shell improvements (see next page)

| <u>Scope/Trade</u> | <u>Cold Shell</u> | <u>Warm Shell (Cold Shell plus the following)</u> (Note: The cost of Warm Shell improvements should be included in the development budget either as a specific scope of work, if known, or as a Tenant Improvement Allowance, subject to MOHCD approval.) |
|--------------------|---|--|
| Walls/Doors | Exterior/perimeter walls and doors. Exterior/perimeter walls must be finished with gyp and fire taping to Code. No partition walls or doors. | Partition walls and doors to Individual Tenant Space/s. Partition walls, doors and locks for bathrooms based on Individual Commercial Tenants and Code requirements. |
| Finish | Exposed concrete slab with rough-in Plumbing, depressed to allow for anticipated use (floor sinks, drains). Temporary ramps for Certificate of Completion, as required. | Finished floor to minimum specification of Individual Commercial Tenant or exposed slab with clearance to install flooring to level landing at door. Wall and ceiling finish, lighting and finish specialties in bathrooms. |
| Specialties | Code required signage. Exterior commercial signage program developed and approved by Planning and MOHCD. | Bathroom accessories. Exterior signage design, infrastructure, fabrication and installation. |
| Structural | Anchors for drop-ceiling. Anchors must be cast-in slab 4' on center in each direction. Coring or block-out for assumed HVAC rough-in. | Code required ramps and railings to assumed final finish floor and level landing at entrance(s). |
| Elevator | No | As required. |

| | | |
|--------------------------|--|--|
| <p>Mechanical</p> | <p>Stub out for heat-pump, space on roof for equipment, and pad (or sidewall where possible). Fire rated shaft for later ducting of restaurant hood(s); supply air / louver on exterior wall.</p> | <p>Venting of bathrooms and all other plumbing fixtures. Ductwork to connect location of heatpump to exterior. Code required smoke control. In the case of an approved restaurant use, minimum of one (1) grease duct plus make up air (MUA) duct to accommodate Type 1 hood. Type 2 hood shaft and venting may be considered.</p> <p>Does not include water heating and all other mechanical equipment.</p> |
| <p>Gas</p> | <p>Stub-out for gas and gas meter in meter room.</p> | <p>Submeters based on establishment of Individual Tenant Space/s.</p> |
| <p>Plumbing</p> | <p>Stub-out for domestic water supply and water meter in meter room. Storm sewer 4". Stub out all plumbing (supply and waste) to bathroom location(s).</p> <p>No finish.</p> | <p>Water meters based on establishment of Individual Commercial Tenant/s. Distribute domestic water, waste and vents to plumbing fixture locations within Individual Tenant Space/s. Finish plumbing.</p> |
| <p>Electrical</p> | <p>200A-600A 3 phase service. Meter in electrical room with service to Commercial Space. Stub out and conduit on ceiling for mechanical. Perimeter walls to have wall receptacles. Light fixtures in space connected to house meter to meet Certificate of Completion requirements only. Emergency lighting battery back-up.</p> | <p>Submeters based on established Individual Commercial Tenant/s and extension of stub-outs to Individual Tenant Space/s. Installation of sub panel at Individual Tenant Space/s.</p> |
| <p>Telco</p> | <p>Two (2) 2" conduits from MPOE to space for telecom/data/security. Temporary security camera connected to residential system until Commercial Space is occupied.</p> | |

| | | |
|-----------------------------------|--|---|
| Fire Protection/ Alarm | Building Fire Alarm shall be sized and zoned to include Commercial Space. State and Local SFFD Code requirements for Completion and Certificate of Occupancy must be met. Sprinkler shall be installed, activated and monitored. | Zoning of Fire Alarm to Individual Tenant Space/s and re-configuration / programming of main building fire panel. |
| Site Work | No | No |

D. Permitted Legal Structures

a. Each of the following legal structures may be used for a Project, as permitted by MOHCD, taking into account the location of the Project, the community that the Project intends to serve, financing requirements and restrictions, and the capacity and expertise of the developer and Housing Owner. These Guidelines assume MOHCD owns the land on which the Project is located. In the rare scenario in which that is not the case, MOHCD and the Housing Owner will adjust these Guidelines accordingly to achieve the Goals articulated in Paragraph B and the same financing principles related to the use of MOHCD funds.

1. **No Subdivision; Single Ground Lease.** The real property is not subdivided and the entire property is ground leased to Housing Owner.

a. **Direct Leases:** Housing Owner leases directly to Individual Commercial Tenant(s); or

b. **Commercial Master Lease:** Housing Owner leases the Commercial Space to the Commercial Entity (which must be an Affiliated Entity) (the "Commercial Space Master Tenant"). The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

2. **Subdivision.** The real property is subdivided into a separate residential condominium or air rights parcel and a separate commercial condominium or air rights parcel (or subdivided into more than one separate parcels of either use).

a. **Single Ground Lease.** The real property is subdivided, and the City ground leases the entire property to the Housing Owner.

(i) **Direct Leases:** Housing Owner retains ownership of the leasehold for the Commercial Space and leases directly to Individual Commercial Tenant(s); or

(ii) **Commercial Master Lease:** Housing Owner retains ownership of the leasehold for the Commercial Space and leases the Commercial Space to a Commercial Space Master Tenant. The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

b. **Separate Ground Leases.**

(i) The City ground leases the Residential Space to the Housing Owner. The City separately ground leases the Commercial Space to the Commercial Entity. The Commercial Entity may or may not be an Affiliated Entity.

(ii) Where the Commercial Entity is a for-profit company, not related to the Housing Owner, and the Commercial Space will be used for Commercial Use, the City's strong preference is that the subdivision be in the form of a condominium as opposed to an air rights parcel.

E. Underwriting Guidelines for All Permitted Legal Structures

1. The eligible uses of MOHCD Funds for Commercial Project Costs are:

- a. **Hard Costs:** Subject to approval by MOHCD, Borrower may request the use of MOHCD funds for the following:
 - i. **Commercial Uses:** Cold Shell only. However, MOHCD may provide funding for Warm Shell improvements required to be installed concurrent with residential construction (e.g. restaurant flue shafts with grease ducts and access panels on each floor, drain lines and anchor bolts installed in PT floor and ceiling slabs). If Housing Owner is working with the Commercial Entity or an Individual Commercial Tenant before or during construction, Housing Owner may install ducting to the exterior (roof or louvers on building exterior) as a reimbursable cost to Housing Owner by the Commercial Entity or the Individual Commercial Tenant. Costs for all Cold Shell and Warm Shell improvements must be repaid to MOHCD, in full or in part, through non-housing sources, according to the requirements set forth in Section I below.
 - ii. **Community Serving Commercial Uses:** Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources, such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc., as appropriate for the proposed use for the purpose of reducing funding required from MOHCD.
 - iii. **Public Benefit Uses:** Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc. as appropriate for the proposed use, for the purpose of reducing funding required from MOHCD.
- b. **Soft Costs:** Subject to MOHCD approval and evaluated based on industry standards and market conditions for comparable projects and uses, including:
 - Construction management and consulting fees for coordination of tenant improvements with shell construction
 - Commercial broker fee
 - Commercial space lease-up reserve
 - Commercial space replacement reserve
 - Commercial space developer fee (see developer fee policy below)
 - Market analysis as is required by MOHCD
 - Future tenant improvements reserve
 - Pro rata share of Project development costs associated with Commercial Space (for example, financing costs and legal fees)

2. Conditions of MOHCD Funds.

- a. Market Analysis: Developer shall provide MOHCD a third party prepared market analysis (e.g. from a broker, appraiser, or market analyst) to determine appropriate terms for Market Rents, Rent Growth, Annual Rent Adjustments, Rent Concessions and/or Tenant Improvement Allowances, Vacancy, Expenses, Expense Growth, Management Fees, Leasing Agent Fees, and Reserves.
- b. Operating Budget. Developer shall provide the Housing Owner's or Commercial Entity's (depending on legal structure) commercial operating budget based on proposed use and market conditions consistent with the third party prepared Market Analysis provided for the project as defined above in 2.a. Commercial rents charged must be sufficient to cover all direct, shared, and allocated costs attributable to commercial use, including, but not limited to: pro-rata share of cleaning, maintenance and utility costs for shared bathrooms and hallways; pro-rata share of maintenance of fire sprinkler and fire alarm systems; pro-rata share of cleaning, maintenance and repair of the trash room; pro-rata share of maintenance and repair of the sidewalk, street trees and bike racks; pro-rata share of hydro-jetting of the sewer laterals; and pro-rata share of back-flow testing of the water lines. Commercial operating expenses shall include all utilities payable by the property for the Commercial Space, commercial property management and asset management fees, commercial operating and replacement reserves, and property taxes and insurance attributable to the Commercial Space.
- c. Leases and Letters of Intent. The Commercial Master Lease and business terms for Direct Leases and subleases are subject to review and approval by MOHCD, in accordance with the Market Analysis and these Guidelines.

F. Commercial Space Developer Fee

1. Commercial Uses: The lesser of \$100,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 incremental fee will be allowed for completion of the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. The Commercial Space Developer Fee is payable only from non-MOHCD sources, e.g. commercial loan proceeds or transfer of the leasehold estate in the Commercial Space, etc.
2. Public Benefit Uses and Community Serving Uses: The lesser of \$250,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 in fee will be allowed for completing the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. Half of the Commercial Space Developer Fee is payable

only from non-MOHCD sources, e.g. commercial loan proceeds, grants, or transfer of the leasehold estate in the Commercial Space.

3. Commercial Space Developer Fee; Net Developer Fee Maximums. To the extent allowable by TCAC, the Commercial Space Developer Fee is in addition to the net developer fee maximums pursuant to MOHCD Developer Fee Guidelines.

G. Change in Use

Change in use from Public Benefit Use or Community Serving Commercial Use to Commercial Use requires approval by MOHCD and will result in required repayment of the costs of Warm Shell improvements funded by MOHCD loan(s). Repayment will be calculated by amortizing the MOHCD-funded costs over the useful life of the improvements and sized based on the number of years the improvements did not serve a Public Benefit or Community Serving Commercial Use.

H. Single Ground Lease Additional Guidelines

The following ground lease terms apply where the City ground leases the entire property to the Housing Owner, whether or not the property has been subdivided.

1. Direct Lease

- a. **40% City/60% Housing Owner:** 40% of Net Commercial Cash Flow will be paid by Housing Owner to City in the form of increased ground lease payment of Residual Rent (see MOHCD Policy on Ground Leases for defined terms). Housing Owner will retain 60% of Net Commercial Cash Flow.
- b. **Limit on Commercial Revenue:** City recommends tax counsel guidance to avoid issues of unrelated business income.

2. Commercial Master Lease

- a. **40% City/60% Affiliated Entity:** 40% of Net Commercial Cash Flow will be paid by Commercial Entity to Housing Owner and subsequently paid to City in the form of increased ground lease payment of Residual Rent. 60% of Net Commercial Cash Flow is payable to the Commercial Entity (ie. the Commercial Space Master Tenant). The Commercial Entity must be an Affiliated Entity.
- b. **Limit on Commercial Revenue:** City recommends tax counsel guidance to avoid issues of unrelated business income.

I. Separate Ground Leases Additional Guidelines

The following MOHCD commercial loan repayment and commercial ground lease terms apply where the property has been subdivided, the City ground leases the Residential Space to the Housing Owner, and the City ground leases the Commercial Space(s) to the Commercial Entity(ies).

1. Reimbursement to MOHCD of Commercial Project Costs depends on the ownership structure and the type of use, as follows:

- a. Public Benefit Uses, Community Serving Commercial Uses, and Commercial Uses when the Commercial Entity is an Affiliated Entity:

Within the earlier of 90 days after 75% occupancy is achieved for Commercial Space or one year after the issuance of a Temporary Certificate of Occupancy or Certificate of Occupancy for the Commercial Space, the Commercial Entity must obtain a commercial loan commitment to repay MOHCD for all Commercial Project Costs included in MOHCD financing. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval. The commercial loan must close within 90 days following the issuance of a loan commitment. In the event that the commercial loan is not large enough to fully repay MOHCD for Commercial Project Costs, MOHCD will retain a second position Deed of Trust against the Commercial Space, securing a Note in the amount of any unpaid balance. Any outstanding balance on a MOHCD commercial loan will be payable upon refinance or transfer of the Commercial Space.

- b. Commercial Uses when the Commercial Entity is an unrelated third-party:

The Commercial Entity must repay MOHCD for all Commercial Project Costs included in MOHCD financing at close of purchase of the leasehold interest in the commercial condominium/air rights parcel and/or execution of the commercial ground lease. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval.

2. Commercial Space Ground Lease Payment and Payment on Any Outstanding MOHCD Commercial Loan

- a. Public Benefit Uses & Community Serving Commercial Uses: Annual ground lease payment equal to 40% of Net Commercial Cash Flow. However, if there is an outstanding MOHCD commercial loan, the 40% Net Commercial Cash Flow will first be used to pay down the MOHCD commercial loan and then to the annual ground lease payment. Commercial Entity will retain 60% of Net Commercial Cash Flow.
- b. Commercial Uses: Annual ground lease payment equal to market rent based on current comparable leases. Sizing of Base Rent and Residual Rent to be negotiated. If there is an outstanding MOHCD commercial loan (only applicable when the Commercial Entity is an Affiliated Entity), 40% Net Commercial Cash Flow will be used to pay off the MOHCD commercial loan and then go towards payment of Residual Rent, if applicable. Commercial Entity will retain 60% of Net Commercial Cash Flow.

3. Any transfer or sale of the Housing Owner's or Commercial Owner's ground lease interest in the Commercial Space parcel is subject to MOHCD approval as ground lessor. If the Project was developed as air rights parcels, MOHCD may require that the air rights subdivision be converted to condominiums before the Commercial Space may be transferred to an unaffiliated for-profit entity for Commercial Use.

4. **Ground Lease Term: To be negotiated based on Market Analysis (see section E.2.a. for requirements for Market Analysis.)**

EXHIBIT P
Residual Receipts Policy

[To be attached]

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



Mark E. Farrell
Mayor

Kate Hartley
Director

TO: Citywide Affordable Housing Loan Committee
FROM: Dan Adams
RE: Residual Receipts Cap on Outstanding Loans;
Request to Delegate Modification Authority
DATE: July 5, 2018

The purpose of this memorandum is to request, on behalf of the Mayor's Office of Housing and Community Development ("MOHCD"), that the Citywide Affordable Housing Loan Committee (the "Committee") delegate to the director of MOHCD (the "Director") the authority to modify a provision in the loan agreements for certain residual receipts loans previously approved by the Committee (the "Loan Agreements").

1. SUMMARY OF REQUEST

MOHCD hereby requests that the Committee delegate to the Director the authority to modify the language in the Loan Agreements that caps a borrower's share of a project's residual receipts at a specific dollar amount per unit per year (the "Cap"). An example of the language implementing this Cap is attached hereto as EXHIBIT A. Any such modification will be undertaken only upon request of the relevant borrower and will be conditioned upon mutual agreement of the parties. Also, any modification will only apply from the date upon which it is finalized; MOHCD will not refund any previously collected payments.

2. RATIONALE FOR REQUEST

As described below, removing the Cap via a delegated process would ensure consistency with current policy and would reduce the hardship for many affordable housing developers created by the Cap, all in an administratively efficient manner.

Consistency with Current Policy. MOHCD's current Residual Receipts Policy, which was effective as of April 1, 2016, removed the Cap—in part because the Cap tends to reduce the real value of borrowers' residual receipts over time due to expense escalation and price inflation.

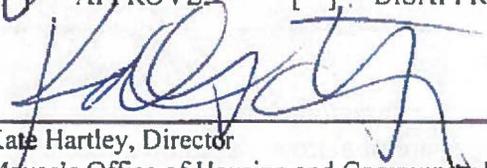
Hardship on Affordable Housing Developers. Over time, the Cap has negatively affected developers with a high proportion of projects serving predominantly low-income households. Because such developers tend to operate on slimmer margins than their market-rate counterparts, they rely heavily on the residual receipts from individual housing assets to fund long-term capital needs for their portfolio. Consequently, removing the Cap for such developers would free up a significant amount of needed capital. For example, removing the Cap on projects operated by Tenderloin Neighborhood Development Corporation (“TNDC”) would result in annual savings of nearly \$700,000, all of which could be applied to portfolio-wide capital needs.

Administrative Efficiency. The requested delegation of authority will allow MOHCD to process a large number of modification requests, each related to relatively small dollar amounts, without overburdening Committee agendas. For example, the \$700,000 in savings for TNDC described above would be distributed across 19 projects, making the size of the average modification request approximately \$37,000. Rather than present to the Committee dozens of such requests for multiple developers over the next few months, MOHCD is requesting the authority to modify the Cap for each project through its own administrative process.

3. LOAN COMMITTEE ACTION

Approval indicates approval with modifications, when so determined by the Committee.

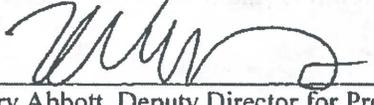
APPROVE. DISAPPROVE. TAKE NO ACTION.



Kate Hartley, Director
Mayor's Office of Housing and Community Development

Date: 7/20/18

APPROVE. DISAPPROVE. TAKE NO ACTION.



Kerry Abbott, Deputy Director for Programs
Department of Homelessness and Supportive Services

Date: 7-20-18

APPROVE. DISAPPROVE. TAKE NO ACTION.



Nadia Sesay, Executive Director
Office of Community Investment and Infrastructure

Date: 7-20-18

EXHIBIT A

Borrower's Use of Residual Receipts for Development. To the extent that making a Distribution is not inconsistent with any other financing agreement for the Project, and subject to the limitations in this Article, *Borrower may retain a portion of Residual Receipts in an amount equal to the lesser of thirty-three percent (33%) of Residual Receipts or \$500 per Unit per year* in lieu of using them to repay the Loan with the City's prior written approval. Borrower may use Distributions paid from Residual Receipts at its discretion for activities associated with the development or preservation of affordable housing in San Francisco, *provided that* the costs and activities would be eligible uses of Project Income under program regulations for the federal CDBG Program, except to the extent the regulations prohibit the use of funds for new construction. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note. **[Emphasis added]**

APPENDIX

The following information is provided for your information. It is not intended to be a substitute for professional advice. The information is based on the current laws and regulations in effect as of the date of this document. The information is subject to change without notice. The information is provided for your information only and does not constitute an offer of any financial product or service. The information is provided for your information only and does not constitute an offer of any financial product or service. The information is provided for your information only and does not constitute an offer of any financial product or service.

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Mayor's Office of Housing and Community Development

Residual Receipts Policy

Effective April 1, 2016

INTRODUCTION

The Mayor's Office of Housing and Community Development (MOHCD) typically requires annual payments under the Ground Leases and Loans provided for the purpose of developing or preserving affordable housing to the extent that making payments is feasible and does not jeopardize the long-term affordability or maintenance of safe and secure housing for its residents. Payments may be required under one or a combination of several structures, including amortization, deferral, or payment from residual receipts, depending on the circumstances.

When a development financed by MOHCD is projected to enjoy more income than is needed to pay expenses, service other debt, fully fund its reserves, and make approved payments out of surplus, it is MOHCD's policy that a portion of the remaining "residual" income be directed toward repayment of MOHCD's investment.

MOHCD also permits a modest portion of "residual" income to be distributed by the borrower. Distribution of any portion of "residual receipts" is conditioned on MOHCD's annual determination that certain performance standards and benchmarks have been met.

SUMMARY (see below for detailed requirements)

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| I. Definition of Residual Receipts | As depicted in the approved MOHCD Operating Budget Proforma for each project, the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments of surplus. . |
| II. Annual Residual Receipts Payments Due to MOHCD | Generally, $\frac{2}{3}$ rd s of residual receipts is payable to the City. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period, see the Developer Fee Policy for more details. |
| III. When more than one MOHCD contract requires residual payments | The approved MOHCD Operating Budget Proforma is a required exhibit to the last-executed MOHCD contract and must reflect a comprehensive summary of approved cash flow waterfall, listing of all lenders, relative lien positions, underlying loan terms and amounts owed to MOHCD annually across all MOHCD contracts. |
| IV. When a project has other Lenders in addition to MOHCD that require residual payments | The portion to be repaid to each Lender is typically determined by the proportional amount of capital funded under each loan. The approved MOHCD Operating Budget Proforma must include a list of all loans and details about projected amounts owed annually, including how the portion of residual receipts to be paid to each lender will be calculated, if not based on a proportional amount. |
| V. Conditions to Distribution of Residual Receipts to Borrower | Distribution of Residual Receipts may be made only upon: (1) MOHCD approval of Annual Monitoring Report; (2) determination by MOHCD that borrower is not in default; and (3) approval by MOHCD of amount of |

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| | Distribution. |
| VI. Use of Residual Receipts Distributed to the Borrower | MOHCD strongly encourages borrowers to use distributions for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction). |
| VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project | Any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved. |
| MOHCD Repayment Waiver Option | The repayment waiver option has been terminated. |

I. Definition of Residual Receipts

- A. Residual Receipts is the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments from surplus.
- B. The project-specific Funding Agreements and/or Ground Leases define what Project Income entails and which Project Expenses are allowable. In general, the definition of allowable Project Expenses will include mandatory or "hard" debt service payments, minimum or Base Rent owed under a Ground or Land lease, and required annual payments into Reserve accounts. Each MOHCD contract will include a copy of the approved Operating Budget Proforma.
- C. When MOHCD requires repayments from Residual Receipts, the formula usually requires payment of a portion of the available Residual Receipts. The use of a proportional formula makes it essential to clearly define which uses of surplus cash have been approved for payment prior to the calculation of the amount owed to MOHCD.
- D. The approved uses of any available surplus may also be referred to as the cash flow waterfall. The approved MOHCD Operating Budget Proforma is used to document the approved cash flow waterfall. In general, the following expenses may be a part of a cash flow waterfall:
 - 1. Fees payable to the project, the GP, the LP or the parent entity
 - 2. Fees payable to project funders
 - 3. "Soft" debt repayments to lenders / lessors

Please see the City's Developer Fee Policy and Operating Fees Policy for a list of allowable fees and any applicable limits.

- E. Limited Partnership Agreements may also provide a narrative summary of the cash flow waterfall. In the event that a Limited Partnership Agreements is found to be inconsistent with the MOHCD Funding Agreement and/or the approved MOHCD Operating Budget Proforma, the MOHCD documents shall control.

II. Annual Residual Receipts Payments due under MOHCD Ground Leases & Loans

Except as recommended by the Loan Committee and approved by the Mayor on a project by project basis, the portion to be paid to the City shall be $\frac{2}{3}$ rds of Residual Receipts. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period and the borrower's portion of Residual Receipts shall be considered payment of Deferred Developer Fee. See the Developer Fee Policy for more details.

Any residual receipts payments shall be applied toward the unpaid balance of MOHCD loan/s according to the terms in the Promissory Note and/or Funding Agreement, and toward the payments required under the MOHCD Ground Lease.

III. When more than one MOHCD contract requires residual payments:

Some projects supported by MOHCD may be governed by more than one MOHCD contract. The MOHCD Operating Budget Proforma provides a comprehensive summary of the approved cash flow waterfall, a listing of all lenders, the relative position of each lien, the amounts owed and the relevant repayment terms, and will also reflect the cumulative amount of repayments owed to MOHCD annually across all MOHCD contracts. Projects governed by more than one MOHCD contract that extend or initiate a MOHCD contract after the effective date of this policy will be required to get approval of a new MOHCD Operating Budget Proforma.

IV. When a project has other Lenders in addition to MOHCD that require residual payments

A. If any other project lenders besides MOHCD require repayment from residual receipts, the portion to be repaid to each Lender will typically be determined by the proportional amount of capital supplied under each loan. For example, if a project received a \$2 million loan from MOHCD and a \$3 million loan from another lender, MOHCD would receive $\frac{2}{5}$ ths of the amount available to be repaid, and the other lender would receive $\frac{3}{5}$ ths of the amount available to be repaid. The approved MOHCD Operating Budget Proforma must include a list of all Loans and provide an appropriate amount of detail about the projected amounts owed annually including details about how the portions to be paid to each lender will be calculated. If a project makes an agreement with any other lender/s after executing a MOHCD contract containing the final MOHCD-approved Operating Budget Proforma, prior to making any payments to such other lender/s, the project must request and be approved in writing to amend the MOHCD-approved Operating Budget Proforma to include the new lender/s.

B. During operations, MOHCD will require Residual Receipts payments using MOHCD's method of calculating surplus and any amounts owed to the MOHCD. If there is a difference in the amount calculated to be owed to any other lenders under another lender's repayment calculation method when compared to MOHCD method, then each lender will be paid according to its calculation, so long as doing so would not result in a reduction in the amount payable to MOHCD.

V. Conditions to Distribution of Residual Receipts to Borrower

A. Distribution of Residual Receipts to the borrower of a MOHCD loan, or lessee of a MOHCD ground lease, may be made only upon:

1. MOHCD approval of the Annual Monitoring Report submitted for that year; and
2. Determination by MOHCD that the borrower is not in default under terms of the Loan; and

3. Approval by MOHCD of the amount to be distributed.

B. No distribution of Residual Receipts shall be made under any of the following circumstances:

1. When a written notice of default has been issued by any lender or investor and such default has not been cured; or
2. When the City determines that the borrower or the borrower's management agent has failed to maintain the housing and its surroundings in a safe and sanitary manner in accordance with local health, building, and housing codes; or
3. If any operating expense, including debt service on non-City loans remains unpaid; or
4. If any required reserve account is not fully funded according to the terms of the MOHCD contract/s; or
5. In the event of any other material failure to comply with the provisions of the MOHCD contract/s.

VI. Use of Residual Receipts Distributed to the Borrower

MOHCD strongly encourages borrowers to use the portion of Residual Receipts that is not applied toward repayment of MOHCD's loan or payment of residual rent under a MOHCD ground lease for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).

VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project

- A. With the exception of Residual Receipts retained by a borrower pursuant to this policy, any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
- B. The Loan Committee may approve variations of this policy on a project-specific basis, including the payment of costs associated with the provision of social, educational, vocational, counseling or other supportive services to residents either as a project expense or out of that portion of Residual Receipts that would otherwise be repaid to the City.