File No. _____200766_____   **Committee Item No.** _____2_____
                                                Board Item No. _____48_____

COMMITTEE/BOARD OF SUPERVISORS
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Committee: _Budget & Finance Committee_   **Date** _September 2, 2020_

Board of Supervisors Meeting   **Date** _September 15, 2020_

Cmte Board

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☒	☒	**Resolution**
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Cmte	Board	
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Completed by: _Linda Wong_____ **Date** _August 28, 2020_____
Completed by: _Linda Wong_____ **Date** _September 3, 2020_____

FILE NO. 200766   RESOLUTION NO.

1   [Loan Documents - 270 Turk Street - Acquisition and Preservation Programs - Up to
     $31,870,000]

2

3   **Resolution approving and authorizing the Director of the Mayor's Office of Housing and**

4   **Community Development ("MOHCD") to execute documents relating to loans for the**

5   **acquisition, rehabilitation, or permanent financing of at-risk housing located at 270**

6   **Turk Street ("Project") pursuant to MOHCD's acquisition and preservation programs,**

7   **including the Preservation and Seismic Safety Program, the Downtown Neighborhoods**

8   **Preservation Fund, and the Educational Revenue Augmentation Fund for a total loan**

9   **amount not to exceed $31,870,000; confirming the Planning Department's**

10   **determination under the California Environmental Quality Act; and finding that the**

11   **Project loans are consistent with the General Plan, and the eight priority policies of**

12   **Planning Code, Section 101.1.**

13

14   WHEREAS, The average monthly rent for a two-bedroom apartment in San Francisco

15   jumped from $2,611 in 2011 to $4,550 in 2019, an increase of almost 75% in eight years,

16   according to real estate analyst Rent Jungle; and

17   WHEREAS, For a family of four with an annual income equaling San Francisco's 2018

18   area median income ("AMI") of $118,400, a monthly rent payment of $4,550 consumes 46%

19   of the family's monthly income; and

20   WHEREAS, While low income San Francisco households earning less than 50% of

21   AMI have faced significant rent burdens for decades, the City's high cost of housing now

22   burdens even moderate income households with an annual income of up to 200% of AMI; and

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1   WHEREAS, High housing costs across the Bay Area have caused displacement, the

2   loss of cultural and ethnic diversity in some communities, transportation pressures, and

3   overall social and economic hardship; and

4   WHEREAS, The City and County of San Francisco, through the Mayor's Office of

5   Housing and Community Development ("MOHCD"), is a leader in the creation and

6   preservation of affordable housing, offering a variety of loan and grant programs to

7   individuals, community-based organizations, and housing developers to create and maintain

8   affordable housing and provide essential community and supportive services; and

9   WHEREAS, The funding for these loans and grants comes from a variety of sources,

10   all of which are restricted to affordable housing and are subject to various housing program

11   restrictions; and

12   WHEREAS, MOHCD administers acquisition and preservation programs for the

13   purpose of preserving and stabilizing San Francisco's existing rental housing stock of

14   buildings that are occupied by low- to moderate-income tenants who are vulnerable to

15   displacement due to market-driven increases in evictions; and

16   WHEREAS, MOHCD's acquisition and preservation programs help San Franciscans

17   avoid displacement and eviction by removing properties from the speculative market,

18   stabilizing housing for current tenants of those properties, and converting the properties to

19   permanently affordable housing; and

20   WHEREAS, MOHCD administers the Downtown Neighborhoods Preservation Fund

21   ("Downtown Neighborhoods Preservation Fund," or "DNPF") for the purpose of preserving and

22   stabilizing San Francisco's existing rental housing exclusively for the acquisition and

23   preservation of buildings occupied by low-to-moderate income tenants located within a one-

24   mile radius of 50 First Street; the Downtown Neighborhoods Preservation Fund prioritizes

25   buildings with 26 or more residential units; and

1   WHEREAS, MOHCD administers the Educational Revenue Augmentation Fund (the

2   "ERAF Affordable Housing Production and Preservation Fund" or "ERAF") for the purpose of

3   funding land acquisition and production of new 100% affordable housing projects and

4   acquisition and preservation of existing housing to make that housing permanently affordable;

5   and

6   WHEREAS, MOHCD administers the Preservation and Seismic Safety Program

7   ("PASS Program") for the purpose of providing low-cost and long-term financing for the

8   acquisition, rehabilitation, and preservation of multi-family housing as well as seismic retrofits;

9   and

10   WHEREAS, The PASS Program plays a critical role in advancing the City's anti-

11   eviction and preservation strategies by providing access to a nimble source of financing not

12   currently available on the conventional market; and

13   WHEREAS, MOHCD expects to utilize PASS, DNPF, and ERAF funds for the

14   permanent financing of the acquisition and preservation of affordable housing located at 270

15   Turk Street, an 86 unit multifamily residential property in the Tenderloin (the "Project"); and

16   WHEREAS, The form of loan documents (the "Loan Documents") evidencing and

17   securing the PASS, DNPF, and ERAF Program loans for the Project are on file with the Clerk

18   of the Board in File No. 200766, and include: a Declaration of Restrictions restricting the

19   Project to affordable housing; a Loan Agreement; four Promissory Notes; and two Deeds of

20   Trust; and

21   WHEREAS, A Declaration of Restrictions will restrict the Project as affordable housing

22   to low- and moderate-income households with annual maximum rent and income established

23   by MOHCD as long as all or any portion of the building remains on the property, but in no

24   event less than 75 years; and

25

1   WHEREAS, The Declaration of Restrictions for the Project will not be subordinated to

2   any third party financing instrument; and

3   WHEREAS, The City and the Borrower, 270 Turk GP, LLC, have agreed to enter into a

4   purchase option agreement, prior to or concurrent with execution of the Loan Agreement,

5   providing the City with an option and right of first refusal to acquire the Project upon any

6   proposed transfer of the Property, among other certain events; and

7   WHEREAS, On June 19, 2020, the Citywide Affordable Housing Loan Committee,

8   consisting of representatives of MOHCD, the Department of Homelessness and Supportive

9   Housing, and the Office of Community Investment and Infrastructure, recommended approval

10   to the Mayor of a loan for the Project in an amount not to exceed $31,870,000; and

11   WHEREAS, The Planning Department, by letter dated May 13, 2019, and Note to File

12   dated July 7, 2020, determined that the proposed Project loan is not considered a project

13   under the California Environmental Quality Act ("CEQA", Pub. Resources Code, Section

14   21000 et seq.) pursuant to CEQA Guidelines, Section 15060, and Chapter 31 of the City's

15   Administrative Code, and is consistent, on balance, with the General Plan, and the eight

16   priority policies of Planning Code, Section 101.1, which letter is on file with the Clerk of the

17   Board of Supervisors in File No. 200766, and incorporated herein by this reference; now,

18   therefore, be it

19   RESOLVED, This Board affirms the Planning Department's determination under CEQA

20   and finds that the proposed Project loans are consistent, on balance, with the General Plan,

21   and the eight priority policies of Planning Code, Section 101.1, for the reasons set forth in the

22   Director of Planning's letter; and, be it

23   FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan

24   Documents, and authorizes the Director of MOHCD or the Director's designee to negotiate

25   and enter into agreements based upon and substantially in the form of the Loan Documents

1   for the Project (including, without limitation, modifications of the Loan Documents, and

2   preparation and attachment of, or changes to, any of all of the exhibits and ancillary

3   agreements) and any other documents or instruments necessary in connection therewith, that

4   the Director determines, in consultation with the City Attorney, are in the best interest of the

5   City, do not materially increase the obligations or liabilities for the City or materially diminish

6   the benefits of the City, or are necessary or advisable to effectuate the purposes and intent of

7   this Resolution and are in compliance with all applicable laws, including the City Charter; and,

8   be it

9   FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and

10 delegates to the Director of MOHCD and/or the Director of Property, and their designees, the

11 authority to undertake any actions necessary to protect the City's financial security in the

12 Project and enforce the affordable housing restrictions, which may include, without limitation,

13 acquisition of a Project site upon foreclosure and sale at a trustee sale, acceptance of a deed

14 in lieu of foreclosure, or curing the default under a senior loan; and, be it

15   FURTHER RESOLVED, That all actions authorized and directed by this Resolution and

16 heretofore taken are hereby ratified, approved and confirmed by this Board of Supervisors;

17 and be it

18   FURTHER RESOLVED, That within thirty (30) days of the Loan Documents being fully

19 executed by all parties, MOHCD shall provide the Loan Agreement to the Clerk of the Board

20 for inclusion into the official file.

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1   RECOMMENDED:

2   /s/ Eric D. Shaw

3   Eric D. Shaw

4   Director, Mayor's Office of Housing and Community Development

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Item 2 Files 20-0766	Department: Mayor's Office of Housing & Community Development

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would (1) approve a loan amount not to exceed $31,780,000 for the acquisition, rehabilitation, or permanent financing of 270 Turk Street and (2) affirm the Planning Department's determination that this project is consistent with the General Plan. The purpose of the loan is to provide permanent financing for the acquisition and rehabilitation loan for 270 Turk Street, an 86 unit multi-family residential rental housing building, and maintain its affordability for low- to moderate-income households.

Key Points

- 270 Turk GP, LLC, an affiliate of Tenderloin Neighborhood Development Corporation (TNDC), purchased 270 Turk Street for $19,000,000 through San Francisco Housing Accelerator Fund financing. The proposed loan to 270 Turk GP, LLC would be used to repay the Housing Accelerator Fund and pay other costs.

- Sources of funds for the proposed loan are (1) the Preservation and Seismic Safety Program, and (2) either the Downtown Neighborhoods Preservation Fund or. excess ERAF funds as a funding source. According to MOHCD, the Department intends to use Downtown Neighborhood Preservation Funds as a source, but will use excess ERAF funds if the Downtown Neighborhood Preservation Funds are not available; in that instance, MOHCD will use FY 2019-20 excess ERAF funds but not FY 2018-19 excess ERAF funds that were designated for acquisition of buildings with 25 units or less.

- The mix of tenants and household income depends on finalizing a contract between TNDC and the Department of Homelessness and Supportive Housing for Step Up Program funds to provide supportive services.

Fiscal Impact

- The Draft Loan Agreement provides for a loan amount not-to-exceed $31,870,000, which is more than estimated loan amounts ranging from $28,782,204 to $28,710,327. MOHCD is requesting loan authorization exceeding the actual loan amount because the project budget is still being finalized and additional flexibility in the total amount is needed.

Policy Consideration

- The Budget and Finance Committee amended the first version of the resolution in the July 29, 2020 meeting, to add a "whereas" clause providing the City with an option to purchase 270 Turk Street at a future date.

Recommendation

- Approve the proposed resolution.

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

BACKGROUND

Tenderloin Neighborhood Development Corporation sponsored an application to the Mayor's Office of Housing and Community Development (MOHCD) for financing to cover the acquisition and rehabilitation of 270 Turk Street, an 86 unit multi-family rental housing building. According to the MOHCD Loan Committee Evaluation Report, 270 Turk Street was purchased by 270 Turk GP, LLC on March 19, 2019 for $19,000,000.[1] The property was purchased through San Francisco Housing Accelerator Fund financing, allowing the purchaser to quickly acquire the building and take it off the market with the goal of preventing displacement of the building's low-income residents. The Tenderloin Neighborhood Development Corporation's request for MOHCD financing is to (a) repay the Housing Accelerator Fund loan and accrued interest, (b) reimburse the Tenderloin Neighborhood Development Corporation for its working capital contribution, (c) cover the costs associated with executing permanent financing, (d) capitalize reserves and (e) pay the developer fee.

270 Turk Street Overview

270 Turk Street, built in 1927, is located between Leavenworth and Jones Street in the Tenderloin neighborhood. Table 1 provides an overview of the building's features.

Table 1. 270 Turk Street Building Characteristics

Square Feet	Approximately 47,000 square feet
Floors	10
Units	86 studio units
Current Tenant Area Median Income (AMI)	Ranges from 15% to 134% AMI
Rehabilitation Prior to Purchase	2017: Elevator upgrade; partial exterior painting
	2018: Roof replacement; rehabilitation of 22 units

Source: MOHCD

Following acquisition in 2019 by 270 Turk GP, LLC, the Project Team determined that priority areas for additional rehabilitation included: 1) Addressing extensive mold issues in a majority of the residential units; 2) Updating the fire alarm system to meet SF Fire Department 2021 Code and expanding the fire sprinkler system to all building areas; 3) Addressing issues in 5 units

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[1] 270 Turk GP, LLC is solely owned by O'Farrell Senior Housing, Inc. an affiliate of Tenderloin Neighborhood Development Corporation.

deemed uninhabitable through kitchen, bathroom, and flooring replacements; 4) Spot replacement of windows, paint, and flooring, and miscellaneous repairs to units as they became vacant and issues were identified.

According to the rehabilitation timeline provided by MOHCD, the construction on the property is estimated to be completed by the end of July 2020.

Project Selection

MOHCD provides financing through rolling applications to the 2018 Downtown Neighborhoods Preservation Fund Notice of Funding Availability (NOFA). Loans provided through this program help with acquisition and rehabilitation of multi-family rental housing to maintain its affordability for low- to moderate-income tenants.

According to Ms. Caroline McCormack, Project Manager for MOHCD, 270 Turk Street was submitted for consideration under the Downtown Neighborhoods Preservation Fund program NOFA in November 2018 by the Tenderloin Neighborhood Development Corporation. This project met threshold eligibility requirements and was therefore determined to be an eligible project. MOHCD received one other application for this program which was also funded.

Funding Sources

MOHCD proposes using a variety of city funding sources for the permanent financing of 270 Turk Street. The project will receive funding through the Preservation and Seismic Safety and either the Downtown Neighborhood Preservation Fund or the Education Revenue Augmentation Fund (ERAF) revenues allocated to the Affordable Housing Production and Preservation Fund (described below). According to Ms. McCormack, MOHCD needs flexibility as to whether it uses the Downtown Neighborhoods Preservation Fund or ERAF to assist in funding this loan. The original source of funding for the project was intended to be the Downtown Neighborhood Preservation Fund. However, MOHCD is waiting on the sale of the Oceanwide Center and collection of related fees to fund the Downtown Neighborhood Preservation Fund to support for this project. The sale is currently stalled and if it does not go through MOHCD will utilize funds from the Affordable Housing Production and Preservation Fund, which is supported by Education Revenue Augmentation Fund (ERAF) funds.

Below is a description of the funding sources that MOHCD may utilize for financing loans for this project.

Preservation and Seismic Safety Program

The Preservation and Seismic Safety Program authorizes the City, through MOHCD, to utilize a portion of the proceeds from the 2016 General Obligation Bond (Series 2019A) for the preservation of affordable housing. Loan funds distributed under this program carry the following affordability restrictions: restrict all units to households earning no more than 120 percent of AMI at turnover and require that the project's combined average household incomes are no higher than 80 percent of AMI. The proposed loan agreement utilizes a mix of Preservation and Seismic Safety Market Rate, Below Market Rate, and Deferred loans. The Below Market Rate and

Deferred Loans, which have an interest rate that is at least one-third of the true interest cost, require that the affordability restrictions be permanent.

Downtown Neighborhoods Preservation Fund

Downtown Neighborhoods Preservation Fund, established by the Board of Supervisors on June 26, 2016 through Ordinance 137-16, authorized up to $40 million in funding from fees paid through the Jobs-Housing Linkage Program (Section 413) and the Inclusionary Affordable Housing Program (Section 415) of the San Francisco Planning Code to be used for the acquisition and rehabilitation of existing housing. The program requires that the housing be within a one-mile radius of the Oceanwide Center at 50 First Street. Funds dispersed under this program target low- and moderate-income tenants and may serve tenants with household income up to a maximum of 120 percent AMI as long as the building-wide average does not exceed 80 percent AMI. This funding streams places a maximum $250,000 City subsidy per unit.

Education Revenue Augmentation Fund (ERAF)

Excess ERAF revenues received by the City are appropriated to the Affordable Housing Production and Preservation Fund, which was established by the Board of Supervisors on June 21, 2019 through Ordinance 112-19 (File 19-0438). The ERAF Affordable Housing Production and Preservation Fund funds the land acquisition and production of new 100 percent affordable housing projects along with acquisition and preservation of existing housing to make that housing permanently affordable. The proposed resolution allows MOHCD to use excess ERAF funds as a funding source. According to MOHCD, the Department intends to use Downtown Neighborhood Preservation Funds as a source, but will use excess ERAF funds if the Downtown Neighborhood Preservation Funds are not available; in that instance, MOHCD will use FY 2019-20 excess ERAF funds but not FY 2018-19 excess ERAF funds that were designated for small sites of 25 units or less.

Ground Lease

To preserve affordability long term, the City typically ground leases a City-owned property to a non-profit entity to develop, maintain, and manage the site. Under MOHCD's acquisition and preservation programs, the City provides permanent financing for the acquisition and rehabilitation of sites that are not owned by the City. According to Ms. McCormack, these programs must compete with profit-motivated developers to remove properties from the speculative real estate market, so the City uses a public-private partnership model designed to execute transactions quickly.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would (1) approve a loan amount not to exceed $31,780,000 for the acquisition, rehabilitation, or permanent financing of 270 Turk Street and (2) affirm the Planning Department's determination that this project is consistent with the General Plan. The purpose of the loan is to provide permanent financing for the acquisition and rehabilitation loan for 270 Turk Street, an 86 unit multi-family residential rental housing building, and maintain its affordability for low- to moderate-income households.

By approving the proposed resolution, the Board of Supervisors is approving the (1) the Planning Department's determination that the proposed loan is not a project under the California Environmental Quality Act (CEQA), (2) the loan documents, including the Draft Loan Agreement and related documents, and (3) future actions by the City to protect the City's financial investment and retain affordability of the housing, which could include purchase or deed acceptance in lieu of foreclosure.

According to the Draft Loan Agreement between MOHCD and 270 Turk GP, LLC, the sources of loan funds up to $31,870,000 are:

Preservation and Seismic Safety	
Below Market Rate	$4,407,346
Market Rate	6,820,024
Deferred	716,640
Subtotal Preservation and Seismic Safety	11,944,010
Downtown Preservation / ERAF	19,870,000
Total	$31,814,010

According to the proposed resolution, the loans will be funded through a combination of funds that include the ERAF funds or The Downtown Neighborhoods Preservation Fund and Preservation and Seismic Safety Program loans.

Tenant Income Restrictions

According to the Draft Loan Agreement, the project proposes imposing two possible scenarios – A and B, presented below — for maintaining affordability of the building for tenants who are low-to moderate-income. After the agreement date, rent for the units that are vacant shall be set to achieve a mix of tenants at the following AMIs.

Scenario A

Scenario A includes 24 units that are set aside for a Step Up Housing Program for individuals who are formerly homeless and receive subsidies through the Department of Homelessness and Supportive Housing. According to Ms. McCormack, MOHCD and the Department of Homelessness and Supportive Housing prefer Scenario A but are waiting on the execution of a program contract between the Department of Homelessness and Supportive Housing and Tenderloin Neighborhood Development Corporation.

Number of Units	Median Income (Percentage)
24	30%
26	50%
10	60%
10	72%
15	80%

If the Department of Homelessness and Supportive Housing subsidies are reduced or no longer available for the units with household income at 30 percent AMI, rent for these units can be

increased as needed to make the Project financially feasible (as approved by MOHCD) for households with income up to 120 percent AMI.

Scenario B

Under this scenario, rents will be set for vacant units in order to bring the combined average for rent across all units as close as possible to the amount calculated for households with income from 30 percent to 80 percent AMI and no more than 120 percent AMI.

Option to Purchase

The Budget and Finance Committee amended the resolution in the July 29, 2020 meeting, to add a "whereas" clause stating the "The City and the Borrower, 270 Turk GP, LLC, have agreed to enter into a purchase option agreement prior to or concurrent with execution of the Loan Agreement, providing the City with an option and right of first refusal to acquire the Project upon any proposed transfer of the Property, among other certain events".

FISCAL IMPACT

Table 2 below summarizes the sources and uses of the proposed funding for the permanent financing of the acquisition and rehabilitation loan for 270 Turk Street. Similar to the two scenarios presented above for tenant income restrictions, there are two corresponding scenarios for the total cost of the loan, A and B. Scenario A, which includes Department of Homelessness and Supportive Housing subsidies, is slightly higher because of higher operating reserve costs, which are associated with higher costs for operating the building with supportive services.

In scenario A, because of the operating subsidy provided by the Department of Homelessness and Supportive Housing, the project supports more Preservation and Seismic Safety Program permanent debt, which is why less ERAF or Downtown Neighborhoods subsidy is required. In scenario B, the project supports less Preservation and Seismic Safety Program debt and therefore requires more subsidy.

Table 2. Sources and Uses of Funds for Proposed Permanent Financing for 270 Turk Street

SOURCES	Scenario A	Scenario A Cost per Unit	Scenario B	Scenario B Cost per Unit
MOHCD –DNPF or ERAF	$16,838,204	$195,793	$19,870,327	$231,050
MOHCD – PASS*	$11,944,000	$138,884	$8,840,000	$102,791
Subtotal City Sources	$28,782,204	$334,677	$28,710,327	$333,841
Tenant Income during Operations	$238,551	$2,774	$238,551	$2,774
Total All Sources	$29,020,755	$337,451	$28,948,878	$336,615
USES				
Acquisition Costs**	$26,597,851	$309,277	$26,651,940	$309,906
Soft Costs***	$725,862	$8,440	$740,075	$8,606
Reserves	$757,042	$8,803	$616,864	$7,173
Developer Costs	$940,000	$10,930	$940,000	$10,930
Total Uses	$29,020,755	$337,451	$28,948,878	$336,615

Source: MOHCD
*This includes all three Preservation and Seismic Safety (PASS) Program Loans at Market Rate, Below Market Rate, and Deferred.
**Acquisition Costs include the costs of acquisition, rehabilitation, and interest accrued.
***Soft costs include engineering and environmental studies, financing costs, legal costs, and soft cost contingency.

Sources of Funds

- *Downtown Neighborhood Preservation Fund / ERAF:* This funding source is estimated to be approximately $16.8 to $19.9 million depending on the Scenario. This will be a 40-year loan accruing 3 percent interest annually. Payments on the loan are due annually in an amount equal to two-thirds of the residual receipts. The remaining balance on the loan with all accrued and unpaid interest and unpaid costs and fees will be due at 40 years. 270 Turk GP, LLC's obligation to pay interest annually is contingent on availability of residual receipts; any interest not paid as of each payment date due to lack of residual receipts will be forgiven and will not accrue.

- *Preservation and Seismic Safety Program:* Funding through this program will account for approximately $8.8 to $11.9 million depending on the Scenario. This source is comprised of three different loans a) Market Rate with an interest rate of 5.16725 percent per year, b) Below Market Rate with an interest rate of 1.38908 percent per year and c) Deferred with an interest rate of 1.38908 percent per year. Each of these loans is over 40 years. The Market Rate and Below Market Rate loans are to be paid in monthly installments; the remaining balance, with all accrued and unpaid interest and unpaid fees and costs incurred will be due at 40 years. The Deferred loan is due in full including all interest and unpaid fees and costs incurred at 40 years.

- *Tenant Income:* A small amount of funding, estimated at $238,551, will come from tenant income from current operations.

Uses of Funds

Acquisition costs noted in Table 2 above range from $26,597,851 (Scenario A) to $26,651,940 (Scenario B), including:

- $19,000,000 for the March 2019 purchase by Turk 270 GP, LLC, funded by a loan from the Housing Accelerator Fund. According to an appraisal obtained by the Housing Accelerator Fund in June 2020, the purchase price of $19,000,000 is at or below the current market price.
- Approximately $3,501,607 in soft costs including accrued interest on the Housing Accelerator Fund loan, project due diligence costs, and other transaction costs associated with the acquisition and rehabilitation of the Project.
- Approximately $4,841,688 for the rehabilitation completed between March 2019 and July 2020, including mold removal, updating the fire system, rehabilitating five units, and performing spot updates to windows, floors, and paint.

Total City Subsidy per Housing Unit

The total per housing unit City subsidy is estimated at $334,677 for funding in Scenario A and $333,841 in Scenario B, as shown in Table 3 below.

Table 3: City Subsidy for Affordable Housing Units

	Scenario A	Scenario B
Number of units	86	86
Total Residential Area (Sq. Ft.)	47,000	47,000
Total City Cost	$28,782,204	$28,710,327
City Cost per Unit	$334,677	$333,841
City Subsidy per Sq. Ft.	$612	$611

Source: MOHCD

Operating Revenues and Expenses

According to the 20-year cash flow analysis for 270 Turk Street, the project will have sufficient revenues to cover operating expenses, operating reserves, hard debt, management fees, and payments to the proposed MOHCD loans. Project revenues consist of tenant rents and in the case of Scenario A revenue includes supportive services income.

POLICY CONSIDERATION

Not to Exceed Cost

The Draft Loan Agreement provides for a loan amount not-to-exceed $31,870,000, which is $3,087,796 to $3,159,673 more than estimated loan amounts under Scenario A ($28,782,204) and Scenario B ($28,710,327) shown in Table 2 above. According to Ms. McCormack, MOHCD is requesting loan authorization exceeding the actual loan amount because the project budget is still being finalized and additional flexibility in the total amount is needed.

RECOMMENDATION

Approve the proposed resolution.

Item 1 Files 20-0766	Department: Mayor's Office of Housing & Community Development

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would (1) approve a loan amount not to exceed $31,780,000 for the acquisition, rehabilitation, or permanent financing of 270 Turk Street and (2) affirm the Planning Department's determination that this project is consistent with the General Plan. The purpose of the loan is to provide permanent financing for the acquisition and rehabilitation loan for 270 Turk Street, an 86 unit multi-family residential rental housing building, and maintain its affordability for low- to moderate-income households.

Key Points

- 270 Turk GP, LLC, an affiliate of Tenderloin Neighborhood Development Corporation (TNDC), purchased 270 Turk Street for $19,000,000 through San Francisco Housing Accelerator Fund financing. The proposed loan to 270 Turk GP, LLC would be used to repay the Housing Accelerator Fund and pay other costs.

- Sources of funds for the proposed loan are (1) the Preservation and Seismic Safety Program, and (2) either the Small Sites Program or Downtown Neighborhoods Preservation Fund.

- The mix of tenants and household income depends on finalizing a contract between TNDC and the Department of Homelessness and Supportive Housing for Step Up Program funds to provide supportive services.

Fiscal Impact

- The Draft Loan Agreement provides for a loan amount not-to-exceed $31,870,000, which is more than estimated loan amounts ranging from $28,782,204 to $28,710,327. MOHCD is requesting loan authorization exceeding the actual loan amount because the project budget is still being finalized and additional flexibility in the total amount is needed.

Policy Consideration

- While the Small Sites and Downtown Neighborhoods Preservation Programs provide for nonprofit housing developers to acquire the sites to facilitate acquisition in the private market, the City has acquired properties from nonprofit housing developers after the initial purchase and should consider requesting that be the case in this agreement.

Recommendations

- Amend the proposed resolution to state that the correct amount of the requested loan is $31,870,000.

- Amend the proposed resolution to request the MOHCD Executive Director to provide the option for the City to purchase 270 Turk Street at a future date.

- Approval of the proposed resolution as amended is a policy consideration for the Board of Supervisors.

MANDATE STATEMENT

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

BACKGROUND

Tenderloin Neighborhood Development Corporation sponsored an application to the Mayor's Office of Housing and Community Development (MOHCD) for financing to cover the acquisition and rehabilitation of 270 Turk Street, an 86 unit multi-family rental housing building. According to the MOHCD Loan Committee Evaluation Report, 270 Turk Street was purchased by 270 Turk GP, LLC on March 19, 2019 for $19,000,000.[1] The property was purchased through San Francisco Housing Accelerator Fund financing, allowing the purchaser to quickly acquire the building and take it off the market with the goal of preventing displacement of the building's low-income residents. The Tenderloin Neighborhood Development Corporation's request for MOHCD financing is to (a) repay the Housing Accelerator Fund loan and accrued interest, (b) reimburse the Tenderloin Neighborhood Development Corporation for its working capital contribution, (c) cover the costs associated with executing permanent financing, (d) capitalize reserves and (e) pay the developer fee.

270 Turk Street Overview

270 Turk Street, built in 1927, is located between Leavenworth and Jones Street in the Tenderloin neighborhood. Table 1 provides an overview of the building's features.

Table 1. 270 Turk Street Building Characteristics

Square Feet	Approximately 47,000 square feet
Floors	10
Units	86 studio units
Current Tenant Area Median Income (AMI)	Ranges from 15% to 134% AMI
Rehabilitation Prior to Purchase	2017: Elevator upgrade; partial exterior painting
	2018: Roof replacement; rehabilitation of 22 units

Source: MOHCD

Following acquisition in 2019 by 270 Turk GP, LLC, the Project Team determined that priority areas for additional rehabilitation included: 1) Addressing extensive mold issues in a majority of the residential units; 2) Updating the fire alarm system to meet SF Fire Department 2021 Code and expanding the fire sprinkler system to all building areas; 3) Addressing issues in 5 units

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[1] 270 Turk GP, LLC is solely owned by O'Farrell Senior Housing, Inc. an affiliate of Tenderloin Neighborhood Development Corporation.

deemed uninhabitable through kitchen, bathroom, and flooring replacements; 4) Spot replacement of windows, paint, and flooring, and miscellaneous repairs to units as they became vacant and issues were identified.

According to the rehabilitation timeline provided by MOHCD, the construction on the property is estimated to be completed by the end of July 2020.

Project Selection

MOHCD provides financing through rolling applications to the 2019 Small Sites Notice of Funding Availability (NOFA) and 2018 Downtown Neighborhoods Preservation Fund NOFA. Loans provided through these programs help with acquisition and rehabilitation of multi-family rental housing to maintain its affordability for low- to moderate-income tenants.

According to Ms. Caroline McCormack, Project Manager for MOHCD, 270 Turk Street was submitted for consideration under the Downtown Neighborhoods Preservation Fund program NOFA in November 2018 by the Tenderloin Neighborhood Development Corporation. This project met threshold eligibility requirements and was therefore determined to be an eligible project. MOHCD received one other application for this program which was also funded. Ms. McCormack notes that while the project was submitted under the Downtown Neighborhoods Preservation Fund program NOFA, it also meets the eligibility requirements for the Small Sites Program and could therefore receive funding through either the Small Sites Program or Downtown Neighborhoods Preservation Fund.

Funding Sources

MOHCD proposes using a variety of city funding sources for the permanent financing of 270 Turk Street. The project will receive funding through the Preservation and Seismic Safety and the Small Sites Program or Downtown Neighborhood Preservation Fund. According to Ms. McCormack, MOHCD needs flexibility as to whether it uses the Small Sites Program or Downtown Neighborhoods Preservation Fund to assist in funding this loan. The original source of funding for the project was intended to be the Downtown Neighborhood Preservation Fund. However, MOHCD is waiting on the sale of the Oceanwide Center and collection of related fees to fund the Downtown Neighborhood Preservation Fund to support for this project. The sale is currently stalled and if it does not go through MOHCD will utilize funds from the Small Sites Program, which is supported by Education Revenue Augmentation Fund (ERAF) funds.

Below is a description of the funding sources that MOHCD may utilize for financing loans for this project.

Preservation and Seismic Safety Program

The Preservation and Seismic Safety Program authorizes the City, through MOHCD, to utilize a portion of the proceeds from the 2016 General Obligation Bond (Series 2019A) for the preservation of affordable housing. Loan funds distributed under this program carry the following affordability restrictions: restrict all units to households earning no more than 120 percent of AMI at turnover and require that the project's combined average household incomes are no higher than 80 percent of AMI. The proposed loan agreement utilizes a mix of Preservation and

Seismic Safety Market Rate, Below Market Rate, and Deferred loans. The Below Market Rate and Deferred Loans, which have an interest rate that is at least one-third of the true interest cost, require that the affordability restrictions be permanent.

Downtown Neighborhoods Preservation Fund

Downtown Neighborhoods Preservation Fund, established by the Board of Supervisors on June 26, 2016 through Ordinance 137-16, authorized up to $40 million in funding from fees paid through the Jobs-Housing Linkage Program (Section 413) and the Inclusionary Affordable Housing Program (Section 415) of the San Francisco Planning Code to be used for the acquisition and rehabilitation of existing housing. The program requires that the housing be within a one-mile radius of the Oceanwide Center at 50 First Street. Funds dispersed under this program target low- and moderate-income tenants and may serve tenants with household income up to a maximum of 120 percent AMI as long as the building-wide average does not exceed 80 percent AMI. This funding streams places a maximum $250,000 City subsidy per unit.

Small Sites Program

The Small Sites Program, established on July 18, 2014 by the Citywide Affordable Housing Loan Committee for the purpose of stabilizing San Francisco's existing rental housing stock of buildings occupied by low- to moderate-income tenants who are vulnerable to displacement. This program is intended to provide funding for buildings with 5-25 units; however, according to Ms. McCormack, the program does not exclude buildings with more than 25 units. Over the lifetime of the project, a building should maintain affordability through an average of tenants with household income at no more than 80 percent of AMI. This funding stream also places a maximum $300,000 City subsidy per unit for buildings with 10-25 units. According to program guidelines this may be evaluated on a case-by-case basis.

Education Revenue Augmentation Fund (ERAF)

Excess ERAF revenues received by the City are appropriated to the Affordable Housing Production and Preservation Fund, which was established by the Board of Supervisors on June 21, 2019 through Ordinance 112-19. The ERAF Affordable Housing Production and Preservation Fund funds the land acquisition and production of new 100 percent affordable housing projects along with acquisition and preservation of existing housing to make that housing permanently affordable.

Ground Lease

To preserve affordability long term, the City typically ground leases a City-owned property to a non-profit entity to develop, maintain, and manage the site. Under the Small Sites and Downtown Neighborhoods Preservation Fund Programs, the City provides permanent financing for the acquisition and rehabilitation of sites that are not owned by the City. According to Ms. McCormack, the Small Sites and Downtown Neighborhoods Programs must compete with profit-motivated developers to remove properties from the speculative real estate market, so the City uses a public-private partnership model designed to execute transactions quickly.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would (1) approve a loan amount not to exceed $31,780,000 for the acquisition, rehabilitation, or permanent financing of 270 Turk Street and (2) affirm the Planning Department's determination that this project is consistent with the General Plan. The purpose of the loan is to provide permanent financing for the acquisition and rehabilitation loan for 270 Turk Street, an 86 unit multi-family residential rental housing building, and maintain its affordability for low- to moderate-income households.

By approving the proposed resolution, the Board of Supervisors is approving the (1) the Planning Department's determination that the proposed loan is not a project under the California Environmental Quality Act (CEQA), (2) the loan documents, including the Draft Loan Agreement and related documents, and (3) future actions by the City to protect the City's financial investment and retain affordability of the housing, which could include purchase or deed acceptance in lieu of foreclosure.

According to the Draft Loan Agreement between MOHCD and 270 Turk GP, LLC, the sources of loan funds up to $31,870,000 are:

Preservation and Seismic Safety	
Below Market Rate	$4,407,346
Market Rate	6,820,024
Deferred	716,640
Subtotal Preservation and Seismic Safety	11,944,010
Small Sites Acquisition/ Downtown Preservation	19,870,000
Total	$31,814,010

According to the proposed resolution, the loans will be funded through a combination of funds that include the Small Sites Program (ERAF funds) or The Downtown Neighborhoods Preservation Fund and Preservation and Seismic Safety Program loans.

Tenant Income Restrictions

According to the Draft Loan Agreement, the project proposes imposing two possible scenarios – A and B, presented below — for maintaining affordability of the building for tenants who are low- to moderate-income. After the agreement date, rent for the units that are vacant shall be set to achieve a mix of tenants at the following AMIs.

Scenario A

Scenario A includes 24 units that are set aside for a Step Up Housing Program for individuals who are formerly homeless and receive subsidies through the Department of Homelessness and Supportive Housing. According to Ms. McCormack, MOHCD and the Department of Homelessness and Supportive Housing prefer Scenario A but are waiting on the execution of a program contract between the Department of Homelessness and Supportive Housing and Tenderloin Neighborhood Development Corporation.

Number of Units	Median Income (Percentage)
24	30%
26	50%
10	60%
10	72%
15	80%

If the Department of Homelessness and Supportive Housing subsidies are reduced or no longer available for the units with household income at 30 percent AMI, rent for these units can be increased as needed to make the Project financially feasible (as approved by MOHCD) for households with income up to 120 percent AMI, which is in line with the current Small Sites underwriting guidelines regarding income restrictions.

Scenario B

Under this scenario, rents will be set for vacant units in order to bring the combined average for rent across all units as close as possible to the amount calculated for households with income from 30 percent to 80 percent AMI and no more than 120 percent AMI; this is consistent with the standard Small Sites Program income restrictions.

FISCAL IMPACT

Table 2 below summarizes the sources and uses of the proposed funding for the permanent financing of the acquisition and rehabilitation loan for 270 Turk Street. Similar to the two scenarios presented above for tenant income restrictions, there are two corresponding scenarios for the total cost of the loan, A and B. Scenario A, which includes Department of Homelessness and Supportive Housing subsidies, is slightly higher because of higher operating reserve costs, which are associated with higher costs for operating the building with supportive services.

In scenario A, because of the operating subsidy provided by the Department of Homelessness and Supportive Housing, the project supports more Preservation and Seismic Safety Program permanent debt, which is why less Small Sites or Downtown Neighborhoods subsidy is required. In scenario B, the project supports less Preservation and Seismic Safety Program debt and therefore requires more subsidy.

Table 2. Sources and Uses of Funds for Proposed Permanent Financing for 270 Turk Street

SOURCES	Scenario A	Scenario A Cost per Unit	Scenario B	Scenario B Cost per Unit
MOHCD – SSP or DNPF	$16,838,204	$195,793	$19,870,327	$231,050
MOHCD – PASS*	$11,944,000	$138,884	$8,840,000	$102,791
Subtotal City Sources	$28,782,204	$334,677	$28,710,327	$333,841
Tenant Income during Operations	$238,551	$2,774	$238,551	$2,774
Total All Sources	$29,020,755	$337,451	$28,948,878	$336,615

USES	Scenario A	Scenario A Cost per Unit	Scenario B	Scenario B Cost per Unit
Acquisition Costs**	$26,597,851	$309,277	$26,651,940	$309,906
Soft Costs***	$725,862	$8,440	$740,075	$8,606
Reserves	$757,042	$8,803	$616,864	$7,173
Developer Costs	$940,000	$10,930	$940,000	$10,930
Total Uses	$29,020,755	$337,451	$28,948,878	$336,615

Source: MOHCD

*This includes all three Preservation and Seismic Safety (PASS) Program Loans at Market Rate, Below Market Rate, and Deferred.

**Acquisition Costs include the costs of acquisition, rehabilitation, and interest accrued.

***Soft costs include engineering and environmental studies, financing costs, legal costs, and soft cost contingency.

Sources of Funds

- *Small Sites Program / Downtown Neighborhood Preservation Fund:* This funding source is estimated to be approximately $16.8 to $19.9 million depending on the Scenario. This will be a 40-year loan accruing 3 percent interest annually. Payments on the loan are due annually in an amount equal to two-thirds of the residual receipts. The remaining balance on the loan with all accrued and unpaid interest and unpaid costs and fees will be due at 40 years. 270 Turk GP, LLC's obligation to pay interest annually is contingent on availability of residual receipts; any interest not paid as of each payment date due to lack of residual receipts will be forgiven and will not accrue.

- *Preservation and Seismic Safety Program:* Funding through this program will account for approximately $8.8 to $11.9 million depending on the Scenario. This source is comprised of three different loans a) Market Rate with an interest rate of 5.16725 percent per year, b) Below Market Rate with an interest rate of 1.38908 percent per year and c) Deferred with an interest rate of 1.38908 percent per year. Each of these loans is over 40 years. The Market Rate and Below Market Rate loans are to be paid in monthly installments; the remaining balance, with all accrued and unpaid interest and unpaid fees and costs incurred will be due at 40 years. The Deferred loan is due in full including all interest and unpaid fees and costs incurred at 40 years.

- *Tenant Income:* A small amount of funding, estimated at $238,551, will come from tenant income from current operations.

Uses of Funds

Acquisition costs noted in Table 2 above range from $26,597,851 (Scenario A) to $26,651,940 (Scenario B), including:

- $19,000,000 for the March 2019 purchase by Turk 270 GP, LLC, funded by a loan from the Housing Accelerator Fund. According to an appraisal obtained by the Housing Accelerator Fund in June 2020, the purchase price of $19,000,000 is at or below the current market price.

- ▪ Approximately $3,501,607 in soft costs including accrued interest on the Housing Accelerator Fund loan, project due diligence costs, and other transaction costs associated with the acquisition and rehabilitation of the Project.

- ▪ Approximately $4,841,688 for the rehabilitation completed between March 2019 and July 2020, including mold removal, updating the fire system, rehabilitating five units, and performing spot updates to windows, floors, and paint.

Total City Subsidy per Housing Unit

The total per housing unit City subsidy is estimated at $334,677 for funding in Scenario A and $333,841 in Scenario B, as shown in Table 3 below.

Table 3: City Subsidy for Affordable Housing Units

	Scenario A	*Scenario B*
Number of units	86	86
Total Residential Area (Sq. Ft.)	47,000	47,000
Total City Cost	$28,782,204	$28,710,327
City Cost per Unit	$334,677	$333,841
City Subsidy per Sq. Ft.	$612	$611

Source: MOHCD

Operating Revenues and Expenses

According to the 20-year cash flow analysis for 270 Turk Street, the project will have sufficient revenues to cover operating expenses, operating reserves, hard debt, management fees, and payments to the proposed MOHCD loans. Project revenues consist of tenant rents and in the case of Scenario A revenue includes supportive services income.

POLICY CONSIDERATION

Not to Exceed Cost

The Draft Loan Agreement provides for a loan amount not-to-exceed $31,870,000, which is $3,087,796 to $3,159,673 more than estimated loan amounts under Scenario A ($28,782,204) and Scenario B ($28,710,327) shown in Table 2 above. According to Ms. McCormack, MOHCD is requesting loan authorization exceeding the actual loan amount because the project budget is still being finalized and additional flexibility in the total amount is needed.

Option to Purchase

The current City financing proposal for 270 Turk Street does not provide an option for the City to purchase the land at a future date. As noted above, financing under the Small Sites and Downtown Neighborhoods Preservation Fund Programs does not include purchase options for the City. MOHCD's general practice to own the land and enter into long-term ground leases with the affordable housing sponsor ensures the long-term affordability of the project and allows the City to retain an asset in exchange for providing financing to the project. While the Small Sites and Downtown Neighborhoods Preservation Programs provide for nonprofit housing developers

to acquire the sites to facilitate acquisition in the private market, the City has acquired properties from nonprofit housing developers after the initial purchase.[2] Therefore, the Budget and Legislative Analyst recommends amending the proposed resolution to request the MOHCD Executive Director to provide the option for the City to purchase 270 Turk Street at a future date.

Loan Sources and Amounts

The Budget and Legislative Analyst considers approval of the proposed resolution to be a policy matter for the Board of Supervisors because (1) the use of the Small Sites or Downtown Neighborhoods Preservation Program funds have not been finally determined as a source of funds for the proposed loan; and (2) the Department of Homelessness and Supportive Housing has not entered into a program contract with the Tenderloin Neighborhood Development Corporation, as noted above, which would change the actual loan amount.

RECOMMENDATIONS

- Amend the proposed resolution to state that the correct amount of the requested loan is $31,870,000.
- Amend the proposed resolution to request the MOHCD Executive Director to provide the option for the City to purchase 270 Turk Street at a future date.
- Approval of the proposed resolution as amended is a policy consideration for the Board of Supervisors.

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[2] The Board of Supervisors approved the purchase of 500 Turk Street from Tenderloin Neighborhood Development Corporation (TNDC) in January 2020 (File 19-1265). TNDC had originally purchased the property using a private loan from the Enterprise Community Loan Fund; MOHCD subsequently provided a loan to TNDC to pay off the Enterprise Community Loan Fund loan and for other costs. File 19-1265 provided for TNDC to convey 500 Turk Street to the City for a purchase price of $12.25 million, which was credited against the outstanding balance of the prior loan made by MOHCD to TNDC.

LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO
PASS AND SMALL SITES PROGRAM)

By and Between

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

and

270 TURK GP, LLC
a California limited liability company,

for

270 Turk Street

PASS - Market Rate Loan: [$6,820,024.00]
PASS - Below Market Rate Loan: [$4,407,336.00]
PASS - Deferred Loan: [$716,640.00]
Total 2016 G.O. Bond (Series 2019A): up to **[$12,000,000.00]**

SSP Loan: up to [$19,870,000.00]
[Educational Revenue Augmentation Fund/Downtown Neighborhoods Preservation Fund]
Total: [$19,870,000.00]

Dated as of _____, 2020

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EXHIBITS

LOAN AGREEMENT
(City and County of San Francisco
PASS and SSP Program)
(270-272 Turk Street)

THIS LOAN AGREEMENT ("Agreement") is entered into as of _____2020, by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and **270 TURK GP, LLC**, a California limited liability company ("Borrower").

RECITALS

A.   On July 18, 2014, the Citywide Affordable Housing Loan Committee authorized the Small Sites Acquisition and Rehabilitation Loan Program ("Small Sites Program") for the purpose of preserving and stabilizing San Francisco's existing rental housing stock of buildings and occupied by low- to moderate-income tenants who are vulnerable to displacement due to market-driven increases in evictions. Through this approval, MOHCD is authorized to provide loans to individual entities for acquisition and rehabilitation of specific existing residential buildings.

B.   On November 3, 1992, the voters of the City and County of San Francisco approved Proposition A, which provided for the issuance of up to $350 million in general obligation bonds to establish and fund a Seismic Safety Loan Program. On November 8, 2016, the voters of the City and County of San Francisco approved Proposition C expanding the permitted use of the bonds to finance the costs to acquire, improve, rehabilitate and convert at-risk multi-unit residential buildings to permanent affordable housing. Under Chapter 66 of the San Francisco Administrative Code and the Preservation and Seismic Safety ("PASS") Program Regulations adopted by MOHCD, the City is authorized to provide a portion of proceeds of the bonds (the "2016 GO Bond (Series 2019A)", and the "Bonds") under this Agreement to Borrower for the preservation of affordable housing.

C.   On June 26, 2016, the San Francisco Board of Supervisors approved Ordinance 137-16 establishing the Downtown Neighborhoods Preservation Fund ("Downtown Neighborhoods Fund") and authorizing up to $40 million in funding from fees paid pursuant to Sections 413 et seq. and 415.1 et seq. of the San Francisco Planning Code, for acquisition and rehabilitation of existing housing, within a one mile radius of 50 First Street. To the extent permitted by law, the City intends to reimburse amounts disbursed under this Agreement with proceeds from the Downtown Neighborhoods Fund.

D. On June 21, 2019, through Ordinance 11219, the San Francisco Board of Supervisors established the Affordable Housing Production and Preservation Fund to receive appropriated excess Education Revenue Augmentation Fund revenues received by the City, for the purpose of funding land acquisition and production of new 100% affordable housing projects and acquisition and preservation of existing housing to make that housing permanently affordable.   The City is authorized by this ordinance to provide a portion of the funds under this

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Agreement (the "ERAF Affordable Housing Production and Preservation Fund") to Borrower for the acquisition and preservation of existing housing. The funds provided from the Bonds, the Downtown Neighborhoods Fund, and the ERAF Affordable Housing Production and Preservation Fund under this Agreement shall be collectively referred to herein as the "Funds."

E. Borrower owns a fee interest in certain real property located at 270 Turk Street, San Francisco, California (the "Site"), which is currently developed as 86 unit units of residential rental housing. Borrower desires to use the Funds to repay its acquisition and rehabilitation loan and in order to continue to preserve the Site as residential housing affordable to low- to moderate-income households (the "Project").

F.   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 "SSP Loan") in the amount of [Nineteen Million Eight Hundred Seventy Thousand and No/100 Dollars ($19,870,000.00)] (the "SSP Loan Amount") under this Agreement to fund certain costs related to the Project. In addition, 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 (1) a market rate loan of Funds to Borrower (the "Market Rate Loan") in the amount of [Six Million Eight Hundred Twenty Thousand Twenty Four and No/100 Dollars ($6,820,024.00] (the "Market Rate Loan Amount"), (2) a below market rate loan of Funds to Borrower ("BMR Loan") in the amount of [Four Million Four Hundred Seven Thousand Three Hundred Thirty Six and No/100 Dollars ($4,407,336.00)], (the "BMR Loan Amount"), and (3) a deferred loan of Funds to Borrower (the "Deferred Loan") in the amount of [Seven Hundred Sixteen Thousand Six Hundred Forty and No/100 Dollars ($716,640.00)], (the "Deferred Loan Amount"), for a total loan of Funds to Borrower in the amount of Thirty One Million Eight Hundred Seventy Thousand and No/100 Dollars ($31,870,000.00) (the "Funding Amount"), under this Agreement to fund certain costs related to the Project.

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 the resolution adopted by the board of directors of the sole member of the limited liability company, 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.

"BMR Loan" has the meaning set forth in **Recital F**.

"BMR Loan Amount" has the meaning set forth in **Recital F**.

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

"Bonds" has the meaning set forth in **Recital B**.

"Borrower" means 270 Turk GP, LLC, a California limited liability company, whose sole member is O'Farrell Senior Housing, Inc., a California nonprofit public benefit corporation ("Manager"), 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. Copies of the Charter Documents must be delivered to the City in their current 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

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the Secretary of State of the state of organization, issued no more than ninety (90) days before the Agreement Date.

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

"City Documents" means this Agreement, the Notes, the Deeds of Trust, the Declaration of Restrictions 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.

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

"Compliance Term" means the period commencing on the date the SSP Deed of Trust and PASS Deed of Trust are recorded in the Recorder's Office of San Francisco County and remaining for the time during which the Project, or any modification of the Project, remains in existence, but in any event no less than seventy five (75) years, even if the Loan is repaid or otherwise satisfied or the SSP Deed of Trust and PASS Deed of Trust are reconveyed before that date.

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

"Contracting Manual" means the Contracting Implementation Manual (CIM) issued by MOHCD and dated July 2013, as the same may be amended from time to time.

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

"Deferred Loan" has the meaning set forth in **Recital F**.

"Deferred Loan Amount" has the meaning set forth in **Recital F**.

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

"Deeds of Trust" means collectively the PASS Deed of Trust and the SSP Deed of Trust.

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

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

"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**.

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

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

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

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

"Excess Proceeds" has the meaning set forth in **Section 5.8**.

"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 F**.

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

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

"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.

"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 rehabilitation, 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.

"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.

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

"Income Restrictions" means the maximum household income limits for Qualified Tenants, as described in **Section 7**.

"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, agents, constituent partners, and members of its boards and commissions 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.

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"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.

"Loan" means, collectively, the SSP Loan, the Market Rate Loan, the BMR Loan, and the Deferred Loan.

"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.

"Market Rate Loan" has the meaning set forth in **Recital F**.

"Market Rate Loan Amount" has the meaning set forth in **Recital F**.

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

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

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

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

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

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

"Notes" (or each "Note") means collectively the SSP Note, the Market Rate Note, the BMR Note, and the Deferred Note.

"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.

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"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 limited liability company 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 rehabilitation of the Project, as determined by the City in its sole discretion.

"PASS 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, the Declaration of Restrictions, the Market Rate Note, the Below Market Rate Note, and the Deferred Note, in form and substance acceptable to the City.

"Payment Date" means the first day of the month that is one calendar month after the date that the PASS Deed of Trust and SSP Deed of Trust are recorded in the Recorder's Office of San Francisco County, and each succeeding 1st day of the month until the Maturity Date.

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

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

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

"Project Expenses" means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on (1): any junior or senior financing secured by the Site and used to finance the Project that has been approved by the City, or (2) any components of the Loan that require mandatory repayments ; (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, Vacancy Reserve Account and any other reserve account required under this Agreement; (f) the approved annual asset management fees in the amount of [$22,670] (plus a 3.5% annual increase as 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 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, or Commercial Income.

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

"Qualified Tenant" means household occupying the Project that has been certified and approved as earning no more than the maximum permissible annual income level allowed by this Agreement and that has entered into a lease with Borrower in a form approved by City. As the context requires, "Qualified Tenant" also means households occupying the Project that have entered into a lease with Borrower in a form approved by City but have not been income certified, in accordance with **Section 7.2(a)**.

"Rent" means the monthly sum charged to Qualified Tenants for rent in compliance with this Agreement.

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

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

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

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

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

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

"Severely Rent Burdened" means a Qualified Tenant household paying fifty percent (50%) or more of its gross monthly income (as shown on the Qualified Tenant's income certification required under **Section 7.4** below) on Rent.

"SFHA" means the San Francisco Housing Authority.

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

"SSP 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, the Declaration of Restrictions, and the SSP Note, in form and substance acceptable to the City.

"SSP Loan" has the meaning set forth in **Recital F**.

"SSP Loan Amount" has the meaning set forth in **Recital F**.

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

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

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

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

"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 SSP Deed of Trust and PASS 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.

"Vacancy Reserve Account" has the meaning set forth in **Section 12.3**.

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

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

(a) CFR provisions: https://www.govinfo.gov/help/cfr

(b) OMB circulars: https://www.whitehouse.gov/omb/information-for-agencies/circulars/

(c) S.F. Administrative Code: https://sfgov.org/civilservice/SAN-FRANCISCO-ADMINISTRATIVE-CODE

1.4   <u>Contracting Manual.</u> As applicable, 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 provide permanent financing for the Project to preserve affordability that might otherwise be lost to the market-rate real estate market. 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 March 19, 2019 (other than deposits made prior to such date for the acquisition of the Site).

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.

ARTICLE 3   TERMS. Borrower's repayment obligations with respect to the Funding Amount will be evidenced and governed by the Notes, 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 (the "Maturity Date") that is the fortieth (40th) anniversary of the date that is the first day of the first full month following the date the SSP Deed of Trust and PASS Deed of Trust are recorded in the Recorder's Office of the City and County of San Francisco (the "Official Records").

3.2   Compliance Term; Declaration of Restrictions. Borrower must comply with all provisions of the City Documents relating to the use of the Site and the Project, as set forth in the Declaration of Restrictions to be recorded in the Official Records, for the Compliance Term.

3.3   Interest. The outstanding principal balance of the SSP Loan will bear simple interest at a rate of 3% per annum, as provided in the SSP Note. The outstanding principal balance of the Market Rate Loan will bear interest at a rate of 5.16725% per annum, compounding monthly, as provided in the Market Rate Note. The outstanding principal balance of the BMR Loan will bear interest at a rate of 1.38908% per annum, compounding monthly, as provided in the BMR Note. The outstanding principal balance of the Deferred Loan will bear interest at a rate of 1.38908% per annum compounding monthly, as provided in the Deferred Note.

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 Notes, with such default interest rate commencing as of the date specified in each Note 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. The outstanding principal balance of the Loan, together with all accrued and unpaid interest will be due and payable on the Maturity Date according to the terms set forth in full in the Notes.

3.6   Changes In Funding Streams. The City's agreement to make the Loan on the terms set forth in this Agreement and the Notes 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   Additional Borrower Covenants. Borrower hereby covenants and agrees to perform the following additional obligations:

(a)   Borrower shall accept rental assistance (such as Section 8 and VASH, or any successor or similar rent subsidy programs) to the extent that Rent charged for the Unit complies with such program regulations and a Qualified Tenant who submits a voucher or other form of rental assistance has been selected through the marketing process described in **Article 6** and is otherwise qualified for the Unit.

(b)   To the extent possible, as allowable by applicable law, and in compliance with MOHCD's marketing procedures outlined in Article 6 of this Agreement, Borrower will maximize the occupancy of the Units.

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

3.9   PASS Program Costs. Borrower hereby covenants and agrees to pay MOHCD the following PASS program costs and fees:

(a)   Origination Fee – On or before the Agreement Date, the Borrower shall pay MOHCD a fee equal to [$149,300.00],. The Borrower shall pay the Origination Fee to MOHCD by certified or official bank check or other means of payment acceptable to MOHCD.

(b)   City Attorney Expenses – On or before the Agreement Date, the Borrower shall pay MOHCD a fee equal to $15,000. The Borrower shall pay the City Attorney Expenses fee to MOHCD by certified or official bank check or other means of payment acceptable to MOHCD.

(c)   Compliance Monitoring Fee – The initial installment of this fee, which must be paid in full on or before the Agreement Date to cover the first year of monitoring, is $2,500. Thereafter, the fee for the coming year, which is due on the anniversary of the Agreement Date, is $2,500. For Properties subject to City-imposed affordability restrictions, the fee is payable annually in advance for the duration of the Compliance Term. For Properties not subject to such restrictions, the fee is payable annually in advance through Loan maturity or prepayment.

(d)   Loan Servicing Fee – The cost of this fee is $2,500 annually in advance. The first installment of the fee, which covers the first year of servicing, must be paid in full on or before the Agreement Date. Thereafter, the fee for the coming year is due on the anniversary of the Agreement Date through Loan maturity or prepayment.

(e)   Adjustments – All fees in Section 3.9 shall be increased proportionately in the event of an increase in the Loan, but shall not be decreased in the event of a reduction in the Loan.

ARTICLE 4   CLOSING; DISBURSEMENTS.

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

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

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

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

(b)   Borrower must have delivered to the City: (i) Borrower's Charter Documents, and an Opinion; (ii) a comprehensive maintenance and operating plan for the Project duly approved by Borrower's governing body that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection or the equivalent achieved through a contract with a 3rd party property manager; and (iii) a CNA that has been duly approved by the City.

(c)   Any lender with a security interest or other party with an interest in the Property must have agreed to subordinate its interest in the Site to the Declaration of Restrictions by instrument satisfactory in form and substance to the City.

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

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

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

(g)   The Declaration of Restrictions, SSP Deed of Trust, and PASS Deed of Trust must have been recorded as valid liens in the Official Records, subject only to the Permitted Exceptions.

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

(i)   Borrower must have delivered to the City satisfactory evidence that current tenants in Project have been informed by Borrower of the Loan, the change in regulation to rents (if any), and any rent increases that will be implemented as a result of the Project, and that each current tenant of the Project has entered into a lease with Borrower in a form approved by City.

(j)   Borrower must have income certified the existing tenants residing on the Site and deliver sufficient evidence to the City that 66% of the Units occupied as of the Agreement Date are occupied by households with a combined average income at or below 80% Median Income. For the purposes of this Agreement, Borrower may include any Units that are vacant as of the Agreement Date in such calculation, using the maximum household income allowable pursuant to Exhibit A for each such vacant Unit.

(k)   Unless otherwise waived by the City, Borrower must have obtained a commitment letter from the San Francisco Department of Homlessness and Supportive Housing ("**HSH**") acceptable to MOHCD that solidifies the amount, terms, and conditions of the contract for the 24 applicable Units that will be rented at a rate of 30% of Median Income.

(l)   Borrower must provide the City with a Services Plan acceptable to MOHCD that provides sufficient detail related to the delivery of homelessness services at the Project.

(m)   Borrower must confirm that the proposed rent increases are acceptable to the six applicable households that are not currently income-eligible, in Unit Nos. _____, and provide executed new leases requiring the Rents approved by MOHCD.

(n)   Borrower must provide the City with a detailed plan and analysis, acceptable to MOHCD, regarding how future capital replacement needs of the Project will be addressed.

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

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

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

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

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

(d)   The Loan must be in balance.

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

4.7   Reserved

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   RESERVED .

ARTICLE 6   MARKETING.

6.1   Marketing and Tenant Selection Plan. No later than sixty (60) days after the Agreement Date, Borrower must deliver to the City for the City's review and approval an affirmative plan for initial and ongoing marketing of the Units and a written tenant selection procedure for initial and ongoing renting of the Units based on MOHCD's then-current form of marketing and tenant selection plan (the "Marketing and Tenant Selection Plan"), all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City. Borrower must obtain the City's approval of reasonable alterations to the Marketing and Tenant Selection Plan. Borrower must market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City. Before marketing any Units, Borrower must provide the City with updated implementation and contact information.

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

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

(b)   A plan that satisfies the requirement to give preference in occupying units first to Certificate of Preference Holders in accordance with the Operational Rules and the Preferences Ordinance.

(c)   A plan that satisfies the requirement to give preference in occupying units second to Displaced Tenant Preference Certificate Holders in accordance with the Operational Rules and the Preferences Ordinance; provided, however, that depending on the requirements of non-City funding approved by the City for the Project, the preferences set forth in this paragraph may not apply.

(d)   A list of local neighborhood newspapers, community-oriented radio stations, on the internet and in other media that are likely to reach low-income households in which the apartments will be advertised. All advertising must display the Equal Housing Opportunity logo.

(e)   Copies of draft notices to be sent to neighborhood-based, nonprofit housing corporations and other low-income housing advocacy organizations that maintain waiting lists or make referrals for below-market-rate housing.

(f)   Notices to SFHA.

(g)   Notices to MOHCD.

(h)   To the extent practicable, Borrower must give preference to potential tenants who have been displaced from other units in the City by rehabilitation or construction work financed in whole or part by the City. To implement this requirement, Borrower agrees to give preferential consideration to applications of displaced persons provided to Borrower by the City.

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

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

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

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

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

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

6.5   Waiting List. Borrower's Marketing and Tenant Selection Plan must contain, at a minimum, policies and criteria that provide for the selection of tenants from a written waiting list that complies with the Marketing and Tenant Selection Plan (the "Waiting List"). Each Waiting List shall be valid for a six (6) month period following the lottery date, at which time such Waiting List shall expire. The Marketing and Tenant Selection Plan may allow an applicant to refuse an available Unit for good cause without losing standing on the Waiting List but shall limit the number of refusals without cause as approved by the City. The Waiting List and the previous expired Waiting Lists must be kept on file at the Project for three (3) years after the expiration of such lists.

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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 for the Compliance Term and survive the prior repayment or other satisfaction of the Loan, termination of this Agreement or reconveyance of the SSP Deed of Trust and PASS Deed of Trust; and (b) following the expiration of the Compliance Term with respect to any Unit then occupied by a Qualified Tenant, until the Qualified Tenant voluntarily vacates his/her Unit or is evicted lawfully for just cause.

7.2   Borrower's Covenant; Rent Restrictions.
(a)   Borrower covenants to rent all Units at all times to households that are certified as Qualified Tenants at initial occupancy and at the Rent described in this Agreement. Notwithstanding the foregoing, MOHCD may approve that certain households occupying Units on the Agreement Date are not income certified, so long as at least 66% of the households occupying Units on the Agreement Date are income certified as Qualified Tenants, and provided that all such households enter into a lease with Borrower in a form approved by City on or before the Agreement Date. Borrower may include any Units that are vacant as of the Agreement Date in its calculation of the percentage of Qualified Tenants, using the maximum household income allowable set forth in **Exhibit A** for each such Unit, so long as Borrower rents the Units to Qualified Tenants at such rates. Borrower will rent all Units that are occupied as of the Agreement Date at the initial Rent set forth in **Exhibit A**, as adjusted thereafter in accordance with this **Section 7**.

(b)   A Qualified Tenant at initial occupancy may not be required to vacate the Unit due to subsequent rises in household income. In no event will any Qualified Tenant be required to pay Rent in excess of 30% of 120% Median Income except as provided in **Section 7.3(d)**.

(c)   Required Rents for the Units as of the Agreement Date will be as set forth in **Exhibit A**.

(d)   After the Agreement Date, the Rent for each Unit that becomes vacant shall be set at the amount necessary to bring the Project's combined average Rents for all Units as close as is possible to the amount calculated as 30% of 80% Median Income, but no more than 30% of 120% Median Income.

7.3   Rent Adjustments and Restrictions. Rent for all Units shall be increased annually by the greater of: (x) the percentage change in annual operating expenses, up to a maximum of 3.5%, or (y) 2%, except as follows:

(a)   Reserved.

(b)   Severely Rent Burdened Qualified Tenants. If the Rent increase described in this **Section 7** results in any Qualified Tenant household becoming Severely Rent Burdened,

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Borrower is not required to increase the Rent of the Severely Rent Burdened Qualified Tenant until such time as the Qualified Tenant is no longer Severely Rent Burdened, provided that: (i) Borrower first demonstrates to the satisfaction of MOHCD, in MOHCD's sole discretion, that the Project maintains short- and long-term financial sustainability in the form of positive cash flow, adequately funded reserves, and other indicators as MOHCD may reasonably request; (ii) at each annual income recertification, the ability of all households to pay required rent increases will be reassessed, as will the Borrower cash flow, to ensure short- and long-term financial sustainability if Borrower elects not to impose the required annual Rent increase for any Severely Rent Burdened Qualified Tenant; and (iii) all Regulatory Obligations continue to be met. Similarly, if the circumstances described in this subsection are met, a Unit becomes vacant and a Qualified Tenant demonstrates to Borrower that it is Severely Rent Burdened, Borrower may reduce such Qualified Tenant's Rent to a level no lower than 40% of that Qualified Tenant's gross monthly income, thus resulting in a higher Rent that will be required for the vacant Unit. If more than one Qualified Tenant is eligible for such a Rent reduction, the reduction shall be equally distributed among such eligible Qualified Tenants.

(c) <u>Reserved</u>.

(d) <u>Recovery of Project Expenses</u>. With the City's prior written approval, Rent increases for Units exceeding the amounts permitted by the first sentence of **Section 7.3** may be permitted once annually in order to recover increases in approved Project Expenses, provided that: (i) in no event may single or aggregate Rent 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; (ii) Rents for each Unit may in no event exceed 30% of 120% Median Income. The City's approval for such Rent increases under this subsection shall not be unreasonably withheld.

(e) <u>Rent Subsidy Programs</u>. For those households that hold rent subsidy vouchers, such as Section 8 and VASH, on an annual basis Borrower shall request and use best efforts to receive an increase in contract rent equivalent to the percentage change in Fair Market Rent or equivalent payment standard, whichever is greater. 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, and provided the Qualified Tenant paid portion of Rent does not exceed 30% of 120% Median Income. 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 30% of 120% Median Income.

(f) <u>Recovery of Property Tax Increases</u>. In addition to the Rent increases contemplated in this **Section 7** and with the City's prior written approval, if a Qualified Tenant's household income exceeds eighty percent (80%) of California Median Income (as published by the California Department of Housing and Community Development) during occupancy of a Unit, Borrower may adjust the charges for Rent for such Qualified Tenant to absorb the amount of property taxes attributable to the Qualified Tenant's Unit as a result of the loss of the State of California's welfare exemption for low-income housing properties. The City may, in its sole discretion, require that Rent increases allowed under this subsection be implemented over a

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period of time in order to reduce the burden on an existing Qualified Tenant. Rents charged under this subsection may not exceed 30% of 120% Median Income. The City's approval for such Rent increases shall not be unreasonably withheld. If such Qualified Tenant's household income subsequently decreases and the Unit becomes eligible for the California welfare property tax exemption, Borrower may reduce such Qualified Tenant's Rent by the amount of property tax savings attributable to the Qualified Tenant's Unit, as provided in Section 7.3(b).

(g) <u>Excess Rent</u>. If Borrower increases Rents or offers a vacant Unit for rent at a rate that exceeds the rules described in this Agreement, the resulting excess cash flow will be paid by Borrower to the Qualified Tenants who were overcharged, and Borrower's actions will constitute an Event of Default pursuant to **Section 19**.

7.4 <u>Certification</u>.

(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 provide any other information, documents or certifications deemed necessary by the City to substantiate the prospective Qualified 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 <u>Form of Lease</u>. The form of lease for Qualified Tenants must provide for termination of the lease and consent to immediate eviction for failure to qualify as a Qualified Tenant if the Qualified Tenant has made any material misrepresentation in the initial income certification.

7.6 <u>Nondiscrimination</u>. 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 Qualified Tenants using Section 8 certificates or vouchers or assistance through other rental subsidy programs.

7.7 <u>Security Deposits</u>. Security deposits may be required of tenants only in accordance with applicable state law and this Agreement. Any security deposits collected must

be segregated from all other funds of the Project in an Account held in trust for the benefit of the tenants and disbursed in accordance with California law. The balance in the trust account must at all times equal or exceed the aggregate of all security deposits collected plus accrued interest thereon, less any security deposits returned to tenants.

ARTICLE 8   MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1   Borrower's Responsibilities.

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

8.2   Contracting With Management Agent.

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

ARTICLE 10   PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1   Generally.

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

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

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

10.2   Reserved

10.3   Annual Reporting. 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, 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.

10.4   Capital Needs Assessment. Borrower must deliver to MOHCD an updated CNA every seven (7) years after the AgreementDate for approval. The updated CNA must include an analysis of Borrower's actual expenditures for capital needs compared to the most recently

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approved CNA, Borrower's 20-Year Proforma and initial Annual Operating Budget and its then-current Annual Operating Budget.

10.5 Reserved

10.6 Response to Inquiries. At the written 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 written 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, 10.3, 10.4, 10.6 and 10.7 and** any other obligations to provide reports or maintain records in any City Document, Borrower agrees that duly authorized representatives of the City will have: (a) access to the Project throughout the Compliance Term to monitor compliance by Borrower with the terms of this Agreement provided that the City has delivered a written notice of such requested entry no less than forty-eight (48) hours prior to such entry, and in all events any entry into a residential unit is consistent with California law; 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 USE OF INCOME FROM OPERATIONS.

11.1 Project Operating Account.

(a) Borrower must deposit all Project Income promptly after receipt into a segregated depository account (the "Project Operating Account") established exclusively for the

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Project. Withdrawals from the Project Operating Account may be made only in accordance with the provisions of this Agreement and the approved Annual Operating Budget, as it may be revised from time to time with the City's approval. Borrower may make withdrawals from the Project Operating Account solely for the payment of Project Expenses. Withdrawals from the Project Operating Account (including accrued interest) for other purposes may be made only with the City's express prior written approval.

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

ARTICLE 12 REQUIRED RESERVES.

12.1   Replacement Reserve Account.

(a)   Commencing no later than sixty (60) days after the Agreement Date, or any other date the City designates in writing, Borrower must establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account"). On or before the 15th day of each third month following establishment of the Replacement Reserve Account, Borrower must make quarterly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary.

(b)   Borrower must make an initial deposit into the Replacement Reserve Account in an amount equal to [($172,000)]. Thereafter, quarterly deposits must equal the higher of (i) the amount needed under Borrower's approved Capital Needs Assessment (CNA), or (ii) 1/4th of the applicable amount set forth in the chart below. Borrower may request adjustments every seven (7) years based on its most recently approved CNA.

No. of Units	Replacement Reserve Deposits Per-Unit, Per-Year
86	350

(c)   In addition, if at any time the balance of the Replacement Reserve Account is below one and a half (1.5) times the original capitalized replacement reserve balance set forth in **Section 12.1(b)** above, Borrower shall deposit into the Replacement Reserve Account the funds that would otherwise be allocated to the City's share of Residual Receipts until it reaches that amount. Any Residual Receipts remaining above that amount shall be paid to the City in accordance with the Notes.

(d)   Borrower may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Project, such as replacing or repairing structural elements, furniture, fixtures or equipment of the Project that are reasonably required to preserve the Project, and for the actual and reasonable fees of architects, engineers, or other consultants

needed to plan and execute the capital improvements approved by City. Borrower may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without the City's prior written approval.

12.2   Operating Reserve Account.

(a)   Commencing no later than sixty (60) days after the Agreement Date, or any other date the City designates in writing, Borrower must establish or cause to be established a segregated interest-bearing operating reserve depository account (the "Operating Reserve Account") by depositing funds in an amount equal to $[(403,052)]. The City may review the adequacy of deposits to the Operating Reserve Account periodically and require adjustments as it deems necessary.

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

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

12.3   Other Reserve Requirements. Borrower shall establish a segregated interest-bearing reserve depository account in the amount of [($181,990)], (the "Lease Up Reserve") promptly upon disbursement of Funds from the City. The Lease Up Reserve will be available to Borrower after the closing of the Loan to supplement rental income in the event the lease-up of vacant Units is delayed for residential units

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 or other services performed in connection with the Project.

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

conditions of this Agreement. The City will be deemed to have approved Borrower's written request for approval of a proposed Distribution unless the City delivers its disapproval or request for more information to Borrower within thirty (30) business days after the City's receipt of the request for approval.

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

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

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

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

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

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

(f)   during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any time the City determines the Loans are 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 K. 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 Notes.

ARTICLE 14   SYNDICATION PROCEEDS.

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

ARTICLE 15   DEVELOPER FEES.

15.1   Amount. Borrower is entitled to receive fees from the Loan in a total amount not to exceed Nine Hundred Forty Thousand and No/100 Dollars ($940,000.00)] for developing the Project ("Developer Fees"), payable at the closing of the Loan.

ARTICLE 16   TRANSFERS.

16.1   Permitted Transfers/Consent. Borrower may not cause or permit any voluntary transfer, assignment or encumbrance of all or any portion 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 the following "Permitted Transfers": (a) leases, subleases or occupancy agreements to occupants of Units; (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; or (c) the assignment and assumption of this Agreement, and all other documents evidencing the Loan, to a limited partnership whose general partner is the Borrower, or another entity controlled by Tenderloin Neighborhood Development Corporation (the "Limited Partnership"), in connection with the transfer of the Project by the Borrower to the Limited Partnership for the utilization of low-income housing tax credits for the further rehabilitation of the Project . 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** throughout the Compliance Term of this Agreement 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

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

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

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

(e)   All or a substantial or material portion of the improvements on the Site is damaged or destroyed by fire or other casualty, and the City has determined upon restoration or repair that the security of the SSP Deed of Trust or the PASS Deed of Trust has been impaired or that the repair, restoration or replacement of the improvements in accordance with the requirements of the SSP Deed of Trust and PASS 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 or

(f)   Borrower is dissolved or liquidated or merged with or into any other entity; or, if Borrower is a corporation, partnership, limited liability company or trust, Borrower ceases to exist in its present form and (where applicable) in good standing and duly qualified under the laws of the jurisdiction of formation and California for any period of more than sixty (60) days; or, if Borrower is an individual, Borrower dies or becomes incapacitated; or all or substantially all of the assets of Borrower are sold or otherwise transferred except as permitted under **Section 16.1**; or

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

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

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

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

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

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

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

(n)   Borrower ceases rehabilitation or construction of the Project for a period of fifteen (15) consecutive working days, and the cessation is not excused under **Section 19.3**; or

(o)   Borrower is in default of its obligations with respect to 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, 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 Notes, together with default interest as provided in the Notes and any other charges due under the Notes and the other City Documents, immediately due and payable without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which Borrower expressly waives.

(b)   The City at its option may terminate all commitments to make Disbursements or to release the Site from the SSP Deed of Trust, the PASS Deed of Trust, or the 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 SSP Deed of Trust, the PASS Deed of Trust, or the 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 Notes, together with default interest as provided in the Notes and any other charges due under the Notes 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 Notes, even if it causes the principal balance to exceed the face amount of the Notes, unless Borrower reimburses the City within ten (10) days of the City's demand for reimbursement.

19.3   Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of the City or Borrower rendered impossible to perform while the event continues: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty and other

causes beyond the control of the party obligated to perform. The occurrence of a force majeure event will excuse Borrower's performance only in the event that Borrower has provided notice to the City within thirty (30) days after the occurrence or commencement of the event or events, and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

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

ARTICLE 20   REPRESENTATIONS AND WARRANTIES.

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

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

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

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

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

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

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

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

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 or electronic mail (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 of Preservation and Portfolio Management
Fax:_____
Email:_____

To Borrower: 270 Turk GP, LLC
c/o TNDC
201 Eddy Street
San Francisco, CA 94102
Attn: Rachel Macaraeg
Asset Manager
Email: rmacaraeg@tndc.org
Phone: (415) 358-3952

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

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

ARTICLE 22 HAZARDOUS SUBSTANCES.

22.1   Borrower's Representations. Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as disclosed in the Phase I and Phase II reports completed by ACC Environmental Consultants on December 14, 2018 or otherwise in writing: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

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

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) injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents, the Loan, the Site or the Project or any transaction contemplated by, or the relationship between Borrower and the City or any

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action or inaction by the City under, the City Documents; (f) the occurrence, before the expiration of the Compliance Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring before the 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 SSP 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.

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

24.21   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	Reserved
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	MOHCD Residual Receipts Policy

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

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
       Deputy City Attorney

BORROWER:

270 Turk GP, LLC,
a California limited liability company

   By: O'Farrell Senior Housing, Inc.,
        a California nonprofit public benefit
        corporation
   Its: Sole Member

      By: _____
      Name: Donald Falk
      Title: Chief Executive Officer

EXHIBIT A
Schedules of Income and Rent Restrictions

1. Income and Rent Restrictions

    a. Required Rents for the Units as of the Agreement Date are as follows:

[Rent Chart for Existing households to be inserted once rents are finalized]

b. [Alternative A] [Vacancies after the Agreement Date. After the Agreement Date, the Rent for the Units that become vacant shall be set to achieve the following mix of Units at the indicated Median Income levels:

# of Units	Median Income%
24	30%
26	50%
10	60%
10	72%
15	80%

In the event of a loss or reduction of Department of Homelessness and Supportive Housing subsidies for the 30% Median Income Units at the Project, the Rent for such Units may be increased to the extent necessary for the Project to be financially feasible as approved in advance by MOHCD, provided that such Rent may in no event exceed 30% of 120% of Median Income.]

b. [Alternative B] [Vacancies after the Agreement Date. After the Agreement Date, the Rent for each Unit that becomes vacant shall be set at the amount necessary to bring the Project's combined average Rents for all Units as close as possible to the amount calculated as 30% of 80% Median Income, but no more than 30% of 120% Median Income.]

b. 2. Reserved

EXHIBIT B-1
Table of Sources and Uses of Funds

Attached.

								Total Sources	Comments
Application Date:	6/1/20		**# Units:**	86					**Small Sites Project**
Project Name:	270 Turk Street		**# Bedrooms:**	86					
Project Address:	270 Turk Street		**# Beds:**						
Project Sponsor:	TNDC								

								Total Sources	Comments
SOURCES	16,838,204	6,820,024	4,407,336	716,640	238,551	-	-	29,020,756	
		MOHCD (PASS-MR)	MOHCD (PASS-BMR)	MOHCD (PASS-Deferred)	Operating Income During Construction				
Name of Sources: MOHCD/OCII									
USES Perm loans total:	23,658,228								

Perm loan amount is more than bridge loan(s) by: 23658228.19

ACQUISITION									
Acquisition cost or value	14,653,851	6,820,024	4,407,336	716,640				26,597,851	Ttl this line item = HAF payoff + TNDC Working Capital reimbursement
Legal / Closing costs / Broker's Fee								0	
Holding Costs								0	
Transfer Tax								0	
TOTAL ACQUISITION	14,653,851	6,820,024	4,407,336	716,640	0	0	0	26,597,851	

CONSTRUCTION (HARD COSTS)									
Unit Construction/Rehab								0	
Commercial Shell Construction								0	
Demolition								0	
Environmental Remediation								0	
Onsite Improvements/Landscaping								0	
Offsite Improvements								0	Construction line item costs as a % of hard costs
Infrastructure Improvements								0	
Parking								0	
GC Bond Premium/GC Insurance/GC Taxes								0	
GC Overhead & Profit								0	
CG General Conditions								0	
Sub-total Construction Costs	0	0	0	0	0	0	0	0	
Design Contingency (remove at DD)								0	
Bid Contingency (remove at bid)								0	
Plan Check Contingency (remove/reduce during Plan Review)								0	
Hard Cost Construction Contingency								0	
Sub-total Construction Contingencies	0	0	0	0	0	0	0	0	
TOTAL CONSTRUCTION COSTS	0	0	0	0	0	0	0	0	

SOFT COSTS									
Architecture & Design									
Architect design fees								0	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)								0	
Architect Construction Admin								0	
Reimbursables								0	
Additional Services								0	
Sub-total Architect Contract	0	0	0	0	0	0	0	0	
Other Third Party design consultants (not included under Architect contract)								0	
Total Architecture & Design	0	0	0	0	0	0	0	0	
Engineering & Environmental Studies									
Survey								0	
Geotechnical studies								0	
Phase I & II Reports								0	
CEQA / Environmental Review consultants								0	
NEPA / 106 Review								0	
CNA/PNA (rehab only)	4,800							4,800	PNA per MOHCD regs
Other environmental consultants								0	
Total Engineering & Environmental Studies	4,800	0	0	0	0	0	0	4,800	
Financing Costs									
Construction Financing Costs									
Construction Loan Origination Fee	0							0	
Construction Loan Interest	111,013				238,551			349,565	MOHCD amount is HAF interest due at conv.; Operating Income amount paid from ops during const.
Title & Recording	0							0	
CDLAC & CDIAC fees	0							0	
Bond Issuer Fees	0							0	
Other Bond Cost of Issuance	0							0	
Const Lender Extension Fee	62,276							62,276	HAF loan ext fee due at conv.
Sub-total Const. Financing Costs	173,289	0	0	0	238,551	0	0	411,841	
Permanent Financing Costs									
Permanent Loan Origination Fee	149,300							149,300	1.25% of PASS loan ttl
Credit Enhance. & Appl. Fee	11,541							11,541	($2,500 x 2) + (.05% x ttl PASS amt)
Title & Recording	5,000							5,000	Title fees @ conv
Sub-total Perm. Financing Costs	165,841	0	0	0	0	0	0	165,841	
Total Financing Costs	339,130	0	0	0	238,551	0	0	577,681	
Legal Costs									
Borrower Legal fees	15,000							15,000	TNDC attorney's fees
Land Use / CEQA Attorney fees	0							0	
Tax Credit Counsel	0							0	
Bond Counsel	0							0	
Construction Lender Counsel	7,500							7,500	HAF charges a legal fee for loan ext at Conv.
Permanent Lender Counsel	15,000							15,000	MOHCD attorney fees
Other Legal (specify)	0							0	
Total Legal Costs	37,500	0	0	0	0	0	0	37,500	
Other Development Costs									
Appraisal	15,000							15,000	Appraisal needed per PASS regs
Market Study	0							0	
Insurance	0							0	
Property Taxes	0							0	
Accounting / Audit	10,000							10,000	Paying for audit via conv
Organizational Costs	0							0	
Entitlement / Permit Fees	0							0	
Marketing / Rent-up	0							0	
Furnishings	0							0	$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	0							0	
TCAC App / Alloc / Monitor Fees	0							0	
Financial Consultant fees	0							0	
Construction Management fees / Owner's Rep	0							0	
Security during Construction	0							0	
Relocation	0							0	
Hard Costs Not in Contract	0							0	
Events/Community Outreach	0							0	
Other (specify)	0							0	Total Soft Cost Contingency as % of Total Soft Costs
Total Other Development Costs	25,000	0	0	0	0	0	0	25,000	
Soft Cost Contingency									
Contingency (Arch, Eng, Fin, Legal & Other Dev)	80,881							80,881	12.5%
TOTAL SOFT COSTS	487,311	0	0	0	238,551	0	0	725,862	

RESERVES									
Operating Reserves	403,052							403,052	
Replacement Reserves	172,000							172,000	
Tenant Improvements Reserves	0							0	
Lease Up Reserve	181,990							181,990	
Other (specify)	0							0	
Other (specify)	0							0	
TOTAL RESERVES	757,042	0	0	0	0	0	0	757,042	

DEVELOPER COSTS									
Developer Fee - Cash-out Paid at Milestones	940,000							940,000	
Developer Fee - Cash-out At Risk	0							0	
Developer Fee - GP Equity (also show as source)									
Developer Fee - Deferred (also show as source)									
Development Consultant Fees								0	
Other (specify)								0	
TOTAL DEVELOPER COSTS	940,000	0	0	0	0	0	0	940,000	

TOTAL DEVELOPMENT COST	16,838,204	6,820,024	4,407,336	716,640	238,551	0	0	29,020,756	
Development Cost/Unit by Source	195,793	79,303	51,248	8,333	2,774	0	0	337,451	
Development Cost/Unit as % of TDC by Source	58.0%	23.5%	15.2%	2.5%	0.8%	0.0%	0.0%	100.0%	
Acquisition Cost/Unit by Source	170,394	79,303	51,248	8,333	0	0	0	309,277	
Construction Cost (inc Const Contingency)/Unit By Source	0	0	0	0	0	0	0	0	
Construction Cost (inc Const Contingency)/SF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
City Subsidy/Unit	195,793								
Tax Credit Equity Pricing:	N/A								
Construction Bond Amount:	N/A								
Construction Loan Term (in months):	N/A								
Construction Loan Interest Rate (as %):	N/A								
Small Sites									
Combined Loan to Value Ratio:								109%	
% of Acquisition Cost by Source	55%	26%	17%	3%	0%	0%	0%	100%	
Small Sites Maximum Developer Fee	940,000								

Application Date:	6/1/20		**# Units:**	86					**Small Sites Project**
Project Name:	270 Turk Street		**# Bedrooms:**	86					
Project Address:	270 Turk Street		**# Beds:**						
Project Sponsor:	TNDC								

							Total Sources	Comments
SOURCES	19,870,327	5,047,640	3,261,960	530,400	238,551	-	-	28,948,878	
		MOHCD (PASS-MR)	MOHCD (PASS-BMR)	MOHCD (PASS-Deferred)	Operating Income During Construction				
Name of Sources: MOHCD/OCII									
USES Perm loans total:	24,917,967								

Perm loan amount is more than bridge loan(s) by: 24917966.95

ACQUISITION									
									Ttl this line item = HAF payoff + TNDC Working Capital reimbursement
Acquisition cost or value	17,811,940	5,047,640	3,261,960	530,400				26,651,940	
Legal / Closing costs / Broker's Fee								0	
Holding Costs								0	
Transfer Tax								0	
TOTAL ACQUISITION	17,811,940	5,047,640	3,261,960	530,400	0	0	0	26,651,940	

CONSTRUCTION (HARD COSTS)									
Unit Construction/Rehab								0	
Commercial Shell Construction								0	
Demolition								0	
Environmental Remediation								0	
Onsight Improvements/Landscaping								0	
Offsite Improvements								0	
Infrastructure Improvements								0	
Parking								0	
GC Bond Premium/GC Insurance/GC Taxes								0	
GC Overhead & Profit								0	
CG General Conditions								0	
Sub-total Construction Costs	0	0	0	0	0	0	0	0	
Design Contingency (remove at DD)								0	
Bid Contingency (remove at bid)								0	
Plan Check Contingency (remove/reduce during Plan Review)								0	
Hard Cost Construction Contingency								0	
Sub-total Construction Contingencies	0	0	0	0	0	0	0	0	
TOTAL CONSTRUCTION COSTS	0	0	0	0	0	0	0	0	

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

									See MOHCD A&E Fee Guidelines:
Architect design fees								0	http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)								0	
Architect Construction Admin								0	
Reimbursables								0	
Additional Services								0	
Sub-total Architect Contract	0	0	0	0	0	0	0	0	
Other Third Party design consultants (not included in Architect contract)								0	
Total Architecture & Design	0	0	0	0	0	0	0	0	

Engineering & Environmental Studies

Survey								0	
Geotechnical studies								0	
Phase I & II Reports								0	
CEQA / Environmental Review consultants								0	
NEPA / 106 Review								0	
CNA/PNA (rehab only)	4,800							4,800	PNA per MOHCD regs
Other environmental consultants								0	
Total Engineering & Environmental Studies	4,800	0	0	0	0	0	0	4,800	

Financing Costs

Construction Financing Costs

Construction Loan Origination Fee	0							0	
Construction Loan Interest	111,013				238,551			349,565	MOHCD amount is HAF interest due at conv.; Operating Income amount paid from ops during const.
Title & Recording	0							0	
CDLAC & CDIAC fees	0							0	
Bond Issuer Fees	0							0	
Other Bond Cost of Issuance	0							0	
Const Lender Extension Fee	62,276							62,276	HAF loan ext fee due at conv.
Sub-total Const. Financing Costs	173,289	0	0	0	238,551	0	0	411,841	

Permanent Financing Costs

Permanent Loan Origination Fee	163,513							163,513	1.25% of PASS loan ttl
Credit Enhance. & Appl. Fee	11,541							11,541	($2,500 x 2) + (.05% x ttl PASS amt)
Title & Recording	5,000							5,000	Title fees @ conv
Sub-total Perm. Financing Costs	180,053	0	0	0	0	0	0	180,053	
Total Financing Costs	353,342	0	0	0	238,551	0	0	591,894	

Legal Costs

Borrower Legal fees	15,000							15,000	TNDC attorney's fees
Land Use / CEQA Attorney fees	0							0	
Tax Credit Counsel	0							0	
Bond Counsel	0							0	
Construction Lender Counsel	7,500							7,500	HAF charges a legal fee for loan ext at Conv.
Permanent Lender Counsel	15,000							15,000	MOHCD attorney fees
Other Legal (specify)	0							0	
Total Legal Costs	37,500	0	0	0	0	0	0	37,500	

Other Development Costs

Appraisal	15,000							15,000	Appraisal needed per PASS regs
Market Study	0							0	
Insurance	0							0	
Property Taxes	0							0	
Accounting / Audit	10,000							10,000	Paying for audit via conv
Organizational Costs	0							0	
Entitlement / Permit Fees	0							0	
Marketing / Rent-up	0							0	
Furnishings	0							0	$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	0							0	
TCAC App / Alloc / Monitor Fees	0							0	
Financial Consultant fees	0							0	
Construction Management fees / Owner's Rep	0							0	
Security during Construction	0							0	
Relocation	0							0	
Hard Costs Not in Contract	0							0	
Events/Community Outreach	0							0	
Other (specify)	0							0	
Total Other Development Costs	25,000	0	0	0	0	0	0	25,000	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	80,881							80,881	
TOTAL SOFT COSTS	501,523	0	0	0	238,551	0	0	740,075	

Total Soft Cost Contingency as % of Total Soft Costs 12.3%

RESERVES									
Operating Reserves	262,874							262,874	
Replacement Reserves	172,000							172,000	
Tenant Improvements Reserves	0							0	
Lease Up Reserve	181,990							181,990	
Other (specify)	0							0	
Other (specify)	0							0	
TOTAL RESERVES	616,864	0	0	0	0	0	0	616,864	

DEVELOPER COSTS									
Developer Fee - Cash-out Paid at Milestones	940,000							940,000	
Developer Fee - Cash-out At Risk								0	
Developer Fee - GP Equity (also show as source)								0	
Developer Fee - Deferred (also show as source)								0	
Development Consultant Fees								0	
Other (specify)								0	
TOTAL DEVELOPER COSTS	940,000	0	0	0	0	0	0	940,000	

TOTAL DEVELOPMENT COST	19,870,327	5,047,640	3,261,960	530,400	238,551	0	0	28,948,878	
Development Cost/Unit by Source	231,050	58,693	37,930	6,167	2,774	0	0	336,615	
Development Cost/Unit as % of TDC by Source	68.6%	17.4%	11.3%	1.8%	0.8%	0.0%	0.0%	100.0%	
Acquisition Cost/Unit by Source	207,116	58,693	37,930	6,167	0	0	0	309,906	
Construction Cost (inc Const Contingency)/Unit By Source	0	0	0	0	0	0	0	0	
Construction Cost (inc Const Contingency)/SF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
City Subsidy/Unit	231,050								

Tax Credit Equity Pricing:	N/A
Construction Bond Amount:	N/A
Construction Loan Term (in months):	N/A
Construction Loan Interest Rate (as %):	N/A

Small Sites

Combined Loan to Value Ratio:								109%	
% of Acquisition Cost by Source	67%	19%	12%	2%	0%	0%	0%	100%	
Small Sites Maximum Developer Fee	940,000								

<u>EXHIBIT B-2</u>
<u>Annual Operating Budget</u>

Attached.

Exhibit B-2

Application Date:	6/1/2020	Project Name:	270 Turk Street	
Total # Units:	86	Project Address:	270 Turk Street	
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	2021	Project Sponsor:	TNDC	
				Correct errors noted in Col N!

Small Sites Project

INCOME	Total	Comments
Residential - Tenant Rents	994,485	
Residential - Tenant Assistance Payments (Non-LOSP)	0	
Commercial Space	0	NA
Residential Parking	0	NA
Miscellaneous Rent Income	12,196	Capital Improvement Passthroughs put in place by seller & continued by TNDC
Supportive Services Income	734,400	HSH "Housing Ladder" Income
Interest Income - Project Operations	0	NA
Laundry and Vending	13,635	Laundry in basement
Tenant Charges	0	NA
Miscellaneous Residential Income	0	NA
Other Commercial Income	0	NA
Withdrawal from Capitalized Reserve (deposit to operating account)		NA
Gross Potential Income	**1,754,716**	
Vacancy Loss - Residential - Tenant Rents	(49,724)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(38,012)	Vacancy loss for all other income categories
Vacancy Loss - Commercial	0	NA
EFFECTIVE GROSS INCOME	**1,666,980**	*PUPA: 19,383*

OPERATING EXPENSES

Management

	Total	Comments
Management Fee	70,176	1st Year to be set according to HUD schedule.
Asset Management Fee	22,670	2021 Maximum Project Sponsor Asset Management Fee per MOHCD policy
Sub-total Management Expenses	**92,846**	*PUPA: 1,080*

Salaries/Benefits

	Total	Comments
Office Salaries	13,224	per-project allocation of portfolio-wide salary expenses
Manager's Salary	60,000	on-site GM
Health Insurance and Other Benefits	65,944	health ins., 403(b)
Other Salaries/Benefits	137,440	Includes front desk expense
Administrative Rent-Free Unit	0	NA
Sub-total Salaries/Benefits	**276,608**	*PUPA: 3,216*

Administration

	Total	Comments
Advertising and Marketing	1,333	based on comps of similar buildings in TNDC portfolio
Office Expenses	20,089	office supplies, office equipment,computers, software, phone & comm., recruitment fees, bank
Office Rent		NA
Legal Expense - Property	6,000	based on comps of similar buildings in TNDC portfolio
Audit Expense	13,000	based on recent contracts with auditing firms.
Bookkeeping/Accounting Services	17,544	HUD fee limit
Bad Debts	3,279	based on comps of similar buildings in TNDC portfolio
Miscellaneous	5,752	based on comps of similar buildings in TNDC portfolio
Sub-total Administration Expenses	**66,997**	*PUPA: 779*

Utilities

	Total	Comments
Electricity	17,143	based on seller data, comps, and recent util. bills adjusted for full occupancy
Water	137,649	based on comps & recent util. bills
Gas	42,156	based on seller data, comps, and recent util. bills adjusted for full occupancy
Sewer	0	Included in water; one bill from PUC
Sub-total Utilities	**196,948**	*PUPA: 2,290*

Taxes and Licenses

	Total	Comments
Real Estate Taxes	2,206	Based on 2nd pmt for 19-20 tax year, and adjusted for % of units over 80% AMI
Payroll Taxes	23,980	based on comps of similar buildings in TNDC portfolio
Miscellaneous Taxes, Licenses and Permits	4,000	based on comps of similar buildings in TNDC portfolio
Sub-total Taxes and Licenses	**30,185**	*PUPA: 351*

Insurance

	Total	Comments
Property and Liability Insurance	45,957	based on ins. Invoices received for this property to date
Fidelity Bond Insurance	0	
Worker's Compensation	26,977	based on comps of similar buildings in TNDC portfolio
Director's & Officers' Liability Insurance	0	
Sub-total Insurance	**72,934**	*PUPA: 848*

Maintenance & Repair

	Total	Comments
Payroll	90,480	based on comps of similar buildings in TNDC portfolio & expenses incurred since acq.
Supplies	17,652	based on comps of similar buildings in TNDC portfolio & expenses incurred since acq.
Contracts	33,566	based on comps of similar buildings in TNDC portfolio & expenses incurred since acq.
Garbage and Trash Removal	62,195	based on comps of similar buildings in TNDC portfolio & expenses incurred since acq.
Security Payroll/Contract	0	NA
HVAC Repairs and Maintenance	9,000	based on comps of similar buildings in TNDC portfolio & expenses incurred since acq.
Vehicle and Maintenance Equipment Operation and Repairs	272	based on comps of similar buildings in TNDC portfolio & expenses incurred since acq.
Miscellaneous Operating and Maintenance Expenses	2,861	based on comps of similar buildings in TNDC portfolio & expenses incurred since acq.
Sub-total Maintenance & Repair Expenses	**216,027**	*PUPA: 2,512*

	Total	Comments
Supportive Services	77,147	0.75 FTE TNDC on-site social services employee
Commercial Expenses	0	Links from 'Commercial Op. Budget' Worksheet
TOTAL OPERATING EXPENSES	**1,029,691**	*PUPA: 11,973*

Reserves/Ground Lease Base Rent/Bond Fees

	Total	Comments
Ground Lease Base Rent	0	Provide additional comments here, if needed.
Bond Monitoring Fee	5,000	MOHCD Compliance Monitoring & Loan Servicing Fees
Replacement Reserve Deposit	30,100	Per Regs
Operating Reserve Deposit		
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		
Required Reserve Deposit/s, Commercial	0	Links from 'Commercial Op. Budget' Worksheet
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	**35,100**	*PUPA: 408*

1.10x Min DSCR:	1.10
Total PASS Loans Sizing Rate:	3.40866%

	Total	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	**1,064,791** *PUPA: 12,381*	40 Year Max Term: 40
NET OPERATING INCOME (INCOME minus OP EXPENSES)	**602,189** *PUPA: 7,002*	Supportable MOHCD (PASS-MR) Amt: 6,820,024
		Supportable MOHCD (PASS-BMR) Amt: 4,407,336
		Supportable MOHCD (PASS-Deferred) Amt: 716,640

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)

	Total	Comments
Hard Debt - Co-senior First Lender	403,739	MOHCD (PASS-MR) — Provide additional comments here, if needed.
Hard Debt - Co-senior First Lender	143,676	MOHCD (PASS-BMR) — Provide additional comments here, if needed.
Hard Debt - Co-senior First Lender	0	MOHCD (PASS-Deferred) — Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lende	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	Links from 'Commercial Op. Budget' Worksheet
TOTAL HARD DEBT SERVICE	**547,416**	*PUPA: 6,365*

	Total	
CASH FLOW (NOI minus DEBT SERVICE)	**54,773**	
USES OF CASH FLOW BELOW (This row also shows DSCR.)	*1.10*	

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

	Total	Comments
"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)		
Other Payments		NA
Non-amortizing Loan Prmnt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Prmnt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)		Def. Develop. Fee split: 0% — Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	**0**	*PUPA: 0*
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	**54,773**	

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?	No
Will Project Defer Developer Fee?	No		
Max **Deferred Developer Fee/Borrower** % of Residual Receipts in Yr 1:	33%		
% of Residual Receipts available for distribution to **soft debt lenders** in Yr	67%		

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects		100.00%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value		0.00%
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

	Total	Comments
MOHCD Residual Receipts Amount Due	36,515	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	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.
Proposed MOHCD Residual Receipts Amount to Replacement Reserve	36,515	MOHCD res rects to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt.

	Total	
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE	**18,258**	

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

	Total	
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**	

	Total	Comments
REMAINDER (Should be zero unless there are distributions below)	**18,258**	
Owner Distributions/Incentive Management Fee	18,258	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	
Final Balance (should be zero)	**0**	

Application Date:	6/1/2020	**Project Name:**	270 Turk Street	
Total # Units:	86	**Project Address:**	270 Turk Street	
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	2021	**Project Sponsor:**	TNDC	
				Correct errors noted in Col N!

Small Sites Project

INCOME	Total	Comments	
Residential - Tenant Rents	1,408,857		
Residential - Tenant Assistance Payments (Non-LOSP)	0		
Commercial Space	0	NA	
Residential Parking	0	NA	
Miscellaneous Rent Income	12,196	Capital Improvement Passthroughs put in place by seller & continued by TNDC	
Supportive Services Income	0		
Interest Income - Project Operations	0	NA	
Laundry and Vending	13,635	Laundry in basement	
Tenant Charges	0	NA	
Miscellaneous Residential Income	0	NA	
Other Commercial Income	0	NA	
Withdrawal from Capitalized Reserve (deposit to operating account)		NA	
Gross Potential Income	**1,434,688**		
Vacancy Loss - Residential - Tenant Rents	(70,443)	Vacancy loss is 5% of Tenant Rents.	
Vacancy Loss - Residential - Tenant Assistance Payments	(1,292)	Vacancy loss for all other income categories	
Vacancy Loss - Commercial	0	NA	
EFFECTIVE GROSS INCOME	**1,362,953**	*PUPA: 15,848*	

OPERATING EXPENSES

Management

Management Fee	70,176	1st Year to be set according to HUD schedule.	
Asset Management Fee	22,670	2021 Maximum Project Sponsor Asset Management Fee per MOHCD policy	
Sub-total Management Expenses	**92,846**	*PUPA: 1,080*	

Salaries/Benefits

Office Salaries	13,224	per-project allocation of portfolio-wide salary expenses	
Manager's Salary	60,000	on-site GM (no mgr unit)	
Health Insurance and Other Benefits	65,944	health ins., 403(b)	
Other Salaries/Benefits	68,720	Includes front desk expense (1/2 of Scenario A)	
Administrative Rent-Free Unit	0	NA	
Sub-total Salaries/Benefits	**207,888**	*PUPA: 2,417*	

Administration

Advertising and Marketing	1,333	based on comps of similar buildings in TNDC portfolio	
Office Expenses	20,089	office supplies, office equipment,computers, software, phone & comm., recruitment fees, bank	
Office Rent		NA	
Legal Expense - Property	6,000	based on comps of similar buildings in TNDC portfolio	
Audit Expense	13,000	based on recent contracts with auditing firms.	
Bookkeeping/Accounting Services	17,544	HUD fee limit	
Bad Debts	3,279	based on comps of similar buildings in TNDC portfolio	
Miscellaneous	5,752	based on comps of similar buildings in TNDC portfolio	
Sub-total Administration Expenses	**66,997**	*PUPA: 779*	

Utilities

Electricity	17,143	based on seller data, comps, and recent util. bills adjusted for full occupancy	
Water	137,649	based on comps & recent util. bills	
Gas	42,156	based on seller data, comps, and recent util. bills adjusted for full occupancy	
Sewer	0	Included in water; one bill from PUC	
Sub-total Utilities	**196,948**	*PUPA: 2,290*	

Taxes and Licenses

Real Estate Taxes	551	Based on 2nd pmt for 19-20 tax year times 2	
Payroll Taxes	23,980	based on comps of similar buildings in TNDC portfolio	
Miscellaneous Taxes, Licenses and Permits	4,000	based on comps of similar buildings in TNDC portfolio	
Sub-total Taxes and Licenses	**28,531**	*PUPA: 332*	

Insurance

Property and Liability Insurance	45,957	based on ins. Invoices received for this property to date	
Fidelity Bond Insurance	0		
Worker's Compensation	26,977	based on comps of similar buildings in TNDC portfolio	
Director's & Officers' Liability Insurance	0		
Sub-total Insurance	**72,934**	*PUPA: 848*	

Maintenance & Repair

Payroll	90,480	based on comps of similar buildings in TNDC portfolio & expenses incurred since acq.	
Supplies	17,652	based on comps of similar buildings in TNDC portfolio & expenses incurred since acq.	
Contracts	33,566	based on comps of similar buildings in TNDC portfolio & expenses incurred since acq.	
Garbage and Trash Removal	62,195	based on comps of similar buildings in TNDC portfolio & expenses incurred since acq.	
Security Payroll/Contract	0	NA	
HVAC Repairs and Maintenance	9,000	based on comps of similar buildings in TNDC portfolio & expenses incurred since acq.	
Vehicle and Maintenance Equipment Operation and Repairs	272	based on comps of similar buildings in TNDC portfolio & expenses incurred since acq.	
Miscellaneous Operating and Maintenance Expenses	2,861	based on comps of similar buildings in TNDC portfolio & expenses incurred since acq.	
Sub-total Maintenance & Repair Expenses	**216,027**	*PUPA: 2,512*	

Supportive Services	0	Removed under Scenario B	
Commercial Expenses	0	Links from 'Commercial Op. Budget' Worksheet	

TOTAL OPERATING EXPENSES	*882,170*	*PUPA: 10,258*	

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent	0		Provide additional comments here, if needed.	
Bond Monitoring Fee	5,000	MOHCD Compliance Monitoring & Loan Servicing Fees		
Replacement Reserve Deposit	30,100	Per Regs		
Operating Reserve Deposit				
Other Required Reserve 1 Deposit				
Other Required Reserve 2 Deposit				
Required Reserve Deposit/s, Commercial	0	Links from 'Commercial Op. Budget' Worksheet		
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	**35,100**	*PUPA: 408*	1.10x Min DSCR:	1.10
			Total PASS Loans Sizing Rate:	3.40866%
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	*917,270*	*PUPA: 10,666*	40 Year Max Term:	40
			Supportable MOHCD (PASS-MR) Amt:	5,047,640
NET OPERATING INCOME (INCOME minus OP EXPENSES)	*445,683*	*PUPA: 5,182*	Supportable MOHCD (PASS-BMR) Amt:	3,261,960
			Supportable MOHCD (PASS-Deferred) Amt:	530,400

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)

Hard Debt - Co-senior First Lender	298,816	MOHCD (PASS-MR)	Provide additional comments here, if needed.
Hard Debt - Co-senior First Lender	106,338	MOHCD (PASS-BMR)	Provide additional comments here, if needed.
Hard Debt - Co-senior First Lender	0	MOHCD (PASS-Deferred)	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len	0		Provide additional comments here, if needed.
Commercial Hard Debt Service	0	Links from 'Commercial Op. Budget' Worksheet	
TOTAL HARD DEBT SERVICE	**405,154**	*PUPA: 4,711*	

CASH FLOW (NOI minus DEBT SERVICE)	40,529	
USES OF CASH FLOW BELOW (This row also shows DSCR.)	*1.10*	

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)			
Other Payments			
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)			Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)			Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)		Def. Develop. Fee split: 0%	Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	**0**	*PUPA: 0*	

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	40,529	

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?		No
Will Project Defer Developer Fee?	No			
Max **Deferred Developer Fee/Borrower** % of Residual Receipts in Yr 1:	33%			
% of Residual Receipts available for distribution to **soft debt lenders** in	67%			

			Distrib. of Soft Debt Loans
Soft Debt Lenders with Residual Receipts Obligations	*(Select lender name/program from drop down)*	**Total Principal Amt**	
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects		100.00%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value		0.00%
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	27,019	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	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.
Proposed MOHCD Residual Receipts Amount to Replacement Reserve	27,019	MOHCD res rects to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE	13,510	

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)	13,510	
Owner Distributions/Incentive Management Fee	13,510	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	
Final Balance (should be zero)	**0**	

EXHIBIT B-3
20-Year Cash Flow Proforma

Attached.

Exhibit B-3

270 Turk Street

Total # Units: 84

Small Sites Project

	% annual increase	Comments (related to earned inc assumptions)	Year 1 2021 Total	Year 2 2022 Total	Year 3 2023 Total	Year 4 2024 Total	Year 5 2025 Total	Year 6 2026 Total	Year 7 2027 Total	Year 8 2028 Total	Year 9 2029 Total	Year 10 2030 Total
INCOME												
Residential - Tenant Rents	2.5%		994,485	1,019,347	1,044,830	1,070,951	1,097,725	1,125,168	1,153,297	1,182,130	1,211,683	1,241,975
Residential - Tenant Assistance Payments (Non-LOSP)	n/a		-	-	-	-	-	-	-	-	-	-
Commercial Space	2.5%		-	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		12,186	12,501	12,814	13,134	13,462	13,798	14,144	14,497	14,860	15,231
Supportive Services Income	2.5%		734,400	752,760	771,578	790,868	810,640	830,906	851,678	872,971	894,795	917,165
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		13,636	13,976	14,326	14,683	15,050	15,427	15,812	16,208	16,613	17,028
Tenant Charges	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%		-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable										
Gross Potential Income			1,754,718	1,798,584	1,843,548	1,889,637	1,936,878	1,985,340	2,034,922	2,085,804	2,137,964	2,191,399
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formula manually per relevant MOH policy; annual incrementing usually not appropriate	(49,724)	(50,967)	(52,242)	(53,545)	(54,886)	(56,258)	(57,655)	(59,106)	(60,584)	(62,099)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(36,012)	(37,635)	(38,575)	(39,543)	(40,532)	(41,545)	(42,584)	(43,648)	(44,740)	(45,858)
Vacancy Loss - Commercial	n/a											
EFFECTIVE GROSS INCOME			1,668,983	1,709,579	1,752,729	1,796,548	1,841,459	1,887,535	1,934,683	1,983,084	2,032,637	2,083,441
OPERATING EXPENSES												
Management												
Management Fee	3.5%	1st Year to be set according to HUD schedule.	70,176	72,632	75,174	77,805	80,529	83,347	86,264	89,283	92,408	95,643
Asset Management Fee	3.5%	per MOHCD policy	22,670	23,463	24,285	25,135	26,014	26,925	27,867	28,843	29,852	30,897
Sub-total Management Expenses			92,846	96,095	99,459	102,940	106,543	110,272	114,131	118,126	122,260	126,540
Salaries/Benefits												
Office Salaries	3.5%		13,224	13,687	14,166	14,662	15,175	15,706	16,256	16,825	17,414	18,023
Manager's Salary	3.5%		60,000	62,100	64,274	66,523	68,851	71,261	73,755	76,337	79,009	81,774
Health Insurance and Other Benefits	3.5%		65,944	68,252	70,641	73,113	75,672	78,320	81,062	83,899	86,835	89,876
Other Salaries/Benefits	3.5%		137,440	142,250	147,229	152,382	157,716	163,236	168,949	174,862	180,982	187,317
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			276,608	286,289	296,309	306,680	317,414	328,523	340,022	351,922	364,240	376,988
Administration												
Advertising and Marketing	3.5%		1,333	1,379	1,428	1,478	1,529	1,583	1,638	1,695	1,755	1,816
Office Expenses	3.5%		20,089	20,792	21,520	22,273	23,053	23,860	24,695	25,559	26,454	27,379
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expenses - Property	3.5%		5,000	5,210	5,427	5,652	5,885	7,126	7,376	7,634	7,901	8,177
Audit Expense	3.5%		13,000	13,455	13,926	14,413	14,918	15,440	15,980	16,540	17,119	17,718
Bookkeeping/Accounting Services	3.5%		17,544	18,158	18,794	19,451	20,132	20,837	21,566	22,321	23,102	23,911
Bad Debts	3.5%		3,279	3,394	3,512	3,635	3,763	3,894	4,031	4,172	4,318	4,469
Miscellaneous	3.5%		5,732	5,933	6,180	6,377	6,601	6,832	7,071	7,318	7,574	7,839
Sub-total Administration Expenses			65,957	68,342	70,786	74,289	75,880	79,571	82,306	85,229	88,222	91,309
Utilities												
Electricity	3.5%		17,143	17,743	18,364	19,007	19,672	20,360	21,073	21,811	22,574	23,364
Water	3.5%		137,846	142,467	147,453	152,614	157,955	163,484	169,206	175,128	181,257	187,601
Gas	3.5%		42,156	43,631	45,158	46,739	48,375	50,068	51,820	53,634	55,511	57,454
Sewer	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Utilities			196,945	203,841	210,976	218,360	226,002	233,912	242,098	250,572	259,343	268,419
Taxes and Licenses												
Real Estate Taxes	3.5%		2,204	2,285	2,363	2,448	2,531	2,620	2,711	2,806	2,905	3,006
Payroll Taxes	3.5%		23,990	24,819	25,667	26,567	27,617	28,480	29,477	30,508	31,576	32,982
Miscellaneous Taxes, Licenses and Permits	3.5%		4,000	4,140	4,285	4,435	4,590	4,751	4,917	5,089	5,267	5,452
Sub-total Taxes and Licenses			30,195	31,242	32,316	33,467	34,638	35,851	37,106	38,404	39,748	41,140
Insurance												
Property and Liability Insurance	3.5%		45,957	47,565	49,230	50,953	52,737	54,582	56,493	58,470	60,517	62,635
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		26,977	27,921	28,898	29,910	30,957	32,040	33,162	34,322	35,524	36,767
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Insurance			72,934	75,487	78,128	80,863	83,693	86,623	89,654	92,792	96,040	99,402
Maintenance & Repair												
Payroll	3.5%		90,480	93,647	96,924	100,317	103,828	107,462	111,223	115,116	119,145	123,315
Supplies	3.5%		17,682	18,270	18,910	19,572	20,257	20,966	21,699	22,459	23,245	24,058
Contracts	3.5%		33,386	34,741	35,657	37,216	38,516	39,866	41,262	42,706	44,201	45,748
Garbage and Trash Removal	3.5%		62,186	64,372	66,626	68,957	71,370	73,868	76,454	79,130	81,899	84,766
Security Payroll/Contract	3.5%		-	-	-	-	-	-	-	-	-	-
HVAC Repairs and Maintenance	3.5%		8,000	8,315	8,641	8,976	10,326	10,698	11,093	11,451	11,851	12,266
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		272	281	291	301	312	323	334	346	358	371
Miscellaneous Operating and Maintenance Expenses	3.5%		2,861	2,962	3,065	3,172	3,284	3,398	3,517	3,640	3,768	3,901
Sub-total Maintenance & Repair Expenses			215,837	223,388	231,414	238,915	247,399	254,573	265,583	274,847	284,467	294,433
Supportive Services	3.5%		77,147	79,847	82,641	85,534	88,527	91,626	94,833	98,152	101,587	105,143
Commercial Expenses												
TOTAL OPERATING EXPENSES			1,028,691	1,069,730	1,102,684	1,141,637	1,181,894	1,222,980	1,265,733	1,310,064	1,356,006	1,403,323
PUPA (w/o Reserve/GL Base Rent/Bond Fees)			11,573									
Reserve/Ground Lease Base Rent/Bond Fees			*Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across columns*									
Ground Lease Base Rent			-	-	-	-	-	-	-	-	-	-
Bond Monitoring Fee			5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Replacement Reserve Deposit			30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100
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			35,100	35,100	35,100	35,100	35,100	35,100	35,100	35,100	35,100	35,100
TOTAL OPERATING EXPENSES (w/ Reserve/GL Base Rent/ Bond Fees)			1,064,791	1,104,830	1,138,134	1,176,737	1,216,994	1,258,080	1,300,833	1,345,135	1,391,097	1,438,423
PUPA (w/ Reserve/GL Base Rent/Bond Fees)			12,304									
NET OPERATING INCOME (INCOME minus OP EXPENSES)			602,189	595,148	614,597	619,809	624,765	629,454	633,839	637,894	641,626	644,978
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)			*Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across multiple*									
Hard Debt - Co-senior First Lender		Enter comments re: annual increase, etc.	403,738	403,738	403,738	403,738	403,738	403,738	403,738	403,738	403,738	403,738
Hard Debt - Co-senior First Lender		Enter comments re: annual increase, etc.	143,676	143,676	143,676	143,676	143,676	143,676	143,676	143,676	143,676	143,676
Hard Debt - Co-senior First Lender		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			547,416	547,416	547,416	547,416	547,416	547,416	547,416	547,416	547,416	547,416
CASH FLOW (NOI minus DEBT SERVICE)			64,773	61,732	67,181	72,393	77,349	83,820	86,414	90,486	94,394	97,562
USES OF CASH FLOW BELOW (This row also shows DSCR.)		DSCR:	1.1	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.17	1.18
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL			*Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across multiple*									
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
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		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD												
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			64,773	61,732	67,181	72,393	77,349	83,820	86,414	90,486	94,394	97,562
Does Project have a MOHCD Residual Receipt Obligation?	Yes											
Will Project Defer Developer Fee?	No											
Residual Receipts split for all years - Lender/Owner	67% / 33%											

MOHCD RESIDUAL RECEIPTS DEBT SERVICE	Dir. Soft Debt Loans											
MOHCD Residual Receipts Amount Due	100.00%	Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy	38,615	41,160	44,767	48,292	51,590	54,087	57,803	60,920	62,803	65,042
Proposed MOHCD Residual Receipts Amount to Loan Repayment				41,160	44,767	48,292	51,590	54,087	57,803	60,920	62,803	65,042
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		Proposed Total MOHCD Amt Due less Loan Repayment										
Proposed MOHCD Residual Receipts Amount to Replacement Reserve			38,615									
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)			16,256	20,577	22,394	24,101	25,760	27,343	28,606	30,190	31,491	32,521
Owner Distribution/Incentive Management Fee			16,256	20,577	22,394	24,101	25,760	27,343	28,606	30,190	31,491	32,521
Other Distributions/Uses			-	-	-	-	-	-	-	-	-	-
Final Balance (should be zero)			-	-	-	-	-	-	-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE		1.5x Original Capitalized RR = $225,000										
Replacement Reserve Starting Balance			172,000	202,199	235,718	269,718	325,919	359,126	389,199	419,316	449,316	479,416
Replacement Reserve Deposits			30,199	34,919	30,100	30,100	34,909	30,100	30,100	30,100	30,100	30,100
City Share Replacement Reserve Deposit (Small Sites Only)				34,919								
Repayment of City Loan from Cash Out (Small Sites Only)												
Replacement Reserve Deposits (Non-Operating Account)												
Replacement Reserve Withdrawals (ideally tied to CNA)			-	-	-	-	-	-	-	-	-	-
Replacement Reserve Interest												
RR Running Balance			202,199	235,718	265,918	299,918	359,919	389,199	419,299	449,316	479,416	509,545
		RR Balance/Unit	2,390	2,735	3,475	3,436	4,175	4,626	4,875	5,325	5,675	5,525
OPERATING RESERVE - RUNNING BALANCE												
Operating Reserve Starting Balance		see Sheet	403,982	403,982	403,982	403,982	403,982	403,982	403,982	403,982	403,982	403,982
Operating Reserve Deposits			-	-	-	-	-	-	-	-	-	-
Operating Reserve Withdrawals			-	-	-	-	-	-	-	-	-	-
Operating Reserve Interest												
OR Running Balance			403,982	403,982	403,982	403,982	403,982	403,982	403,982	403,982	403,982	403,982
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE		OR Balance as a % of Prior Yr Op Exp + Debt Service	25.0%	24.6%	23.9%	23.4%	22.8%	22.3%	22.3%	21.6%	21.3%	20.9%
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												

270 Turk Street

Total # Units: **84**

Small Sites Project

	% annual increase	Comments (related to annual fee assumptions)	Year 11 2031 Total	Year 12 2032 Total	Year 13 2033 Total	Year 14 2034 Total	Year 15 2035 Total	Year 16 2036 Total	Year 17 2037 Total	Year 18 2038 Total	Year 19 2039 Total	Year 20 2040 Total
INCOME												
Residential - Tenant Rents	2.5%		1,273,924	1,304,850	1,337,471	1,370,908	1,405,181	1,440,310	1,476,318	1,513,226	1,551,057	1,589,833
Residential - Tenant Assistance Payments (Non-LOSP)	n/a											
Commercial Space	2.5%											
Residential Parking	2.5%											
Miscellaneous Rent Income	2.5%		16,012	16,002	16,402	16,812	17,233	17,664	18,105	18,558	19,022	19,497
Supportive Services Income	2.5%		940,094	963,596	987,686	1,012,378	1,037,688	1,063,630	1,090,221	1,117,476	1,145,413	1,174,049
Interest Income - Project Operations	2.5%											
Laundry and Vending	2.5%		17,454	17,890	18,338	18,796	19,266	19,748	20,241	20,747	21,266	21,798
Tenant Charges	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%		-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable										
Gross Potential Income			2,246,194	2,302,338	2,359,897	2,418,898	2,479,347	2,541,361	2,604,888	2,670,007	2,736,768	2,805,176
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formula manually per relevant MOH policy; annual incrementing usually not appropriate	(83,651)	(85,242)	(86,874)	(88,549)	(70,259)	(73,016)	(73,816)	(75,661)	(77,553)	(79,492)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(47,005)	(48,180)	(49,384)	(50,619)	(51,884)	(53,182)	(54,511)	(55,874)	(57,271)	(58,702)
Vacancy Loss - Commercial	n/a											
EFFECTIVE GROSS INCOME			2,138,039	2,195,917	2,243,948	2,299,731	2,357,234	2,415,164	2,476,566	2,538,472	2,601,934	2,666,983
OPERATING EXPENSES												
Management												
Management Fee	3.5%	1st Year to be set according to HUD schedule.	98,990	102,455	106,041	109,732	113,594	117,569	121,684	125,943	130,351	134,913
Asset Management Fee	3.5%	per MOHCD policy	31,978	33,096	34,255	35,454	36,695	37,980	39,309	40,685	42,109	43,583
Sub-total Management Expenses			130,969	135,552	140,296	145,207	150,289	155,549	160,994	166,628	172,459	178,497
Salaries/Benefits												
Office Salaries	3.5%		18,694	18,907	19,063	20,082	21,400	22,103	22,850	23,733	24,804	25,423
Manager's Salary	3.5%		84,686	87,596	90,664	85,637	97,122	100,521	104,039	107,681	111,449	115,350
Health Insurance and Other Benefits	3.5%		93,020	96,276	99,646	103,133	106,748	110,479	114,346	118,348	122,490	126,777
Other Salaries/Benefits	3.5%		193,873	200,658	207,681	214,950	222,473	230,260	238,319	246,660	255,293	264,228
Administrative Rent-Free Unit	3.5%											
Sub-total Salaries/Benefits			390,152	403,393	417,073	432,852	447,744	463,418	479,644	496,421	513,795	531,775
Administration												
Advertising and Marketing	3.5%		1,850	1,945	2,014	2,084	2,157	2,238	2,311	2,392	2,476	2,562
Office Expenses	3.5%		28,396	29,390	30,954	31,419	32,518	33,656	34,834	36,054	37,316	38,621
Office Rent	3.5%											
Legal Expenses - Property	3.5%		8,464	8,760	9,066	9,384	9,712	10,052	10,404	10,768	11,145	11,535
Audit Expense	3.5%		18,358	18,990	19,644	20,321	21,043	21,780	22,542	23,331	24,147	24,993
Bookkeeping/Accounting Services	3.5%		24,748	25,614	26,510	27,438	28,398	29,392	30,421	31,486	32,588	33,738
Bad Debts	3.5%		4,625	4,787	4,955	5,128	5,308	5,493	5,685	5,889	6,091	6,304
Miscellaneous	3.5%		6,114	6,358	6,692	6,995	9,311	9,897	9,974	10,323	10,684	11,058
Sub-total Administration Expenses			94,559	97,837	901,037	904,769	109,447	112,343	116,171	120,227	124,445	128,801
Utilities												
Electricity	3.5%		24,162	25,028	25,904	26,811	27,749	28,720	29,725	50,766	31,843	32,957
Water	3.5%		194,186	200,983	207,987	215,277	222,812	230,610	238,681	247,039	255,692	264,690
Gas	3.5%		59,466	61,546	63,700	65,929	68,237	70,629	73,097	75,650	78,304	81,046
Sewer	3.5%											
Sub-total Utilities			277,814	287,636	297,601	308,017	318,799	329,959	341,604	353,447	366,828	378,693
Taxes and Licenses												
Real Estate Taxes	3.5%		3,112	3,220	3,333	3,450	3,571	3,695	3,826	3,959	4,097	4,241
Payroll Taxes	3.5%		33,825	35,009	36,235	37,503	38,816	40,174	41,580	43,035	44,542	46,101
Miscellaneous Taxes, Licenses and Permits	3.5%		5,642	5,840	6,044	6,256	6,470	6,708	6,938	7,179	7,430	7,690
Sub-total Taxes and Licenses			42,578	44,070	45,612	47,208	48,861	50,571	52,341	54,173	56,069	58,031
Insurance												
Property and Liability Insurance	3.5%		54,827	57,096	59,444	71,676	74,360	76,994	79,689	82,478	85,365	88,352
Fidelity Bond Insurance	3.5%											
Worker's Compensation	3.5%		38,064	39,365	40,764	42,191	43,667	45,196	46,778	48,416	50,109	51,863
Director's & Officers' Liability Insurance	3.5%											
Sub-total Insurance			102,891	106,461	910,208	914,366	119,066	122,339	126,486	130,963	135,474	140,216
Maintenance & Repair												
Payroll	3.5%		127,651	132,098	136,721	141,507	146,459	151,586	156,891	162,382	168,066	173,948
Supplies	3.5%		24,900	25,772	26,674	27,608	28,574	29,574	30,609	31,680	32,789	33,937
Contracts	3.5%		47,349	49,005	50,721	52,495	54,334	56,235	58,204	60,241	62,349	64,532
Garbage and Trash Removal	3.5%		87,752	90,803	93,991	97,270	100,676	104,199	107,846	111,620	115,627	119,570
Security Payroll/Contract	3.5%											
HVAC Repairs and Maintenance	3.5%		12,995	13,140	13,900	14,079	14,568	15,075	15,906	16,152	16,717	17,303
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		363	397	411	425	440	455	471	488	505	523
Miscellaneous Operating and Maintenance Expenses	3.5%		4,038	4,178	4,324	4,476	4,632	4,794	4,962	5,136	5,315	5,501
Sub-total Maintenance & Repair Expenses			304,739	315,393	326,453	337,867	349,682	361,921	374,588	387,699	401,368	415,312
Supportive Services	3.5%		108,828	112,632	118,574	120,954	124,877	129,247	133,771	138,453	143,299	148,314
Commercial Expenses												
TOTAL OPERATING EXPENSES			1,462,431	1,503,316	1,565,894	1,610,923	1,668,786	1,726,362	1,785,476	1,847,862	1,913,849	1,979,893
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
Reserves/Ground Lease Base Rent/Bond Fees		n/a										
Ground Lease Base Rent												
Bond Monitoring Fee			5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Replacement Reserve Deposit			30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100
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			35,100	35,100	35,100	35,100	35,100	35,100	35,100	35,100	35,100	35,100
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)			1,497,531	1,538,416	1,601,034	1,646,463	1,701,606	1,760,162	1,820,676	1,883,062	1,947,740	2,014,683
PUPA (w/ Reserves/GL Base Rent/Bond Fees)												
NET OPERATING INCOME (INCOME minus OP EXPENSES)			647,947	660,496	662,909	664,239	664,600	654,992	655,889	656,481	654,194	652,299
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		n/a										
Hard Debt - Co-senior First Lender		Enter comments re: annual increase, etc.	403,739	403,739	403,739	403,739	403,739	403,739	403,739	403,739	403,739	403,739
Hard Debt - Co-senior First Lender		Enter comments re: annual increase, etc.	143,676	143,676	143,676	143,676	143,676	143,676	143,676	143,676	143,676	143,676
Hard Debt - Co-senior First Lender		Enter comments re: annual increase, etc.										
Hard Debt - Second Lender (MOHCD Program 0.42% pymt, or other 2nd Lender)		Enter comments re: annual increase, etc.										
Commercial Hard Debt Service												
TOTAL HARD DEBT SERVICE			547,415	547,415	547,415	547,415	547,415	547,415	547,415	547,415	547,415	547,415
CASH FLOW (NOI) minus DEBT SERVICE			100,531	103,082	105,195	106,823	107,902	108,347	108,673	107,866	106,779	104,884
USES OF CASH FLOW BELOW (This row also shows DSCR.)		DSCR:	1.18	1.19	1.19	1.2	1.2	1.2	1.2	1.2	1.2	1.19
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		n/a										
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (per policy for limits)	3.5%	per MOHCD policy										
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		Enter comments re: annual increase, etc.										
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.										
Deferred Developer Fee (Enter amt <= Max Fee from row 131)												
TOTAL PAYMENTS PRECEDING MOHCD			-	-	-	-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			100,531	103,082	105,195	106,823	107,902	108,347	108,673	107,866	106,779	104,884
Does Project have a MOHCD Residual Receipt Obligation?	Yes											
Will Project Defer Developer Fee?	No											
Residual Receipts split for all years. - Lender/Owner	67% / 33%											
MOHCD RESIDUAL RECEIPTS DEBT SERVICE	Def. Soft Debt Loans											
MOHCD Residual Receipts Amount Due	100.00%	Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy	67,021	68,722	70,126	71,216	71,968	72,304	72,382	71,967	71,185	69,923
Proposed MOHCD Residual Receipts Amount to Loan Repayment			67,021	68,722	70,126	71,216	71,968	72,304	72,382	71,967	71,185	69,923
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		Proposed Total MOHCD Amt Due less Loan Repayment										
Proposed MOHCD Residual Receipts Amount to Replacement Reserve			-	-	-	-	-	-	-	-	-	-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE	0.00%	No HCD Financing										
HCD Residual Receipts Amount Due	0.00%		-	-	-	-	-	-	-	-	-	-
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)			33,510	34,361	35,063	35,606	35,964	36,182	36,191	35,988	35,595	34,961
Owner Distribution/Incentive Management Fee			33,510	34,361	35,063	35,606	35,964	36,182	36,191	35,988	35,595	34,961
Other Distributions/Uses												
Final Balance (should be zero)												
REPLACEMENT RESERVE - RUNNING BALANCE		1.5x Original Capitalized RR = $335,000										
Replacement Reserve Starting Balance			549,815	539,916	569,716	599,816	629,916	684,915	690,116	720,216	750,215	780,416
Replacement Reserve Deposits			30,100	30,100	30,100	30,100	30,100	34,500	30,100	30,100	30,100	30,100
City Share Replacement Reserve Deposit (Small Sites Only)			-	-	-	-	-	-	-	-	-	-
Repayment of City Loan from Cash Out (Non-Operating Account)												
Replacement Reserve Deposits (Non-Operating Account)												
Replacement Reserve Withdrawals (ideally tied to CNA)			-	-	-	-	-	-	-	-	-	-
Replacement Reserve Interest												
RR Running Balance			539,916	569,716	599,816	629,916	659,916	684,915	720,216	750,316	780,416	810,516
		RR Balance/Unit	$6,273	$6,628	$6,973	$7,325	$7,675	$8,025	$8,373	$8,725	$9,075	$9,425
OPERATING RESERVE - RUNNING BALANCE												
Operating Reserve Starting Balance		see Sheet	453,982	453,982	453,982	453,982	453,982	453,982	453,982	453,982	453,982	453,982
Operating Reserve Deposits												
Operating Reserve Withdrawals												
Operating Reserve Interest												
OR Running Balance			453,982	453,982	453,982	453,982	453,982	453,982	453,982	453,982	453,982	453,982
		OR Balance as a % of Prior Yr Op Expe + Debt Service	22.3%	18.4%	18.3%	18.2%	18.1%	17.9%	17.5%	17.0%	18.6%	16.2%
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												

270 Turk Street

Total # Units: 84

Small Sites Project

	% annual increase	Comments (related to annual fee assumptions)	Year 1 2021 Total	Year 2 2022 Total	Year 3 2023 Total	Year 4 2024 Total	Year 5 2025 Total	Year 6 2026 Total	Year 7 2027 Total	Year 8 2028 Total	Year 9 2029 Total	Year 10 2030 Total
INCOME												
Residential - Tenant Rents	2.5%		1,409,687	1,444,076	1,480,160	1,517,164	1,555,114	1,593,992	1,633,842	1,674,684	1,716,556	1,759,469
Residential - Tenant Assistance Payments (Non-LOSP)	n/a		-	-	-	-	-	-	-	-	-	-
Commercial Space	2.5%		-	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		12,196	12,501	12,814	13,134	13,462	13,799	14,144	14,497	14,860	15,231
Supportive Services Income	2.5%		-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		13,635	13,976	14,326	14,683	15,050	15,427	15,812	16,208	16,613	17,028
Tenant Charges	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%		-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable										
Gross Potential Income			1,434,688	1,470,555	1,507,319	1,546,502	1,583,627	1,623,217	1,663,798	1,705,393	1,748,029	1,791,728
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formula manually per relevant MOH policy; annual incrementing usually not appropriate	(70,443)	(72,204)	(74,009)	(75,860)	(77,756)	(79,700)	(81,692)	(83,734)	(85,828)	(87,973)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a		(1,362)	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			1,362,863	1,398,351	1,433,318	1,469,142	1,505,871	1,543,516	1,582,106	1,621,659	1,662,200	1,703,756
OPERATING EXPENSES												
Management												
Management Fee	3.5%	1st Year to be set according to HUD schedule.	70,175	72,632	75,174	77,805	80,529	83,347	86,264	89,283	92,408	95,643
Asset Management Fee	3.5%	per MOHCD policy	22,670	23,463	24,285	25,135	26,014	26,925	27,867	28,843	29,852	30,897
Sub-total Management Expenses			92,846	96,096	99,459	102,940	106,543	110,272	114,131	118,126	122,260	126,540
Salaries/Benefits												
Office Salaries	3.5%		13,224	13,687	14,166	14,662	15,175	15,706	16,256	16,825	17,414	18,023
Manager's Salary	3.5%		60,000	62,100	64,274	66,523	68,851	71,261	73,755	76,357	79,009	81,774
Health Insurance and Other Benefits	3.5%		66,944	69,262	70,641	73,113	75,672	78,320	81,062	83,899	86,836	89,876
Other Salaries/Benefits	3.5%		68,720	71,126	73,615	76,191	78,858	81,616	84,474	87,431	90,491	93,658
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			207,888	216,164	222,696	230,489	238,556	246,903	255,547	264,491	273,749	283,330
Administration												
Advertising and Marketing	3.5%		1,333	1,379	1,428	1,478	1,530	1,583	1,639	1,696	1,755	1,816
Office Expenses	3.5%		20,089	20,792	21,520	22,273	23,053	23,860	24,695	25,559	26,454	27,379
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expenses - Property	3.5%		5,000	5,210	5,427	5,652	5,885	7,126	7,376	7,634	7,901	8,177
Audit Expense	3.5%		13,000	13,455	13,926	14,413	14,918	15,440	15,980	16,540	17,119	17,718
Bookkeeping/Accounting Services	3.5%		17,544	18,158	18,794	19,451	20,132	20,837	21,566	22,321	23,102	23,911
Bad Debts	3.5%		3,279	3,394	3,512	3,635	3,763	3,894	4,031	4,172	4,318	4,469
Miscellaneous	3.5%		5,732	5,935	6,180	6,377	6,601	6,832	7,071	7,318	7,574	7,839
Sub-total Administration Expenses			65,977	68,342	70,786	74,280	75,882	79,571	82,356	85,239	88,222	91,308
Utilities												
Electricity	3.5%		17,143	17,743	18,364	19,007	19,672	20,360	21,073	21,811	22,574	23,364
Water	3.5%		137,846	142,497	147,483	152,614	157,955	163,484	169,206	175,128	181,257	187,601
Gas	3.5%		42,159	43,631	45,158	46,739	48,375	50,068	51,820	53,634	55,511	57,454
Sewer	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Utilities			196,948	203,841	210,975	218,360	226,002	233,912	242,099	250,572	259,342	268,418
Taxes and Licenses												
Real Estate Taxes	3.5%		551	571	591	611	633	655	678	702	726	752
Payroll Taxes	3.5%		23,990	24,819	25,687	26,587	27,517	28,480	29,477	30,508	31,576	32,682
Miscellaneous Taxes, Licenses and Permits	3.5%		4,000	4,140	4,285	4,435	4,590	4,751	4,917	5,089	5,267	5,452
Sub-total Taxes and Licenses			28,541	29,530	30,563	31,633	32,740	33,886	35,072	36,299	37,570	38,886
Insurance												
Property and Liability Insurance	3.5%		45,957	47,565	49,230	50,953	52,737	54,582	56,493	58,470	60,517	62,635
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		26,977	27,921	28,898	29,910	30,957	32,040	33,162	34,322	35,524	36,767
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Insurance			72,934	75,487	78,129	80,863	83,693	86,623	89,654	92,792	96,040	99,402
Maintenance & Repair												
Payroll	3.5%		90,480	93,647	96,924	100,317	103,828	107,462	111,223	115,116	119,145	123,315
Supplies	3.5%		17,652	18,270	18,910	19,572	20,257	20,966	21,699	22,459	23,245	24,058
Contracts	3.5%		33,586	34,741	35,957	37,215	38,518	39,866	41,262	42,706	44,201	45,748
Garbage and Trash Removal	3.5%		62,196	64,372	66,625	68,957	71,370	73,868	76,454	79,130	81,899	84,766
Security Payroll/Contract	3.5%		-	-	-	-	-	-	-	-	-	-
HVAC Repairs and Maintenance	3.5%		9,000	9,315	9,641	9,978	10,328	10,689	11,063	11,451	11,851	12,266
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		272	281	291	301	312	323	334	346	358	371
Miscellaneous Operating and Maintenance Expenses	3.5%		2,961	2,962	3,065	3,172	3,284	3,398	3,517	3,640	3,768	3,900
Sub-total Maintenance & Repair Expenses			216,827	223,588	231,414	239,515	247,898	256,572	265,553	274,847	284,467	294,423
Supportive Services	3.5%		-	-	-	-	-	-	-	-	-	-
Commercial Expenses			-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES			882,770	913,046	945,093	978,679	1,013,311	1,047,742	1,084,463	1,122,367	1,161,684	1,202,386
PUPA (w/o Reserves/GL Base Rent/Bond Fees)			10,295									
Reserves/Ground Lease Base Rent/Bond Fees												
Ground Lease Base Rent			-	-	-	-	-	-	-	-	-	-
Bond Monitoring Fee			5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Replacement Reserve Deposit			30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100
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			35,100	35,100	35,100	35,100	35,100	35,100	35,100	35,100	35,100	35,100
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			917,870	948,146	980,193	1,013,779	1,047,411	1,082,842	1,119,563	1,157,467	1,196,784	1,237,486
PUPA (w/ Reserves/GL Base Rent/Bond Fees)			10,449									
NET OPERATING INCOME (INCOME minus OP EXPENSES)			445,993	450,205	453,397	456,364	459,060	461,576	452,903	464,191	465,416	466,347
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - Co-senior First Lender		Enter comments re: annual increase, etc.	296,816	296,816	296,816	296,816	296,816	296,816	296,816	296,816	296,816	296,816
Hard Debt - Co-senior First Lender		Enter comments re: annual increase, etc.	108,338	108,338	108,338	108,338	108,338	108,338	108,338	108,338	108,338	108,338
Hard Debt - Co-senior First Lender		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			405,154	405,154	405,154	405,154	405,154	405,154	405,154	405,154	405,154	405,154
CASH FLOW (NOI minus DEBT SERVICE)			40,833	45,051	48,043	50,911	53,907	56,422	57,429	59,036	60,256	61,193
USES OF CASH FLOW BELOW (This row also shows DSCR.)		DSCR:	1.1	1.11	1.12	1.13	1.13	1.14	1.14	1.15	1.15	1.15
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL												
"Below-the-line" Asset Mgt fee (uncommon in new projects, per policy)	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase	-	-	-	-	-	-	-	-	-	-
Other Payments			-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 1		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 2		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD												
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			40,833	45,051	48,043	50,911	53,907	56,422	57,429	59,036	60,256	61,193
Does Project have a MOHCD Residual Receipt Obligation?	Yes											
Will Project Defer Developer Fee?	No											
Residual Receipts split for all years. - Lender/Owner	67% / 33%											

	Disti. Soft Debt Loans											
MOHCD RESIDUAL RECEIPTS DEBT SERVICE												
MOHCD Residual Receipts Amount Due	100.00%	Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy	27,019	30,034	32,085	33,874	35,596	37,016	38,293	39,358	40,187	40,799
Proposed MOHCD Residual Receipts Amount to Loan Repayment			-	30,034	32,085	33,874	35,596	37,016	38,293	39,358	40,187	40,799
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		Proposed Total MOHCD Amt Due less Loan Repayment										
Proposed MOHCD Residual Receipts Amount to Replacement Reserve			27,019									
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)			13,815	15,017	16,043	16,537	17,769	18,657	19,146	19,679	20,069	20,396
Owner Distribution/Incentive Management Fee			13,815	15,017	16,043	16,537	17,769	18,657	19,146	19,679	20,069	20,396
Other Distributions/Uses			-	-	-	-	-	-	-	-	-	-
Final Balance (should be zero)			-	-	-	-	-	-	-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE		1.5x Original Capitalized RR = $585,000										
Replacement Reserve Starting Balance			172,999	202,999	269,219	299,319	349,419	348,918	379,958	409,718	439,918	469,918
Replacement Reserve Deposits			30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100
City Share Replacement Reserve Deposit (Small Sites Only)			-	27,019	-	-	-	-	-	-	-	-
Repayment of City Loan from Cash Out (Small Sites Only)			27,019									
Replacement Reserve Deposits (Non-Operating Account)			-	-	-	-	-	-	-	-	-	-
Replacement Reserve Withdrawals (ideally tied to CNA)			-	-	-	-	-	-	-	-	-	-
Replacement Reserve Interest												
RR Running Balance			202,199	269,219	299,319	349,419	348,918	379,958	409,718	439,918	469,918	499,918
		RR Balance/Unit	$2,550	$3,014	$3,364	$3,714	$4,064	$4,414	$4,764	$5,114	$5,464	$5,614
OPERATING RESERVE - RUNNING BALANCE												
Operating Reserve Starting Balance		see Sheet	262,874	262,874	262,874	262,874	262,874	262,874	262,874	262,874	262,874	262,874
Operating Reserve Deposits			-	-	-	-	-	-	-	-	-	-
Operating Reserve Withdrawals			-	-	-	-	-	-	-	-	-	-
Operating Reserve Interest												
OR Running Balance			262,874	262,874	262,874	262,874	262,874	262,874	262,874	262,874	262,874	262,874
		OR Balance as a % of Prior Yr Op Exp + Debt Service	19.9%	19.4%	19.0%	18.6%	18.1%	18.1%	17.7%	17.2%	16.8%	16.4%
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			-	-	-	-	-	-	-	-	-	-

270 Turk Street

Total # Units: **84**

Small Sites Project

	% annual increase	Comments (related to annual inc assumptions)	Year 11 2031	Year 12 2032	Year 13 2033	Year 14 2034	Year 15 2035	Year 16 2036	Year 17 2037	Year 18 2038	Year 19 2039	Year 20 2040
			Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
INCOME												
Residential - Tenant Rents	2.5%		1,803,486	1,848,542	1,894,756	1,942,124	1,990,677	2,040,444	2,091,455	2,143,742	2,197,335	2,252,269
Residential - Tenant Assistance Payments (Non-LOSP)	n/a											
Commercial Space	2.5%											
Residential Parking	2.5%											
Miscellaneous Rent Income	2.5%		15,612	16,002	16,402	16,812	17,233	17,664	18,105	18,558	19,022	19,497
Supportive Services Income	2.5%											
Interest Income - Project Operations	2.5%											
Laundry and Vending	2.5%		17,454	17,890	18,338	18,796	19,266	19,748	20,241	20,747	21,266	21,798
Tenant Charges	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%		-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable										
Gross Potential Income			1,836,621	1,882,435	1,929,436	1,977,733	2,027,176	2,077,856	2,129,802	2,183,047	2,237,623	2,293,564
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formula manually per relevant MOH policy; annual incrementing usually not appropriate	(90,173)	(92,427)	(94,738)	(97,106)	(99,534)	(102,022)	(104,573)	(107,187)	(109,867)	(112,613)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a											
Vacancy Loss - Commercial	n/a											
EFFECTIVE GROSS INCOME			1,746,349	1,790,007	1,834,758	1,880,657	1,927,642	1,975,835	2,025,229	2,075,860	2,127,756	2,180,951
OPERATING EXPENSES												
Management												
Management Fee	3.5%	1st Year to be set according to HUD schedule.	98,990	102,455	106,041	109,752	113,594	117,569	121,684	125,943	130,351	134,913
Asset Management Fee	3.5%	per MOHCD policy	31,978	33,098	34,256	35,455	36,696	37,980	39,309	40,685	42,109	43,583
Sub-total Management Expenses			130,968	135,553	140,297	145,207	150,289	155,549	160,994	166,628	172,459	178,497
Salaries/Benefits												
Office Salaries	3.5%		18,054	18,907	19,963	20,062	21,400	22,150	22,850	23,733	24,804	25,423
Manager's Salary	3.5%		84,896	87,866	90,964	85,837	97,122	100,521	104,039	107,681	111,449	115,350
Health Insurance and Other Benefits	3.5%		93,020	96,276	99,646	103,133	106,743	110,479	114,345	118,348	122,490	126,777
Other Salaries/Benefits	3.5%		96,896	100,328	103,841	107,476	111,237	115,130	119,160	123,330	127,647	132,114
Administrative Rent-Free Unit	3.5%											
Sub-total Salaries/Benefits			292,946	303,516	314,152	325,137	336,547	348,355	360,478	373,091	386,149	399,666
Administration												
Advertising and Marketing	3.5%		1,860	1,925	1,992	2,062	2,134	2,208	2,285	2,365	2,448	2,534
Office Expenses	3.5%		1,880	1,946	2,014	2,084	2,157	2,288	2,311	2,392	2,476	2,562
Office Rent	3.5%		28,396	29,390	30,356	31,419	32,518	33,656	34,834	36,054	37,316	38,621
Legal Expenses - Property	3.5%		8,484	8,780	9,088	9,384	9,712	10,052	10,404	10,768	11,145	11,535
Audit Expense	3.5%		16,358	16,930	19,544	20,321	21,043	21,780	22,542	23,331	24,147	24,993
Bookkeeping/Accounting Services	3.5%		24,748	25,614	26,510	27,438	28,398	29,392	30,421	31,486	32,588	33,738
Bad Debts	3.5%		4,625	4,787	4,955	5,128	5,308	5,493	5,686	5,885	6,091	6,304
Miscellaneous	3.5%		6,114	6,308	6,892	6,995	9,311	9,697	9,974	10,323	10,684	11,058
Sub-total Administration Expenses			94,966	97,913	901,237	904,796	109,447	113,343	116,171	129,237	134,446	129,984
Utilities												
Electricity	3.5%		24,162	25,028	25,904	26,811	27,749	28,720	29,725	30,765	31,843	32,957
Water	3.5%		194,186	200,983	207,987	215,277	222,812	230,610	238,681	247,035	255,682	264,630
Gas	3.5%		89,466	91,546	93,700	95,930	98,237	70,629	73,097	73,659	73,904	81,046
Sewer	3.5%											
Sub-total Utilities			277,814	287,636	297,601	308,017	318,798	325,959	341,504	353,447	366,029	378,633
Taxes and Licenses												
Real Estate Taxes	3.5%		775	805	833	862	893	924	956	990	1,024	1,060
Payroll Taxes	3.5%		33,832	35,006	36,235	37,503	38,816	40,174	41,580	43,035	44,542	46,101
Miscellaneous Taxes, Licenses and Permits	3.5%		6,842	6,840	9,044	8,268	8,470	8,701	8,656	7,179	7,430	7,690
Sub-total Taxes and Licenses			40,346	41,864	43,112	44,621	46,183	47,799	49,472	51,204	52,996	64,851
Insurance												
Property and Liability Insurance	3.5%		54,827	57,096	59,444	71,576	74,360	76,994	79,689	82,478	55,365	88,362
Fidelity Bond Insurance	3.5%											
Worker's Compensation	3.5%		38,064	39,895	40,784	42,181	43,657	45,186	46,773	48,416	50,109	51,863
Director's & Officers' Liability Insurance	3.5%											
Sub-total Insurance			102,891	105,431	919,396	914,996	119,989	122,320	125,498	130,963	135,474	140,216
Maintenance & Repair												
Payroll	3.5%		127,651	132,098	136,721	141,507	146,459	151,585	156,891	162,382	168,066	173,948
Supplies	3.5%		24,900	25,772	26,674	27,603	28,574	28,574	30,609	31,680	32,789	33,937
Contracts	3.5%		47,346	49,005	50,721	52,495	54,334	56,239	58,204	60,241	62,349	64,532
Garbage and Trash Removal	3.5%		87,752	90,803	93,981	97,270	100,676	104,199	107,846	111,620	115,527	119,570
Security Payroll/Contract	3.5%											
HVAC Repairs and Maintenance	3.5%		12,695	13,140	13,600	14,076	14,568	15,076	15,606	16,152	16,717	17,303
Vehicle and Maintenance Equipment Operation and Repair	3.5%		363	367	411	425	440	455	471	488	505	523
Miscellaneous Operating and Maintenance Expenses	3.5%		4,038	4,179	4,324	4,476	4,632	4,794	4,962	5,136	5,315	5,501
Sub-total Maintenance & Repair Expenses			304,739	315,362	326,432	337,857	349,852	361,921	374,588	387,899	401,946	415,313
Supportive Services	3.5%		-	-	-	-	-	-	-	-	-	-
Commercial Expenses			-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES			1,244,369	1,287,043	1,335,025	1,379,076	1,427,864	1,477,343	1,530,671	1,585,210	1,638,522	1,696,674
PUPA (w/o Reserve/GL Base Rent/Bond Fees)												
Reserve/Ground Lease Base Rent/Bond Fees		(cont.)										
Ground Lease Base Rent												
Bond Monitoring Fee			5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Replacement Reserve Deposit			30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100
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			35,100	35,100	35,100	35,100	35,100	35,100	35,100	35,100	35,100	35,100
TOTAL OPERATING EXPENSES (w/ Reserve/GL Base Rent/ Bond Fees)			1,279,469	1,323,042	1,369,126	1,414,776	1,463,064	1,513,443	1,564,771	1,619,310	1,673,722	1,731,674
PUPA (w/ Reserve/GL Base Rent/Bond Fees)												
NET OPERATING INCOME (INCOME minus OP EXPENSES)			466,909	466,299	466,538	469,391	454,570	462,390	460,456	456,549	455,534	449,376
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		(cont.)										
Hard Debt - Co-senior First Lender		Enter comments re: annual increase, etc.	298,916	298,916	298,916	298,916	298,916	298,916	298,916	298,916	298,916	298,916
Hard Debt - Co-senior First Lender		Enter comments re: annual increase, etc.	106,338	106,338	106,338	106,338	106,338	106,338	106,338	106,338	106,338	106,338
Hard Debt - Co-senior First Lender		Enter comments re: annual increase, etc.										
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service												
TOTAL HARD DEBT SERVICE			405,154	405,154	405,154	405,154	405,154	405,154	405,154	405,154	405,154	405,154
CASH FLOW (NOI) minus DEBT SERVICE			61,767	61,812	61,404	60,887	59,434	57,239	55,304	52,347	49,901	44,732
USES OF CASH FLOW BELOW (This row also shows DSCR.)		DSCR:	1.15	1.15	1.15	1.15	1.15	1.14	1.14	1.13	1.12	1.11
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		(cont.)										
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy										
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		Enter comments re: annual increase, etc.										
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.										
Deferred Developer Fee (Enter amt = Max Fee from row 131)												
TOTAL PAYMENTS PRECEDING MOHCD			-	-	-	-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			61,767	61,812	61,404	60,887	59,434	57,239	55,304	52,347	49,901	44,732
Does Project have a MOHCD Residual Receipt Obligation?	Yes											
Will Project Defer Developer Fee?	No											
Residual Receipts split for all years. - Lender/Owner	67% / 33%											
MOHCD RESIDUAL RECEIPTS DEBT SERVICE	DW. Soft Debt Loans											
MOHCD Residual Receipts Amount Due	100.00%	Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy	41,136	41,206	40,689	40,465	39,816	38,424	36,870	34,931	32,587	29,615
Proposed MOHCD Residual Receipts Amount to Loan Repayment			41,136	41,206	40,689	40,465	39,816	38,424	36,870	34,931	32,587	29,615
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		Proposed Total MOHCD Amt Due less Loan Repayment	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Replacement Reserve												
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE	0.00%	No HCD Financing										
HCD Residual Receipts Amount Due	0.00%		-	-	-	-	-	-	-	-	-	-
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)			20,698	20,694	20,496	20,232	19,869	19,212	18,436	17,496	16,364	14,966
Owner Distribution/Incentive Management Fee			20,698	20,694	20,496	20,232	19,869	19,212	18,436	17,496	16,364	14,966
Other Distributions/Uses												
Final Balance (should be zero)												
REPLACEMENT RESERVE - RUNNING BALANCE		1.5x Original Capitalized RR = $455,000										
Replacement Reserve Starting Balance			540,919	570,119	600,219	630,319	660,419	690,619	720,719	750,819	770,919	770,919
Replacement Reserve Deposits			30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100	30,100
City Share Replacement Reserve Deposit (Small Sites Only)			-	-	-	-	-	-	-	-	-	-
Repayment of City Loan from Cash Out (Small Sites Only)			-	-	-	-	-	-	-	-	-	-
Replacement Reserve Deposits (Non-Operating Account)												
Replacement Reserve Withdrawals (ideally tied to CNA)			-	-	-	-	-	-	-	-	-	-
Replacement Reserve Interest												
RR Running Balance			570,119	600,219	630,319	660,419	690,519	720,719	750,819	770,919	770,919	801,919
		RR Balance/Unit	$6,194	$6,514	$6,654	$7,214	$7,564	$7,914	$8,254	$8,614	$8,964	$9,314
OPERATING RESERVE - RUNNING BALANCE												
Operating Reserve Starting Balance		see Sheet	262,574	262,574	262,574	262,574	262,574	262,574	262,574	262,574	262,574	262,574
Operating Reserve Deposits			-	-	-	-	-	-	-	-	-	-
Operating Reserve Withdrawals			-	-	-	-	-	-	-	-	-	-
Operating Reserve Interest			-	-	-	-	-	-	-	-	-	-
OR Running Balance			262,574	262,574	262,574	262,574	262,574	262,574	262,574	262,574	262,574	262,574
		OR Balance as a % of Prior Yr Op Expe + Debt Service	16.0%	15.6%	15.2%	14.8%	14.4%	14.1%	13.7%	13.3%	13.0%	12.6%
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			-	-	-	-	-	-	-	-	-	-

<u>EXHIBIT C</u>
<u>Tenant Income Certification Form</u>

Attached.

TENANT INCOME CERTIFICATION

☐ Initial Certification   ☐ Recertification   ☐ Other _____

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

PART I - DEVELOPMENT DATA

Property Name: _____ County: _____ TCAC#: _____ BIN#: _____

Address: _____ If applicable, CDLAC#: _____

Unit Number: _____ # Bedrooms: _____ Square Footage: _____

PART II. HOUSEHOLD COMPOSITION

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

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

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

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

Add totals from (A) through (D), above   TOTAL INCOME (E): $ _____

PART IV. INCOME FROM ASSETS

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

Enter Column (H) Total
If over $5000 $_____ X   Passbook Rate 0.06%   =   (J) Imputed Income $

Enter the greater of the total of column I, or J: imputed income   **TOTAL INCOME FROM ASSETS (K)** $

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

HOUSEHOLD CERTIFICATION & SIGNATURES

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

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

_____   _____   _____   _____
Signature   (Date)   Signature   (Date)

_____   _____   _____   _____
Signature   (Date)   Signature   (Date)

1   CTCAC Tenant Income Certification (May 2018)

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: $ _____

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

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: _____%

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*	*Income Status*	*Income Status*	*(Name of Program)*
	☐ ≤ 50% AMGI	☐ 50% AMGI	☐ 50% AMGI	*Income Status*
	☐ ≤ 60% AMGI	☐ 60% AMGI	☐ 80% AMGI	☐ _____
	☐ ≤ 80% AMGI	☐ 80% AMGI	☐ OI**	☐ OI**
	☐ OI**	☐ 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

CTCAC Tenant Income Certification (May 2018)

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).

HH Mbr #	Last Name	First Name	Middle Initial	Race	Ethnicity	Disabled
TENANT DEMOGRAPHIC PROFILE						
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" 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 transgender.

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 Adoption or Foster
A	Adult Co-Tenant	O	Other Family Member		
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.

CTCAC Tenant Income Certification (May 2018)

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.

CTCAC Tenant Income Certification (May 2018)

| Household Income at Move-in | For recertifications only. Enter the household income from the move-in certification. |

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 non-optional 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 required 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 required 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.

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 indicting 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

Exhibit D

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.   <u>Recommended Minimum Numerical Goals</u>. 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 D

EXHIBIT E
Governmental Requirements

1.   Prevailing Wages and Working Conditions.

Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 23.61. Borrower agrees to require its Contractors and Subcontractors performing (i) labor in the construction of a "public work" as defined in California Labor Code Section 1720 et seq. (which includes certain construction, alteration, maintenance, demolition, installation, repair, carpet laying, or refuse hauling if paid for in whole or part out of public funds), or (ii) Covered Construction at the Project or Site to (1) pay workers performing such work not less than the Prevailing Rate of Wages, (2) provide the same hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with San Francisco Administrative Code Section 23.61 (collectively, "Prevailing Wage Requirements"). Borrower agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

If applicable, Borrower shall include, and require its Contractors and Subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Section 23.61. Each such Construction Contract shall name the City and County of San Francisco, affected workers, and employee organizations formally representing affected workers as third party beneficiaries for the limited purpose of enforcing the Prevailing Wage Requirements, including the right to file charges and seek penalties against any Contractor or Subcontractor in accordance with San Francisco Administrative Code Section 23.61. Borrower's failure to comply with its obligations under this Section shall constitute a material breach of the Agreement. A Contractor's or Subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.61 against the breaching party.

2.   Environmental Review. The Project must meet the requirements of 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, and Section 1.126 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 and prohibited contributions 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. The City will notify its Ethics Commission of the parties to this Agreement in accordance with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code.

(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.   <u>Disability Access</u>. 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.   <u>Lead-Based Paint</u>. 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.   <u>Relocation</u>. 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. Borrower may use vacant Units in the Project to accommodate the temporary relocation of Qualified Tenants in other Small Sites Program Projects to complete rehabilitation for a period of up to 30 days, during which time, relocated Qualified Tenants must sign a relocation lease, approved as to form by the City, giving the relocated Qualified Tenant temporary right to the Unit for no more than a 30 day period. The use of Small Sites Program Units for temporary relocation applies only to other Small Sites Program Qualified Tenants and not to tenants residing in properties subject to other funding sources and/or program regulations.

7.   First Source Hiring. Borrower agrees to comply with San Francisco Administrative Code, Chapter 83, as applicable.

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

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

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

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

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

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

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

13.   <u>Sunshine Ordinance</u>.

(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.   <u>Prohibition on Use of Public Funds for Political Activities.</u> 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. <u>Nondisclosure of Private Information</u>. Borrower has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12.M.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. <u>Graffiti Removal</u>. 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. <u>Resource-Efficient Building Ordinance</u>. Borrower acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Chapter 7 relating to resource-efficient City buildings and resource-efficient pilot projects. Borrower hereby agrees it

shall comply with the applicable provisions of such code sections as such sections may apply to the Property.

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

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

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

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

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

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

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

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

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

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

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

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.

270 Turk GP, LLC,
a California limited liability company

  By: Tenderloin Neighborhood Development Corporation
        a California nonprofit public benefit corporation
  Its: Sole Member

    By: _____
    Name: Donald Falk
    Title: Chief Executive Officer

EXHIBIT G
Form of Annual Monitoring Report

Attached.

Exhibit G

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

London N. Breed
Mayor

Daniel Adams
Acting Director

September 30, 2019

Notice of Availability of 2019 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 2019 (RY2019). 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 23, 2019 from 9-11:45 a.m. See below for more information.

Deadline: For projects whose business year ended June 30, 2019, the report will be due on November 30, 2019 for the period 7/1/18-6/30/19, unless noted otherwise in a project-specific notice sent by MOHCD. For any projects whose 2019 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.

Completion and Submission Instructions

The Annual Monitoring Report consists of the following four parts:

I. AMR_RY2019 – project name.xlsx
This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

Instructions	3C. Demographic Summary
1A. Property & Residents	4. Narrative
1B. Transitional Programs	5. Project Financing
1C. Eviction Data	6. Services Funding
2. Fiscal Activity	7. Supplementary Audit Information Required by MOHCD
3A. Occupancy & Rent Info	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_RY2019.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 2019. 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 23, 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 Wednesday, 10/23, 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
MOHCD   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
2019 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_RY2019 – 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.

	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 (*supply exact number*) 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 $_____ (*supply amount*) 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

	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 2019 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:_____

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 12/19/2019

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 Adminstrative 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 <u>not</u> 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

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

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

<u>6790 Miscellaneous Taxes, Licenses and Permits.</u> 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

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

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

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

<u>6724 Directors and Officers Liabilities Insurance.</u> 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

<u>6510 Payroll.</u> 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.

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

<u>6520 Contracts.</u> 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.

<u>6525 Garbage and Trash Removal.</u> 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.

<u>6530 Security Payroll/Contract.</u> 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.

<u>6546 HVAC Repairs and Maintenance.</u> 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.

<u>6570 Vehicle and Maintenance Equipment Operation and Repairs.</u> 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.

<u>6590 Miscellaneous Operating and Maintenance Expenses.</u> 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

<u>6900 Supportive Service Expenses.</u> 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

<u>1320 Replacement Reserve Required Annual Deposits.</u> 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.

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

<u>XXXX Operating Reserve Account Withdrawals.</u> 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.

<u>1330 Other Reserve Accounts - Deposits.</u> 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.

<u>XXXX Other Reserve Accounts - Withdrawals.</u> 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 *first unit in the project* . 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 *first unit in the project* . For tenants who have transferred to another unit in the project, this amount will be different than the amount from the rertification 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 recertificaion 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.
P.	**Overhoused or Overcrowded - Narrative** A household is "Overhoused" if there are fewer people residing in the unit than the minumum 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.

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 units 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 anyone in the household is a person that is at least 62 years of age. Enter "No" if everyone in 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 any members of the household have any of the listed disabilities, select the disability from the drop-down menu. Select "None" if the unit is not occupied by any tenants 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/documents-reports-and-forms

Program Income Overview
> 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

MOHCD Insurance Requirements Policy
> 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

#		
	Annual Monitoring Report - Property & Residents - Reporting Year 2019 - 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.) *If you answer "yes", skip questions 26 through 39 below, and continue with question 40. Also, you must complete worksheet "1B.TransitionalProg."*			

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	# 4	**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. 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.)*
37		**Waiting List -** How many applicants are currently on the waiting list? *(Please also submit a copy of the waiting list, see AMR submission instructions.)*
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		How many **Health, Building or Housing Code Violations** were issued against the property in the reporting year? (If there were no violations enter "0"). If the property was cited for code violations in the reporting year or has open, unresolved violations from prior years as indicated below, you must answer Question #2 on the Narrative worksheet. *(Click on #2 at left to jump to Narrative worksheet.)*
43		How many **Health, Building or Housing Code Violations** were open from *prior* years?
44		How many **Health, Building or Housing Code Violations** were cleared in the reporting year?
45		Are there urgent **Major Property Repairs** needed on the property in the next two years? **(Yes/No)** If there are needed major repairs you must answer Question #3 on the Narrative worksheet. *(Click on #3 at left to jump to Narrative worksheet.)*
46		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.)

		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 *(participant fees are allowable for day care ONLY)* (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 specifiy in column G.
57		Go To WS6	Other Service #2 - Please specifiy in column G.

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!

Annual Monitoring Report - Transitional Programs - Reporting Year 2019 - 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)
20		Public Housing

21		Section 8 Voucher	PERMANENT
22		Subsidized Rental - house or apartment	
23		Homeownership	
24		Moved in with family or friends	
25	*0*	*Permanent Housing Subtotal*	
26		Transitional Housing for homeless persons	TRANSITIONAL
27		Moved in with family or friends *TEMPORARILY*	
28	*0*	*Transitional Housing Subtotal*	
29		Psychiatric hospital	INSTITUTIONAL
30		Inpatient alcohol or other drug treatment facility	
31		Jail/Prison	
32		Medical Facility	
33	*0*	*Institutional Subtotal*	
34		Emergency Shelter	OTHER
35		Places not meant for human habitation (e.g. street)	
36		Unknown	
37		Other	
38	*0*	*Other Subtotal*	
39	**0**	**TOTAL # HH's that left the program**	

		Annual Monitoring Report - Eviction Data - Reporting Year 2019 - 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).*		**Ethnicity and Race data for households that received Notices of Eviction during the reporting period.**	
2		Breach of Lease Agreement	**Ethnicity reported for HHs that received Notices of Eviction**	**enter #s below**
3		Capital Improvement	Hispanic/Latino	
4		Condo Conversion	Not Hispanic/Latino	
5		Demolition	Not Reported	
6		Denial of Access to Unit	*Total (must match Total number in E29)*	0
7		Development Agreement	**Race reported for HHs that received Notices of Eviction**	**enter #s below**
8		Ellis Act Withdrawal	American Indian/Alaskan Native	
9		Failure to Sign Lease Renewal	Asian	
10		Good Samaritan Tenancy Ends	Black/African American	
11		Habitual Late Payment of Rent	Native Hawaiian/Other Pacific Islander	
12		Illegal Use of Unit	White	
13		Lead Remediation	American Indian/Alaskan Native and Black/African American	
14		Non-payment of Rent	American Indian/Alaskan Native and White	
15		Nuisance	Asian and White	
16		Other	Black/African American and White	
17		Owner Move In	Other/Multiracial	
18		Roommate Living in Same Unit	Not Reported	
19		Substantial Rehabilitation	*Total (must match Total number in E29)*	0
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).*		**Ethnicity and Race data for households for which Unlawful Detainers were filed during the reporting period.**	
22		Breach of Lease Agreement	**Ethnicity reported for HHs that received Unlawful Detainers**	**enter #s below**
23		Capital Improvement	Hispanic/Latino	
24		Condo Conversion	Not Hispanic/Latino	
25		Demolition	Not Reported	
26		Denial of Access to Unit	*Total (must match Total number in E50)*	0
27		Development Agreement	**Race reported for HHs that received Unlawful Detainers**	**enter #s below**
28		Ellis Act Withdrawal	American Indian/Alaskan Native	
29		Failure to Sign Lease Renewal	Asian	
30		Good Samaritan Tenancy Ends	Black/African American	
31		Habitual Late Payment of Rent	Native Hawaiian/Other Pacific Islander	
32		Illegal Use of Unit	White	
33		Lead Remediation	American Indian/Alaskan Native and Black/African American	
34		Non-payment of Rent	American Indian/Alaskan Native and White	
35		Nuisance	Asian and White	
36		Other	Black/African American and White	
37		Owner Move In	Other/Multiracial	
38		Roommate Living in Same Unit	Not Reported	
39		Substantial Rehabilitation	*Total (must match Total number in E50)*	0
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).*		**Ethnicity and Race data for households Evicted during the reporting period.**	
42		Breach of Lease Agreement	**Ethnicity reported for HHs that were Evicted**	**enter #s below**
43		Capital Improvement	Hispanic/Latino	
44		Condo Conversion	Not Hispanic/Latino	
45		Demolition	Not Reported	
46		Denial of Access to Unit	*Total (must match Total number in E71)*	0
47		Development Agreement	**Race reported for HHs that were Evicted**	**enter #s below**
48		Ellis Act Withdrawal	American Indian/Alaskan Native	
49		Failure to Sign Lease Renewal	Asian	
50		Good Samaritan Tenancy Ends	Black/African American	
51		Habitual Late Payment of Rent	Native Hawaiian/Other Pacific Islander	
52		Illegal Use of Unit	White	
53		Lead Remediation	American Indian/Alaskan Native and Black/African American	
54		Non-payment of Rent	American Indian/Alaskan Native and White	
55		Nuisance	Asian and White	
56		Other	Black/African American and White	
57		Owner Move In	Other/Multiracial	
58		Roommate Living in Same Unit	Not Reported	
59		Substantial Rehabilitation	*Total (must match Total number reported in E71)*	0
60		Unapproved Subtenant		
61	0	Total number of households evicted (*flows to question #35 on Worksheet 1A*)		

	B	D	F	H	J
15	**Annual Monitoring Report - Fiscal Activity - Reporting Year 2019 - Mayor's Office of Housing & Community Development**				
16	**INCOME & EXPENSES**				
17	12 Month Report Period	Start Date:	1/0/1900	End Date:	1/0/1900
18	Number of Units--->	0			
19-20	**Description of Income Accounts**	**Account Number**	**Residential**	**Non-Residential**	**Total**
21					
22	**Rental Income**				
23	Housing Units - Gross Potential Tenant Rents	5120			
24	Rental Assistance Payments (identify ALL sources in row below if applicable, including LOSP funding)	5121			
25	Source/s---->				
26	Commercial Unit Rents	5140			
27	sub-total Gross Rental Income:		$0.00	$0.00	$0.00
28	**Vacancy Loss - enter amounts as negative numbers!**				vacancy rate
29	Housing Units	5220		**Must click & explain if Residential Vac Rate is > 15%**	
30	Commercial	5240			0.00%
31	sub-total Vacancies:		$0.00	$0.00	$0.00
32					
33	**NET RENTAL INCOME:**		$0.00	$0.00	$0.00
34					
35	**Other Income**				
36	Garage and Parking Spaces	5170			
37	Miscellaneous Rent Income	5190			
38	Supportive Services Income - Do not enter supportive services income if it is tracked in a separate budget and not appropriate per MOHCD loan terms to be included in Residual Receipts calculation.	5300			
39	Supportive Services Income Source/s- identify program source(s) if applicable -->				
40	Interest Income - Project Operations (From Operating Account Only)	5400			
41	Laundry and Vending	5910			
42	Tenant Charges	5920			
43	Other Revenue	5990			
44	sub-total Other Income Received:		$0.00	$0.00	$0.00
45					
46	**TOTAL INCOME RECEIVED:**		$0.00	$0.00	$0.00
47					
48	**INCOME & EXPENSES**				
49-50	**Description of Expense Accounts**	**Account Number**	**Residential**	**Non-Residential**	**Total**
51	**Management**				
52	Management Fee	6320			
53	"Above the Line" Asset Management Fee (amount allowable may be limited, see Asset Mgt. Fee Policy)				
54	sub-total Management Expense:		$0.00	$0.00	$0.00
55	**Salaries/Benefits**				
56	Office Salaries	6310			
57	Manager's Salary	6330			

	B	D	F	H	J
15	**Annual Monitoring Report - Fiscal Activity - Reporting Year 2019 - Mayor's Office of Housing & Community Development**				
58	Employee Benefits: Health Insurance & Disability Insurance	6723			
59	Employee Benefits: Retirement & Other Salary/Benefit Expenses				
60	Administrative Rent Free Unit	6331			
61	sub-total Salary/Benefit Expense:		$0.00	$0.00	$0.00
62	**Administration**				
63	Advertising and Marketing	6210			
64	Office Expenses	6311			
65	Office Rent	6312			
66	Legal Expense - Property	6340			
67	Audit Expense	6350			
68	Bookkeeping/Accounting Services	6351			
69	Bad Debts	6370			
70	Miscellaneous Administrative Expenses **(must click & explain if >$10k)**	6390			
71	sub-total Administrative Expense:		$0.00	$0.00	$0.00
72	**Utilities**				
73	Electricity	6450			
74	Water	6451			
75	Gas	6452			
76	Sewer	6453			
77	sub-total Utilities Expense:		$0.00	$0.00	$0.00
78	**Taxes and Licenses**				
79	Real Estate Taxes	6710			
80	Payroll taxes	6711			
81	Miscellaneous Taxes, Licenses, and Permits	6719			
82	sub-total Taxes and License Expense:		$0.00	$0.00	$0.00
83	**Insurance**				
84	Property and Liability Insurance	6720			
85	Fidelity Bond Insurance	6721			
86	Workers' Compensation	6722			
87	Directors & Officers Liabilities Insurance	6724			
88	sub-total Insurance Expense:		$0.00	$0.00	$0.00
89	**Maintenance and Repairs**				
90	**IMPORTANT NOTE RE: TREATMENT OF CAPITAL AND NON-CAPITAL MAINTENANCE REPAIR EXPENSES ELIGIBLE FOR PAYMENT BY REPLACEMENT RESERVE: If possible, exclude those from this section. If you do include those expenses here, be sure to record the amounts in rows 103 (non-capital) and 210:215 below (capital).**				
91	Payroll	6510			
92	Supplies	6515			
93	Contracts	6520			
94	Garbage and Trash Removal	6525			
95	Security Payroll/Contract	6530			
96	HVAC Repairs and Maintenance	6546			
97	Vehicle and Maintenance Equipment Operation and Repairs	6570			
98	Miscellaneous Operating and Maintenance Expenses **(must click & explain if >$10k)**	6590			
99	sub-total Maintenance Repair Expense:		$0.00	$0.00	$0.00
100	**Supportive Services:** do not enter supportive services expenses if tracked in separate budget and not eligible to be counted against project income for residual receipts calculation.	6930			
101	**SUB-TOTAL OPERATING EXPENSES:**		$0.00	$0.00	$0.00
102	**Capital Maintenance Repairs/Improvements eligible for payment by Replacement Reserve.** If capital costs were entered in amounts for Maintenance & Repairs section above and are eligible for payment by the Replacement Reserve, please enter details in Replacement Reserve-Eligible Expenditures below, beginning from row 207. Amounts provided in F210:215 will be linked to cell F102 and netted out from operating expenses.		$0.00		

	B	D	F	H	J
15	**Annual Monitoring Report - Fiscal Activity - Reporting Year 2019 - Mayor's Office of Housing & Community Development**				
103	**Non-Capital Maintenance Repair Expenses eligible for payment by Replacement Reserve.** Only enter amounts here if they were included in amounts entered for Maintenance & Repairs section above and will be reimbursed by Replacement Reserve. Amount will be netted out from operating expenses. Enter as positive number.				
104	**TOTAL OPERATING EXPENSES:**		**$0.00**	**$0.00**	**$0.00**
105					
106	**Ground Lease Base Rent/Bond Fees/Reserves**	Name of Lessor/ Bond Monitoring Agency/ Reserve Account			
107	Ground Lease - Base Rent (provide Lessor name to the right)				$0.00
108	Bond Monitoring Fee				$0.00
109	Replacement Reserve Required Annual Deposit (Source is Operating Account.) Enter as positive number.	1320			$0.00
110	Operating Reserve Deposits (Source is Operating Account.) Enter as positive number.	1365			$0.00
111	Operating Reserve Account Withdrawals (For deposits to Operating Account.) Enter as positive number.				$0.00
112	Other Required Reserve Account Deposits (Source is Operating Account. Enter as positive number. Identify reserve account in next col) (1330)				$0.00
113	Other Required Reserve Account Withdrawals (For deposit to Operating account. Enter as positive number. Identify account in next col ---->				$0.00
114	**Sub-total Ground Lease Base Rent/Bond Fees/Reserves**		**$0.00**	**$0.00**	**$0.00**
115					
116	**TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)**		**$0.00**	**$0.00**	**$0.00**
117		**Acct Num**	**Residential**	**Non-Residential**	**Total**
118	**1. TOTAL INCOME RECEIVED:**		**$0.00**	**$0.00**	**$0.00**
119	**2. TOTAL OPERATING EXPENSES:**		**$0.00**	**$0.00**	**$0.00**
120	**3. NET OPERATING INCOME:**		**$0.00**	**$0.00**	**$0.00**

	B	D	F	H	J
15	**Annual Monitoring Report - Fiscal Activity - Reporting Year 2019 - Mayor's Office of Housing & Community Development**				
121					
122	**4. Debt Service (Principal and Interest)**	Name of Lender / Describe Other Amt Paid	**Residential**	**Non-Residential**	**Total**
123	Lender1 - Principal Paid (provide lender name to the right)				
124	Interest Paid				
125	Other Amount (describe to the right)				
126	Lender2 - Principal Paid (provide lender name to the right)				
127	Interest Paid				
128	Other Amount (describe to the right)				
129	Lender3 - Principal Paid (provide lender name to the right)				
130	Interest Paid				
131	Other Amount (describe to the right)				
132	Lender4 - Principal Paid (provide lender name to the right)				
133	Interest Paid				
134	Other Amount (describe to the right)				
135	**Total Debt Service Payments**		**$0.00**	**$0.00**	**$0.00**
136					
137	**Surplus Cash, Detail** (NOI minus Debt Service and Reserve Activity)		**$0.00**	**$0.00**	**$0.00**
138					
139	If amount for Surplus Cash above is negative: - you must provide a detailed explanation to question #8 on the Narrative worksheet - you must NOT supply data for any of the fields for Uses of Surplus Cash below		Go to ws4 Narrative question #8		
140	Surplus Cash, Total---------------------->				**$0.00**
141	*Distribution of Surplus Cash/Residual Receipts - (Response Required.)* In the space below, please provide a detailed narrative summary of allowable distributions of Surplus Cash that accurately reflects the requirements under all MOHCD agreements as well as the requirements of other funders and any other agreements that govern. Please include the calcluation methodology, applicable annual increases, etc. For proposed distribution amounts entered in column J, rows 143-165, select the distribution priority for each of the uses of cash flow/suprlus cash in column H. *If distribution of surplus cash is not allowed under MOHCD agreements or other funder agreements, enter N/A in the box below.*				
142					
143	**USES OF SURPLUS CASH THAT ARE AUTHORIZED TO BE PAID PRIOR TO CALCULATION OF RESIDUAL RECEIPTS PAYMENTS (IF APPLICABLE)**			**Distribution Priority** (select below)	**Leave cells below blank if Surplus Cash is <= $0.**
144	**5. Operating Reserve Replenishments** (Deposits made out of surplus cash to satisfy minimum balance requirements).				
145	**6. "Below-the-line" Asset Mgt fee** (prior written authorization from City/SFRA may be required, see Asset Mgt. Fee Policy).				
146	**7a. Partnership Management fee due from this reporting period. if any** (tax credit projects only; not allowed if project is beyond 15-year compliance period).				
147	**7b. Partnership Management fee accrued but unpaid from PRIOR reporting periods, if any** (tax credit projects only; per City policy, typically must be paid out of owner distribution, entries usually not allowed here).				
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).				

	B	D	F	H	J
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, typically must be paid out of owner distribution, entries usually not allowed here)).				
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/OCII ground lease. Failure to provide details will result in disallowance of this expense. You may only include payments that were approved by MOHCD at time of funding that are also explicitly authorized by a Partnership Agreement or similar project document.	Go to ws4 Narrative question #1			
152	**11ai. Debt Pmt to other lender1: Principal Paid** (note lender name to right)				
153	**11aii. Debt Pmt to other lender1: Interest Paid**				
154	**11bi. Debt Pmt to other lender2: Principal Paid** (note lender name to right)				
155	**11bii. Debt Pmt to other lender2: Interest Paid**				
156	**Total Payments preceding Residual Receipts Calculation:**				$0.00
157					
158	**12. RESIDUAL RECEIPTS**				$0.00
159				**Distribution Priority** (select below)	**Leave cells below blank if Surplus Cash is <= $0.**
160	12a. MOHCD Residual Receipts Due for Loan Repayment				
161	12b. MOHCD Residual Receipts Due for Ground Lease Residual Rent Payment				
162	*12c. Subtotal Residual Receipts Payments to MOHCD*				*$0.00*
163	12d. Residual Receipts Debt Pmt to other lender3 (note lender name to right)				
164	12e. Residual Receipts Debt Pmt to other lender4 (note lender name to right)				
165	12f. Residual Receipts Debt Pmt to other lender5 (note lender name to right)				
166	**Total Residual Recipts Payments:**				$0.00
167					
168	*DO NOT SUBMIT YOUR PROPOSED RESIDUAL RECEIPT PAYMENT TO MOHCD WITH THIS AMR. MOHCD WILL REVIEW YOUR PROPOSED PAYMENT AND GENERATE AN INVOICE IF THE CALCULATION CAN BE VERIFIED AS APPROPRIATE; IF THE CALCULATION CANNOT BE VERIFIED, MOHCD WILL CONTACT YOU.*				
169	**Remaining Balance**				$0.00
170					
171	**Proposed Owner Distributions** (provide description in column D and enter amount in column J. If an amount is entered, a description is required.)				
172	**Proposed Other Distributions/Uses** (provide description in column D and enter amount in column J. If an amount is entered, a description is required. If you had a Calendar Year LOSP surplus, please acknowledge that and note exact amount.)				
173					
174	**Final Balance: should be ZERO except when Surplus Cash (cell J140) is negative**				$0.00

RESERVE ACCOUNT DETAILS

OPERATING RESERVE *(Do not leave blanks for any questions asking for a number, enter zero instead.)*

Minimum Required Balance:	
Beginning Balance:	
Actual Annual Deposit (don't edit - taken from page 1 account number 1365):	$0.00
Interest Earned:	
Annual Withdrawal Amount (enter as negative number):	
Ending Balance (don't edit cell -- calculated):	$0.00
Required Annual Deposit:	
Total Operating Expenses plus debt service (don't edit cell -- calculated)	$0.00
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. If the calculated percentage shown to the right is greater than 26.5%, you must explain why the Op Reserve balance exceeds MOHCD's requirement in the adjacent cell.	0.000%

REPLACEMENT RESERVE *(Do not leave blanks for any questions asking for a number, enter zero instead.)*

Minimum Required Balance:	
Beginning Balance:	
Actual Annual Deposit:	
Interest Earned:	
Annual Withdrawal Amount (enter as negative number):	
Ending Balance (don't edit cell -- calculated):	$0.00
Required Annual Deposit (do not edit - taken from page 1 account number 1320):	$0.00
Describe how the amount of annual deposit and the minimum required balance is determined.	

CHANGES TO REAL ESTATE ASSETS

Enter Beginning and Ending Balances in each of the categories listed below. Changes in asset categories will auto calculate.	Balance, 1/00/1900	Changes	Balance, 1/00/1900
Building & Improvements		$0.00	
Offsite Improvements		$0.00	
Site Improvements		$0.00	
Land Improvements		$0.00	
Furniture, Fixtures & Equipment		$0.00	
Other		$0.00	

Replacement Reserve-Eligible Expenditures: Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible.

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 requred in each corresponding cateogry in rows 210-215. If the operating account is used initially to fund the repair, and is later reimbursed by the replacement reserve during the reporting year, show the repair cost under "Replacement Reserve". If the operating account is used to fund the repair and was not reimbursed by the replacement reserve during the reporting year, show the repair cost under "Operating Account." Use the section below to supply a description of the capital repairs and improvements made.

	Capital Repairs and Improvements Funded By:			
Capital Repairs and Improvements - Categories	Replacement Reserve	Operating Account	Other Source	**Total Amount**

	B	D	F	H	J
15	**Annual Monitoring Report - Fiscal Activity - Reporting Year 2019 - Mayor's Office of Housing & Community Development**				
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					
220	**Non-Capital Replacement Reserve Eligible Expenditures (i.e., labor costs):** Enter the amounts used to fund non-capital replacement reserve eligiblie expenditures. Use section below to supply explanations.				
221	Source				Amount
222	Paid out of Operating Budget, to be reimbursed by RR (shows the amount entered in row 103 above)				*$0.00*
223	Paid Directly from Replacement Reserve				
224	Other Source				
225	Explanation of Non-Capital Replacement Reserve Eligible Expenditures			**Total**	**$0.00**
226					
227	**TOTAL REPLACEMENT RESERVE ELIGIBLE EXPENDITURES:** the Replacement Reserve Withdrawal for the reporting period should not exceed the Total RR-eligible Expenditures. You must provide more details above or an explanation below if the RR withdrawal amount exceeds the Total RR-Eligible Expenditures.	**RR Withdrawal Amount-->**	*$0.00*	**Total RR-Eligible Expenditures--->**	**$0.00**
228	Notes About RR Withdrawal Amount in excess of Total RR-eligible Expenditures:				
229					
230					

	B	D	F	H	J
15	**Annual Monitoring Report - Fiscal Activity - Reporting Year 2019 - 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**				
233	**more information, use the following link or copy this web address for manual navigation:**				
234	http://www.sf-moh.org/Modules/ShowDocument.aspx?documentid=5141				
235	**Overview of Federal (HOME and CDBG) Program Income**				
236					
237	**CDBG PROGRAM INCOME**				
238	Proposed amounts to be used to fund eligible CDBG activities as described in the Federal CDBG Program Regulations at 24 CFR 570.201-206 and consistent with the City's 2015-2019 Consolidated Plan, 2019-2020 Action Plans as follows:	AMOUNT	DESCRIPTION		
239	Amount to be used for CDBG eligible activity#1 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
240	Amount to be used for CDBG eligible activity#2 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
241	Amount to be used for CDBG eligible activity#3 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
242	Amount to be deposited for use on future eligible CDBG activities that will be undertaken by June 30, 2018 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
243	Other (provide amount in cell to the right, plus activity description and regulation citation in column furthest to the right):				
244	**Total CDBG Program Income Calculation**(see instructions for guidance on how to calculate)				
245	*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 2019 reporting period as depicted above.*				

| Project Address: | | Data supplied on this worksheet must be from the rent roll of the last month of the reporting period that was entered on worksheet 1A. | 1/0/1900 | # Units: | 0 |

- Provide the data requested for the tenant population that was residing in the project at the end of the Reporting Period.
- Identify manager's unit with the unit number, follow by "- Mgr". For example, if the manager occupies Unit 501, in column D, enter "501 - Mgr." For vacant units and manager's units, provide data in columns D, E, F, Q and R only.
- For tenants who moved in during the reporting period, the data entered in columns G, H & I (at initial occupancy) should be the same as the data entered in columns J, K & L (within reporting period), respectively.
- For tenants who have transferred units within the project, report the initial occupancy data (occupancy date, income, household size) for the first unit that the tenant occupied in the project, i.e. when they first moved in to the building.
- Before using the "paste" function to enter data for Unit Type and Rental Assistance Type, please check the drop-down-menus to ensure that the data you are pasting conforme with the choices of the drop-down menu. This will help prevent you from submitting forms with invalid data. Any forms with invalid data will be returned with instructions to fix and resubmit.

C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z
Row Num	Unit No.	Unit Type (Bed / SRO / Studio / 1BR / 2BR / 3BR / 4BR / 5+BR) Use drop-down menu choices ONLY?	Is the Unit Fully Accessible or Adaptable? Use the drop-down menu below to indicate which	Date of INITIAL OCCUPANCY (mM/yyyy)	Household Annual Income AT INITIAL OCCUPANCY	Household Size AT INITIAL OCCUPANCY (number)	Date Of Most Recent Income Recertification WITHIN REPORTING PERIOD (mM/yyyy)	Household Annual Income as of Most Recent Recertification WITHIN REPORTING PERIOD	Household Size (number) as of Most Recent Recertification WITHIN REPORTING PERIOD	Min Occupancy for Unit Type (per data entered on worksheet 1A)	Max Occupancy for Unit Type (per data entered on worksheet 1A)	Is the Household Overhoused or Overcrowded?	Overhoused / Overcrowded – Narrative. (Explanation required for each row where indicator is displayed in Column N and Col O cell shows no highlighting. Describe any extenuating circumstances that justify the Overhoused/Overcrowded status; summarize efforts made to transfer HH to unit of appropriate size.)	Is this Unit's HOPWA set-aside unit? (yes/no)	Rental Assistance Type (select "none" if none) Use drop-down menu choices ONLY?	Amount of Rental Assistance	Amount of Maximum Gross Rent Allowed for Unit (enter $0 if n/a)	Amount Tenant Paid Rent for Unit	Utility Allowance (Enter $0 if all utilities are included.)	HH Rent Burden (tenant paid rent plus utility allowance x 12 / hh income); typically between 30-50%; should never exceed 100%	Date Of Most Recent Rent Increase WITHIN THE REPORTING PERIOD (mM/yyyy)	Amount of Most Recent Rent Increase WITHIN THE REPORTING PERIOD	%age of Rent Increase (calculated; do not enter; Utility Allowance is factored into this calculation)
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Annual Monitoring Report - Demographic Information - Reporting Year 2019 -
Mayor's Office of Housing & Community Development

Project Address:

1/0/1900   **# Units:** 0

Data supplied on this worksheet must be from the rent roll of the last month of the reporting period that was entered on worksheet 1A.

- Provide the data requested for the tenant population that was residing in the project *at the end of the Reporting Period*.
- Select one Ethnicity category for the head of household. If unknown, manager's or vacant unit, select "Not Reported".
- Select one Race category for the head of household. If unknown, manager's or vacant unit, select "Not Reported".
- For legacy race and ethnicity data that reports race and ethnicity as a single field, an additional category of "Not Reported" should be used to categorize a head of household's race if it is listed as Latino/Hispanic. In these cases, the person's ethnicity would be listed as Latino/Hispanic and his/her race would be listed as "Not Reported".
- Select one Gender and one Sexual Orientation/Identity category for the head of household. If unknown, manager's or vacant unit, select "Question Not Asked". See the Instructions worksheet for a link to additional info about the City ordinance that requires collection of this data beginning in 2017.

C	D	E	F	G	H	I	J	K	L	M	N
Row Num	Unit No.	Unit Type (Bed / SRO / Studio / 1BR / 2BR / 3BR / 4BR / 5+BR)	Household Size (number) as of Most Recent Recertification WITHIN REPORTING PERIOD	Date of INITIAL OCCUPANCY	Ethnicity (select from drop down menu)	Race (select from drop down menu)	Gender (select from drop down menu) for Occupancies AFTER 6/30/2017	Sexual Orientation / Sexual Identity (select from drop down menu) for Occupancies AFTER 6/30/2017	Elderly House-hold member? (yes/no)	Number of Children under Age 18 in HH	Disability (anyone in the Household, select one)
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Annual Monitoring Report - Summary of Reported Household Demographics - Reporting Year 2019 - 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

	# Reported Head of HH	% of Total
Ethnicity		
Hispanic/Latino	0	
Not Hispanic/Latino	0	
Not Reported	0	
Total	*0*	
Race		
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	**0**	

Gender

	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	

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")*

Project Street Address:

Reporting Period - Start Date: 1/0/1900

Reporting Period - End Date: 1/0/1900

MOHCD created the questions below to allow project owners to supply additional information about a small number of measurements that may indicate that a project is having difficulties. By providing this information, project owners will help provide context for the conclusions that can be made about the measurements. MOHCD will use the measurements and the information below to prioritize the projects that need closer scrutiny and support. Please supply as much information as is readily available.

1. Explanations & Comments

Use this space to record notes about any peculiarities in the data entry process. For example, if you entered a formula instead of a single number for a field, make a note here re: for which question on which worksheet that was done, and describe the formula & underlying numbers. Also use this field to describe in detail any amounts entered for "Other payments" on the worksheet "2.Fiscal," item 10.

2. Code Violations

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

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

(add additional rows as needed)

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

Violation or Citation #	Date Cleared	Issued By	Description of Remedy

(add additional rows as needed)

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

3. Major Repairs

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

4. Vacant Unit Rent-Up Time

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

   a. A description of the work done to analyze the cause/s of the high turnaround time, and what the identified causes are; and

   b. A description of the work done to identify means of reducing the turnaround time, and all viable remedies that have been identified; and

   c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

5. Affirmative Marketing

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

    a. when the marketing was conducted and how it was intended to reach populations least likely to apply for the project;

    b. any advertising, direct mailings, emailings and web postings that were done; and

    c. how many households were on the waiting list prior to the marketing and how many were on it after the marketing was completed.

6. Vacancy Rate ------>

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

    a. A description of the work done to analyze the cause/s of the vacancy rate, and what the identified causes are; and

    b. A description of the work done to identify means of reducing the vacancy rate, and all viable remedies that have been identified; and

    c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

7. Miscellaneous Expenses: Administrative/Operating & Maintenance

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

Misc. Admin Expenses

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

Misc. Operating & Maintenance Expenses

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

8. Negative Cash Flow

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

a. A description of the work done to analyze the cause/s of the shortfall, and what the identified causes are; and

b. A description of the work done to identify remedies for the shortfall, and all viable remedies that have been identified; and

c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

d. If the project has a Project-Based Section 8 Housing Assistance Payments (HAP) contract, please also supply the date of the last increase to the HAP contract, the date when the project will submit the next HAP contract rent increase, and any related comments about whether the project has been diligent in seeking annual increases to the HAP contract.

Annual Monitoring Report - Project Financing - Reporting Year 2019 - Mayor's Office of Housing & Community Development

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

Project Address:

Current Project Financing

Lien Order	Lender (and Loan Program if applicable)	Loan Amount	Interest Rate	Maturity Date	Repayment Terms	Monthly Debt Service Payment	Outstanding Principal Balance As Of End of Reporting Period	Accrued Interest As Of End of Prior Reporting Period
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								

Completion of this page is required based on your answers to questions 51 thru 61 on worksheet 1A.Prop&Residents. Supply one row of data for each service that is being provided. (If more than one service is being provided by the same Provider under the same grant, please repeat the data for each service provided.)

Project Address:

Current Services Funding

Service Type	Service Provider Name	Street Address where Service is Provided	Name of Funder of this Service	Grant Amount	Grant Start Date	Grant End Date

Project Street Address:

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

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

Project Street Address:

Schedule of Operating Expenses
For the Year Ended January 0, 1900

		Total
Management		
6320	Management Fee	$0
	"Above the Line" Asset Management Fee	$0
	Total Management Expenses:	$0
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:	$0
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:	$0
Utilities		
6450	Electricity	$0
6451	Water	$0
6452	Gas	$0
6453	Sewer	$0
	Total Utilities Expenses:	$0
Taxes and Licenses		
6710	Real Estate Taxes	$0
6711	Payroll taxes	$0
6790	Miscellaneous Taxes, Licenses, and Permits	$0
	Total Taxes and Licenses Expenses:	$0
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:	$0

Project Street Address:

Schedule of Operating Expenses
For the Year Ended January 0, 1900

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

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

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

Depreciation & Amortization Expenses
Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.

6600	Depreciation Expense	
6610	Amortization Expense	
	Operating Profit (Loss) after Deprecieation & Amortization:	**$0**

Net Entity Expenses
the right.

7190		
7190		
7190		
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7190		
7190		
7190		
	Total Net Entity Expenses:	**$0**

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

Amount computed in cell E139 should match audited financial statement.

Project Street Address:

Computation of Operating Cash Flow/Surplus Cash
For the Year Ended January 0, 1900

	Total
Operating Revenue	$0
Interest earned on restricted accounts	$0
Adjusted Operating Revenue	$0
Operating Expenses	$0
Net Operating Income	$0
Other Activity	
Ground Lease Base Rent	$0
Bond Monitoring Fee	$0
Mandatory Debt Service - Principal	$0
Mandatory Debt Service - Interest	$0
Mandatory Debt Service - Other Amount	$0
Deposits to Replacement Reserve Account	$0
Deposits to Operating Reserve Account	$0
Deposits to Other Restricted Accounts per Regulatory Agreement	$0
Withdrawals from Operating Reserve Account	$0
Withdrawals from Other Required Reserve Account	$0
Total Other Activity:	$0
Allocation of Non-Residential Surplus (LOSP only)	
Operating Cash Flow/Surplus Cash:	**$0**

Distribution of Surplus Cash Ahead of Residual Receipts Payments

Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid ***ahead*** *of residual receipts payments.*

	Total
Total Cash Available for Residual Receipts Distribution:	**$0**

Distribution of Residual Receipts

Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid with remaining residual receipts.

	Total
Total Residual Receipts Distributions to Lenders:	$0
Proposed Owner Distribution	$0
Proposed Other Distribution/Uses	$0
Total Residual Receipts Distributions to Lenders and Owners:	**$0**

Project Street Address:

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

	Replacement Reserve	Operating Reserve
Balance, December 31, 1899	$0	$0
Actual Annual Deposit	$0	$0
Interest Earned	$0	$0
Withdrawals	$0	$0
Balance, December 31, 1900	$0	$0

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*	**Project Address:**
Reporting End Date:	*1/0/00*	

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 - 174)	incomplete
Operating Reserve (Rows 177 - 187)	incomplete
Replacement Reserve (Rows 189 - 197)	incomplete
Changes to Real Estate Assets (Rows 199 - 206)	incomplete
Replacement Reserve Eligible Expenditures (Rows 210 - 229)	incomplete
Program Income (Rows 238 - 244)	OK

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

Worksheet 3B. Demographic Information	**To Be Determined**
Is Ethnicity and Race selected for each household?	To Be Determined
Is Gender 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**

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

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[1] *See 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)**

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.

- **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.
- <u>**Limited English Proficiency Policy.**</u> Throughout the application process, the housing provider must comply with City policy for language access requirements for applicants with limited English proficiency.

<u>**Reasonable Accommodation and Modification Policy**</u>

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:
  - o 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;
  - o 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:
  - o the applicant has a disability;
  - o reasonable accommodation or modification is necessary because of the disability; and
  - o 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 record[2] 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

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[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."

treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;

- (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 surveryors is "Claims made" coverage, Borrower shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars ($50,000) each claim must be reviewed by Risk Management; and

      (e) a crime policy or fidelity bond covering Borrower's officers and employees against dishonesty with respect to the Funds of no less than Seventy Five Thousand Dollars ($75,000) each loss, with any deductible not to exceed Five Thousand Dollars ($5,000) each loss, including the City as additional obligee or loss payee;

      (f) 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.   <u>Property Insurance</u>.

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.　　　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
MOHCD Residual Receipts Policy

Attached.

Mayor's Office of Housing and Community Development
Residual Receipts Policy
Effective April 1, 2016

INTRODUCTION

The Mayor's Office of Housing and Community Development (MOHCD) typically requires annual payments under the Ground Leases and Loans provided for the purpose of developing or preserving affordable housing to the extent that making payments is feasible and does not jeopardize the long-term affordability or maintenance of safe and secure housing for its residents.   Payments may be required under one or a combination of several structures, including amortization, deferral, or payment from residual receipts, depending on the circumstances.

When a development financed by MOHCD is projected to enjoy more income than is needed to pay expenses, service other debt, fully fund its reserves, and make approved payments out of surplus, it is MOHCD's policy that a portion of the remaining "residual" income be directed toward repayment of MOHCD's investment.

MOHCD also permits a modest portion of "residual" income to be distributed by the borrower. Distribution of any portion of "residual receipts" is conditioned on MOHCD's annual determination that certain performance standards and benchmarks have been met.

SUMMARY (see below for detailed requirements)

I. Definition of Residual Receipts	As depicted in the approved MOHCD Operating Budget Proforma for each project, the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments of surplus. .
II. Annual Residual Receipts Payments Due to MOHCD	Generally, 2/3^{rds} of residual receipts is payable to the City. Larger Tax Credit projects may be eligible to use an alternative ½ - ½ split for up the first 10 years of a new tax credit period, see the Developer Fee Policy for more details.
III. When more than one MOHCD contract requires residual payments	The approved MOHCD Operating Budget Proforma is a required exhibit to the last-executed MOHCD contract and must reflect a comprehensive summary of approved cash flow waterfall, listing of all lenders, relative lien positions, underlying loan terms and amounts owed to MOHCD annually across all MOHCD contracts.
IV. When a project has other Lenders in addition to MOHCD that require residual payments	The portion to be repaid to each Lender is typically determined by the proportional amount of capital funded under each loan. The approved MOHCD Operating Budget Proforma must include a list of all loans and details about projected amounts owed annually, including how the portion of residual receipts to be paid to each lender will be calculated, if not based on a proportional amount.
V. Conditions to Distribution of Residual Receipts to Borrower	Distribution of Residual Receipts may be made only upon: (1) MOHCD approval of Annual Monitoring Report; (2) determination by MOHCD

	that borrower is not in default; and (3) approval by MOHCD of amount of Distribution.
VI. Use of Residual Receipts Distributed to the Borrower	MOHCD strongly encourages borrowers to use distributions for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).
VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project	Any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
MOHCD Repayment Waiver Option	The repayment waiver option has been terminated.

I.   Definition of Residual Receipts

A. Residual Receipts is the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments from surplus.

B. The project-specific Funding Agreements and/or Ground Leases define what Project Income entails and which Project Expenses are allowable. In general, the definition of allowable Project Expenses will include mandatory or "hard" debt service payments, minimum or Base Rent owed under a Ground or Land lease, and required annual payments into Reserve accounts. Each MOHCD contract will include a copy of the approved Operating Budget Proforma.

C. When MOHCD requires repayments from Residual Receipts, the formula usually requires payment of a portion of the available Residual Receipts. The use of a proportional formula makes it is essential to clearly define which uses of surplus cash have been approved for payment prior to the calculation of the amount owed to MOHCD.

D. The approved uses of any available surplus may also be referred to as the cash flow waterfall. The approved MOHCD Operating Budget Proforma is used to document the approved cash flow waterfall. In general, the following expenses may be a part of a cash flow waterfall:
1. Fees payable to the project, the GP, the LP or the parent entity
2. Fees payable to project funders
3. "Soft" debt repayments to lenders / lessors

Please see the City's Developer Fee Policy and Operating Fees Policy for a list of allowable fees and any applicable limits.

E. Limited Partnership Agreements may also provide a narrative summary of the cash flow waterfall. In the event that a Limited Partnership Agreements is found to be inconsistent with the MOHCD Funding Agreement and/or the approved MOHCD Operating Budget Proforma, the MOHCD documents shall control.

II.   Annual Residual Receipts Payments due under MOHCD Ground Leases & Loans
Except as recommended by the Loan Committee and approved by the Mayor on a project by project basis, the portion to be paid to the City shall be 2/3^{rds} of Residual Receipts. Larger Tax Credit projects may be eligible to use an alternative ½ - ½ split for up the first 10 years of a new tax credit period 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 2/5^{ths} of the amount available to be repaid, and the other lender would receive 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.

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: Agnes Defiesta

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

270-272 Turk Street
San Francisco, CA 94108
Assessor's Lot 010, Block 0338

DECLARATION OF RESTRICTIONS
(270-272 Turk Street)

THIS DECLARATION OF RESTRICTIONS ("**Declaration**") is made as of April ___, 2020, by **270 TURK GP,** a California limited liability company ("**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 loans (collectively, the "**Loan**") to Borrower of Downtown Neighborhoods Preservation Fund funds and general obligation bond funds to finance costs associated with the acquisition and rehabilitation of and to provide permanent financing for the real property described in **Exhibit A** attached hereto and incorporated herein by reference (the "**Property**") as low- to moderate-income housing (the "**Project**"). The Loan is evidenced by, among other documents, a Loan Agreement between the City and Borrower dated as of the date of this Declaration, 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 and is available through the Mayor's Office of Housing and Community Development ("**MOHCD**") at the address first specified in the recording request set forth above. 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**

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Obligations"), commencing on the Agreement Date, and continuing for as long all or any portion of the Project or any modification of the Project remains in existence, but in any event no less than seventy five (75) years from the date the Deed of Trust is recorded in the Official Records of San Francisco County (the "**Compliance Term**"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed. Borrower's covenants and agreements described in this Declaration are a material part of the consideration for the City in making the Loan, and without Borrower's agreement to subject the Property to the Regulatory Obligations even after the Loan is satisfied, the City would be unwilling to make the Loan to Borrower.

AGREEMENT

Now, therefore, in consideration of the City's providing the Loan in accordance with the City Documents, Borrower agrees as follows:

1. <u>Definitions</u>. Any capitalized terms in this Declaration that are not defined herein shall have the meaning set forth in the Agreement. In the event of any conflict between the terms of this Declaration and the terms of the Agreement, the terms of the Agreement (including the following defined terms) shall control unless otherwise expressly stated. As used in this Declaration, the following words and phrases have the following meanings:

(a) "**Compliance Term**" has the meaning set forth in Recital B above.

(b) "**Median Income**" means median income as published annually by MOHCD, derived from the Income Limits determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as "Unadjusted Median Income".

(c) "**Qualified Tenant**" means a household occupying the Project that has certified and been approved as earning no more than the maximum permissible annual income level allowed by the Agreement and that has entered into a lease with Borrower in a form approved by City.

(d) "**Regulatory Obligations**" has the meaning set forth in Recital B above.

(e) "**Rent**" means the monthly sum charged to Qualified Tenants for rent in accordance with this Declaration.

(f) "**Severely Rent Burdened**" means a Qualified Tenant household paying monthly Rent that is fifty percent (50%) or more of its gross monthly income (as shown on the Qualified Tenant's income certification required by Section 5 and confirmed by MOHCD).

(g) "**Unit**" means any residential rental unit within the Project.

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2. <u>Regulatory Obligations</u>. Borrower must comply with the Regulatory Obligations through the expiration of the Compliance Term, including without limitation those obligations described in this Declaration, regardless of any reconveyance of the Deed of Trust or satisfaction of the Loan.

3. <u>Affordability and Restrictions</u>.

(a) <u>Restrictions</u>. The Project may be occupied only by Qualified Tenants and their households. As provided in Section 7.2(b) of the Agreement, a Qualified Tenant may not be required to vacate the Unit due to subsequent rises in household income. In no event shall any Qualified Tenant be required to pay Rent in excess of 30% of 120% Median Income except as provided in Section 4(b).

(b) <u>Rents on Agreement Date</u>. Required Rents for the Units as of the Agreement Date shall be as follows:

[Insert Rent Chart with anticipated rents at closing for all units]

(c) [Alternative A] [<u>Vacancies after the Agreement Date</u>. After the Agreement Date, the Rent for the Units that become vacant shall be set to achieve the following mix of Units at the indicated Median Income levels:

# of Units	Median Income%
24	30%
26	50%
10	60%
10	72%
15	80%

In the event of a loss or reduction of Department of Homelessness and Supportive Housing subsidies for the 30% Median Income Units at the Project, the Rent for such Units may be increased to the extent necessary for the Project to be financially feasible as approved in advance by MOHCD, provided that such Rent may in no event exceed 30% of 120% of Median Income.]

(c) [Alternative B] [<u>Vacancies after the Agreement Date</u>. After the Agreement Date, the Rent for each Unit that becomes vacant shall be set at the amount necessary to bring the Project's combined average Rents for all Units as close as possible to the amount calculated as 30% of 80% Median Income, but no more than 30% of 120% Median Income.]

4. <u>Rent Adjustments and Restrictions</u>. Rent for all Units shall be increased annually on the anniversary of the Agreement Date by the greater of: (x) the percentage change in annual operating expenses, up to a maximum of 3.5%; or (y) 2%, except as follows:

(a) <u>Reserved</u>

(b) <u>Severely Rent Burdened Qualified Tenants</u>. If the Rent increase described in this Section 4 results in any Qualified Tenant household becoming Severely Rent Burdened, Borrower is not required to increase the Rent of the Severely Rent Burdened Qualified Tenant until such time as the Qualified Tenant is no longer Severely Rent Burdened, provided that: (i) Borrower first demonstrates to the satisfaction of MOHCD, in MOHCD's sole discretion, that the Project maintains short- and long-term financial sustainability in the form of positive cash flow, adequately funded reserves, and other indicators as MOHCD may reasonably request; (ii) at each annual income recertification, the ability of all households to pay required rent increases will be reassessed, as will the Borrower cash flow, to ensure short- and long-term financial sustainability if Borrower elects not to impose the required annual Rent increase for any Severely Rent Burdened Qualified Tenant; and (iii) all Regulatory Obligations continue to be met. Similarly, if the circumstances described in this subsection are met, a Unit becomes vacant and a Qualified Tenant demonstrates to Borrower that it is Severely Rent Burdened, Borrower may reduce such Qualified Tenant's Rent to a level no lower than 40% of that Qualified Tenant's gross monthly income, thus resulting in a higher Rent that will be required for the vacant Unit. If more than one Qualified Tenant is eligible for such a Rent reduction, the reduction shall be equally distributed among such eligible Qualified Tenants.

(d) <u>Recovery of Project Expenses</u>. With the City's prior written approval, Rent increases for Units exceeding the amounts permitted under the first sentence of Section 4 may be permitted once annually in order to recover increases in approved Project Expenses, provided that: (i) in no event may single or aggregate Rent 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 30% of 120% Median Income. The City's approval for such Rent increases under this subsection shall not be unreasonably withheld.

(e) <u>Rent Subsidy Programs</u>. For those households that hold rent subsidy vouchers, such as Section 8 and VASH, on an annual basis Borrower shall request and use best efforts to receive an increase in contract rent equivalent to the percentage change in Fair Market Rent or equivalent payment standard, whichever is greater. 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, provided that the Qualified Tenant paid portion of Rent does not exceed 30% of 120% Median Income. 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 30% of 120% Median Income.

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(f) <u>Recovery of Property Tax Increases</u>. In addition to the Rent increases contemplated in this Section 4 and with the City's prior written approval, if a Qualified Tenant's household income exceeds eighty percent (80%) of California Median Income (as published by the California Department of Housing and Community Development) during occupancy of a Unit, Borrower may adjust the charges for Rent for such Qualified Tenant to absorb the amount of property taxes attributable to the Qualified Tenant's Unit as a result of the loss of the State of California's welfare exemption for low-income housing properties. The City may, in its sole discretion, require that Rent increases allowed under this subsection be implemented over a period of time in order to reduce the burden on an existing Qualified Tenant. Rents charged under this subsection may not exceed 30% of 120% Median Income. The City's approval for such Rent increases shall not be unreasonably withheld. If such Qualified Tenant's household income subsequently decreases and the Unit becomes eligible for the California welfare property tax exemption, Borrower may reduce such Qualified Tenant's Rent by the amount of property tax savings attributable to the Qualified Tenant's Unit, as provided in Section 4(b).

(g) <u>Excess Rent</u>. If Borrower increases Rents or offers a vacant Unit for rent at a rate that exceeds the rules described in this Declaration, the resulting excess cash flow will be paid by Borrower to the Qualified Tenants who were overcharged, and Borrower's actions will constitute an Event of Default pursuant to Section 19 of the Agreement.

5. <u>Certification</u>.

(a) As a condition to initial occupancy, each person who desires to be a Qualified Tenant in the Project must sign and deliver to Borrower a certification in the form attached to the Loan Agreement as <u>Exhibit C</u>, in which the prospective Qualified Tenant certifies that he/she or his/her household qualifies as a Qualified Tenant, which certification is reviewed and approved by Borrower and the City. In addition, each person must 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 San Francisco Housing Authority will satisfy this requirement.

(b) Each Qualified Tenant in the Project must recertify its household income to Borrower annually.

(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 copies thereof with the City promptly upon request by the City.

6. <u>Nondiscrimination</u>. 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 Qualified Tenants using Section 8 certificates or vouchers or assistance through other rental subsidy programs.

7. <u>Remedies</u>. 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.

8. <u>Covenants Run with the Land</u>. This Declaration and the Regulatory Obligations constitute covenants running with the land and bind successors and assigns of Borrower and any non-borrower owner of the Property. In the event that Borrower fails to comply with the Regulatory Obligations to the City's satisfaction, in its sole discretion, within thirty (30) days of Borrower's receipt of notice from the City to so comply, the City at its option may exercise any rights available at equity or in law, including, without limitation, institute an action for specific performance. Borrower shall pay the City's costs in connection with the City's enforcement of the terms of this Declaration, including, without limitation, the City's attorneys' fees and costs.

Borrower has executed this Declaration as of the date first written above.

BORROWER

270 Turk GP, LLC,
a California limited liability company

  By: O'Farrell Senior Housing, Inc.,
       a California nonprofit public benefit corporation
  Its: Sole Member

    By: _____
    Name: Donald Falk
    Title: Chief Executive Officer

ALL SIGNATURES MUST BE NOTARIZED

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146889166.2

EXHIBIT A

Legal Description of the Property

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Commencing at a point on the northerly line of Turk Street, distant thereon 87 feet, 6 inches easterly from the easterly line of Leavenworth Street; running thence easterly along said line of Turk Street 50 feet; thence at a right angle northerly 137 feet, 6 inches; thence at a right angle westerly 50 feet; thence at a right angle southerly 137 feet, 6 inches to the point of commencement.

Being a portion of 50 Vara Lot No. 1153 in Block 256.

Assessor's Lot 10; Block 338

Street Address:
270-272 Street
San Francisco, CA 94102

<div align="center">

SECURED PROMISSORY NOTE
PASS – Deferred Loan
(270-272 Turk Street)

</div>

Principal Amount: [$716,640.00]   San Francisco, CA

Date: _____2020

      FOR VALUE RECEIVED, the undersigned, **270 TURK GP, LLC**, a California limited liability company, (**"Maker"**), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, **"Holder"**), the principal sum of [Seven Hundred Sixteen Thousand Six Hundred Forty and No/100 Dollars ($716,640.00)], (the **"Deferred Loan Amount"**), or so much of the Deferred Loan Amount as may be disbursed from time to time pursuant to the Agreement described in Section 1 below, together with interest thereon, as provided in this Note.

      1.   Agreement. This Secured Promissory Note ("**Note**") is given under the terms of a Loan Agreement by and between Maker and Holder dated as of the date of this Note, as it may be amended from time to time (the **"Agreement"**), which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by that certain Deed Of Trust, Assignment Of Rents, Security Agreement And Fixture Filing (PASS Program) dated as of the date of this Note, made by Maker for the benefit of Holder (the **"PASS Deed of Trust"**). Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control.

      2.   Interest. Interest will accrue on the principal balance outstanding under this Note from time to time at the rate of (1.38908%) per annum, from the date of the close of escrow through the date of full payment of all amounts owing under the City Documents. Interest will be compounded monthly and computed on the basis of a 360-day year consisting of 12 months of 30 days each, which will result in higher interest charges than if a 365-day year were used.

      3.   Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the Deferred Loan at a compounded annual rate equal to the Prime Rate most recently announced by Bank of America, for the immediately preceding month, plus four percent (4%), which rate will automatically be reduced if it is higher than the rate an individual is permitted to legally charge, commencing on the date the Deferred Loan Amount is disbursed through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

      4.   Repayment of Deferred Loan Amount. Provided that no uncured Event of Default exists under any City Document, the entire principal balance of the Deferred Loan, together with

all interest and unpaid fees and costs incurred (all together, the "Payment"), will be due and payable on the date that is the fortieth (40th) anniversary of the First Month Date as defined in Section 6.5 (the "Maturity Date"). If the Maturity Date falls on a weekend or holiday, it will be deemed to fall on the next succeeding business day. Any Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Deferred Loan.

      5.   <u>Security</u>. Maker's obligations under this Note are secured by the PASS Deed of Trust.

      6.   <u>Terms of Payment</u>.

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

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

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

      6.4   Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note as set forth in Section 4 of this Note.

      6.5   No prepayment of this Note shall be permitted except as otherwise set forth in this Note or in the Agreement. This Note may be prepaid on or after the tenth anniversary of the first day of the first full month following the date that the PASS Deed of Trust is recorded in the Recorder's Office of San Francisco County (the "First Month Date"). On or after the tenth anniversary of the First Month Date, the Deferred Loan may be prepaid, in whole but not in part, and Maker shall be required to pay a premium of: (i) 2% of the total amount being prepaid if the Deferred Loan is prepaid prior to the eleventh anniversary of the First Month Date; (ii) 1% of the total amount being prepaid if the Deferred Loan is prepaid on or after the eleventh anniversary of the First Month Date and prior to the twelfth anniversary of the First Month Date; or (iii) no prepayment premium if the Deferred Loan is prepaid on or after the twelfth anniversary of the First Month Date. The Deferred Loan may not be prepaid unless the Market Rate Loan and the BMR Loan, and, in Holder's sole discretion, the SSP Loan, are also all paid in full. Maker shall provide Holder with at least thirty (30) days' prior written notice of any intended prepayments. Maker shall be required to pay any premiums, and proportionate costs and expenses associated with the redemption of the Bonds which would result from prepayment of the Deferred Loan including, but not limited to, accrued interest on the Bonds from the date of such prepayment to the date of redemption of the Bonds.

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

7.   Default.

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

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

(b)   the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project, including without limitation, the Market Rate Note, the BMR Note, and the SSP Note.

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

8.   Waivers.

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

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

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

9. Miscellaneous Provisions.

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

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

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

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

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

"MAKER"

270 Turk GP, LLC,
a California limited liability company

   By: O'Farrell Senior Housing, Inc.,
          a California nonprofit public benefit corporation
   Its: Sole Member

       By: _____
       Name: Donald Falk
       Title: Chief Executive Officer

SECURED PROMISSORY NOTE
PASS – BMR Loan
(270-272 Turk Street)

Principal Amount: [$4,407,336.00]   San Francisco, CA

Date: _____2020

     FOR VALUE RECEIVED, the undersigned, **270 TURK GP, LLC**, a California limited liability company ("**Maker**"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "**Holder**"), the principal sum of [Four Million Four Hundred Seven Thousand Three Hundred Thirty Six and No/100 Dollars ($4,407,336.00], (the "**BMR Loan Amount**"), or so much of the BMR Loan Amount as may be disbursed from time to time pursuant to the Agreement described in Section 1 below, together with interest thereon, as provided in this Note.

    1.   Agreement. This Secured Promissory Note ("**Note**") is given under the terms of a Loan Agreement by and between Maker and Holder dated as of the date of this Note, as it may be amended from time to time (the "**Agreement**"), which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by that certain Deed Of Trust, Assignment Of Rents, Security Agreement And Fixture Filing (PASS Program) dated as of the date of this Note, made by Maker for the benefit of Holder (the "**PASS Deed of Trust**"). Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control.

    2.   Interest. Interest will accrue on the principal balance outstanding under this Note from time to time at the rate of 1.38908% per annum from the date of the close of escrow through the date of full payment of all amounts owing under the City Documents. Interest will be compounded monthly and computed on the basis of a 360-day year consisting of 12 months of 30 days each, which will result in higher interest charges than if a 365-day year were used.

    3.   Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the BMR Loan at a compounded annual rate equal to the Prime Rate most recently announced by Bank of America, for the immediately preceding month, plus four percent (4%), which rate will automatically be reduced if it is higher than the rate an individual is permitted to legally charge, commencing on the date the BMR Loan Amount is disbursed through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

4.   Repayment of BMR Loan Amount. Maker must make payments of principal and interest in monthly installments (each, a "Payment") equal to the amount specified by the amortization schedule attached as Exhibit A. All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the BMR Loan. The unpaid principal balance of the BMR Loan, together with accrued and unpaid interest and unpaid fees and costs incurred, will be due and payable on the date that is the fortieth (40th) anniversary of the First Payment Date as defined in Section 6.5 (the "Maturity Date"). Any Payment Date, including the Maturity Date, that falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

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

6.   Terms of Payment.

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

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

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

6.4   Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note as set forth in Section 4 of this Note.

6.5   No prepayment of this Note shall be permitted except as otherwise set forth in this Note or in the Agreement. This Note may be prepaid on or after the tenth anniversary of the first day of the first full month following the date that the PASS Deed of Trust is recorded in the Recorder's Office of San Francisco County (the "First Payment Date"). On or after the tenth anniversary of the First Payment Date, the BMR Loan may be prepaid, in whole but not in part, and the Maker shall be required to pay a premium of: (i) 2% of the total amount being prepaid if the BMR Loan is prepaid prior to the eleventh anniversary of the First Payment Date; (ii) 1% of the total amount being prepaid if the BMR Loan is prepaid on or after the eleventh anniversary of the First Payment Date and prior to the twelfth anniversary of the First Payment Date; or (iii) no prepayment premium if the BMR Loan is prepaid on or after the twelfth anniversary of the First Payment Date. The BMR Loan may not be prepaid unless the Deferred Loan and the Market Rate Loan, and in Holder's sole discretion, the SSP Loan, are also all paid in full. Maker shall provide the Holder with at least thirty (30) days' prior written notice of any intended prepayments. Maker shall be required to pay any premiums, and proportionate costs and expenses associated with the redemption of the Bonds which would result from a prepayment of the BMR Loan including, but not limited to, accrued interest on the Bonds from the date of such prepayment to the date of redemption of the Bonds.

6.6　　　To compensate Holder for continued monitoring of compliance with the Declaration of Restrictions and/or the Agreement after a prepayment in full of the BMR Loan, Maker shall pay to the Holder $2,500 per year for each remaining year of the Compliance Term. In connection with a prepayment of the BMR Loan, in its sole discretion Holder may require Maker to prepay such annual monitoring fees through the end of the Compliance Term. In such event, the prepayment amount will be calculated as the present value of the stream of annual monitoring fee payments through the end of the Compliance Term discounted at a rate not to exceed 2%.

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

7.　　　Default.

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

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

(b)　　　the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project, including without limitation, the Market Rate Note, the Deferred Note, and the SSP Note.

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

8.　　　Waivers.

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

8.2　　　No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the payment of this Note will operate to release, discharge,

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modify, change or affect the original liability of Maker under this Note, either in whole or in part.

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

       9.   <u>Miscellaneous Provisions</u>.

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

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

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

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

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

"MAKER"

270 Turk GP, LLC,
a California limited liability company

   By: O'Farrell Senior Housing, Inc.,
         a California nonprofit public benefit corporation
   Its: Sole Member

      By: _____
      Name: Donald Falk
      Title: Chief Executive Officer

SECURED PROMISSORY NOTE
PASS – Market Rate Loan
(270-272 Turk Street)

Principal Amount: [$6,820,024.00]   San Francisco, CA

Date: _____2020

        FOR VALUE RECEIVED, the undersigned, **270 TURK GP, LLC**, a California limited liability company ("**Maker**"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "**Holder**"), the principal sum of [Six Million Eight Hundred Twenty Thousand Twenty Four and No/100 Dollars ($6,820,024.00], the "**Market Rate Loan Amount**"), or so much of the Market Rate Loan Amount as may be disbursed from time to time pursuant to the Agreement described in Section 1 below, together with interest thereon, as provided in this Note.

        1.   Agreement. This Secured Promissory Note ("**Note**") is given under the terms of a Loan Agreement by and between Maker and Holder dated as of the date of this Note, as it may be amended from time to time (the "**Agreement**"), which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by that certain Deed Of Trust, Assignment Of Rents, Security Agreement And Fixture Filing (PASS Program) dated as of the date of this Note, made by Maker for the benefit of Holder (the "**PASS Deed of Trust**"). Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control.

        2.   Interest. Interest will accrue on the principal balance outstanding under this Note from time to time at the rate of 5.16725% per annum, from the date of the close of escrow through the date of full payment of all amounts owing under the City Documents. Interest will be compounded monthly and computed on the basis of a 360-day year consisting of 12 months of 30 days each, which will result in higher interest charges than if a 365-day year were used.

        3.   Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the Market Rate Loan at a compounded annual rate equal to the Prime Rate most recently announced by Bank of America for the immediately preceding month, plus four percent (4%), which rate will automatically be reduced if it is higher than the rate an individual is permitted to legally charge, commencing on the date of the Event of Default through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

        4.   Repayment of Market Rate Loan Amount. Maker must make payments of principal and interest in monthly installments (each, a "Payment") equal to the amount specified

by the amortization schedule attached as Exhibit A. All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Market Rate Loan. The unpaid principal balance of the Market Rate Loan, together with accrued and unpaid interest and unpaid fees and costs incurred, will be due and payable on the date that is the fortieth (40th) anniversary of the First Payment Date as defined in Section 6.5 (the "Maturity Date"). Any Payment Date, including the Maturity Date, that falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

       5.   <u>Security</u>. Maker's obligations under this Note are secured by the PASS Deed of Trust.

       6.   <u>Terms of Payment</u>.

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

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

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

       6.4   Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note as set forth in Section 4 of this Note.

       6.5   No prepayment of this Note shall be permitted except as otherwise set forth in this Note or in the Agreement. This Note may be prepaid on or after the tenth anniversary of the first day of the first full month following the date that the PASS Deed of Trust is recorded in the Recorder's Office of San Francisco County (the "First Payment Date"). On or after the tenth anniversary of the First Payment Date, the Market Rate Loan may be prepaid, in whole but not in part, and Maker shall be required to pay a premium of: (i) 2% of the total amount being prepaid if the Market Rate Loan is prepaid prior to the eleventh anniversary of the First Payment Date; (ii) 1% of the total amount being prepaid if the Market Rate Loan is prepaid on or after the eleventh anniversary of the First Payment Date and prior to the twelfth anniversary of the First Payment Date; or (iii) no prepayment premium if the Market Rate Loan is prepaid on or after the twelfth anniversary of the First Payment Date. The Market Rate Loan may not be prepaid unless the Deferred Loan and the BMR Loan, and in Holder's sole discretion, the SSP Loan, are also all paid in full. Maker shall provide Holder with at least thirty (30) days' prior written notice of any intended prepayments. Maker shall be required to pay any premiums, and proportionate costs and expenses associated with the redemption of the Bonds which would result from a prepayment of the Market Rate Loan including, but not limited to, accrued interest on the Bonds from the date of such prepayment to the date of redemption of the Bonds.

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

7.   Default.

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

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

(b)   the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project, including without limitation, the SSP Note, the Deferred Note, and the BMR Note.

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

8.   Waivers.

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

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

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

9. <u>Miscellaneous Provisions</u>.

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

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

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

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

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

"MAKER"

270 Turk GP, LLC,
a California limited liability company

  By: O'Farrell Senior Housing, Inc.,
         a California nonprofit public benefit corporation
  Its: Sole Member

     By: _____
     Name: Donald Falk
     Title: Chief Executive Officer

SECURED PROMISSORY NOTE
(Small Sites Program – 270-272 Turk Street)

Principal Amount: [$19,870,000.00]   San Francisco, CA

Date: _____2020

      FOR VALUE RECEIVED, the undersigned, **270 TURK GP, LLC**, a California limited liability company ("**Maker**"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "**Holder**"), the principal sum of [Nineteen Million Eight Hundred Seventy Thousand and No/100 Dollars ($19,870,000.00)] (the "**SSP Loan Amount**"), or so much of the SSP Loan Amount as may be disbursed from time to time pursuant to the Agreement described in Section 1 below, together with interest thereon, as provided in this Note.

      1.   Agreement. This Secured Promissory Note ("**Note**") is given under the terms of a Loan Agreement by and between Maker and Holder dated as of the date of this Note, as it may be amended from time to time (the "**Agreement**"), which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by that certain Deed Of Trust, Assignment Of Rents, Security Agreement And Fixture Filing (Small Sites Program) dated as of the date of this Note ("**SSP Deed of Trust**"), made by Maker for the benefit of Holder. Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control.

      2.   Interest. Interest will accrue on the principal balance outstanding under this Note from time to time at the rate of three percent (3%) per annum, simple interest, from the date of disbursement of funds by Holder through the date of full payment of all amounts owing under the City Documents. Interest will be calculated on the basis of actual days elapsed and a 360-day year, consisting of 12 months of 30 days each, which will result in higher interest charges than if a 365-day year were used.

      3.   Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the SSP Loan at a compounded annual rate equal to the Prime Rate most recently announced by Bank of America, for the immediately preceding month, plus four percent (4%), which rate will automatically be reduced if it is higher than the rate an individual is permitted to legally charge, commencing on the date the SSP Loan Amount is disbursed through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

4.   Repayment of SSP Loan Amount.

4.1   Subject to <u>Section 12.1</u> and <u>Section 13.4</u> of the Agreement, Maker must make annual payments of principal and interest (each, a "**Payment**") in an amount equal to two-thirds of the Residual Receipts, if any, attributable to the prior calendar year, beginning on the first December 31st after the date that the SSP Deed of Trust is recorded in the Recorder's Office of San Francisco County, and continuing each December 31st thereafter up to and including the Maturity Date, as defined below (each, a "**Payment Date**"). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the SSP Loan. The unpaid principal balance of the SSP Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the date that is the fortieth (40th) anniversary of the first day of the first full month following the date that the SSP Deed of Trust is recorded in the Recorder's Office of San Francisco County (the "**Maturity Date**"). Any Payment Date, including the Maturity Date, which falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

4.2   Maker's obligation to pay interest annually is contingent on and limited to the amount of available Residual Receipts on each Payment Date. Interest not paid as of each Payment Date due to lack of available Residual Receipts will be forgiven and will not accrue.

5.   <u>Security</u>. Maker's obligations under this Note are secured by the SSP Deed of Trust.

6.   <u>Terms of Payment</u>.

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

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

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

6.4   Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note as set forth in Section 4.1 of this Note.

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

6.6   Except as otherwise set forth in this Note or in the Agreement, no prepayment of this Note shall be permitted without Holder's prior written consent, which may be given or withheld in Holder's sole discretion.

7.   Default.

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

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

(b)   the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project, including without limitation, the Market Rate Note, the BMR Note, and the Deferred Note.

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

8.   Waivers.

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

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

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

9. <u>Miscellaneous Provisions</u>.

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

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

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

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

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

"MAKER"

270 Turk GP, LLC,
a California limited liability company

  By: O'Farrell Senior Housing, Inc.,
      a California nonprofit public benefit corporation
  Its: Sole Member

    By: _____
    Name: Donald Falk
    Title: Chief Executive Officer

Free Recording Requested Pursuant to
Government Code Section 27383 and 27388.1

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

--------------------Space Above This Line for Recorder's Use--------------------
270-272 Turk Street
San Francisco, CA 94108
Assessor's Lot 010, Block 0338

DEED OF TRUST, ASSIGNMENT OF RENTS,
(Property Address: 270-272 Turk Street)
(Small Sites Program)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of _____, 2020, by **270 TURK GP, LLC**, a California limited liability company ("Trustor"), whose address is 201 Eddy Street, San Francisco, California 94102, to **OLD REPUBLIC TITLE COMPANY**("Trustee"), whose address is 601 California Street. Suite 900, San Francisco, CA 94108, for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development ("Beneficiary"). This Deed of Trust is executed pursuant to a Loan Agreement by and between Trustor and Beneficiary dated as of the date of this Deed of Trust, 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. This Deed of Trust is unconditionally and shall at all times remain a lien or charge on the Property subject and subordinate to that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing executed by Trustor and recorded against the Property to secure Trustor's performance under the Agreement, the Market Rate Note, the Below Market Rate Note, and the Deferred Note.

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 owns a 86-unit residential property including 86 units of multi-family rental housing affordable to low- to moderate-income households under the

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City's Small Sites Program (SSP) Program which will be known as 270 Turk Street (the "Project"); and

        (b)   all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "Improvements"); and

        (c)   all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions ("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)   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

        (e)   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

        (f)   all SSP 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

        (g)   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

        (h)   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

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(i) all rents, revenues, issues, royalties, proceeds and profits, including prepaid rent and security deposits ("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(d)**; and

(j) 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

(k) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

This Deed of Trust constitutes a security agreement under, and a fixture filing in accordance with, the California Uniform Commercial Code, as it may be amended from time to time. The filing of a financing statement pertaining to personal property may not be construed in any way as derogating from or impairing the lien of, or the rights or obligations of the parties under, this Deed of Trust.

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 related to the SSP Loan, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, and the promissory note dated the date of this Deed of Trust made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "SSP Note") and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the SSP Note in the original principal amount of [Nineteen Million Eight Hundred Seventy Thousand and No/100 Dollars ($19,870,000.00)], with interest, according to the terms of the Agreement and the SSP Note; and

(c) payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note (or any other instrument) reciting that payment is secured by this Deed of Trust

3. Assignment of Rents.

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(a)   <u>Assignment as Additional Security</u>. 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)   <u>Collection and Application of Rents</u>. 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)   <u>Beneficiary Not Responsible</u>. 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

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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.   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 SSP Note and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d)   Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City Document unless the default has been cured by the application or release of funds.

6.   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

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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 SSP Note for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c)   Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the SSP Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

(d)   As additional security, Trustor hereby irrevocably, absolutely and unconditionally assigns to Beneficiary all Rents, whether now due, past due or to become due, subject to Beneficiary's grant to Trustor of a license to collect and retain Rents as they become due and payable so long as Trustor has not defaulted in performance of the Secured Obligations.

(e)   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.

(f)   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.

(g)   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 SSP Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

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(h)   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.

7.   <u>Beneficiary's Rights Following Default</u>. 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 SSP Note and all documents evidencing expenditures secured hereby.

ii.   After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("Notice of Sale") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

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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.

8.   <u>Notice of Default to Trustor</u>. 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.

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TRUSTOR:

270 Turk GP, LLC,
a California limited liability company

  By: O'Farrell Senior Housing, Inc.,
        a California nonprofit public benefit corporation
  Its: Sole Member

     By: _____
     Name: Donald Falk
     Title: Chief Executive Officer

ALL SIGNATURES MUST BE NOTARIZED

146889170.2

EXHIBIT A

Legal Description of the Property

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Commencing at a point on the northerly line of Turk Street, distant thereon 87 feet, 6 inches easterly from the easterly line of Leavenworth Street; running thence easterly along said line of Turk Street 50 feet; thence at a right angle northerly 137 feet, 6 inches; thence at a right angle westerly 50 feet; thence at a right angle southerly 137 feet, 6 inches to the point of commencement.

Being a portion of 50 Vara Lot No. 1153 in Block 256.

Assessor's Lot 10; Block 338

Street Address:
270-272 Street
San Francisco, CA 94102

Free Recording Requested Pursuant to
Government Code Section 27383 and 27388.1

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

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

270-272 Turk Street
San Francisco, CA 94108
Assessor's Lot 010, Block 0338

DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING
(Property Address: 270-272 Turk Street)
(PASS Program)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT
AND FIXTURE FILING ("Deed of Trust") is made as of _____, 2020, by **270 TURK GP,**
LLC, a California limited liability company ("Trustor"), whose address is 201 Eddy Street,
San Francisco, California 94102, to **OLD REPUBLIC TITLE COMPANY**("Trustee"),
whose address is 601 California Street. Suite 900, San Francisco, CA 94108, for the benefit of
the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by
the Mayor, acting through the Mayor's Office of Housing and Community Development
("Beneficiary"). This Deed of Trust is executed pursuant to a Loan Agreement by and
between Trustor and Beneficiary dated as of the date of this Deed of Trust, 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. <u>Grant in Trust</u>. 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 owns a 86-unit residential property including 86 units of
multi-family rental housing affordable to low- to moderate-income households under the
City's Preservation and Seismic Safety (PASS) Program which will be known as 270
Turk Street (the "Project"); and

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(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 ("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) 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

(e) 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

(f) all Market Rate Loan, BMR Loan and Deferred 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

(g) 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

(h) 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

(i) all rents, revenues, issues, royalties, proceeds and profits, including prepaid rent and security deposits ("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(d)**; and

(j) 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

(k) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

This Deed of Trust constitutes a security agreement under, and a fixture filing in accordance with, the California Uniform Commercial Code, as it may be amended from time to time. The filing of a financing statement pertaining to personal property may not be construed in any way as derogating from or impairing the lien of, or the rights or obligations of the parties under, this Deed of Trust.

2. <u>Obligations Secured</u>. 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 related to the Market Rate Loan, the BMR Loan and the Deferred Loan, 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, the market rate promissory note dated the date of this Deed of Trust made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "Market Rate Note"), the below market rate promissory note dated the date of this Deed of Trust made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "BMR Note"), the deferred promissory note dated the date of this Deed of Trust made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "Deferred Note"), and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the Market Rate Note in the original principal amount of [<u>Six Million Eight Hundred Twenty Thousand Twenty Four and No/100 Dollars ($6,820,024.00)</u>], with interest, according to the terms of the Agreement and the Market Rate Note;

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(c) payment of the indebtedness evidenced by the Agreement and the BMR Note in the original principal amount of [Four Million Four Hundred Seven Thousand Three Hundred Thirty Six and No/100 Dollars ($4,407,336.00)], with interest, according to the terms of the Agreement and the BMR Note;

(d) payment of the indebtedness evidenced by the Agreement and the Deferred Note in the original principal amount of [Seven Hundred Sixteen Thousand Six Hundred Forty and No/100 Dollars ($716,640.00)], with interest, according to the terms of the Agreement and the Deferred Note; and

(e) 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 afford-

ed 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) <u>Beneficiary Not Responsible</u>. 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) <u>Election by Beneficiary</u>. 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. <u>Trustor's Covenants</u>. 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. 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 Market Rate Note, the BMR Note, the Deferred Note, and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City Document unless the default has been cured by the application or release of funds.

6. <u>Further Agreements</u>. 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 Market Rate Note, the BMR Note, and the Deferred Note for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the Market Rate Note, the BMR Note, and the Deferred Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

(d) As additional security, Trustor hereby irrevocably, absolutely and unconditionally assigns to Beneficiary all Rents, whether now due, past due or to become due, subject to Beneficiary's grant to Trustor of a license to collect and retain Rents as they become due and payable so long as Trustor has not defaulted in performance of the Secured Obligations.

(e) 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.

(f) 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.

(g) 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 Market Rate Note, the BMR Note, or the Deferred Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(h) 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.

7. <u>Beneficiary's Rights Following Default</u>. 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:

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i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Market Rate Note, the BMR Note, the Deferred Note, and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("Notice of Sale") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

8. 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.

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TRUSTOR:

270 Turk GP, LLC,
a California limited liability company

  By: O'Farrell Senior Housing, Inc.,
         a California nonprofit public benefit corporation
  Its: Sole Member

     By: _____
     Name: Donald Falk
     Title: Chief Executive Officer

ALL SIGNATURES MUST BE NOTARIZED

146889169.2

EXHIBIT A

Legal Description of the Property

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Commencing at a point on the northerly line of Turk Street, distant thereon 87 feet, 6 inches easterly from the easterly line of Leavenworth Street; running thence easterly along said line of Turk Street 50 feet; thence at a right angle northerly 137 feet, 6 inches; thence at a right angle westerly 50 feet; thence at a right angle southerly 137 feet, 6 inches to the point of commencement.

Being a portion of 50 Vara Lot No. 1153 in Block 256.

Assessor's Lot 10; Block 338

Street Address:
270-272 Street
San Francisco, CA 94102

EXHIBIT A

General Plan Referral

Date: May 13, 2019

Case No.   2019-006619GPR
                   Small Sites Program – Acquisition of Multifamily Affordable
                   Housing Developments

Block/Lot No.:   6959/003, 3532/059, 4336/015, 01800/006, 0115/018, 3570/020

Project Sponsor: Mayor's Office of Housing
                   1 South Van Ness Avenue
                   San Francisco, CA 94103

Staff Contact: Lisa Chen – (415) 575-9124
                   Lisa.chen@sfgov.org

Recommendation: Finding the proposed project, on balance, in conformity with the General
                   Plan.

*Recommended
By:*   John Rahaim, Director of Planning

PROJECT DESCRIPTION

The Mayor's Office of Housing and Community Development (MOHCD) is proposing to acquire six existing multifamily housing developments through the agency's Small Sites Program, totaling 69 units ranging in size from studios to 2-bedroom units (located at 4830 Mission Street, 65 Woodward street, 1411 Florida Street, 1201 Powell Street, 462 Green Street, and 3280 17th Street). The program provides loans to nonprofit organizations to buy existing rental buildings at risk of market-rate conversion or loss due to physical decline. These buildings are then converted to permanently affordable housing, thereby helping limit residential displacement. The program requires that buildings complete improvements to meet life safety requirements, including seismic soft-story retrofits. Some of the projects also include existing retail spaces that will be preserved through the program.

ENVIRONMENTAL REVIEW

The environmental analysis and/or permits have been issued for 4830 Mission Street (2017-014686PRJ and 2019-002886PRL), 65 Woodward Street, and 1411 Florida Street (2017-014686PRJ and 2019-002886PRL).

The work proposed at 1201 Powell Street, 462 Green Street and 3280 17th Street includes the following:

- 1201 Powell Street: Project includes a soft story retrofit with approximately 15 cubic yards of soil disturbance, approximately 5 feet depth of excavation, and approximately 30 wood windows to

be replaced in-kind. All window permits would be reviewed by the San Francisco Planning Department and the window types and materials would be required to meet the Secretary of Interior Standards.

- 462 Green Street: Project has filed an Accessory Dwelling Unit (ADU) Permit with facade alterations (2019-003746PRJ/BPA 201903195622). The replacement and facade work must meet the Secretary of Interior Standards before the plans are signed and the permit issued.
- 3280 17th Street: Project includes in-kind roofing and repair work.

The physical work associated with 1201 Powell, 3280 17th Street and 462 Green are Categorically Exempt from CEQA pursuant to CEQA Guidelines Section 15301 (Planning Case No. 2019-006619PRJ).

GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

The proposal to acquire the six buildings through the Small Sites Program is, on balance, **in conformity** with the General Plan, as described in the body of this Report.

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies are in **Bold** font; staff comments are in *italic* font.

HOUSING ELEMENT

OBJECTIVE 1
IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

POLICY 1.1
Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

Comment: The Small Sites Program was established to help stabilize buildings that are occupied by low- to moderate-income tenants throughout San Francisco that are particularly susceptible to market pressures, resulting in property sales, increased evictions, and rising tenant rents. The program provides housing for tenants earning up to 120% of Area Median Income (AMI), and further requires that when units are vacated and rented to new tenants that the property strive for an average income level of 80% AMI.

OBJECTIVE 2
RETAIN EXISTING HOUSING UNITS, AND PROMOTE SAFETY AND MAINTENANCE STANDARDS, WITHOUT JEOPARDIZING AFFORDABILITY.

POLICY 2.4
Promote improvements and continued maintenance to existing units to ensure long term habitation and safety.

POLICY 2.5

Encourage and support the seismic retrofitting of the existing housing stock.

Comment: The six Small Sites Program developments would be required to upgrade the buildings to meet minimum life safety and seismic standards, and that they maintain the units for the duration of the program (minimum 75 years).

OBJECTIVE 3
PROTECT THE AFFORDABILITY OF THE EXISTING HOUSING STOCK, ESPECIALLY RENTAL UNITS

POLICY 3.1
Preserve rental units, especially rent controlled units, to meet the City's affordable housing needs.

POLICY 3.2
Promote voluntary housing acquisition and rehabilitation to protect affordability for existing occupants.

POLICY 3.4
Preserve "naturally affordable" housing types, such as smaller and older ownership units.

POLICY 3.5
Retain permanently affordable residential hotels and single room occupancy (SRO) units.

OBJECTIVE 4
FOSTER A HOUSING STOCK THAT MEETS THE NEEDS OF ALL RESIDENTS ACROSS LIFECYCLES.

POLICY 4.4
Encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible.

Comment: The goals of the Small Sites Program are to permanently stabilize existing rental housing stock that is serving low- to moderate-income households, by acquiring and preserving "naturally affordable" units. It allows existing tenants to continue living in the developments when they are accepted into the program. It also focuses on preserving a variety of unit sizes and types, and the six projects currently proposed for inclusion in the program include units ranging from studios to 2-bedroom units.

OBJECTIVE 7
SECURE FUNDING AND RESOURCES FOR PERMANENTLY AFFORDABLE HOUSING, INCLUDING INNOVATIVE PROGRAMS THAT ARE NOT SOLELY RELIANT ON TRADITIONAL MECHANISMS OR CAPITAL.

POLICY 7.3

Recognize the importance of funds for operations, maintenance and services to the success of affordable housing programs

POLICY 7.6
Acquire and rehabilitate existing housing to maximize effective use of affordable housing resources.

Comment: The proposed project would provide funding to maintain and preserve existing affordable housing, including funding for operations and the necessary rehabilitation to bring projects up to current life safety and seismic standards.

OBJECTIVE 8
BUILD PUBLIC AND PRIVATE SECTOR CAPACITY TO SUPPORT, FACILITATE, PROVIDE AND MAINTAIN AFFORDABLE HOUSING

POLICY 8.1
Support the production and management of permanently affordable housing.

OBJECTIVE 9
PRESERVE UNITS SUBSIDIZED BY THE FEDERAL, STATE OR LOCAL SOURCES.

POLICY 9.2 Continue prioritization of preservation of existing affordable housing as the most effective means of providing affordable housing.

Comment: The program partners with nonprofit organizations to protect existing low- and moderate-income residents in rental housing developments, utilizing local funding sources.

COMMERCE & INDUSTRY ELEMENT

OBJECTIVE 2
MAINTAIN AND ENHANCE A SOUND AND DIVERSE ECONOMIC BASE AND FISCAL STRUCTURE FOR THE CITY.

POLICY 2.1
Seek to retain existing commercial and industrial activity and to attract new such activity to the city.

OBJECTIVE 3
PROVIDE EXPANDED EMPLOYMENT OPPORTUNITIES FOR CITY RESIDENTS, PARTICULARLY THE UNEMPLOYED AND ECONOMICALLY DISADVANTAGED.

POLICY 3.1
Promote the attraction, retention and expansion of commercial and industrial firms which provide employment improvement opportunities for unskilled and semi-skilled workers.

Comment: The project would preserve buildings that include existing retail spaces, ensuring they can continue to serve as spaces for neighborhood-serving businesses and provide employment opportunities for workers of different skill levels.

PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

Eight Priority Policies Findings

The subject project is found to be consistent with the Eight Priority Policies of Planning Code Section 101.1 in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced.

   The project will not displace or restrict access to any existing neighborhood-serving retail or restrict future opportunities. The existing retail spaces at some of the sites will be preserved through the program.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhood.

   The project will enhance the economic diversity of our neighborhoods by preserving existing affordable housing at a range of income levels.

3. That the City's supply of affordable housing be preserved and enhanced.

   The project will directly support the preservation and enhancement of the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

   The proposed project will not impede Muni transit service, nor overburden our streets or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for residential employment and ownership in these sectors be enhanced.

   The project will not displace any individual businesses.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

   The proposed project will not hinder earthquake preparedness efforts. Further, the project will require the subject buildings to meet current seismic and safety codes and standards.

7. That landmarks and historic buildings be preserved.

The project would not have an adverse effect on landmarks or historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development.

The project will not impact parks and open spaces.

RECOMMENDATION:	Finding the project, on balance, in conformity with the General Plan

July 7, 2020

GENERAL PLAN REFFERAL NOTE TO FILE

CASE NO. 2019-006619GPR
SMALL SITES PROGRAM – ACQUISITION OF MULTIFAMILY
AFFORDABLE HOUSING DEVELOPMENTS

On May 13, 2019, the Planning Department completed a General Plan Referral (GPR) for the Mayor's Office of Housing and Community Development (MOHCD) to acquire six existing multifamily housing developments through the agency's Small Sites Program. The projects are located at: 4830 Mission Street, 65 Woodward Street, 1411 Florida Street, 1201 Powell Street, 462 Green Street, and 3280 17th Street, totaling 69 units ranging in size from studios to 2-bedroom units.

Since issuing the General Plan Referral, the GPR's project description has changed. MOHCD is proposing to add one additional small site project. The projects is located at 270 Turk Street.

This Note to the File clarifies that Case No. 2019-006619GPR considered the current project description, and that its finding of conformance with the General Plan as well as its environmental clearance still stands in light of the refined project description. The subject project is not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment.

San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102
Phone: 415.252.3100 . Fax: 415.252.3112
ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 200766

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4
(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)
A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of $100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: https://sfethics.org/compliance/city-officers/contract-approval-city-officers

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (*for amendment only*)
Original	

AMENDMENT DESCRIPTION – Explain reason for amendment

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	**EMAIL**
Office of the Clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Caroline McCormack	646-339-0616
FULL DEPARTMENT NAME	**DEPARTMENT CONTACT EMAIL**
MYR Mayor's Office of Housing and Comm. Dev	caroline.mccormack@sfgov.org

5. CONTRACTOR

NAME OF CONTRACTOR	TELEPHONE NUMBER
270 Turk GP LLC (TNDC affiliate)	415-533-6460

STREET ADDRESS (including City, State and Zip Code)	EMAIL
201 Eddy Street, San Francisco, CA 94102	gspeyer@tndc.org

6. CONTRACT

DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (*If applicable*) 200766

DESCRIPTION OF AMOUNT OF CONTRACT

$31,780,000

NATURE OF THE CONTRACT *(Please describe)*

Financing for the acquisition and rehabilitation of 270 Turk Street, an 86 unit building located in the Tenderloin.

7. COMMENTS

8. CONTRACT APPROVAL

This contract was approved by:

☐	**THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM**
☒	**A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES** Board of Supervisors
☐	**THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS**

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Falk	Donald	CEO
2	Carney	Paul	CFO
3	Orlin	Elizabeth	CFO
4	Blakely	Lisa	Board of Directors
5	Wang	Kristy	Board of Directors
6	Wong	Cynthia	Board of Directors
7	Edwards	Tracey	Board of Directors
8	Kroot	David	Board of Directors
9	Wilson	Peter	Board of Directors
10	Barahona	Luis	Board of Directors
11	Bohee	Tiffany	Board of Directors
12	Cervantes	Jim	Board of Directors
13	Cloutier	Mark	Board of Directors
14	Gouig	Chris	Board of Directors
15	Johnson	Susan	Board of Directors
16	Kim	Kenneth	Board of Directors
17	Martin	Freddie	Board of Directors
18	McLean	Jme	Board of Directors
19	Pujals	Fernando	Board of Directors

9. AFFILIATES AND SUBCONTRACTORS

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#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20	Rock	Kathy	Board of Directors
21	Siswandi	Jennifer	Board of Directors
22	Skurdenis	Birute	Board of Directors
23	Tharpe	Amy	Board of Directors
24	Vilkin	Greg	Board of Directors
25	Wolfe	Kathy	Board of Directors
26	Young	Cheryl	Board of Directors
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9. AFFILIATES AND SUBCONTRACTORS

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#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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☐ Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK	DATE SIGNED
BOS Clerk of the Board	