

RESOLUTION NO. 26-2007

Adopted April 3, 2007

AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TAX EXEMPT MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS (TENTH AND MISSION FAMILY HOUSING) 2007 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$37,650,000; DETERMINING AND PRESCRIBING CERTAIN RELATED MATTERS; APPROVING AND AUTHORIZING RELATED ACTIONS AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS TO FINANCE THE CONSTRUCTION OF RESIDENTIAL FACILITIES KNOWN AS TENTH AND MISSION FAMILY HOUSING; MID-MARKET REDEVELOPMENT SURVEY AREA; AGENCY CITYWIDE AFFORDABLE HOUSING PROGRAM

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the "Agency") is a public body organized and existing pursuant to California Health and Safety Code Section 33000, et seq., (the "Law") and is authorized by Chapter 8, beginning at California Health and Safety Code Section 33750, of the Law to finance residential construction and to issue mortgage revenue bonds to pay the cost of financing such residential construction.
2. Mercy Housing California XIV, a California limited partnership (the "Developer" or the "Borrower"), intends to develop the underutilized real property, owned by the Agency and located at 10th and Mission Streets, Block 3508, Lot 53, San Francisco, California (the "Site") in the Mid-Market Redevelopment Survey Area (the "Survey Area") with approximately 136 units of affordable family housing for very low-income families who are at or below 50 percent of Area Median Income, as determined by the City and County of San Francisco (the "City"), and a manager's unit on Site (the "Project").
3. On March 16, 2004, pursuant to Resolution No. 36-2004, the Commission approved a loan in an amount not to exceed seven million eight hundred sixty five thousand nine hundred fifty five dollars (\$7,865,955) from funds in the Tax Increment Affordable Housing Fund to the Developer for acquisition and predevelopment activities related to the Project.
4. On March 15, 2005, by Resolution Nos. 51-2005 and 52-2005, the Commission approved the acquisition of the Site directly from the previous owner, VILO Properties, Inc., a California corporation, and Victor Honig and Lorraine Honig, as Trustees of the Honig 1986 Family Trust. On March 31, 2005, the Agency took ownership of the Site using the portion of loan funds that was originally intended for purchase of the Site by the Developer.
5. On October 4, 2005, by Resolution No. 151-2005, the Commission authorized Agency staff to enter into a loan with the Developer for the development and

construction of the Project for a total aggregate amount not to exceed twenty six million eight hundred twenty four thousand three hundred thirty eight dollars (\$26,824,338).

6. On October 3, 2006, by its Resolution No. 136-2006, the Agency expressed its intention to issue multifamily housing revenue bonds on a tax exempt basis in an amount not to exceed \$37,650,000 to finance a portion of the Project. On November 9, 2006, the Agency held a public hearing on the proposed issuance of such tax exempt bonds, as required under the Internal Revenue Code of 1986, as amended (the "Code"), following published notice of such hearing on October 26, 2006 and on November 2, 2006, and the Mayor of the City and County of San Francisco, as an applicable elected representative under the Code, approved the issuance of such tax exempt bonds on November 14, 2006.
7. On December 13, 2006, the California Debt Limit Allocation Committee approved an allocation of tax exempt multifamily mortgage revenue bonds in an amount not to exceed \$37,650,000.
8. The Agency intends to issue its Redevelopment Agency of the City and County of San Francisco Tax Exempt Multifamily Housing Mortgage Revenue Bonds in one series in an amount not to exceed \$37,650,000 designated as the Redevelopment Agency of the City and County of San Francisco Multifamily Housing Mortgage Revenue Bonds (Tenth and Mission Family Housing) 2007 (the "Bonds"). The proceeds of the Bonds will be advanced by Union Bank of California, N.A. as Agent (the "Agent") for the account of the Agency to the Borrower, for the purpose of funding a loan in the maximum aggregate principal amount of \$37,650,000 to finance the Borrower's construction of the Project (the "Loan") pursuant to the terms and conditions of a Construction Loan Agreement (the "Loan Agreement") between the Borrower and the Bank (as defined below) in accordance with a Master Pledge and Assignment dated as of April 1, 2007 (the "Pledge and Assignment"), among the Agency, as issuer of the Bonds, the Agent, as agent, under and pursuant to that certain Master Agency Agreement dated as of April 1, 2007 (the "Agency Agreement") between the Agency and the Agent, to Union Bank of California, N.A. as initial holder of the Bonds, and any successors and assigns (the "Holder") and pursuant to certain conditions and requirements to be set forth in a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of April 1, 2007, by and between the Agency and the Borrower (the "Regulatory Agreement").
9. The Agency is authorized pursuant to the Law to lend and distribute monies to nonprofit developers and sponsors for the specific and special purpose of increasing the housing stock in the City for very-low, low- and moderate-income households.
10. The Borrower intends to finance the construction of the Project using, among other sources, the proceeds of the Loan. The Bonds to be issued to fund the Loan will be sold to Union Bank of California, N.A. (the "Bank").
11. The Agency is authorized pursuant to the Law to adopt a regulation that contains standards, qualifications and criteria for the making and approval of loans. The Agency intends to adopt the standards, qualifications and criteria for the making

and approval of the Loan that are set forth in the letter dated as of April 1, 2007, from the Bank to the Borrower with respect to the Bank's commitment to purchase the Bonds (the "Commitment Letter"), the Loan Agreement, the Pledge and Assignment, and the Regulatory Agreement, as the regulation of the Agency that contains standards, qualifications, and criteria for the making and approval of the Loan for purposes of the Law.

12. All acts, conditions and things required by the Act and the Law, and by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the adoption of the standards, qualifications and criteria for the making and approval of the Loan that are set forth in the Loan Agreement, the Pledge and Assignment, the Regulatory Agreement and the Commitment Letter as the regulation of the Agency that contains standards, qualifications and criteria for the making and approval of the Loan for purposes of the Law and the consummation of the financing represented by the Bonds and the Loan do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Agency is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize the adoption of such standards, qualifications and criteria, to authorize such financing and to authorize the execution and delivery of documents related to such financing, for the purposes, in the manner and upon the terms contemplated in this Resolution.

FINDINGS

The Commission hereby finds and determines that the adoption of standards, qualifications and criteria for the making and approval of the Loan and the use of low and moderate income housing funds and other funds of the Agency to assist in the financing of the Project will be of benefit to the Agency's redevelopment project areas.

RESOLUTION

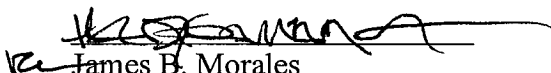
ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that subject to negotiation of an agreement with the Developer to the satisfaction of the Agency of financing and other Project related terms and conditions:

1. Pursuant to the Law, the Agency hereby adopts the standards, qualifications, and criteria for the making and approval of the Loan that are set forth in the Commitment Letter (attached hereto as Attachment 1), the Loan Agreement, the Pledge and Assignment, and the Regulatory Agreement, with such changes, additions and deletions as may be approved by any Authorized Officer (described below) in the manner set forth in Section 3 below, as the regulation of the Agency that contains standards, qualifications and criteria for the making and approval of the Loan for purposes of the Law.
2. Pursuant to the Act, the Agency hereby authorizes the issuance and delivery of the Bonds designated as the "Redevelopment Agency of the City and County of San Francisco Multifamily Mortgage Housing Revenue Bonds (Tenth and Mission

Family Housing) 2007" (the "Bonds"). The Bonds shall be issued pursuant to the Pledge and Assignment. The terms of the Bonds of each series shall be as set forth in the Pledge and Assignment, as such agreement is executed and delivered by the Agency. The Executive Director, the Deputy Executive Director - Finance and Administration, and the Secretary of the Agency (each an "Authorized Officer"), each acting alone, are hereby authorized and directed to execute the Bonds on behalf of the Agency by manual or facsimile signature, in the form set forth in the Pledge and Assignment, with such changes, deletions and insertions as may be approved by such Authorized Officer upon consultation with legal counsel to the Agency, such approval being conclusively evidenced by the execution and delivery thereof, and the Authorized Officers, each acting alone, are hereby authorized and directed to attest the Bonds in said form and otherwise in accordance with the Pledge and Assignment. The Bonds, when executed, shall be delivered to or upon the order of the Bank.

3. The Pledge and Assignment, the Agency Agreement, the Regulatory Agreement and the Loan Agreement, in the forms lodged with the Agency General Counsel, are hereby approved. The Authorized Officers, each acting alone, are hereby authorized for and on behalf of the Agency to execute and deliver the Pledge and Assignment, the Agency Agreement and the Regulatory Agreement (collectively, the "Bond Documents") and approve the Loan Agreement in such forms, with such changes, additions or deletions as may be approved by such Authorized Officer upon consultation with legal counsel to the Agency, including such additions or changes as are necessary or advisable in accordance with Section 4 below, such approvals to be conclusively evidenced by the execution and delivery by such Authorized Officer of all of the Bond Documents.
4. All actions heretofore taken by the officers and agents of the Agency with respect to the adoption of the standards, qualifications and criteria for the making and approval of the Loan and the sale and issuance of the Bonds are hereby approved, confirmed and ratified. The Executive Director, the Deputy Executive Director - Finance and Administration, the Treasurer, the Secretary and Assistant Secretaries, the Agency General Counsel and Deputy General Counsels and other officers of the Agency are hereby authorized and directed, jointly and severally, to do any and all things, and to execute and deliver any and all documents and certificates (including, without limitation, those in connection with tax compliance matters and continuing disclosure obligations) which they may deem necessary or advisable in order to adopt the standards, qualifications and criteria for the making and approval of the Loan and to consummate the lawful issuance, sale and delivery of the Bonds and the funding of the Loan, and otherwise to implement the purposes of this Resolution both before and after the delivery of the Bonds.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel