SECOND AMENDMENT TO THE DISBURSEMENT AGREEMENT

OCII Low Moderate Income Housing Fund Balance
(Hunters View)

THIS SECOND AMENDMENT TO THE DISBURSEMENT AGREEMENT
("Second Amendment") is entered into as of December 16, 2014 ("Agreement Date"), by and
among the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO, hereafter referred to as the Office of
Community Investment and Infrastructure, a public body, organized and existing under the laws
of the State of California ("OCII"), HV Partners 2, L.P., a California limited partnership
("Borrower"), and Hunters View Associates, L.P., a California limited partnership ("Master
Developer").

RECITALS

A. On April 19, 2011, the Agency and Master Developer entered into that certain Phase
II-III Rental Tax Increment Loan Agreement (the "Loan Agreement") pursuant to which Agency
agreed to provide up to $31,406,982 to Master Developer (the "Loan") for predevelopment and
construction activities for Phases II and III of the Project. In order to implement the enforceable
obligations under the Loan Agreement, OCII, Borrower and Master Developer entered into that
certain Disbursement Agreement dated January 7, 2014 (the "Disbursement Agreement")
to disburse $21,775,220 of the Loan (the "Disbursement Amount") to Borrower for the Phase
IIA(1) Project and to set forth the terms and conditions of such disbursement. On January 7,
2014, the Commission on Community Investment and Infrastructure ("Commission") approved
the Disbursement Agreement through Resolution No. 3-2014. Capitalized terms used herein and
not otherwise defined shall have the meanings set forth in the Disbursement Agreement.

B. At the time of execution of the Disbursement Agreement, Borrower anticipated
entering into the Phase IIA(1) Ground Lease for the the Phase IIA(1) Site (defined in the
Disbursement Agreement as the "Ground Lease Closing Date") and recording a Memorandum of
the Ground Lease by no later than August 31, 2014, at which time Borrower would execute and
record the Deed of Trust and Declaration of Restrictions for the Disbursement Amount.

C. On August 19, 2014, the OCII Commission approved a First Amendment to
Disbursement Agreement through Resolution No. 65-2014 (the "First Amendment") to: (i)
extend the permitted outside date for the Ground Lease Closing Date to October 31, 2014; and
(ii) increase the amount of the Disbursement Amount available for disbursement prior to the
Ground Lease Closing Date to allow $1,615,300 for predevelopment expenses and $2,049,000
for horizontal infrastructure construction expenses, for a total amount of $3,664,300. The total
Disbursement Amount remained unchanged at $21,775,220.

D. Due to unforeseen delays in obtaining a final legal description for the Phase IIA(1)
Site, Borrower is now seeking an amendment to extend the permitted outside date for the Ground
Lease Closing Date to December 31, 2014. In addition, in anticipation of the Ground Lease
Closing Date and admission of the tax credit investor into the Borrower entity, Borrower is now seeking an amendment to modify certain provisions related to the tax credit investor.

E. On December 16, 2014, the Commission approved this Second Amendment through Resolution No. _______.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, OCII, Borrower and Master Developer agree as follows:

AGREEMENT

1. Amendments to the Disbursement Agreement

   (a) The Section 2 definition of “Developer General Partner Partnership Management Fee” shall be deleted in its entirety.

   (b) The Section 2 definition of “Phase IIA(1) Project Expenses” shall be deleted in its entirety and replaced with the following:

   “Phase IIA(1) Project Expenses” means the following costs: (a) all charges incurred in the operation of the Phase IIA(1) 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 Phase IIA(1) Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Phase IIA(1) Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on any senior financing secured by Borrower’s interest in the Phase IIA(1) Site and used to finance the Phase IIA(1) Project that has been approved by OCII; (d) all other expenses actually incurred to cover operating costs of the Phase IIA(1) Project, including maintenance and repairs and the fee of any managing agent as indicated in the Annual Operating Budget; (e) required deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement, any secured financing documents or the Borrower’s partnership agreement; (f) annual base rent payments under the Phase IIA(1) Ground Lease in an amount equal to $1.00, (g) credit adjuster payments, including interest, and an annual asset management fee to Borrower’s Investor Limited Partner in the amount approved in the Annual Operating Budget; (h) repayment of any loans from Borrower’s Investor Limited Partner permitted under the Borrower’s partnership agreement; (i) repayment of any loans from the General Partners related to operating deficits or developer fee, as may be required under the Borrower’s partnership agreement; and (j) any any extraordinary expenses approved in advance by the OCII (other than expenses paid from any reserve account). Phase IIA(1) Project Fees are not Phase IIA(1) Project Expenses.”
(c) The Section 2 definition of “Phase IIA(1) Project Fees” shall be deleted in its entirety and replaced with the following:

“Phase IIA(1) Project Fees” means: (1) an annual partnership management fee in the amount of $25,000, increasing by 3% annually, payable to the Borrower’s general partners; and (2) any deferred Developer Fees approved by OCII.”

(d) The Section 2 definition of “Phase IIA(1) Project Income” shall be amended by adding the following at the end:

Phase IIA(1) insurance proceeds applied to rebuild the Phase IIA(1) Project shall not be deemed to be Phase IIA(1) Project Income.

(e) The following definition shall be added to Section 2:

“Investor Limited Partner” shall mean Wells Fargo Affordable Housing Community Development Corporation.

(f) The first sentence of Section 4(a) of the Disbursement Agreement shall be deleted in its entirety and replaced with the following:

“Borrower must repay all amounts owing under this Agreement on the date that is the fifty seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder’s Office of San Francisco County (the "Maturity Date"), provided however that in the event the Phase IIA(1) Ground Lease has not been executed and a Memorandum of the Phase IIA(1) Ground Lease has not been recorded on or prior to December 31, 2014 (the "Acquisition Date"), the Maturity Date shall be the Acquisition Date.”

(g) Section 7 shall be deleted in its entirety and replaced with the following:

7. Commencement and Completion of Project. Unless otherwise extended in writing by OCII, Borrower must: (a) commence construction of Phase IIA(1) infrastructure by December 31, 2014; (b) complete construction of Phase IIA(1) by March 1, 2017 (the “Completion Date”), in substantial accordance with the plans and specifications approved by OCII, as evidenced by a certificate of occupancy, or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion; and (c) achieve occupancy of Ninety percent (90%) of the Units by October 1, 2017.

(h) Section 10 shall be amended by adding the following:

Borrower’s Investor Limited Partner shall have the right, but not the obligation, to cure any Borrower failure to comply with the OCII Documents. A cure
by the Investor Limited Partner of any such failure to comply shall be deemed a cure by Borrower. A copy of all notices to Borrower provided pursuant to any of the OCII Documents shall also be sent to:

Wells Fargo Affordable Housing
Community Development Corporation
MAC D1053-170
301 South College Street, 17th Floor
Charlotte, NC 28288
Attention: Director of Asset Management

(i) A new Section 15 shall be added as follows:

15. Approval of Property Manager. In accordance with Section 8.3 of the Loan Agreement, OCII hereby acknowledges and approves the John Stewart Company as property manager for the Phase IIA(1) Project.

(j) A new Section 16 shall be added as follows:

16. Permitted Transfers of Investor Limited Partner's Interest. Notwithstanding anything to the contrary in the OCII Documents, the sale, transfer, conveyance or pledge of Investor Limited Partner's interests in Borrower and the admission of a new limited partner in Borrower shall be a "Permitted Limited Partner Transfer" and shall not constitute a default under the OCII Documents nor cause an acceleration of the Note by OCII if, and only if: (1) not less than fifty-one percent (51%) of the entire interest in Borrower shall at all times following the admission of the Investor Limited Partner be and remain owned, held, managed and controlled by the Investor Limited Partner or one or more Tax Credit Investor Affiliates (defined below); (2) Borrower shall deliver to OCII a written notice of the subject transfer, including a statement that the transfer satisfies the requirements of this Section 16, not more than thirty (30) days following the transfer, and Borrower shall deliver to OCII copies of all applicable amendments to the Borrower's partnership agreement respecting Borrower; (3) the Note is current and, except only a default that shall be fully cured immediately upon the consummation of the transfer contemplated in this Section 16, there exists no default under the Deed of Trust or any other OCII Document, and there exists no other event, which, with the giving of notice or the passage of time or both, would constitute a default under the Deed of Trust or any other OCII Document; and (4) Borrower pays all third-party costs incurred by OCII relating to the transfer transaction, if any. In the event the above conditions are met, all existing terms of the OCII Documents will remain in effect. The obligations of OCII stated herein are expressly conditioned upon the transfer transaction being in compliance with the applicable laws and regulations of all government agencies having jurisdiction over OCII at the time of the transfer. The provisions of this Section shall apply only to the transfer of the Investor Limited Partner interest in Borrower. Any transfer of the Investor Limited Partner interest that is not a Permitted Limited Partner Transfer shall require City’s prior written approval, which approval shall not be unreasonably withheld. "Tax Credit Investor Affiliate" shall mean entities in which (a) Wells Fargo Bank, National Association has an ownership interest, directly or indirectly, and (b) Wells Fargo Bank, National Association manages and controls, directly or indirectly, the management and business decisions of such entities.
(k) Exhibit E (Form of Deed of Trust) shall be amended by adding the following to Section 7 thereof:

A copy of all notices to Trustor shall also be sent to the following address:

Wells Fargo Affordable Housing
Community Development Corporation
MAC D1053-170
301 South College Street, 17th Floor
Charlotte, NC 28288
Attention: Director of Asset Management

(l) Exhibit F (Form of Declaration of Restrictions) shall be amended by adding the following to Section 3 thereof:

Borrower’s Investor Limited Partner shall have the right, but not the obligation, to cure any Borrower failure to comply with the Regulatory Obligations. A cure by the Investor Limited Partner of any such failure to comply shall be deemed a cure by Borrower. A copy of all notices sent by OCII to Borrower pursuant to this Declaration shall also be sent to the following address:

Wells Fargo Affordable Housing
Community Development Corporation
MAC D1053-170
301 South College Street, 17th Floor
Charlotte, NC 28288
Attention: Director of Asset Management

2. Representations and Warranties.

(a) All of the representations and warranties made by Borrower and Master Developer to OCII in the Disbursement Agreement and Loan Agreement continue to be true and complete as of the date of this Second Amendment.

(b) No event has occurred and is continuing that constitutes an event of default or potential event of default under the Disbursement Agreement and Loan Agreement.

3. Miscellaneous.

(a) No reference to this Second Amendment is necessary in any instrument or document at any time referring to the Disbursement Agreement. Any reference to such documents shall be deemed a reference to such documents as amended by this Second Amendment.

(b) Except as amended by this Second Amendment, the Disbursement Agreement shall remain unmodified and in full force and effect. In the event of any conflict between the terms of the Disbursement Agreement and the provisions of this Second Amendment, this Second Amendment shall control.
(c) This Second Amendment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.

(d) The terms, covenants and conditions contained in this Second Amendment shall bind and inure to the benefit of Borrower, Master Developer and OCII and, except as otherwise provided herein, their personal representatives and successors and assigns.

(e) OCII, Master Developer Borrower hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Second Amendment.

(f) Nothing contained in this Second Amendment, nor any act of OCII, 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 OCII, Master Developer and/or Borrower or Master Developer’s or Borrower's agents, employees or contractors.

4. Conditions Precedent to Closing. This Second Amendment will be effective upon satisfaction of the conditions in this Section.

(a) Borrower must have delivered to OCII fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the OCII: (i) this Second Amendment (in triplicate); (ii) the Deed of Trust; (iii) the Declaration of Restrictions; and (iv) any other documents reasonably requested by OCII.

(b) The Deed of Trust and the Declaration of Restrictions shall be recorded in the official records of San Francisco County, subject only to the Permitted Exceptions, and Escrow Agent shall have committed to issuing the Title Policy.
IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment at San Francisco, California as of the date first written above.

OCII:
Office of Community Investment
And Infrastructure, Successor Agency
to the Redevelopment Agency of the
City and County of San Francisco,
a public body, organized and existing
under the laws of the State of
California

By: __________________________
    Tiffany Bohee
    Executive Director

BORROWER:
HV Partners 2, LP, a California limited
partnership

By: HV HPAH Phase II LLC,
a California limited liability company
Its Managing General Partner

By: Hunters Point Affordable
    Housing, Inc., a California
    nonprofit public benefit
    corporation,
    Its Managing Member

By: __________________________
    Larry B. Hollingsworth
    President

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: __________________________
    Evan A. Gross
    Deputy City Attorney

By: HV Ustawi LLC,
a California limited liability company
Its Co-General Partner

By: Devine & Gong, Inc.,
a California corporation,
Its Managing Member

By: __________________________
    Richard J. Devine
    President

By: JSCo Hunters View 2, LLC,
a California limited liability company
Its Administrative General Partner

By: John Stewart Company,
a California corporation,
Its Manager

By: __________________________
    Jack D. Gardner
    President