AMENDED AND RESTATED LOAN AGREEMENT
(OCII LOW MODERATE INCOME HOUSING FUND)

By and Between

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

and

Bayview Supportive Housing, LLC, a limited liability company

for

CARROLL AVENUE SENIOR HOUSING
1751 Carroll Avenue, Bayview Hunters Point
(formerly known as 5800 Third Street)
$19,111,224

Dated as of
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AMENDED AND RESTATED LOAN AGREEMENT
OCII Low Moderate Income Housing Fund Balance
(SB 2113 Taxable Bond Proceeds
Tax Increment Funds
Taxable Bond Proceeds)
(Carroll Avenue Senior Housing)

THIS LOAN AGREEMENT ("Agreement") is entered into as of September 3, 2013, by and between 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"), and Bayview Senior Supportive Housing, LLC, a limited liability company ("Borrower").

RECITALS

A. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code, section 33000 et seq. the “CRL”), the former San Francisco Redevelopment Agency ("Agency") would undertake programs for the reconstruction and construction of blighted areas in the City and County of San Francisco (the “City”).

B. In accordance with the CRL, the City, acting through its Board of Supervisors, approved a Redevelopment Plan for the Bayview Hunters Point Redevelopment Project Area (the “Project Area”) by Ordinance No. 113-06, adopted on May 16, 2006. In cooperation with the City, OCII is responsible for implementing the Bayview Hunters Point Redevelopment Plan (the “Redevelopment Plan”).

C. Under California State Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, first Extraordinary Session) ("AB 26"), as amended by California State Assembly Bill No. 1484 ("AB 1484") (together the “Dissolution Laws”) the Agency dissolved as a matter of law on February 1, 2012. On October 2, 2012 the San Francisco Board of Supervisors, acting as legislative body of OCII as the successor to the Former Agency, passed Ordinance 215-12, which outlined the rights and responsibilities of OCII as the Agency’s successor agency, including but not limited to certain retained existing enforceable obligations for the development of affordable housing. Accordingly, under Ordinance 215-12 and Dissolution Law, OCII has the obligation and authority to enter into this Agreement to allow for the development of the Project as defined in Recital D below.

D. Borrower (an entity consisting of Bayview Hunters Point Multipurpose Senior Services, Inc., a California corporation (“BHPMSS”) and McCormack Baron Salazar, Inc., a Missouri Corporation (“MBS”)) is requesting $19,111,224 for the development of 120 very low-income senior rental housing units (plus one manager’s unit) and a ground floor senior center (“Non-Residential Space”), at 1751 Carroll Avenue (the “Project”) (formerly known as 5800 Third Street, Lot 3) (Assessor's Block 5431A, Lot 042).

E. It is the Borrower’s intent to serve the needs of the seniors of the Bayview Hunters Point community by developing the Project in the community by developing the Project to provide housing for 120 very low-income households (plus one manager’s unit) with at least one
member who is aged 62 years or older and to charge rent not to exceed thirty percent (30%) of fifty percent (50%) of Median Income adjusted for household size. Of the 120 units, 23 will be occupied by formerly chronically homeless seniors who will be referred from the Department of Public Health – Direct Access to Housing Program.

E. On September 21, 2010, the Agency Commission authorized an Assignment and Assumption Agreement with BHPMSS, to purchase real property located at 5800 Third Street, Lot 3 (San Francisco County Assessor’s Block 5431A-Lot 042 is located on the northwest corner of the larger parcel, which is located on Third Street (between Carroll and Egbert Streets) and to pay for related closing costs for an amount not to exceed $8,800,000 for the development of the Project, and funding for the acquisition of 5800 3rd Street, Lot 3 (the “Site”). The Site is 64,369 square feet and is entitled for 121 residential units and associated parking.

F. The Agency and Borrower entered into a Tax Increment Loan Agreement dated January 18, 2011 (the "Loan Agreement"), pursuant to which Agency agreed to provide Borrower with a predevelopment loan in an amount not to exceed $684,000 (the “Loan”) to pay predevelopment expenses associated with the development of the Project. The Loan was evidenced by a Promissory Note dated January 18, 2011 (the "Note").

G. The Loan Agreement was amended on October 1, 2012, to reflect an additional funding amount, approved on June 15, 2012, by the Citywide Affordable Housing Loan Committee (“Loan Committee”), in an amount not to exceed $3,253,500 (the “MOHCD Loan Amount”), for an aggregate amount of $3,937,500 through the Mayor’s Office of Housing and Community Development (“MOHCD Predevelopment Loan”) as the understanding at that time was that all funds from SFRA’s Low and Moderate Income Housing Fund (“LMIHF”) were transferred to MOHCD upon SFRA’s dissolution on February 1, 2012. Subsequently the State Department of Finance invalidated the transfer of the Agency’s funds to MOHCD, and required that the funds be returned to OCII as the Successor Agency. Due to this change in how the Low Moderate Income Housing Funds should be treated, the MOHCD’s Predevelopment Loan has been terminated and the MOHCD Loan Amount is now incorporated into this Agreement, and the MOHCD Promissary Note has been cancelled.

H. As a condition of that approval, Loan Committee directed the Borrower to revise certain financing assumptions, with the goal of lowering OCII’s funding commitment. Specifically, Loan Committee requested that the Developer work with the private lenders and tax credit investor to reduce the Debt Coverage Ratio (“DCR”). MOHCD staff and leadership and the Developer worked with both the lender and the tax credit investor to reduce the DCR from 1.30 to 1.20 percent, and the pay-in equity from the Low Income Housing Tax Credits increased from $1.09 to $1.11. This resulted in an additional $1,030,000 in these private sources to the Project. In order to facilitate this increased investment, MBS agreed to guarantee the private debt if the Section 8 income drops below a certain amount.

I. Coinciding with the financing analysis, the general contractor, Nibbi Brothers General Contractors, refined their cost estimate for the housing and build-out of the senior center based on more detailed construction documents, which resulted in an increase of the gap amount for which BHPMSS would need to fundraise for construction of the senior center. The Developer had been assuming that the most cost effective way to fund the build out of the Senior Center was to use the
New Markets Tax Credit program ("NMTC"), which provides funding for non-residential projects in low income areas, and this structure was presented at the August 2, 2013 Loan Committee meeting. In reviewing the increased cost estimates from the general contractor, the Borrower determined that the NMTC credit program would not be the most efficient tool to build out the Senior Center due to program requirements and additional soft costs. Therefore the Borrower has proposed funding the Senior Center directly with funds from the private mortgage and from the Low Income Housing Tax Credit Equity.

J. The Borrower and OCII have entered into an Option to Ground Lease for construction and operation of the Project (the “Ground Lease”).

K. In 2009, SF Third Street Equity Partners, LLC, the seller of the Site, along with the former Agency, applied for and was awarded over $10.4 million in state Prop 1C Infill Infrastructure funds to be allocated across both the market rate project on Lot 2 and the subject property project, which requires the two projects combined to achieve certain affordability requirements. Specifically, per Section 309(b) of the Infill Infrastructure Grant Program Guidelines, “Applications will be awarded points based on the percentage of units in the Qualifying Infill Project restricted to occupancy by various income groups.” Together the affordability requirements for Lots 2 and 3 is 15% of the proposed 223 units to be constructed on both lots, or 67 units. The application received maximum scoring consideration due to the deep affordability targeting. The Borrower will build and operate its proportional share (37) of the affordable IIG units.

L. The Sponsor recognized that the Project would benefit from the acquisition of an adjacent railroad spur owned by Union Pacific (“UP”) due the acquisition resulting in a pick-up/drop-off transportation area for the seniors. This UP parcel has been appraised at $1,450,000, and the Borrower is currently negotiating the acquisition with UP. The price is comparable with other UP parcels in the area. The UP land was included in the Carroll Avenue Senior Housing entitlement process. City staff discussed this acquisition with State of California Housing and Community Development (“HCD”) staff and they agreed that the purchase of the UP parcel is a good use of the funds.

M. The 5800 Third Street housing has been identified by the Borrower, and approved by U.S. Department of Housing and Urban Development ("HUD"), as the first phase of off-site housing for qualified Alice Griffith public housing residents, under the $30.5 million Choice Neighborhoods Implementation Grant (“CNI Grant”) award to Alice Griffith public housing/Eastern Bayview neighborhood. As the first phase of the Alice Griffith revitalization, the Project will prioritize Alice Griffith residents who want to live in a senior housing environment. Meanwhile all public housing units will be replaced on-site at Alice Griffith. This Project will be an added option for seniors living at Alice Griffith now who are interested in senior housing and may need better access to senior services.

N. Under Resolution No. 4-2013 (Feb. 25, 2013) adopted by the Oversight Board of the City and County of San Francisco and approved by the Department of Finance, the expenditure of $20,000,000 for this Loan was approved as part of the Recognized Obligation Payment Schedule 13-14A.

O. For purposes of implementation and to ensure consistency with the City’s overall affordable housing goals and priorities, the Mayor’s Office of Housing and Community Development (MOHCD) is providing project management, loan underwriting, construction...
monitoring and design review, including approving and processing loan disbursements in cooperation with OCII. Upon completion of the Project, OCII intends to transfer the affordable housing loan obligation, asset, and ground lease to MOHCD as the designated Successor Housing Agency of the City and County of San Francisco under Board Resolution 11-12, as required by Dissolution Law.

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 OCII 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 forth in Section 5.2.

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

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

"Borrower" means: Bayview Supportive Housing, LLC, a limited liability company, and its authorized successors and assigns.

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

"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.

"CNA" means a 20-year capital needs assessment or analysis of replacement reserve requirements.

“Non-Residential Space Income” means all receipts received by Borrower from the operation of the Non-Residential Space, including rents, fees, deposits (other than security deposits), any accrued interest disbursed from any reserve account authorized 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 Non-Residential Space as governed by requirements in that certain MOHCD Commercial Space Policy.

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

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

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

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

“Conversion Date” means the date upon which Borrower’s institutional construction financing converts to a permanent phase requiring payments of principal amortized over the term of the loan.

“CRL” has the meaning set forth in Recital A.

"Declaration of Restrictions" means a recorded declaration of restrictions in substantially the form and substance attached hereto as Exhibit K that requires Borrower and the Project to comply with the use restrictions in this Agreement for the Compliance Term, even if the Loan is repaid or otherwise satisfied, this Agreement terminates or the Deed of Trust is reconveyed.
"Deed of Trust" means the deed of trust executed by Borrower granting the City a lien on the Site and the Project to secure Borrower's performance under this Agreement and the Note, in substantially the form and substance attached hereto as Exhibit J.

“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 OCI as described in Article 4.

“Dissolution Law” has the meaning set forth in Recital I.

"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.


"Escrow Agent" means the escrow agent for the title company issuing the Title Policy.

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

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

"Funding Amount" has the meaning set forth in Recital L.

"Funds" has the meaning set forth in Recital H.
"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.

“Ground Lease” has the meaning set forth in Recital J.

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

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

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

"Indemnify" means, whenever any provision of this Agreement requires a person or entity (the "Indemnitor") to Indemnify any other entity or person (the "Indemnitee"), that the Indemnitor will be obligated to defend, indemnify and protect and hold harmless the Indemnitee, its officers, employees, agent, constituent partners, and members of its boards and commissions harmless from and against any and all Losses arising directly or indirectly, in whole or in part, out of the act, omission, event, occurrence or condition with respect to which the Indemnitor is required to Indemnify an Indemnitee, whether the act, omission, event, occurrence or condition is caused by the Indemnitor or its agents, employees or contractors, or by any third party or any natural cause, foreseen or unforeseen; provided that no Indemnitor will be obligated to Indemnify any Indemnitee against any Loss arising or resulting from the gross negligence or intentional wrongful acts or omissions of the Indemnitee or its agents, employees or contractors. If a Loss is attributable partially to the grossly negligent or intentionally wrongful acts or omissions of the Indemnitee (or its agents, employees or contractors), the Indemnitor must Indemnify the Indemnitee for that part of the Loss not attributable to its own grossly negligent or intentionally wrongful acts or omissions or those of its agents, employees or contractors.
"Indemnitee" has the specific meaning set forth in Section 23.1 and the general meaning set forth in the definition of "Indemnify."

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

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

"Loan" has the meaning set forth in Recital I.

"Loan Committee" has the meaning set forth in Recital H.

"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 OCII’s or the City's rights or in defense of any action in a bankruptcy proceeding.

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

"Median Income" means area median income as determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area.

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

"Non-Residential Space" has the meaning set forth in Recital D and refers to all non-residential space in the Project.

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

"OCII" means the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, known as the Office of Community Investment and Infrastructure.

"OCII Documents" means this Agreement, the Note, the Deed of Trust, the Declaration of Restrictions and any other documents executed or, delivered in connection with this Agreement.

"OCII Monthly Project Update” has the meaning set forth in Section 10.2.

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

"Opinion" means an opinion of Borrower's California legal counsel, satisfactory to OCII and its legal counsel, that Borrower is a duly formed, validly existing California limited partnership in good standing under the laws of the State of California, has the power and authority to enter into the OCII Documents and will be bound by their terms when executed and delivered, and that addresses any other matters OCII reasonably requests.
"Payment Date" means the first May 1st following the Completion Date and each succeeding until the Maturity Date.

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

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

"Project Expenses" means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on any junior or senior financing secured by the Site and used to finance the Project that has been approved by OCII; (d) all other expenses actually incurred to cover operating costs of the Project, including maintenance and repairs and the fee of any managing agent as indicated in the Annual Operating Budget; (e) required deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement; (f) the approved annual asset management fees indicated in the Annual Operating Budget and approved by the OCII; and (g) any extraordinary expenses approved in advance by the OCII (other than expenses paid from any reserve account). Project Fees are not Project Expenses.

"Project Fees" means annual partnership management fees in the amount of $15,000 (plus whatever increase is shown in the Annual Operating Budget and approved by the City) and deferred Developer Fees approved by the City.

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

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

“Public Benefit Purposes” means activities or programs that primarily benefit low-income persons, are implemented by one or more nonprofit 501(c)3 public benefit organizations, or have been identified by OCII, a City agency or a community planning process as a priority need in the neighborhood in which the Project is located.
"Publication" means any report, article, educational material, handbook, brochure, pamphlet, press release, public service announcement, webpage, audio or visual material or other communication for public dissemination, which relates to all or any portion of the Project or is paid for in whole or in part using the Funding Amount.

"Qualified Tenant" means a Tenant household, age 62 years or older, earning no more than the maximum permissible annual income level allowed under this Agreement as set forth in Exhibit A. The term "Qualified Tenant" includes each category of Tenant designated in Exhibit A.

"Rent" means the aggregate annual sum charged to Tenants for rent and utilities in compliance with Article 7, with utility charges to Qualified Tenants limited to an allowance determined by the SFHA.

"Rent Restrictions" means the limitations on Rents set forth in Section 7.3 and Exhibit A.

"Replacement Cost" means all hard constructions costs of the Project, not including the cost of site work and foundations but including construction contingency, for the purpose of establishing the amount of the Replacement Reserve Account. This defined term is not intended to affect any other calculation of replacement cost for any other purpose.

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

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

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

“Schedule of Performance” means the schedule attached hereto as Exhibit L that sets forth Project tasks and milestones and the dates by which they will be completed.

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

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

"SFHA" means the San Francisco Housing Authority.

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

"Table" means the Table of Sources and Uses.

"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 OCII’s prior written approval.
"TCAC" means the California Tax Credit Allocation Committee.

"Tenant" means any residential household in the Project.

“Tenant Selection Plan” has the meaning set forth in Section 6.1.

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

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

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

“Waiting List” has the meaning set forth in Section 6.5.

“Work Product” has the meaning set forth in Section 24.21.

1.2 Interpretation. The following rules of construction will apply to this Agreement and the other OCII 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 OCII 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 OCII 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 OCII Documents. The language of this Agreement must be construed as a whole according to its fair meaning.

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

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

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

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

1.4 **Contracting Requirements.** Borrower shall use the OCII contract compliance requirements for procurement activities, as further set forth in Exhibit E of this Agreement.

**ARTICLE 2 FUNDING.**

2.1 **Funding Amount.** OCII agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to finance development costs associated with the Project. 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 OCII'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.

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 OCII 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 OCII 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 OCII in writing and keep all estimates, invoices, receipts and other documents related to expenditures from each Account. In addition Borrower must provide to the OCII 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 OCII may grant or deny any application by Borrower for additional financing for the Project in its sole discretion.
ARTICLE 3  TERMS.

The term of this Agreement ("Compliance Term") shall commence on the Agreement Date and shall continue until the fifty-five (55th) anniversary of the date the Deed of Trust is recorded on the leasehold interest in the Official Records, regardless of any reconveyance of the Deed of Trust. In order to ensure the Borrower’s, or subsequent assignees’, continued compliance with such obligations during the Compliance Term, the Deed of Trust shall be recorded in the Official Records upon execution of the Ground Lease.

3.1  **Interest.** The outstanding principal balance of the Loan will bear simple interest at a rate of three percent (3%) per annum, as provided in the Note.

3.3 Compliance Term; Declaration of Restrictions: Borrowers, and its assigns, must comply with all provisions of the OCII Documents relating to the use of the Site and the Project, as set forth in the Declaration of Restrictions, and any amended and restated versions of such declaration, to be recorded in the official records of the San Francisco County, for the period commencing on the date a certificate of occupancy for the Project is issued and ending on the fifty-fifth (55th) anniversary of that date (the “Compliance Term”) even if the Loan is repaid or otherwise satisfied, or the Deed of Trust is reconveyed before that date.

3.4 **Default Interest Rate.** Upon the occurrence of an Event of Default under any OCII Document, the principal balance of the Loan will bear interest at the default interest compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, with such default interest rate commencing as of the date an Event of Default occurs and continuing until such Event of Default is fully cured. In addition, the default interest rate will apply to any amounts to be reimbursed to the OCII under any OCII Document if not paid when due or as otherwise provided in any OCII Document.

3.4 **Repayment of Principal and Interest.** Subject to Section 3.2 above, the outstanding principal balance of the Loan will be due and payable on the Maturity Date according to the terms set forth in full in the Note.

3.5 **Distribution of Surplus Cash and Repayment of Principal.** Within one hundred twenty (120) days of the end of each fiscal year following the Completion Date, Borrower shall apply all annual rent revenue, prior to the calculation of Surplus Cash, to pay Project Expenses. Any cash remaining after Project Expenses shall be deemed Surplus Cash. If the Borrower is found by the Agency to be in compliance with all applicable requirements and agreements, Borrower shall use Surplus Cash to make the following payments:

- First, to pay a partnership management fee of Eighteen Thousand Four Hundred Twenty Dollars ($18,420) increasing at an annual rate of three percent (3%), then
- Second, one-third (1/3) of remaining Surplus Cash shall be allowable to tenant as an incentive management fee in an amount not to exceed Five Hundred Dollars ($500) per unit per year, up to a maximum of Fifty Thousand Dollars ($50,000). The remaining two-thirds (2/3) of Surplus Cash, together with any additional Surplus Cash after payment...
of the Borrower’s incentive management fee, shall be allocated towards Residual Rent, under the ground lease, until paid in full.

3.6 Repayment of Unused Portion of Loan Amount. In addition to any other payment requirements, within six (6) months after the Completion Date, the Borrower shall promptly repay to MOHCD any portion of the Loan Amount previously disbursed to Borrower and not used for eligible costs as described in this Agreement. No interest shall accrue on the Loan amount repaid pursuant to this Section 3.6.

3.7 Repayment of California Tax Credit Allocation Committee Performance Deposit. Borrower must repay the California Tax Credit Allocation Committee (“CTCAC”) Performance Deposit to OCII upon receipt of said deposit by Borrower from CTCAC, or use it to pay for eligible costs related to the Project. Use of the CTCAC Performance Deposit to pay for eligible costs must be approved by the OCII Executive Director. Borrower shall include the requirements related to the CTCAC Performance Deposit in any tax credit limited partnership agreement.

3.7 Additional OCII Approvals. Borrower understands and agrees that OCII 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 OCII into this Agreement nor any approvals given by OCII 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, OCII 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.

3.8 Recordation of the Deed of Trust and Declaration of Restrictions. Borrower shall cause each of the following requirements to be fully satisfied at construction loan closing:

(a) Borrower shall have delivered the Deed of Trust and the Declaration of Restrictions to OCII, duly executed and acknowledged by Borrower;

(b) Borrower shall have recorded the Deed of Trust and the Declaration of Restrictions in the Official Records, subject only to the Permitted Exceptions; and

(c) A title company shall have committed to issue the Title Policy to OCII, and Borrower shall have delivered all documents reasonably required by such title company to issue
the Title Policy. Borrower shall pay all amounts charged by the title company for the issuance of the Title Policy; provided that such amounts may be included in a subsequent Expenditure Request.

ARTICLE 4 CLOSING; DISBURSEMENTS.

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

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

4.3 Conditions Precedent to Closing. OCII will authorize the close of the Loan 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) the Note; (ii) this Agreement (in triplicate); (iii) the Opinion; (iv) the Authorizing Resolutions; and (v) any other OCII Documents reasonably requested by OCII.

(b) Borrower must have delivered to OCII Borrower's Charter Documents.

(c) Borrower must have delivered to OCII insurance endorsements and, if requested by OCII, copies of policies for all insurance required under Exhibit F of this Agreement.

(d) Borrower must submit a complete services plan and budget.

4.4 Disbursement of Funds. Following satisfaction of the conditions in Section 4.3, the City will authorize the Escrow Agent to disburse Funds as provided in the City’s escrow instructions.

4.5 Disbursements. OCII's obligation to approve any expenditure of Funds after Loan closing is subject to Borrower’s satisfaction of the following conditions precedent; provided however, that an amount up to and not exceeding the MOHCD Loan Amount is available for disbursement prior to Loan Closing subject to OCII’s approval of the expenditure of such funds.

(a) Borrower must have delivered to MOHCD (as OCII’s designee) an Expenditure Request in form and substance satisfactory to MOHCD, 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. Any request from Borrower to reallocate Funds between the line items or to change the budget limits for a line item from what is shown in the Table of Sources and Uses must be approved as follows: (i) except for funds moved from the contingency line item
to another line item, a requested reallocation of Funds in an amount up to ten percent (10%) of the Loan Amount in the aggregate may be made with the express written approval of MOHCD’s Housing Director; and (ii) except for funds moved from the contingency line item to another line item, a requested reallocation of Funds in an amount that exceed ten percent (10%) of the Loan Amount may be made only with the express written approval of the OCII Executive Director.

(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 OCII that the Project complies with the labor standards set forth in Exhibit E, Section 1, if applicable.

(d) Borrower must have complied with the following loan conditions, as required by the Citywide Affordable Housing Loan Committee through its approval of the Project’s Loan Evaluation on August 2, 2013 Loan Evaluation which include:

1. Apply for Affordable Housing Program funding, unless and until an award is received, from the Federal Home Loan Bank, as part of the permanent funding package and, if awarded, OCII funding would be reduced accordingly.

2. Any additional funding other than AHP would also reduce OCII’s loan funding accordingly.

3. Enter into a Purchase and Sale Agreement with Union Pacific within 60 days of the date of this Agreement, provided that if the Purchase and Sale Agreement is not in place within 60 days of OCII Commission approval, OCII and the Developer will discuss the possibility of not acquiring the parcel.

4. Obtain the best construction loan pricing available for the Project. Any realized cost savings will be used to reduce OCII’s loan amount.

4.6 Schedule of Performance. Borrower must perform in accordance with the Schedule of Performance (Exhibit L). The Schedule of Performance may be modified at the request of the Borrower; however, any modification to the Schedule of Performance shall be at the reasonable discretion of the OCII Executive Director.

4.7 Retention. In addition to the other conditions to Disbursements, Borrower acknowledges that the amount of hard costs or tenant improvements costs included in any Expenditure Request associated with rehabilitation or construction, when added to previously approved costs, may not exceed ninety percent (90%) of the approved budgeted costs on a line item basis. OCII will retain the remaining ten percent (10%) of hard costs or tenant improvement costs associated with rehabilitation or construction (the “Retention”). Borrower may request disbursement of the aggregate amount of the Retention only upon satisfaction of each of the following conditions, unless otherwise approved in writing by OCII: (a) completion of
rehabilitation or construction of the Project in 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; (b) timely recordation of a notice of completion; and (c) either expiration of the lien period and the absence of any unreleased mechanics' liens or stop notices or recordation of the lien releases of all contractors, subcontractors and suppliers who provided labor or materials for the Project.

4.8 Limitations on Approved Expenditures. OCII 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 (b) for disapproved, unauthorized or improperly documented expenses. OCII is not obligated to approve expenditure of the full Funding Amount unless approved Expenditure Requests support disbursement of the full Funding Amount, and in no event may the aggregate amount of all Funds disbursed to Borrower under this Agreement exceed the Funding Amount.

ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION.

5.1 Selection Requirements. In the selection of all contractors and professional consultants for the Project, Borrower must comply with OCII’s procurement requirements and procedures.

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

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

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

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

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by OCII, Borrower must: (a) commence construction by March 31, 2014; (b) complete demolition, rehabilitation or construction by November 30, 2015 (the “Completion Date”), in 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 Five percent (95%) of the Units by January 31, 2016.

5.7 Construction Standards. All construction must be performed in a first class manner, substantially in accordance with final plans and specifications approved by OCII and in accordance with all applicable codes.

ARTICLE 6 MARKETING.

6.1 Marketing Plan & Tenant Selection Plan. No later than six (6) months before the Completion Date, Borrower must deliver to OCII for OCII’s review and approval an affirmative marketing plan for initial and ongoing marketing of the Units (the “Marketing Plan”) and a written Tenant selection procedure for initial and ongoing renting of the Units (the “Tenant Selection Plan”), all in compliance with the restrictions set forth in Exhibit A and in form and substance acceptable to OCII. Borrower must obtain OCII’s approval of reasonable alterations to the Marketing Plan or the Tenant Selection Plan. Borrower must market and rent the Units in the manner set forth in the Marketing Plan and the Tenant Selection Plan (both of which plans must included the preference requirement for Alice Griffith residents who want to live in a senior housing development as well as including the 20% set-aside for the DPH DAH program) both as approved by OCII. Before marketing any Units, Borrower must provide OCII with updated implementation and contact information.

6.2 Affirmative Marketing Plan Requirements. Borrower’s Marketing Plan must address how Borrower intends to market vacant Units and any opportunity for placement on the Waiting List, as defined in 6.3. The Marketing Plan shall include as many of the following elements as are appropriate to the Project, as determined by OCII:

(a) (1) Hunters Point Certificate of Preference Holders; (2) Western Addition Certificate of Preference Holders, (3) rent burdened or assisted housing residents, defined as persons paying more than fifty percent (50%) of their income for housing, or persons residing in public housing or Project-Based Section 8 housing; (4) San Francisco residents and (5) members of the general public.”
(b) 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.

(c) Advertising in local neighborhood newspapers, community-oriented radio stations, on the internet and in other media that are likely to reach low-income households. All advertising must display the Equal Housing Opportunity logo.

(d) Notices 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.

(e) Notices to SFHA.

(f) Notices to MOHCD.

(g) 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.

(h) 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 Tenant Selection Plan Requirements: Borrower’s Tenant Selection Plan shall comply with the requirements of the Tenant Selection Plan Policy as set forth in the attached Exhibit I. The Tenant Selection Plan must be kept on file at the Project at all times.

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

6.5 Waiting List. Borrower's Tenant Selection Plan must contain, at a minimum, policies and criteria that provide for the selection of tenants from a written waiting list in the chronological order of their application (the "Waiting List"). The 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 OCII. Borrower shall at all times maintain the Waiting List. Upon the vacancy of any Unit, Borrower shall first attempt to select the new Tenant for such Unit from the Waiting List, and shall only market the Unit to the general public after determining that no applicants from the Waiting List qualify for such Unit. The Waiting List must be kept on file at the Project at all times.
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: (a) for the Compliance Term and survive the prior repayment or other satisfaction of the Loan, termination of this Agreement or reconveyance of the Deed of Trust; (b) for any Unit that has been subject to a regulatory agreement with TCAC, for a period ending three (3) years after the date of any transfer of the Project by foreclosure or deed-in-lieu of foreclosure; and (c) with respect to any Unit occupied by a Qualified Tenant at expiration of either the Compliance Term or the 3-year period referred to in Subsection (b) above, until the Qualified Tenant voluntarily vacates his/her Unit or is evicted lawfully for just cause. If applicable, the requirements to comply with the provisions of Internal Revenue Code Section 42, including Section 42(h)(6)(E)(ii), are hereby acknowledged.

7.2 Borrower's Covenant.

(a) Borrower covenants to rent all Units (except one Unit reserved for the manager of the Project) at all times to households certified as Qualified Tenants at initial occupancy, as set forth in Exhibit A.

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

7.3 Rent Restrictions.

(a) Maximum Rent charged to each Qualified Tenant may not exceed the amounts set forth in Exhibit A, provided that maximum Rent for Qualified Tenants or Units for which Section 8 assistance is available is the fair market rent established by SFHA and HUD or other Governmental Agency with jurisdiction over the rental subsidy program.

(b) Unless prohibited under any applicable Law, each residential lease must provide for termination of the lease upon 120 days’ prior written notice in the event that Borrower's annual income certification indicates that the Tenant's household income exceeds 120 percent of Median Income.

(c) Subject to Section 7.3(d), annual Rent increases for Units will be limited as follows:

(i) for Units with Section 8 or similar rental assistance, annual Rent increases may be up to the maximum amount approved by HUD and/or the SFHA, for as long as rental assistance is available; and

(ii) for all other Units, except as permitted under Sections 7.3 (c)(iii) and 7.3 (d) below, annual Rent increases will be limited to the lesser of: (A) the amount which
would result in a rent equal to the maximum rent permitted for the unit under Section 7.3(a) or (B) the amount which corresponds to the percentage of the annual increase in Median Income published by HUD; and,

(iii) for Units occupied by over-income Tenants, rent charged may not exceed thirty percent (30%) of the over-income Tenant’s adjusted household income.

(d) With the OCII’s prior written approval and in accordance with maximum rent limitations set forth in Section 7.3(a) and all applicable restrictions, Rent increases for Units exceeding the amounts permitted under Section 7.3(c) (ii) will be permitted in order to recover increases in Project Expenses, but in no event may single or aggregate increases exceed ten percent (10%) per year, unless such an increase is contemplated in a OCII-approved temporary relocation plan or is necessary due to the expiration of Section 8 or other rental subsidies, or when the increase is caused by an increase in certified income. OCII approval for such rent increases that are necessary to meet all approved Project Expenses and financial obligations shall not be unreasonably withheld.

7.4 Certification.

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

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

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

7.5 Form of Lease. The form of lease for Tenants must provide for termination of the lease and consent to immediate eviction for failure to qualify as a Qualified Tenant if the Tenant has made any material misrepresentation in the initial income certification. The term of the lease must be for a period of not less than one (1) year. Borrower may not terminate the tenancy or refuse to renew any lease of a Unit except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Laws or other good cause. Any termination or refusal to renew the lease for a Unit must be preceded by not less than thirty (30) days’ written notice to the Tenant specifying the grounds for the action. The form of lease for any Unit that has received an allocation of tax credits must provide that the Tenant agrees that the lease may be terminated upon 120 days’ notice if the Tenant's certified household income exceeds 120 percent of Median Income.
7.6 **Nondiscrimination.** Borrower agrees not to discriminate against or permit discrimination against any person or group of persons because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, disability, gender identity, height, weight, source of income or acquired immune deficiency syndrome (AIDS) or AIDS related condition (ARC) in the operation and use of the Project except to the extent permitted by law or required by any other funding source for the Project. Borrower agrees not to discriminate against or permit discrimination against Tenants using Section 8 certificates or vouchers or assistance through other rental subsidy programs.

7.7 **Security Deposits.** Security deposits may be required of Tenants only in accordance with applicable 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 the 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 OCII prior written approval of both the management agent and, at OCII 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.

(b) OCII 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 OCII, 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 OCII approval.
8.3 **Borrower Management.** Borrower may manage the Project itself only with the City’s prior written approval. OCII 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, OCII may require Borrower to contract or cause contracting with a management agent to operate the Project, or to make other arrangements OCII 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 the requirements of the CRL, and those requirements 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 OCII from time to time to assure compliance with all terms and conditions in this Agreement and all Laws. Borrower acknowledges that, if and after Borrower acquires Control of the Site, OCII may also conduct periodic on-site inspections of the Project provided access to the interior of any residential unit is preceded by no less than 48 hours’ prior notice. Borrower must cooperate with the monitoring by OCII and ensure full access to the Project and all information related to the Project as reasonably required by OCII.

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

(c) Borrower must provide written notice of the replacement of: the member or manager of its’ administrative general partner or the executive director, director of housing development, director of property management and/or any equivalent position with the sole member of the managing general partner, within thirty (30) days after the effective date of such replacement.

10.2 **Monthly Reporting.** Borrower must submit monthly reports (the “OCII Monthly Project Update”) describing progress toward developing the Project with respect to obtaining necessary approvals from other City departments, procuring architects, consultants and contractors, changes in scope, cost or schedule and significant milestones achieved in the past.
month and expected to be achieved in the coming month. The OCII Monthly Project Update must be submitted by email in substantially the form attached hereto as Exhibit M through submission of 8609.

10.3 Annual Reporting.

(a) Borrower must file with OCII annual report forms (the "Annual Monitoring Report") that include audited financial statements with an income and expense statement for the Project covering the applicable reporting period, a statement of balances, deposits and withdrawals from all Accounts, line item statements of Project Expenses, Project Income, Project Fees (if any), Residual Receipts and any Distributions made, evidence of required insurance, a description of marketing activities and a rent roll, no later than one hundred twenty (120) days after the end of Borrower's fiscal year. The Annual Monitoring Report must be in substantially the form attached as Exhibit H or as later modified during the Compliance Term.

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

10.4 Capital Needs Assessment. Borrower must deliver to OCII an updated CNA every three (3) years after the Completion Date for approval. The updated CNA must include an analysis of Borrower's actual expenditures for capital needs compared to the most recently approved CNA, Borrower's 20-Year Proforma and initial Annual Operating Budget and its then-current Annual Operating Budget.

10.5 Project Completion Report. Within the specific time periods set forth below after the completion of rehabilitation or construction, the lease-up and/or permanent financing of the Project, as applicable, Borrower must provide to OCII the reports listed below certified by Borrower to be complete and accurate. Subsequent to the required submission of the reports listed below, Borrower shall provide to OCII information or documents reasonably requested by the City to assist in the City’s review and analysis of the submitted reports:

(a) within thirty (30) days after completion of rehabilitation or construction, a project completion audit performed by an independent certified public accountant identifying the sources and uses of all Project funds including the Funds;

(b) within thirty (30) days after completion of rehabilitation or construction, a report on use of minority and women owned enterprises including race/ethnicity or gender, the type of work and the dollar value of such work;

(c) within thirty (30) days after seventy-five percent (75%) occupancy, and one hundred percent (100%) occupancy, respectively, a report on the lease-up of the Units including number of leases by race, ethnicity and single-headed household by gender, also indicating the Units by income category; and

(d) within thirty (30) days after completion of rehabilitation or construction, a report demonstrating compliance with all requirements regarding relocation, including the names
of all individuals or businesses occupying the Site on the date of the submission of the application for Funds, those moving in after that date, and those occupying the Site upon completion of the Project.

(e) within thirty (30) days after completion of rehabilitation or construction, a report demonstrating compliance with all requirements regarding HUD Section 3, including documentation of total labor hours worked on the Project, total Section 3 hours worked, total wages paid, total Section 3 wages paid, and the names of all individuals employed to comply with the Section 3 and Section 3 Plus goals, including the total hours worked for each individual and total wages paid to each individual.

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

10.7 Delivery of Records. At the request of OCII, made through its agents, employees, officers or attorneys, Borrower must provide OCII within a reasonable period of time of no less than sixty (60) days from request therefor 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 OCII; and

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

10.8 Access to Other Project Books and Records. In addition to Borrower’s obligations under Sections 2.4, 10.1, 10.2, and 10.3, any other obligations to provide reports or maintain records in this Agreement or any other OCII Document, Borrower agrees that duly authorized representatives of OCII (which shall include but not be limited to MOHCD staff) will have 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 10.6.

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 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 OCII’s approval. Borrower may make withdrawals from the Project Operating Account solely for the payment of Project Expenses and Project Fees. Withdrawals from the Project Operating Account (including accrued interest) for other purposes may be made only with the OCII’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 OCII upon request.

ARTICLE 12 REQUIRED RESERVES.

12.1 Replacement Reserve Account.

(a) Commencing no later than sixty (60) days after the Completion Date, or any other date the OCII 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 month following establishment of the Replacement Reserve Account, Borrower must make monthly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. The OCII may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary.

(b) Monthly deposits must equal the lesser of: (i) 1/12th of 0.6% of Replacement Cost; or (ii) 1/12th of the applicable amount set forth in the chart below. After the Project’s first three (3) years of operation, Borrower may request adjustments every five (5) years based on its most recently approved CNA.

<table>
<thead>
<tr>
<th>No. Units</th>
<th>Family ($)</th>
<th>SRO</th>
<th>Senior</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 5</td>
<td>600</td>
<td>550</td>
<td>500</td>
</tr>
<tr>
<td>6-20</td>
<td>500</td>
<td>450</td>
<td>400</td>
</tr>
<tr>
<td>21-50</td>
<td>450</td>
<td>400</td>
<td>350</td>
</tr>
<tr>
<td>51-100</td>
<td>400</td>
<td>350</td>
<td>300</td>
</tr>
<tr>
<td>&gt; 100</td>
<td>350</td>
<td>300</td>
<td>250</td>
</tr>
</tbody>
</table>

(c) 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. Borrower may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without the OCII’s prior written approval.

12.2 Operating Reserve Account.

(a) Commencing no later than sixty (60) days after the Completion Date, or any other date OCII 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 twenty-five percent (25%) of the approved budget for Project Expenses for the first full year of operation of the Project. OCII 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 OCII’s prior written approval.

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) OCII approval of the Annual Monitoring Report submitted for that year; (b) the OCII’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 OCII for the Project; and (c) the OCII’s determination that the amount of the proposed Distribution satisfies the conditions of this Agreement. OCII will be deemed to have approved Borrower's written request for approval of a proposed Distribution unless OCII 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 OCII 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 OCII determines the Loan is out of balance) under any OCII 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, Borrower may retain a portion of Residual Receipts in an amount equal to the lesser of thirty-three percent (33%) of Residual Receipts or $500 per Unit per year in lieu of using them to repay the Loan with the OCII's prior written approval. Borrower acknowledges that OCII may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note.

ARTICLE 14 SYNDICATION PROCEEDS.

14.1 Distribution and Use. If Borrower is a limited partnership or limited liability company, and unless otherwise approved by OCII 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 OCII 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. OCII has approved the payment of fees in an amount not to exceed Two Million and No/100 Dollars ($2,000,000.00) to Developer for the predevelopment and construction periods of the Project ("Developer Fees"), to be paid in accordance with the Developer Fee Schedule attached hereto as Exhibit N. Provided however that consistent with Section 4.5(d)(4) of this Agreement, the Developer has agreed that if the sources for the Senior Center are inadequate, the Developer must use its share of the developer fee to fund the construction of the senior center.
ARTICLE 16  TRANSFERS.

16.1  Permitted Transfers/Consent.  Borrower may not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) transfers of the general partnership or manager's interest in Borrower to a nonprofit public benefit corporation approved in advance by OCII; or (b) removal of a general partner of Borrower in accordance with the terms of Borrower’s limited partnership agreement.  Any other transfer, assignment, encumbrance or lease without OCII's prior written consent will be voidable and, at OCII's election, constitute an Event of Default under this Agreement.  OCII'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 OCII'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 F throughout the term of this Agreement at no expense to OCII.

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 OCII Documents that remains uncured upon the expiration of any applicable notice and cure periods contained in any OCII Document will constitute an "Event of Default," including the following:

(a)  Borrower fails to make any payment required under this Agreement within fifteen (15) days after the date when due; or

(b)  Any lien is recorded against all or any part of the Site or the Project without OCII's prior written consent, whether prior or subordinate to the lien of the Deed of Trust or Declaration of Restrictions, and the lien is not removed from title or otherwise remedied to the OCII's satisfaction within thirty (30) days after Borrower's receipt of written notice from OCII 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 OCII Document, and the failure continues for thirty (30) days after Borrower’s receipt of written notice from OCII 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 OCII, 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 OCII 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 OCII has determined upon restoration or repair that the security of the Deed of Trust has been impaired or that the repair, restoration or replacement of the improvements in accordance with the requirements of the Deed of Trust is not economically practicable or is not completed within two (2) years of the receipt of insurance proceeds; or all or a substantial or material portion of the improvements is condemned, seized or appropriated by any non-City Governmental Agency or subject to any action or other proceeding instituted by any non-City Governmental Agency for any purpose with the result that the improvements cannot be operated for their intended purpose; or

(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 (unless otherwise approved pursuant to Article 16) and (where applicable) in good standing and duly qualified under the laws of the jurisdiction of formation and California for any period of more than ten (10) days; or, if Borrower is an individual, Borrower dies or becomes incapacitated; or all or substantially all of the assets of Borrower are sold or otherwise transferred except as permitted under Section 16.1; or

(g) Without OCII’s prior written consent as required under the terms of this Agreement, Borrower assigns or attempts to assign any rights or interest under any OCII Document, whether voluntarily or involuntarily, except as permitted under Section 16.1; or

(h) Without OCII’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 except as permitted under Article 16; or

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

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

(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 undischarged 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 OCII determines that the Loan is out of balance; or

(n) Before a certificate of occupancy is issued for the Project, 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 OCII or the City and County of San Francisco, including but not limited to the Amended Housing Project DDA, 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, OCII may exercise any right or remedy available under this Agreement or any other OCII Document or at law or in equity. All of OCII’s rights and remedies following an Event of Default are cumulative, including:

(a) OCII at its option may declare the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other OCII 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) OCII at its option may terminate all commitments to make Disbursements, or, without waiving the Event of Default, OCII may determine to make further Disbursements upon terms and conditions satisfactory to OCII in its sole discretion.
(c) OCII may perform any of Borrower's obligations in any manner, in OCII's reasonable discretion.

(d) OCII may terminate this Agreement.

(e) OCII, 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 OCII deems appropriate to complete or construct all or any part of the improvements, subject to modifications and changes in the Project OCII deems appropriate.

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

(f) Upon the occurrence of an Event of Default described in Section 19.1(k), the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other OCII Documents, will become due and payable automatically.

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

19.3 Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of OCII 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 OCII within thirty (30) days after the occurrence or commencement of the event or events, and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

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

(a) The execution, delivery and performance of the OCII 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 OCII Documents will constitute the legal, valid and binding obligations of Borrower. Borrower hereby waives any defense to the enforcement of the OCII Documents related to alleged invalidity of the OCII 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, Borrower's principals or Borrower's general contractor has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its general contractor been suspended, disciplined or prohibited from contracting with any Governmental Agency.

(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, facsimile (if followed within one (1) business day by first class mail) or by United States certified mail, postage prepaid, return receipt requested. Delivery will be deemed complete as of the earlier of actual receipt (or refusal to accept proper delivery) or five (5) days after mailing, provided that any notice that is received after 5 p.m. on any day or on any weekend or holiday will be deemed to have been received on the next succeeding business day. Notices must be addressed as follows:

To OCII: Office of Community Investment and Infrastructure
Successor Agency to the San Francisco Redevelopment Agency
1 South Van Ness, 5th Floor
San Francisco, CA 94103
Attn: Executive Director

With a copy to: Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Director

To Borrower: MBA Development Corp
720 Olive Street, Suite 2500
St. Louis, MO 63101  
Attn: Hillary Zimmerman  

Cathy Davis, Executive Director  
Bayview Supportive Housing, LLC  
1706 Yosemite Avenue  
San Francisco, CA 94124  

With a copy to:  
Bocarsly Emden Cowan Esmail & Arndt  
633 W. 5th Street, 70th Floor  
Los Angeles CA 90071  
Attn: Lance Bocarsly  

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 OCII 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 OCII 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: 2005 Treadwell and Rollo Geotechnical Report; the Department of Public Health Occupational and Environmental Health Division; the SCA Phase I Site Assessment; and, the 2012 Soils, Groundwater and Soil Gas report. 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 OCII otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, Borrower must: (a) comply with all applicable
Environmental Laws relating to the Site and the Project, and not engage in or otherwise permit its agents to cause 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 OCII notice of the discovery by Borrower of any Environmental Activity on the Site promptly following Borrower's discovery.

ARTICLE 23 INDEMNITY.

23.1 Borrower's Obligations. Borrower must Indemnify OCII, the City, and their 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 OCII 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, but only to the extent such event arises directly or indirectly from Borrower's (or its agents) activities on the Site; (d) any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements performed by Borrower or its agents; (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 OCII Documents, the Loan, Borrower's (or its agents) activities on the Site or the Project, or any transaction contemplated by, or the relationship between Borrower and OCII or Borrower and the City or any action or inaction by OCII or the City under, the OCII Documents; (f) the occurrence, before the expiration of the term of this Agreement, of any Environmental Activity arising directly or indirectly from Borrower’s (or its agents) activities on the Site; (g) any claim, demand or cause of action, or any action or other proceeding, 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 Indemnities, upon written notice, Borrower must answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in
connection with the matters covered by this Agreement. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement.

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

**ARTICLE 24 GENERAL PROVISIONS.**

24.1 **Subordination.** The Deed of Trust may be subordinated to other financing secured by and used for development of the Project (in each case, a "Senior Lien"), but only if OCII 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 OCII and approval as to form by the City Attorney's Office, the Director of OCII 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 other than City.** Nothing contained in this Agreement, 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 OCII and Borrower or Borrower's agents, employees or contractors. Notwithstanding the forgoing, OCII and Borrower hereby acknowledge and agree that as the intended assignee of OCII’s rights under the OCII Documents, the City is a third party beneficiary under the OCII Documents.

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

24.4 **Entire Agreement.** This Agreement and its Exhibits incorporate the terms of all agreements made by OCII 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 OCII or Borrower.

24.5 **OCII Obligations.** OCII'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 OCII be liable to Borrower for any special or consequential damages arising out of actions or failure to act by OCII in connection with any of the OCII 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 OCII 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 OCII Document and the development and operation of the Project; and (c) all costs and expenses relating to Borrower's performance of obligations under the OCII Documents, the delivery to OCII of documents, information or items under or in connection with any of the OCII Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any OCII Document or document required under any OCII 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 OCII Documents.** In the event of any conflict between the terms of this Agreement and any other OCII 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 OCII 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 OCII Documents to obtain OCII's prior written consent to any assignment or other transfer of Borrower's interests in the Loan, the Site or the ownership interests in Borrower.

24.12 **Attorneys' Fees.** If any legal action is commenced to enforce any of the terms of this Agreement or rights arising from any party's actions in connection with this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees (including allocated fees of the City Attorney's Office) and costs of suit from the other party, whether incurred in a judicial, arbitration, mediation or bankruptcy proceeding or on appeal. For the purposes of this Agreement, reasonable fees of attorneys in the City Attorney's office will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter of law for which the City Attorney’s services were rendered, who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office. An award of attorneys' fees and costs will bear interest at the default rate under the Note from the date of the award until paid.
24.13 **Severability.** The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

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

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

24.16 **Binding Covenants.** The provisions of the OCII Documents constitute covenants running with the land and will be binding upon Borrower and Borrower's successors and assigns, and all parties having or acquiring any right, title or interest in whatever form, including leasehold interests (other than Tenants and approved commercial tenants), in or to any part of the Property, except that the same will terminate and become void automatically at the expiration of the 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 OCII 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 or its managing general partner (or managing member of its general partner) 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 its bylaws and other governing documents, and shall adhere to applicable provisions of federal, state and local laws governing nonprofit corporations. Said 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 **Ownership of Results.** Any interest of Borrower or any sub-borrower, in drawings, plans, specifications, studies, reports, memoranda, computation sheets, the contents of computer diskettes, or other documents or Publications prepared by or on behalf of Borrower or any sub-borrower in connection with this Agreement, the implementation of the Project, the services to be performed under this Agreement, or acquired through the use of any Loan proceeds ("Work Product"), is hereby pledged to OCII as security for Borrower's obligations under this Agreement and the Note, and upon an Event of Default, subject to all applicable notice and cure periods, shall become the property of and be promptly transmitted by Borrower to OCII. Notwithstanding the
foregoing, Borrower may retain and use copies for reference and as documentation of its experience and capabilities.

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

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

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

24.24 Assignment. OCII and Borrower hereby acknowledge and agree that, effective upon the date of issuance of the Certificate of Completion, all of OCII’s rights, interests and obligations under the OCII Documents shall be assigned to the City. No further instruments shall be necessary to effectuate this assignment, but if requested by City, OCII and Borrower hereby agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Section 24.24. Upon assignment to the City, all references herein to OCII shall be deemed references to the City.

24.25 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 Bayview Hunters Point Employment and Contracting Policy
E Contract Compliance Policies
F Insurance Requirements
G Lobbying/Debarment Certification Form
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H</td>
<td>Form of Annual Monitoring Report</td>
</tr>
<tr>
<td>I</td>
<td>Tenant Selection Plan Policy</td>
</tr>
<tr>
<td>J</td>
<td>Form of Deed of Trust</td>
</tr>
<tr>
<td>K</td>
<td>Form of Declaration of Restrictions</td>
</tr>
<tr>
<td>L</td>
<td>Schedule of Performance</td>
</tr>
<tr>
<td>M</td>
<td>OCII Monthly Project Update Form</td>
</tr>
<tr>
<td>N</td>
<td>Developer Fee Schedule</td>
</tr>
</tbody>
</table>

S:\MOH\Housing Development Team\Loan Documents\Draft Loan Docs\DRAFT loan agreement.docx
IN WITNESS WHEREOF, the parties hereto have executed this Agreement 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

APPROVED AS TO FORM:
DENNIS J. HERRERA
City Attorney

BORROWER:
Bayview Supportive Housing, LLC, a limited
liability company

By: BAYVIEW HUNTERS POINT
MULTIPURPOSE SENIOR SERVICES, INC., a
California nonprofit public benefit corporation, a
member

By: ______________________________________
   Cathy Davis,
   Its: Executive Director

By: ______________________________________
   _________________________________
   Its: _________________________________

By: ______________________________________
   Heidi J. Gewertz
   Deputy City Attorney
<table>
<thead>
<tr>
<th>Unit Type</th>
<th>*Proposed Number of Units</th>
<th>Proposed Avg. Sq. Feet</th>
<th>Max Rent</th>
<th>Max % AMI</th>
<th>Target % AMI</th>
<th>Rent or Operating Subsidies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 BR</td>
<td>80</td>
<td>525</td>
<td>718</td>
<td>50%</td>
<td>30-50%</td>
<td>PBS8’s</td>
</tr>
<tr>
<td>1 BR</td>
<td>37</td>
<td>525</td>
<td>608</td>
<td>30%</td>
<td>15-30%</td>
<td>PBS8’s</td>
</tr>
<tr>
<td>2 BR</td>
<td>3</td>
<td>770</td>
<td>798</td>
<td>50%</td>
<td>30-50%</td>
<td>PBS8’s</td>
</tr>
<tr>
<td>Mgrs Unit</td>
<td>1 (2-br)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>121</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## EXHIBIT B-1
Table of Sources and Uses of Funds

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amount</th>
<th>Per Unit</th>
<th>Terms/Notes/Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Sources</td>
<td>$19,111,224</td>
<td>$157,944</td>
<td>incl sr cntr warm shell</td>
</tr>
<tr>
<td>Existing City Land</td>
<td>$8,380,733</td>
<td>$69,262</td>
<td></td>
</tr>
<tr>
<td><strong>Total City Sources</strong></td>
<td><strong>$27,491,957</strong></td>
<td><strong>$227,206</strong></td>
<td></td>
</tr>
<tr>
<td>Non-City Sources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st Mortgage</td>
<td>$8,550,000</td>
<td>$70,661</td>
<td></td>
</tr>
<tr>
<td>State HCD Infill as a Loan</td>
<td>$4,211,107</td>
<td>$34,803</td>
<td>awarded in 2009</td>
</tr>
<tr>
<td>State HCD Infill to buy UP Land</td>
<td>$1,450,000</td>
<td>$11,983</td>
<td>awarded in 2009</td>
</tr>
<tr>
<td>Equity Contributions</td>
<td>$20,627,000</td>
<td>$170,471</td>
<td>based on 4% deal</td>
</tr>
<tr>
<td><strong>Total Non-City Sources</strong></td>
<td><strong>$34,838,107</strong></td>
<td><strong>$287,918</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Perm Sources</strong></td>
<td><strong>$62,330,064</strong></td>
<td><strong>$515,124</strong></td>
<td>121</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses</th>
<th>Amount</th>
<th>Per Unit</th>
<th>121</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
<td>$9,930,733</td>
<td>$82,072.17</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>$36,838,674</td>
<td>$304,451.63</td>
<td></td>
</tr>
<tr>
<td>Hard Cost Contingency</td>
<td>$3,140,348</td>
<td>$25,953.29</td>
<td></td>
</tr>
<tr>
<td>Arch &amp; Engineering</td>
<td>$2,376,410</td>
<td>$19,639.75</td>
<td></td>
</tr>
<tr>
<td>Permits &amp; Fees</td>
<td>$2,415,679</td>
<td>$19,964.29</td>
<td></td>
</tr>
<tr>
<td>Financing/Bond Fees</td>
<td>$1,956,350</td>
<td>$16,168.18</td>
<td></td>
</tr>
<tr>
<td>Legal Fees</td>
<td>$490,000</td>
<td>$4,049.59</td>
<td></td>
</tr>
<tr>
<td>Other Soft Costs</td>
<td>$1,755,260</td>
<td>$14,506.28</td>
<td></td>
</tr>
<tr>
<td>Soft Cost Contingency</td>
<td>$560,610</td>
<td>$4,633.14</td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td>$866,000</td>
<td>$7,157.02</td>
<td></td>
</tr>
<tr>
<td>Developer Fee</td>
<td>$2,000,000</td>
<td>$16,528.93</td>
<td></td>
</tr>
<tr>
<td><strong>Total Uses</strong></td>
<td><strong>$62,330,064</strong></td>
<td><strong>$515,124</strong></td>
<td></td>
</tr>
</tbody>
</table>

Exhibit B-1
## EXHIBIT B-2
### Annual Operating Budget

<table>
<thead>
<tr>
<th>Income</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenant Rents</td>
<td>$1,026,999</td>
<td></td>
</tr>
<tr>
<td>Tenant Assistance Payments (PBS8)</td>
<td>$951,345</td>
<td>PBS8s-100% of units</td>
</tr>
<tr>
<td>Misc Income</td>
<td>$7,260</td>
<td></td>
</tr>
<tr>
<td>Gross Potential Income</td>
<td>$1,985,604</td>
<td></td>
</tr>
<tr>
<td>Vacancy Loss</td>
<td>-$98,917</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Effective Gross income</strong></td>
<td>$1,886,687</td>
<td></td>
</tr>
</tbody>
</table>

**Operating Expenses**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>$94,334</td>
<td>mgmt fee</td>
</tr>
<tr>
<td>Asset Management (to DGP)</td>
<td>$18,420</td>
<td>w/ a 2015 occ date</td>
</tr>
<tr>
<td>Salaries/Benefits</td>
<td>$204,100</td>
<td>1 mgr, 1 asst mgr, 1.5 time front desk</td>
</tr>
<tr>
<td>Administration</td>
<td>$85,369</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>$98,100</td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$15,000</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>$52,998</td>
<td></td>
</tr>
<tr>
<td>Maintenance &amp; Repair</td>
<td>$296,590</td>
<td>1 maintenance, 1 grounds, cameras, painting, pest control</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$864,911</td>
<td>$7,411/unit</td>
</tr>
<tr>
<td>Base Ground Lease</td>
<td>$15,000</td>
<td></td>
</tr>
<tr>
<td>Supportive Services</td>
<td>$50,000</td>
<td></td>
</tr>
<tr>
<td><strong>Net Operating Income</strong></td>
<td>$956,775</td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td>$764,960</td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td>$36,300</td>
<td></td>
</tr>
<tr>
<td><strong>Cash Flow</strong></td>
<td>$155,515</td>
<td></td>
</tr>
</tbody>
</table>

**Uses of Cash Flow**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>LP Investor Services Fee</td>
<td>$6,000</td>
</tr>
<tr>
<td>Partnership Management Fee (to MG)</td>
<td>$18,420</td>
</tr>
<tr>
<td>DGP Incentive Management Fee</td>
<td>$60,500</td>
</tr>
<tr>
<td>Ground Lease Residual Rent Payment</td>
<td>$0</td>
</tr>
<tr>
<td>Ground Lease Additional Rent Payment</td>
<td>$35,298</td>
</tr>
<tr>
<td>MOH Loan Residual Payment*</td>
<td>$27,231</td>
</tr>
<tr>
<td>Loan Payment - Prop IC as a RR loan</td>
<td>$8,066</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Remainder</strong></td>
<td>$0</td>
</tr>
</tbody>
</table>

Exhibit B-2
EXHIBIT B-3
20-Year Cash Flow Proforma

[This Proforma must include the same line items as the Annual Operating Budget shown in Exhibit B-2.]
EXHIBIT C
Tenant Income Certification Form

[To be attached.]
EXHIBIT D
Bayview Hunters Point Employment and Contracting Policy
EXHIBIT E
Contract Compliance Policies


   (i) Small Business Enterprise (SBE) Policy (adopted by Resolution No. 82-2009, July 27, 2009) attached as Exhibit E-1;

   (ii) Construction Workforce, attached as set forth in Exhibit E-2; and


3. Conflict of Interest.

   (a) Except for approved eligible administrative or personnel costs, no employee, agent, consultant, officer or official of Borrower or OCII 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 Sections 1090 through 1097 and 87100 et seq. of the California Government Code, all of which relate to prohibited conflicts of interest in connection with government contracts. Borrower certifies that it knows of no facts that constitute a violation of any of these provisions and agrees to notify OCII immediately if Borrower at any time obtains knowledge of facts constituting a violation.

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

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

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


7. **Non-Discrimination in OCII Contracts and Benefits Policy.**

   (a) **Borrower May Not Discriminate.** In the performance of this Agreement, Borrower agrees not to discriminate 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) against any employee of, any City employee working with, or applicant for employment with Borrower, in any of Borrower's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by Borrower.

   (b) **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 OCII 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 Agency under state or local law authorizing such registration, subject to the conditions set forth in the Agency’s Nondiscrimination in Contracts Policy, adopted by Agency Resolution 175-97, as amended from time to time.

8.  **Public Disclosure.**

   (a) Borrower understands and agrees that under the State Public Records Law (Cal. Gov. Code §§ 6250 et seq.), this Agreement and any and all records, information and materials submitted to OCII or the City hereunder are public records subject to public disclosure. Borrower hereby authorizes OCII and the City to disclose any records, information and materials submitted to OCII or the City in connection with this Agreement as required by Law.

9.  **Compliance with Minimum Compensation Policy and Health Care Accountability Policy.** Borrower agrees, as of the date of this Agreement and during the term of this Agreement, to comply with the provisions of the Agency's Minimum Compensation Policy and Health Care Accountability Policy (the "Policies"), adopted by Agency Resolution 168-2001, as such policies may be amended from time to time. Such compliance includes providing all "Covered Employees," as defined under Section 2.7 of the Policies, a minimum level of compensation and offering health plan benefits to such employees or to make payments to the City's Department of Public Health, or to participate in a health benefits program developed by the City's Director of Health.

10. **Limitations on Contributions.** Through execution of this Agreement, Borrower acknowledges that it is familiar with section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the Agency for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) the Mayor or members of the Board of Supervisors, (2) a candidate for Mayor or Board of Supervisors, or (3) a committee controlled by such office holder or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Borrower acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $50,000 or more. Borrower further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Borrower's board of directors; Borrower's chairperson, chief executive officer,
chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Borrower; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Borrower. Additionally, Borrower acknowledges that Borrower must inform each of the persons described in the preceding sentence of the prohibitions contained in section 1.126.

Finally, Borrower agrees to provide to OCII the names of each member of Borrower's general partners’ (or, if applicable, general partners’ managing members) board of directors; Borrower's general partners’ (or, if applicable, general partners’ managing members) chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Borrower’s general partners (or, if applicable, general partners’ managing members); any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Borrower.
EXHIBIT E-1
Small Business Enterprise
EXHIBIT E-2
Construction Workforce
EXHIBIT E-3
Prevailing Wage Policy
EXHIBIT E-4
Nondiscrimination in Contracts and Benefits
EXHIBIT E-5
Health Care Accountability Policy
EXHIBIT E-6
Minimum Compensation Policy
EXHIBIT F
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 throughout the Compliance Term of this Agreement at no expense to the OCII:

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;

   (b) commercial general liability insurance, with limits set forth below, combined single 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; broad form property damage; explosion, collapse and underground (XCU); products and completed operations, as follows:

      (i) not less than One Million Dollars ($1,000,000) combined single limit per occurrence and Two Million Dollars ($2,000,000) annual aggregate limit before the start of demolition/construction if the Site is unoccupied;

      (ii) not less than Five Million Dollars ($5,000,000) combined single limit per occurrence and Ten Million Dollars ($10,000,000) annual aggregate limit during demolition/construction and occupancy of the Site/ongoing operations of the Project;

   (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, hired and non-owned auto coverage, as applicable;

   (d) professional liability insurance for all architects employed in connection with the Project, with limits not less than Two Million Dollars ($2,000,000) (or, in the case of any other professionals, $1,000,000) each claim and Four Million Dollars ($4,000,000) annual aggregate limit for architects and Two Million ($2,000,000) annual aggregate for any other professionals with respect to negligent acts, errors or omissions in connection with professional services to be provided in connection with the Project. Any deductible over Fifty Thousand Dollars ($50,000) each claim must be reviewed by Risk Management; and

   (e) crime policy or fidelity bond covering Borrower's officers and employees against dishonesty with respect to the Funds, in the amount of Seventy Five Thousand Dollars ($75,000) each loss, with any deductible not to exceed Five Thousand Dollars ($5,000) each loss, including the OCII as additional obligee or loss payee.
(f) Pollution Liability and/or Asbestos Pollution Liability: Pollution Liability and/or Asbestos Pollution Liability applicable to the work being performed, with a limit no less than $1,000,000 per claim or occurrence and $2,000,000 aggregate per policy period of one year, this coverage shall be endorsed to include Non-Owned Disposal Site coverage.

2. Property Insurance. Borrower must maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds as follows:

   (a) during the course of any construction, builders’ risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and OCII property in the care, custody and control of Borrower or its contractor, including coverage in transit and storage off-site, with a deductible not to exceed Ten Thousand Dollars ($10,000) each loss, including OCII and all subcontractors as loss payees;

   (b) property insurance, special form coverage, excluding earthquake and flood, but including vandalism and malicious mischief, for one hundred percent (100%) of the replacement value of all furnishings, fixtures, equipment, improvements, alterations and property of every kind located on or appurtenant to the Site, including coverage for loss of rental income due to an insured peril for twelve (12) months, with a deductible not to exceed Twenty Five Thousand Dollars ($25,000) each loss, including OCII as a named insured;

   (c) boiler and machinery insurance, comprehensive form, in the amount of replacement value of all insurable objects, with any deductible not to exceed Ten Thousand Dollars ($10,000) each loss, including OCII as a named insured; and

   (d) during construction and/or rehabilitation, performance and payment bonds of contractors, each in the amount of one hundred percent (100%) of contract amounts, naming OCII and Borrower as dual obligees, or other completion security approved by OCII in its sole discretion.

3. Commercial Space. Borrower must require that all nonresidential tenants’ liability insurance policies include Borrower and OCII as additional insureds, as their respective interests may appear. Throughout the term of any lease of Commercial Space in the Project, Borrower must require commercial tenants to maintain insurance as follows:

   (a) to the extent the tenant has "employees" as defined in the California Labor Code, workers’ compensation insurance with employer’s liability limits not less than One Million Dollars ($1,000,000) each accident;

   (b) commercial general liability insurance, with limits not less than One Million Dollars ($1,000,000) each occurrence, combined single limit for bodily injury and property damage, including coverage for contractual liability; personal injury; advertisers’ liability; including coverage for loss of income due to an insured peril for twelve (12) months;
owners' and contractors' protective; broadform property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

(c) business automobile liability insurance, with limits not less than One Million Dollars ($1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) with respect to any tenant who has (or is required by Law to have) a liquor license and who is selling or distributing alcoholic beverages and/or food products on the leased premises, to maintain liquor and/or food products liability coverage with limits not less than One Million Dollars ($1,000,000), as appropriate;

(e) special form coverage insurance, including vandalism and malicious mischief, in the amount of 100% of the full replacement cost thereof, covering all furnishings, fixtures, equipment, leasehold improvements, alterations and property of every kind of the tenant and of persons claiming through the tenant; and

(f) full coverage plate glass insurance covering any plate glass on the commercial space.


(a) General and automobile liability policies of Borrower, contractors, commercial tenants and property managers must include OCII, including its Boards, commissions, officers, agents and employees, as an additional insured by endorsement acceptable to OCII.

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to OCII before cancellation or intended non-renewal is effective.

(c) With respect to any property insurance, Borrower hereby waives all rights of subrogation against OCII 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 OCII 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 OCII and its officers, agents and employees will not be liable for any required premium.

(f) OCII reserves the right to require an increase in insurance coverage in the event OCII determines that conditions show cause for an increase, unless Borrower demonstrates to OCII’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 OCII with copies of insurance certificates and endorsements for each required insurance policy.
EXHIBIT G
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.

____________________, a c-Corporation

BY:  ________________________________________

NAME:  _______________________________________

TITLE:  _______________________________________

DATE:  _______________________________________

Exhibit G
EXHIBIT H
Form of Annual Monitoring Report

[To be attached]
EXHIBIT I
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), and the applicable provision of the Violence Against Women Act, Pub. Law 109-62 (January 5, 2006), as amended.

Application Process

- **Application Materials.** The housing provider’s written and/or electronic application materials should:
  - Outline the screening criteria that the housing provider will use;
  - Provide space(s) for the applicant to explain any conviction, eviction, tenancy issues or credit concerns and present evidence that he or she will be a suitable tenant;
  - 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, each applicant with the minimum eligibility requirements for housing unit shall be offered the opportunity for an interview.

- **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.

- **Delays in the Process.** If delays have occurred or are likely to occur in the application and screening process or the process exceeds the housing provider’s normal timeline for application and screening, the housing provider must immediately inform the referring agency and the funding agency, of the status of the application, the reason for the delay and the anticipated time it will take to complete the application process.

- **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.

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1[^1]

• **Limited English Proficiency Policy.** Throughout the application process, the housing provider must comply with the language access requirements for applicants with limited English proficiency.

**Reasonable Accommodation and Modification Policy**

**Reasonable Accommodation**: The application process should provide information about how an applicant may make a reasonable accommodation request. At any stage in the admission process, an applicant may request a reasonable accommodation, if the applicant has a disability and as a result of the disability needs a modification of the provider’s rules, policies or practices, including a change in the way that the housing provider communicates with or provides information to the applicant that would give the applicant an equal chance to be selected by the housing provider to live in the unit.

**Reasonable Modification**: Applicant may request a reasonable modification if he or she has a disability and as a result of the disability needs:
- a physical change to the room or housing unit that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site;
- a physical change in some other part of the housing site that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site.

**Response to Request**: The housing provider shall respond to a request for reasonable accommodation or modification within ten (10) business days. The response may be to grant, deny, or modify the request, or seek additional information in writing or by a meeting with the applicant. The housing provider will work with the applicant and referring agency to determine if there are ways to accommodate the applicant.

The housing provider shall grant the request if the provider determines that:
- the applicant has a disability;
- reasonable accommodation or modification is necessary because of the disability; and
- the request is reasonable (i.e., does not impose an undue financial or administrative burden or fundamentally alter the nature of the housing program.)

If the reasonable accommodation request is denied, the rejection must explain the reasons in writing. If the denial of the reasonable accommodation request results in the applicant being denied admission to the unit, the provisions of the section on Notice of Denial and Appeal Process apply.

**Notice of Denial and Appeal Process**

- The housing provider shall:
  - 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 Credit Reporting Act and the Investigative Consumer Reporting Agencies Act impose additional notice requirements.\(^2\)

EXHIBIT K
FORM DECLARATION OF RESTRICTIONS
## EXHIBIT L
Schedule of Performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design</td>
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</tr>
<tr>
<td>Submittal of Pre-Bid Set &amp; Cost Estimate (75%–80% CDs)</td>
<td>9/1/2013</td>
</tr>
<tr>
<td>Permits</td>
<td></td>
</tr>
<tr>
<td>Addendum #1 Submitted</td>
<td>7/2013</td>
</tr>
<tr>
<td>Addendum #2 Submitted</td>
<td>8/2013</td>
</tr>
<tr>
<td>Request for Bids Issued</td>
<td>9/2013</td>
</tr>
<tr>
<td>Service Plan Submission</td>
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</tr>
<tr>
<td>Update</td>
<td>10/2013</td>
</tr>
<tr>
<td>Additional City Financing</td>
<td></td>
</tr>
<tr>
<td>Predevelopment Financing Application #2</td>
<td>6/2012</td>
</tr>
<tr>
<td>Gap Financing Application</td>
<td>6/2013</td>
</tr>
<tr>
<td>OCII Commission</td>
<td>9/2013</td>
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<tr>
<td>Other Financing</td>
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</tr>
<tr>
<td>AHP Application</td>
<td>4/2014</td>
</tr>
<tr>
<td>CDLAC Application</td>
<td>9/2013</td>
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<tr>
<td>TCAC Application</td>
<td>10/2013</td>
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<tr>
<td>Closing</td>
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<tr>
<td>Construction Closing</td>
<td>12/2013</td>
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<tr>
<td>Permanent Financing Closing</td>
<td>12/2015</td>
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<tr>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Notice to Proceed</td>
<td>3/2014</td>
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<tr>
<td>Temporary Certificate of Occupancy/Cert of Substantial Completion</td>
<td>9/2015</td>
</tr>
<tr>
<td>Marketing/Rent-up</td>
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<tr>
<td>Marketing Plan Submission</td>
<td>12/2014</td>
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<tr>
<td>Commence Marketing</td>
<td>2/2015</td>
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<tr>
<td>95% Occupancy</td>
<td>3/2016</td>
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<tr>
<td>Cost Certification/8609</td>
<td>12/2016</td>
</tr>
<tr>
<td>Close Out OCII Loan(s)</td>
<td>12/2016</td>
</tr>
</tbody>
</table>
Please complete this Monthly Project Update and email the Word document to the Project Manager, with a copy to Pam Sims (pam.sims@sfgov.org), by the first of each month. Please focus on the relevant sections of project progress, and anticipate approvals that will be needed over the next 2 – 3 months from other departments. Use as much space as you need.

I. THE PURPOSE OF THESE UPDATES IS TO TRACK PROJECT PROGRESS
   1. during pre-construction
   2. on non-construction issues during construction, and
   3. after regular monthly construction meetings have ended

Project Summary Information

<table>
<thead>
<tr>
<th>Project:</th>
<th></th>
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<tbody>
<tr>
<td>Sponsor:</td>
<td></td>
</tr>
<tr>
<td># Units:</td>
<td></td>
</tr>
<tr>
<td>Target Population:</td>
<td></td>
</tr>
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</table>

1. **Monthly Update**

<table>
<thead>
<tr>
<th>Month Covered:</th>
<th>Date of Report:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed by:</td>
<td></td>
</tr>
<tr>
<td>Estimated Construction Start Date (if changed from previous update, please explain):</td>
<td></td>
</tr>
<tr>
<td>Estimated Total Development Cost (if changed from previous update, please explain):</td>
<td></td>
</tr>
<tr>
<td>Projected MOH gap commitment (excluding MOH funding committed to date):</td>
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</tr>
<tr>
<td>Expected date when MOH gap funding needed: Month__________ Year__________</td>
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<tr>
<td>Procurement and bidding (architect, consultants and contractors)</td>
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</tr>
<tr>
<td>Entitlements, permits and utilities (Planning Dept., DBI, SFFD, DPW, SFWD, MOD, PG&amp;E and DRE)</td>
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</tr>
<tr>
<td>Major issues MOH needs to be aware of, including anything that may require MOH’s involvement</td>
<td></td>
</tr>
<tr>
<td>Exhibit H</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td></td>
</tr>
<tr>
<td><strong>Any changes in the scope, cost, schedule or financing plan? (Attach updated budget and/or schedule if any have occurred since prior month.)</strong></td>
<td></td>
</tr>
<tr>
<td>Significant milestones reached during the past month, and any planned to be reached during the coming month. Also include any projected milestones not reached during the last month and the reasons why. (Depending on the phase of the project, please cover efforts to obtain additional financing, relocation planning, service planning, marketing and rent-up, etc., as applicable for the project.)</td>
<td></td>
</tr>
<tr>
<td>FOR MOH STAFF USE ONLY</td>
<td></td>
</tr>
<tr>
<td>Major issues, delays, etc.</td>
<td></td>
</tr>
<tr>
<td>Items for discussion with Director</td>
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### Developer Fee Schedule

<table>
<thead>
<tr>
<th>Project Management Disbursement Schedule</th>
<th>% of Project Mgmt Fee</th>
<th>Amount</th>
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<tbody>
<tr>
<td>At acquisition</td>
<td>10%</td>
<td>$100,000</td>
</tr>
<tr>
<td>At close of preconstruction financing</td>
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<td>$100,000</td>
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<tr>
<td>At end of additional Conditional Use process</td>
<td>10%</td>
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<tr>
<td>TCAC Application Submittal</td>
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<tr>
<td>Construction Financing Close</td>
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<tr>
<td><strong>Total Amount During Predevelopment Period</strong></td>
<td><strong>50%</strong></td>
<td><strong>$500,000</strong></td>
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<tr>
<td>50% Complete</td>
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<tr>
<td>Temporary Certificate of Occupancy</td>
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<tr>
<td>95% Leased up</td>
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<td>$100,000</td>
</tr>
<tr>
<td>At Project Close Out</td>
<td>15%</td>
<td>$150,000</td>
</tr>
<tr>
<td><strong>Total Project Management Fee</strong></td>
<td><strong>100%</strong></td>
<td><strong>$1,000,000</strong></td>
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