

Free Recording Pursuant to
Government Code Section 27383 at the
Request of the Successor Agency to the
Redevelopment Agency of the City and
County of San Francisco
RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Successor Agency to the Redevelopment
Agency of the City and County of San
Francisco
One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Executive Director

CONFORMED COPY of document recorded
12/09/2013, 2013J802261
on _____ with document no. _____
This document has not been compared with the original
SAN FRANCISCO ASSESSOR-RECORDER

(SPACE ABOVE THIS LINE FOR
RECORDER'S USE ONLY)

DUPLICATE

**THIRD AMENDMENT TO MISSION BAY SOUTH
OWNER PARTICIPATION AGREEMENT**

Dated May 21, 2013

by and between

**THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY
AND COUNTY OF SAN FRANCISCO**

and

-MB, LLC, a Delaware limited liability company

REC'T # **0004847545**
December 09, 2013 15:08:09

San Francisco Assessor-Recorder
Carmen Chu, Assessor-Recorder

Official # **13-J802261-00**
REEL L039 IMAGE 0454

Account Number 26
SFCC Redevelopment Agency
Free Issue

Sub Total fee \$0.00

THIRD AMENDMENT TO MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT

This Third Amendment to the Mission Bay South Owner Participation Agreement (this "Third Amendment"), dated for reference purposes only as of May 21, 2013, is by and between the 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 (the "Successor Agency"), commonly known as the Office of Community Investment and Infrastructure, and FOCIL-MB, LLC, a Delaware limited liability company (the "Owner").

RECITALS

This Third Amendment is made with reference to the following facts and circumstances:

A. The Redevelopment Agency of the City and County of San Francisco (the "Former Agency") and Catellus Development Corporation, a Delaware corporation ("CDC"), entered into that certain Mission Bay South Owner Participation Agreement dated as of November 16, 1998 (the "Original OPA") and recorded December 3, 1998 as Document No. 98-G477258-00 in the Official Records of San Francisco County (the "Official Records"), which was amended by a First Amendment to Mission Bay South Owner Participation Agreement (the "First OPA Amendment") dated as of February 17, 2004 and recorded March 3, 2004 as Document No. 2004H669955 in the Official Records, between Former Agency and Catellus Land and Development Corporation, a Delaware corporation ("CLDC"), successor in all of CDC's rights and obligations under the Original OPA, and a Second Amendment to Mission Bay South Owner Participation Agreement (the "Second OPA Amendment") dated as of November 1, 2005 and recorded November 30, 2005 as Document No. 2005I080843 in the Official Records, between Former Agency, CLDC, and the Owner, successor in interest to all of CLDC's rights and obligations under the Original OPA, as amended by the First OPA Amendment. The

Original OPA, as amended by the First OPA Amendment and the Second OPA Amendment, shall be referred to in this Third Amendment as the "South OPA". The capitalized terms used herein shall have the meaning set forth in the South OPA, unless otherwise specifically provided herein.

B. The Owner has sold certain real property identified in the Land Use Plan (Attachment A to the Original OPA) as "Block 1" to Block 1 Associates LLC, a Delaware limited liability company ("Block 1 Owner"). Block 1 Owner has submitted a Major Phase Application for Block 1 that would permit development of up to 350 residential units, a 250-room hotel, and up to 25,000 leasable square feet of retail uses (the "Block 1 Project"). The Block 1 Project requires, among other things, an amendment to the Mission Bay South Redevelopment Plan and amendments to the South OPA.

C. On February 1, 2012, the Former Agency was dissolved pursuant to the provisions of California State Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26"), codified in relevant part in California's Health and Safety Code Sections 34161 – 34168 and upheld by the California Supreme Court in California Redevelopment Assoc. v. Matosantos, No. S194861 (Dec. 29, 2011). On June 27, 2012, AB 26 was subsequently amended in part by California State Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484") (together, AB 26 and AB 1484 are referred to as the "Redevelopment Dissolution Law").

D. Pursuant to the Redevelopment Dissolution Law, all of the Former Agency's assets and obligations were transferred to the Successor Agency. Accordingly, the Successor

Agency assumed the obligations under the Mission Bay South Redevelopment Plan and the South OPA, which remain in effect.

E. Under the Redevelopment Dissolution Law, a successor agency has the continuing obligation, subject to certain review by an oversight board and the State of California's Department of Finance ("DOF"), to implement "enforceable obligations" which were in place prior to the suspension of such redevelopment agency's activities on June 28, 2011, the date that AB 26 was approved. The Redevelopment Dissolution Law defines "enforceable obligations" to include bonds, loans, judgments or settlements, and any "legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy" (Cal. Health & Safety Code § 34171(d)(1)(e)), as well as certain other obligations, including but not limited to requirements of state law and agreements made in reliance on pre-existing enforceable obligations. The South OPA meets the definition of "enforceable obligations" under the Redevelopment Dissolution Law.

F. In order to implement the Block 1 Project, the Owner and Successor Agency proposed an amendment to the Mission Bay South Redevelopment Plan. In accordance with those provisions of the Community Redevelopment Law, as amended by Redevelopment Dissolution Law, that authorize an amendment to a redevelopment plan, Cal. Health & Safety Code §§ 33450 et seq., the Board of Supervisors has approved an amendment to the Mission Bay South Redevelopment Plan by Ordinance No. 143-13 (July 9, 2013) to allow residential use on Block 1 as a permitted secondary use in addition to hotel and retail uses.

G. The Art Requirement set forth in Section 304.9 of the Mission Bay South Redevelopment Plan applies to hotel use, which is considered a commercial use.

H. The costs incurred by the Agency and the City Agencies in connection with the negotiation of the Block 1 Project and this Third Amendment and related documents, including, without limitation, the amendment to the Mission Bay South Redevelopment Plan, Major Phase, and environmental review documentation to comply with the California Environmental Quality Act, shall be deemed, under Article 6 of the South OPA, to be Agency Costs.

I. The Owner and the Successor Agency wish to enter into this Third Amendment to implement the amended Mission Bay South Redevelopment Plan, to permit the proposed residential use on Block 1 and to reflect the potential increase in the number of Residential Units contemplated to be developed in the South Plan Area. The Third Amendment fulfills the following objectives:

(i) The development of dwelling units on Block 1, in conjunction with a smaller hotel and retail uses, will fulfill the objectives of the Mission Bay South Redevelopment Plan, including providing flexibility in the development of the South Plan Area to respond readily and appropriately to market conditions, providing opportunities for participation by owners in the redevelopment of their properties, strengthening the economic base of the South Plan Area and the community by strengthening retail and other commercial functions in the South Plan Area, and achieving these objectives in the most expeditious manner feasible;

(ii) Development of a 500-room hotel on Block 1 is infeasible in the current market, as discussed in the report prepared by PKF Consulting USA, dated May 14, 2013, for the Successor Agency, and Block 1 has remained undeveloped; allowing for residential use of Block 1 will support the full economic use of Block 1, including

development of a smaller hotel, and will accelerate the completion of development under the Mission Bay South Redevelopment Plan, the OPA and the related enforceable obligations;

(iii) Development of Block 1 for mixed-use residential, retail and hotel will generate more revenues from property taxes payable to the taxing entities, including the City and County of San Francisco, the San Francisco Unified School District, City College of San Francisco and the Bay Area Rapid Transit district, compared with the existing undeveloped conditions.

The parties hereto (the "Parties") have entered into this Third Amendment to memorialize their understanding and commitments concerning the matters generally described above.

J. The parties acknowledge that Owner has assigned its rights and obligations with respect to Block 1 Owner, pursuant to the terms of that certain Assignment and Assumption Agreement, dated May 17, 2012, approved by the Successor Agency. The Parties acknowledge and agree that concurrent with execution hereof, Owner, Block 1 Associates and Successor Agency will enter into a First Amendment to Assignment and Assumption Agreement. Block 1 Owner will (i) agree to comply with all of the applicable terms and conditions of this Third Amendment, (ii) enter into a card check agreement governing any hotel developed on Block 1; and (iii) comply with the Successor Agency's Small Business Enterprise Policy, as adopted by Agency Resolution No. 82-2009 (July 27, 2009) ("SBE Policy"). The Third Amendment is a material change to the South OPA, and thus triggers the applicability of the SBE Policy. The First Amendment to Assignment and Assumption Agreement, under terms and conditions set forth therein, will release Owner from the obligations in the Third Amendment, with the

exception of the SBE Policy. Notwithstanding the foregoing, nothing herein shall affect the existing rights and obligations of other transferees of property within the South Plan Area pursuant to previously approved Assignment and Assumption Agreements, or their respective contractors and subcontractors.

K. Under Redevelopment Dissolution Law, the Oversight Board has the authority to “approve any amendments to [any contracts between the dissolved redevelopment agency and any private parties] if [Oversight Board] finds that amendments . . . would be in the best interests of the taxing entities.” Cal. Health & Safety Code § 34181 (e). For the reasons stated above in Recital I, this Third Amendment meets this standard for amendment of an enforceable obligation.

L. The Oversight Board, consistent with its authority under AB 26 to approve amendments to agreements between the dissolved redevelopment agency and private parties where it finds that amendments or early termination would be in the best interests of the taxing entities, after holding a duly noticed public hearing in accordance with Redevelopment Law Section 33452, by Resolution No.5-2013, determined that an amendment to the South OPA that would permit residential use of Block 1 as a secondary use and an increase in residential density in the Plan Area is in the best interests of the taxing entities.

M. Under Redevelopment Dissolution Law, the California Department of Finance (“DOF”) must receive notice and information about all Oversight Board actions, which do not take effect until DOF has either not requested review within five days of the notice or requested review and approved the action within 40 days of its review request. On June 10, 2013, the Successor Agency provided a copy of Oversight Board Resolution No. 5-2013 to DOF, which

did not object to the amendment to the South OPA within the statutory time period for its review, or which approved the amendment to the South OPA within the statutory time period of the Successor Agency's review request.

AGREEMENT

Accordingly, for good and valuable consideration, the receipt, amount and sufficiency of which is hereby acknowledged, the Owner and the Successor Agency agree as follows:

1. Maximum Number of Market Rate Residential Units. Wherever the South OPA (as amended and including without limitation any Attachment thereto) makes reference to the number of Residential Units to be developed on Owner Property, specifically "3,043" units of housing, including "1,935" Market Rate Residential Units, and referring to the Owner Property, such phrases shall be deemed to be amended to refer to "up to 3,393" wherever the number "3,043" appears and "up to 2,285" wherever the number "1,935" appears. The South OPA will also be amended, when the specific number of total Residential Units to be developed on Owner Property or Market Rate Residential Units are referenced, to include the following phrase: "Up to 350 of the total number of Market Rate Residential Units constructed by the Owner will be limited to Block 1, and the total 350 Market Rate Residential Units on Block 1 will only be allowed if the 500-room hotel is reduced to a maximum of 250 guest rooms and the total amount of Block 1 retail does not exceed 25,000 leasable square feet. The total number of Market Rate Residential Units allowed to be constructed on Block 1 will be reduced by the number of Owner Affordable Housing Units constructed by the Owner on Block 1 pursuant to Section 4.5 of Attachment C (Mission Bay South Housing Program) to this South OPA. In no event shall the total number of Market Rate Residential Units and Owner Affordable Housing Units constructed

by the Owner on Block 1 exceed 350.” Where the phrase “approximately” precedes any number identified in this Paragraph 1, that word shall be retained.

2. Maximum Number of Hotel Guest Rooms. Wherever the South OPA (as amended and including without limitation any Attachment thereto) makes reference to the number of hotel guest rooms to be developed on Owner Property, specifically “500” guest rooms, such phrases shall be deemed to be amended to refer to “up to 500” guest rooms, wherever the number “500” appears.

3. Maximum Amount of Leasable Square Footage of Retail Uses. Wherever the South OPA (as amended and including without limitation any Attachment thereto) makes reference to the total leasable square footage of retail uses, which may include City-serving, local-serving, and entertainment retail to be developed on Owner and Agency Property, specifically “230,000” or “260,000” leasable square feet for the total retail in the South Plan Area, including “50,000” leasable square feet on Block 1, such phrases shall be deemed to be amended to refer to “up to 230,000” or “up to 260,000” leasable square feet, wherever the numbers “230,000” or “260,000” appear, and “up to 50,000” leasable square feet, wherever the number “50,000” appears related to Block 1.

4. Size and Configuration of Hotel Site. The South OPA is hereby amended to include a new section 3.2(d) as follows:

3.2(d) In the event Block 1, as illustrated by the parcel identified as the “Block 1 Hotel Parcel” shown on the Parcel Map attached hereto as Attachment A-1, which comprises the Hotel land use district, is subdivided to create more than a single parcel for hotel and residential development, the minimum lot size

for the subdivided parcel designated for hotel use shall be of a size and configuration suitable for the construction of a 250-guest room hotel (“Hotel Site”). The final size and configuration of the Hotel Site will be determined as part of a Major Phase for the entire Block 1. As part of a Major Phase for Block 1, the Owner or Block 1 Owner, shall provide adequate documentation, as determined by the Successor Agency, to support a finding that the final size and configuration of the Hotel Site is suitable for a 250-guest room hotel. To the extent that this documentation is relevant to the Executive Director’s determination of secondary use findings under Section 302 of the Mission Bay South Redevelopment Plan, the Executive Director may rely on that documentation in those findings.

5. Redevelopment Land Use Map. Attachment A (Redevelopment Land Use Map) of the South OPA is amended and replaced by Attachment A-1 attached hereto so that the label of “Hotel” in the legend reads as follows:

HOTEL (Mixed use including Hotel, Residential and Retail)

6. Scope of Development. Section 1.B.1 of Attachment B (Scope of Development) is hereby amended and restated to read as follows:

1. B.1. Up to approximately 2,285 market-rate Dwelling Units as defined in the Mission Bay South Redevelopment Plan, 350 of which shall be allocated only to Block 1 and to no other area in South Plan Area as shown on Attachment A-1 as allowed under Section 1.B.3; provided, however, that Owner may elect to construct additional units that the Successor Agency would otherwise be permitted to

construct pursuant to the terms and conditions of Section 3.4.3(b) of the South OPA. As provided in Section 302 of the Mission Bay South Redevelopment Plan, as amended, residential use on Block 1 is permitted as a secondary use upon a determination by the Executive Director that the use “makes a positive contribution to the character of the Plan Area, based on a finding of consistency with the following criterion [sic]: the secondary use, at the size and intensity contemplated and at the proposed location will provide a development that is necessary or desirable for, and compatible with, the neighborhood or the community.”

7. Scope of Development Section 1.B.2. Section 1.B.2 of the Scope of Development is hereby amended and restated to read as follows:

1. B.2. Up to approximately 230,000 Leasable square feet of retail uses as defined in the Redevelopment Plan. The allowable retail space includes: up to 159,300 Leasable square feet of Local-serving retail, up to 20,700 Leasable square feet of City-serving retail, and up to 50,000 Leasable square feet of entertainment or Local-serving retail on Block 1.

8. Scope of Development Section 1.B.3. Section 1.B.3 of the Scope of Development is hereby amended to read as follows:

1. B.3. On Block 1, an up to 500 room hotel and associated facilities such as retail, banquet and conference rooms with up to 50,000 Leasable square feet of retail or an up to 250 room hotel and facilities such as banquet and conference rooms and associated facilities, with up to 25,000 Leasable square feet of retail and up to 350 Dwelling Units, which may include Owner Affordable Housing Units.

9. Affordable Housing Requirement. Attachment C (Mission Bay South Housing Program) is hereby amended to include a new Section 4.5 under Owner Housing Program as follows:

4.5 Block 1 Affordable Housing Requirement

(a) Imposition of Block 1 Affordable Housing Requirement. Notwithstanding anything else in this Housing Program or the OPA, the only affordable housing requirement applicable to development of Residential Units within Block 1 shall be as set forth in this Section 4.5. The Successor Agency shall require as a condition of approval for any project within Block 1 that includes Residential Units (“Block 1 Residential Project”) that Owner comply with the following conditions (“Block 1 Affordable Housing Requirement”):

(i) any residential apartment (rental) building on Block 1 (“Market Rate Rental Project”) will provide a minimum of fifteen percent (15%) of the total number of on-site Residential Units as affordable housing units (“For-Rent Owner Affordable Housing Units”). The For-Rent Owner Affordable Housing Units shall not satisfy any Agency Obligations nor account against the Agency’s affordable obligations under this OPA; or

(ii) any residential condominium (for-sale) building on Block 1 (“Market Rate For-Sale Project”) will pay an affordable housing in-lieu fee to fund affordable housing development within the South Plan Area

("Block 1 Affordable Housing Fee") in accordance with this Third OPA Amendment, and the following shall apply:

(1) the applicable percentage for the Block 1 Affordable Housing Fee shall be 20% of the total number of Residential Units constructed in such Market Rate For-Sale Project; and

(2) the Block 1 Affordable Housing Fee shall be calculated based on the affordable housing fee schedule produced by the City for its Inclusionary Affordable Housing Program (Planning Code, Article 4, Section 415 or successor program) in effect at the time payment is due, as such fee schedule may be amended from time to time; and

(3) the Block 1 Affordable Housing Fee shall be paid to the Successor Agency prior to issuance of the first construction document for the applicable Market Rate For-Sale Project.

(b) Comparability with Market Rate Dwelling Units. The For-Rent Owner Affordable Housing Units shall be substantially equivalent in size, location, amenities and quality to reflect the mix of unit sizes and room configurations of the market rate residential units in a Market Rate Rental Project, with a goal of comparability in square footage and interior features. The interior features of the For-Rent Owner Affordable Housing Units need not be the same as or equivalent to those in market rate residential units, as long as they are of good quality and are consistent with the then-current standards for new housing. The For-Rent Owner Affordable Housing Units shall be dispersed throughout the

Market Rate Rental Project in a unit type mix that is representative of the market rate dwelling units.

(c) Completion of Dwelling Units. For-Rent Owner Affordable Housing Units shall be constructed, completed and ready for occupancy no later than the market rate dwelling units.

(d) Affordability Requirements. The For-Rent Owner Affordable Housing Units shall be restricted to low-income households earning up to sixty percent (60%) of the area median income, as adjusted only for household size ("AMI"), with the maximum rent that may be charged any tenant occupying an For-Rent Owner Affordable Housing Unit not exceeding thirty percent (30%) of sixty percent (60%) of AMI, as adjusted only for household size as set forth in California Code of Regulations (CCR), title 25, Section 6932, as amended from time to time, as of the first date of tenancy ("Maximum Annual Rent").

In the event that a For-Rent Owner Affordable Housing Unit is converted to an ownership unit ("For-Sale Owner Affordable Housing Unit"), existing tenants will be offered a right of first refusal to purchase the For-Sale Owner Affordable Housing Unit. For any units that are occupied, the maximum purchase price shall be set at the level of affordability that is the higher of sixty percent (60%) of AMI, as adjusted only for household size as set forth in California Code of Regulations (CCR), Title 25, Section 6932, as amended from time to time, or the actual income level of the existing tenant, as of the date of the close of escrow, assuming an annual payment for all housing costs of thirty-three percent (33%) of

the combined household annual net income, a five percent (5%) down payment, and available financing (“Maximum Purchase Price”). The Maximum Purchase Price of any For-Rent Owner Affordable Housing Unit that is vacant or whose tenant does not exercise the right of first refusal to purchase the unit will be set at 110% of AMI, as adjusted only for household size as set forth in California Code of Regulations (CCR), Title 25, Section 6932, as amended from time to time. Conversion of any For-Rent Owner Affordable Housing Units to For For-Sale Owner Affordable Housing Unit will be subject to all requirements in a recorded Declaration of For-Sale Restrictions related to conversion substantially in the form of Exhibit K to the Mission Bay South Housing Program, Declaration of For-Sale Site Restrictions (Attachment 1 to this Third Amendment) including, but not limited to: Notice of Conversion to Agency and Rights of Existing Tenants (Notice of Conversion; Right of First Refusal); and Incentive Programs (including Downpayment Assistance and Moving Assistance). Additionally all terms and conditions of the sale shall conform to the Successor Agency’s Limited Equity Ownership Program (Attachment 2 to this Third Amendment), which may be amended from time to time.

(e) Declaration of Restrictions for Continued Affordability of For-Rent Owner Affordable Housing Units. The For-Rent Owner Affordable Housing Units shall be subjected to a recorded Declaration of Rental Restrictions in substantially the form of Exhibit J, to the Mission Bay South Housing Program, Declaration of Rental Restrictions (Attachment 3 to this Third Amendment), to ensure compliance with the Block 1 Affordable Housing Requirement for a

continuous period of seventy-five (75) years commencing upon Completion of Construction of the Block 1 Residential Project. As a condition precedent to the City's issuance of a Building Permit for an the Block 1 Residential Project, the Owner shall record the Declaration of Rental Restrictions and the Declaration of For-Sale Restrictions (Attachment 1 to this Third Amendment) as a lien against Block 1 Residential Project, and at the time of such recordation, no matters then of record shall have priority over such Declarations, except Approved Title Exceptions as set forth in Exhibit B to the Mission Bay South Housing Program. Each Declaration of Restrictions shall automatically terminate and expire and be released and be of no further force and effect whatsoever upon the expiration of its term. Upon Owner's written request at any time thereafter, the Successor Agency, or its successors or assigns, shall provide a release of each of the Declaration of Restrictions in a form reasonably acceptable to Owner.

(f) Affirmative Marketing. The Owner's obligations with respect to the marketing and operation of all Owner Affordable Housing Units, including For-Rent Owner Affordable Housing Units and For-Sale Owner Affordable Housing Units are described in Exhibit L to the Mission Bay South Affordable Housing Program, Block 1 Owner Affordable Housing Marketing and Operations Guidelines (Attachment 4 to this Third Amendment). Requirements for the Owner Affordable Housing Units, include, but are not limited to, the rental rates of For-Rent Owner Affordable Housing Units, sales prices of For-Sale Owner Affordable Housing Units, tenant qualifications, reporting requirements; and a preference for Agency Certificate of Preference Holders under the Agency's

Property Owner and Occupant Preference Program (as reprinted September 11, 2008 and effective October 1, 2008 and on file with the clerk of the Board of Supervisors in File No. 080521).

10. Mission Bay South Design Review and Document Approval Procedure. Section III(A) of Attachment G (Mission Bay South Design Review and Document Approval Procedure) is amended to include the following: “In addition to any applicable Design Standards set forth in the Mission Bay South Design for Development, residential development on Block 1 will be governed by the Residential Guidelines set forth for Residential Districts in the Mission Bay South Design for Development, including but not limited to requirements related to Street Frontage, Building Height and Form, and Architectural Details, and that the Hotel Site development will be governed by the Hotel Guidelines set for the in the Mission Bay South Design for Development, including but not limited to Public Open Space, Street Frontage, Building Height and Form, and Architectural Details.”

11. Non- Applicability of Costa-Hawkins Act. The non-applicability of the Costa-Hawkins Act set forth in this Section 11 applies only to development on Block 1. Chapter 4.3 of the California Government Code directs public agencies to grant concessions and incentives to private developers for the production of housing for lower income households. The Costa-Hawkins Act provides for no limitations on the establishment of the initial and all subsequent rental rates for a dwelling unit with a certificate of occupancy issued after February 1, 1995, with exceptions, including an exception for dwelling units constructed pursuant to a contract with a public agency in consideration for a direct financial contribution or any other form of assistance specified in Chapter 4.3 of the California Government Code (Section 1954.52(b)). This South OPA falls within the foregoing express exception to the Costa-Hawkins Act because the South

OPA is a contract with a public entity in consideration for a direct financial contribution or other forms of assistances which direct public entity contributions include, without limitation, direct financial contributions to Owner for the cost of infrastructure initially paid by Owner through provisions in the Mission Bay South OPA and through the associated Financing Plan and Tax Allocation Pledge Agreement . Thus, based upon the language of the Costa-Hawkins Act and the terms of this Agreement, the Parties understand and agree that Section 1954.52(a) of the Costa-Hawkins act does not and in no way shall limit or otherwise affect the restriction of rental charges for the For-Rent Owner Affordable Housing Units constructed by the Owner on Block 1 pursuant to Section 4.5 of Attachment C (Mission Bay South Housing Program) to this South OPA.

Accordingly, Owner, on behalf of itself and all of its successors and assigns, agrees not to challenge, and expressly waives, now and forever, any and all rights to challenge the requirements of this Agreement related to the establishment of the initial and all subsequent rental rates for the For-Rent Owner Affordable Housing Units.

Owner shall include the following language, in substantially the following form, in any assignment or partial assignment of the South OPA with respect to Block 1 to subsequent developers:

"The Mission Bay South OPA (including the Housing Plan) implements the Community Redevelopment Law, Cal. Cal. Health & Safety Code §§ 33000 et seq. ("CRL"), as amended, and Successor Agency policies and includes regulatory concessions and significant public investment in the Project. The regulatory concessions and public investment include, without limitation, a direct financial contribution of net tax increment and other forms of public

assistance specified under CRL. These public contributions result in identifiable, financially sufficient and actual cost reductions for the benefit of Owner. In light of the Successor Agency's authority under CRL, and in consideration of the direct financial contribution and other forms of public assistance described above, the parties understand and agree that the Costa-Hawkins Act does not and shall not apply to the For-Rent Owner Affordable Housing Units developed at the Block 1 Project under the South OPA."

The Parties understand and agree that the Successor Agency would not be willing to enter into the South OPA, without the agreement and waivers as set forth in this Section 11.

12. General Provisions

12.1. South OPA in Full Force and Effect. Except as otherwise amended hereby and as previously revised to reflect various non-material changes, all terms, covenants, conditions and provisions of the South OPA shall remain in full force and effect.

12.2. Successors and Assigns. This Third Amendment is binding upon and will inure to the benefit of the successors and assigns of the Former Agency, Successor Agency, the Owner, and, as applicable, the City, subject to the limitations set forth in the South OPA.

12.3. Recitals. The Recitals in this Third Amendment are included for convenience of reference only and are not intended to create or imply covenants under this Third Amendment. In the event of any conflict or inconsistency between the Recitals and the terms and conditions of this Third Amendment, the terms and conditions of this Third Amendment shall control.

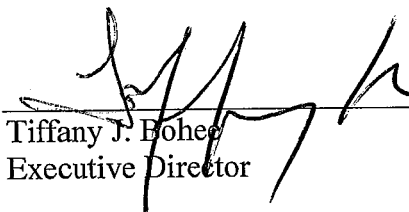
12.4. Counterparts. This Third Amendment may be executed in any number of counterparts, all of which, together shall constitute the original agreement hereof.

IN WITNESS WHEREOF, the Successor Agency has caused this Third Amendment to be duly executed on its behalf and the Owner has signed or caused this Third Amendment to be signed by duly authorized persons, all as of the day first above written.

Authorized by Successor Agency Resolution
No. 16-2013, adopted May 21, 2013

SUCCESSOR AGENCY

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 J. Boher
Executive Director

FOCIL-MB, LLC, a Delaware limited
liability company


By: 

Name: Richard B. Fried
Managing Member

Title: _____

Approved as to Form:

DENNIS J. HERRERA,
City Attorney

By 
Heidi J. Gewertz
Deputy City Attorney

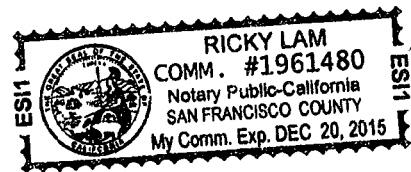
State of California)
) ss
County of San Francisco)

On **December 5, 2013**, before me, **Ricky Lam**, a notary public in and for said State, personally appeared **Tiffany Bohee**, Executive Director for Successor Agency to the San Francisco Redevelopment Agency, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

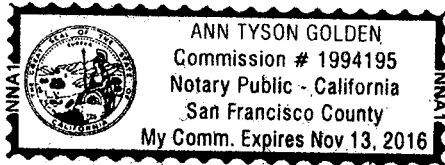
State of California

County of SAN FRANCISCO

On 11/18/2013 before me, ANN TYSON GOLDEN Notary Public,
Date Here Insert Name and Title of the Officer

personally appeared Richard B Field
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Ann Tyson Golden
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

Corporate Officer — Title(s): _____ Corporate Officer — Title(s): _____

Individual Individual

Partner — Limited General Partner — Limited General

Attorney in Fact Attorney in Fact

Trustee Trustee

Guardian or Conservator Guardian or Conservator

Other: _____ Other: _____

Signer Is Representing: _____ Signer Is Representing: _____

ATTACHMENT 1

EXHIBIT K

**MISSION BAY SOUTH HOUSING PROGRAM
FORM OF BLOCK 1 FOR-SALE RESTRICTIONS**

EXHIBIT K

MISSION BAY SOUTH HOUSING PROGRAM
FORM OF BLOCK 1 FOR-SALE RESTRICTIONS

Free Recording Requested Pursuant to Government Code
Section 27383 at the Request of the Successor Agency to the
Redevelopment Agency of the City and County
of San Francisco

WHEN RECORDED, MAIL TO:

Successor Agency to the Redevelopment Agency
of the City and County of San Francisco
One South Van Ness Ave., 5th Floor
San Francisco, CA 94103

Attention: Executive Director

(Space above this Line Reserved for Recorder's Use)

Dated: _____

DECLARATION OF FOR-SALE RESTRICTIONS

THIS DECLARATION OF FOR-SALE RESTRICTIONS ("Declaration") is made as of _____ by FOCIL-MB, LLC, a Delaware limited liability company (the "Owner"), in favor of the 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 (the "Successor Agency"), commonly known as the Office of Community Investment and Infrastructure, with reference to the following:

A. Owner is fee owner of record of that certain real property located in the City and County of San Francisco (the "City"), State of California more particularly described in the attached Exhibit A (the "Property"), which is comprised of _____ acres. Owner intends to construct, or to enter into a sale agreement with a purchaser who plans to construct, a Residential Project on the Property consisting of _____ residential units.

B. The Property is within the South Plan Area in the Mission Bay South Redevelopment Plan Area in the City and County of San Francisco and is subject to the provisions of the Mission Bay South Redevelopment Plan adopted by the San Francisco Board of Supervisors on November 2, 1998 by Ordinance No. 335-98 and amended on July 9, 2013 by Ordinance No. 143-13.

C. The Redevelopment Agency of the City and County of San Francisco (the "Former Agency") and Catellus Development Corporation, a Delaware corporation ("CDC"), entered into that certain Mission Bay South Owner Participation Agreement dated as of November 16, 1998 (the "Original OPA") and recorded December 3, 1998 as Document No. 98-G477258-00 in the Official Records of San Francisco County (the "Official Records"), which was amended by a First Amendment to Mission Bay South Owner Participation Agreement (the "First OPA Amendment") dated as of February 17, 2004 and recorded March 3, 2004 as Document No. 2004H669955 in the Official Records, between Former Agency and Catellus Land and Development Corporation, a Delaware corporation ("CLDC"), successor in all of CDC's rights and obligations under the Original OPA, and a Second Amendment to Mission Bay South Owner Participation Agreement (the "Second OPA Amendment") dated as of November 1, 2005 and recorded November 30, 2005 as Document No. 2005I080843 in the Official Records, between Former Agency, CLDC, and the Owner, successor in interest to all of CLDC's rights and obligations under the Original OPA, as amended by the First OPA Amendment and a Third amendment to Mission Bay South Owner Participation Agreement (the "Third OPA Amendment") dated as of May 21, 2013 and recorded _____, as Document No. _____ in the Official Records, between Successor Agency and the Owner. The Original OPA, as amended by the First OPA Amendment, the Second OPA Amendment, and the Third OPA Amendment shall be referred to in this Declaration as the "South OPA".

D. This Declaration is executed and recorded in accordance with the South OPA including the Housing Program which is attached thereto as Attachment C (the "Housing Program") concerning the development and use of the Property, which South OPA and Housing Program is on file with the Successor Agency as a public record and is incorporated herein by reference and which South OPA and Housing Program provides for the execution and recordation of this Declaration. This Declaration is being executed and recorded for the benefit of the Successor Agency in accordance with the Housing Program and to satisfy the conditions for provision of Owner Affordable Housing Units pursuant thereto.

E. This Declaration provides for, among other things, the conversion of all Owner Affordable Housing Units at the Property from For-Rent Owner Affordable Housing Units to For-Sale Owner Affordable Housing Units upon Owner's written notice to the Agency that the Owner intends to convert the For-Rent Owner Affordable Housing Units to For-Sale Owner Affordable Housing Units (the "Notice "). At the time of the issuance of the Notice, this Declaration shall replace in its entirety the Declaration of Rental Restrictions for the Property dated _____ and recorded in the City's Official Records on _____ as Document No. _____.

NOW THEREFORE, OWNER AGREES AND COVENANTS AS FOLLOWS:

1. RESTRICTED OWNER AFFORDABLE RESIDENTIAL UNITS.

1.1 For-Sale Owner Affordable Housing Units. The sale of For-Sale Owner Affordable Housing Units on the Property shall be restricted to housing for low income persons with

a maximum purchase price affordable to a household residing in the City and County of San Francisco whose income is no more than sixty percent (60%) of AMI, as adjusted only for household size as set forth in California Code of Regulations (CCR), Title 25, Section 6932, as amended from time to time, as of the date of the close of escrow, assuming an annual payment for all housing costs of thirty-three percent (33%) of the combined household annual net income, a five percent (5%) down payment, and available financing (“Maximum Purchase Price”).

1.2 Term. Owner Affordable Housing Units located on the Property shall remain available at an Affordable Purchase Price and this Declaration shall remain in effect until the earlier of (a) seventy-five (75) years from the date of issuance of a Certificate of Occupancy for the Residential Project located on the Property; or (b) such shorter period of time as required by the terms of any first mortgage financing for the purchase of the applicable For-Sale Owner Affordable Housing Unit; but in no event less than forty-five (45) years from the date of the Certificate of Occupancy for the Property, regardless of any termination of the South OPA. The exact term of this Declaration with respect to a For-Sale Owner Affordable Housing Unit shall be specified in the restrictions executed by the purchaser as provided in Section 3.2 below. This Declaration shall automatically terminate and expire, without further action of Successor Agency or Owner and shall be released and be of no further force and effect whatsoever upon expiration of the above term.

2. DEFINITIONS.

All capitalized terms used in this Declaration which are not otherwise defined herein shall have the meanings given them in the South OPA. Terms defined in the South OPA or the Attachments thereto and also set forth in this Declaration are provided herein for convenience only.

2.1 “Affordable” means a purchase price which is affordable to a household earning the targeted percentage of Area Median Income, adjusted for a Household Size of one person per bedroom plus one, using a five percent (5%) down payment and a thirty (30)-year fixed mortgage with commercially reasonable points and fees, and with a total annual payment for principal, interest, taxes, insurance and homeowner’s association dues which does not exceed 33% of the targeted Area Median Income permitted for the type of residential unit. The mortgage interest rate used in the calculation shall be the higher of 1) the ten-year rolling average of interest rates, as calculated by the Successor Agency (or its successor) based on data provided by Fannie Mae, Freddie Mac, or an equivalent, nationally recognized mortgage lending institution, or 2) the current, commercially reasonable rate available through a Successor Agency-approved lender.

2.2 “Affordable Purchase Price” means the purchase price for a For-Sale Owner Affordable Housing Unit that is Affordable for a Low Income Unit based upon Household Size, as modified by Section 3.2 below following the initial sale of the For-Sale Owner Affordable Housing Unit. The Affordable Purchase Price calculated above shall include any items that the Owner or the Covenant, Conditions, and Restrictions or similar documents might require including, but not limited to, window treatments and coverings, appliances, and warranties.

2.3 "Area Median Income" means the median income for a household (based upon Household Size) as determined pursuant to Housing Section 50093 of the California Health and Safety Code.

2.4 "For Sale Owner Affordable Housing Unit" means an Owner Affordable Housing Unit that is a Low Income Unit.

2.5 "Household Size" means one person for studio or one bedroom units, and one person per bedroom plus one for all other unit sizes.

2.6 "Low Income Unit" means an Owner Affordable Housing Unit which is Affordable to Existing Tenants in Initial Occupied Units, as defined in Exhibit D to this Declaration, to households earning up to sixty percent (60%) of the Area Median Income (the "Initial Affordable Purchase Price" as defined below) or to households earning up to one hundred ten percent (110%) of the Area Median Income (the "Subsequent Affordable Purchase Price" as defined below).

2.7 "Notice Date" means the date upon which the Owner delivers a written notice to the Successor Agency that the Owner intends to convert the For-Rent Owner Affordable Housing Units to For-Sale Owner Affordable Housing Units, but in no event, shall such date occur earlier than the date of final approval of the sale of the units by the California Department of Real Estate.

3. PURCHASE PRICES FOR FOR-SALE OWNER AFFORDABLE HOUSING UNITS.

3.1 Initial Affordable Purchase Price. In the event that a For-Rent Owner Affordable Housing Unit is converted to an ownership unit ("For-Sale Owner Affordable Housing Unit"), existing tenants will be offered a right of first refusal to purchase the For-Sale Owner Affordable Housing Unit consistent with the requirements of Exhibit D to this Declaration. For any units that are occupied, the maximum purchase price shall be set at the level of affordability that is the higher of sixty percent (60%) of AMI, as adjusted only for household size as set forth in California Code of Regulations (CCR), Title 25, Section 6932, as amended from time to time, or the actual income level of the existing tenant up to one hundred twenty percent (120%) of AMI, as of the date of the close of escrow, assuming an annual payment for all housing costs of thirty-three percent (33%) of the combined household annual net income, a five percent (5%) down payment, and available financing ("Maximum Purchase Price").

3.2. Subsequent Affordable Purchase Price. The Maximum Purchase Price of any For-Rent Owner Affordable Housing Unit that is vacant or whose tenant does not exercise the right of first refusal to purchase the unit will be set at one hundred ten percent (110%) of AMI, as adjusted only for household size as set forth in California Code of Regulations (CCR), Title 25, Section 6932, as amended from time to time. Conversion of any For-Rent Owner Affordable Housing Units to For For-Sale Owner Affordable Housing Unit will be subject to all requirements in Exhibit D to this Declaration. The Affordable Purchase Price on an subsequent sale of such For-Sale Owner Affordable Housing Unit shall be calculated in the same manner as

the original Affordable Price (see Section 2.1 of this Declaration), based on the data in use at the time of resale.

4. INCOME CERTIFICATION AND DOCUMENTS FOR PURCHASERS OF FOR-SALE OWNER AFFORDABLE HOUSING UNITS.

4.1 Income Certification. The Owner shall require all households offering to purchase a For-Sale Owner Affordable Housing Unit to submit an income certification in the form attached hereto as Exhibit C in connection with an offer for the For-Sale Owner Affordable Housing Unit as a condition to close of the sale of the For-Sale Owner Affordable Housing Unit. Each purchaser shall own and occupy the applicable For-Sale Owner Affordable Housing Unit as the purchaser's primary residence.

4.2 Documents Relating to Resale Restrictions. In order to ensure compliance with the terms of this Declaration, each initial and subsequent purchaser of a For-Sale Owner Affordable Housing Unit subject to this Declaration shall execute and deliver the following documents to the Successor Agency in connection with any purchase or sale of a For-Sale Owner Affordable Housing Unit:

A. A declaration of restrictions, including the resale restrictions set forth in Section 3.2 above, applicable to and recorded against the For-Sale Owner Affordable Housing Unit;

B. A right of first refusal to be recorded against the For-Sale Owner Affordable Housing Unit, granting the Successor Agency the right to purchase the For-Sale Owner Affordable Housing Unit on certain terms and conditions as set forth therein;

C. A promissory note executed by the purchaser to the order of the Successor Agency in the original principal amount equal to the fair market value of the For-Sale Owner Affordable Housing Unit as of the date of purchase, less the restricted Affordable Purchase Price of the For-Sale Owner Affordable Housing Unit, as calculated pursuant to Section 3.2 of this Declaration; which promissory note shall be payable in the event the purchaser violates the resale restrictions applicable to the For-Sale Owner Affordable Housing Unit; and

D. A deed of trust securing the purchaser's obligations under the promissory note for the benefit of the Successor Agency.

Successor Agency shall reconvey any existing resale restrictions against the For-Sale Owner Affordable Housing Unit upon a resale of the For-Sale Owner Affordable Housing Unit in compliance with the terms of this Declaration and the execution of the new resale restrictions and other documents required pursuant to this Section 4.2 by the new purchaser.

5. COVENANTS/SUBORDINATION.

5.1 Restrictions. The restrictions set forth in this Declaration shall run with the Property and shall be binding on all parties having or acquiring any right, title or interest in the

Property or any part thereof and shall inure to the benefit of each Owner thereof and their successors and assigns.

5.2 Marketing Obligations. Owner agrees that its marketing obligations with respect to all Owner Affordable Residential Units on the Property shall be as set forth in the "Marketing Guidelines " attached to the South OPA as Exhibit L to the Housing Plan in Attachment C.

5.3 Subordination. This Declaration shall be subordinate to a lien securing first mortgage financing for a purchaser's acquisition of a For-Sale Owner Affordable Housing Unit and Successor Agency agrees to execute such documents as may be reasonably required to effect the subordination of this Declaration.

5.4 Additional Provisions. The terms and provisions contained on Exhibit D attached hereto and incorporated herein by this reference shall govern with respect to the tenants currently occupying For-Rent Owner Affordable Housing Units at the Property on the date hereof, which occupied For-Rent Owner Affordable Housing Units are more particularly described on Exhibit D.

6. REMEDIES.

6.1 Successor Agency Remedies. Notwithstanding any other provisions of the South OPA to the contrary, the Successor Agency shall be entitled to all remedies in the event of any default in or breach of this Declaration which are available in law or equity.

7. GOVERNING LAW.

This Declaration shall be governed and construed in accordance with the laws of the State of California.

[The remainder of this page has been left blank intentionally]

IN WITNESS WHEREOF, Owner has executed this instrument the day and year first hereinabove written.

Dated: _____, 20__

OWNER:

By: _____

Name:

Its:

[The remainder of this page has been left blank intentionally]

SUCCESSOR AGENCY CONCURRENCE

The Successor Agency to the Redevelopment Agency of City and County of San Francisco, a public body, a public body organized and existing under the laws of the State of California, hereby concurs with the above Declaration of For-Sale Restrictions.

THE 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 J. Bohee
Executive Director

APPROVED AS TO FORM:

DENNIS J. HERRERA,
City Attorney

By: _____
Heidi J. Gewertz
Deputy City Attorney

STATE OF _____)
) ss.
COUNTY OF _____)

On _____, 20__ before me, the undersigned, a Notary Public in and for said State personally appeared _____ personally known to me (OR – proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature of Notary (Seal)

STATE OF _____)
) ss.
COUNTY OF _____)

On _____, 20__ before me, the undersigned, a Notary Public in and for said State personally appeared _____ personally known to me (OR – proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature of Notary (Seal)

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

Real Property in the City of San Francisco, County of San Francisco, State of California
described as follows:

EXHIBIT B

DESCRIPTION OF FOR-SALE OWNER AFFORDABLE HOUSING UNITS

The For-Sale Owner Affordable Housing, Initial Occupied Units are more particularly described as follows.

Exhibit C

FORM OF INCOME CERTIFICATION

[Exhibit begins on next page]

INCOME CERTIFICATION FORM				See reverse for more information and examples.	Effective Date: / / 20	
					Completed by:	
PART I: DEVELOPMENT DATA						
Development Name:			Redevelopment Area:			
Address:			Unit #:	# of Bedrooms:		
PART II: HOUSEHOLD COMPOSITION						
HH Mbr #	Last Name	First Name and Middle Initial	Household Member	Date of Birth (mm/dd/yyyy)	Full-Time Student (Y or N)	Social Security or Alien Reg. #
1			Adult	/ /		
2				/ /		
3				/ /		
4				/ /		
5				/ /		
6				/ /		
PART III: GROSS ANNUAL INCOME						
HH Mbr #	Wages	Social Security/Pensions	Public Assistance	Other Income		
Totals	\$ (a)	\$ (b)	\$ (c)	\$ (d)		
TOTAL GROSS ANNUAL INCOME Add (a) through (d)				\$ (e)		
PART IV: INCOME FROM ASSETS						
HH Mbr #	Type of Asset	Cash Value of Asset	Annual Income from Asset			
Totals		\$ (f)	\$ (g)			
Imputed Income (See example on reverse)						
Enter (f) less \$ 15,000 to a maximum of \$100,000.		\$ x 10% = \$	(h)			
Enter (f) less \$ 115,000. Enter zero if (f) is less than or equal to \$115,000.		\$ x 35% = \$	(i)			
TOTAL IMPUTED INCOME Add (h) and (i)			\$ (j)			
TOTAL INCOME FROM ASSETS Enter the greater: (g) or (j)			\$ (k)			
PART V: TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES				\$ (l)		
PART VI: DETERMINATION OF INCOME ELIGIBILITY						
Area Median Income for Family Size from Income Limits for San Francisco PMSA determined by HUD annually		\$ (m)	Household Percentage of Area Median Income Divide (l) by (m), then multiply by 100		%	

PART VII: HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current annual income. Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud.

_____ Applicant's Signature	_____ Applicant's Printed Name	_____ Date
_____ Co-signee's Signature	_____ Co-signee's Printed Name	_____ Date

ADDITIONAL INFORMATION FOR COMPLETING INCOME CERTIFICATION FORM

Part I: Development Data - Enter the property information.

Part II: Household Composition - Enter the full name of all intended occupants of the unit. If there are more than six occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification form. State each household member's status using one of the following:

- Adult - Adult household member
- Child - Applicant's Child or unrelated minor
- Live-in - Live-in caretaker
- Other - Please specify (e.g., "Other - Niece")

Enter the date of birth, full-time student status, and social security number or alien registration number for each occupant.

Part III: Annual Income - See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source. Complete a separate line for each income-earning member. List the respective household member number from Part II.

Wages	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Social Security/ Pensions	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Public Assistance	Enter the annual amount of income received from public assistance (e.g., TANF, general assistance, disability, etc.).
Other Income	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.

Part IV: Income from Assets - See HUD Handbook 4350.3 for complete instructions on verifying income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source. List the respective household member number from Part II and complete a separate line for each member.

Type of Asset	List the type of asset (e.g., checking account, savings account, etc.)
Cash Value of Asset	Enter cash value of the respective asset

Annual Income from Asset Enter the anticipated annual income from the asset (e.g., savings account balance multiplied by the annual interest rate).

Example of Imputed Income if Total Current Value of Assets (f) is \$130,000.

Imputed Income (See example on reverse)				
Enter (f) less \$15,000 to a maximum of \$100,000.	\$100,000	x 10%	= \$10,000	(h)
Enter (f) less \$115,000. Enter zero if (f) is less than or equal to \$115,000.	\$15,000	x 35%	= \$5,250	(i)
TOTAL IMPUTED INCOME Add (h) and (i)				\$15,250 (j)

Exhibit D

Additional Terms

1. **Initial Occupied Units.** Notwithstanding anything to the contrary in the Declaration or the South OPA, the existing tenants ("**Existing Tenants**") who are currently occupying the For-Sale Owner Affordable Housing Units at the Property on _____, 20__ (the "**Initial Occupied Units**") pursuant to leases (the "**Affordable Unit Leases**") with Owner shall be handled in accordance with the terms and provisions of this **Exhibit D**. The Initial Occupied Units consist of the following For-Sale Owner Affordable Housing Units at the Property:

<u>UNIT NUMBER</u>	<u>BEDS/BATHS</u>	<u>SF</u>	<u>INCOME LEVEL</u>

As more particularly set forth below, the Existing Tenants who are currently occupying the Initial Occupied Units pursuant to Affordable Unit Leases on _____, 20__ (the "**Conversion Date**") may make one of the following two elections:

- (A) **Exercise a Right of First Refusal to purchase their Initial Occupied Unit** in accordance with the provisions of **paragraph 2(b)** below, in which event such Existing Tenant may be eligible to receive the Incentive Program's **Downpayment Assistance** under the terms of **paragraph 2(c)** below; *or*
- (B) **Voluntarily vacate their Initial Occupied Unit and move to a different property** in accordance with the provisions of **paragraph 2(c)** below, in which event such Existing Tenant will be eligible to receive the Incentive Program's **Moving Assistance** under the terms of **paragraph 2(c)** below.

All Existing Tenants shall be required to move from their Initial Occupied Unit or take advantage of the Incentive Program as a result of the conversion of For-Rent Owner Affordable Units at the Property to For-Sale Owner Affordable Units at the Property (the "**Conversion**"). The Incentive Program is being offered solely as a voluntary benefit to Existing Tenants. The Incentive Program is designed to facilitate the purchase by the Existing Tenants of their Initial Occupied Unit, or, if an Existing Tenant so desires, to facilitate the move to a different property.

2. Rights of Existing Tenants. Notwithstanding the Conversion on the Conversion Date, the Existing Tenants occupying the Initial Occupied Units on the Conversion Date pursuant to Affordable Unit Leases shall receive the following rights:

a. Notice of Conversion. Owner shall provide each Existing Tenant with written notice of the Conversion at such time as Owner provides the Notice to the Successor Agency of its intention to convert the For-Rent Affordable Housing Units on the Property to For-Sale Affordable Housing Units. The date on which Owner provides the foregoing notice to a given Existing Tenant is referred to herein as the “Tenant Notice Date” for such Existing Tenant. In no event shall the Tenant Notice Date occur earlier than the date of final approval of the sale of the units by the California Department of Real Estate or successor agency.

b. Right of First Refusal.

i. Grant. Each Existing Tenant shall receive a right of first refusal (a “Right of First Refusal”) to purchase the applicable Initial Occupied Unit occupied by such Existing Tenant pursuant to the applicable Affordable Unit Lease, at the Affordable Purchase Price specified by Owner. In the event that any Initial Occupied Unit is leased jointly by two or more Existing Tenants, the foregoing Right of First Refusal to purchase the applicable Initial Occupied Unit shall be granted jointly to the applicable Existing Tenants who lease such Initial Occupied Unit. An Existing Tenant’s eligibility to exercise the foregoing Right of First Refusal shall be conditioned upon such Existing Tenant meeting all eligibility requirements contained in this Declaration, including without limitation such Existing Tenant’s submission to Owner of an updated income certification in the form attached to this Declaration as Exhibit C evidencing that such Existing Tenant’s household income has not exceeded sixty percent (60%) of the Area Median Income.

ii. Notice of Exercise. Each Existing Tenant shall provide Owner with written notice of exercise of the Right of First Refusal, if at all, within six (6) month period following the Tenant Notice Date or the balance of the existing lease period under the Affordable Unit Lease, whichever is longer. Failure of an Existing Tenant to provide Owner notice of exercise the Right of First Refusal within the applicable foregoing period shall conclusively be deemed a waiver of said Existing Tenant’s Right of First Refusal. Each exercise of a Right of First Refusal granted herein must be made in writing by the applicable Existing Tenant, pursuant to forms promulgated by Owner.

iii. Closing. The closing of any sale of an Initial Occupied Unit to the applicable Existing Tenant (the “Closing”) shall be completed by the later to occur of (x) ninety (90) days after the Existing Tenant has provided Owner with written notice that he or she intends to exercise his or her Right of First Refusal. The period during which a Closing shall occur as provided in this paragraph 2(b)(iv) is referred to herein as the “Permissible Closing Period.” If a Closing

shall fail to occur within the Permissible Closing Period, then the related Right of First Refusal shall immediately terminate and be deemed null, void and of no further force and effect; provided, that the Permissible Closing Period shall be extended by one (1) day for each day that the scheduled Closing date is delayed due to Owner's default or delay; and provided further that the applicable Existing Tenant shall have the right to receive the Moving Assistance under paragraph 2(c) below so long as such Existing Tenant fully complies with the requirements set forth in this Exhibit D for receipt of the Moving Assistance (time being of the essence for all purposes hereunder).

iv. Defaults Under Existing Leases. No Existing Tenant may exercise or consummate such Existing Tenant's Right of First Refusal during any period in which there is an uncured tenant default under the applicable Affordable Unit Lease. No exercise or attempted exercise of a Right of First Refusal shall excuse any prior, concurrent or subsequent tenant default under the applicable Affordable Unit Lease, and Owner shall retain all rights as landlord under the applicable Affordable Unit Lease with respect to each such default (including without limitation the right to terminate the lease and the right to pursue any and all landlord's remedies as provided in the applicable Affordable Unit Lease). If any Affordable Unit Lease shall be terminated due to an uncured tenant default thereunder, the Right of First Refusal with respect to said Initial Occupied Unit (whether or not the applicable Existing Tenant has submitted a written election to exercise said Right of First Refusal) shall immediately terminate and be deemed null, void and of no further force and effect.

c. Incentive Program. In furtherance of the Conversion, and in order to facilitate the purchase of the Initial Occupied Units by the Existing Tenants residing therein, Owner shall make an incentive program (the "Incentive Program") available to the Existing Tenants upon the terms and conditions contained in this paragraph 2(c). The Incentive Program shall consist of two components: (i) for Existing Tenants who purchase their applicable Initial Occupied Units pursuant to their Right of First Refusal as provided herein, Owner shall provide downpayment assistance as provided in paragraph 2(c)(i) below ("Downpayment Assistance"), and (ii) for Existing Tenants who do not purchase their applicable Initial Occupied Units, and who instead voluntarily vacate their Initial Occupied Unit and move to a different property within the period commencing upon the applicable Tenant Notice Date for the Property in which such Existing Tenant resides and ending on the later of (x) the date that is nine (9) months after the applicable Tenant Notice Date and (y) the expiration date of such Existing Tenant's Affordable Unit Lease, Owner shall provide moving assistance (the "Moving Assistance") as provided in paragraph 2(c)(ii) below; provided, however, that notwithstanding anything herein to the contrary, Owner shall in no event be obligated to provide benefits under the Incentive Program to any Existing Tenant that defaults under the applicable Affordable Unit Lease or otherwise in connection with such Existing Tenant's lease or purchase of the

applicable Initial Occupied Unit, and all rights and remedies upon any such default are hereby reserved by Owner.

i. Downpayment Assistance. At the Closing of an Existing Tenant's purchase of such Existing Tenant's Initial Occupied Unit pursuant to their Right of First Refusal as provided herein, Owner shall provide the Existing Tenant with a credit in the amount of five percent (5%) of the entire purchase price for the Initial Occupied Unit, which shall be in the form of a credit against the purchase price downpayment due for such Initial Occupied Unit. If an Initial Occupied Unit is being purchased jointly by two or more Existing Tenants in accordance with paragraph 2(b)(i) above, the foregoing Downpayment Assistance shall be granted jointly to the applicable Existing Tenants.

ii. Moving Assistance. For each Existing Tenant that does not elect to purchase such Existing Tenant's Initial Occupied Unit, Owner shall reimburse such Existing Tenant for moving expenses in an amount equal to current relocation allowances for lower income households required under Section 37.9A (e)(3) of the San Francisco Rent Ordinance, as amended from time to time (the "Ordinance"). The provisions of the Ordinance shall apply only for purposes of relocation allowances and payment timing (including, but not limited to, any payment caps and additional payments to elderly or disabled tenants); provided, that the Moving Assistance shall only be payable if the Existing Tenant vacates and surrenders the Initial Occupied Unit as aforesaid during the period between the applicable Tenant Notice Date for the Property in which such Existing Tenant resides and the later of (x) nine (9) months after the applicable Tenant Notice Date or (y) the expiration date of such Existing Tenant's Affordable Unit Lease. If such Existing Tenant's Affordable Unit Lease shall come up for renewal after the applicable Tenant Notice Date, then for purposes of calculating the time periods during which the Existing Tenant may take advantage of the Moving Assistance, such Existing Tenant's Affordable Unit Lease (as renewed) shall be deemed to terminate on the date that is nine (9) months after the Tenant Notice Date.

d. No Reletting Required. If: (i) an Affordable Unit Lease shall terminate or expire, and the Existing Tenant shall vacate their Initial Occupied Unit without purchasing it as provided herein, or (ii) an Existing Tenant's household income shall exceed one hundred twenty percent (120%) of the Area Median Income, then Owner shall not relet the applicable Initial Occupied Unit to a new tenant, but shall rather offer such Initial Occupied Unit for sale as a For-Sale Owner Affordable Unit. Each Existing Tenant shall certify his or her household income to Owner annually, no later than ninety (90) days prior to the expiration of the then-current term of such Existing Tenant's lease.

3. Parking. The purchase of a For-Sale Owner Affordable Housing Unit shall carry with it the same privileges to use a parking space in the parking garage located at the Property as are offered by Owner to purchasers of market rate condominium units at the Property, upon the same

terms and conditions as offered to such other purchasers. Any parking privileges offered by Owner to purchasers of For-Sale Owner Affordable Housing Units at the Property shall be subject to maximum monthly charges ("Parking Charges") equal to the lesser of: (x) the portion of actual expenses of operating the parking garage at the Property that are allocated to the owner's parking space by the parking garage owner (which amount shall be adjusted annually; provided, that the portion of such Parking Charges representing the management fee paid to the parking garage operator shall not exceed five percent (5%) of the total Parking Charges), and (y) the then-current monthly parking charge to be paid by market rate condominium unit purchasers at the Property, if lower. Any parking privileges offered by Owner to purchasers of For-Sale Owner Affordable Housing Units at the Property shall be evidenced by a parking lease or other written contract.

4. Time is of the essence hereunder.

ATTACHMENT 2

FORM OF LIMITED EQUITY OWNERSHIP PROGRAM

Free Recording Pursuant to
Government Code Section 27383 at the
Request of the Redevelopment Agency
of the City and County of San Francisco

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Successor Agency to the Redevelopment
Agency of the City and County of San Francisco
One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Executive Director

[site address]

(Space Above This Line for Recorder's Use)

FORM OF LIMITED EQUITY HOME OWNERSHIP PROGRAM
DECLARATION OF RESTRICTIONS FOR FOR-SALE AFFORDABLE HOUSING
UNITS AND OPTION TO PURCHASE AGREEMENT

Section 1. Parties.

THIS DECLARATION OF RESALE RESTRICTIONS AND OPTION TO PURCHASE AGREEMENT ("Declaration") is made as of _____, 20__, (the "Effective Date") by and between _____ as _____ [indicate manner in which owner takes title] ("Owner") and the Successor Agency to Redevelopment Agency of the City and County of San Francisco, a public body, corporate and politic, of the State of California ("Agency"). Owner is purchasing that certain real property in the City with a street address of _____, San Francisco, California _____, and more particularly described on Exhibit A to the Grant Deed ("Property"). Capitalized terms used in this Declaration have the meanings given to them in Section 4 below.

Section 2. Recitals.

The following recitals of fact are a material part of this Declaration:

(a) The Agency has developed a program to provide home ownership opportunities to individuals and families with low and moderate incomes by offering homes for sale at prices which are below those otherwise prevailing in the market;

(b) The Agency's intent is to preserve the affordability of such homes by restricting the resale price;

(c) Such homes constitute a valuable community resource; and

(d) It is necessary, proper and in the public interest for the Agency to protect and preserve this resource by administering occupancy and resale controls by means of this Declaration.

NOW, THEREFORE, in consideration of the substantial economic benefits inuring to Owner and the public purposes to be achieved under the affordable housing program, Owner and the Agency agree as follows:

Section 3. Owner's Affordable Purchase Price.

The Owner's Affordable Purchase Price for the Property described in Section 1, above, is \$ _____. This is the purchase price which is affordable to a household earning [60%-110%] of Area Median Income, adjusted for a Household Size of one person for one-bedroom units, and one person per bedroom plus one for all other unit sizes, using a five percent (5%) down payment and a thirty (30)-year, fixed rate mortgage with commercially reasonable points and fees, and with a total annual payment for principal, interest, taxes, insurance and homeowner's association dues which does not exceed 33% of the household's Gross Annual Income. The mortgage interest rate used in the calculation shall be the higher of 1) the ten-year rolling average interest rate, as calculated by the Agency (or its successor) based on data provided by Fannie Mae, Freddie Mac, or an equivalent, nationally recognized mortgage financing institution, or 2) the current, commercially reasonable rate available through an Agency-approved lender.

Section 4. Definitions.

As used in this Declaration, the capitalized terms set forth below shall have the following meanings:

(a) "Addendum to Deed of Trust" means the supplemental document to the Deed of Trust, executed by a Qualified Purchaser in favor of the Agency.

(b) "Affordable Purchase Price" for Owner is defined in Section 3.

(c) "Agency" is defined in Section 1.

(d) "Agency Note" is the promissory note executed by Owner in favor of the Agency, which is secured by a Deed of Trust executed by Owner in favor of the Agency, in the form attached.

(e) "Area Median Income" ("AMI") means the median income for a household, adjusted solely for Household Size, residing in the City, as determined by the Agency pursuant to publications issued by the United States Department of Housing and Urban Development for the San Francisco Primary Metropolitan Statistical Area, from time to time.

(f) “Broker” means a real estate broker licensed by the State of California Department of Real Estate and approved by the Agency to assist Owner in identifying Qualifying Purchasers for the Transfer of the Property.

(g) “Buyer Acknowledgement” means the acceptance of terms and conditions of this Exhibit C, in the Agency’s Loan Disclosure Information form.

(h) “Capital Improvements” is defined in Section 10.1.

(i) “Catastrophic Illness” means an illness or injury that incapacitates Owner for an extended period of time, or that incapacitates a member of Owner’s family, which incapacity requires Owner to take time off from work for an extended period to care for that family member, and taking extended time off from work creates a financial hardship for Owner because he or she has exhausted all of his or her sick leave and other paid time off.

(j) “Certificate Holder” means those households with a valid Certificate of Preference issued by the Agency that entitles the holder to receive preference in consideration for housing due to displacement by prior redevelopment activities.

(k) “City” means the City and County of San Francisco.

(l) “Closing Costs” means the reasonable and customary costs incurred by Owner in transferring the Property.

(m) “Damage” means deficiencies in the Property occurring during Owner’s ownership of the Property, including without limitation: (1) violations of applicable building, plumbing, electric, fire or housing codes; (2) needed repair to appliances furnished to Owner upon purchase of the Property; (3) holes and other defects (except for holes from picture hangers) in walls, ceilings, floors, doors, windows, screens, carpets, drapes, countertops and similar appurtenances; and (4) repairs needed, as determined by Agency, to put the Property into saleable condition, including without limitation cleaning and painting.

(n) “Declaration” is defined in Section 1.

(o) “Deed of Trust” means one or more Deeds of Trust on this Property, executed by Owner in favor of the Agency.

(p) “Developer” is defined in Section 5.1.

(q) “Domestic Partner” means any person who has or enters into a domestic partnership currently registered with a governmental body pursuant to State or local law authorizing such registration.

(r) “Down Payment Assistance Loan” is a loan of down payment funds made by the Agency to Owner for purchase of the Property.

(s) "Effective Date" is defined in Section 1.

(t) "Events of Default" are defined in Section 11.1.

(u) "Fair Market Value" means the cash purchase price for the Property that a willing buyer would pay to a willing seller at the time of sale, neither being under a compulsion to buy or sell, as determined by an independent, MAI-certified appraiser who has experience in residential appraisals in San Francisco.

(v) "Household Size" means the number of persons for whom the Property will be a Principal Residence. The Affordable Purchase Price shall be established by using a Household Size that assumes occupancy by one person for one-bedroom units. For all other units, the assumption is occupancy by one person per bedroom plus one. Household Size for occupancy shall be a minimum of one person per bedroom.

(w) "Grant Deed" is defined in Section 8.1(b).

(x) "Gross Annual Income" means pre-tax money earned annually by a household including overtime pay, commissions, dividends, and any other source of income.

(y) "Income Certification" has the meaning set forth in Section 7.

(z) "Notice" is defined in Section 13.4.

(aa) "Notice of Proposed Transfer" is defined in Section 7.1.

(bb) "Occupancy Certificate" is defined in Section 13.3.

(cc) "OPA" is defined in Section 5.1.

(dd) "Owner" is defined in Section 1, and upon Owner's death includes the personal representative administering the Owner's estate.

(ee) "Owner Developer" is the Owner referred to in the OPA described in Section 5.1.

(ff) "Owner's Proceeds" means the amount due to Owner upon Transfer of the Property to a Qualifying Purchaser or upon exercise of the Agency's Purchase Option, according to the terms of this Declaration.

(gg) "Permitted Exceptions," means those title exceptions that are listed on the Permitted Exceptions attachment.

(hh) "Principal Residence" means the location at which an individual resides for at least ten (10) months out of each calendar year or such shorter period of time as the Agency, in its sole discretion, shall determine.

- (ii) "Property" is defined in Section 1.
- (jj) "Purchase Option" is defined in Section 9.1.
- (kk) "Purchase Option Assignee" is defined in Section 9.3.

(ll) "Qualifying Purchaser" means persons and families who are first time homebuyers as defined in Internal Revenue Service Code and approved by the Agency whose Gross Annual Income, adjusted for Household Size, does not exceed one hundred percent (100%) of Area Median Income.

(mm) "Repair Costs" means the costs to repair Damage to the Property.

(nn) "Resale Affordable Price" means a purchase price which is affordable to a household earning [60% to 110%] of current Area Median Income, adjusted for a Household Size of one person for one-bedroom units and one person per bedroom plus one for all other unit sizes, using a five percent (5%) down payment and a thirty (30)-year fixed mortgage with commercially reasonable points and fees, and with a total annual payment for principal, interest, taxes, insurance and homeowner's association dues which does not exceed 33% of the household's Gross Annual Income. The mortgage interest rate used in the calculation shall be the higher of 1) the ten-year rolling average of interest rates, as calculated by the Agency (or its successor) based on data provided by Fannie Mae, Freddie Mac, or an equivalent, nationally recognized mortgage lending institution, or 2) the current, commercially reasonable rate available through an Agency-approved lender.

(oo) "Senior Lender" means a bank, savings and loan association, insurance company, pension fund, publicly traded real estate investment trust, governmental agency, or charitable organization engaged in making loans which customarily makes residential purchase money loans and has loaned money to Owner or a Qualifying Purchaser to purchase or refinance the purchase of the Property.

(pp) "Senior Lien" means a single deed of trust for the purpose of securing a loan from the Senior Lender to finance or refinance the purchase of the Property.

(qq) "Transfer" means any voluntary or involuntary sale, assignment or transfer of any interest in the Property.

Section 5. "Unauthorized Transfer" is defined in Section 11. Related Documents.

5.1 Owner Participation Agreement. The Agency and _____, a California limited liability company ("Owner Developer") entered into that certain Owner Participation Agreement, dated for reference purposes only as of _____ and recorded on _____ as Document No. _____ in the City's Official Records ("OPA"), including the Limited Equity For-Sale Affordable Housing Program attached thereto as Attachment F to the OPA (the "Housing Program"), concerning the development of

affordable housing units. The OPA, and the Housing Program are on file with the Agency as public records and are incorporated herein by reference. Under the OPA, and the Housing Program, the Property is income and price restricted to be affordable to persons or households earning not more than **one hundred ten percent (110%) of Area Median Income**. This Declaration is being executed and recorded in accordance with the OPA and partially satisfies the requirements therein.

5.3 Agency Note and Deed of Trust. Owner executed an Agency Note in favor of Agency, dated _____, 20____, secured by a Deed of Trust and Addendum to Deed of Trust on the Property.

Section 6. Affordable Restrictions.

6.1 Restrictions. Owner shall own and occupy the Property as Owner's Principal Residence, and Owner shall not lease the Property, or any portion thereof, without the Agency's prior written consent. Owner shall submit to the Agency on an annual basis a certification that Owner has occupied the Property as Owner's Principal residence for at least ten (10) months in the preceding year.

6.2 Term. This Declaration shall remain in effect for forty-five (45) years from the Effective Date until such time as the Property is Transferred pursuant to the terms of this Declaration, at which time a declaration with the same form and substance as this Declaration shall become effective for forty-five (45) years from the effective date of such declaration. Upon the expiration of this Declaration due to completion of the 45-year Term, Owner must repay to the Agency the difference between the Resale Affordable Price and the Fair Market Value, as determined at the completion of the Term. In lieu of this payment to the Agency, Owner may renew the Term of this Agreement for an additional forty-five (45) years.

6.3 Owner Representations and Warranties. In applying to purchase the Property, Owner submitted an Income Certification form. Owner acknowledges that reasonable efforts may be made to verify such Income Certification, including without limitation calling Owner's employers or other sources of income to confirm the income shown. Owner represents and warrants to the Agency that the Income Certification and any financial and other information Owner previously provided to Agency for the purpose of qualifying to purchase the Property was true and correct at the time it was given and remains true and correct as of the date of this Declaration.

Section 7. Transfer Procedures.

7.1 Notice of Proposed Transfer. Except as provided in Sections 7.5 and 7.6(a), if Owner desires to Transfer the Property, Owner shall deliver written notice to Agency ("Notice of Proposed Transfer"), and Agency shall calculate the Resale Affordable Price and notify Owner of the same.

7.2 Priority to Certificate Holders. An Owner may transfer the Property only to a Qualifying Purchaser or the Agency. The Agency shall give notice to Certificate Holders who

shall have priority in purchasing the Property over all other Qualified Purchasers, except for transferees under Section 7.5 and 7.6(a) and the Agency. If no Certificate Holders express interest in purchasing the Property or are not otherwise qualified, then Owner shall market the Property as set forth in Section 7.3 below.

7.3 Marketing the Property. Owner shall work with Broker to locate a Qualifying Purchaser for Transfer of the Property at the Resale Affordable Price. Owner and Broker shall use diligence and good faith in marketing the Property as evidence by all of the following:

- Listing the Property on the MLS Listing;
- Advertising the Property in the Real Estate section of at least two (2) newspapers of general circulation in the City;
- Conducting at least two (2) open houses of the Property; and
- Requesting that the Agency list the Property on the Agency's website.

If Owner and Broker, acting diligently and in good faith, are unable to locate a Qualifying Purchaser after one hundred and fifty (150) days from the date of Agency's receipt of the Notice of Proposed Transfer, then the percentage of AMI defining Qualifying Purchasers shall be increased to 150% of the AMI set forth in Section 3., up to a maximum of 120% of AMI. The Resale Affordable Purchase Price shall remain the same, unless adjusted pursuant to Section 8.4.

7.4 Inspection. Within thirty (30) days after the Agency's receipt of the Notice of Proposed Transfer, Agency shall have the right to enter and inspect the Property. The Agency shall give Owner twenty-four (24) hours prior written notice before conducting an inspection. The Agency may inspect the Property to determine if any Damage exists. In the event any Damage is noted, the Agency shall determine the Repair Costs and shall deliver written notice to Owner specifying the Damage and the Repair Costs. Owner shall either: (a) repair the Damage at Owner's cost, or (b) cause the escrow agent at closing to pay the Repair Costs to Agency from Owner's Proceeds, as provided in Section 8.3. If Owner elects to repair the Damage, the Agency shall have the right to re-inspect the Property under the terms of this Section 7.4 after the repairs are complete. If the Agency determines in the Agency's sole discretion that Damage still remains, Owner shall cause the escrow agent at closing to pay the remaining Repair Costs to the Agency, but only to the extent such funds are available after payment of the Senior Lien. If Owner elects to repair the Damage, all repairs and the re-inspection shall be completed without extending the closing date, unless extended by mutual written agreement of both the Agency and Owner.

7.5 Transfer to Spouse or Domestic Partner. If an Owner marries or becomes a Domestic Partner after purchasing the Property, the spouse or Domestic Partner may become a co-Owner. An Owner intending to add a spouse or Domestic Partner as a co-Owner must present his or her marriage certificate or Domestic Partnership registration to the Agency for review, and the proposed co-Owner shall execute an addendum to this Declaration and any other

Agency documents related to the Property by which the co-Owner shall assume the same rights and responsibilities with respect to those documents as the Owner.

7.6 Transfer Upon Owner's Death.

(a) Upon Owner's death, the Property may be Transferred to any co-Owner previously approved by the Agency without further Agency approval, but such co-Owner shall notify Agency within thirty (30) days of the Transfer.

(b) Upon the death of Owner and all Agency approved co-Owners, the Property may be Transferred by inheritance, will, or any other function of law to a Qualifying Purchaser. The proposed transferee shall submit an Income Certification form and any other information reasonably requested by the Agency to verify that the proposed transferee meets the requirements for a Qualifying Purchaser. The Agency shall have forty-five (45) days after receipt of all required information to determine whether the proposed transferee is a Qualifying Purchaser. If the Agency determines that the proposed transferee is a Qualifying Purchaser, the Property may be Transferred to the proposed transferee for no consideration. The proposed transferee shall execute a new Declaration and any other Agency documents related to the Property by which the proposed transferee shall assume the same rights and responsibilities with respect to those documents as the Owner. If the Agency determines that the proposed transferee is not a Qualifying Purchaser, the Property shall be Transferred pursuant to Sections 7.1 – 7.4, inclusive.

Section 8. Closing.

8.1 Conditions to Closing. Except as provided in Sections 7.5, 7.6(a) and Transfers by foreclosure or the Senior Lender's acceptance of a deed in lieu of foreclosure, all Transfers shall take place through an escrow with a mutually acceptable escrow company. It shall be a condition to closing, other than a Transfer to a co-Owner pursuant to Sections 7.5 or 7.6(a), that the escrow agent involved in the closing has received the following:

(a) Written confirmation from the Agency of the Resale Affordable Price and either (i) the identity of the Qualifying Purchaser or (ii) notification that the Agency is exercising the Purchase Option;

(b) A standard title company form grant deed, executed and acknowledged by Owner (or the Agency as attorney in fact for Owner) granting the Property to the Qualifying Purchaser ("Grant Deed"), which shall be recorded in the City's Official Records;

(c) A declaration with the same form and substance as this Declaration executed and acknowledged by the Qualifying Purchaser and the Agency, which shall be recorded in the City's Official Records;

(d) An Agency Note secured by a Deed of Trust and Addendum to Deed of Trust, executed by the Qualifying Purchaser on the Agency's standard forms, which Deed of Trust and Addendum shall be recorded in the City's Official Records; and

(e) A signed copy of the Buyer Acknowledgement contained in the Loan Disclosure Information.

8.2 Closing Procedures For Sale to Qualifying Purchaser. At closing, Owner shall convey the Property to the Qualifying Purchaser by Grant Deed. Owner shall cause a mutually acceptable title company to issue to the Qualifying Purchaser a CLTA standard coverage owner's form of title insurance policy in the amount of the Resale Affordable Price insuring title to the Property vested in the Qualifying Purchaser, subject only to standard printed form exceptions, the Agency's Deed of Trust and exclusions, liens for current taxes and assessments not yet due or payable, the new declaration and such other matters as were exceptions to title as of _____ [date of sale to first Owner] or are accepted by the Qualifying Purchaser in writing, as set forth in the Permitted Exceptions attachment. All closing costs and title insurance premiums shall be paid pursuant to the custom in the City.

8.3 Owner's Proceeds. The value of the Owner's Proceeds from a Transfer of the Property shall be calculated as follows. Owner's Proceeds equal:

- (a) The Resale Affordable Price;
- (b) Less the amount necessary to release the Senior Lien;
- (c) Less Closing Costs;
- (d) Less any Repair Costs due to the Agency pursuant to Section 7.4;
- (e) Plus the amortized value of Capital Improvements.

8.4 Resale Affordable Price.

(a) Notwithstanding anything in this Declaration to the contrary, if the Resale Affordable Price is less than the original value of the Senior Lien, then the Agency may increase the percentage of AMI to a level sufficient to allow for a Resale Affordable Price which covers the original value of the Senior Lien, up to a maximum of 120% of AMI. If, after adjustment of the Resale Affordable Price described above, if any, the Resale Affordable Price is less than the sum of the Owner's Affordable Price plus the Closing Costs, then the Agency through its Executive Director as authorized in Resolution No. 73-2000 dated May 23, 2000 shall deposit into escrow the funds necessary to cover the Owner's original down payment funds and Closing Costs. Such deposit into escrow shall be in addition to Agency's deposit into escrow of the amortized value of the Capital Improvements. After such adjustment, the value of the Owner's Proceeds shall be calculated according to Section 8.3.

(b) Agency and Owner acknowledge that the Senior Lien holder will not release the Senior Lien unless it is repaid in full. If the Senior Lien holder does not release the Senior Lien

because the Owner has not or cannot fully repay it, then the sale will be cancelled or the Owner will be in default under the Senior Lien.

Section 9. Agency's Purchase Option.

9.1 Grant of Option. Owner grants to Agency an option to purchase the Property upon the occurrence of an Event of Default under Section 11.1 ("Purchase Option").

9.2 Exercise of Option. Agency may exercise the Purchase Option as follows:

(a) If the Purchase Option is triggered as a result of an Event of Default under Sections 11.1(a) – (d), then the Agency may exercise the Purchase Option within ninety (90) days after the Agency gives written notice of default to Owner.

(b) If the Purchase Option is triggered as a result of Owner's default under the Senior Lien as defined in Section 11.1(e), then the Agency may exercise the Purchase Option by giving written notice to Owner and Senior Lender at any time prior to five (5) business days before the date of a foreclosure sale, as the same may be postponed from time to time, under the Senior Lien pursuant to California Civil Code § 2924f. Though the Senior Lender shall not be required to do so, the Senior Lender shall endeavor to provide the Agency with a copy of any notice of default that it issues to Owner.

9.3 Assignment of Purchase Option. Prior to or after exercise of the Purchase Option, the Agency may assign the Purchase Option to a governmental agency, non-profit organization, or a Qualifying Purchaser ("Purchase Option Assignee"), who shall be subject to this Declaration.

9.4 Grant of Power of Attorney. Owner hereby grants to the Agency an irrevocable power of attorney coupled with an interest to act on Owner's behalf to execute, acknowledge and deliver any and all documents relating to the Purchase Option.

9.5 Non-Liability of Agency. The Agency shall not be held liable by reason of its exercise or non-exercise of the Purchase Option.

Section 10. Capital Improvements; Maintenance.

10.1 Capital Improvements. A "Capital Improvement" is a permanent improvement to the Property made during Owner's ownership of the Property which: (a) has a value in excess of one-half of one percent (0.5%) of the Affordable Purchase Price originally paid by Owner but less than ten percent (10%) of the Affordable Purchase Price originally paid by Owner; (b) has a useful life of greater than five (5) years subsequent to the proposed Transfer by Owner; and (c) has been made with all required permits and approvals, including without limitation homeowner's association and governmental approvals obtained prior to the construction or installation of the Capital Improvement(s).

10.2 Credits for Capital Improvements. Owner shall receive credit at the time of Transfer for Capital Improvements made to the Property as follows:

(a) At least thirty (30) days prior to the date of Transfer, Owner shall deliver to the Agency a list of the Capital Improvement(s), if any, made to the Property. The Agency shall determine whether the proposed improvements qualify as Capital Improvement(s), as defined in Section 10.1.

(b) The value of Capital Improvements shall equal the sum of all Capital Improvements with each improvement amortized by a factor of seven percent (7%) per year from the date of the Capital Improvement's completion.

10.2 Maintenance. Owner shall not destroy or damage the Property, allow the Property to deteriorate, or commit waste on the Property. Owner shall maintain the Property in compliance with all applicable laws, ordinances and regulations and in a good and clean condition and all appliances and fixtures shall be in good working order.

Section 11. Default and Remedies.

11.1 Events of Default. The occurrence of any one of the following events or circumstances shall constitute an "Event of Default" by Owner under this Declaration.

(a) Owner has actually Transferred or attempted to Transfer the Property in violation of the covenants and restrictions contained in this Declaration ("Unauthorized Transfer").

(b) The Agency has determined in the Agency's sole discretion that the Property is not Owner's Principal Residence.

(c) Owner fails to pay real estate taxes, assessments or homeowner's association dues, when due or Owner fails to maintain insurance in such amounts as required under this Declaration; or Owner places any mortgages, encumbrances or liens upon the Property in violation of this Declaration; and such event or condition shall not have been cured within thirty (30) days following the date of written notice to cure by the Agency to Owner.

(d) Owner fails to perform any other agreements or obligations on Owner's part to be performed under this Declaration, and such failure continues for thirty (30) days following the date of written notice to cure by the Agency to Owner, or in the case of a default not susceptible of cure within thirty (30) days, Owner fails to promptly commence such cure within thirty (30) days and thereafter fails to diligently prosecute such cure to completion.

(e) Owner causes or permits a default under the Senior Lien and fails to cure the same in accordance with the cure provisions in the Senior Lien.

(f) Owner is in default of a term of the Agency Note and/or the Deed of Trust.

11.2 Remedies. Upon the occurrence of an Event of Default by Owner, Agency may exercise any or all of the remedies set forth below:

- (a) Agency shall have the right to exercise the Purchase Option;
- (b) Agency shall have the right to institute an action for specific performance of the terms of this Declaration, for an injunction prohibiting a proposed Transfer in violation of this Declaration, or for a declaration that a Transfer is void; and
- (c) Agency shall have the right to institute an action for foreclosure on its Deed of Trust and/or to accept a deed in lieu of foreclosure.
- (d) Agency shall have the right to exercise all other remedies permitted by law or at equity.

Section 12. Lender Provisions.

12.1 Purposes of Financing. Subject to the Agency's prior written approval, Owner may encumber title to the Property for the sole purpose of securing (a) purchase money financing, (b) refinancing (but only up to the amount of the original financing), or (c) refinancing up to the amount of the original financing, plus fifty percent (50%) of the value of the Resale Affordable Price less the Owner's Affordable Purchase Price. Refinancing under option (c), above, shall be permitted only for making Capital Improvements to the Property, meeting post-secondary educational expenses incurred by a household member after the date of purchase, meeting the costs of an Owner's or Owner's immediate family member's Catastrophic Illness, or securing funds required to implement a dissolution of marriage or domestic partnership agreement. Owner shall not cause or permit any other mortgages, encumbrances or liens upon the Property. Owner shall submit to the Agency on an annual basis a certification that Owner has not refinanced the Property in violation of this Section 12.1.

12.2 Subordination. This Declaration shall be subordinate to the Agency-approved Senior Lien.

12.3 Default and Foreclosure. Owner shall provide a copy of any notice of default under the Senior Lien to the Agency within three (3) days of Owner's receipt. In the event of any default under the Senior Lien, Agency, in addition to any other rights and remedies it may have under this Declaration, at law or in equity, shall have the right to:

- (a) cure such default pursuant to Section 12.4;
- (b) exercise its Purchase Option pursuant to Section 9.2(b); or
- (c) foreclose its Deed of Trust on the Property.

Agency's rights under this Section 12.3 shall not prevent the Senior Lender from commencing a judicial or nonjudicial foreclosure of the Senior Lien. If the Agency, in its sole discretion, does not act pursuant to Sections 12.3(a-b) above, and the Senior Lender acquires the Property

through foreclosure or acceptance of a deed-in-lieu of foreclosure, future sales of the Property shall not be subject to the resale restrictions provided herein.

12.4 Right to Cure. Although the Agency has no obligation to do so, the Agency may perform any act required of Owner in order to prevent a default under, or an acceleration of the indebtedness secured by, the Senior Lien or the commencement of any foreclosure or other action to enforce the collection of such indebtedness. If the Agency elects to cure any such default, Owner shall pay the expenses incurred by the Agency in effecting any cure upon demand within thirty (30) days, together with the interest thereon at the maximum interest rate permitted by law. Failure of Owner to timely reimburse the Agency shall constitute an Event of Default under Section 11.1(d).

Section 13. Miscellaneous.

13.1 Damage and Destruction; Condemnation; Insurance. If the Property is condemned or the improvements located on the Property are damaged or destroyed, all proceeds from insurance or condemnation shall be distributed in accordance with this Section 13.1, subject to the requirements of the Senior Lien. Insurance shall be maintained in the types and amounts required under the Senior Lien. Unless Owner, the Agency, and Senior Lender otherwise agree in writing, insurance proceeds shall be applied to restore or repair the Property damaged. If Owner, the Agency and Senior Lender determine that restoration or repair cannot be made, or if the Property is condemned, the insurance or condemnation proceeds shall first be allocated to pay the outstanding value of the Senior Lien and all associated fees of the Senior Lender, with the balance distributed between the Owner and Agency as follows. The proceeds attributable to the Property shall be multiplied by a fraction. The numerator is the Resale Affordable Price as calculated under this Declaration and the denominator is the Fair Market Value of the Property as of the date immediately prior to the damage, destruction or condemnation. The resulting amount shall be allocated to the Owner and the balance shall be allocated to the Agency.

13.2 No Discrimination; Lead-Based Paint Prohibition. Owner shall comply with all applicable laws and regulations regarding non-discrimination and lead-based paint prohibitions.

13.3 Owner Occupancy Verification. To insure compliance with this Declaration's requirement that Owner use the Property as his/her Principal Residence, Owner shall provide Agency with a completed Occupancy Certificate ("Occupancy Certificate"), to be provided by the Agency by February 1 of each year for the previous calendar year.

13.4 Notices. Any notice, demand or other communication required or permitted to be given under this Declaration (a "Notice") by either party to the other party shall be in writing and sufficiently given or delivered if transmitted by (a) registered or certified United States mail, postage prepaid, return receipt requested, (b) personal delivery, or (c) nationally recognized private courier services, in every case addressed as follows:

If to Agency: Successor Agency to the Redevelopment Agency of the
City and County of San Francisco
One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attention: Executive Director

If to Owner: at the Property address

Any such Notice transmitted in accordance with this Section 13.4 shall be deemed delivered upon receipt, or upon the date delivery was refused. Any party may change its address for notices by written Notice given to the other party in accordance with the provisions of this Section 13.4.

13.5 Remedies Cumulative. Subject to applicable law, the Agency's rights and remedies, whether provided by law, in equity or by this Declaration, shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude the exercise of any other or further rights or remedies for the same or any other default or breach. No waiver with respect to the performance of any of Owner's obligations shall be effective except to the extent the particular obligation is expressly waived, nor shall it be a waiver with respect to any other rights or remedies of any other of Owner's obligations.

13.6 Attorneys' Fees for Enforcement. If any action or legal proceeding is instituted by Owner or the Agency arising out of this Declaration, the prevailing party therein shall recover reasonable attorneys' fees and costs in connection with such action or proceeding. For purposes of this Agreement, reasonable fees of any in-house counsel for the Agency shall be based on the fees regularly charged by private attorneys with an equivalent number of years of professional experience in the subject matter area of the law for which the Agency's in-house counsel's services were rendered who practice in law firms located within the City.

13.7 Integration. This Declaration constitutes an integration of the entire understanding and agreement of the Owner and the Agency with respect to the subject matter hereof. Any representations, warranties, promises, or conditions, whether written or oral, not specifically and expressly incorporated in this Declaration, shall not be binding on any of the parties, and Owner and the Agency each acknowledge that they have not relied, in entering into this Declaration, on any representation, warranty, promise or condition, not specifically and expressly set forth in this Declaration. All prior discussions and writings have been, and are, merged and integrated into, and are superseded by, this Declaration.

13.8 Severability. In the event that any provision of this Declaration is determined to be illegal or unenforceable, such determination shall not affect the validity or enforceability of the remaining provisions hereof, all of which shall remain in full force and effect.

13.9 Successors and Assigns. This Declaration shall be binding upon and inure to the benefit of the successors and assigns of the Agency. The Agency may assign or transfer its rights under this Declaration upon thirty (30) days written notice to Owner. It is expressly

agreed by Owner that Owner may assign his or her rights to this Declaration only by Transfer pursuant to Section 7 or by the Agency's exercise of the Purchase Option pursuant to Section 9.

13.10 Headings. The headings within this Declaration are for the purpose of reference only and shall not limit or otherwise affect any of the terms of this Declaration.

13.11 Time for Performance. Time is of the essence in the performance of the terms of this Declaration. All dates for performance (or cure) shall expire at 5:00 p.m. on the performance or cure date. Any performance date which falls on a Saturday, Sunday or Agency holiday is automatically extended to the next Agency working day.

13.12 Amendments. Any modification or waiver of any provision of this Declaration or any amendment thereto must be in writing and signed by a person or persons having authority to do so, on behalf of both the Agency and Owner.

13.13 Controlling Agreement. Owner covenants that Owner has not executed and will not execute any other agreement with provisions contradictory to or in opposition to the provisions of this Declaration. Owner understands and agrees that this Declaration shall control the rights and obligations between Owner and the Agency.

13.14 Governing Law. This Declaration shall be governed by, and construed and enforced in accordance with, the internal laws of the state of California.

13.15 Recordation. Owner shall cause this Declaration to be recorded in the City's Official Records.

IN WITNESS WHEREOF, Owner and the Agency have executed this Declaration as of the date written above.

AGENCY:
Successor Agency to the Redevelopment
Agency of the City and County of San
Francisco

OWNER:

By: _____
Tiffany Bohee
Executive Director

ALL SIGNATURES MUST BE NOTARIZED.
----- Attach All Purpose California Notary Acknowledgment -----

APPROVED AS TO FORM:
SUCCESSOR AGENCY TO THE SAN FRANCISCO REDEVELOPMENT AGENCY

By: _____
Agency General Counsel

PROMISSORY NOTE SECURED BY DEED OF TRUST

Date: _____

San Francisco, California

THIS NOTE MAY NOT BE PREPAID

FOR VALUE RECEIVED, the undersigned _____ (“Debtor”), promises to pay to the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body, corporate and politic, of the State of California, (“Holder” or “Agency”), at Successor Agency to the Redevelopment Agency of the City and County of San Francisco, One South Van Ness Avenue, 5th Floor San Francisco, CA 94103, or any other place designated in writing by Holder to Debtor, the amount calculated under the formula stated in this Promissory Note (“Note”).

Debtor and Holder executed a Declaration of Resale Restrictions and Option to Purchase Agreement (“Declaration”), dated the same date as this Note, which, in part, establishes the rights and obligations of the Debtor and Holder in the event Debtor desires to Transfer the real property described in the Declaration (the “Property”). “Transfer” means any voluntary or involuntary sale, assignment or transfer of any interest in the Property.

Debtor obtained a loan (“Senior Lien”) from _____ (“Senior Lender”), which loan is secured by a first deed of trust lien on the Property (“First Deed of Trust”). The Declaration and this Promissory Note are subordinate to the Senior Lien.

This Note is secured by a Second Deed of Trust, dated the same date as this Note, executed by Debtor in favor of Holder, with _____ as Trustee, which secures the payment of the debt evidenced by this Note, and all renewals, extensions and modifications of the Note (“Agency’s Deed of Trust”).

Capitalized terms used herein and not defined shall have the meanings set forth in the Declaration or in Agency’s Deed of Trust, as applicable.

Upon Debtor’s actual, attempted or pending Transfer of the Property other than as permitted under the Declaration, or upon default under the Senior Lien (the “Trigger Date”), Debtor shall pay to Holder:

- a. The difference between (1) the Fair Market Value of the Property as of the Trigger Date and (2) the Resale Affordable Purchase Price as of the Trigger Date, had such Transfer been executed in accordance with the Declaration. Fair Market Value shall be determined by an appraisal of the Property. The appraiser shall be an independent, MAI-certified appraiser who has experience in residential appraisals in San Francisco, and shall be selected by Holder; plus
- b. Any amounts disbursed by Holder under Section 5 of the Deed of Trust to protect Holder’s rights in the real property described in the Declaration and Deed of Trust; plus

- c. Commencing from the Trigger Date, interest on the amounts due at an annual rate of 10%, compounded.

With or without the filing of any legal action, proceeding or appeal, or appearance in any bankruptcy proceeding, Debtor agrees to pay on demand, together with interest at the above rate from the date of such demand until paid, all reasonable attorneys' fees, costs of collection, costs, and expenses incurred by Holder in connection with the defense or enforcement of this Note and the Deed of Trust.

No previous waiver and no failure or forbearance by Holder in acting with respect to the terms of this Note or the Deed of Trust shall constitute a waiver of any breach, default, or failure of condition under this Note, the Deed of Trust, or the Declaration. A waiver of any term of this Note, the Deed of Trust, or the Declaration must be made in writing, signed by both parties, and shall be limited to the express written terms of such waiver. In the event of any inconsistencies between the terms of this Note and the terms of any other document related to the debt evidenced by this Note, the terms of this Note shall prevail.

If this Note is executed by more than one person as Debtor, the obligations of each such person shall be joint and several, and each shall be primarily and directly liable hereunder. Debtor waives presentment, demand, notice of dishonor, notice of default or delinquency, notice of acceleration, notice of protest and nonpayment, notice of costs, expenses or losses and interest thereon, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under this Note or in proceeding against any of the rights or interest in or to properties securing payment of this Note.

Time is of the essence with respect to every provision in this Note. This Note shall be construed and enforced in accordance with the substantive and procedural laws of the State of California, except to the extent that Federal laws preempt the laws of the State of California, and all persons and entities in any manner obligated under this Note consent to the jurisdiction of any Federal or State Court within the State of California having proper venue and also consent to service of process by any means authorized by California or Federal law.

This Note shall be cancelled upon Debtor's Transfer of the Property in accordance with the Declaration.

Debtor – [Name]

DEED OF TRUST

Free Recording Requested Pursuant to
Government Code Section 27383 at the
Request of the Redevelopment Agency
of the City and County of San Francisco

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Successor Agency to the Redevelopment Agency of the City and County of San Francisco
One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103 Attn: _____

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

SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST, made on _____, 20____, between
_____, ("TRUSTOR" or "OWNER"),
whose address is _____, and
_____, a corporation, ("TRUSTEE"), and
the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a
public body, corporate and politic, whose address is One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103, ("AGENCY" or "BENEFICIARY"),

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to
TRUSTEE IN TRUST, WITH POWER OF SALE, that property in San Francisco County,
California, described as:

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right,
power and authority given to and conferred upon Beneficiary by paragraph (10) of the provisions
incorporated herein by reference to collect and apply such rents, issues and profits.

For the Purpose of Securing: 1. Performance of each agreement of Trustor incorporated by
reference or contained herein. 2. Payment of the indebtedness evidenced by one promissory note
of even date herewith, and any extension or renewal thereof, executed by Trustor in favor of
Beneficiary or order. 3. Payment of such further sums as the then record owner of said property
hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it is
so secured.

INITIALS _____

To Protect the Security of this Deed of Trust, Trustor Agrees:

By the execution and delivery of this Deed of Trust and the note secured hereby, that provisions (1) to (14), inclusive, of the fictitious deed of trust recorded in Santa Barbara County and Sonoma County October 18, 1961, and in all other counties October 23, 1961, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, viz:

COUNTY	BOOK	PAGE
San Francisco	A332	905

which provisions, identical in all counties, (printed on the attached unrecorded pages) are hereby adopted and incorporated herein and made a part hereof as fully as though set forth herein at length; that Trustor will observe and perform said provisions; and that the references to property, obligations and parties in said provisions shall be construed to refer to the property, obligations, and parties set forth in this Deed of Trust.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at his address hereinbefore set forth.

STATE OF CALIFORNIA

COUNTY OF _____

ON _____ before
me, _____

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Signature _____

DO NOT RECORD

The following is a copy of provisions (1) to (14), inclusive, of the fictitious deed of trust, recorded in each county in California, as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property on requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

INITIALS _____

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(6) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(7) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(8) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(9) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed (unless directed in such request to retain them).

(10) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such, rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

INITIALS _____

(11) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of *any agreement hereunder*, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash of lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the proceeding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(12) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and pages where this Deed is recorded and the name and address of the new Trustee.

(13) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(14) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

INITIALS _____

REQUEST FOR FULL RECONVEYANCE

TO: _____, TRUSTEE:

The undersigned is the legal owner and holder of all indebtedness secured by the within Deed of Trust. All sums secured by said Deed of Trust have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated: _____

By: _____ By: _____

Please mail Reconveyance to:

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both original documents must be delivered to the Trustee for cancellation before reconveyance will be made.

STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO

ON _____ before me, _____ personally appeared, proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

ADDENDUM TO DEED OF TRUST

Free Recording Requested Pursuant to
Government Code Section 27383

When recorded, mail to:
Successor Agency to the San Francisco Redevelopment Agency
One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103 Attn: _____

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

ADDENDUM TO DEED OF TRUST

THIS ADDENDUM TO DEED OF TRUST ("Addendum") is part of the Deed of Trust and Assignment of Rents dated _____, 20__ ("Deed of Trust"), to which it is attached, made on _____, 20__, between _____ ("Trustor" or "Owner"), whose address is _____, and _____, a corporation ("Trustee"), and the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body, corporate and politic, whose address is One South Van Ness Avenue, 5th Floor San Francisco, CA 94103 ("Agency" or "Beneficiary"). The following provisions are made a part of the Deed of Trust:

Owner obtained a loan ("Senior Lien") from _____ ("Senior Lender"), which Loan is secured by a first deed of trust lien on the Property ("First Deed of Trust").

Owner and Agency executed a Declaration of Resale Restrictions and Option to Purchase Agreement, dated the same date as the Deed of Trust ("Declaration"). The Declaration establishes, in part, the rights and obligations of Owner and the Agency in the event of a Transfer of the Property. "Transfer" means any voluntary or involuntary sale, assignment or transfer of any interest in the Property.

Owner and the Agency also executed a Promissory Note, dated the same date as the Deed of Trust and this Addendum to Deed of Trust, which is secured by the Deed of Trust ("Agency Note").

Capitalized terms used herein and not defined shall have the meanings set forth in the Declaration.

COVENANTS. Owner and the Agency covenant and agree as follows:

- 1. Prior Deeds of Trust; Charges; Liens.** Owner shall perform all of Owner's obligations under the First Deed of Trust, including Owner's covenants to make payments when due. Owner shall pay on time and directly to the person owed payment all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Deed of Trust.

Except for the Senior Lien, Owner shall promptly discharge any other lien which shall have attained priority over this Deed of Trust unless Owner: (a) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which, in the Agency's sole discretion, operate to prevent the enforcement of the lien; or (b) obtains from the holder of the lien an agreement satisfactory to the Agency in its sole discretion subordinating the lien to this Deed of Trust. Except for the Senior Lien, if the Agency determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, the Agency may give Owner a notice identifying the lien. Owner shall satisfy such lien or take one or more of the actions set forth above within ten (10) days of the giving of notice.

- 2. Obligations Cancelled.** Upon a Transfer of the Property in accordance with the Declaration, Owner's obligations hereunder shall be cancelled, and the lien of this Deed of Trust shall be reconveyed.
- 3. Sale of Note.** The Agency Note or a partial interest in the Agency Note (together with this Deed of Trust) may be sold one or more times without prior notice to Owner. If the Agency Note is sold, Owner will be given written notice of the sale in accordance with and containing any other information required by applicable law.

BY SIGNING BELOW, the Owner accepts and agrees to the terms and covenants contained in this Deed of Trust.

Owner – [Name]

----- Space Below This Line for Acknowledgment -----

PERMITTED EXCEPTIONS TO TITLE

To be provided at the close of escrow for each Affordable Unit

ATTACHMENT 3

EXHIBIT J

**MISSION BAY SOUTH HOUSING PROGRAM
BLOCK 1 RENTAL RESTRICTIONS**

EXHIBIT J

MISSION BAY SOUTH HOUSING PROGRAM
BLOCK 1 RENTAL RESTRICTIONS

Free Recording Requested Pursuant to Government Code Section 27383 at the Request of the Successor Agency to the Redevelopment Agency of the City and County of San Francisco

WHEN RECORDED, MAIL TO:

Successor Agency to the Redevelopment Agency of the City and County of San Francisco
One South Van Ness Ave., 5th Floor
San Francisco, CA 94103

Attention: Executive Director

(Space above this Line Reserved for Recorder's Use)

Dated: _____

DECLARATION OF RENTAL RESTRICTIONS

THIS DECLARATION OF RESTRICTIONS ("Declaration") is made this ____ day of _____, 2013, by [Insert the appropriate entity: FOCIL-MB, LLC, a Delaware corporation ("FOCIL"), or its agents, designees or successors; or insert name of a permitted Transferee under the South OPA or its agents, designees or successors; update the recitals] as declarant (the "Owner"), in favor of the 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 (the "Successor Agency"), with reference to the following:

A. Owner is fee owner of record of that certain real property located in the City and County of San Francisco, State of California legally described in the attached Exhibit "A" (the "Property"), which is comprised of _____ acres. Owner intends to construct on the Property _____ For-Rent Residential Units.

B. The Property is within the South Plan Area in the Mission Bay South Redevelopment Plan Area in the City and County of San Francisco and is subject to the provisions of the Mission Bay South Redevelopment Plan adopted by the San Francisco Board of Supervisors on November 2, 1998 by Ordinance No. 335-98 and amended on July 9, 2013 by Ordinance No. 143-13.

C. The Redevelopment Agency of the City and County of San Francisco (the "Former Agency") and Catellus Development Corporation, a Delaware corporation ("CDC"), entered into that certain Mission Bay South Owner Participation Agreement dated as of November 16, 1998 (the "Original OPA") and recorded December 3, 1998 as Document No. 98-G477258-00 in the Official Records of San Francisco County (the "Official Records"), which was amended by a First Amendment to Mission Bay South Owner Participation Agreement (the "First OPA Amendment") dated as of February 17, 2004 and recorded March 3, 2004 as Document No. 2004H669955 in the Official Records, between Former Agency and Catellus Land and Development Corporation, a Delaware corporation ("CLDC"), successor in all of CDC's rights and obligations under the Original OPA, and a Second Amendment to Mission Bay South Owner Participation Agreement (the "Second OPA Amendment") dated as of November 1, 2005 and recorded November 30, 2005 as Document No. 2005I080843 in the Official Records, between Former Agency, CLDC, and FOCIL, successor in interest to all of CLDC's rights and obligations under the Original OPA, as amended by the First OPA Amendment and a Third amendment to Mission Bay South Owner Participation Agreement (the "Third OPA Amendment") dated as of _____ and recorded _____, as Document No. _____ in the Official Records, between Successor Agency and the FOCIL. The Original OPA, as amended by the First OPA Amendment, the Second OPA Amendment, and the Third OPA Amendment shall be referred to in this Declaration as the "South OPA".

D. The South OPA includes the Housing Program which is attached thereto as Attachment C (the "Housing Program") concerning the development and use of the Property, which South OPA and Housing Program is on file with the Successor Agency as a public record and is incorporated herein by reference and which South OPA and Housing Program provides for the execution and recordation of this Declaration. This Declaration is being executed and recorded for the benefit of the Successor Agency in accordance with the Housing Program and to satisfy the conditions for provision of Owner Affordable Housing Units pursuant thereto.

NOW, THEREFORE, OWNER AGREES AND COVENANTS AS FOLLOWS:

1. RESTRICTED AFFORDABLE RESIDENTIAL UNITS.

1.1 For-Rent Owner Affordable Housing Units. The occupancy of _____ (_____) For-Rent Owner Affordable Housing Units in the Residential Project located on the Property shall be restricted to housing for low income persons households at Affordable Rents.

1.2 Term. Owner Affordable Housing Units shall remain available at Affordable Rent for a continuous period of seventy-five (75) years from the date of issuance of a Certificate of Occupancy for the Residential Project located on the Property, regardless of any termination of the South OPA. This Declaration shall automatically terminate and expire, without further action of Agency or Owner, and shall be released and be of no further force and effect whatsoever upon expiration of the above term.

2. DEFINITIONS.

All capitalized terms used in this Declaration which are not otherwise defined herein shall have the meanings given them in the South OPA, including the Housing Program which is Attachment C thereto. Terms defined in the South OPA or the Attachments thereto and also set forth in this Declaration are provided herein for convenience only.

2.1 Affordable means a monthly rental charge, including a utility allowance in an amount determined by the San Francisco Housing Authority, which does not exceed thirty percent (30%) of the Area Median Income permitted for the applicable type of Owner Affordable Housing Unit based upon Household Size.

2.2 Area Median Income ("AMI") means the median income for a household (based upon Household Size) as determined pursuant to Section 50093 of the California Health and Safety Code.

2.3 Household Size means the total number of bedrooms in an Owner Affordable Housing Unit plus one (1).

2.4 Owner Affordable Housing Unit means an Owner Affordable Housing Unit which is Affordable to households earning up to sixty percent (60%) of the Area Median Income.

2.5 Rent or Rental Rate means, for each Owner Affordable Housing Unit, the total of monthly payments for (a) use and occupancy of the Residential Unit and land and facilities associated therewith; (b) any separately charged fees or services assessed by the Owner which are required of all tenants, other than security deposits; (c) a reasonable allowance for utilities which are paid by the tenant, not including telephone service (see definition of Utility Allowance); and (d) any taxes or fees charged for use of the land and facilities other than the Owner.

2.6 Utility Allowance means, if the cost of utilities (except telephone) and other services for an Owner Affordable Housing Unit is the responsibility of the occupying household, an amount equal to the estimate made by the San Francisco Housing Authority or, if not available, the U.S. Department of Housing and Urban Development of the monthly costs of a reasonable consumption of such utilities and other services for the unit by an energy-conservative household of modest circumstances consistent with the requirements of safe, sanitary and healthful living environment.

3. RENTAL RATES FOR OWNER AFFORDABLE HOUSING UNITS.

3.1 Initial Rents. The Rental Rate for each For-Rent Owner Affordable Housing Unit shall be determined based upon Household Size for that Owner Affordable Housing Unit, and shall not exceed thirty percent (30%) of sixty percent (60%) of AMI, as adjusted solely for household size as forth in California Code of Regulations (CCR), title 25, Section 6932, as amended from time to time, as of the first date of tenancy ("Maximum Annual Rent").

3.2 Rent Increases. The Rent for Owner Affordable Housing Units may be increased once each year to reflect changes, if any, in the Area Median Income and the Utility Allowance. No annual increase shall be greater than the percentage increase during the immediately preceding year, if any, in the Area Median Income, even if the Owner, due to an increase in the Area Median Income, was entitled to increase the Rent in prior years but elected not to do so.

4. INCOME CERTIFICATION FOR TENANTS OF OWNER AFFORDABLE UNITS.

4.1 Initial Income Certification. The Owner shall require all households applying for occupancy of Owner Affordable Housing Units to submit an income certification at the time of application and annually thereafter on the form attached hereto as Attachment A. The Owner shall make reasonable efforts to verify such income certifications. The initial rentals of Owner Affordable Housing Units for each household shall be to households whose income does not exceed sixty percent (60%) of Area Median Income

4.2 Household Income After Occupancy. Changes in incomes of households occupying Owner Affordable Housing Units shall not affect the classification of Residential Units as Owner Affordable Housing Units until the household income exceeds 120% of Area Median Income, in which case the Residential Unit shall no longer be considered an Owner Affordable Housing Unit and the Owner shall designate the next available Residential Unit of comparable size within the Residential Project as an Owner Affordable Housing Unit at the same original level of affordability as the de-designated Residential Unit, and shall restrict the Rent on such Residential Unit to the applicable level specified in Section 3.1 above. Upon designation of the next available Residential Unit, the Owner shall no longer be required to limit rental charges for the Residential Unit which is no longer considered an Affordable Housing Unit to the levels described in Section 3 above.

5. RECORDS AND REPORTING REQUIREMENTS FOR OWNER AFFORDABLE HOUSING UNITS.

5.1 Reports. The Owner shall provide reports to the Successor Agency on a quarterly basis, commencing on the 15th of the month after issuance of a Certificate of Occupancy for the Residential Project, regarding the Owner Affordable Housing Units in the form attached hereto as Attachment B, and any additional reports or information reasonably requested by the Agency as to the operation of the Owner Affordable Housing Units.

5.2 Maintenance of Records. The Owner shall maintain and retain records of all applications, income certifications, income verifications, leases, management actions, and rent rolls relating to the Owner Affordable Housing Units for five (5) years. The Successor Agency or its designee shall have the right to inspect such records upon reasonable notice during regular business hours.

6. COVENANTS.

6.1 Restrictions. The restrictions set forth in this Declaration shall run with the Property and shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof and shall inure to the benefit of each Owner thereof and their successors and assigns.

7. REMEDIES.

Notwithstanding any other provisions of the South OPA to the contrary, the Successor Agency shall be entitled to all remedies in the event of any default in or breach of this Declaration which are available in law or equity.

8. GOVERNING LAW.

This Declaration shall be governed and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Owner has executed this instrument the day and year first hereinabove written.

“OWNER”

[FOCIL-MB, LLC,
a Delaware corporation; or if another party insert
appropriate name of party]

By: _____
Its: _____

Attachment "A"

INCOME CERTIFICATION

[To be provided for each Residential Project prior to recordation of Declaration.]

Attachment "B"

OWNER AFFORDABLE HOUSING UNIT REPORT

[To be provided for each Residential Project prior to recordation of Declaration.]

ATTACHMENT 4

EXHIBIT L

MISSION BAY SOUTH HOUSING PROGRAM
BLOCK 1 OWNER'S MARKETING AND OPERATING OBLIGATIONS

EXHIBIT L

MISSION BAY SOUTH HOUSING PROGRAM

BLOCK 1 OWNER'S MARKETING AND OPERATING OBLIGATIONS

I. Purpose.

A. The purpose of this Exhibit F is to set forth the Owner's marketing and operating obligations with respect to all Owner Affordable Residential Units on Block 1, including For-Rent Owner Affordable Housing Units and For-Sale Owner Affordable Housing Units.

B. This Exhibit L first sets forth the nondiscrimination requirements applicable to all Owner Affordable Residential Units on Block 1. It then sets forth the specific marketing and operating requirements applicable to each type of Owner Affordable Residential Unit. It then sets forth the reporting requirements applicable to each type of Owner Affordable Residential Unit.

C. In addition to this Exhibit L, there will be recorded against each Residential Project on Block 1 containing a For-Rent Owner Affordable Housing Unit and against each For-Sale Owner Affordable Housing Unit a "Declaration of Restrictions" in the form attached as Exhibit J (for Block 1 Owner Affordable Rental Residential Units) or Exhibit K (for Block 1 Owner For-Sale Affordable Residential Units) to the Housing Program. Each Declaration of Restrictions sets forth the income requirements and rental or sales price restrictions applicable to the Owner Affordable Housing Units in a particular Residential Project.

D. In the event of any inconsistency between the terms of this Exhibit L and the South OPA, including the Mission Bay South Housing Program attached as Attachment C to the South OPA (the "Housing Program"), the South OPA and Housing Program shall control.

II. Definitions.

Initially capitalized terms, unless separately defined in this Exhibit L, have the meanings set forth in the South OPA and the Housing Program attached as Attachment C to the South OPA. Terms defined in the South OPA and the attachments thereto, including the Housing Program, and also set forth in this Exhibit L, are provided in this Exhibit L for convenience purposes only.

A. Affordable Housing Units means Residential Units constructed in on Block 1 which shall consist of For-Rent Owner Affordable Housing Units and For-Sale Owner Affordable Housing Units.

B. Certificate Holder means an owner or occupant of residential property who meets the following criteria:

1. The owner or occupant was displaced by either (i) the Agency's acquisition of such residential property, or (ii) the rehabilitation of such

residential property where the owner of the property has entered into an owner participation agreement or other similar agreement with the Agency to perform such rehabilitation; and

2. The Agency has determined that such individual is eligible to receive a Certificate of Preference pursuant to the relocation and replacement housing responsibilities of the Agency pursuant to Article 9, beginning with Section 33410, et seq., of the California Health and Safety Code; and
3. The Agency has certified such individual as a holder of a Certificate of Preference pursuant to the Agency's Property Owner and Occupant Preference Program, established pursuant to Article 9, beginning with Section 33410 of the California Health and Safety Code, as such program currently exists or as may be amended within ninety (90) days of the Effective Date in accordance with the Plan and Plan Documents, and such future amendments as may be consented to by Owner in its sole discretion. Any person claiming to be a Certificate Holder who has not been certified by the Agency is not entitled to any of the preferences in this Exhibit L until such time as that person has been certified by the Agency as a Certificate Holder.

- C. Certificate of Preference means a certificate issued by the Agency pursuant to the Agency's Property Owner and Occupant Preference Program, established pursuant to Article 9, beginning with Section 33410 of the California Health and Safety Code, to evidence the status of an owner or occupant of residential property as a Certificate Holder. For purposes of this Exhibit L, a Certificate of Preference may be either a "Residential A Certificate," or a certificate issued to other members of a Residential A Certificate household, a "Residential C Certificate," as described in the Agency's Property Owner and Occupant Preference Program, as such program currently exists or as may be amended within ninety (90) days of the Effective Date in accordance with the Plan and Plan Documents, and such future amendments as may be consented to by Owner in its sole discretion.
- D. For-Rent or Rental means a Residential Unit which is not a For-Sale Residential Unit.
- E. For-Sale or Sale means a Residential Unit which is intended at the time of Complete Construction to be offered for sale, e.g., as a condominium for individual Residential Unit ownership.
- F. Market Rate Residential Unit means a Residential Unit which has no restrictions under the Housing Program or the South OPA with respect to affordability levels or income restrictions for occupants.
- G. Owner Affordable Housing Unit means an Affordable Housing Unit to be constructed by the Owner on Block 1 pursuant to the Housing Program and the

South OPA which shall be either For-Rent or For-Sale housing offered in accordance with the terms of the Housing Program.

- H. Income Verification Information means the information required by the United States Department of Housing and Urban Development (“HUD”) Handbook 4350.3 to determine eligibility for the rental of a For-Rent Owner Affordable Housing Unit, or the purchaser of a For-Sale Owner Affordable Housing Unit.
- I. Marketing Information means the following with respect to each Residential Project that contains Owner Affordable Housing Units on Block 1:
1. A master Residential Unit list which indicates the following:
 - a. The unit numbers of Owner Affordable Housing Units to be offered for Rental or Sale;
 - b. The number of bedrooms and baths in each such Owner Affordable Housing Units;
 - c. The approximate net square footage of each such Owner Affordable Housing Units;
 - d. A list of amenities in each such Owner Affordable Housing Units (e.g., disposal, washer/dryer, etc.); and
 - e. The initial rent or purchase price, as appropriate, for each such Residential Unit.
 2. For each For-Rent Owner Affordable Housing Unit, the estimated itemized cost of utilities to be paid by each tenant household by Residential Unit size.
 3. For For-Sale Owner Affordable Housing Units, the estimated cost of homeowner’s association dues to be paid by Residential Unit size.
 4. A detailed description of Owner’s rules for tenants (or Covenants Conditions and Restrictions, as appropriate).
 5. For For-Rent Owner Affordable Housing Units, the amount of any deposit required to reserve a Residential Unit, security deposit and all other fees related to the rental of such unit; and a policy for the deposit, use and return of any such amounts.
 6. For For-Rent Owner Affordable Housing Units, the proposed duration of rental agreement or lease.
 7. The amount of application processing fee, if any.

8. A description of application process, the length of time needed by Owner to process applications.
9. For For-Rent Owner Affordable Housing Units, copies of rental application and all forms to be used for Income Verification Information.
- J. Rent-Up means the period of time from when the For-Rent Owner Affordable Housing Units in a Residential Project are first offered for lease until such time as rental agreements have been signed for all such For-Rent Owner Affordable Housing Units in the Residential Project.
- K. Residential Project has the meaning set forth in the South OPA as follows: a Project containing Residential Units and possibly containing other uses permitted under the Mission Bay South Redevelopment Plan and this Housing Program.
- L. Residential Unit has the meaning set forth in the South OPA as follows: a dwelling unit as defined in the Mission Bay South Redevelopment Plan. A dwelling unit is defined in the Mission Bay South Redevelopment Plan as follows: a room or suite of two or more rooms that is designed for residential occupancy for 32 consecutive days or more, with or without shared living spaces, such as kitchens, dining facilities or bathrooms.
- M. San Francisco Residents means a household in which there are one or more persons 18 years or older who have resided in San Francisco for a minimum of twelve (12) continuous months prior to the date of application or purchase offer.
- N. San Francisco Worker means a household in which there are one or more persons 18 years or older who have been employed full time at a company or business located in San Francisco for a minimum of twelve (12) continuous months, and such individual(s) have actually worked in San Francisco for such 12-month period.
- O. Second Lien Documents means those documents described in Section 4.2 of Exhibit K to the Housing Program (“Declaration of For-Sale Restrictions”) to be executed by the purchaser of each For-Sale Owner Affordable Housing Unit.

III. Nondiscrimination Requirements.

The Owner acknowledges the goal of achieving a residential population in the Owner Affordable Housing Units developed on Block 1 which reflects the racial and ethnic diversity of San Francisco. To that end, the Owner will comply with the affirmative marketing obligations described in this Exhibit L. In addition, in the marketing, operation and rental or sale of the Owner Affordable Housing Units on Block 1 (including the initial and subsequent rentals and sales of all Owner Affordable Housing Units), the Owner and any subsequent owner of any such Owner Affordable Housing Units shall not discriminate based on race, religion, color, ancestry, national origin, age, sex, sexual orientation, marital status, gender identity, disability, lawful source of income (as defined in Section 3304 of the San Francisco Police Code) (including, but not limited to Section 8 or any equivalent rent subsidy), or any other basis prohibited by law.

Nothing in this Section shall prohibit the Owner from applying other lawful standards for resident selection or from exercising its rights in managing property, so long as such standards and rights are equitably applied to prospective and actual residents of both Owner Affordable Housing Units.

IV. For-Rent Owner Affordable Housing Units.

A. Procedures for Initial Rentals of For-Rent Owner Affordable Housing Units.

1. Affirmative Marketing Obligations.

- a. Prior to the initial rental of For-Rent Owner Affordable Housing Units, the Owner shall advertise in media directed to different ethnic groups in San Francisco including, but not limited to, Asian Week, Chinese Times, El Bohemio, El Mensajero, Hokubei, Mainichi, Horizontes, Korea Times, Metro Reporter Group, New Bayview, New Fillmore, Nichi Bei Times, and Phillipine News. The Agency reserves the right to modify this list from time to time to adequately reflect diverse ethnicities and to allow for media which no longer exist; provided, however, that the list of required advertising media shall not exceed fifteen (15) publications. Advertisements shall be published in the predominant language of the ethnic group served by each applicable publication.
- b. Print ads shall be published at least twice in each publication which has a weekly circulation, and at least once in all other publications. Ads must be published prior to the Owner's conducting the lottery described in Section IV.A.3 below for the initial rental of For-Rent Owner Affordable Housing Units in the applicable Residential Project.
- c. The Owner shall prepare and provide to the Agency for its review and approval a copy of the proposed advertisement described in Subsection (b) above at least sixty (60) days prior to conducting the lottery described in Section IV.A.3 below for the initial rental of For-Rent Owner Affordable Housing Units. The Agency's approval rights are limited to determining compliance with Subsection (d) below. The Agency will approve or disapprove the proposed advertisement within five (5) days of receipt. Failure by the Agency to either approve or disapprove the proposed advertisement within such five (5) day period shall be deemed approval.
- d. Print advertisements shall be no less than four inches (4") by six inches (6") in size. Each print advertisement shall include the U.S. Department of Housing and Urban Development Fair Housing logo and the words "Equal Housing Opportunity." The

Owner shall include models of different races and ethnic background in all its pictorial advertising which includes models.

2. Occupancy Priorities.

- a. Certificate Holders. In the initial rental of For-Rent Owner Affordable Housing Units, the Owner shall give a first-priority preference to Certificate Holders of Residential A Certificates and a second-priority preference to Certificate Holders of Residential C Certificates, each in the manner described in Section IV.A.3.g below.
- b. San Francisco Residents. In the initial rental of For-Rent Owner Affordable Housing Units, the Owner shall give third-priority preference to San Francisco Residents in the manner described in Section IV.A.3.g below.
- c. San Francisco Workers. In the initial rental of For-Rent Owner Affordable Housing Units, the Owner shall give a fourth-priority preference to San Francisco Workers in the manner described in Section IV.A.3.g below.

3. Rental Procedures/Lottery.

- a. The Owner shall determine priority for occupancy of For-Rent Owner Affordable Housing Units according to the lottery system described in this Subsection 3.
- b. The Owner shall conduct a separate lottery for each Residential Project containing For-Rent Owner Affordable Housing Units.
- c. At least ninety (90) days prior to executing leases for For-Rent Owner Market Rate Residential Units in a Residential Project the Owner shall provide to the Agency the Marketing Information applicable to such Residential Units, together with a notice stating the date on which the Owner intends to start leasing such Residential Units.
- d. The Agency shall be solely responsible for notifying Certificate Holders of the availability of For-Rent Owner Affordable Housing Units. Within forty five (45) days of the Agency's receipt of the Owner's notice under Subsection (c), the Agency shall provide to the Owner a list of Certificate Holders to include in the lottery for the applicable Residential Project, together with completed rental applications and Income Verification Information for each such Certificate Holder.

- e. No later than the earlier of (i) fifteen (15) days from Owner's receipt of the Agency's list of Certificate Holders, or (ii) the expiration of the time period for the Agency to provide the information described in Subsection (d) above, the Owner shall combine applications from all Certificate Holders, if any, San Francisco Residents, San Francisco Workers and applications from members of the general public into one lottery for each Residential Project with Owner Affordable Housing Units.
- f. The Owner shall select potential tenants at random from the combined pool of applicants, and shall prioritize potential tenants in the order selected into an initial list of potential tenants (the "Lottery List").
- g. The Owner shall then prioritize names on the Lottery List in the following order:
 - 1) First, all Certificate Holders of Residential A Certificates on the Lottery List in the order in which their name was selected for the Lottery List;
 - 2) Second, all Certificate Holders of Residential C Certificates on the Lottery List in the order in which their name was selected for the Lottery List;
 - 3) Third, all San Francisco Residents on the Lottery List in the order in which their name was selected for the Lottery List;
 - 4) Fourth, all San Francisco Workers on the Lottery List in the order in which their name was selected for the Lottery List; and
 - 5) All remaining names on the Lottery List in the order in which their name was selected for the Lottery List.

This prioritized list shall be referred to as the "Potential Tenant List." The Owner shall provide the Agency with the Potential Tenant List within three (3) days of its creation.

- h. Within thirty (30) days of the creation of the Potential Tenant List, unless otherwise mutually agreed by the Owner and the Agency, the Owner shall, to the extent of availability of enough households on the Potential Tenant List, determine the eligibility of enough households on the Potential Tenant List as there are available For-Rent Owner Affordable Housing Units in a particular Residential Project (i.e., one household per available For-Rent Owner Affordable Housing Unit) in the order of priority on the Potential Tenant List, taking into account income and household

size restrictions for the For-Rent Owner Affordable Housing Units in each Residential Project, and applying all such other Owner tenant selection criteria consistent with this Exhibit L so as to fill all of the For-Rent Owner Affordable Housing Units. The Owner shall then inform all eligible tenants so selected of the availability of For-Rent Owner Affordable Housing Units in the particular Residential Project.

- i. The Owner must provide to qualified Certificate Holders, San Francisco Workers and San Francisco Residents from the Potential Tenant List, as determined under Subsection (h) above, a reasonable opportunity to view either the actual Residential Unit for which the individual/household is qualified, or a model or other Residential Unit in that Residential Project which is substantially similar to the Residential Unit which the individual/household is qualified to occupy. The Owner may provide this opportunity at the same time for the entire group of such eligible individuals/households; provided that the duration and timing of such opportunity shall be not less than the opportunity given to individuals on the Potential Tenant List who are not Certificate Holders, San Francisco Residents or San Francisco Workers.
 - j. Certificate Holders, San Francisco Residents and San Francisco Workers qualified by the Owner from the Potential Tenant List, as described in Subsection (h) above, shall have at least three (3) days from and including the reasonable opportunity to view a Residential Unit under Subsection (i) above within which to notify the Owner of his/her intention to rent a For-Rent Owner Affordable Housing Unit and take all other steps necessary in accordance with the Marketing Information to secure such For-Rent Owner Affordable Housing Unit. The Owner is not required to provide a priority for the rental of such Residential Units among the qualified Certificate Holders, San Francisco Residents or San Francisco Workers.
4. Tenant Income Eligibility. The required tenant income levels for each For-Rent Owner Affordable Housing Unit in each applicable Residential Project shall be determined solely according to the requirements of Exhibit J to the Housing Program. Exhibit J, indicating the income restrictions for For-Rent Owner Affordable Housing Units in a Residential Project, shall be recorded against each such Residential Project in accordance with the Housing Program.
 5. Rental Charge Restrictions. The rental rates for For-Rent Owner Affordable Housing Units in each applicable Residential Project shall be determined solely according to the requirements of Exhibit J to the Housing Program. Exhibit J, indicating the rental charge restrictions for

For-Rent Owner Affordable Housing Units in a Residential Project, shall be recorded against each such Residential Project in accordance with the Housing Program.

- B. Procedures for Subsequent Rentals of Vacant For-Rent Owner Affordable Housing Units.
1. Affirmative Marketing Obligations. The Owner shall make good faith efforts to advertise the periodic vacancy of For-Rent Owner Affordable Housing Units in a manner designed to reach diverse ethnic populations.
 2. Occupancy Priorities.
 - a. Certificate Holders. In the subsequent rental of vacant For-Rent Owner Affordable Housing Units, the Owner shall give a first priority preference (as described in Subsection 3 below) to Certificate Holders (first, holders of Residential A Certificates, and second, holders of Residential C Certificates) who were on the Potential Tenant List for such Residential Units, and then to Certificate Holders who request to be included on the waiting list following completion of Rent-Up of such Residential Units.
 - b. San Francisco Residents. In the subsequent rental of vacant For-Rent Owner Affordable Housing Units, the Owner shall give a third priority preference (as described in Subsection 3 below) to San Francisco Residents on the waiting list for such Residential Units.
 - c. San Francisco Workers. In the subsequent rental of vacant For-Rent Owner Affordable Housing Units, the Owner shall give a fourth priority preference (as described in Subsection 3 below) to San Francisco Workers on the waiting list for such Residential Units.
 3. Rental Procedures.
 - a. The Owner shall maintain and select new tenants for vacant For-Rent Owner Affordable Housing Units from a waiting list for occupancy of For-Rent Owner Affordable Housing Units in each Residential Project based on the order listed on the Potential Tenant List.
 - b. A Certificate Holder, San Francisco Resident or San Francisco Worker on such waiting list shall no longer be entitled to maintain the individual's/household's priority position on the waiting list upon occurrence of any of the following:

- 1) The individual/household is offered a For-Rent Owner Affordable Housing Unit which the individual/household is eligible to occupy (based on income and Household Size), and the individual/household does not rent such Residential Unit;
 - 2) The income of the individual/household is too high for that individual/household to qualify for any For-Rent Affordable Housing Unit available in the particular Residential Project; or
 - 3) The individual/household fails to satisfy the Owner's tenant selection criteria applicable to the particular Residential Units consistent with all applicable local, state and federal fair housing laws.
4. Tenant Income Eligibility. The required tenant income levels for each For-Rent Owner Affordable Housing Unit in each applicable Residential Project shall be determined solely according to the requirements of Exhibit J to the Housing Program. Exhibit J, indicating the income restrictions for For-Rent Owner Affordable Housing Units in a Residential Project, shall be recorded against each such Residential Project in accordance with the Housing Program.
5. Rental Charge Restrictions. The rental rates for each For-Rent Owner Affordable Housing Unit in each applicable Residential Project shall be determined solely according to the requirements of Exhibit J to the Housing Program. Exhibit J, indicating the rental charge restrictions for For-Rent Owner Affordable Housing Units in a Residential Project, shall be recorded against each such Residential Project in accordance with the Housing Program.

V. For-Sale Owner Affordable Housing Units.

A. Procedures for the Initial Sales of For-Sale Owner Affordable Housing Units.

1. Affirmative Marketing Obligations.

- a. Prior to the initial sale of For-Sale Owner Affordable Housing Units, the Owner shall advertise in media directed to different ethnic groups in San Francisco including, but not limited to, Asian Week, Chinese Times, El Bohemio, El Mensajero, Hokubei, Mainichi, Horizontes, Korea Times, Metro Reporter Group, New Bayview, New Fillmore, Nichi Bei Times, and Phillipine News. The Agency reserves the right to modify this list from time to time to adequately reflect diverse ethnicities and to allow for media which no longer exist; provided, however, that the list of required advertising media shall not exceed fifteen (15) publications.

Advertisements shall be published in the predominant language of the ethnic group served by each applicable publication.

- b. Print ads shall be published at least twice in each publication which has a weekly circulation, and at least once in all other publications. Ads must be published prior to the Owner's conducting the lottery described in Section V.A.3.e below for the initial sale of For-Sale Owner Affordable Housing Units in the applicable Residential Project.
- c. The Owner shall prepare and provide to the Agency for its review and approval a copy of the proposed advertisement described in Subsection (b) above at least sixty (60) days prior to accepting applications for the initial sale of For-Sale Owner Affordable Housing Units. The Agency's approval rights are limited to determining compliance with Section V.A.1.d below. The Agency will approve or disapprove the proposed advertisement within five (5) days of receipt. Failure by the Agency to either approve or disapprove the proposed advertisement within such five (5) day period shall be deemed approval.
- d. Print advertisements shall be no less than four inches (4") by six inches (6") in size. Each print advertisement shall include the U.S. Department of Housing and Urban Development Fair Housing logo and the words "Equal Housing Opportunity." The Owner shall include models of different races and ethnic background in all its pictorial advertising which includes models.

2. Occupancy Priorities.

- a. Certificate Holders. In the initial sale of For-Sale Owner Affordable Housing Units, the Owner shall give a first-priority preference to Certificate Holders of Residential A Certificates and a second-priority preference to Certificate Holders of Residential C Certificates in the manner described in Section V.A.3.e below.
- b. San Francisco Residents. In the initial sale of For-Sale Owner Affordable Housing Units, the Owner shall give third-priority preference to San Francisco Residents in the manner described in Section V.A.3.e below.
- c. San Francisco Workers. In the initial sale of For-Sale Owner Affordable Housing Units, the Owner shall give a fourth-priority preference to San Francisco Residents in the manner described in Section V.A.3.e below.

3. Sales Procedures.

- a. At least One Hundred Eighty (180) days prior to the initial sale of a For-Sale Owner Affordable Housing Unit, the Owner shall provide to the Agency the Marketing Information applicable to such Residential Units.
- b. The Agency shall be solely responsible for informing Certificate Holders of the availability of For-Sale Owner Affordable Housing Units.
- c. The Owner, in cooperation with the Agency, shall conduct at least two (2) public informational meetings regarding the sale of For-Sale Owner Affordable Housing Units in each Residential Project. Each meeting shall be advertised in conjunction with the advertising required under Section V.A.1. Each meeting shall be open to persons potentially interested in the purchase of a For-Sale Owner Affordable Housing Unit. At each meeting, the Owner and the Agency shall describe the following:
 - 1) The number and type of For-Sale Owner Affordable Housing Units to be offered;
 - 2) The income and purchase price restrictions applicable to each available Residential Unit;
 - 3) The resale restrictions applicable to each available Residential Unit, including the Second Lien Documents to be executed by each purchaser;
 - 4) The anticipated schedule for marketing and selling such Residential Units; and
 - 5) Information on covenants, conditions and restrictions; homeowner's association dues; and proposed rules of the homeowners' association applicable to such Residential Units.
- d. The Owner may, at its discretion, accept pre-applications from interested purchasers and may pre-qualify purchasers of For-Sale Owner Affordable Housing Units according to the occupancy restrictions applicable to a particular Residential Unit and the application of such other tenant selection criteria permitted under this Exhibit L.
- e. The Owner shall conduct a lottery of all interested purchasers, including any potential purchasers which have been pre-qualified by the Owner, as follows:

- 1) The Owner shall conduct a separate lottery for each Residential Project containing For-Sale Owner Affordable Housing Units.
- 2) The Owner shall combine all Certificate Holders, San Francisco Residents, San Francisco Workers and applications from members of the general public into one lottery for each Residential Project with Owner Affordable Housing Units.
- 3) The Owner shall select potential purchasers at random from the combined pool of applicants, and shall prioritize potential purchasers in the order selected into an initial list of potential purchasers (the "Lottery List").
- 4) The Owner shall then prioritize names on the Lottery List in the following order:
 - a) First, all Certificate Holders of Residential A Certificates on the Lottery List in the order in which their name was selected for the Lottery List;
 - b) Second, all Certificate Holders of Residential C Certificates on the Lottery List in the order in which their name was selected for the Lottery List;
 - c) Third, all San Francisco Residents on the Lottery List in the order in which their name was selected for the Lottery List;
 - d) Fourth, all San Francisco Workers on the Lottery List in the order in which their name was selected for the Lottery List; and
 - e) All remaining names on the Lottery List in the order in which their name was selected for the Lottery List.

This newly prioritized list shall be referred to as the "Potential Purchaser List." The Owner shall provide the Agency with the Potential Purchaser List within three (3) days of its creation.

- 5) Within thirty (30) days of the creation of the Potential Purchaser List, unless otherwise mutually agreed by the Owner and the Agency, the Owner shall determine the eligibility of enough households on the Potential Purchaser List as there are available For-Sale Owner Affordable

Housing Units in a particular Residential Project (i.e., one household per available For-Sale Owner Affordable Housing Unit) in the order of priority on that list, taking into account income and household size restrictions for the For-Sale Owner Affordable Housing Units in each Residential Project, and applying such other purchaser selection criteria consistent with this Exhibit F. The Owner shall then inform that number of eligible purchasers so selected of the availability of Residential Units in the particular Residential Project. The Owner's determination of Purchaser Eligibility is subject to a mortgage lender's approval of each potential purchaser.

- 6) The Owner must provide to qualified Certificate Holders, San Francisco Workers and San Francisco Residents from the Potential Tenant List, as determined under Subsection (v) above, a reasonable opportunity to view either the actual Residential Unit for which the individual/household is qualified, or a model or other Residential Unit in that Residential Project which is substantially similar to the Residential Unit which the individual/household is qualified to occupy. The Owner may provide this opportunity for the entire group of such eligible individuals/households on a single preview day provided that Owner must provide at least seven (7) days advance written notice of the preview date and provided further that Certificate Holders will be provided with a reasonable opportunity to view such Residential Units in advance of San Francisco Residents and San Francisco Workers on the preview day.
- 7) Certificate Holders, San Francisco Residents and San Francisco Workers qualified by the Owner from the Potential Purchaser List, as described in Subsection (v) above, shall have during their designated preview period as described in subsection (vi) and thereafter for five (5) days from and including the reasonable opportunity to preview a Residential Unit under Subsection (vi) above within which to notify the Owner of his/her intention to purchase a For-Sale Owner Affordable Housing Unit and take all other steps necessary in accordance with the Marketing Information to secure such For-Sale Owner Affordable Housing Unit, including but not limited to executing a purchase and sale agreement and providing the required deposit applicable to such Residential Unit.

4. Purchaser Income Eligibility. The income levels for purchasers of each For-Sale Owner Affordable Housing Unit in each Residential Project shall be determined solely according to the requirements of Exhibit K to the Housing Program. Exhibit K, indicating the types of For-Sale Owner Affordable Housing Units in each applicable Residential Project, shall be recorded against each Residential Project containing For-Sale Owner Affordable Housing Units in accordance with the Housing Program.
 5. Sales Price Restrictions. The sales prices for each For-Sale Owner Affordable Housing Unit in each Residential Project shall be determined solely according to the requirements of Exhibit K to the Housing Program. Exhibit K, indicating the types of For-Sale Owner Affordable Housing Units in each applicable Residential Project, shall be recorded against each Residential Project containing For-Sale Owner Affordable Housing Units in accordance with the Housing Program.
- B. Procedures for Resales of For-Sale Owner Affordable Housing Units. All obligations of the owners of For-Sale Owner Affordable Housing Units with respect to the resale of For-Sale Owner Affordable Housing Units, including occupancy priorities and resale procedures, are contained in the Second Lien Documents. Purchaser income eligibility and sales price restrictions applicable to the resale of For-Sale Owner Affordable Housing Units shall be determined solely according to the requirements of Exhibit K to the Housing Program. Exhibit K, indicating the types of For-Sale Owner Affordable Housing Units in each applicable Residential Project, shall be recorded against each applicable Residential Project containing For-Sale Owner Affordable Housing Units as provided in the Housing Program.

VI. Reporting Requirements.

The Owner shall comply with the following reporting requirements, in addition to any other requirements imposed by the funding source for the development of Owner Affordable Housing Units.

- A. For-Rent Owner Affordable Housing Units.
 1. Within ten (10) days after the execution of a rental agreement for the last For-Rent Owner Affordable Housing Units in a particular Residential Project, the Owner shall provide to the Agency a report on the status of each Certificate Holder on the Potential Tenant List, and a rent roll specifying each Residential Unit number, Residential Unit size, number of occupants, affordability designation, and rent.
 2. The Owner shall provide to the Agency monthly reports, no later than the 15th day of each month, which indicate the following information for the preceding month:

- a. The number of individuals/households on the waiting list for a particular Residential Project containing For-Rent Owner Affordable Housing Units;
 - b. With respect to Certificate Holders and San Francisco Workers/Residents:
 - 1) The names of current Certificate Holders and San Francisco Workers/Residents on the waiting list for each such Residential Project and the date on which each such name was added to the waiting list;
 - 2) The names of Certificate Holders and San Francisco Workers/Residents who leased Residential Units during the preceding one-month period; and
 - 3) If applicable, the reason why any Certificate Holder or San Francisco Worker/Resident on the waiting list did not rent an available For-Rent Affordable Housing Residential Unit (e.g., not income-eligible, household size not appropriate for the Residential Unit).
 - c. The Residential Unit number and date of leasing of each Residential Unit rented during the preceding one-month period.
 - d. The number of names added to and removed from each waiting list during the preceding one-month period.
3. The Owner shall provide to the Agency, on or before the 15th day of each month, a current waiting list for each such Residential Project, together with a narrative summary of each case in which a Certificate was denied occupancy of a For-Rent Owner Affordable Housing Unit, and the grounds for such denial (e.g., not income eligible, household size not appropriate for the available Residential Unit size).
- B. For-Sale Owner Affordable Housing Units. Within ten (10) days following the close of escrow of all For-Sale Owner Affordable Housing Units in a particular Residential Project, the Owner shall provide to the Agency a report on the status of each Certificate Holder on the Potential Purchaser List, and a sales roll specifying each Residential Unit number, Residential Unit size, number of occupants, affordability designation, and sales price.

Oversight Board of the City and County of San Francisco

**RESOLUTION NO. 5-2013
Adopted June 10, 2013**

RESOLUTION ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND CONDITIONALLY AUTHORIZING A THIRD AMENDMENT TO THE MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT WITH FOCIL-MB, LLC, A DELAWARE LIMITED LIABILITY COMPANY, TO ALLOW A MIXTURE OF HOTEL, RESIDENTIAL, AND RETAIL USE ON BLOCK 1; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA.

WHEREAS, The Commission of the former Redevelopment Agency of the City and County of San Francisco ("Redevelopment Commission") and the San Francisco Planning Commission, together acting as co-lead agencies for conducting environmental review for the Redevelopment Plans for the Mission Bay North Redevelopment Project area and the Mission Bay South Redevelopment Project Area (the "Plans"), the Mission Bay North Owner Participation Agreement ("North OPA") and the Mission Bay South Owner Participation Agreement ("South OPA"), and other permits, approvals and related and collateral action (the "Mission Bay Project"), prepared and certified a Final Subsequent Environmental Impact Report and have subsequently issued addenda thereto as described below (collectively referred to as the FSEIR"); and,

WHEREAS, On September 17, 1998, the Redevelopment Commission adopted Resolution No. 182-98 which certified the Final Subsequent Environmental Impact Report ("FSEIR") as a program EIR for Mission Bay North and South pursuant to the California Environmental Quality Act ("CEQA") and State CEQA Guidelines Sections 15168 (Program EIR) and 15180 (Redevelopment Plan EIR). On the same date, the Redevelopment Commission also adopted Resolution No. 183-98, which adopted environmental findings (including without limitation a statement of overriding considerations and mitigation monitoring and reporting program) ("CEQA Findings"), in connection with the approval of the Mission Bay Project. The San Francisco Planning Commission ("Planning Commission") certified the FSEIR by Resolution No. 14696 on the same date. On October 19, 1998, the Board of Supervisors adopted Motion No. 98-132 affirming certification of the FSEIR by the Planning Commission and the Redevelopment Agency, and Resolution No. 854-98 adopting environmental findings (including without limitation a statement of overriding considerations and a mitigation monitoring and reporting program for the Mission Bay Project; and,

WHEREAS, On September 17, 1998, the Redevelopment Commission adopted Resolution No. 193-98, authorizing execution of a South OPA and related documents between Catellus Development Corporation, a Delaware corporation ("Catellus"), and the Redevelopment Agency. On November 2, 1998, the San Francisco Board of Supervisors ("Board of Supervisors"), by Ordinance No. 335-98, adopted the Plan. The Plan and its implementing documents, as defined in the Plan, constitute the "Plan Documents"; and,

WHEREAS, Subsequent to certification of the FSEIR, the Planning Department and the Redevelopment Agency issued several addenda to the FSEIR. The addenda do not

identify any substantial new information or new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the FSEIR. The first addendum, dated March 21, 2000, analyzed temporary parking lots to serve the AT&T Ballpark. The second addendum, dated June 20, 2001, analyzed revisions to 7th Street bike lanes and relocation of a storm drain outfall provided for in the Mission Bay South Infrastructure Plan, a component of the South OPA. The third addendum, dated February 10, 2004, analyzed revisions to the Mission Bay South Design for Development ("Design for Development") with respect to the maximum allowable number of towers, tower separation and required step-backs. The fourth addendum, dated March 9, 2004, analyzed the Design for Development with respect to the permitted maximum number of parking spaces for bio-technical and similar research facilities and the Mission Bay North OPA with respect to changes to reflect a reduction in permitted commercial development and associated parking. The fifth addendum, dated October 4, 2005, analyzed the UCSF proposal to establish a Phase I 400-bed hospital in the Mission Bay South Redevelopment Project Area ("Mission Bay South") on Blocks 36-39 and X-3. The sixth addendum, dated September 10, 2008, addressed revisions of the UCSF Medical Center at Mission Bay. The seventh addendum, dated January 7, 2010, addressed the construction of a Public Safety Building on Block 8 in Mission Bay South; and,

WHEREAS, The South OPA has been amended twice by the Redevelopment Commission, the first time on February 17, 2004 (Resolution No. 23-2004) and the second time on November 1, 2005 (Resolution No. 177-2005); and,

WHEREAS, Catellus, the original master developer of the Mission Bay North and South Redevelopment Project Areas, has sold most of its remaining undeveloped land in Mission Bay to FOCIL-MB, LLC, ("FOCIL-MB"), a subsidiary of Farallon Capital Management, LLC, a large investment management firm. The sale encompassed approximately 71 acres of land in Mission Bay, and the remaining undeveloped residential parcels in Mission Bay South. FOCIL-MB assumed all of Catellus' obligations under the North OPA and South OPA, as well as all responsibilities under the related public improvement agreements and land transfer agreements with the City and County of San Francisco ("City"). FOCIL-MB is bound by all terms of the OPAs and related agreements, including the requirements of the affordable housing program, equal opportunity program, and design review process; and,

WHEREAS, Under California Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26") and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, No. 5194861, all redevelopment agencies in the State of California (the "State"), including the Redevelopment Agency, were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies; and,

WHEREAS, Under the provisions of AB 26, the City was designated as the successor agency to the Redevelopment Agency ("Successor Agency") to receive the assets of the Redevelopment Agency; and,

WHEREAS, In June of 2012, the California legislature adopted Assembly Bill 1484 ("AB 1484") amending certain provisions of AB 26, and the Governor of the State signed the bill and it became effective on June 27, 2012. Among other

things, AB 1484 provided that a successor agency is a separate public entity from the public agency that provides for its governance; and,

WHEREAS, Subsequent to the adoption of AB 1484, on October 2, 2012 the Board of Supervisors of the City, acting as the legislative body of the Successor Agency, adopted Ordinance No. 215-12 (the "Implementing Ordinance"), which Implementing Ordinance was signed by the Mayor on October 4, 2012, and which, among other matters: (a) acknowledged and confirmed that, as of the effective date of AB 1484, the Successor Agency, commonly known as the Office of Community Investment and Infrastructure ("OCII"), is a separate legal entity from the City, and (b) established the Successor Agency Commission ("Commission") and delegated to it the authority to (i) act in place of the Redevelopment Commission to, among other matters, implement, modify, enforce and complete the Redevelopment Agency's enforceable obligations, (ii) approve all contracts and actions related to the assets transferred to or retained by the Successor Agency, including, without limitation, the authority to exercise land use, development, and design approval, consistent with applicable enforceable obligations, and (iii) take any action that the Redevelopment Dissolution Law (AB 26 and AB 1484, as amended in the future) requires or authorizes on behalf of the Successor Agency and any other action that the Successor Agency Commission deems appropriate, consistent with the Redevelopment Dissolution Law, to comply with such obligations; and,

WHEREAS, The Board of Supervisors' delegation to the Commission, commonly known as the Commission on Community Investment and Infrastructure, includes the authority to grant approvals under specified land use controls for the Mission Bay Project consistent with the approved Plan and enforceable obligations, including amending an existing obligation as allowed by the Redevelopment Dissolution Law; and,

WHEREAS, Redevelopment Dissolution Law places the performance of certain duties by successor agencies under the supervision of newly established oversight boards. The oversight boards oversee the fiscal management of future successor agency activities regarding the enforceable obligations. In performing their functions, the oversight boards owe fiduciary responsibilities to the holders of enforceable obligations and the taxing entities entitled to the distribution of property tax revenues under the Redevelopment Dissolution Law. Redevelopment Dissolution Law requires that each action of an oversight board be by resolution, subject to review by the California Department of Finance; and,

WHEREAS, The Mayor (with confirmation by the Board of Supervisors), the Bay Area Rapid Transit District, the Chancellor of the California Community College, and the San Francisco School District have appointed members to this Oversight Board; and,

WHEREAS, The Successor Agency has prepared a proposed third amendment to the South OPA (the "OPA Amendment") in conjunction with an amendment to the Plan (the "Plan Amendment") for the Mission Bay South Redevelopment Project Area to allow a mixture of hotel, residential, and retail use on Block 1; and,

WHEREAS, OCII engaged PKF Consulting USA ("PKF") to complete a peer review study to determine if a 500-room hotel on Block 1 would be feasible in the current market conditions. PKF found that in the current market, a 500-room hotel would not be feasible, but a smaller, 250-room hotel would be feasible and would result in fiscal benefits that would not otherwise occur in the current market if the site remained entitled for a 500-room hotel; and,

- WHEREAS, The proposed OPA Amendment would provide for development on Block 1 of either a 500-room hotel with up to 50,000 square feet of retail, as currently allowed by the Plan, or an alternative development of up to 350 dwelling units, 250 hotel rooms, and 25,000 square feet of retail. Any residential development on Block 1 would be required to pay an in-lieu fee for affordable housing if condominiums are built, and provide affordable inclusionary units for rental projects, which will be targeted to low-income households of up to sixty percent (60%) of the area median income, as adjusted only for household size ("AMI"), which is consistent with the typical maximum affordability of stand-alone affordable housing projects that OCII is constructing in Mission Bay South; and,
- WHEREAS, By allowing for residential use and an economically-feasible hotel, the OPA Amendment will support the full economic use of Block 1 and will accelerate the completion of development under the Plan, the South OPA and the related enforceable obligations. The change in permitted uses on Block 1 is expected to result in its development, which would generate more revenues from property taxes payable to the taxing entities, including the City and County of San Francisco, the Bay Area Rapid Transit District, the San Francisco Community College District, and the San Francisco Unified School District, as well as the State of California, compared with the existing, undeveloped conditions. The OPA Amendment does not propose any new capital expenditures by the Successor Agency or any change in the Successor Agency's overall method of financing the redevelopment of the Mission Bay South Redevelopment Project Area, and will accelerate the completion of development under the Plan and the South OPA; and,
- WHEREAS, On May 21, 2013, the Commission conditionally approved the OPA Amendment related to the Mission Bay Project (the "Implementing Action"); and,
- WHEREAS, Since the certification of the FSEIR, adoption of the CEQA Findings, and approval of the Mission Bay Project, the Successor Agency prepared an Addendum #8 to the FSEIR, dated May 15, 2013 ("Addendum #8") that analyzes the OPA Amendment and Plan Amendment to allow up to 350 units of residential development on Block 1 as a secondary use, with a 250-room hotel and up to 25,000 square feet of retail uses; and,
- WHEREAS, The Successor Agency prepared Addendum #8 in compliance with CEQA and the State CEQA Guidelines and it reflects the independent judgment and analysis of the Successor Agency. Addendum #8 concludes that the Mission Bay Project, as modified by the Plan Amendment and OPA Amendment is within the scope of the Mission Bay Project analyzed in the FSEIR and will not result in any new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the FSEIR for the reasons stated in the Addendum #8; and,
- WHEREAS, The Successor Agency staff, in making the necessary findings for the Implementing Action contemplated by this Resolution, considered and reviewed the FSEIR, and has made documents related to the Implementing Action, the FSEIR files, including Addendum #8, available for review by the Oversight Board and the public, and these files are part of the record before the Oversight Board; and,
- WHEREAS, Copies of the FSEIR, including Addendum #8 and supporting documentation are on file with the Oversight Board Secretary and are incorporated in this Resolution by this reference; and,

WHEREAS, The Implementing Action is an undertaking pursuant to and in furtherance of the Mission Bay Project in conformance with CEQA Guidelines Section 15180; and,

WHEREAS, The FSEIR and CEQA Findings adopted by the Agency Commission by Resolution No. 183-98 dated September 17, 1998, reflected the independent judgment and analysis of the Agency Commission, were and remain adequate, accurate and objective and were prepared and adopted following the procedures required by CEQA, and the findings in such resolution are incorporated herein by reference as applicable to the Implementing Action; and,

WHEREAS, OCII staff has reviewed the OPA Amendment conditionally approved by the Commission on May 21, 2013, and finds it acceptable and recommends approval thereof; and,

WHEREAS, A copy of the OPA Amendment is on file with the Secretary of the Oversight Board and fully incorporated herein; and,

WHEREAS, This Oversight Board now desires to approve the OPA Amendment as contemplated by the Successor Agency Resolution, attached hereto as Exhibit A; now, therefore, be it

RESOLVED, This Oversight Board has considered the FSEIR, the CEQA Findings that were previously adopted by the Redevelopment Commission, including the statement of overriding considerations and mitigation monitoring and reporting program, and the Addendum #8, and the Oversight Board adopts the CEQA Findings and Addendum #8 as its own; and, be it further

RESOLVED, This Oversight Board finds and determines that the Implementing Action is within the scope of the Mission Bay Project analyzed in the FSEIR and requires no further environmental review beyond the FSEIR pursuant to the State CEQA Guidelines Section 15180, 15162 and 15163 for the following reasons:

- (1) implementation of the OPA Amendment does not require major revisions to the FSEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant impacts; and,
- (2) no substantial changes have occurred with respect to the circumstances under which the project analyzed in the FSEIR will be undertaken that would require major revisions to the FSEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FSEIR; and,
- (3) no new information of substantial importance to the project analyzed in the FSEIR has become available, which would indicate that (i) the OPA Amendment will have significant effects not discussed in the FSEIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible, which would reduce one or more significant effects, have become feasible; or (iv) mitigation measures or alternatives, which are considerably different from those in the FSEIR, will substantially reduce one or more significant effects on the environment that would change the conclusions set forth in the FSEIR; and, be it further

RESOLVED, That this Oversight Board approves the OPA Amendment, substantially in the form on file with the Secretary of this Oversight Board, subject to the approval of this action by the California Department of Finance.

I hereby certify that the foregoing resolution was adopted by the Oversight Board at its meeting of June 10, 2013.

Natasha Jones
Oversight Board Secretary

EXHIBIT A

Successor Agency Resolution No. 16-2013

Commission on Community Investment and Infrastructure

RESOLUTION NO. 16-2013
Adopted May 21, 2013

RESOLUTION ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND CONDITIONALLY AUTHORIZING A THIRD AMENDMENT TO THE MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT WITH FOCIL-MB, LLC, A DELAWARE LIMITED LIABILITY COMPANY, TO ALLOW A MIXTURE OF HOTEL, RESIDENTIAL, AND RETAIL USE ON BLOCK 1; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA

WHEREAS, The Commission of the former Redevelopment Agency of the City and County of San Francisco ("Redevelopment Commission") and the San Francisco Planning Commission, together acting as co-lead agencies for conducting environmental review for the Redevelopment Plans for the Mission Bay North Redevelopment Project area and the Mission Bay South Redevelopment Project Area (the "Plans"), the Mission Bay North Owner Participation Agreement ("North OPA") and the Mission Bay South Owner Participation Agreement ("South OPA"), and other permits, approvals and related and collateral action (the "Mission Bay Project"), prepared and certified a Final Subsequent Environmental Impact Report and have subsequently issued addenda thereto as described below (collectively referred to as the FSEIR"); and,

WHEREAS, On September 17, 1998, the Redevelopment Commission adopted Resolution No. 182-98 which certified the Final Subsequent Environmental Impact Report ("FSEIR") as a program EIR for Mission Bay North and South pursuant to the California Environmental Quality Act ("CEQA") and State CEQA Guidelines Sections 15168 (Program EIR) and 15180 (Redevelopment Plan EIR). On the same date, the Redevelopment Commission also adopted Resolution No. 183-98, which adopted environmental findings (including without limitation a statement of overriding considerations and mitigation monitoring and reporting program) ("CEQA Findings"), in connection with the approval of the Mission Bay Project. The San Francisco Planning Commission ("Planning Commission") certified the FSEIR by Resolution No. 14696 on the same date. On October 19, 1998, the Board of Supervisors adopted Motion No. 98-132 affirming certification of the FSEIR by the Planning Commission and the Redevelopment Agency, and Resolution No. 854-98 adopting environmental findings (including without limitation a statement of overriding considerations and a mitigation monitoring and reporting program for the Mission Bay Project; and,

WHEREAS, On September 17, 1998, the Redevelopment Commission adopted Resolution No. 193-98, authorizing execution of an South OPA and related documents between Catellus Development Corporation, a Delaware corporation ("Catellus"), and the Redevelopment Agency. On November 2, 1998, the San Francisco Board of Supervisors ("Board of Supervisors"), by Ordinance No. 335-98, adopted the Plan. The Plan and its implementing documents, as defined in the Plan, constitute the "Plan Documents"; and,

WHEREAS, Subsequent to certification of the FSEIR, the Planning Department and the Redevelopment Agency issued several addenda to the FSEIR. The addenda do not identify any substantial new information or new significant impacts or a

substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the FSEIR. The first addendum, dated March 21, 2000, analyzed temporary parking lots to serve the AT&T Ballpark. The second addendum, dated June 20, 2001, analyzed revisions to 7th Street bike lanes and relocation of a storm drain outfall provided for in the Mission Bay South Infrastructure Plan, a component of the South OPA. The third addendum, dated February 10, 2004, analyzed revisions to the Mission Bay South Design for Development ("Design for Development") with respect to the maximum allowable number of towers, tower separation and requires step-backs. The fourth addendum, dated March 9, 2004, analyzed the Design for Development with respect to the permitted maximum number of parking spaces for bio-technical and similar research facilities and the Mission Bay North OPA with respect to changes to reflect a reduction in permitted commercial development and associated parking. The fifth addendum, dated October 4, 2005, analyzed the UCSF proposal to establish a Phase I 400-bed hospital in the Mission Bay South Redevelopment Project Area ("Mission Bay South") on Blocks 36-39 and X-3. The sixth addendum, dated September 10, 2008, addressed revisions of the UCSF Medical Center at Mission Bay. The seventh addendum, dated January 7, 2010, addressed the construction of a Public Safety Building on Block 8 in Mission Bay South; and,

WHEREAS, Catellus, the original master developer of the Mission Bay North and South Redevelopment Project Areas, has sold most of its remaining undeveloped land in Mission Bay to FOCIL-MB, LLC, ("FOCIL-MB"), a subsidiary of Farallon Capital Management, LLC, a large investment management firm. The sale encompassed approximately 71 acres of land in Mission Bay, and the remaining undeveloped residential parcels in Mission Bay South. FOCIL-MB assumed all of Catellus' obligations under the North OPA and South OPA, as well as all responsibilities under the related public improvement agreements and land transfer agreements with the City and County of San Francisco ("City"). FOCIL-MB is bound by all terms of the OPAs and related agreements, including the requirements of the affordable housing program, equal opportunity program, and design review process; and,

WHEREAS, Under California Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26") and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, No. 5194861, all redevelopment agencies in the State of California (the "State"), including the Redevelopment Agency, were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies; and,

WHEREAS, Under the provisions of AB 26, the City was designated as the successor agency to the Redevelopment Agency ("Successor Agency") to receive the assets of the Redevelopment Agency; and,

WHEREAS, In June of 2012, the California legislature adopted Assembly Bill 1484 ("AB 1484") amending certain provisions of AB 26, and the Governor of the State signed the bill and it became effective on June 27, 2012. Among other things, AB 1484 provided that a successor agency is a separate public entity from the public agency that provides for its governance; and,

WHEREAS, Subsequent to the adoption of AB 1484, on October 2, 2012 the Board of Supervisors of the City, acting as the legislative body of the Successor Agency, adopted Ordinance No. 215-12 (the "Implementing Ordinance"), which

Implementing Ordinance was signed by the Mayor on October 4, 2012, and which, among other matters: (a) acknowledged and confirmed that, as of the effective date of AB 1484, the Successor Agency, commonly known as the Office of Community Investment and Infrastructure ("OCII"), is a separate legal entity from the City, and (b) established this Successor Agency Commission ("Commission") and delegated to it the authority to (i) act in place of the Redevelopment Commission to, among other matters, implement, modify, enforce and complete the Redevelopment Agency's enforceable obligations, (ii) approve all contracts and actions related to the assets transferred to or retained by the Successor Agency, including, without limitation, the authority to exercise land use, development, and design approval, consistent with applicable enforceable obligations, and (iii) take any action that the Redevelopment Dissolution Law (AB 26 and AB 1484, as amended in the future) requires or authorizes on behalf of the Successor Agency and any other action that this Successor Agency Commission deems appropriate, consistent with the Redevelopment Dissolution Law, to comply with such obligations; and,

WHEREAS, The Board of Supervisors' delegation to this Commission, commonly known as the Commission on Community Investment and Infrastructure, includes the authority to grant approvals under specified land use controls for the Mission Bay Project consistent with the approved Plan and enforceable obligations, including amending an existing obligation as allowed by the Redevelopment Dissolution Law; and,

WHEREAS, The Successor Agency has prepared a proposed third amendment to the South OPA ("OPA Amendment") in conjunction with an amendment to the Plan ("Plan Amendment") for the Mission Bay South Redevelopment Project Area to allow a mixture of hotel, residential, and retail use on Block 1; and,

WHEREAS, The Commission is currently considering approval of the OPA Amendment related to the Mission Bay Project (the "Implementing Action"); and,

WHEREAS, OCII engaged PKF Consulting USA ("PKF") to complete a peer review study to determine if a 500-room hotel on Block 1 would be feasible in the current market conditions. PKF found that in the current market, a 500-room hotel would not be feasible, but a smaller, 250-room hotel would be feasible and would result in fiscal benefits that would not otherwise occur in the current market if the site remained entitled for a 500-room hotel; and,

WHEREAS, The proposed OPA Amendment would provide for development on Block 1 of either a 500-room hotel with up to 50,000 square feet of retail, as currently allowed by the Plan, or an alternative development of up to 350 dwelling units, 250 hotel rooms, and 25,000 square feet of retail. Any residential development on Block 1 would be required to pay an in-lieu fee for affordable housing if condominiums are built, and provide affordable inclusionary units for rental projects, which will be targeted to low-income households of up to sixty percent (60%) of the area median income, as adjusted only for household size ("AMI"), which is consistent with the typical maximum affordability of stand-alone affordable housing projects that OCII is constructing in Mission Bay South; and,

WHEREAS, By allowing for residential use and an economically-feasible hotel, the OPA Amendment will support the full economic use of Block 1 and will accelerate the completion of development under the Plan, the South OPA and the related enforceable obligations. The change in permitted uses on Block 1 is expected to result in its development, which would generate more revenues from property

taxes payable to the taxing entities, including the City and County of San Francisco, the Bay Area Rapid Transit District, the San Francisco Community College District, and the San Francisco Unified School District, as well as the State of California, compared with the existing, undeveloped conditions. The OPA Amendment does not propose any new capital expenditures by the Successor Agency or any change in the Successor Agency's overall method of financing the redevelopment of the Mission Bay South Redevelopment Project Area, and will accelerate the completion of development under the Plan and the South OPA; and,

WHEREAS, Since the certification of the FSEIR, adoption of the CEQA Findings, and approval of the Mission Bay Project, the Successor Agency prepared an Addendum #8 to the FSEIR, dated May 15, 2013 ("Addendum #8") that analyzes the OPA Amendment and Plan Amendment to allow up to 350 units of residential development on Block 1 as a secondary use, with a 250-room hotel and up to 25,000 square feet of retail uses; and,

WHEREAS, The Successor Agency prepared Addendum #8 in compliance with CEQA and the State CEQA Guidelines and it reflects the independent judgment and analysis of the Successor Agency. Addendum #8 concludes that the Mission Bay Project, as modified by the Plan Amendment and OPA Amendment is within the scope of the Mission Bay Project analyzed in the FSEIR and will not result in any new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the FSEIR for the reasons stated in the Addendum #8; and,

WHEREAS, The Successor Agency staff, in making the necessary findings for the Implementing Action contemplated by this Resolution, considered and reviewed the FSEIR, and has made documents related to the Implementing Action, the FSEIR files, including Addendum #8, available for review by the Commission and the public, and these files are part of the record before the Commission; and,

WHEREAS, Copies of the FSEIR, including Addendum #8 and supporting documentation are on file with the Successor Agency Secretary and are incorporated in this Resolution by this reference; and,

WHEREAS, The Implementing Action is an undertaking pursuant to and in furtherance of the Mission Bay Project in conformance with CEQA Guidelines Section 15180; and,

WHEREAS, The FSEIR and CEQA Findings adopted by the Agency Commission by Resolution No. 183-98 dated September 17, 1998, reflected the independent judgment and analysis of the Agency Commission, were and remain adequate, accurate and objective and were prepared and adopted following the procedures required by CEQA, and the findings in such resolution are incorporated herein by reference as applicable to the Implementing Action; and,

WHEREAS, OCII staff has reviewed the OPA Amendment, and finds it acceptable and recommends approval thereof; now, therefore, be it

RESOLVED, The Commission has considered the FSEIR, the CEQA Findings that were previously adopted by the Redevelopment Commission, including the statement of overriding considerations and mitigation monitoring and reporting program, and the Addendum #8, and the Commission adopts the CEQA Findings and Addendum #8 as its own; and, be it further

RESOLVED, The Commission finds and determines that the Implementing Action is within the scope of the Mission Bay Project analyzed in the FSEIR and requires no further environmental review beyond the FSEIR pursuant to the State CEQA Guidelines Section 15180, 15162 and 15163 for the following reasons:

- (1) implementation of the OPA Amendment does not require major revisions to the FSEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant impacts; and,
- (2) no substantial changes have occurred with respect to the circumstances under which the project analyzed in the FSEIR will be undertaken that would require major revisions to the FSEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FSEIR; and,
- (3) no new information of substantial importance to the project analyzed in the FSEIR has become available, which would indicate that (i) the OPA Amendment will have significant effects not discussed in the FSEIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible, which would reduce one or more significant effects, have become feasible; or (iv) mitigation measures or alternatives, which are considerably different from those in the FSEIR, will substantially reduce one or more significant effects on the environment that would change the conclusions set forth in the FSEIR; and, be it further

RESOLVED, That the Commission approves the OPA Amendment, substantially in the form lodged with the Commission Secretary, subject to the following condition:

1. The Third Amendment to the Mission Bay South Owner Participation Agreement is conditioned on the final approval by the Oversight Board and California Department of Finance.

I hereby certify that the foregoing resolution was adopted by the Successor Agency Commission at its meeting of May 21, 2013.

Natasha Jones
Commission Secretary