

Multifamily Securities Program Manual



CITY AND COUNTY OF
SAN FRANCISCO

Mayor's Office of Housing and Community Development
October 1, 2018

Table of Contents

1. Introduction and Preliminary Matters.....	1
1.1. About the Mayor’s Office of Housing and Community Development.....	1
1.2. General Policy Statement	1
1.3. Scope of the Program and Manual	2
1.4. Key Program Officials.....	2
1.5. Relationships with Certain Outside Entities	3
1.5.1. California Debt Limit Allocation Committee	3
1.5.2. Office of Community Investment and Infrastructure	3
1.5.3. San Francisco Housing Authority	4
1.5.4. Joint Powers Authorities and Other Outside Issuers.....	4
1.6. Review, Approval, and Effective Date of Manual	4
1.7. Defined Terms and Acronyms.....	5
2. Defined Terms and Acronyms.....	6
3. Securities Issuance	22
3.1. General Policies and Terms of Issuance.....	22
3.1.1. Official Issuer	23
3.1.2. Project Location.....	23
3.1.3. Financing Structure.....	23
A. Maturity	24
B. Interest Rate; Modes, Ceiling, Risk	24
C. Public Issues	24
1. Credit Ratings.....	24
2. Credit/Liquidity Enhancement	24
3. Liquidity Risk; Analysis, Mitigation	25
D. Private Placements and Direct Loans; Rating Requirements, Waiver	25
E. Drawdown Structures, Agreements	26
F. Federal Tax Treatment.....	26
G. Security for the Debt; Conduit Structure Required, No Cross-Collateralization	26
H. Debt Service Coverage	27
I. Restructuring Transactions; Special Conditions	27
J. Single-Room Occupancy Projects; Issuance Guidelines	27
K. 501(c)(3) Private Activity Bonds.....	28
3.1.4. Use of Issuance Proceeds.....	28
3.1.5. Regulatory Agreement and Related Requirements	29
A. Affordability Restrictions	29
1. City Median Income	30
2. Long-Term Affordability.....	30
3. Additional Requirements for Restructured Projects	31
B. Mandatory Contracting Provisions	31
C. Lottery and Lease-Up Provisions	32
3.1.6. Other Requirements; Non-Profit Entities, Tenant Protections.....	32
3.1.7. Additional Requirements for City/OCII-Funded Projects	32
3.1.8. Sizing of Issue; 50% Bond Test, Conservation of Volume Cap	33
3.1.9. Land Use Review and Approvals; Effect of MOHCD Review	33

3.1.10. Program Costs of Issuance.....	34
A. City Deposit.....	34
B. TEFRA Costs.....	34
C. CDLAC/CDIAC Costs	35
1. CDLAC Performance Deposit.....	35
2. CDLAC Filing Fee	35
3. CDIAC Issuance Fee	35
D. Municipal Advisor Costs; Fees, Expenses, Retainer	35
E. Bond Counsel Costs; Fees, Expenses, Retainer.....	36
F. City Attorney/Issuer Counsel Costs.....	36
G. Initial Issuance Fee	36
H. Annual Monitoring Fee.....	37
3.1.11. Indemnification and Reimbursement	37
3.1.12. Naming Convention for Program Issues	38
3.1.13. Issuance by Outside Issuers	38
A. Special Circumstances	38
B. Conditions of Consent	38
3.1.14. Permitted Investments.....	39
3.2. The Issuance Process.....	39
3.2.1. Timelines and Planning	39
A. BOS Legislative Process.....	40
1. Sponsor Identification	40
2. Legislation Drafting and Vetting	40
3. City Attorney Review and Approval	41
4. Board Packet Assembly, Delivery to Legislation Sponsor.....	41
5. Introduction to the Board, Calendaring	41
6. Committee Hearing	42
7. Adoption by the Board	42
8. Approval by the Mayor	42
9. Posting and Certification by the Clerk of the Board.....	42
B. City Procurement, Approvals, and Signatures.....	43
3.2.2. Application for Program Financing; Review and Action by Staff.....	43
3.2.3. Selection and Roles of the Issuance Team.....	44
A. MOHCD/OCII Staff	45
1. Program Manager	45
2. Project Manager.....	45
3. Loan Administrator	45
B. City Attorneys.....	46
C. Municipal Advisor.....	46
1. Selection	46
2. Scope of Services	46
D. Bond Counsel	47
1. Selection	47
2. Scope of Services	47
E. Trustee/Fiscal Agent.....	49
1. Selection	49
2. Scope of Services	49
F. Other Parties	50
3.2.4. TEFRA and Inducement Processes.....	50

A.	TEFRA Notices, Hearings, and Approval	50
1.	TEFRA Notice.....	50
2.	Hearings and Approvals	51
3.	Additional City Requirements	52
B.	Inducement Resolution	53
1.	Other Authorizations, Directions, and Ratifications.....	53
2.	No Additional Commitments or Approvals.....	54
3.2.5.	CDLAC Application and Allocation	54
A.	Application	54
1.	Online Application; Setup and Use	54
2.	CDLAC Performance Deposit.....	55
3.	CDLAC Documents	55
4.	MOHCD and Municipal Advisor Review	56
5.	Final Submission; Sign-Offs, MOHCD Action	56
6.	Follow-Up Inquiries	57
B.	Allocation	57
1.	Staff Recommendations; Preliminary, Final, Appeals.....	57
2.	Allocation Meeting; Agenda, Hearing, Committee Vote	57
3.	CDLAC Resolution; Review, Issuance, Revisions.....	57
3.2.6.	Closing Process: Kickoff Call to Closing	58
A.	Kickoff Call, Subsequent Issuance Calls	58
B.	Issuance Resolution Packet.....	58
1.	Issuance Resolution	59
2.	Draft Bond/Note Documents	59
3.	Administrative Documents	59
C.	Selection of Trustee or Fiscal Agent.....	60
D.	Assembly and Execution of City Documents	60
1.	City-Executed Documents	60
2.	Bond Counsel-Executed Documents	62
E.	Closing Process.....	62
1.	Drafting and Vetting Executed Instruments List	62
2.	Invoice Collection	62
3.	Closing Documents	63
4.	Pre-Closing Meeting.....	63
5.	Recording Packet Assembly, Collection of Escrowed Funds.....	64
6.	Closing Authorizations and Settlement	64
7.	Recording and Closing	64
4.	Post-Issuance and Compliance Matters	65
4.1.	Administrative Transfer; Conditions Precedent, Ongoing Responsibilities	65
4.1.1.	Collection and Processing of Fees	65
4.1.2.	CDIAC, CDLAC, and IRS Filings	65
4.1.3.	Release of Performance Deposit	66
4.1.4.	Creation of Permanent Files.....	66
A.	Physical File	66
B.	DocuShare File	66
C.	Shared Drive File.....	67
4.1.5.	Completion of Securities Data Collection Form, Transfer of Oversight.....	67

4.1.6.	Bond Transcript; Creation and Storage.....	67
4.1.7.	Permanent Conversion; Note Amendments, Reissuances, Additional Costs.....	67
4.2.	Asset Management Team; Roles, Responsibilities, and Tools.....	68
4.2.1.	Analyzing and Recording Compliance Requirements.....	68
4.2.2.	Collecting Fees and Residual Receipts Payments.....	69
4.2.3.	Compliance Monitoring.....	69
A.	AMR Collection and Components.....	69
1.	Project Activity Report.....	69
2.	Owner Compliance Certificate (City).....	70
3.	Audited Financial Statements.....	70
4.	Insurance Certificates.....	70
B.	AMR Review and Resolution of Findings.....	70
C.	Tax-Related Compliance Monitoring.....	70
4.2.4.	Proposal Review and Consents.....	71
4.2.5.	Payoffs.....	71
4.3.	Tax-Related Compliance.....	71
4.3.1.	Borrower's Responsibilities.....	72
A.	Engaging External Advisors.....	72
B.	Arbitrage Rebate and Yield Requirements.....	72
C.	Use of TES Proceeds and Assets.....	73
D.	Record Keeping.....	73
E.	Completion and Submission of Borrower Compliance Documents.....	74
1.	Certification of Compliance (CDLAC).....	74
2.	Certificate of Continuing Program Compliance (City).....	74
3.	Completion Certifications (CDLAC & City).....	74
4.	TCAC Project Status Report (CDLAC).....	75
5.	Certification as to Commencement of Qualified Project Period (City).....	75
6.	Income Verification Documents.....	75
7.	IRS Form 8703.....	75
8.	Arbitrage Rebate Forms.....	76
4.3.2.	City's Responsibilities.....	76
A.	Collection and Review of Borrower Compliance Documents.....	76
1.	Tracking Due Dates and Collecting Borrower Compliance Documents.....	76
2.	Document Review.....	77
B.	Record Keeping.....	77
C.	Submission of Issuer Certifications and Reports.....	78
1.	Annual Applicant Public Benefits & On-Going Compliance Self Certification.....	78
2.	Annual Debt Transparency Report.....	78
D.	Periodic Audits and Inspections.....	79
1.	CDLAC Compliance Audits.....	79
2.	Onsite Inspections.....	79
E.	Resolution of Compliance Concerns.....	79

Tables

Table 1	§3.1.3	Bonds and Direct Loans; General Structural Differences
Table 2	§3.1.3.C.1	Required Minimum Credit Ratings
Table 3	§4.3.2.A.1	Reminder Emails for Borrower Compliance Documents

Exhibits

Exhibit A	Multifamily Securities Program Contact List
Exhibit B	Copy of Bond Counsel Approval Letter
Exhibit C	Director Approval Certificate
Exhibit D	Multifamily Securities Program Issuance Term Sheet
Exhibit E	Form of City and County of San Francisco Mandatory Contracting Provisions
Exhibit F	Form of Operational Rules for San Francisco Housing Lotteries and Rental Lease-Up Activities
Exhibit G	Program Issuance Timeline: Phase I (City Application to CDLAC Application)
Exhibit H	Program Issuance Timeline: Phase II (Kickoff Call to Closing)
Exhibit I	Form of Project Description Template
Exhibit J	Sample Form SFEC-126
Exhibit K	Form of Application for Program Financing Form
Exhibit L	Municipal Advisor Scope of Services
Exhibit M	Form of TEFRA Notice Template
Exhibit N	AdTech Instructions
Exhibit O	Form of TEFRA Hearing Minutes Template
Exhibit P	Form of Tenant TEFRA Notice Template
Exhibit Q	Certificate of Tenant TEFRA Notice
Exhibit R	CDLAC Online Application Instructions
Exhibit S	Form of CDLAC Application Signature Page
Exhibit T	Form of Performance Deposit Certification Form
Exhibit U	Form of Issuer Verification/Tax Credit Determination Letter Template
Exhibit V	Form of LRA Confirmation Letter Template
Exhibit W	Form of Section 5852.1 Disclosure Form
Exhibit X	Form of City Signature and Incumbency Certificate Template
Exhibit Y	Form of City Closing Invoice Template
Exhibit Z	Form of Physical File Document Inventory List
Exhibit AA	Form of Securities Data Collection Form
Exhibit BB	Sample AMR Notice
Exhibit CC	Sample Owner Compliance Certificate
Exhibit DD	Form of Certification of Compliance I Template
Exhibit EE	Form of Certification of Compliance II Template
Exhibit FF	Certification of Compliance Instructions
Exhibit GG	Form of Certificate of Continuing Program Compliance Template
Exhibit HH	Sample Annual Applicant Public Benefits & On-Going Compliance Self Certification
Exhibit II	Annual Applicant Public Benefits & On-Going Compliance Self Certification Instructions
Exhibit JJ	Form of CDLAC Completion Certification Template
Exhibit KK	Form of City Completion Certification Template
Exhibit LL	Form of Certification as to Commencement of Qualified Project Period Template

1. Introduction and Preliminary Matters

The purpose of this Manual is to describe the official policies and procedures applicable to the Multifamily Securities Program (the “Program”) administered by the Mayor’s Office of Housing and Community Development (“MOHCD”) for the City and County of San Francisco (the “City”).

In addition to helping borrowers, legal counsel, City staff, and other stakeholders navigate the Program, this Manual is intended to comply with Section 5031(c) of the California Debt Limit Allocation Committee (“CDLAC”) Regulations, which requires issuers to adopt and submit to CDLAC “Bond Issuance and Post Issuance Compliance Policies” as a condition of participating in CDLAC’s programs.

1.1. About the Mayor’s Office of Housing and Community Development

MOHCD is the primary housing and community development arm of San Francisco government. In general, MOHCD guides and coordinates the City’s housing and community development policy, works to ensure the long-term affordability and physical viability of the City’s stock of affordable housing, and supports community partners in their efforts to strengthen San Francisco’s neighborhoods. MOHCD is led by a director (the “Director”) appointed by the City’s Mayor (the “Mayor”) and is organized into two major divisions: the Housing Division and the Community Development Division.

The Housing Division is primarily responsible for providing financing and other support for the acquisition, development, and/or rehabilitation of affordable housing in San Francisco. This work includes underwriting and funding gap financing for affordable housing projects, overseeing the issuance of multifamily conduit debt, providing project management support to the City’s development and service partners, negotiating long-term affordability agreements, monitoring compliance with affordability restrictions and other legal requirements, and collecting residual receipts payments and securities-related fees.

The mission of the Community Development Division is to partner with the community to strengthen the social, physical, and economic infrastructure of San Francisco’s low-income neighborhoods and communities in need. In support of that mission, this Division administers a variety of government grant and assistance programs. Federal programs include HUD’s Community Development Block Grant, Emergency Solutions Grant, and Housing Opportunities for Persons with AIDS programs. Local programs, which are supported by the City’s general fund and Housing Trust Fund dollars, include grant programs focused on eviction prevention, housing stability, access to housing, and providing other services to low- and moderate-income residents. The Community Development Division also provides financial and educational assistance to first-time homebuyers, finances housing rehabilitation costs for low-income homeowners, and administers the City’s Below Market Rate homeownership program.

Additional information about MOHCD is available on its website: www.sfmohcd.org.

1.2. General Policy Statement

As MOHCD’s mission extends far beyond the issuance of securities to finance affordable housing development, so do the requirements it places on individual securities issues. Rather than requiring issues to meet minimum standards set by the state or federal governments, MOHCD’s policy is to regulate issues in a manner that promotes MOHCD’s overall mission and is consistent with its broader responsibilities to San Francisco’s residents. For example, for Program-funded projects, MOHCD mandates deeper affordability levels than are required by state and federal law, requires the involvement of local non-profits in project ownership entities, ensures permanent affordability and monitoring where

financially feasible, and actively negotiates additional concessions when borrowers request consent for refinancings and other discretionary actions.

1.3. Scope of the Program and Manual

In support of its housing finance mission, MOHCD operates the Multifamily Securities Program, which is responsible for the issuance, administration, and compliance monitoring of the City’s multifamily conduit debt. This includes bonds, notes, and other debt securities issued by the City to fund the acquisition, development, and/or rehabilitation of multifamily housing in San Francisco.

As a matter of policy, MOHCD generally requires all borrowers seeking tax-exempt debt for the purpose of financing multifamily housing projects in San Francisco to issue that debt through the Program. Since such debt can qualify projects for allocations of federal low-income housing tax credits (“LIHTC”)—which often provide a significant portion of the funding necessary to develop affordable housing—much of the affordable housing developed in San Francisco is financed through the Program. In all cases, Program-issued securities are conduit obligations of the City and thus provide no recourse to City funds, property, or assets.

MOHCD may also issue 501(c)(3) bonds on behalf of qualified not-for-profit organizations. These securities are tax-exempt but do not require allocation authority from CDLAC. In addition, these securities cannot be used in conjunction with LIHTC. As a general matter, many of the policies and procedures outlined in this Manual are applicable to 501(c)(3) bonds; however, this Manual is not intended to provide comprehensive guidance for such issues.

While MOHCD often receives the proceeds of voter-approved general obligation (“GO”) bonds issued to fund affordable housing development, the City’s GO bond issues are administered by the Office of Public Finance and are not subject to the policies and procedures outlined in this Manual. Similarly, this Manual does not apply to securities issued by other departments or enterprises of the City, including the Airport Commission, the Municipal Transportation Authority, the Port Commission, or the Public Utilities Commission.

1.4. Key Program Officials

Pursuant to City law, the Mayor is authorized to operate the Program for the benefit of the City. This authority is delegated to the Director of MOHCD and his or her designees, including the Multifamily Securities Program Manager (the “Program Manager”) and members of MOHCD’s Asset Management Team. The Program Manager oversees general Program operations, including:

- Long-term planning and coordination of securities issuance activities;
- Underwriting, structuring, and transaction management of individual securities transactions;
- Appointing and managing municipal advisors, trustees, fiscal agents, placement agents, and similar staff;
- Managing the work of bond counsel and disclosure counsel (subject to the ultimate oversight of the City Attorney’s Office),
- Representing the Program in public forums, including CDLAC and other state agency meetings; Board of Supervisors and other public hearings; industry conferences; and meetings with elected officials, regulatory and policy making bodies, developers, and community stakeholders;
- Broad oversight of securities-related regulatory compliance activities; and
- Subject to the consent and approval of the Director, creation and maintenance of the policies and procedures applicable to the Program, including those contained in this Manual.

Following a short transition period after closing, the Asset Management Team assumes day-to-day administration of all Program issues. This includes tracking compliance with agreement covenants, collection of fees, evaluation of consent requests, and certain tax-related compliance monitoring.

A list of contact information for the Program Manager, members of the Asset Management Team, and other key Program contacts is attached as Exhibit A.

1.5. Relationships with Certain Outside Entities

The Program's successful operation often depends on MOHCD's cooperation with several entities outside of City government, including those described below.

1.5.1. California Debt Limit Allocation Committee

MOHCD is an active participant in CDLAC's programs, having secured more than \$3 billion of tax-exempt allocation authority from CDLAC between 2015 and 2017. MOHCD generally, and the Program Manager specifically, works closely with CDLAC to plan and coordinate the Program's issuance activities and ensure continued compliance with CDLAC Regulations.

Where CDLAC Regulations require the consent and signature of a senior "officer," the Director or his or her designee (which may include, without limitation, the Deputy Director for Housing or the Director of Housing Development) will provide such consent and signature. For other matters, the Program Manager is authorized to negotiate with CDLAC officials and provide routine consents as necessary.

The Program Manager works with CDLAC on several program-wide matters not related to specific projects, including general program coordination, CDLAC policy and rulemaking, lump sum volume cap carryforward requests, pipeline planning and scheduling, IRS filings (e.g., Form 8328), and the maintenance of this Manual.

1.5.2. Office of Community Investment and Infrastructure

MOHCD works closely with the Office of Community Investment and Infrastructure ("OCII"), successor to the San Francisco Redevelopment Agency (for the purposes of this section, the "Agency"), on multifamily financing matters in OCII's project areas. Following dissolution of all 400 redevelopment agencies in California in 2012, all of the Agency's affordable housing assets were transferred to the City and are under the administrative jurisdiction of MOHCD. As a result, MOHCD is responsible for administration and compliance monitoring for the Agency's sizeable portfolio of multifamily conduit debt pursuant to this Manual.

Additionally, MOHCD is responsible for issuing new multifamily conduit debt to support OCII's implementation of three major redevelopment projects that were previously administered by the Agency: (1) the Mission Bay North and South Redevelopment Project Areas, (2) the Hunters Point Shipyard Redevelopment Project Area and Zone 1 of the Bayview Redevelopment Project Area, and (3) the Transbay Redevelopment Project Area. As with the existing Agency portfolio, any new multifamily conduit debt for OCII projects is also subject to the policies and procedures described in this Manual.

1.5.3. San Francisco Housing Authority

MOHCD also frequently partners with the San Francisco Housing Authority (“SFHA”), an entity established by a combination of federal, state, and local actions, which is not controlled by MOHCD. MOHCD provides technical and financial assistance to SFHA to support major initiatives to develop and rehabilitate San Francisco’s public housing stock—including San Francisco’s Rental Assistance Demonstration Program, an award-winning effort to rehabilitate more than 3,500 public housing units via one of the largest affordable housing financings in U.S. history. As MOHCD typically serves as the issuer of tax-exempt multifamily conduit debt for SFHA projects, the policies and procedures described in this Manual apply to many SFHA projects as well.

1.5.4. Joint Powers Authorities and Other Outside Issuers

As discussed in §1.3 above, MOHCD generally requires all borrowers seeking tax-exempt debt for the purpose of financing multifamily residential rental projects in San Francisco to issue that debt through the Program. However—under special circumstances and subject to certain conditions, all of which are described in §3.1.13 below—MOHCD will allow Joint Powers Authorities, such as the California Municipal Finance Authority or the Association of Bay Area Governments, and other conduit issuers, such as the California Housing Finance Agency, (collectively “Outside Issuers”) to issue tax-exempt multifamily debt for projects located in San Francisco.

1.6. Review, Approval, and Effective Date of Manual

In addition to rigorous review by MOHCD staff, this Manual has been reviewed by representatives of the City’s bond counsel and municipal advisor pools, as well as the City Attorney’s Office.

For the purpose of compliance with CDLAC Regulations requiring “Bond Issuance and Post Issuance Compliance Policies” to be reviewed by “counsel having expertise with the federal and state laws pertaining to the issuance or conversion and post-closing compliance of private activity conduit bonds for consistency with applicable federal and state laws,”¹ a member of the City’s Bond Counsel Pool has reviewed and approved this Manual and has confirmed the same in the letter contained in Exhibit B.

Similarly, for the purpose of compliance with CDLAC Regulations requiring “Bond Issuance and Post Issuance Compliance Policies” to be adopted by the relevant governing body, which may include “approval by...delegated individuals,”² the Director (to whom approval of such policies has been delegated as described in §1.4 above) has approved this Manual and confirmed the same in the certificate attached as Exhibit C.

While the City will endeavor to comply with the provisions of this Manual, the City’s failure to comply with any such provisions shall not affect the authorization or the validity or enforceability of any bonds or other forms of indebtedness otherwise issued in accordance with applicable law. Where consistent with applicable law, the City also reserves the right to waive provisions of this Manual on a case-by-case basis.

Pursuant to the review and approval described above, the policies and procedures described in this Manual are effective as of the date appearing on its cover page.

¹ §5031(c)

² Id.

1.7. Defined Terms and Acronyms

Unless otherwise defined herein, capitalized terms and acronyms used throughout this Manual have the meanings described in §2 below, whether defined directly or by reference to another definition in that section. With respect to defined terms, words used in the present tense include the future, words stated in the masculine gender include the feminine and neuter, and the singular number includes the plural and the plural, the singular.

2. Defined Terms and Acronyms

“4% LIHTC” means LIHTC with a present value equal to 30 percent of the qualified basis of a building as described in 26 U.S.C. §42.

“50% Bond Test” has the meaning given in §3.1.8 hereof.

“Accredited investors” has the meaning given in Regulation D of the Securities Act of 1933, 15 U.S.C. § 77a et seq.

“Adoption” has the meaning given in §3.2.1.A.7 hereof.

“AdTech” has the meaning given in §3.2.4.A.1 hereof.

“ADTR” means **“Annual Debt Transparency Report”** as further defined herein.

“Advisor Pool” has the meaning given in §3.2.3.C hereof.

“Acquisition/Rehabilitation Project” means a Project primarily involving the acquisition and rehabilitation of existing Units rather than the development of new Units for the market. These Projects are subject to Article 6 of the CDLAC Regulations.

“Affordability Restrictions” means restrictions placed on Units within Projects pursuant to federal, state, or local laws or regulations that help to ensure such Units remain affordable to households based on their respective income levels (including, without limitation, the restrictions described in §3.1.5.A hereof).

“Allocation” has the meaning given in Section 5000 of the CDLAC Regulations.

“AMI” means **“Area Median Income”** as further defined herein.

“AMR” means **“Annual Monitoring Report”** as further defined herein.

“AMR-EZ” means the document described in §4.2.3.A hereof.

“Annual Applicant Public Benefits & On-Going Compliance Self Certification” has the meaning given in §4.3.2.C.1 hereof.

“Annual Debt Transparency Report” has the meaning given in §4.3.2.C.2 hereof.

“Annual Monitoring Fee” has the meaning given in §3.1.10.H hereof.

“Annual Monitoring Report” means the document described in §4.2.3.A hereof.

“Arbitrage Rebate” means a payment made by an Issuer, or “obligated party” such as a conduit borrower, to the federal government in connection with an issue of Tax-Exempt or other federally tax-advantaged Securities. The payment represents the amount, if any, of investment earnings that exceed the yield on the Securities, except for earnings that are not required to be rebated under limited exemptions provided under the IRC.

“Area” means the HUD Metro Fair Market Rent Area, or the successor area determined by HUD, in which a Project is located.

“Area Median Income” means median income for the Area, as determined annually by HUD in a manner consistent with determinations of area median gross income under Section 8 of the Housing Act and Section 3009a of the Housing and Economic Recovery Act of 2008 or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination.

“Assessor-Recorder’s Office” means the Office of the Assessor-Recorder of the City.

“Asset Management Database” means the electronic repository for the data used by the Asset Management Team to discharge its duties.

“Asset Management Team” means the team within MOHCD, as well as any contractors or other agents MOHCD may engage, tasked with executing the duties described in §4.2 hereof.

“Asset Management Team Leader” means the member of the Asset Management Team tasked with overseeing the team’s operations.

“Asset Manager” means any member of the Asset Management Team, particularly the member assigned to oversee a given Project.

“Board” means **“Board of Supervisors”** as further defined herein.

“Board of Supervisors” means the Board of Supervisors of the City, the powers and responsibilities of which are more fully defined in the Charter of the City.

“Board Packet” means the resolution and any supporting documents provided to the Board of Supervisors for consideration in connection with the legislative process for Board resolutions.

“Board Resolution” means a resolution of the Board of Supervisors, including (without limitation) Inducement Resolutions, TEFRA Resolutions, and Issuance Resolutions.

“Bond” has the meaning given in §3.1.3 hereof.

“Bond Counsel” has the meaning given in §3.2.3.D hereof.

“Bond Counsel Costs” has the meaning given in §3.1.10.E hereof.

“Bond Counsel Pool” has the meaning given in §3.2.3.D.1 hereof.

“Bond Counsel Retainer” has the meaning given in §3.1.10.E hereof.

“Bondholder” means the person or entity having a true and legal ownership interest in a Bond issued under the Program, including a Private Purchaser.

“Bond Issuance and Post Issuance Compliance Policies” has the meaning given in Section 5000 of the CDLAC Regulations.

“Bond Loan Agreement” has the meaning given in §3.2.6.D.1 hereof.

“Bond Monitoring Folder” has the meaning given in **§4.1.4.C** hereof.

“Bond/Project Loan Agreement” means either the Bond Loan Agreement or Project Loan Agreement, as applicable to a particular Issue.

“Bond Transcript” has the meaning given in **§4.1.6** hereof.

“Bond Transcript Folder” has the meaning given in **§4.1.6** hereof.

“Borrower” means the legal entity obligated to repay the City, pursuant to either the Bond Loan Agreement or Project Loan Agreement (as applicable), in connection with a Program Issue (including its successors and/or assigns), whether such Program Issue is prospective or complete. Prior to formation of such entity, this means the Project Sponsor. For the purpose of many post-issuance compliance documents the Borrower is often referred to as the “Owner.”

“Borrower Compliance Documents” has the meaning given in **§4.3.1.E** hereof.

“BOS” means **“Board of Supervisors”** as further defined herein.

“BOS Introduction Letter” means a letter from MOHCD to the Board of Supervisors submitted as part of a Board Packet that describes the nature of the Board Resolution and Project as well as the contents of the Board Packet.

“Business Day” means any day that is not a Saturday, a Sunday, or an official holiday for City employees, and on which MOHCD is conducting regular public business.

“California Debt and Investment Advisory Commission” means the entity of the same name organized under the laws of the State of California and operated by the Office of the State Treasurer.

“California Debt Limit Allocation Committee” means the entity of the same name organized under the laws of the State of California and operated by the Office of the State Treasurer.

“California Tax Credit Allocation Committee” means the entity of the same name organized under the laws of the State of California and operated by the Office of the State Treasurer.

“CAO” means **“City Attorney’s Office”** as further defined herein.

“CAO Expenses” has the meaning given in **§3.1.10.F** hereof.

“CDIAC” means **“California Debt and Investment Advisory Commission”** as further defined herein.

“CDIAC Issuance Fee” has the meaning given in **§3.1.10.C.3** hereof.

“CDLAC” means **“California Debt Limit Allocation Committee”** as further defined herein.

“CDLAC Application” means the application described in **§3.1.10.F** hereof, including the Online Application.

“CDLAC Application Deadline” means the date and time by which CDLAC has determined a particular CDLAC Application must be submitted.

“CDLAC Completion Certification” has the meaning given in **§4.3.1.E.3** hereof.

“CDLAC Filing Fee” means the fee payable to CDLAC pursuant to Section 8869.90 of the California Government Code and described in **§3.1.10.C.2** hereof.

“CDLAC Invoice” means the Filing Fee Invoice issued by CDLAC demanding payment for the second installment of the CDLAC Filing Fee.

“CDLAC Regulations” means the regulations of the California Debt Limit Allocation Committee, consisting of Division 9.5 of Title 4 of the California Code of Regulations, as the same may be amended from time to time.

“CDLAC Resolution” has the meaning given in **§3.2.5.B.3** hereof.

“Certificate of Continuing Program Compliance” has the meaning given in **§4.3.1.E.2** hereof.

“Certification as to Commencement of Qualified Project Period” has the meaning given in **§4.3.1.E.5** hereof.

“Certification of Compliance” has the meaning given in **§4.3.1.E.1** hereof.

“City” means the **“City and County of San Francisco”** as further defined herein.

“City and County of San Francisco” means the City and County of San Francisco, a municipal corporation duly organized and existing pursuant to its charter and the laws and constitution of the State of California. Unless otherwise indicated, this Manual refers to the City in its capacity as Issuer of the Program Securities.

“City Application” has the meaning given in **§3.2.2** hereof.

“City Attorney’s Office” means the Office of the City Attorney for the City.

“City Closing Invoice” has the meaning given in **§3.2.6.E.2** hereof.

“City Closing Memorandum” has the meaning given in **§3.2.6.E.3** hereof.

“City Completion Certification” has the meaning given in **§4.3.1.E.3** hereof.

“City Deposit” has the meaning given in **§3.1.10.A** hereof.

“City Documents” has the meaning given in **§3.2.6.D** hereof.

“City-Executed Documents” has the meaning given in **§3.2.6.D** hereof.

“City-Funded Project” means a Project that (a) the City has committed or intends to commit to financing with City funds (e.g., via a Gap Loan or grant) prior to Closing, (b) has outstanding Gap Financing from the City, or (c) is built on City-owned land and has been or will be ground leased to the Borrower prior to Closing. The City’s issuance of Tax-Exempt Securities in connection with a Project does not, in and of itself, mean the Project is a City-Funded Project.

“City/OCII-Funded Project” means a Project that is a City-Funded Project and/or an OCII-Funded Project.

“City Median Income” has the meaning given in **§3.1.5.A.1** hereof.

“City Team” has the meaning given in **§3.2.3** hereof.

“Clerk of the Board” means the Clerk of the Board of Supervisors.

“Closing” means, with respect to a particular Program Issue, the completion of both Settlement and Recording, as well as culmination of Issuance.

“Closing Authorizations” has the meaning given in **§3.2.6.E.6** hereof.

“Closing Date” means the later of the Issuance Date and the date upon which Closing has occurred.

“Closing Documents” has the meaning given in **§3.2.6.E.3** hereof.

“Committee Hearing” has the meaning given in **§3.2.1.A.5** hereof.

“Completion Date” means the date upon which a Project is first eligible to submit to CDLAC the form attached as Exhibit JJ.

“Compliance Requirements” has the meaning given in **§4.2.1** hereof.

“Compliance Concern” has the meaning given in **§4.3.2.E** hereof.

“Controller’s Office” means the Office of the Controller for the City.

“Credit Enhancement” has the meaning given in **§3.1.3.C.2** hereof.

“Credit/Liquidity Enhancement” means an instrument providing credit and/or liquidity support as described in **§3.1.3.C.2** hereof.

“Daily Journal” has the meaning given in **§3.2.4.A.1** hereof.

“Daily Journal Invoice” has the meaning given in **§3.2.3.A.2** hereof.

“Debt Provider” has the meaning given in **§3.2.3** hereof.

“Denial” has the meaning given in **§3.2.2** hereof.

“Deposit and Indemnification Agreement” means the agreement executed by and between the City and the Borrower in connection with the City Application that describes the terms and conditions associated with MOHCD’s administration of the City Deposit (including provisions related to forfeiture) as well as the Borrower’s duty to indemnify and reimburse the City for certain costs.

“Deputy City Attorney” means any of the attorneys employed by the City Attorney’s Office who work with MOHCD or OCII.

“Development Specialist” means an OCII staff member with duties similar to those of a MOHCD Project Manager.

“Direct Loan” has the meaning given in §3.1.3 hereof.

“Director” means (unless otherwise indicated) the Director of MOHCD, as the Mayor may appoint the same from time to time, as well as his or her designees.

“Disclosure Counsel” means an attorney or law firm retained by the City, typically in connection with a Public Issue, to provide advice on Issuer disclosure obligations and to prepare the Official Statement and/or Continuing Disclosure Agreement. The CAO selects Disclosure Counsel for Program Issues as needed.

“Distribution List” means a list containing the contact information (including telephone numbers, email addresses, and physical addresses) for members of the Issuance Team, including (as applicable, without limitation) representatives of MOHCD, the Municipal Advisor, the City Attorney’s Office, Bond Counsel, the Trustee/Fiscal Agent, Disclosure Counsel, Borrowers (and their consulting advisors), Underwriters, Private Purchasers, Funding Lenders, LIHTC Investors, Placement Agents, Remarketing Agents, Escrow/Title Agents, Enhancers, Hedge providers, subordinate lenders, and any legal counsel for the above parties.

“DocuShare File” has the meaning given in §4.1.4.B hereof.

“Drawdown Agreement” has the meaning given in §3.1.3.E hereof.

“Drawdown Structure” has the meaning given in §3.1.3.E hereof.

“Drawdown Securities” means Securities issued under a Drawdown Structure.

“Early Drawdown” has the meaning given in §3.1.3.E hereof.

“EMMA” means the Electronic Municipal Market Access system operated by the Municipal Securities Rulemaking Board and available at <http://emma.msrb.org>.

“Enhancer” has the meaning given in §3.1.3.C.2 hereof.

“Escrow Agent” means the member of the Issuance Team tasked with holding Issuance Proceeds and other funds in escrow and disbursing those funds in accordance with the Closing Documents at Settlement.

“Escrowed Funds” means funds held in escrow by the Escrow Agent.

“Escrow/Title Agent” means Escrow and/or Title Agent, as applicable. Typically, the Escrow Agent and Title Agent are part of the same firm.

“Executed Instruments List” has the meaning given in §3.2.6.E.1 hereof.

“Exhibit” means a document attached to this Manual and labeled as an “Exhibit,” the contents of which are incorporated by reference herein.

“Existing Tenants” residential Tenants of the Project as of the Issuance Date. For the limited purpose of §3.2.4.A.3.c hereof, Existing Tenant also means commercial tenants as of the date the TEFRA Notice is published.

“Federally Restricted Units” has the meaning given in §3.1.5.A hereof.

“File Request” has the meaning given in §4.3.2.D.1 hereof.

“Fiscal Agent” means a financial institution designated by the City to administer a Program Issue pursuant to the terms of a Funding Loan Agreement.

“Flow of Funds Memorandum” has the meaning given in §3.2.6.E.3 hereof.

“Full Approval” has the meaning given in §3.2.2 hereof.

“Funding Lender” means the entity that lends money pursuant to a Funding Loan.

“Funding Loan” means the loan of Issuance Proceeds from the Funding Lender to the City as “Governmental Lender,” the terms of which are described in the Funding Loan Agreement and the security for which is evidenced by a Note or Notes rather than by Bonds.

“Funding Loan Agreement” has the meaning given in §3.2.6.D.1 hereof.

“Form SFEC-126” means the “Form SFEC-126: Notification of Contract Approval” required pursuant to Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, a sample of which is attached as Exhibit J.

“Gap Financing” means a Gap Loan or grant provided by MOHCD or OCII intended to bridge the gap between the cost of developing a Project and the amount of funds the Project can leverage from all other sources.

“Gap Financing Agreement” means a loan or grant agreement between MOHCD or OCII and the Borrower describing the terms and conditions of the Gap Financing.

“Gap Loan” means Gap Financing in the form of a loan rather than a grant. Such financing is typically repaid to the lender on a residual receipts basis.

“General Pool Project” means Projects seeking an Allocation from the “General Project Pool” as such term is defined in Section 5000 of the CDLAC Regulations.

“HBAP” means **“Housing Bond Approval Policy”** as further defined herein.

“Hedge” has the meaning described in §3.1.3.B hereof.

“Housing Act” means 42 U.S.C. Section 1437, known as the United States Housing Act of 1937, as amended.

“Housing Bond Approval Policy” means Section 43.9 of Article IX of the San Francisco Municipal Code, as the same may be amended from time to time.

“HUD” means the United States Department of Housing and Urban Development.

“Inclusionary Program” means the program described at the beginning of §3 hereof.

“Income Verification Document” means documents used to establish and verify the income of Tenants occupying Restricted Units for the purposes of determining a Project’s compliance with Affordability Restrictions. Such documents include (without limitation) Tenant tax returns, pay stubs, benefits or award letters, profit and loss statements, and unemployment affidavits.

“Incumbency Certificate” has the meaning given in §3.2.6.D.1 hereof.

“Indenture” means **“Indenture of Trust”** as further defined herein.

“Indenture/Funding Loan Agreement” means either the Indenture of Trust or Funding Loan Agreement, as applicable to a particular Issue.

“Indenture of Trust” has the meaning given in §3.2.6.D.1 hereof.

“Independent Project” means a Project that is not a City/OCII-Funded Project.

“Inducement” has the meaning given in §3.2.4 hereof.

“Inducement Resolution” has the meaning given in §3.2.4 hereof.

“Inducement/TEFRA Resolution” means the Inducement Resolution and/or TEFRA Resolution or, if applicable, a single resolution combining these two resolutions as described in §3.2.4 hereof.

“Inducement Date” means the date the Mayor approves a Project’s Inducement Resolution as described in §3.2.1.A.8 hereof.

“Initial Issuance Fee” has the meaning given in §3.1.10.G hereof.

“Internal Revenue Code” means Title 26 of the United States Code.

“Investor Letter” means a letter signed by an investor acknowledging the risks associated with the Securities being purchased and usually containing certain representations of the investor as to the investor’s net worth, sophistication, and access to information. This letter is sometimes referred to as a “big boy letter” or “sophisticated investor letter.” When used in a Private Placement, this letter may be referred to as a “private placement letter.” Some letters may be said to “travel” if they include a representation on the part of the investor to the effect that, if the investor resells the Securities, it will require the purchaser to sign an Investor Letter; such a letter is often referred to as a “traveling letter.”

“IRC” means **“Internal Revenue Code”** as further defined herein.

“Issuance” means the process of issuing Securities under the Program, culminating on the Issuance Date.

“Issuance Amount” means the total par value of Securities, whether Taxable or Tax-Exempt, issued by the City in connection with a Program Issue. In the case of a Drawdown Structure, the Issuance Amount includes the maximum amount of Issuance Proceeds authorized under the Indenture/Funding Loan Agreement, whether or not such Proceeds are drawn down or considered “issued” under the Internal Revenue Code.

“Issuance Date” means the first date on which the City receives the purchase price in exchange for delivery of the evidence of indebtedness representing any Security included in a Program Issue, provided that in no event is the Issuance Date of a Program Issue earlier than the first day on which interest begins to accrue on the first “bond” included in the “issue” for Federal income tax purposes.

“Issuance Call” means the regular conference calls conducted as described in §3.2.6.A hereof.

“Issuance Proceeds” means the Proceeds of a Program Issue.

“Issuance Resolution” has the meaning given in §3.2.6.B.1 hereof.

“Issuance Resolution Packet” has the meaning given in §3.2.6.B hereof.

“Issuance Team” has the meaning given in §3.2.3 hereof.

“Issue” means **“Program Issue”** as further defined herein.

“Issuer” means an entity qualified to issue Securities that satisfy the requirements of 26 U.S.C. §141, whether as a Bond issuer or a “Governmental Lender” pursuant to a back-to-back Note transaction.

“Issuer Counsel” means the legal counsel engaged to provide advice to the City in its capacity as Issuer. Typically, the City Attorney’s Office acts as Issuer Counsel for Program Issues.

“Joint Application” has the meaning given in §3.2.5 hereof.

“Joint Powers Authority” means a joint exercise of powers agency created and existing under the California Joint Exercise of Powers Act, consisting of Sections 6500 through 6599.3 of the California Government Code, as amended from time to time.

“JPA” means **“Joint Powers Authority”** as further defined herein.

“Kickoff Call” means the inaugural Issuance Call.

“Legislative Item” has the meaning given in §3.2.1.A.5 hereof.

“Lender” means **“Funding Lender”** or **“Private Purchaser”** each as further defined herein.

“Lender Counsel” means the legal counsel engaged to provide advice to the Lender in connection with a Program Issue.

“LIHTC” means **“Low-Income Housing Tax Credits”** as further defined herein.

“LIHTC Investor” means a person or entity investing in a particular Project for the purpose of realizing the tax benefits generated by 4% LIHTC. The LIHTC Investor is typically a limited partner in the Project’s ownership entity.

“Liquidity Enhancement” has the meaning given in §3.1.3.C.2 hereof.

“Legislation Sponsor” has the meaning given in §3.2.1.A.1 hereof.

“Loan Administrator” has the meaning given in §3.2.3.A.3 hereof.

“Low-Income Housing Tax Credit” means the “low-income housing credit” as such term is defined in §42 of the Internal Revenue Code.

“Major Compliance Concern” has the meaning given in §4.3.2.E hereof.

“Mandatory Contracting Provisions” has the meaning given in §3.1.5.B hereof.

“Manual” means this Multifamily Securities Program Manual, together with all Exhibits hereto and all other material incorporated by reference herein.

“Maturity” means the latest date at which the principal of a Security becomes due and payable to a Lender or Bondholder.

“Maturity Date” means the date on which Maturity occurs.

“Mayor” means the Mayor of the City, whose powers and responsibilities are more fully defined in the Charter of the City.

“Mayor’s Office of Housing and Community Development” means the office of the same name organized as a unit of City government, the functions of which are more fully described in §1.1 hereof.

“Minimum Annual Monitoring Fee” has the meaning given in §3.1.10.H hereof.

“Mixed-Income Project” means a Project seeking an Allocation from the “Mixed Income Project Pool” as such term is defined in Section 5000 of the CDLAC Regulations.

“MOHCD” means **“Mayor’s Office of Housing and Community Development”** as further defined herein.

“Multifamily Securities Program” means the program operated by MOHCD on behalf of the City, pursuant to the policies and procedures described in this Manual, to (i) issue Securities for the purpose of financing the acquisition, development, and/or rehabilitation of affordable multifamily rental housing in the City and (ii) monitor those Securities for compliance with federal, state, and local requirements.

“Multifamily Securities Program Manager” means individual to whom the Director has delegated the authority to manage the Program as described in §1.4 hereof.

“Municipal Advisor” has the meaning given in §3.2.3.C hereof.

“Municipal Advisor Costs” has the meaning given in §3.1.10.D hereof.

“Municipal Advisor Retainer” has the meaning given in §3.1.10.D hereof.

“Moody’s” means Moody’s Investors Service, a “nationally recognized statistical rating organization” as designated by the U.S. Securities and Exchange Commission.

“New Construction Project” means a Project in which 100% of its Units constitute new Units to the market, and expressly excludes any Project that involves rehabilitation or any construction affecting existing residential rental Units.

“Note” has the meaning described in in §3.1.3 hereof.

“Note Amendment” has the meaning described in in §4.1.7 hereof.

“Notice of Special Restrictions” means the document recorded with respect to a Project by the Planning Department as described in §3.1.5.A.2 hereof.

“NSR” means **“Notice of Special Restrictions”** as further defined herein.

“OCII” means **“Office of Community Investment and Infrastructure”** as further defined herein.

“OCII-Funded Project” a means a Project that (a) OCII has committed or intends to commit to financing with OCII funds (e.g., via a Gap Loan or grant) prior to Closing, (b) has outstanding Gap Financing from OCII, or (c) is built on OCII-owned land and has been or will be ground leased to the Borrower prior to Closing.

“Office of Community Investment and Infrastructure” means 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, as more fully described in §1.5.2 hereof.

“Office of Public Finance” means the office of the same name within the Controller’s Office.

“Official Statement” means the document prepared by or on behalf of the City in connection with a Public Issue that discloses material information on the offering of such Securities. Official Statements typically include information regarding the purposes of the Issue, how the Securities will be repaid, and the financial and economic characteristics of the City, Borrower, or other obligated person with respect to the offered Securities. Investors and market intermediaries may use this information to evaluate the credit quality of the Securities and potential risks of the offering.

“Online Application” has the meaning given in §3.2.5.A.1 hereof.

“Onsite Inspection” has the meaning given in §4.3.2.D.2 hereof.

“Outside Issue” means an issue of Securities under the Qualified Residential Project Pool for a QRRP within the City and County of San Francisco by an Outside Issuer.

“Outside Issuer” has the meaning given in §1.5.4 hereof.

“Outstanding Item” has the meaning given in §3.2.5.A.4 hereof.

“Outstanding Par Amount” means the portion of the Issuance Amount not yet repaid.

“Owner Compliance Certificate” has the meaning given in §4.2.3.A.2 hereof.

“Paying Agent” means the entity responsible for transmitting payments of interest and principal made in connection with a Program Issue to Lenders or Bondholders, as applicable. The Trustee/Fiscal Agent typically serves as the Paying Agent for Program Issues.

“Payoff” means the satisfaction of all interest and principal repayment obligations with respect to a particular Program Issue, including (without limitation) at Maturity, early redemption or tender, or defeasance.

“Performance Deposit” has the meaning given in **§3.1.10.C.1** hereof.

“Performance Deposit Release Letter” has the meaning given in **§4.1.3** hereof.

“Permanent Files” has the meaning given in **§4.1.4** hereof.

“Permitted Investment” has the meaning given in **§3.1.14** hereof.

“Physical File” has the meaning given in **§4.1.4.A** hereof.

“Placement Agent” means a third-party municipal securities dealer acting as agent who places a new issue of Securities directly with Private Purchasers on behalf of the City.

“Planning Department” means the Planning Department of the City.

“Policy Director” means MOHCD’s Director of Policy and Legislative Affairs.

“Pre-Closing Meeting” means the meeting described in **§3.2.6.E.4** hereof.

“Preliminary Approval” has the meaning given in **§3.2.2** hereof.

“Private Placement” has the meaning given in **§3.1.3.D** hereof.

“Private Purchaser” means an investor in a Private Placement.

“Proceeds” means the money paid to the Issuer, by the Lender or Underwriter of a new issue of Securities. These funds are used to finance the Project or other purpose for which the Securities were issued and to pay certain costs of issuance as may be provided in the Securities documents.

“Program” means **“Multifamily Securities Program”** as further defined herein.

“Program Issue” means an issue of Securities issued by the City pursuant to the Program.

“Program Manager” means the **“Multifamily Securities Program Manager”** as further defined herein.

“Program Securities” means Securities issued by the City pursuant to the Program.

“Project” means any multifamily housing project that qualifies for the Qualified Residential Rental Project Pool and is part of a Program Issue, whether such Program Issue is prospective or complete.

“Project Description” means the general description of the Project (a form of the template for which is attached as Exhibit I) prepared in connection with the City Application, updated from time to time throughout the issuance process, and presented to the Board of Supervisors.

“Project Loan” means the loan of Issuance Proceeds from the City as “Governmental Lender” to the Borrower, the terms of which are described in the Project Loan Agreement.

“Project Loan Agreement” has the meaning given in §3.2.6.D.1 hereof.

“Project Manager” has the meaning given in §3.2.3.A.2 hereof.

“Project Sponsor” means the legal entity or entities primarily engaged in the business of real estate development or management with an ownership interest in the Borrower.

“Proof of Publication” has the meaning given in §3.2.4.A.1 hereof.

“Proposal” has the meaning given in §4.2.4 hereof.

“Proposal Review Fee” has the meaning given in §4.2.4 hereof.

“PSR” means **“TCAC Project Status Report”** as further defined herein.

“Public Issue” has the meaning given in §3.1.3.C hereof.

“QPP” means **“Qualified Project Period”** as further defined herein.

“QRRP” means **“Qualified Residential Rental Project”** as further defined herein.

“Qualified Institutional Buyer” has the meaning given in Rule 144A of the Securities Act of 1933, 15 U.S.C. § 77a et seq.

“Qualified Project Period” has the meaning given in §3.1.5.A.2 hereof.

“Qualified Residential Rental Project” has the meaning given in Section 5000 of the CDLAC Regulations.

“Qualified Residential Rental Project Pool” has the meaning given in Section 5000 of the CDLAC Regulations.

“Rating Agency” has the meaning given in §3.1.3.C.1 hereof.

“Rebate Advisor” has the meaning given in §4.3.1.A hereof.

“Recording” means the process of recording the Recording Packet in the real property records of the City. The Assessor-Recorder’s Office is the City entity charged with overseeing this process on behalf of the City (in the City’s capacity as a governmental entity).

“Recording Date” means the date on which Recording is complete.

“Recording Packet” means the packet of legal documents executed in connection with a Program Issue and subject to Recording pursuant to the Closing Documents.

“Refunding” means a procedure whereby an Issuer refinances outstanding Bonds by issuing new Bonds. There are generally two major reasons for refunding: to reduce the Issuer’s interest costs or to remove a burdensome or restrictive covenant imposed by the terms of the Bonds being refinanced. The

proceeds of the new Bonds are deposited in escrow to pay the debt service on the outstanding Bonds when due and to promptly (within 90 days) retire the outstanding Bonds in a “current refunding.”

“Registrar” means the person or entity responsible for maintaining records on behalf of the Issuer that identify the owners of a Securities issue. The Trustee/Fiscal Agent typically serves as the Registrar for Program Issues.

“Regulatory Agreement” has the meaning given in §3.1.5 hereof.

“Reissuance” has the meaning described in in §4.1.7 hereof.

“Related Party” has the meaning given in Section 5000 of the CDLAC Regulations.

“Related-Party Structure” means a Program Issue in which an entity with an ownership interest in the Borrower and an entity with an ownership interest in the Lender are Related Parties. The most common example of a Related-Party Structure is an Issue in which the same bank serves as both LIHTC Investor and Funding Lender.

“Remarketing Agent” means a municipal securities dealer responsible for reselling to investors Securities (such as variable-rate demand obligations and other tender option Bonds) that have been tendered for purchase by a Bondholder. The Remarketing Agent also typically is responsible for resetting the interest rate for a variable-rate issue and may act as tender agent.

“Report of Action Taken” has the meaning given in §4.1.2 hereof.

“Required Minimum Credit Rating” has the meaning given in §3.1.3.C.1 hereof.

“Restricted Units” means Federally Restricted Units, as well as Units with Affordability Restrictions arising from other laws, regulations, or agreements (e.g., agreements involving the City).

“Restructuring” has the meaning given in §3.1.3.I hereof.

“RFP” means Request for Proposals.

“RFQ” means Request for Qualifications.

“S&P” means S&P Global Ratings, a “nationally recognized statistical rating organization” as designated by the U.S. Securities and Exchange Commission.

“San Francisco Housing Authority” means the agency described in §1.5.3 hereof.

“San Francisco Redevelopment Agency” means the agency for which OCII is the successor, as described in §1.5.2 hereof.

“Section 8” means Section 1437f of the Housing Act.

“Section 147(f)” means Section 147(f) of the IRC.

“Section 5852.1 Disclosure Form” means the document containing certain disclosures required pursuant to California Government Code Section 5852.1 (a form of which is attached as Exhibit W).

“Securities” means financial obligations of an Issuer, including Bonds and Notes, which, if Tax-Exempt, qualify as “private activity bonds” for the purposes of 26 U.S.C. §141. Program Securities (particularly, Notes evidencing a Tax-Exempt loan) may or may not be considered “securities” for the purposes of the Securities and Exchange Act of 1934 (15 U.S.C. § 78a et seq.) or other relevant securities laws.

“Securities Data Collection Form” has the meaning given in §4.1.5 hereof.

“Set-Aside” has the meaning given in §3.1.5.A hereof.

“Settlement” means the process by which the Escrow/Title Agent for a Program Issue breaks escrow and disburses funds in accordance with the Closing Documents.

“Settlement Date” means the date on which Settlement occurs.

“Settlement Statement” has the meaning given in §3.2.6.E.3 hereof.

“SFHA” means **“San Francisco Housing Authority”** as further defined herein.

“Shared Drive File” has the meaning given in §4.1.4.C hereof.

“SRO” has the meaning given in §3.1.3.J hereof.

“Taxable” means includable in gross income for federal income tax purposes (and, in most cases, not exempt from California personal income taxes). When this term is used in reference to Securities, it means the interest on those Securities is Taxable.

“Tax Compliance Period” means the period during which the Affordability Restrictions identified in and required by the CDLAC Resolution are in effect.

“Tax Documents” has the meaning given in §4.3 hereof.

“Tax Credit Counsel” means the legal counsel engaged to provide advice to the LIHTC Investor in connection with a Program Issue.

“Tax-Exempt” means excludable from gross income for federal income tax purposes (and, in most cases, exempt from California personal income taxes). When this term is used in reference to Securities, it means the interest on those Securities is Tax-Exempt.

“TCAC” means **“California Tax Credit Allocation Committee”** as further defined herein.

“TCAC Project Status Report” has the meaning given in §4.3.1.E.4 hereof.

“TEFRA” means the Tax Equity and Financial Responsibility Act of 1982 (Pub.L. 97–248).

“TEFRA Approval” has the meaning given in §3.2.4.A.2 hereof.

“TEFRA Hearing” has the meaning given in §3.2.4.A.2 hereof.

“TEFRA Hearing Minutes” has the meaning given in §3.2.4.A.2 hereof.

“TEFRA Notice” has the meaning given in §3.2.4.A.1 hereof.

“TEFRA Resolution” has the meaning given in §3.2.4.A.2 hereof.

“Tenant” means, at any time of determination thereof, all persons who together occupy a single Unit. Upon the occupancy of a Unit by any individual in addition to the previous Tenant of such Unit, such Unit is deemed to be occupied by a new Tenant.

“Tenant TEFRA Notice” has the meaning given in §3.2.4.A.3 hereof.

“TES” means Tax-Exempt Securities.

“Title Agent” means an institution qualified to issue title insurance, directly or through its agents, in connection with the Closing of a Program Issue.

“True Debt Test” has the meaning given in §3.1.5.A.2 hereof.

“Trustee” means a financial institution with trust powers that acts, pursuant to an Indenture of Trust, in a fiduciary capacity for the benefit of the Bondholders associated with a Program Issue.

“Trustee/Fiscal Agent” means either Trustee or Fiscal Agent, as applicable to a particular Issue.

“Trustee Pool” means the pool of approved Trustees maintained by the Office of Public Finance.

“Underwriter” means a municipal securities dealer that purchases Bonds issued under the Program for resale in a primary offering.

“Unit” means a self-contained residential space within a Project designed and rented for use by a single household.

“Volume Cap” has the meaning given at the beginning of §3 hereof.

“Weighted Average Maturity” means, with respect to an issue of Securities, the weighted period of time required to repay half of the issue through scheduled principal payments (e.g., maturity, sinking fund redemption, etc.). The Weighted Average Maturity—which is variously referred to as the “WAM,” “average life,” and “weighted average life”—is a reflection of the rapidity with which the principal of an issue is expected to be paid. Under one commonly used calculation method, Weighted Average Maturity is equal to the total Bond years divided by the total number of Bonds (where one Bond has a \$1,000 par amount, regardless of actual denomination).

3. Securities Issuance

Federal, state, and local laws authorize issuance of mortgage revenue bonds or notes by local governments and JPAs to finance the development, acquisition, and rehabilitation of multifamily rental projects. The interest on these Securities can be exempt from federal and state taxation. As a result, these Securities provide below-market financing for qualified rental projects in cities like San Francisco.

The federal government limits the amount of certain Tax-Exempt private activity debt (including Program Securities) that can be issued in a state each year. The limit is determined by a state's population, multiplied by a specified dollar amount. CDLAC was established to administer the allocation of this issuance ceiling (the "Volume Cap") and to make certain that the total amount of Tax-Exempt private activity debt issued does not exceed the limits established under federal law. CDLAC administers the portion of the Volume Cap set aside for multifamily housing development with its Qualified Residential Rental Project ("QRRP") Pool.

Subject to the limited exceptions described in **§3.1.13.A** below, MOHCD requires all borrowers seeking Tax-Exempt debt to finance multifamily residential rental projects in San Francisco to issue that debt through the Program. Since a QRRP Allocation is required to apply to the California Tax Credit Allocation Committee ("TCAC") for an allocation of 4% LIHTC, this also means that nearly all projects in San Francisco financed with 4% LIHTC are required to issue debt through the Program.

Issuance through the Program may also satisfy the requirements of the City's Inclusionary Affordable Housing Program, Planning Code Section 415 et seq. (the "Inclusionary Program"), which requires that developers of new housing pay an affordable housing fee or provide a certain percentage of Units as affordable Units either on- or off-site. Issuances may intersect with this program in one of two ways.

First, while the Inclusionary Program generally prohibits using publicly subsidized Units to qualify as on- or off-site inclusionary Units, it includes a specific exception for projects financed through the QRRP Pool.³ Thus, rental projects may satisfy the City's on- or off-site inclusionary housing requirement with apartments financed using Tax-Exempt Securities and 4% LIHTC. In those cases, in order to qualify as an on-site inclusionary Unit, at least 10% of the Units must be affordable at 50% of the City Median Income, with the balance of the below-market-rate units affordable at either 50% or 60% of City Median Income, in conformance with TCAC requirements. In order to qualify as an off-site inclusionary Unit, at least 25% of the Units must be affordable at 50% of the City Median Income.

Rental projects that use Tax-Exempt financing and restrict 100% of the Units as affordable may also qualify for an exemption from the Inclusionary Program requirements pursuant to Planning Code Section 415.3(e)(4), under certain conditions.

3.1. General Policies and Terms of Issuance

In order to receive financing through the Program, Projects are subject to the general policies and terms of issuance described below, many of which are summarized in the term sheet attached as Exhibit D.

³ See S.F. Planning Code §415.6(f), §415.7(g)

3.1.1. Official Issuer

The official Issuer for all Program Issues is the City and County of San Francisco. MOHCD administers the issuance process on behalf of the City but is not the issuer.

3.1.2. Project Location

Program Issues must be for Projects located principally within the geographical boundaries of the City and County of San Francisco.

3.1.3. Financing Structure

MOHCD allows Borrowers to utilize a wide variety of financing structures and tools to finance their Projects, so long as those structures and tools comport with the policies described herein.

Program Issues are typically structured as either multifamily housing revenue bonds (“Bonds”) or multifamily housing revenue notes (“Notes”) (both “Securities”). Historically, all Notes issued under the Program have been issued pursuant to a Direct Loan structure (also known as a “back-to-back loan”)⁴ whereby a banking institution or another lender loans the City money to finance a Project, which the City then loans to the Borrower. When properly executed, Direct Loans are treated as municipal securities eligible for Volume Cap under the QRRP program, the interest on which is Tax-Exempt. General structural differences between Bonds and Direct Loans are described in **Table 1** below. In recent years, the majority of Program Issues have been Direct Loans.

Table 1. Bonds and Direct Loans; General Structural Differences

	Bonds	Direct Loans
Security Instrument	Multifamily Housing Revenue Bond	Multifamily Housing Revenue Note
Administrator	Trustee	Fiscal Agent
Administration Document	Indenture of Trust	Funding Loan Agreement
Borrower Loan Document	Bond Loan Agreement	Project Loan Agreement

A Direct Loan structure is often the most cost effective financing structure, particularly for smaller transactions. However, Borrowers should consult with their own financial advisors and potential Lenders and Underwriters before choosing one structure over another.

Program Issues may be long- or short-term in maturity, subject to various interest rate modes, publicly offered or privately placed, and Taxable or Tax-Exempt. Regardless of which structure Borrowers choose, all Program Issues must be structured as conduit obligations. Finally, MOHCD imposes special conditions on refunding and other restructuring transactions, all of which are described in **§3.1.3.I** below.

In addition to the requirements described in this section, all Program Issues must satisfy the applicable requirements of Article 6 of Chapter 2 of the CDLAC Regulations, including (without limitation) Sections 5061-5066, inclusive.

⁴ As a result, the policies and procedures in this Manual will treat all Note transactions under the Program as Direct Loan transactions.

A. Maturity

Program Issues may be structured as either long-term or short-term obligations. Typical long-term Securities mature within 30 to 32 years, but MOHCD will consider longer maturities upon request. Often, the long-term securities will contain a redemption feature that allows the lender to call the bonds after the tax credit compliance period (15 years after completion). Short-term Securities typically mature at the end of a Project's construction and stabilization period (e.g., 1-3 years), but MOHCD will consider issuing Securities with shorter maturities (e.g., commercial paper) upon request. In any case, the Maturity on a Program Issue must not exceed any limitations imposed by law.

B. Interest Rate; Modes, Ceiling, Risk

Program Issues may accrue interest at fixed or variable rates. They may also be structured as "multi-modal" Securities with the ability to switch between interest rate modes (e.g., fixed, term, daily, weekly, monthly, commercial paper). In any case, at a maximum, the interest rate on a Program Issue must be the lesser of 12% per annum or any percentage limitation imposed by law.

MOHCD permits the use of rate caps, swaps, and similar instruments ("Hedges") to limit interest-rate risk in Program Issues. However, the providers of such instruments must have the Required Minimum Credit Ratings described in **Table 2** below, and the termination of a Hedge (e.g., due to the occurrence of an event of default) must not, in and of itself, cause redemption, tender, or acceleration of the Securities.

C. Public Issues

Any Program Issues that are offered for sale by an Underwriter to the general public by way of a disclosure document ("Public Issues") are subject to the following requirements related to minimum credit ratings, credit/liquidity enhancement, and analysis and mitigation of liquidity risk.

1. Credit Ratings

At a minimum, Public Issues must be assigned the following Required Minimum Credit Ratings, or their equivalents, immediately prior to Settlement from either S&P Global Ratings ("S&P") or Moody's Investors Service ("Moody's") (each, a "Rating Agency"):

Table 2. Required Minimum Credit Ratings

Rating Agency	Long-Term Rating	Short-Term Rating (as applicable)
S&P	A	A-1
Moody's	A	P-1/MIG-1/VMIG-1
<i>Where applicable, the outlook on any such rating must be either "Stable" or "Positive."</i>		

Such Required Minimum Credit Ratings may be based on the Project's underlying credit quality or the issuer credit rating of an Enhancer as described below.

2. Credit/Liquidity Enhancement

MOHCD strongly prefers that Public Issues carry third-party credit and/or liquidity enhancement, as applicable. This type of support is typically provided by Freddie Mac, Fannie Mae, or highly rated domestic or foreign banks ("Enhancers"). The rating on the Securities is determined based on the credit worthiness of the participating Enhancer without regard to the credit quality of the underlying real estate collateral.

Credit Enhancements typically cover the payment of principal and interest on Securities (both fixed- and variable-rate) on interest payment, tender, redemption, and acceleration dates, and at Maturity. Liquidity Enhancements typically cover the tender or “put” options on variable-rate demand obligations.

A Public Issue may be structured without Credit Enhancement, so long as that Issue (1) carries a Required Minimum Credit Rating and (2) is sold to institutional investors in minimum \$100,000 denominations. However, all variable-rate Public Issues that are subject to optional or mandatory tender must carry Liquidity Enhancement.

The same rating and outlook requirements apply in the case of a substitution of existing credit and/or liquidity support for Securities already outstanding.

3. Liquidity Risk; Analysis, Mitigation

For structures with Credit/Liquidity Enhancements, MOHCD analyzes and seeks to mitigate the risk that the loss of an Enhancer could cause a liquidity crisis for a Project. Typically, this involves the Borrower providing, and the Program Manager and Municipal Advisor reviewing, the Borrower’s plans to address any loss of credit or liquidity support due to expiration or early termination of a Credit/Liquidity Enhancement.

With respect to early termination, the City will pay particular attention to the event of default and remedy provisions (particularly those related to acceleration) in the reimbursement agreement between the Enhancer and the Borrower to ensure that these provisions are within industry standards and do not exceed MOHCD’s risk tolerance. To the extent that MOHCD has concerns with these provisions, it will seek to negotiate revisions with the Enhancer and the Borrower.

In addition to drawing on their own industry experience when analyzing the default and remedy provisions described above, Municipal Advisors may consider the principles outlined in various pieces of U.S. Public Finance credit rating criteria from S&P Global Ratings, including *Contingent Liquidity Risks In U.S. Public Finance Instruments: Methodology And Assumptions*.

D. Private Placements and Direct Loans; Rating Requirements, Waiver

Bonds that are placed with a single investor or small group of investors in lieu of being offered for sale to the public as described in §3.1.3.C above (“Private Placements”)⁵ are subject to the Required Minimum Credit Ratings described in **Table 2** above, unless the following conditions are met:

- The Bonds must be privately placed with Qualified Institutional Buyers or Accredited Investors.
- The Bonds must be sold in minimum \$100,000 denominations.
- All initial purchasers must sign an Investor Letter in a form acceptable to the City.
- While the Bonds remain unrated, their transferability must be restricted to Qualified Institutional Buyers or Accredited Investors who sign an Investor Letter.
- Unless otherwise approved by MOHCD, the Bonds must be sold to 15 or fewer investors.
- The Bonds may be placed in a trust or custodial arrangement with participations sold to investors but only to the extent approved in advance by MOHCD.

The purpose of these conditions is to assure that Program Issues are placed with investors who are experienced in municipal securities investing and analysis and real estate credit underwriting. Bond funds and affordable lending banks are the types of entities these conditions anticipate.

⁵ These transactions are variously referred to as “Private Placements” or “Direct Purchases.” For the purposes of this Manual, the term “Private Placements” is used interchangeably with “Direct Purchases.”

While Direct Loans are not subject to the rating requirements described in *Table 2*, Lenders must be well-capitalized banking institutions or similarly sophisticated commercial lending institutions that agree to limit the transfer of the associated Notes to similar institutions, Qualified Institutional Buyers, or Accredited Investors who sign an Investor Letter.

E. Drawdown Structures, Agreements

Drawdown Structures involve Program Issues where only a portion of the Securities are “issued” for federal income tax purposes on the Issuance Date. These structures are popular with Borrowers seeking to mitigate the negative arbitrage associated with an unspent construction fund earning less than the yield on the Securities. While the Issue may be treated as issued for some federal income tax purposes on the date that more than \$50,000 of Securities is drawn down, each subsequent draw is treated as a separate issue with its own Issuance Date for the purpose of determining whether interest on such draw is Tax-Exempt.

Because the Tax-Exempt status of these Securities (and thus their ability to generate 4% LIHTC equity) is determined as of their draw date, under certain circumstances, the Borrower may need to draw down issued but undrawn Proceeds earlier than planned to preserve their Tax-Exempt status (an “Early Drawdown”). In order to speed up any such drawdowns and mitigate related costs, MOHCD strongly encourages Borrowers (and reserves the right to require Borrowers on a case-by-case basis) to negotiate agreements with Funding Lenders or Bondholders, to be executed at or prior to Closing, outlining the procedures and costs related to any Early Drawdown (a “Drawdown Agreement”). The Program Manager and Municipal Advisor will review the provisions of any Drawdown Agreement, and the City will seek to negotiate revisions to the extent that there are concerns with any of those provisions.

F. Federal Tax Treatment

MOHCD may issue either Tax-Exempt or Taxable Securities. Taxable Securities would generally be issued only in combination with Tax-Exempt Securities for Project costs that do not qualify for tax-exempt financing.⁶ As the interest on Taxable Securities is not exempt from federal taxation, these Securities are not subject to Volume Cap limitations and therefore do not require Allocation authority from CDLAC. Taxable Program Issues must meet all applicable requirements of this Manual (including minimum rating requirements) and any additional regulations that may be promulgated, from time to time, by MOHCD.

Tax-Exempt private activity bonds not issued for refunding purposes require an Allocation from CDLAC. To obtain the Allocation, MOHCD must submit an application to CDLAC on behalf of the Borrower. Such submissions are at the discretion of MOHCD, not the Borrower, and are treated as new Issues subject to the policies and procedures described in this Manual (including, without limitation, those related to applications and costs of issuance).

G. Security for the Debt; Conduit Structure Required, No Cross-Collateralization

Multifamily housing finance involves the acquisition, development, and/or rehabilitation of rental housing facilities, which are revenue-producing assets. Projects are generally financed on a secured and (following conversion to permanent financing) non-recourse basis, meaning that the borrower is obligated to make payments on the debt from project revenues only (subject to certain standard carve-outs), and the lender’s primary security for the financing is the asset itself.

⁶ This includes certain costs associated with a commercial or retail component of a Project (but only as permitted under State law), issuance costs in excess of the 2% limitation under federal law, and Project costs in excess of the Volume Cap received.

In a conduit structure, the securities are limited obligations of the issuer secured only by a loan and a deed of trust on the project, which the issuer assigns to the security holders or to a trustee/fiscal agent to secure payment of the securities. The issuer, therefore, takes no credit risk with respect to the project. That is, if project revenues do not support repayment of the loan, the security holders (usually the Lender or Enhancer) will suffer the loss with recourse to the Borrower during construction and the ability to foreclose on the deed of trust but never with recourse to any issuer funds, property, or assets. Conduit financings are almost always done on a project-by-project basis, with a single issue funding a single project. Because the issuer does not take credit risk or provide credit support in a conduit financing, the borrower is the obligor on the debt.

MOHCD requires all Program Issues to be structured as conduit financings. Thus, with respect to Program Issues, there must be no direct legal liability to the City, as Issuer, in connection with the issuance or repayment of Securities; there must be no pledge of the City's faith, credit, or taxing power; and the Securities must not constitute general obligations of the City. Instead, the security for repayment must be limited to Project revenue and other non-City sources specified under each financing. Accordingly, the Program is completely self-supporting; developers (or the borrowing entities created by them) must secure funding to pay for costs of issuance of the Securities, and all other costs under each financing, and take responsibility for all administrative aspects of the Program Issue.

Subject to waiver by the Director, the City will not issue Bonds under the Program unless the Trustee (or Bondholder) is secured by a first lien deed of trust on the Project. A first lien deed of trust in favor of an Enhancer is not sufficient to satisfy this policy.

As a matter of policy, with the exception of Scattered Site Projects (as defined in the CDLAC Regulations), MOHCD does not allow cross-collateralization between a single Program Issue and another issue of Securities. Thus, an event of default with respect to one Project may not, in and of itself, constitute an event of default with respect to another.

H. Debt Service Coverage

All Program Issues must satisfy the applicable requirements of Section 5193 of the CDLAC Regulations, which require a minimum debt service coverage ratio. MOHCD reserves the right to impose more restrictive requirements on any Program Issue.

I. Restructuring Transactions; Special Conditions

MOHCD will allow a Refunding or other financial restructuring of a Program Issue (a "Restructuring"), to the extent permissible by applicable law, subject to the following special conditions:

- All specifics of Restructuring proposals are subject to review and approval by MOHCD via the City Application process described in **§3.2.2** below.
- The Borrower must agree to cover all costs of the City related to the Restructuring, including the costs of issuance described in **§3.1.10** below.
- The Affordability Restrictions of the existing Regulatory Agreement must be extended to comport with the terms of **§3.1.5.A.2** below.
- MOHCD reserves the right to impose additional requirements on a case-by-case basis.

J. Single-Room Occupancy Projects; Issuance Guidelines

Prior to 2008, most single-room occupancy ("SRO") projects were excluded from TES transactions based on Treasury Department regulations, which provided as follows (emphasis added):

The term “unit” means any accommodation containing separate and complete facilities for living, sleeping, eating, cooking, and sanitation. Such accommodations may be served by centrally located equipment, such as air conditioning or heating. Thus, for example, an apartment containing a living area, a sleeping area, bathing and sanitation facilities, and cooking facilities equipped with a cooking range, refrigerator, and sink, all of which are separate and distinct from other apartments, would constitute a unit.⁷

However, under the Housing and Economic Recovery Act of 2008 (“HERA”), the IRC was modified for LIHTC projects in order to allow SRO Units on the same terms as allowed under the LIHTC rules. The amendment allows SRO projects where both LIHTC and Tax-Exempt financing are present, by providing as follows: “A unit shall not fail to be treated as a residential unit merely because such unit is a single-room occupancy unit (within the meaning of section 42).”⁸

Additionally, the IRC provides that SRO projects are not subject to transiency-related restrictions if rented on a month-to-month basis⁹ and that Units providing eating, cooking, and sanitation facilities on a shared basis can qualify as low-income Units.¹⁰

Based on the above analysis, and guided by an IRS private letter ruling from 1994,¹¹ MOHCD has developed the following guidelines for Program-financed SRO projects:

- Projects must have individually locking SRO Units, each occupied by unrelated persons.
- Baths shared by 2 Units are generally permissible, and baths shared by a greater number of Units may be permissible.
- Kitchens shared by up to 3 Units are generally permissible, and kitchens shared by a greater number of Units may be permissible.
- Living rooms shared by up to 3 Units are generally permissible, and living rooms shared by a greater number of Units (or no living rooms at all) may be permissible.

Borrowers seeking Tax-Exempt financing from the Program for an SRO project should engage MOHCD, Tax Credit Counsel, and Bond Counsel as early in the financing process as possible. Prior to providing Full Approval of a City Application for an SRO project, MOHCD will require written confirmation (which may be in the form of an informal email) from Tax Credit Counsel and Bond Counsel affirming that the proposed project is likely eligible for the Tax-Exempt financing sought.

K. 501(c)(3) Private Activity Bonds

The City may issue 501(c)(3) bonds on behalf of qualified not-for-profit organizations. Bonds so issued for affordable housing purposes are subject to all applicable provisions of this Manual and the Housing Bond Approval Policy. As this Manual is not intended to provide comprehensive guidance for such issues, MOHCD and the borrower must come to an agreement early in the issuance process regarding which provisions of this Manual apply to the proposed issue.

3.1.4. Use of Issuance Proceeds

Proceeds of Program Issues generally may be used to acquire land (up to 25% of Securities proceeds) and improvements and to finance construction, rehabilitation, improvements, architectural and engineering

⁷ Treas. Reg. §1.103-8(b)(8)(i) (2005)

⁸ HERA §3008I; I.R.C. §142(d)(2)(D), amended by HERA.

⁹ “For purposes of clause (i), a single-room occupancy unit shall not be treated as used on a transient basis merely because it is rented on a month-by-month basis.” I.R.C. §42(i)(3)(B)(iv).

¹⁰ See I.R.C. §42(i)(3)(B)(iv).

¹¹ Private Letter Ruling 9452030, IRC Section 42, September 30, 1994.

services, construction-period interest, loan fees, and other capital costs of the Project generally incurred no earlier than the date that is 60 days prior to the Inducement Date (See §3.2.4.B below for more information on the Inducement process).

Issuance Proceeds generally cannot be used to acquire property from a party related to the buyer. No more than 2% of any TES loan can be used to finance costs of issuance, such as the services of the financing team members, rating and printing of bonds, and CDLAC Allocation process.

Pursuant to federal requirements, if Securities are used for acquisition of an existing building, the borrower must make rehabilitation expenditures on the building in an amount equal to at least 15% of the portion of the acquisition cost of the building. The rehabilitation expenditures may be from any source.

In addition to the requirements described above, uses of Issuance Proceeds must comply with all applicable federal, state, and local laws, including the tax-related compliance requirements described in §4.3.1.C below.

3.1.5. Regulatory Agreement and Related Requirements

In connection with every Program Issue, MOHCD requires the execution and recordation of a Regulatory Agreement and Declaration of Restrictive Covenants by and between the City and the Borrower outlining the City's major regulatory requirements (a "Regulatory Agreement"). While negotiated between the parties of individual Program Issues, this document is based upon a standard, highly vetted template from which MOHCD is very reluctant to deviate. All provisions of that template are hereby incorporated by reference herein. Any material deviations from the template require approval of the Program Manager, and more substantial deviations must be approved in writing by the Director.

As a matter of policy, each Regulatory Agreement will include a copy of the CDLAC resolution attached as an exhibit. Also, as described in §4.1.2 below, the City will cause to be filed with CDLAC a copy of the recorded Regulatory Agreement for each Project in conjunction with the CDLAC Report of Action Taken.

Among the many provisions of the Regulatory Agreement of which potential Borrowers should be aware, applicants for Program financing should pay special attention to the following:

A. Affordability Restrictions

To be eligible for Tax-Exempt financing, the IRC requires that Projects meet one of the following conditions (the "Set-Asides"):

- A minimum of 20% of the Units in the Project must be set aside for occupancy by households whose incomes do not exceed 50% of Area Median Income ("AMI"), as adjusted for family size; or
- A minimum of 40% of the Units in the Project must be set aside for occupancy by households whose incomes do not exceed 60% of AMI, as adjusted by family size.

In addition to these federal requirements, the CDLAC Regulations require that a minimum of 10% of the Units in a QRRP project must be set aside for occupancy by households whose incomes do not exceed 50% of AMI.

A Unit occupied only by full-time students does not count toward any of these Set-Aside requirements. The maximum monthly rent for the Units subject to the Set-Asides referenced above (the "Federally Restricted Units") may not exceed 30% of one-twelfth of 50% of AMI, or 30% of one-twelfth of 60% of

AMI (as the case may be, depending on the selected Set-Aside); this amount is further reduced by a utility allowance for Tenant-paid utilities in the amounts determined by MOHCD (based on SFHA's calculation methodology). These maximum rent amounts apply even if the Federally Restricted Units are occupied by Section 8 Tenants.

In the event Tax-Exempt Securities are used with 4% LIHTC, or any other public funds, the most restrictive rents of the applicable programs will apply. Moreover, the affordability of the Units in relation to the Project's market rents will be considered as part of MOHCD's approval of the financing.

If, following income recertification, a Tenant is no longer income eligible, the next available Unit in the Project must be rented to a new eligible Tenant and the current Tenant's rent can be raised to a market level (subject to the other regulatory restrictions applicable to the Project).

Pursuant to CDLAC Regulations, the minimum term of the restrictions described above generally is 55 years from date on which 50% occupancy is achieved.

Some of the additional restrictions MOHCD requires include the following:

1. City Median Income

In addition to restricting Units at a percentage of AMI pursuant to state and federal law, MOHCD restricts Units at a percentage of "City Median Income," which is defined in the Regulatory Agreement as follows:

"City Median Income" – The "Maximum Income by Household Size" derived by the Mayor's Office of Housing and Community Development and published annually, based on the unadjusted area median income for the Area, as determined annually by HUD in a manner consistent with determinations of area median gross income under Section 8 of the Housing Act and Section 3009a of the Housing and Economic Recovery Act of 2008 or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination, and being adjusted for household size but unadjusted for high housing costs.

The practical result of this additional layer of restriction is that Projects are required to cap rents on Federally Restricted Units at a lower level than otherwise required by state and federal law.

2. Long-Term Affordability

In order to preserve affordable housing in San Francisco in the long term and to avoid the disruption and trauma that often occur when Tenants are forced to vacate their homes due to expiring Affordability Restrictions, it is MOHCD's policy to seek the longest term possible for its Affordability Restrictions. In general, MOHCD accomplishes this by defining the termination date for the Qualified Project Period ("QPP"), the period during which the Regulatory Agreement preserves affordability for the Restricted Units, as "the date that is the later of (i) seventy-five (75) years from the Closing Date or (ii) the Life of the Project" (where "Life of the Project" means "the period of time from completion of the Project and initial occupancy and thereafter for so long as the Project continues to operate as a multi-family residential project").

For Projects on which the Planning Department has recorded a Notice of Special Restrictions ("NSR"),¹² MOHCD will also work to ensure that the final NSR—which also requires affordability for the life of the project—covers all Units restricted pursuant to the Regulatory Agreement.

¹² e.g., Mixed-Income Projects using tax-exempt Securities issuance to satisfy Inclusionary Program requirements as described at the beginning of §3 above

For Projects with significant soft debt (payable from the Project's residual receipts), where Borrowers demonstrate that a perpetual affordability requirement like the one described above will impair the Project's ability to pass the True Debt Test with respect to a particular source of debt (as described below), MOHCD will consider allowing the QPP to terminate earlier than described above. However, in these cases, MOHCD will negotiate a QPP that terminates on the latest date upon which such termination would allow the debt to pass the True Debt Test and no earlier than 55 years after the Closing Date.

The True Debt Test is a test used to determine whether or not instruments such as Gap Loans constitute "debt" for federal income tax purposes. While the True Debt Test is an analysis based on multiple factors—many of which are identified in *Dixie Dairies Corp.*, 74 T.C. 476 (1980), and subsequent case law—the most relevant factor for many City/OCII-Funded Projects is that Borrowers must demonstrate the ability to repay a Gap Loan at or prior to its maturity. This is typically accomplished by showing that the value of the Project at or prior to Gap Loan maturity (based on projected net operating income and some assumed capitalization rate) will exceed the outstanding principal and accrued interest on the Gap Loan. If this can be demonstrated, and all other factors have been met, the loan has passed the True Debt Test; if not, the loan has failed. Failing the True Debt Test means that the portion of the Project financed by the loan at issue cannot be considered part of a Project's eligible basis for LIHTC purposes and thus cannot generate LIHTC equity.

In cases where MOHCD has agreed to allow early QPP termination due to True Debt Test issues as described above, MOHCD will seek to negotiate one or more additional safeguards to prevent loss of affordability or mitigate the impact of QPP termination on Tenants in place at the time of termination, including (without limitation) a ground lease structure whereby the City owns the land upon which the Project is located or an option to purchase/right of first refusal structure whereby the City has the ability to acquire the Project at a discounted cost following loss of affordability or an offer for sale.

3. Additional Requirements for Restructured Projects

In addition to the special conditions described in §3.1.3.I above, in connection with proposed Restructurings, MOHCD reserves the right to require additional public benefit in the form of deeper income targeting; additional rent restrictions; extension of the term of restrictions; additional number of Restricted Units; or any combination thereof. The level of additional restrictions will be determined in the context of the overall financial feasibility of each Project. The maximum monthly rent amounts described in §3.1.5.A above apply even if the Restricted Units are occupied by Section 8 Tenants.

The previous paragraph notwithstanding, Projects with existing affordability requirements for which no new City/OCII funding will be disbursed at or in connection with Closing generally will not be required to change those requirements at re-syndication, except to the extent necessary (1) to ensure long-term affordability as described in §3.1.5.A.2 above or (2) to comply with CDLAC requirements or provisions of state or federal law.

B. Mandatory Contracting Provisions

As described in the City's Housing Bond Approval Policy ("HBAP"), "it is the policy of the City to require sponsors of private residential projects financed with multifamily housing revenue bonds or 501(c)(3) bonds within the City to comply with the City's Contracting Requirements."¹³ These requirements include, without limitation, "provisions requiring compliance with the City's contracting requirements and policies regarding nondiscrimination, equal benefits, minimum compensation, health

¹³ S.F. Admin. Code §43.9.1.

care accountability, prevailing wage,¹⁴ local disadvantaged business enterprise subcontracting and jobs programs (such the City’s First Source Hiring or City Build programs), as applicable.”¹⁵ Consequently, regardless of the presence of City Gap Financing or other subsidy, all Program Issues are subject to the Mandatory Contracting Provisions described in Exhibit E, a version of which is incorporated by reference into every Regulatory Agreement.

C. Lottery and Lease-Up Provisions

In order to implement consistent and transparent marketing practices for affordable housing in the City, MOHCD has adopted the “Operational Rules for San Francisco Housing Lotteries and Rental Lease-Up Activities.” This document (an example of which is attached as Exhibit F) is attached to, and incorporated by reference in, every Regulatory Agreement.

3.1.6. Other Requirements; Non-Profit Entities, Tenant Protections

The Board of Supervisors has expressed a policy preference to support Projects “with proposed management teams that include nonprofit partners based within the City” which will be “managed by entities that demonstrate substantial experience with affordable housing projects.”¹⁶ Consequently, MOHCD requires that the Borrower entity (e.g., limited liability company or limited partnership) for all Projects include a non-profit entity (typically as a managing member or general partner) with a significant presence and a positive track record of affordable housing development and management in San Francisco. MOHCD reserves the right to deny Projects access to Program financing for lack of suitable non-profit management. For avoidance of doubt, Program applicants are required to vet the proposed non-profit entity with MOHCD early in the City Application process.

Also, in connection with all Program Issues, MOHCD strongly encourages (and in its sole discretion may require) the Borrower to agree to: (i) protect Existing Tenants from eviction due to the financing based solely on any such Tenant’s failure to meet a financing-related income standard at the time of the Issuance or during the QPP and (ii) limit annual rent increases for Existing Tenants as of the Issuance Date to the percentage change in City Median Income for such year.

3.1.7. Additional Requirements for City/OCII-Funded Projects

In addition to the requirements described in §§3.1.5 and 3.1.6 above, City/OCII-Funded Projects, are subject to requirements arising from their use of City or OCII funds. These requirements include, among others, a right of first refusal for utility services in favor of the San Francisco Public Utilities Commission for Projects on City-owned land, additional hiring goals for OCII-Funded Projects, and additional design standards and approval requirements imposed by the Mayor’s Office on Disability for both City-Funded Projects and OCII-Funded Projects. Borrowers seeking Program financing for such Projects should carefully review the contracting and other requirements imposed by their City or OCII funding documents (e.g., loan agreements or ground leases) and consult with their MOHCD Project Manager or OCII

¹⁴ In addition to being required by the HBAP, California law provides that a construction project is subject to prevailing wage requirements if it is “paid for in whole or in part out of public funds...” (Cal. Labor Code § 1720(a)(1).) “[P]aid for in whole or in part out of public funds” is defined as, among other things, “[f]ees, costs, rents, insurance or bond premiums, loans, interest rates, or other obligations that would normally be required in the execution of the contract, that are paid, reduced, charged at less than fair market value, waived, or forgiven by the state or political subdivision.” (*Id.* § 1720(b)(4).) Thus, by virtue of providing “interest rates...charged at less than fair market value,” Program Issues are also subject to prevailing wage requirements pursuant to state law.

¹⁵ S.F. Admin. Code §43.9.1.

¹⁶ *Id.* at §43.9.4-5. The HBAP requires such entities for certain Outside Issues. As MOHCD finds no reason to distinguish Outside Issues from Program Issues when determining the essentiality of these entities, MOHCD applies this requirement to Program Issues as well.

Development Specialist to ensure a clear understanding of the additional responsibilities associated with the use of City/OCII funds.

3.1.8. Sizing of Issue; 50% Bond Test, Conservation of Volume Cap

MOHCD does not impose predetermined minimums or maximums with respect to the par amount of Program Issues; instead, determinations regarding the proper sizing of Issues are made on a case-by-case basis. As multiple factors—including Lender underwriting, appraised value of the Project, costs of issuance, interest rates, projected revenues, federal tax law constraints, and availability of Volume Cap—affect Issue sizing, MOHCD works with Borrowers, Bond Counsel, Municipal Advisors, and CDLAC to determine the appropriate par amount for each Program Issue.

Aside from the unique economics of a particular Project, the most common driver of minimum par amount is the so-called “50% Bond Test” for LIHTC projects which requires at least 50% of a project’s aggregate basis (i.e., land plus depreciable assets) to be financed by Volume Cap Tax-Exempt Securities plus interest earned on the Securities for the entire eligible basis of the project.

Another common driver of maximum par amount is the availability of Volume Cap allocated by CDLAC. As discussed at the beginning of this §3, CDLAC administers the allocation of Volume Cap and ensures that the total amount of Tax-Exempt debt issued does not exceed the limits established under federal law. MOHCD reserves the right to ration the amount of Volume Cap requested for a Program Issue to assist in the conservation of Volume Cap for other Program Issues and other projects throughout the state. This rationing effort may include (without limitation):

- Limiting the use of Volume Cap on Mixed-Income Projects to the amount required to cover only the costs associated with the development of the Restricted Units,
- Limiting the use of Volume Cap on General Pool Projects to the amount required to cover only the aggregate basis required to satisfy the 50% Bond Test.

Where Volume Cap has been rationed for Mixed-Income Projects as described above, MOHCD may, at the discretion of the Director, allow Borrowers to increase the percentage of requested Volume Cap by agreeing to increase affordability (e.g., by lowering income limits on Restricted Units or increasing the number of Restricted Units) or by providing some additional housing- or community development-related benefits.

3.1.9. Land Use Review and Approvals; Effect of MOHCD Review

All Projects must be in compliance with the City’s land use requirements and, where applicable, OCII guidelines and restrictions. Prior to the CDLAC Application Deadline, Projects must undergo all planning procedures, discretionary reviews, and land use approvals (including environmental analysis, as required). MOHCD will not assume responsibility for facilitating any of these processes. Moreover, MOHCD approval of a Project, as described in §3.2.2 below or otherwise, does not constitute approval on behalf of any other City department, including the Planning Department.

Design standards (including size, location, and adjacency of Restricted Units) for Projects where less than 100% of Units are Restricted Units (e.g., Mixed-Income Projects) are determined primarily by the Planning Department. These standards are codified in the Planning Code and interpreted in Planning Department publications such as Zoning Administrator Bulletin No. 10 (“Designation Priorities for the Inclusionary Affordable Housing Program”). The ultimate authority for approving such plans rests with the Planning Department. As approval of condo maps and BMR Unit locations are separate functions within the Planning Department, Borrowers should request written confirmation from the department that

it has approved BMR Unit locations before assuming they are final—even where the Planning Department has already approved a condo map.

In addition to Planning Department approvals, Borrowers for Mixed-Income Projects must work with Bond Counsel and MOHCD staff to ensure that design plans for Restricted Units are consistent with federal tax law. Borrowers should not assume that such plans are approved for these purposes until they have received written confirmation from Bond Counsel and MOHCD.

3.1.10. Program Costs of Issuance

In addition to Underwriter or Lender costs and Borrower legal and financial advisory expenses, Program Issues are subject to Program-related costs due at Settlement or upon some other triggering event. The subsections below (A-H) summarize most of these costs. As described below, some of the costs are collected prior to the CDLAC Application Deadline, while the rest are due at or shortly after Settlement. Unless otherwise indicated, where costs are based on the Issuance Amount, this includes both Taxable and Tax-Exempt Securities issued by the Program.

A. City Deposit

At the time of the City Application, the Borrower must pay a non-refundable deposit in the amount of \$10,000 to cover the cost of the feasibility analysis for the proposed Issue and to defray staff costs incurred prior to submitting the CDLAC Application (the “City Deposit”). If the financing closes, MOHCD will deduct the amount of the City Deposit from the City’s Initial Issuance Fee collected at Settlement. MOHCD may waive the required City Deposit for City/OCII-Funded Projects.

The City Deposit must be submitted by check payable to the order of “City and County of San Francisco Mayor’s Office of Housing and Community Development.” All checks must reference the Project name and the words “City Deposit.” Borrowers should send checks to the attention of the Program Manager.

Following submission of a Project’s CDLAC Application, MOHCD reserves the right to increase the City Deposit by an amount equal to 0.05% (5 basis points) of the proposed Issuance Amount identified in the CDLAC Application, but not to exceed \$65,000 (i.e., the total City Deposit will not exceed \$75,000); such additional amount is non-refundable, payable by check, and will be deducted from the City’s Initial Issuance Fee collected at Settlement, all as described in the first paragraph of this **§3.1.10.A**.

The terms and conditions associated with MOHCD’s administration of the City Deposit (including provisions related to forfeiture) are further described in the Deposit and Indemnification Agreement associated with each Project.

B. TEFRA Costs

The Borrower is responsible for the costs of complying with TEFRA, including the cost of publishing the TEFRA Notice and the cost of translating, printing, and posting Tenant TEFRA Notices. The typical TEFRA Notice costs between \$300 and \$500 to publish.

MOHCD receives invoices for TEFRA Notice publication from its third-party legal publication provider, as described in **§3.2.4.A.1** below. MOHCD will forward all invoices to Borrowers for immediate payment. Borrowers should arrange for such payments to be sent directly to the provider at its address indicated on the invoice. Payments should not be sent to MOHCD.

C. CDLAC/CDIAC Costs

In connection with every Program Issue, the Borrower is responsible for paying the following costs associated with the state's administration of public debt issues and the Volume Cap associated with the Project.

1. CDLAC Performance Deposit

Prior to the CDLAC Application Deadline, the Borrower must deposit with MOHCD a performance deposit in an amount required from time to time by CDLAC, currently equal to 0.50% (50 basis points) of the requested Allocation amount, not to exceed \$100,000 (the "Performance Deposit"). The Performance Deposit will be returned to the Borrower, or forfeited to CDLAC, according to the CDLAC Regulations.

The Performance Deposit must be submitted by check payable to the order of "City and County of San Francisco Mayor's Office of Housing and Community Development." All checks must reference the Project name and the words "CDLAC Performance Deposit." Borrowers should send checks to the attention of the Program Manager. MOHCD will deposit the check and encumber the funds immediately. For City/OCII-Funded Projects, MOHCD may encumber its own funds to cover the Performance Deposit rather than require Borrowers to submit checks to MOHCD. See §§3.2.5.A.3.b and 4.1.3 below for more information on this process.

2. CDLAC Filing Fee

The Borrower must submit a filing fee in an amount equal to 0.035% (3.5 basis points) of the actual Allocation amount (the "CDLAC Filing Fee"). The CDLAC Filing Fee is paid in two installments as follows:

- \$1,200 payable to CDLAC via a check accompanying the CDLAC Application (a \$600 filing fee is due in connection with any application for a supplemental Allocation) and
- 0.035% (3.5 basis points) of the actual Allocation amount, less any fee amounts already paid (e.g., the \$1,200 referenced above), payable within 30 days of the Issuance Date.

3. CDIAC Issuance Fee

The Borrower must submit an issuance fee in an amount equal to 0.015% (1.5 basis points) of the TES Issuance Amount, not to exceed \$3,000 (the "CDIAC Issuance Fee"). CDIAC bills the Borrower for this fee after Bond Counsel submits the Report of Proposed Debt Issuance to CDIAC.

D. Municipal Advisor Costs; Fees, Expenses, Retainer

The Borrower is responsible for the fees and expenses associated with services provided by the City's Municipal Advisor ("Municipal Advisor Costs"). Municipal Advisor Costs typically range from \$30,000 to \$60,000, depending on the size and complexity of the transaction, and must be paid in full through escrow at Settlement. Fees in excess of \$65,000 and expenses (e.g., travel, mileage, parking, meals, postage, express mail delivery services, telephone, photocopying, and outside graphics fees) in excess of \$1,000 are subject to prior written approval by MOHCD.

At the time of Municipal Advisor selection, the Borrower must deposit with the Municipal Advisor a non-refundable retainer in the amount of \$6,500 (the "Municipal Advisor Retainer"). If the financing closes, the Municipal Advisor will deduct the amount of this retainer from its invoice submitted at Settlement.

Borrowers should arrange for the Municipal Advisor Retainer to be sent directly to the Municipal Advisor. Payments should not be sent to MOHCD. This retainer requirement is waivable at the discretion of the Municipal Advisor upon the Borrower's written request (e.g., in the City Application).

E. Bond Counsel Costs; Fees, Expenses, Retainer

The Borrower is responsible for the fees and expenses associated with services provided by the City's Bond Counsel firms ("Bond Counsel Costs"). Bond Counsel Costs typically range from \$30,000 to \$80,000 per firm,¹⁷ but may be significantly higher for large or complex transactions; following selection, Bond Counsel will provide Borrowers with general cost estimates upon request. Bond Counsel Costs must be paid in full through escrow at Settlement.

At the time of Bond Counsel selection, the Borrower must deposit with Bond Counsel a non-refundable retainer in the amount of \$10,000 per firm (the "Bond Counsel Retainer"). If the financing closes, Bond Counsel firms will deduct the amount of this retainer from their respective invoices submitted at Settlement.

Borrowers should arrange for the Bond Counsel Retainer to be sent directly to Bond Counsel. Payments should not be sent to MOHCD. This retainer requirement is waivable at the discretion of Bond Counsel upon the Borrower's written request (e.g., in the City Application).

F. City Attorney/Issuer Counsel Costs

For every Program Issue, the City Attorney's Office bills MOHCD for staff time and resources associated with its legal work as Issuer Counsel and, if applicable, Lender Counsel ("CAO Expenses"). The Borrower is responsible for CAO Expenses, which typically range from \$20,000 to \$50,000, depending on the size and complexity of the transaction and the presence of MOHCD or OCII Gap Financing. The CAO Expenses are collected in addition to the Initial Issuance Fee.

CAO Expenses must be paid to MOHCD in full through escrow at Settlement. In the absence of a separate invoice from the City Attorney's Office in advance of Settlement, MOHCD will include in the City Closing Invoice a separate line item in the amount of \$20,000 to offset any CAO Expenses later billed to MOHCD.

There is no separate retainer requirement for CAO Expenses, as a small retainer is already factored into the City Deposit. However, if the City Attorney's Office determines that outside Issuer Counsel is required for a particular transaction, such outside counsel may require a retainer.

G. Initial Issuance Fee

MOHCD receives compensation for its services in preparing Program Issues by charging an up-front fee equal to 0.25% (25 basis points) of the Issuance Amount (the "Initial Issuance Fee"). The Initial Issuance Fee must be paid in full through escrow at Settlement.¹⁸

¹⁷ As described in §3.2.3.D.1 below, CAO typically pairs two firms from the City's Bond Counsel Pool to work on each Program Issue.

¹⁸ Where the Initial Issuance Fee is limited by a Related-Party Structure and/or a Drawdown Structure, the Program Manager will work with Bond Counsel and the Municipal Advisor to document actual costs of issuance and maximize the amount of the Initial Issuance Fee. The Program Manager may also work to mitigate the resulting loss of Initial Issuance Fee by stepping up the Annual Monitoring Fee after Maturity.

H. Annual Monitoring Fee

MOHCD also charges an annual fee to monitor a Project's compliance with federal, state, and local affordability restrictions and other regulatory requirements (the "Annual Monitoring Fee"). The first installment of the Annual Monitoring Fee for all Projects, which covers the first year of annual monitoring, is the greater of 0.125% (12.5 basis points) of the Issuance Amount or the Minimum Annual Monitoring Fee, which is \$2,500.¹⁹ This amount must be paid in full through escrow at Settlement.²⁰

Thereafter, the Annual Monitoring Fee for the coming year, which is due on the anniversary of the Issuance Date for the duration of the Qualified Project Period, is the greater of 0.125% (12.5 basis points) of the highest Outstanding Par Amount in the previous 12 months or the Minimum Annual Monitoring Fee.

In connection with a Payoff of a Program Issue, MOHCD may (in its sole discretion) agree to allow the Borrower to prepay the Annual Monitoring Fee through the end of the Qualified Project Period. In such event, the prepayment amount will be calculated as the present value of the stream of annual fee payments through the end of the Qualified Project Period discounted at a rate not to exceed 2%. For Projects subject to Annual Monitoring Fee obligations for the "Life of the Project," this prepayment amount will be calculated as the present value of a perpetual annuity discounted at a rate not to exceed 2% (i.e., $\text{Minimum Prepayment Amount} = \text{Annual Monitoring Fee} / 0.02$).

3.1.11. Indemnification and Reimbursement

In exchange for participation in the Program, the Borrower must defend and indemnify the City and reimburse the City for all expenses the City incurs in connection with the issuance and monitoring of Program Issues.

In case any action at law or in equity, including an action for declaratory relief, is brought against the Borrower to enforce the provisions of the Regulatory Agreement, the Borrower must pay reasonable attorney's fees and other reasonable expenses incurred by the City or its agents in connection with such action.

The Borrower must also defend and indemnify the City and reimburse the City for any costs incurred by the City related to any lawsuit initiated in connection with a Program Issue by a Bondholder, Lender, or other party, regardless of whether the Borrower is negligent.

The City reserves the right to require a personal guaranty (e.g., from a parent company) in order to strengthen the indemnification and expense reimbursement obligations described above.

Additional terms and conditions associated with the Borrower's indemnification and reimbursement obligations to the City are described in the Deposit and Indemnification Agreement negotiated and executed in connection with the City Application.

¹⁹ Where the Minimum Annual Monitoring Fee is limited by a Related-Party Structure and/or a Drawdown Structure, the Program Manager will work with Bond Counsel and the Municipal Advisor to document actual costs of annual monitoring and maximize the amount of the Minimum Annual Monitoring Fee. The Program Manager may also work to mitigate the resulting loss of Annual Monitoring Fee by stepping up the Annual Monitoring Fee after Maturity.

²⁰ If required (e.g., in light of Related-Party or Drawdown Structures), the Program Manager will arrange to collect the Annual Monitoring Fee in arrears rather than at Closing.

3.1.12. Naming Convention for Program Issues

Program Issues should be described as either “Multifamily Housing Revenue Bonds” or “Multifamily Housing Revenue Notes,” as the case may be. Different Program Issues in the same year should be distinguished by inserting the official project name in parentheses following the Issuer name and description mentioned above and assigning a different letter following the series year (e.g., 2018X, 2018Y). Different subseries within an Issue should be denoted by the addition of a dash and number following the series designation (e.g., 2018X-1, 2018X-2) and may be followed by the words “Taxable” or “Tax-Exempt” in parentheses as applicable. A typical caption resembles the following:

*City and County of San Francisco
Multifamily Housing Revenue Bonds
(Anyname Apartments)
Series 2018X*

The Program Manager will assign preliminary series letters to all prospective Program Issues at the beginning of each calendar year and, where practicable, will adjust lettering throughout the year to accommodate the actual closing order of Issues. During or prior to the Kickoff Call for a given Program Issue, Bond Counsel should confirm the preliminary series letter for the Issue with the Program Manager.

3.1.13. Issuance by Outside Issuers

MOHCD generally requires all QRRP projects in San Francisco to issue debt through the Program. However, under the special circumstances and subject to the conditions described below, MOHCD may allow Outside Issuers to issue Tax-Exempt multifamily debt in San Francisco.

A. Special Circumstances

For projects where the City has already committed to providing Gap Financing (e.g., certain projects that are on City land or for which the City has issued an RFP or RFQ seeking developers), QRRP debt may be issued through an Outside Issuer if, after accounting for lost Program revenue, doing so will result in significant savings for the City.

In such cases, the Borrower is responsible for demonstrating these savings to MOHCD, which includes providing any pro forma models and cash flow projections MOHCD may request and showing that, after a diligent search, there are no financing options involving the City as Issuer that offer comparable cost savings for the City. Vetting for any proposal to use an Outside Issuer is rigorous, and MOHCD will err on the side of City Issuance where the overall benefit to the City of using an Outside Issuer is in doubt.

As a matter of policy, Independent Projects are not eligible to pursue QRRP financing from an Outside Issuer.

Notwithstanding the foregoing, under other extraordinary circumstances (e.g., the City’s capacity to issue Program Securities is somehow impaired), MOHCD may allow Outside Issuers to issue Tax-Exempt multifamily debt in San Francisco, subject to the Director’s written consent.

B. Conditions of Consent

The following special conditions are applicable to all prospective Outside Issues:

- The Outside Issuer and Borrower must agree to incorporate MOHCD’s key regulatory restrictions (including City Median Income, Long-Term Affordability, AMR requirements, and anything else

MOHCD deems necessary) into (1) any Gap Financing Agreement or ground lease associated with the Project and (2) a restrictive declaration (e.g., a separate City Regulatory Agreement) recorded in connection with Closing.

- The Outside Issuer and Borrower must agree to comply with all requirements of the Housing Bond Approval Policy, including (without limitation)—
 - Abiding by the City’s Mandatory Contracting Requirements,
 - Protecting Existing Tenants from eviction due to the financing based solely on any such Tenant’s failure to meet a financing-related income standard at the time of the Issuance or during the QPP;
 - Limiting annual rent increases for Existing Tenants as of the Issuance Date to the percentage change in City Median Income for such year;
 - Reimbursing the City and OCIL, as applicable, for staff time, including CAO fees and costs, relating to the process described in §3.2.4 below; and
 - Issuing Tenant TEFRA Notices, where applicable.
- The Borrower must submit a complete City Application to MOHCD (including an executed Deposit and Indemnification Agreement and a City Deposit).
- The Borrower must agree to reimburse MOHCD’s reasonable lending- and issuance-related costs at Settlement.
- In addition to submitting an AMR to MOHCD annually for the duration of the City-required affordability period, the Borrower must agree to pay the City \$2,500 annually to conduct such monitoring; if the Borrower has arranged to share residual cash flow with the City annually (e.g., pursuant to a Gap Financing Agreement or ground lease), this monitoring fee must be paid from the Borrower’s share of residual cash flow to the extent available.

3.1.14. Permitted Investments

Provisions within Indentures or Funding Loan Agreements regarding the investments in which Issuance Proceeds may be invested by the Trustee or Fiscal Agent (“Permitted Investments”) should be generally consistent with the provisions on Permitted Investments contained in the Debt Policy of the City published by the Office of Public Finance. Additionally, where approved by Bond Counsel and (as applicable) the Lender, these provisions should list as a Permitted Investment the Investment Fund operated by the Treasurer and Tax Collector of the City. Unless waived in writing by the Director, all Permitted Investments must carry the Required Minimum Credit Ratings.

3.2. The Issuance Process

Issuing Securities under the Program is a dynamic, multi-step process that must begin with careful planning around key legislative and administrative processes. Following the planning phase, Borrowers must submit a financing application for review and approval by the City and, if the application is approved, Projects proceed through the TEFRA, Inducement, and CDLAC application processes. After a Project receives its CDLAC Allocation, an Issuance Team is assembled, Securities-related documents are negotiated and submitted for BOS approval, and the Issuance Team works together to close the transaction. The balance of this section is dedicated to describing this process in detail.

3.2.1. Timelines and Planning

The issuance process can take 6 to 8 months from submission of the City Application to Closing, depending on the complexity of the transaction. Consequently, Borrowers should begin planning for the issuance process well in advance of their intended Closing Date and should contact MOHCD as early in

the planning stage as possible. For most Program Issues, the process is broken into two phases, each lasting up to 120 days.

Phase I encompasses the period beginning with Project Sponsors' initial application to MOHCD and ending with submission of the CDLAC Application. Exhibit G shows the timeline for Phase I of a typical Program Issue; for each step, the table's rightmost column references the section of this Manual that describes the step in greater detail.

Phase II encompasses the period beginning with the kickoff of Issuance Calls and ending with the Closing. Phase II typically begins after CDLAC Application submission. However, the Borrower may request that the City kick off Issuance Calls as soon as the City and the Borrower have settled on a transaction structure and the Municipal Advisor, Bond Counsel, Lender, and associated legal counsel have been selected. Exhibit H shows the timeline for Phase II of a typical Program Issue; as with Phase I, for each step, the table's rightmost column references the section of this Manual that describes the step in greater detail.

A. BOS Legislative Process

As described in Exhibit G and Exhibit H, Board of Supervisors approval is at the heart of both phases of the issuance process and is the primary driver of both timelines. Approvals of TEFRA-related matters, Inducements, and final issuance all involve Board Resolutions. The typical legislative process for these resolutions proceeds as described below.

1. Sponsor Identification

MOHCD's Director of Policy and Legislative Affairs (the "Policy Director") identifies a potential sponsor or co-sponsors for the legislation (each a "Legislation Sponsor") based on the Project's location, potential sponsors' legislative priorities, and other factors. Typical Legislation Sponsors include the Mayor and the Supervisor of the district in which the Project is located. In some cases, MOHCD may sponsor legislation itself.

The Policy Director then provides the potential Legislation Sponsor's staff with basic information about the Project (typically derived from the Project Description) and works with the Borrower, the Program Manager, and other parties to answer any questions and resolve any outstanding issues raised. When this process is complete, the Policy Director notifies the Program Manager which Legislation Sponsor to indicate in the footer of the draft resolution before sending the document to the City Attorney's Office for approval. This process typically takes 5 to 7 days.

2. Legislation Drafting and Vetting

Next, the Borrower, MOHCD, and Bond Counsel (if assigned) negotiate and finalize a draft of the Board Resolution and all supporting documents (the "Board Packet"). As noted in **§3.2.3.D.1** below, due to the timing of Bond Counsel selection, MOHCD often drafts the Inducement/TEFRA Resolution. Borrowers intending to have Bond Counsel selected in time to draft this document must submit the City Application at least 5 months in advance of the desired CDLAC Application Deadline and must notify MOHCD of this preference at that time. This is not a concern with respect to the Issuance Resolution, as Bond Counsel must be selected prior to negotiating the Board Packet associated with that resolution. After finalizing the Board Packet, MOHCD sends the documents to the City Attorney's Office for review. The timing for this process varies depending on the type of resolution; for Inducement/TEFRA Resolutions, the process typically takes 5 to 7 days, while for Issuance Resolutions, it typically takes 6 to 8 weeks (including negotiation of draft Bond/Note documents as described in **§3.2.6.B.2** below).

3. City Attorney Review and Approval

The Deputy City Attorney assigned to the Project reviews the Board Packet, resolves any outstanding legal issues with MOHCD, Bond Counsel, and the Borrower, and revises the draft Board Resolution as necessary. The draft resolution is then printed on special “redline” paper, and a Deputy City Attorney signs the legislation, approving it as to form. This process typically takes 7 to 10 days.

4. Board Packet Assembly, Delivery to Legislation Sponsor

After the City Attorney’s Office has approved the Board Resolution, MOHCD picks up the signed resolution and assembles electronic and printed versions of the Board Packet. For Inducement/TEFRA Resolutions, the Board Packet typically includes:

- An Inducement/TEFRA Resolution signed by a Deputy City Attorney,
- A Project Description (See [Exhibit I](#)),
- TEFRA Notice Proof of Publication (as described in **§3.2.4.A.1** below),
- TEFRA Hearing Minutes (as described in **§3.2.4.A.2.a** below),
- BOS Introduction Letter, and
- Completed copies of Form SFEC-126 for both the Mayor and the Board of Supervisors (See [Exhibit J](#)).

For Issuance Resolutions, the Board Packet typically includes:

- An Issuance Resolution signed by a Deputy City Attorney,
- A Project Description updated to reflect any changes since the Inducement/TEFRA Resolution,
- Substantially final versions of the Project’s Indenture/Funding Loan Agreement, Regulatory Agreement, Bond/Project Loan Agreement, Official Statement (as applicable), Bond Purchase Agreement (as applicable), and any other document explicitly referenced in the Issuance Resolution (See **§3.2.6** below for more information on these supporting documents),
- BOS Introduction Letter, and
- Completed copies of Form SFEC-126 for both the Mayor and the Board of Supervisors.

After assembling the Board Packet, MOHCD sends the electronic version of the packet to the Legislation Sponsor’s staff via email and delivers a printed original plus one copy of the packet to the Legislation Sponsor’s office; these deliveries should occur at least two Business Days prior to the date proposed for introduction to the Board. In cases where MOHCD is the Legislation Sponsor, the Board Packet must be submitted directly to the Clerk of the Board a week in advance of introduction.

Between delivering the Board Packet to the Legislation Sponsor and introduction to the Board, the Policy Director follows up with the Legislation Sponsor and the committee chair to confirm MOHCD’s preferred committee hearing, approval, and adoption dates. The process of assembling, printing, and delivering the Board Packet to the Legislation Sponsor typically takes 2 to 3 days.

5. Introduction to the Board, Calendaring

The Legislation Sponsor introduces the Board Resolution at a regular meeting of the Board of Supervisors (which are typically held on Tuesdays beginning at 2:00 p.m.), and the Clerk of the Board calendars the resolution to be heard at a future meeting of the Budget and Finance Committee or Sub-Committee (the “Committee Hearing”). The timing for calendaring depends on MOHCD’s preferred timeline as communicated to the Legislation Sponsor’s office and the committee chair by the Policy Director, the dates of upcoming Committee Hearings, and the discretion of the committee chair. Whether the Board

Resolution is heard at the Budget and Finance Committee or the Budget and Finance Sub-Committee depends on the time of the year (as the Sub-Committee only meets during budget season) and the discretion of BOS staff. The usual time between Board introduction and a Committee Hearing is 9 to 16 days.

Agendas for Committee Hearings are typically posted on the Board of Supervisors website by close of business on Thursday of the week preceding the proposed Committee Hearing. The Borrower, Policy Director, Program Manager, and any other party interested in having the Board Resolution heard in committee as scheduled should check the agenda to ensure that the resolution is listed as an item for consideration (a “Legislative Item”).

6. Committee Hearing

At the Committee Hearing, the committee or sub-committee considers the Board Resolution for approval by the full Board. The Committee Hearing typically proceeds as follows:

- The clerk of the committee calls the Legislative Item to be heard.
- A representative from MOHCD (usually either the Program Manager or Policy Director, and occasionally an OCII Development Specialist on behalf of MOHCD) delivers a staff report regarding the Legislative Item, which typically includes a brief description of the Project’s location, development plan, Affordability Restrictions, and financing structure.
- Members of the committee ask questions about the Project, which are fielded by MOHCD staff and, if appropriate, Project Sponsor staff, who are expected to attend the committee hearing.
- The committee chair opens the Legislative Item for public comment.
- Following any public comments, the committee votes on the Legislative Item (the committee could continue the item to a future committee hearing or send the item to the full Board with a positive recommendation, negative recommendation, or no recommendation).

The usual time between Committee Hearing and consideration by the full Board is 12 to 19 days.

7. Adoption by the Board

After a successful Committee Hearing, the Legislative Item is considered by the full Board of Supervisors. While items with positive committee recommendations are often adopted without a further hearing, any item can be discussed and debated during a Board meeting. The Board signifies its consent to a Legislative Item by a simple majority vote (an “Adoption”).

8. Approval by the Mayor

Following Adoption, the Mayor signifies final approval of the Board Resolution by signing the resolution. This typically occurs within 10 days of Adoption.

9. Posting and Certification by the Clerk of the Board

Following mayoral approval, the Clerk of the Board of Supervisors posts a copy of the approved Board Resolution on the Board of Supervisors website. This typically occurs within 3 Business Days of approval.

A printout of the approved Inducement Resolution from the Board of Supervisors website is usually sufficient for CDLAC Application purposes, but Bond Counsel requires certified copies of both the Inducement and Issuance Resolutions prior to Closing; the Clerk of the Board usually produces these copies within 3 Business Days upon request.

B. City Procurement, Approvals, and Signatures

In addition to factoring in time for the BOS legislative process, when planning a Program Issue, Borrowers should consider the time it takes to procure certain service providers and secure various City approvals and signatures. For example, the process of selecting Bond Counsel typically takes 4-6 weeks (See **§3.2.3.D.1** below); review and approval of the City Application can take up to 3 weeks (See **§3.2.2** below); review and approval of the CDLAC Application typically requires 2 weeks (See **§3.2.5.A.4** below); and obtaining a signature from the Mayor (e.g., on a Bond or Note in connection with Closing) usually takes 10 days (See **§3.2.6.D** below). Consequently, MOHCD strongly encourages Borrowers to review the issuance-related timelines described in Exhibit G and Exhibit H, and consult with MOHCD staff as necessary, when planning a Program Issue.

3.2.2. Application for Program Financing; Review and Action by Staff

Whether for new-money Issues (including new construction, acquisition-rehabilitation transactions, or re-syndications) or for refundings, Borrowers seeking a Securities issuance under the Program must submit an application to MOHCD prior to the commencement of the other issuance-related processes and procedures described in this **§3**. The elements of this application (collectively, the “City Application”) include:

- An Application for Program Financing Form (attached as Exhibit K);
- A Project Description Template (attached as Exhibit I);
- A MOHCD Pro Forma workbook (available in Excel format from MOHCD staff or on the MOHCD website);
- A Deposit and Indemnification Agreement (available as a Word template from MOHCD staff);
- An organizational chart for the Project (including the hierarchical relationships, ownership percentages, official names, entity types, and state of formation for all entities that have ownership and/or control interests in the Borrower entity as of City Application submission or will have such interests as of Closing);
- With respect to the Project Sponsor as well as its partners, a narrative description of experience with similar projects;²¹
- A draft Distribution List with contact information for known transaction parties; and
- A check for the City Deposit as described in **§3.1.10.A** above.

Following submission, the Program Manager will review the City Application and may grant preliminary approval (the “Preliminary Approval”), after which the Program Manager will select the Municipal Advisor and initiate Bond Counsel selection. Next, the Program Manager and Municipal Advisor will conduct a more in-depth review in consultation with the Director and, if necessary, various other parties such as the City Attorney’s Office and members of the City’s Bond Counsel Pool.

²¹ Specifically, the Board of Supervisors has expressed a preference (and, in the case of Outside Issues, a requirement), for the following: “A written description of the expected ownership and management structure of the Residential Project after bond issuance. Such description shall include a description of the experience of the project sponsor in managing similar affordable residential projects. Such description shall also include a summary of the affordable residential project experience of any nonprofit corporations or other entities the project sponsor anticipates including in a joint venture with respect to the Residential Project” (S.F. Admin. Code §43.9.4-5). This description may be included as an addendum to the Project Description Template or as part of the organizational chart.

Upon request, the Municipal Advisor will prepare a feasibility study with respect to the financing, including an evaluation of: the financial structure of the Project, assumptions regarding income and expenses, sources of security for the proposed Securities (in addition to the Project), the Project Sponsor's financial situation and experience in operating and managing rental projects, marketability of the proposed Securities, and rights and resources of parties to the transaction in the event of a default.

Following review and any further discussion with the Project Sponsor that may be required, MOHCD will either approve or deny the City Application (respectively, "Full Approval" or "Denial"). Full Approval is merely MOHCD's preliminary finding that, based on the information provided in the City Application (in original form or as subsequently amended), the proposed financing (1) is generally feasible, (2) can be executed in a manner consistent with this Manual, and (3) is recommended for approval by the Board of Supervisors as describe in **§3.2.4.B** below.

Full Approval DOES NOT (1) represent any commitment by the City to proceed with the proposed financing; (2) authorize any Gap Financing by MOHCD, OCII, or the City; (3) signify that the Project complies with the planning, zoning, subdivision, or building, laws or ordinances of the City; or (4) suggest that MOHCD, the City, or any officer or agent of MOHCD or the City will grant any approval, consent, or permit that may be required in connection with a given Project.

Any Denials will be in writing and will state the basis for denial. Project Sponsors may appeal Denials to the Director; any such appeals must be submitted in writing and will be subject to de novo review.

3.2.3. Selection and Roles of the Issuance Team

Program Issues require the coordinated efforts of large, diverse groups of financial and legal professionals and other stakeholders, including (as applicable, without limitation) representatives of MOHCD, the Municipal Advisor, the City Attorney's Office, Bond Counsel, the Trustee/Fiscal Agent, Disclosure Counsel, Borrowers (and their consulting advisors), Underwriters, Private Purchasers, Funding Lenders, LIHTC Investors, Placement Agents, Remarketing Agents, Escrow/Title Agents, Enhancers, Hedge providers, subordinate lenders, and any legal counsel for the above parties ("Issuance Teams").

For every Program Issue, a large portion of the Issuance Team is assembled and supervised by the City in its capacity as Issuer (the "City Team"). Selection and scope of work for typical members of the City Team are described below; any outside contractors on the City Team must comply with the applicable contracting requirements described in the San Francisco Administrative Code, many of which are summarized in Exhibit E.

Borrowers are responsible for selecting the Underwriter, Private Purchaser, or Funding Lender (the "Debt Provider") and method of selling the Securities for a given transaction, subject to the approval of MOHCD. The practice of generally requiring the Borrower to propose the Debt Provider and structure is intended to create an incentive for qualified financial firms to actively work with Borrowers to structure and present feasible financing proposals that meet Program requirements. In certain circumstances (e.g., for Issues that are part of a larger City-led initiative such as the Rental Assistance Demonstration Program), MOHCD may work very closely with the Borrower to select a mutually acceptable Debt Provider and structure.

Borrowers are also free to select the balance of the Issuance Team; however, the City reserves the right to reject any such selection or require as a condition of issuance the participation of a specific entity or individual at the Borrower's expense.

Typical members of the City Team include the following:

A. MOHCD/OCII Staff

Program Issues require the work of several MOHCD staff members, typically including the Program Manager, Project Manager, and Loan Administrator. For Projects within Redevelopment Project Areas, OCII typically assigns a staff member (known as a “Development Specialist” in OCII parlance); MOHCD generally does not assign its own Project Managers for these Projects.

1. Program Manager

The Program Manager is responsible for the day-to-day management of all Program Issues on behalf of the City, including:

- Reviewing and facilitating the approval of all City Applications;
- Conducting TEFRA Notice and TEFRA Hearing processes;
- Overseeing the CDLAC Application process and interfacing with CDLAC and TCAC staff;
- Appointing and managing municipal advisors, trustees, fiscal agents, placement agents, and similar staff;
- Managing the work of bond counsel and disclosure counsel (subject to the ultimate oversight of the City Attorney’s Office),
- Facilitating MOHCD approval of a Project’s overall financing structure and the composition of the Issuance Team;
- Planning, scheduling, and facilitating the City’s approval process, including BOS hearings, mayoral approvals, and MOHCD staff approvals;
- Approving and presenting to the Board inducement and final issuance legislation;
- Staffing Issuance Calls and Closings;
- Tracking and collecting Program fees and charges; and
- Retaining and filing issuance- and compliance-related documents.

2. Project Manager

For City/OCII-Funded Projects, MOHCD or OCII typically assigns a staffer to guide Projects from concept to completion (a “Project Manager”).²² During the issuance process, among other duties, Project Managers are often responsible for negotiating, documenting, and securing necessary approvals (e.g., from the Citywide Affordable Housing Loan Committee, Board, OCII Commission, and Director) for City and/or OCII financing, development agreements, and land disposition agreements (e.g., ground leases and options). The Project Manager and Program Manager work closely on structuring and scheduling the Issuance, and the Project Manager participates in Issuance Calls whenever possible.

For refunding transactions where City or OCII Gap Financing is already in place and Borrowers are not requesting new Gap Financing, the Program Manager typically serves as the Project Manager (e.g., for the purpose of renegotiating and documenting Gap Financing terms).

3. Loan Administrator

A MOHCD Loan Administrator typically joins the Issuance Team shortly after commencement of Issuance Calls. Loan Administrators’ Issuance-related duties include:

²² While these staffers are known as “Development Specialists” in OCII parlance, they are called “Project Managers” for the purposes of this Manual.

- Processing draw requests for predevelopment and permanent Gap Financing,
- Coordinating execution and delivery into escrow of Gap Financing documents (e.g., the note, loan agreement, deed of trust, and declaration of restrictive covenants) and issuance-related documents (e.g., the Issuance Resolution, Indenture/Funding Loan Agreement, Bond/Project Loan Agreement, and Regulatory Agreement), and
- Reviewing and approving escrow instructions and Closing-related draws.

B. City Attorneys

The City Attorney’s Office (“CAO”) appoints Deputy City Attorneys to work with MOHCD on each Program Issue; these attorneys serve as Issuer Counsel and, for Projects with Gap Financing, MOHCD/OCII Lender Counsel. As Issuer Counsel, CAO selects the Bond Counsel Team for each Issue through an RFP process; reviews and approves as to form Issuance-related documents; provides MOHCD with legal advice regarding issues of City law related to the Issue; and drafts an opinion regarding (a) the City’s authority to consummate the Issue, (b) the legal sufficiency of the Issuance Resolution, (c) pending or threatened legal actions that might impair the Issue, and (d) material breaches of or defaults under any applicable law or administrative regulation that could have material adverse effect on the Issue.

As Lender Counsel, CAO drafts, reviews, and approves as to form Gap Financing documents and provides MOHCD with legal advice regarding issues of City law related to its lending operations.

C. Municipal Advisor

For every Program Issue, MOHCD appoints an independent Municipal Advisor from its Municipal Advisor Pool (the “Advisor Pool”). MOHCD periodically selects the Advisor Pool via a request for qualifications (“RFQ”) process. The RFQ process is a competitive process which includes advertising, review and scoring of written responses, and (as necessary) interviews. Firms are selected in accordance with MOHCD’s applicable equal opportunity policies. Upon selection of the Advisor Pool, MOHCD and pool members negotiate and execute personal services contracts governing the terms and conditions of the advisory services to be provided.

1. Selection

The Program Manager selects a Municipal Advisor from the Advisor Pool to represent the City for each Program Issue. This selection is based on multiple factors, including the nature and complexity of the proposed Issue, the capacity of each Municipal Advisor to take on new transactions, and logistical efficiencies (e.g., utilizing the same advisor for Projects closing at the same time or submitted by the same Project Sponsor). While the Program Manager will strive to assign Projects to each member of the Advisor Pool over time, there is no requirement for equal distribution of transaction volume.

2. Scope of Services

The scope of services for Municipal Advisors with respect to Program Issues is substantial; this scope is described in detail in Exhibit L, which is part of each Municipal Advisor’s contract with the City and is incorporated by reference herein.

D. Bond Counsel

For each Program Issue, the City selects Bond Counsel²³ to provide a broad range of services as follows:

1. Selection

As described in §3.2.3(B) above, CAO is in charge of Bond Counsel selection for each Program Issue. In order to support small local business enterprises, CAO has traditionally teamed large national firms with smaller local firms for Bond Counsel assignments. For each transaction, the City Attorney's Office expects to select and pair two firms from the City's Bond Counsel Pool (the "Bond Counsel Pool") to serve as co-bond counsel, one as lead bond counsel and the other as co-bond counsel (collectively "Bond Counsel"). CAO expects to continue this practice, but reserves the right to designate only one firm to provide bond counsel services.

The services for Bond Counsel are expected to include those described below. Typically, the larger firm with tax law expertise is selected to serve as lead bond counsel and the smaller firm is selected to serve as co-bond counsel. The two firms comprising a pairing will be expected to work cooperatively with each other and the other parties to the Issuance, including the City's Disclosure Counsel (where applicable), to provide advice on all phases of the transaction. (In addition, firms will be expected to work cooperatively with other firms and provide, at the direction of CAO, precedential documents relating to a transaction.) Responsibilities will be assigned by CAO, with any reassignment or reallocation of duties being made at the direction of CAO.

CAO will consider MOHCD's stated preferences regarding Bond Counsel selection whenever possible; however, the ultimate decision of which firm or firms to select for a particular transaction is made at the discretion of CAO.

Due to the amount of time typically required to select Bond Counsel (i.e., 4-6 weeks plus time to aggregate other projects into the same RFP), MOHCD typically drafts both the TEFRA Notice and Inducement/TEFRA Resolution. Borrowers intending to have Bond Counsel selected in time to review these documents, must submit the City Application at least 5 months in advance of the desired CDLAC Application Deadline and must notify MOHCD of this preference at that time.

2. Scope of Services

The services to be performed by Bond Counsel in connection with any Issue may include, but are not limited to, the services set forth below. The scope of services below will be revised and tailored to meet the City's needs on any given transaction and will depend in part on whether Disclosure Counsel is retained in connection with a specific Issue. While all services described below will be carried out in cooperation with and at the ultimate direction of CAO, MOHCD Staff (particularly the Program Manager) will often initiate requests for services on behalf of the City.

(a) Preparation of Issuer Documents. Bond Counsel will prepare, negotiate, and/or review the various documents relating to the authorization, issuance, sale, and delivery of the Securities, including but not limited to: (i) the Board Resolutions authorizing and approving the sale and issuance of the Securities and prescribing the terms, form, security, and other provisions relating thereto; (ii) any and all other resolutions or ordinances of the Board and City commissions or departments, as appropriate, in connection with the financing; (iii) with respect to a competitively sold Public Issue, the notice of

²³ "Bond Counsel" is the industry term most often used to describe these firms, even where the transaction involves debt securities other than bonds.

intention to sell Bonds and the official notice of sale of the Bonds; (iv) agreements relating to the issuance of Securities with Underwriters, including the purchase contract, if any; (v) the preliminary Official Statement and the Official Statement, other than the City's financial statements contained therein (typically, these documents are prepared by Disclosure Counsel and reviewed by Bond Counsel); (vi) any financing document, including any Regulatory Agreement, Indenture/Funding Loan Agreement, and Bond/Project Loan Agreement; (vii) tax and non-arbitrage certifications; (viii) documents relating to any Credit/Liquidity Enhancement, such as a letter of credit and reimbursement agreement or standby bond purchase agreement; and (ix) any other agreements and documents in connection with the financing, including escrow agreements, swap agreements, and investment-related contracts.

Bond Counsel must also prepare the City Documents and list of City-Executed Documents (both described in **§3.2.6.D** below), the Executed Instruments List (described in **§3.2.6.E.1** below) and the City Closing Memorandum (described in **§3.2.6.E.3** below).

(b) Opinions. Bond Counsel will be required to render opinions with respect to the issuance and Tax-Exempt status of Securities, as applicable and appropriate, in such form and subject to such reasonable exceptions, qualifications, and limitations as are customarily accepted in legal opinions for similar financings, as such opinions are acceptable to CAO.

(c) Cooperation and Advice. Bond Counsel will cooperate with MOHCD and OCII staff, the Municipal Advisor, Disclosure Counsel, and other employees and consultants of the City in the planning, implementing, and executing of any Program Issue; advise the City regarding the preliminary and final Official Statements relating to the Bonds, as applicable; and perform such other services as are customarily performed by bond counsel in similar financings. Bond Counsel will give such legal advice and perform such legal services as may be necessary or advisable to ensure that interest on the Securities is excluded from gross income for federal income tax purposes and exempt from California personal income taxes. Bond Counsel will also provide legal advice and opinions regarding pending or proposed federal or state legislation, actions, or policies which could have a bearing on a prospective Program Issue or which affects any of the City's outstanding issues. Bond Counsel will also advise on creative or alternative financing structures and whether such options may better achieve the City's particular goals for a given transaction. Finally, Bond Counsel will assist the City with the development and maintenance of post-issuance policies and procedures, including any such post-issuance requirements dictated by regulations or pronouncements of the IRS or CDLAC.

(d) Internal Revenue Service Inquiries/Proceedings. At the direction of MOHCD and the City Attorney's Office, Bond Counsel will respond to inquiries and/or prepare responses to the IRS with respect to audits or other proceedings concerning the Securities. Any such activities requiring more than responses to routine inquiries will be outside the scope of Bond Counsel services.

(e) Negotiation with Third Parties. Bond Counsel will conduct negotiations with other members of the Issuance Team and attend operational meetings of those parties as requested or as prudent.

(f) Refunding Transactions. Bond Counsel will (in addition to the opinions identified above) deliver to the City a defeasance opinion for refunding transactions to the effect that (i) all conditions in the financing document concerning the satisfaction and discharge of such financing document have been satisfied, (ii) the Securities have been legally defeased, and (iii) the refunding of the Securities will not, in and of itself, cause interest on the Securities to be included in gross income for federal income tax purposes. Bond Counsel will also draft or assist in drafting any notices of defeasance or redemption.

(g) Meeting Attendance. Bond Counsel will attend Issuance Team meetings and Issuance Calls and, as required, meetings of commissions, departments, the Board of Supervisors and any other meetings of the City.

(h) Third-Party Inquiries. After consultation with the City Attorney, Bond Counsel will assist City staff in formulating answers to Issuance-related legal questions from Issuance Team members.

(i) Amendment of Existing Documents. Bond Counsel will assist in drafting any amendments to an existing master bond resolution, indenture, or other governing document necessary for an Issue, and will (in addition to opinions identified above) deliver to the City an opinion relative to such amendments to the effect that such amendment will not, in and of itself, have a material adverse effect on the interests of the holders of the Securities or cause interest on the Securities to be included in gross income for federal income tax purposes.

E. Trustee/Fiscal Agent

Depending on the type of Issue, MOHCD will appoint either a Trustee or a Fiscal Agent to support the transaction. Typically, Bond Issues are assigned Trustees, while Note Issues are assigned Fiscal Agents. While the selection and general scope of services for Trustees and Fiscal Agents are similar, differences between the rights and duties associated with each role are clear from the issuance documents governing their work (i.e., Indentures for Trustees and Funding Loan Agreements for Fiscal Agents).

1. Selection

For every Program Issue, the Municipal Advisor distributes an RFP to the City's Trustee Pool summarizing the transaction, describing the required qualifications and scope services for the Trustee/Fiscal Agent being sought, and explaining the contents and submittal instructions for the requested proposal. The RFP typically includes attachments containing initial drafts of the Trust Indenture or Funding Loan Agreement (and any other documents to which the Trustee or Fiscal Agent will be a party) for review by potential respondents.

While qualifications pertaining to specific Issues are more fully described in the RFP and legal documents associated with those Issues, in general, a Trustee/Fiscal Agent must:

- Be a trust company or bank having the powers of a trust company;
- Be legally organized, qualified to do business, and authorized to exercise corporate trust powers in the State of California;
- Have a combined capital stock, surplus, and undivided profits of at least \$100,000,000;
- Be subject to supervision or examination by federal or state banking regulatory authorities; and
- Be able to satisfy the City's requirements set forth in the Indenture/Funding Loan Agreement and any other documents to which the Trustee/Fiscal Agent will be a party.

2. Scope of Services

While the scope of services pertaining to specific Issues are more fully described in the RFP and legal documents associated with those Issues, in general, a Trustee/Fiscal Agent will:

- Coordinate with the City Team and other members of the Issuance Team;
- Review documents and materials, including the Indenture/Funding Loan Agreement and Bond/Project Loan Agreement;
- Execute documents necessary to issue the Program Securities;

- Maintain and provide records of funds and accounts and services performed under the terms of the Indenture/Funding Loan Agreement;
- Provide the opinion of counsel required by the issuance documents;
- Provide monthly statements to the Borrower, the City, and (as applicable) other Issuance Team members as well as accounting and billing information for services and expenses, if any;
- Provide normal Trustee, Fiscal Agent, Paying Agent, and Registrar activities, as applicable; and
- Process construction draws as necessary.

F. Other Parties

Where the structure of the Program Issue requires the City to engage other parties to serve on the City Team (e.g., Paying Agents, Placement Agents, Disclosure Counsel), these parties will be selected as follows:

- For legal counsel, CAO will select parties in accordance with its procedures for selecting counsel and define their scope of work on a case-by-case basis.
- For all other parties, the Municipal Advisor, in cooperation with and at the direction of MOHCD, will select these parties via an RFP and negotiate their scope of work on a case-by-case basis.

3.2.4. TEFRA and Inducement Processes

All Program Issues require properly noticed public hearings and approvals for TEFRA purposes, Inducement, and final issuance, all as described below. For the purposes of this **§3.2.4**, references to “MOHCD” or “MOHCD Staff” include OCII staff, to the extent MOHCD has delegated authority to OCII to carry out duties related to the public notices and hearings described herein.

A. TEFRA Notices, Hearings, and Approval

In order for interest on Program Issues to be Tax-Exempt and in accordance with the Tax Equity and Financial Responsibility Act of 1982 (Pub.L. 97–248) (“TEFRA”), particularly the provisions codified in Section 147(f) of the IRC (“Section 147(f)”), all Issues must be approved by representatives of the governmental unit with jurisdiction over the area in which the Project is located, after a public hearing for which a reasonable public notice was given. In addition to TEFRA, Program Issues must comply with certain City policies described below.

1. TEFRA Notice

MOHCD Staff must publish a notice (the “TEFRA Notice”), in a form substantially similar to Exhibit M, in a newspaper of general circulation within the City at least 14 days in advance of the TEFRA Hearing described in **§3.2.4.A.2.a** below. The City periodically selects which publications to utilize for public notice purposes via an RFP process. Currently, the City uses either the *San Francisco Examiner* or the *San Francisco Chronicle*, depending on the time of year; the MOHCD staff member in charge of issuing the TEFRA Notice should confirm which publication to use prior to initiating the ad.

MOHCD staff initiate TEFRA Notices using an online system called “AdTech” operated by the California Newspaper Service Bureau of the Daily Journal Corporation (“Daily Journal”). Instructions for initiating an ad using AdTech are provided in Exhibit N. After the TEFRA Notice is published, the Daily Journal will send MOHCD a certification that the ad was published (“Proof of Publication”) and an invoice for the cost of publication (the “Daily Journal Invoice”). MOHCD will retain the Proof of Publication for submission with the CDLAC Application and forward the Daily Journal Invoice to the Project Sponsor. The Project Sponsor is responsible for paying the Daily Journal Invoice in full via a

check made payable to the order of “Daily Journal Corporation” and sent directly to the Daily Journal at the address indicated on the invoice.

In addition to the date, time, and location of the TEFRA Hearing, federal law requires that the TEFRA Notice contain the following critical information:

(a) TEFRA Amount. This is the maximum aggregate face amount of the Securities to be issued with respect to the Project. In general, MOHCD recommends erring on the side of overestimation when selecting a TEFRA Amount because (i) underestimates necessitate additional notice, hearings, and approvals and thus can cause significant delays and (ii) there is no penalty for reasonable overestimation. MOHCD recommends selecting a TEFRA Amount equal to 130% of estimated total development costs.

(b) Owner Name. This is the proposed owner of the Project upon Closing, which is typically the limited partnership or limited liability company identified as the “Borrower” elsewhere in this Manual. Where this entity has not yet been created, MOHCD recommends defining the owner for TEFRA purposes as the Project Sponsor “or an affiliate thereof or successor thereto.”

(c) Functional Description. This is a general, functional description of the type and use of the Project. MOHCD satisfies this requirement by describing the Project as “residential rental housing restricted in whole or in part to [persons and families][seniors][chronically homeless persons][disabled persons][LIST ANY OTHER SPECIAL POPULATIONS] of low and very low income” and using Unit count as an indication of its approximate size.

(d) Prospective Location. This is a description of the Project’s prospective location by its street address or, if none, by a general description designed to inform readers of its specific location. Where street addresses are available, all street addresses applicable to the parcel or parcels on which the Project will be located should be included in the TEFRA Notice. Where no street addresses are available, TEFRA Notices must include a general description designed to inform readers of a Project’s specific location based on approximate parcel sizes and distances from landmarks such as public streets (e.g., “approximately 1.5 acres situated at the northwest corner of the intersection of A Street and B Street” or “approximately 0.5 acres situated on the north side of A Street approximately 50 yards west of the intersection of A Street and B Street”).

In addition to the published notice required by TEFRA, for Projects with existing commercial or residential tenants, Project Sponsors must provide notice as described in §3.2.4.A.3.c below.

2. Hearings and Approvals

Following proper notice, MOHCD staff conduct the TEFRA Hearing and secure approval of the TEFRA process from the applicable elected representative, typically the Board of Supervisors.

(a) TEFRA Hearing. The purpose of the public hearing conducted pursuant to TEFRA (the “TEFRA Hearing”) is to provide an opportunity for interested persons to express their views on the proposed Issue and on the nature and location of the Project. The TEFRA Hearing is conducted by MOHCD at the date, time, and location specified in the TEFRA Notice. TEFRA Hearings are typically held at MOHCD’s office located at 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103; however, such hearings may be held at any location in the City with public and ADA access, at MOHCD’s discretion.

MOHCD requires that Project Sponsors send at least one representative to attend each TEFRA Hearing and be prepared to answer questions about the Project’s financing structure, development plan, impact on Existing Tenants and neighbors, and any other issues attendees might raise.

Following the TEFRA Hearing, the Program Manager, or other MOHCD staff who attended the hearing, will prepare hearing minutes (substantially in the form of Exhibit Q) to be included in the Board Packet for the Inducement/TEFRA Resolution described in **§3.2.4.A.2.b** below (“TEFRA Hearing Minutes”).

(b) TEFRA Approval; Board of Supervisors Process, Expiration. After the TEFRA Hearing, the TEFRA process must be approved by the applicable elected representative required to approve the Issue pursuant to TEFRA (the “TEFRA Approval”). As the Board of Supervisors is the elected legislative body of the City, it is the general policy of the City to require that all TEFRA Approvals be processed through the Board via a Resolution (a “TEFRA Resolution”) as described at the beginning of this **§3.2.4**.

The TEFRA Resolution is often combined with the Inducement Resolution described in **§3.2.4.B** below to form a single Inducement/TEFRA Resolution.

While the vast majority of TEFRA Approvals are processed by the Board as described above, the Mayor is also an “applicable elected representative” within the meaning of Section 147(f) and is thus authorized to provide TEFRA Approvals. However, MOHCD and CAO generally do not recommend mayoral TEFRA Approvals for Projects that have not first been approved by an adopted Board Resolution.

All TEFRA Approvals expire one year from the date they are approved by the Mayor. Projects with expired TEFRA Approvals are not eligible for a CDLAC Allocation or, if already awarded a CDLAC Allocation, will not be permitted to close. An expiring or expired TEFRA Approval may be “renewed” for an additional one-year period by repeating the notice, hearing, and approval process described above. MOHCD recommends commencing the process for renewing a TEFRA Approval at least ten weeks prior to the date on which the effectiveness of the TEFRA renewal is needed (e.g., the Closing Date closing date or the CDLAC Application Deadline).

3. Additional City Requirements

As described above, the City imposes additional requirements for all TEFRA Approvals of Program Issues. These additional requirements are summarized below and described in greater detail in the HBAP, the provisions of which are hereby incorporated by reference herein.²⁴

(a) Project Sponsor’s Agreement to Certain Terms. As a condition precedent to TEFRA Approval, the Project Sponsor must agree to be bound by the requirements described in **§§3.1.5.B** and **3.1.6** above (i.e., compliance with the Mandatory Contracting Provisions and requirements related to local non-profits and tenant protections).

(b) Description of Ownership and Management Structure, Experience. Project Sponsors must provide a written description of (i) the expected ownership and management structure of the Project after Closing and (ii) the experience of the Project Sponsor, as well as any joint venture partners, in managing similar affordable residential projects. These descriptions may be provided in the Project Description Template (the form of which is attached as Exhibit I) or organizational chart discussed in **§3.2.2** above.

(c) Tenant TEFRA Notice. For Projects with Existing Tenants (whether residential or commercial), at least 10 days in advance of the TEFRA Hearing, Project Sponsors must deliver to all Tenants via mail and post at the Project site written notice regarding the City Application and the TEFRA Hearing substantially in the form of Exhibit P (the “Tenant TEFRA Notice”); such notice should be translated so as to provide reasonable notification to Tenants who may not be able to read in English. Project Sponsors must submit

²⁴ The HBAP imposes these requirements in the context of Outside Issues; however, MOHCD finds no reason to distinguish Outside Issues from Program Issues when determining the applicability of these requirements.

to MOHCD proof of such delivery and posting in the form of a certificate signed by the Project Sponsor (a copy of which is attached as Exhibit Q) and accompanied by the notice in the form in which it was delivered.

(d) MOHCD Recommendation. MOHCD will provide a recommendation as to passage of the TEFRA Resolution, typically as part of its introduction letter to the Board.

B. Inducement Resolution

In accordance with Treasury Regulation Section 1.150-2, all new-money Program Issues require a statement of the City's "official intent" to issue Securities for a given Project (an "Inducement"); this statement is typically contained in a Board Resolution (an "Inducement Resolution") processed as described at the beginning of this §3.2.4. As discussed in §3.2.4.A.2.b above, the Inducement Resolution is often combined with the TEFRA Resolution to form a single Inducement/TEFRA Resolution. As with the TEFRA Amount, MOHCD recommends sizing the inducement amount at 130% of estimated total development costs.

Approval of the Inducement Resolution establishes, through public record, the date from which Project costs incurred may be determined to be eligible for Tax-Exempt financing.²⁵ Based on federal tax law, Project Sponsors are encouraged to induce their Projects as soon as practicable. Inducement Resolutions require the same Project-specific information required for TEFRA Resolutions, as described in §3.2.4.A.1.a-d above, and follow the same legislative process described §3.2.4.A.2.b above.

1. Other Authorizations, Directions, and Ratifications

In addition to publicly establishing the City's official intent to issue Securities for a given Project, Inducement Resolutions authorize the Director of MOHCD to:

- Submit an application and related documents to CDLAC,
- Direct the Controller's Office to hold in trust the City Deposit and CDLAC Performance Deposit,
- Certify to CDLAC that the City has on deposit the required CDLAC Performance Deposit,
- Pay an amount equal to the CDLAC Performance Deposit to the State of California if the City fails to issue the Securities, and
- Collect and hold the City Deposit for the account of MOHCD pursuant to the terms of the Deposit and Indemnification Agreement.

Inducement Resolutions also authorize and direct the execution of any documents necessary to implement those resolutions and ratify and approve other actions already taken in connection with the Project.

Because an adopted Inducement Resolution is a required element of a CDLAC Application, the process for adopting the Inducement Resolution should be commenced at least eight weeks prior to the applicable CDLAC Application Deadline.

²⁵ Generally, an Issuer may not reimburse itself with TES Proceeds for certain expenditures made more than 60 days prior to Inducement. No Inducement is required for some preliminary expenditures such as architectural, soil testing, engineering, surveying, Securities issuance, and similar costs incurred prior to acquisition or construction, that do not exceed 20% of Issuance Proceeds for a Project. However, for avoidance of doubt, Borrowers should consult with a member of the Bond Counsel Pool before incurring a particular expenditure more than 60 days prior to approval of an Inducement Resolution.

2. No Additional Commitments or Approvals

Approval of an Inducement/TEFRA Resolution DOES NOT (1) represent any commitment by the City to proceed with the proposed financing; (2) authorize any Gap Financing by MOHCD, OCIL, or the City; (3) signify that the Project complies with the planning, zoning, subdivision, or building, laws or ordinances of the City; or (4) suggest that MOHCD, the City, or any officer or agent of MOHCD or the City will grant any approval, consent, or permit that may be required in connection with a given Project. The Board of Supervisors retains absolute discretion over the issuance of Securities under the Program through adoption of an Issuance Resolution.

3.2.5. CDLAC Application and Allocation

As discussed at the beginning of this §3, all Tax-Exempt Program Issues require an Allocation from CDLAC. For a comprehensive discussion of eligibility, threshold requirements, and general QRRP regulations, Borrowers should consult the CDLAC Regulations, which are available online at the following address: <http://www.treasurer.ca.gov/cdlac/procedures/regulations.pdf>.

MOHCD's policies and procedures related to the CDLAC Application and Allocation processes are described below. For the purposes of this §3.2.5, "Committee" has the meaning given in Section 5000 of the CDLAC Regulations.

In 2018, CDLAC began allowing Borrowers to submit a joint CDLAC/TCAC application via CDLAC's online application portal (a "Joint Application"). The policies and procedures below apply to standalone CDLAC Applications as well as these Joint Applications.

A. Application

The City is the official "Applicant" for every CDLAC Application submitted on behalf of a Program Issue. As a practical matter, this requires significant coordination between MOHCD, the Project Sponsor, the Municipal Advisor, and CDLAC staff to usher each Project through various CDLAC processes.

1. Online Application; Setup and Use

The application process formally begins when MOHCD creates an application for a Project using CDLAC's online application portal (an "Online Application"). CDLAC has provided an instruction document for creating and troubleshooting Online Applications, a copy of which is attached as Exhibit R. After creating the proper type of Online Application (i.e., either a standalone application or a Joint Application), MOHCD staff should:

- Fill out all contact information in the "Applicant" tab and sub-tabs,
- Complete the "Web Account Info" section of the "Project Sponsor" tab using the email address and 7-digit phone number of the contact person at the Project Sponsor who will oversee the Online Application, and
- Click the "Email Web User Account Info to Contact Person" button and complete the process of sending a system-generated email to the Project Sponsor containing instructions for accessing the Online Application.

After receiving the email described above, the Project Sponsor will be able to set a new password and access the Online Application. Project Sponsors are responsible for completing the Online Application in its entirety in advance of the CDLAC Application Deadline.

2. CDLAC Performance Deposit

Pursuant to Section 5050(a) of the CDLAC Regulations, “Applications for Qualified Private Activity Bonds shall include evidence of a performance deposit equal to one-half of one percent (0.5%) of the Allocation requested, not to exceed \$100,000 made payable to the Applicant.” Project Sponsors are required to submit the Performance Deposit to MOHCD (as Applicant), well in advance of the CDLAC Application Deadline (See §§3.1.10.C.1 and 3.2.5.A.3.b-c for more information). MOHCD will maintain the Performance Deposit until CDLAC sends MOHCD a Performance Deposit Release Letter.

3. CDLAC Documents

In addition to the many supporting documents Project Sponsors are responsible for gathering and uploading to the Online Application, MOHCD must generate or execute the documents listed below. Except in the case of Inducement/TEFRA Resolutions (which are processed as described in §3.2.4 above), Project Sponsors should ensure that their portion of these documents is complete at least two weeks in advance of the CDLAC Application Deadline. Once the Project Sponsor’s portion of the work is complete, MOHCD will complete its portion and send PDFs back to the Project Sponsor to be uploaded to the Online Application. All documents requiring a signature from the “Applicant’s Senior Official” must be executed by the Director (or his or her designee).

(a) Application Signature Page. This document contains certain acknowledgements and agreements by and between the Issuer, the Project Sponsor, and CDLAC. The Project Sponsor should fill out all required information, execute the document, and send it to MOHCD for execution by the Director. The document is available via the following menu path in the Online Application: *Application Details > CDLAC Form Templates > Signature Page*. A sample of the document is attached as Exhibit S.

(b) Proof of Performance Deposit. Sponsors are required to upload one of two documents to the “Proof of Performance Deposit” section on the front page of the Online Application. For Independent Projects, Project Sponsors must submit a check to MOHCD as described in §3.1.10.C.1 above. Once this check has been received and processed, MOHCD will send the Project Sponsor a receipt for the check, to be uploaded to the Online Application.

For City/OCII-Funded Projects, MOHCD typically encumbers its own funds to cover the Performance Deposit, rather than require Borrowers to submit checks to MOHCD. Where MOHCD has elected to do so, MOHCD staff will process the encumbrance and provide the Project Sponsor with a printout from MOHCD’s online accounting system, to be uploaded to the Online Application. At least one month in advance of the CDLAC Application Deadline, Project Sponsors should confirm with MOHCD Staff whether or not MOHCD will encumber its funds to cover the Performance Deposit; if not, the Project Sponsor should submit a check to MOHCD as described in §3.1.10.C.1 above.

(c) Performance Deposit Certification Form. This document is a certification from the City that it has collected the CDLAC Deposit and will hold and release it in accordance with CDLAC Regulations. MOHCD Staff will complete this form, facilitate execution by the Director, and send it to the Project Sponsor to be uploaded to the Online Application. The document is available via the following menu path in the Online Application: *Application Details > CDLAC Form Templates > Signature Page*. A sample of the document is attached as Exhibit T.

(d) Application Attachments. The Online Application also includes attachments that may require execution by the City (e.g., Attachments V-1 and V-2). Project Sponsors should fill out all required information, facilitate execution by all non-City parties, and send these documents to MOHCD for

execution. MOHCD Staff will complete these attachments, facilitate execution, and send them to the Project Sponsor to be uploaded to the Online Application.

(e) Inducement/TEFRA Resolutions. It is important to note that the Inducement Resolution is a required attachment and is due prior to the CDLAC Application deadline. Proof of TEFRA Approval is also a required attachment but may be submitted approximately four weeks after the CDLAC Application deadline. Both of these items have significant lead times and should be commenced well in advance of the CDLAC Application Deadline. When Inducement/TEFRA Resolutions have been approved by the Mayor, MOHCD will send copies of these resolutions to the Borrower for submission to CDLAC.

(f) TCAC Documents. Project Sponsors often submit applications to CDLAC and TCAC around the same time and, as of July 2018, may even submit Joint Applications. Thus, in the interest of administrative efficiency, MOHCD will endeavor to execute and distribute CDLAC and TCAC documents to Project Sponsors at the same time. Templates for common City-executed TCAC documents are attached as Exhibit U (Form of Issuer Verification/Tax Credit Determination Letter) and Exhibit V (Form of LRA Confirmation Letter).

4. MOHCD and Municipal Advisor Review

Prior to the CDLAC Application Deadline, MOHCD and its Municipal Advisor will review the Online Application to ensure compliance with CDLAC Regulations and this Manual. To facilitate this review, the Project Sponsor should fill in required information and upload attachments so that the application is substantially complete and, at least two weeks in advance of the CDLAC Application Deadline, send an email to both the Program Manager and Municipal Advisor containing the following information: (i) a statement that the Online Application is substantially complete and ready to be reviewed, (ii) the login information the Municipal Advisor may use to access the Online Application, and (iii) a list of any information missing from the application as well as the Project Sponsor's plan for obtaining this information in advance of the CDLAC Application Deadline.

After receiving this email, the Municipal Advisor will review the Online Application, as described in Exhibit L, and provide feedback via email to the Project Sponsor and MOHCD describing any outstanding items to be resolved prior to application submission (each an "Outstanding Item"). All three parties will work together in good faith to resolve these items and finalize the application.

5. Final Submission; Sign-Offs, MOHCD Action

When the Project Sponsor believes all Outstanding Items have been resolved, the Project Sponsor should send an email to both MOHCD and its Municipal Advisor containing (i) a list describing the resolution of each Outstanding Item and (ii) a statement that the Online Application is complete and ready to be submitted to CDLAC. Upon receipt of this email, the Municipal Advisor will complete a final review of the application. When all Outstanding Items have been resolved to the Municipal Advisor's satisfaction and the Online Application is ready to be submitted to CDLAC, the Municipal Advisor will send an email to the Program Manager and Project Sponsor indicating the same. Following receipt of this email, when all Outstanding Items have been resolved to the Program Manager's satisfaction, the Program Manager will login to the Online Application, electronically submit the application to CDLAC, and immediately send the Project Sponsor and Municipal Advisor an email confirming the same (which may include a screenshot of the Online Application's front page indicating a "SUBMITTED" status). The Program Manager will also forward to the Project Sponsor and Municipal Advisor any email from CDLAC confirming submission of the Online Application.

In order to mitigate the impact of any last-minute discoveries or technical difficulties and ensure timely submission of the Online Application, the final submission process described above should be initiated no later than 48 hours, and completed no later than 24 hours, in advance of the CDLAC Application Deadline.

6. Follow-Up Inquiries

Following submission of the Online Application, CDLAC staff may contact MOHCD with follow-up inquiries related to the Online Application, which MOHCD will forward to the Project Sponsor and Municipal Advisor as soon as practicable. As the timeframe for submitting supplemental information to resolve these inquiries is typically short, the Project Sponsor, Municipal Advisor, and MOHCD staff should be prepared to respond quickly. While MOHCD and its Municipal Advisor will work with the Project Sponsor to resolve CDLAC inquiries, the Project Sponsor is ultimately responsible for resolving these inquiries to the satisfaction of CDLAC staff.

B. Allocation

Following a full review of the Online Application and resolution of all critical follow-up inquiries, CDLAC staff prepare and publish recommendations to the Committee, the Committee considers and votes on these recommendations at the CDLAC Meeting, and CDLAC staff prepare a CDLAC Resolution for Projects receiving an Allocation.

1. Staff Recommendations; Preliminary, Final, Appeals

Pursuant to CDLAC Regulations, at least 25 calendar days prior to the proposed CDLAC Meeting, CDLAC will post on its website a preliminary list of applicants for which CDLAC's Executive Director expects to recommend an Allocation, as well as the amounts of those Allocations. During competitive rounds, this list will be rank ordered. CDLAC will post final recommendations at least 10 calendar days prior to the proposed CDLAC Meeting. Both preliminary and final recommendations may be appealed via the process outlined in the CDLAC Regulations (currently in Sections 5036 and 5038). The Project Sponsor, Municipal Advisor, and MOHCD Staff should all review these recommendations to ensure that they are consistent with expectations and to initiate the appeals process if necessary.

2. Allocation Meeting; Agenda, Hearing, Committee Vote

At least 10 calendar days prior to the proposed CDLAC Meeting, CDLAC will post an agenda of all items to be heard by the Committee, which the Project Sponsor, Municipal Advisor, and MOHCD Staff should review for accuracy. At the Allocation Meeting, which typically occurs in Room 587 of the Jesse M. Unruh State Office Building, 915 Capitol Mall in Sacramento, the Committee will hear staff reports and public comments related to projects on the agenda and will vote on whether or not to allocate Volume Cap to those projects. Though typically not required, MOHCD encourages Project Sponsors to attend the Allocation Meeting for their Project (particularly for Projects that are complex or controversial, or where a delay in receipt of an Allocation would irreparably harm the Project).

3. CDLAC Resolution; Review, Issuance, Revisions

For all Projects receiving an Allocation, CDLAC will issue a resolution of the Committee outlining the terms and conditions of that Allocation (the "CDLAC Resolution"). CDLAC may furnish MOHCD and other parties with a draft of this resolution for review and comment prior to adoption. As soon as

practicable, the Project Sponsor, the Municipal Advisor, MOHCD Staff, and Bond Counsel should all carefully review the draft (if provided) and final version of the CDLAC Resolution for accuracy.

Material changes to the information described in the final CDLAC Resolution (e.g., the names of the Borrower entity, Underwriter, Lender, or Enhancer) require revisions to the CDLAC Resolution. Some revisions require only approval of CDLAC's Executive Director, while others require Committee action. Regardless of the approving entity, all required revisions must be completed and a revised CDLAC Resolution issued prior to Settlement. Consequently, Project Sponsors and other Members of the Issuance Team should notify the Program Manager, Municipal Advisor, and Bond Counsel of any such material changes as quickly as possible. The Program Manager will work with the Municipal Advisor, Bond Counsel, and CDLAC Staff to determine (i) whether or not a particular change requires a revision to the CDLAC Resolution and (ii) the proper approval process for any required change.

3.2.6. Closing Process: Kickoff Call to Closing

The closing process for Program Issues involves the negotiation of key Issuance-related documents, the adoption and approval of an Issuance Resolution, execution of final documents, and completion of final closing procedures. As described in **§3.2.1** above and Exhibit H, this process typically takes 90 to 120 days. In order to shorten the overall timeline from City Application submission to Closing, the closing process can begin as soon as key positions on the Issuance Team have been filled (See **§3.2.6.A** below) and can be completed shortly after receipt of the CDLAC Allocation.

A. Kickoff Call, Subsequent Issuance Calls

The closing process begins with the Kickoff Call, and progress is tracked via subsequent Issuance Calls. Required parties for the Kickoff Call include the Project Sponsor, Program Manager, Project Manager (if applicable), Deputy City Attorney(s), Municipal Advisor, Bond Counsel, Disclosure Counsel (if applicable), Lender(s), and associated legal counsel. Any other parties who may have an interest in negotiating the documents contained in the Issuance Resolution Packet (e.g., the LIHTC Investor, Trustee) should be added to subsequent Issuance Calls in time for their comments to be incorporated into the documents in advance of submission to the Board of Supervisors.

Based on the preliminary Distribution List provided in connection with the City Application (See **§3.2.2** above) and input from the Project Sponsor and MOHCD, the Municipal Advisor will compile a Distribution List for the Kickoff Call and subsequent Issuance Calls and update that list as necessary through Closing (after which a copy of the list will be included in the final Bond Transcript). The Municipal Advisor will also schedule all Issuance Calls, provide a conference call number and electronic calendar invitations, distribute an agenda to the parties on the Distribution List in advance of calls, and lead the discussion of agenda items during calls.

Typically, Issuance Calls are scheduled to occur every two weeks leading up to the introduction of the Issuance Resolution at the BOS and become more frequent during the month preceding the Closing Date.

B. Issuance Resolution Packet

For most Program Issues, following the Kickoff Call, approval of an Issuance Resolution becomes the critical path to Closing. The Issuance Resolution submitted to the Board of Supervisors and signed by the Mayor is accompanied by the draft Bond/Note documents described below (together with the Issuance Resolution, the "Issuance Resolution Packet"). The complete BOS process, from identification of a Legislation Sponsor to certification of an approved Issuance Resolution by the Clerk of the Board, is described in detail in **§3.2.1** above and Exhibit H.

1. Issuance Resolution

The Issuance Resolution, which is a Board Resolution prepared by a member of the Bond Counsel team (typically the same firm that prepares the Regulatory Agreement), includes provisions:

- Approving the form of and authorizing the execution of the draft Bond/Note documents described in **§3.2.6.B.2** below;
- Authorizing the collection of CAO/Issuer Counsel costs, the Initial Issuance Fee (minus any City Deposit collected), and the Annual Monitoring Fee (all as described in **§3.1.10** above);
- Ratifying and approving any City action already taken in connection with the Securities and the Project; and
- Granting general authority to take actions necessary to implement the Issuance Resolution.

Where the TEFRA Approval has expired or will expire prior to the Closing Date,²⁶ the parties must repeat the TEFRA notice and hearing process described in **§3.2.4.A** above. In such cases, the Issuance Resolution will also include a provision approving the Project for TEFRA purposes as described in **§3.2.4.A.2.b** above. Projects cannot close without a valid TEFRA Approval.

2. Draft Bond/Note Documents

In addition to the Issuance Resolution, Bond Counsel must draft, and the Issuance Team must negotiate the terms of, the following documents (all of which are described in greater detail in **§3.2.6.D.1** below) for submission in the Board Packet:

- Indenture/Funding Loan Agreement,
- Bond/Project Loan Agreement,
- Regulatory Agreement,
- Bond Purchase Agreement (if applicable),
- Official Statement (if applicable), and
- Any other documents requiring BOS approval as determined by the City Attorney's Office.

Typically, the larger Bond Counsel firm serves as the primary drafter for the Indenture/Funding Loan Agreement and Bond/Project Loan Agreement, while the smaller firm is the primary drafter for the Regulatory Agreement and (if applicable) the Bond Purchase Agreement. Where applicable, the Official Statement is typically drafted by Disclosure Counsel.

These documents must be substantially final when submitted to the Board of Supervisors. Moreover, substantive revisions to any of the documents following adoption of the Issuance Resolution by the Board may necessitate a rehearing by the Board. In all cases, the City Attorney's Office is the final arbiter of whether documents are substantially final for BOS purposes and whether a particular revision to BOS-approved documents will necessitate such a rehearing.

3. Administrative Documents

As with the Inducement Resolution, the Board Packet for the Issuance Resolution includes the following administrative documents:

- A BOS Introduction Letter,
- A Project Description updated by the Project Sponsor to reflect any changes since the Inducement/TEFRA Resolution (See Exhibit I), and

²⁶ All TEFRA Approvals expire one year from the date they are approved by the Mayor.

- Completed copies of Form SFEC-126 related to the Securities for both the Mayor and the Board of Supervisors updated by to reflect any changes since the Inducement/TEFRA Resolution (See Exhibit J).²⁷
- Completed Section 5852.1 Disclosure Form (a form of which is attached as Exhibit W).

C. Selection of Trustee or Fiscal Agent

As described in **§3.2.3.E.1** above, the Municipal Advisor issues an RFP for the Trustee (for Bond transactions) or Fiscal Agent (for Note transactions). This occurs after Bond Counsel has produced a first draft of any documents to which the Trustee/Fiscal Agent will be a party, as copies of such documents should be included in the RFP materials.

D. Assembly and Execution of City Documents

Concurrently with the BOS process and Trustee/Fiscal Agent selection, the City Team works with other members of the Issuance Team to gather all documents that must be executed by the City and Bond Counsel in advance of Closing (the “City Documents”). A member of the Bond Counsel team (typically the same firm that drafts the Issuance Resolution and Regulatory Agreement) should prepare a list of all documents that must be executed by City personnel (the “City-Executed Documents”), vet that list with the Issuance Team, and ensure that these documents are finalized and provided to MOHCD in time for submission to the relevant City signatories. All such documents should be printed single-sided on 8.5x11” paper and should include at least three signature pages for execution.

The relevant Bond Counsel firm should work with the Loan Administrator, Program Manager, and Project Manager to determine the date City-Executed Documents should be submitted to MOHCD in order to meet the proposed Closing Date. For all documents requiring the Mayor’s signature, the Policy Director and Program Manager should coordinate their efforts to provide consistent messaging to staff at the Mayor’s Office of Public Policy and Finance regarding logistics and ensure a timely Closing. For all other City-Executed Documents, the Loan Administrator and Project Manager should coordinate execution by City signatories.

For the sake of administrative efficiency, when possible, MOHCD strives to submit any final documents requiring the Mayor’s signature within three days of when the Board of Supervisors adopts the Issuance Resolution and submits it to the Mayor for approval.

In addition to the City-Executed Documents, Bond Counsel typically prepares and executes many documents on behalf of the City, some of which are described in **§3.2.6.D.2** below.

1. City-Executed Documents

The City is required to execute several documents in connection with a typical Program Issue, including the following (* indicates documents that must be executed by the Mayor):

(a) Indenture of Trust/Funding Loan Agreement. These documents are by and between the City and Trustee/Fiscal Agent (and, in the case of Funding Loan Agreements, the Funding Lender) and describe each party’s rights and duties with respect to basic administrative functions of a Program Issue such as payment of principal and interest, redemptions and tenders, events of default and remedies, and defeasances and maturities.

²⁷ MOHCD Staff will prepare these documents and include them in the Board Packet submitted to the Legislation Sponsor.

(b) Bond Loan Agreement/Project Loan Agreement. These documents are by and between the City and the Borrower (and, in the case of Project Loan Agreements, the Fiscal Agent) and describe each party's rights and duties with respect to repayment of the Bond Loan or Project Loan.

(c) Regulatory Agreement. This document is by and between the City and the Borrower and primarily describes the Borrower's duties with respect to the City's regulatory requirements, including its Affordability Restrictions and Mandatory Contracting Provisions, as described in §3.1.5 above.

(d) Bonds/Notes.* As discussed in §3.1.3 above, depending on its financing structure, Bond Counsel must prepare either Bonds or Notes for signature by the Mayor. Both documents establish the City's limited obligation to pay the Bondholder or Funding Lender. These documents must be printed on light green basket weave security paper and must include a separate signature page with a single signature block identifying "MAYOR" as the signatory; this page must not provide for approval as to form by the City Attorney or include information that may change between submission of the document to MOHCD and Closing (e.g., the execution date or the issuance amount).

(e) Form SFEC-126 (Bonds or Notes).* As with the Issuance Resolution, the Bonds or Notes must be accompanied by a completed Form SFEC-126 (See Exhibit J). MOHCD staff prepares this document to be delivered to the Mayor alongside the Bonds/Notes.

(f) Incumbency Certificate.* The Bond Counsel Team also drafts the City Signature and Incumbency Certificate (the "Incumbency Certificate"), which confirms the authority of the Mayor, Director, and other City officials to execute certain documents in connection with a Program Issue and provides their specimen signatures. This document must include specimen and execution signature blocks for the Mayor and Director; it must not provide for approval as to form by the City Attorney or include information that may change between submission of the document to MOHCD and Closing (e.g., the execution date or the issuance amount). A sample Incumbency Certificate is attached as Exhibit X.

(g) Allonge to Promissory Note. For some Program Issues, Bond Counsel prepares an allonge to the promissory note between the City and the Borrower so the City can endorse the note in favor of the Trustee. This document is typically executed by the Director.

(h) Tax Certificate. Bond Counsel prepares and the Director executes a document containing covenants, representations, and warranties regarding tax-related matters, including arbitrage certifications, rebate compliance, recordkeeping, and allocation of Issuance Proceeds.

(i) Closing Certificate of the City. The Director executes a document certifying that the Issue is duly authorized, that the City has legal right and authority to execute the documents to which it is a party, the absence of pending litigation or legislation that could adversely affect the Issue, and other facts.

(j) City Funding Documents.* For City-Funded Projects, the Project Manager may prepare loan-related documents (including a Gap Loan agreement, promissory note, deed of trust, and declaration of restrictions); grant-related agreements and other documents; or a ground lease and memorandum of ground lease. The Project Manager should coordinate with the relevant Issuance Team members to ensure that these documents are executed sufficiently in advance of Closing. As the Gap Loan agreement or grant agreement must be executed by the Mayor, these documents are typically submitted to the Mayor for signature contemporaneously with the Issuance Resolution Packet. As ground leases must be signed by the Director of the City's Real Estate Division and approved by the Board, the Project Manager should factor this process into the closing timeline as well.

(k) Opinion of the City Attorney. A Deputy City Attorney assigned to the Issue, prepares a letter expressing the opinion that (i) the City is duly organized and authorized to perform its obligations under the documents to which it is a party, (ii) the Issuance Resolution is duly adopted and valid, (iii) other documents are valid and enforceable against the City, (iv) the transaction does not violate any agreements or laws, (v) all relevant authorizations regarding the Issue have been obtained, and (vi) no adverse litigation is pending.

(l) Resolutions. Shortly after the Mayor approves the adopted Issuance Resolution, the Loan Administrator must request certified copies of both the Issuance Resolution and Inducement Resolution from the Clerk of the Board and, upon receipt, forward those documents to the Bond Counsel team no later than the day of the Pre-Closing Meeting. Certified resolutions are typically available for pick up within three Business Days following such a request.

(m) IRS Form 8038. This is an IRS informational filing required for all tax-exempt obligations, prepared by Bond Counsel and filed after Closing. It must be signed by the Director and Bond Counsel.

(n) Report of Action Taken. The Report of Action Taken Regarding the Issuance of Private Activity Bonds (“Report of Action Taken”) is a CDLAC informational filing required for all California private activity bonds, prepared by Bond Counsel and filed after Closing. It must be signed by the Director and Bond Counsel.

2. Bond Counsel-Executed Documents

Documents executed by Bond Counsel, but not by City officials, for a typical Program Issue include:

- Report of Proposed Debt Issuance (to be filed with CDIAC),
- Report of Final Sale (to be filed with CDIAC),
- Opinion of Co-Bond Counsel relating to the Bonds/Notes,
- Reliance Letter to Bondowner/Noteholder and Trustee/Fiscal Agent.

E. Closing Process

After executing the final documents described in the previous section, the closing process for Program Issues typically proceeds with collection of invoices; negotiation of settlement documents; a pre-closing meeting; initiation of funds transfers from the Lender or Underwriter, the LIHTC Investor, and the City (if there is a Gap Loan); and, finally, settlement and document recording.

The Issuance Team should review all documents described in §§3.2.6.E.1-3 below for accuracy and resolve any discrepancies with the appropriate drafter as quickly as possible.

1. Drafting and Vetting Executed Instruments List

At least three weeks in advance of the Recording Date, a member of the Bond Counsel team should distribute to the Issuance Team a draft list of all documents, certificates, and other papers that will be executed in advance of Closing, including all parties thereto (the “Executed Instruments List”).

2. Invoice Collection

Approximately two weeks in advance of the Settlement Date, all members of the Issuance Team expecting to receive funds from Settlement proceeds should submit draft or final invoices (including disbursement instructions) to the Escrow/Title Agent, Municipal Advisor, and Borrower.

At this time, the Program Manager will prepare an invoice for the Initial Issuance Fee, first year's Annual Monitoring Fee, CAO Expenses, and any other Issuance-related City costs not covered by other invoices (the "City Closing Invoice"). As described in §3.1.10.A above and subject to the terms of the Deposit and Indemnification Agreement, MOHCD will deduct the amount of any City Deposit from the Initial Issuance Fee reflected in this invoice. The form of the City Closing Invoice is attached as Exhibit Y.

3. Closing Documents

At least ten days in advance of the Settlement Date, based on the information provided in the Executed Instruments List and City Closing Invoice, the relevant parties should prepare and distribute to the Issuance Team draft versions of the documents described below (the "Closing Documents"); final versions should be circulated to the Issuance Team at least two days prior to the Settlement Date.

(a) Flow of Funds Memorandum. The Municipal Advisor prepares a document summarizing critical information related to the disbursement of funds at Settlement (the "Flow of Funds Memorandum"), which includes:

- Dates, times, and locations (or conference call information) for the Pre-Closing Meeting, Closing Authorizations, Settlement, and Recording;
- Contact information for the Lender(s), LIHTC Investor(s), and Trustee/Fiscal Agent;
- A summary of the amount, date, recipient, source, and purpose for each transfer of funds to the Escrow/Title Agent or Trustee/Fiscal Agent associated with Settlement;
- Wire instructions for all parties receiving wire transfers; and
- A detailed accounting (typically contained in an exhibit to the memo) of sources and uses for all costs of funding and other Closing-related costs payable by the Escrow/Title Agent or Trustee/Fiscal Agent from transferred funds.

(b) City Closing Memorandum. Based in part on the Executed Instruments List, a member of the Bond Counsel team prepares a memorandum summarizing the procedures to be followed in completing the sale of Bonds or Notes and the instruments to be executed and deposited with Bond Counsel (all of which will appear in the Bond Transcript) (the "City Closing Memorandum"). This document also includes as attachments the forms of several key notices and certificates.

(c) Other Closing Memoranda/Escrow Instructions. Other parties (e.g., the Lender) typically draft their own memoranda providing instructions for the Escrow/Title Agent regarding Settlement and Recording. Bond Counsel and the Municipal Advisor should review these documents thoroughly, paying special attention to any instructions regarding the recording order of documents.

(d) Settlement Statement. The Escrow/Title Agent prepares a document reflecting an official accounting of all debits and credits associated with the Settlement process (the "Settlement Statement"). All numbers on the Settlement Statement should tie out with the Municipal Advisor's independent accounting provided in the Flow of Funds Memorandum. Any inconsistencies must be resolved before the City authorizes Closing as described in §3.2.6.E.6 below.

4. Pre-Closing Meeting

For most Program Issues, MOHCD prefers to conduct an in-person meeting prior to Closing to facilitate execution and distribution of all documents required for Closing, as described in the City Closing Memorandum (the "Pre-Closing Meeting"). These meetings are usually held at the office of one of the Bond Counsel firms at least two Business Days in advance of the Settlement Date. While all members of the Issuance Team are welcome to attend, typical attendees include representatives of MOHCD, the

Municipal Advisor, the Bond Counsel team, the Trustee/Fiscal Agent, Borrower, Underwriter(s), Lender(s), Escrow/Title Agent, notaries public, and legal counsel for most of the above parties.

5. Recording Packet Assembly, Collection of Escrowed Funds

MOHCD requires a minimum lag between the day of the Pre-Closing Meeting and the Settlement Date of one Business Day to allow the Escrow/Title Agent to prepare for Settlement and Recording (i.e., the Settlement Date should be at least two Business Days after the Pre-Closing Meeting). During this period, based on the instructions in the Closing Documents, the Escrow/Title Agent (a) assembles a packet of documents that have been executed and (if applicable) notarized for recording by the Assessor-Recorder's Office (the "Recording Packet") and (b) collects certain funds (typically via wire transfer) to be disbursed upon Settlement and Recording ("Escrowed Funds"). The Recording Packet should be fully assembled at least one day in advance of the Recording Date, while the Escrowed Funds may be collected on or before the Settlement Date.

6. Closing Authorizations and Settlement

After the Escrow/Title Agent has (a) assembled all documents required for the Recording Packet, (b) collected all Escrowed Funds, and (c) confirmed that all conditions precedent to Settlement and Recording contained in the Closing Documents (and any other relevant documents) have been met, the Escrow/Title Agent must send an email to the following parties requesting authorization to proceed with Settlement and Recording: Program Manager, Project Manager, City Attorney's Office, Bond Counsel, Disclosure Counsel (if applicable), Trustee/Fiscal Agent, Underwriter(s), Borrower(s), Lender(s), LIHTC Investor(s), and any other party the Escrow/Title Agent or City Attorney's Office may deem necessary (the "Closing Authorizations"). Only after receipt of such authorizations from such parties (which may be in the form of an email) may the Escrow/Title Agent commence with Settlement.

Public Issues require additional steps before Settlement and Recording can commence. These steps typically include an interest rate-setting process and a settlement call to the Depository Trust Company to release book-entry Securities. The Depository Trust Company's deadline for settlement calls is 10:15 a.m. (Pacific Time); the best practice is to schedule this call at least 60 minutes prior to the deadline. The Municipal Advisor is responsible for scheduling and overseeing these and any additional processes related to Public Issues.

7. Recording and Closing

The Escrow/Title Agent will work with the Assessor-Recorder's Office to ensure that all documents scheduled for Recording are duly recorded. The Escrow/Title Agent must notify the Issuance Team via email when the Recording process begins and when it is completed. During Recording, all members of the Issuance Team that are parties to recorded documents should be available to help resolve any issues that may arise. Upon completion of the Recording process, the Escrow/Title Agent should notify the Issuance Team that all documents have been recorded and, shortly thereafter, email the Issuance Team copies of all recorded documents with Recording stamps and other information visible.

At its discretion, MOHCD may authorize closing on a "gap indemnity" title insurance policy, pursuant to which the Escrow/Title Agent assumes the risk that, during the period of time between the issuance of a title commitment and Recording, an instrument could be recorded that would cause the title insurance policyholder a loss.

Upon completion of both Settlement and Recording, as well as culmination of Issuance, a Program Issue is officially closed.

4. Post-Issuance and Compliance Matters

The Asset Management Team assumes day-to-day administration of all Program Issues shortly after Closing. The team's roles and responsibilities include tracking compliance with agreement covenants, collection of fees, evaluation of consent requests, and certain tax-related compliance monitoring.

For the purposes of §4.2 and §4.3, the term "Borrower" refers to the entity (other than the City and Trustee/Fiscal Agent) that, as a party to the Regulatory Agreement, is obligated to uphold the City's regulatory restrictions, whether the Regulatory Agreement refers to that entity as the "Borrower," "Owner," "Project Owner," or by another term.

In addition to the compliance-related obligations described below, for Public Issues, the Borrower is responsible for working with the Trustee (in its capacity as disclosure agent) to satisfy all ongoing disclosure requirements for the Issue, including annual postings on EMMA.

4.1. Administrative Transfer; Conditions Precedent, Ongoing Responsibilities

Following Closing, the Program Manager, Project Manager, Municipal Advisor, and Bond Counsel are responsible for resolving the matters described below in order to ensure a successful transfer of administrative responsibilities to the Asset Management Team. Moreover, even after this transfer, these parties are responsible for the ongoing responsibilities also described below.

4.1.1. Collection and Processing of Fees

As described in §3.2.6.E.2 above, MOHCD submits a City Closing Invoice for Issuance-related City costs to be paid at Settlement. Upon receiving the check from the Escrow/Title Agent intended to cover these costs, the Project Manager should compare the payment amount to the City Closing Invoice and the final Settlement Statement, resolving any inconsistencies with the relevant members of the Issuance Team. If the payment amount is accurate, the Program Manager should submit the check, a copy of the final City Closing Invoice, and a short explanatory memo to the Fiscal Team to facilitate the deposit process.

4.1.2. CDIAC, CDLAC, and IRS Filings

In the weeks after Closing, Bond Counsel is responsible for filing with state and federal agencies several documents establishing the Tax-Exempt status of the Securities. These documents include:

- Notification of Bond Issue (must be emailed to CDLAC within 24 hours of closing);
- Report of Action Taken (must be filed with CDLAC within 15 days of closing);
- Copy of the executed Regulatory Agreement, with recorder's stamp (must be together filed with the Report of Action Taken);
- Report of Final Sale (must be filed with CDIAC within 21 days of closing);
- Maturity schedule or Official Statement (must be filed together with the Report of Final Sale);
- IRS Form 8038 (must be filed with the IRS by the 15th day of the 2nd calendar month after the close of the calendar quarter in which the closing occurred);
- State Certification Relating to Volume Cap²⁸ (must be filed together with IRS Form 8038); and
- Copy of the applicable IRS Form 8328 Carryforward Election(s), if carryforward Volume Cap was used (must be filed together with IRS Form 8038).²⁹

²⁸ This certification is made pursuant to 26 U.S.C. §149(e)(2)(F). CDLAC sends the certification to Bond Counsel after receiving the Report of Action Taken; Bond Counsel then sends the certification to the IRS together with IRS Form 8038.

In addition to submitting these documents to the proper agencies, Bond Counsel must include executed copies of these documents, as well as proof of submission (e.g., certified mail receipts or confirmation emails), in the Bond Transcript.

4.1.3. Release of Performance Deposit

Following a successful Issuance, the Program Manager and other members of the Issuance Team will work to secure the release of a Project's CDLAC Performance Deposit. To begin this process, the Bond Counsel Team and Escrow/Title Agent must submit to CDLAC the following:

- Report of Action Taken (must be filed with CDLAC as described in §4.1.2 above),
- Copy of the Project's executed Regulatory Agreement, with recorder's stamp (must be filed with CDLAC as described in §4.1.2 above), and
- Second installment of the CDLAC Filing Fee (Escrow/Title Agent must mail to the address noted on the CDLAC Invoice).³⁰

Approximately one month following receipt of these items, CDLAC typically issues a Performance Deposit Release Letter authorizing the City to release the Project's Performance Deposit to the Borrower. The Program Manager then forwards that letter to MOHCD's Fiscal Department via email with instructions to release the deposit. Where a Borrower has submitted a check to MOHCD to cover the Performance Deposit, MOHCD will send the Borrower a refund check via U.S. Mail. Where MOHCD has encumbered its own funds to cover the Performance Deposit, MOHCD will unencumber those funds for use on other projects.

4.1.4. Creation of Permanent Files

Before transferring a Program Issue to the Asset Management Team, the Program Manager, Project Manager, and Loan Administrator must work together to create three files containing key documents to be preserved: Physical File, DocuShare File, and Shared Drive File (collectively, the "Permanent Files").

A. Physical File

For each Program Issue, the Loan Administrator assembles a file with executed hardcopies of certain documents to be stored in fire-resistant cabinets located at MOHCD (the "Physical File"). This file contains documents related to City-provided funding (e.g., promissory notes and loan/grant agreements), City-related real estate transactions (e.g., ground leases and restrictive declarations), and Program Issues (e.g., Indentures/Funding Loan Agreements, Bond/Project Loan Agreements, and Regulatory Agreements). Exhibit Z contains a checklist of documents typically included in Physical Files.

B. DocuShare File

After assembling the Physical File and completing the checklist described in §4.1.4.A above, the Loan Administrator transfers the file to MOHCD administrative staff to be scanned and saved in digital format. The resulting digital file (the "DocuShare File") is then uploaded to MOHCD's digital document management system.

²⁹ Lead Bond Counsel should request a copy of this form, together with proof of filing, from the Program Manager well in advance of Closing.

³⁰ See §3.1.10.C.2 above for more information about this requirement.

C. Shared Drive File

Throughout the planning, approval, financing, and development processes, the Project Manager and Program Manager store all Project-related documents in a master file on MOHCD's shared drive (the "Shared Drive File"). Within 15 days of Closing, the Project Manager should ensure that the Shared Drive File is complete and that all documents are filed within the proper folders.

Within 15 days of Closing, the Program Manager should create a folder within the Shared Drive File called "BOND MONITORING" (the "Bond Monitoring Folder") and ensure that the folder contains final versions of the Indenture/Funding Loan Agreement, Regulatory Agreement, CDLAC Resolution (including the Certification of Compliance), and Distribution List, as well as a hyperlink to the folder containing the version of this Manual in effect as of the Closing Date.³¹

4.1.5. Completion of Securities Data Collection Form, Transfer of Oversight

For each Program Issue, the Municipal Advisor must submit a "Securities Data Collection Form" to the Program Manager within 30 days of Closing. This form, a copy of which is attached as Exhibit AA, provides the Asset Management Team with much of the information needed to populate MOHCD's Asset Management Database and begin monitoring the Project. Shortly after receiving the Securities Data Collection Form, the Program Manager will save the form in the Bond Monitoring Folder and notify the Asset Management Team Leader by email of the same; at that point, the Asset Management Team will begin overseeing the Issuance in accordance with §§4.2 and 4.3.2 below.

While the Asset Management Team has assumed primary oversight of the Issuance, the Project Manager is still responsible for reviewing MOHCD-administered construction draws, and both the Project Manager and Program Manager are responsible for adding to the Permanent Files any pertinent documents they may receive.

4.1.6. Bond Transcript; Creation and Storage

Bond Counsel must compile and, within 120 days of Closing, submit to the City (and other members of the Issuance Team upon request) a transcript containing executed copies of all documents described in the City's Closing Memorandum and any other documents related to the Program Issue the City should retain (i.e., for compliance purposes or for reference in potential legal disputes) (the "Bond Transcript").³² Bond Counsel must send the Program Manager and the City Attorney's Office one hardcopy and one digital version of the Bond Transcript each. The digital versions must be saved on USB flash drives in Adobe PDF format.

After receiving the Bond Transcript, the Program Manager will file the hardcopy onsite at MOHCD and ensure that the digital version is uploaded to the Shared Drive File and saved in a folder called "BOND TRANSCRIPT" (the "Bond Transcript Folder"). The Program Manager will notify the Asset Management Team when this process is complete.

4.1.7. Permanent Conversion; Note Amendments, Reissuances, Additional Costs

When Projects convert from construction financing to permanent financing, Borrowers sometimes require assistance from MOHCD to effectuate conversion. The most common examples of such assistance are

³¹ While this folder is traditionally called the "Bond Monitoring" folder in MOHCD parlance, it includes monitoring information for all Program Issues (including Notes).

³² As with the Bond Monitoring Folder, the "Bond Transcript" is applicable to all Program Issues, whether Bonds or Notes.

Note Amendments and Reissuances. Regarding the former, when the permanent Lender is different from the construction Lender, the permanent Lender sometimes requests that the City execute a new Note in connection with an Issue reflecting the new Lender and reduced par amount (a “Note Amendment”). This requires Bond Counsel to draft a new Note; MOHCD to review that Note, recommend that the Mayor execute it, and manage the signature process; and the Mayor to execute it. From start to finish, this process can take as long as 30 days.

When Securities require significant modifications in connection with conversion, such modifications may cause a reissuance for federal tax purposes (a “Reissuance”). While many different types of modifications can cause a Reissuance, common examples include extending the Issue’s Weighted Average Maturity (e.g., by delaying the conversion date and/or the maturity date, or by increasing the permanent loan amount) and increasing or decreasing the Issue’s interest rate by more than 25 basis points. Along with significant additional work from Bond Counsel (e.g., staffing conversion calls, drafting opinions, and revising Securities documents), Reissuances may require MOHCD to repeat the TEFRA notice, hearing, and approval processes described in §3.2.4.A above, which can take 60 to 90 days. In the most extreme cases, certain types of Reissuances can require Projects to seek another Allocation from CDLAC. MOHCD strongly encourages Borrowers to consult with Bond Counsel as soon as possible after learning of any potential modifications to Securities.

The Borrower is responsible for covering all costs associated with both Note Amendments and Reissuances (including Bond Counsel fees). MOHCD reserves the right to charge Borrowers the greater of the Proposal Review Fee (as described in §4.2.4 below) and the City’s actual costs incurred in connection with a Note Amendment or Reissuance.

4.2. Asset Management Team; Roles, Responsibilities, and Tools

After assuming oversight for a Program Issue, the Asset Management Team analyzes and records the compliance requirements arising from agreement covenants and various laws and regulations, collects fees and residual receipts payments, collects and monitors Project data via the Annual Monitoring Report, conducts tax-related compliance monitoring, reviews proposals and consent requests, and handles Payoffs.

4.2.1. Analyzing and Recording Compliance Requirements

In preparation for the work of monitoring compliance with agreement covenants and various laws and regulations, the Asset Management Team Leader uploads the contents of the Securities Data Collection Form to the Asset Management Database and assigns an Asset Manager to monitor each Project; the Asset Manager should notify the proper Borrower contact of this assignment as soon as practicable. For each newly assigned Project, the Asset Manager’s first task is to record all compliance requirements under the City Documents, including:

- Affordability-related requirements, such as maximum Tenant income, maximum rent, any limitations on annual rent increases, and the extent of the Qualified Project Period;
- Initial Issuance Fees and Annual Monitoring Fees;
- Minimum required deposits and balances in replacement and operating reserve accounts;
- Required frequency of capital needs assessments;
- Sufficiency of cash flows to cover expenses, fees, and repayments to lenders, including MOHCD;
- Vacancy and Unit turnaround time;
- Repayment requirements to MOHCD and other funders; and
- Limitations on distributions of annual surplus to the Borrower.

Together with the tax-related compliance requirements described in §4.3 below, these are known as the “Compliance Requirements.”

4.2.2. Collecting Fees and Residual Receipts Payments

On an annual basis, the Asset Management Team issues invoices to the Borrower requesting payment of the Annual Monitoring Fee. As discussed in §3.1.10.H above, the first installment of the fee, which covers the first year of annual monitoring, must be paid in full through escrow at Settlement. Thereafter, the Annual Monitoring Fee is due each year on the anniversary of the Issuance Date for the duration of the Qualified Project Period.

The Asset Management Team is also responsible for calculating and collecting annual residual receipts payments for any Gap Loans associated with a Project.

4.2.3. Compliance Monitoring

Much of MOHCD’s compliance monitoring is conducted via collection and review of the Annual Monitoring Report (“AMR”), a multi-part tool that provides a comprehensive picture of a Project’s operations during the previous year and its performance with respect to several compliance-related metrics. After collecting the AMR, the Asset Management Team analyzes the data it contains, develops a list of findings, and works with Borrowers to resolve any adverse findings.

A. AMR Collection and Components

On an annual basis, the Asset Management Team sends Borrowers a notice, a sample of which is attached as Exhibit BB, explaining that their Project is required to submit an AMR for the previous year. To ensure completeness of the list of Projects required to submit an AMR, the Asset Management Team periodically requests updates from MOHCD’s Director of Housing Research to verify which Projects in the housing pipeline have become operational. A Project is considered operational and subject to annual monitoring based on factors including the Completion Date and the date Tenants begin occupying the Project’s Units. MOHCD requires Borrowers to submit an AMR after a Project’s first full year of operation, and possibly sooner, depending on the Project’s financial obligations.

The AMR consists of the four parts described below. Projects without Gap Loans or with MOHCD contracts that impose a more limited set of obligations are required to submit an AMR-EZ, a simplified version of the AMR that omits the fiscal activity spreadsheet used to calculate residual receipts payments for Gap Loans. In 2016, approximately 16% of projects submitted an AMR-EZ.

1. Project Activity Report

This is a Microsoft Excel workbook comprising several worksheets requesting data about the following areas of Project operations:

- Current contact information for the Borrower and key staff;
- Basic information about Project occupancy, vacancy, turnaround time, evictions, and marketing during the reporting period;
- Basic information about the physical state of the Project, including the most recent and next-planned capital needs assessment;
- Fiscal activity, including a—
 - detailed reporting of the Project’s income, vacancy loss, expenses, debt payments, and fees;

- calculation of surplus from property operations (including any corresponding residual receipts payments);
- summary of annual activity in the replacement reserve account (which is used to fund extraordinary maintenance and repair and replacement of capital items);
- summary of annual activity in the operating reserve account (which is intended to serve as a source of operating funds available to cover cash shortfalls arising from delinquent payments, extensive vacancy or unusual expenses); and
- Rent roll and Tenant demographics, including—
 - new tenancy data,
 - household income reported when initial eligibility was verified,
 - dates when household income eligibility was recertified,
 - dates of any rent increases,
 - most recent household income data,
 - any rental or operating subsidy associated with Units/households, and
 - the amount of rents paid by Tenants and of subsidies paid on behalf of Tenants.

2. Owner Compliance Certificate (City)

This is a Microsoft Word document containing certain representations about Project operations that must be printed and signed by an authorized officer of the Borrower. A copy of the certificate is attached as Exhibit CC. This document is similar to the Certificate of Continuing Compliance, which the Borrower submits to the City for tax-related compliance purposes as described in §4.3.1.E.2 below.

3. Audited Financial Statements

Financial reporting must include required schedules that provide audited financial results by Project.

4. Insurance Certificates

The Asset Management Team collects and reviews certificates of liability, property, and worker's compensation insurance.

B. AMR Review and Resolution of Findings

The Asset Manager compares the data in the AMR against the Project's Compliance Requirements to ensure that those requirements have been satisfied. Asset Managers also use tools designed to perform quantitative analysis of rent roll data for compliance with affordability requirements and multi-year variance analysis of operating budgets.

Asset Managers follow-up with Borrowers to request supporting documentation as necessary. At the end of the AMR review, the Asset Management Team sends Borrowers a summary of any adverse findings with required remedies, as well invoices for any amounts payable. Resolution of adverse findings is discussed further in §4.3.2.E below.

C. Tax-Related Compliance Monitoring

In addition to the monitoring and review described in §4.2.3 above, the Asset Management Team conducts most of the tax-related compliance monitoring described in §4.3.2 below.

4.2.4. Proposal Review and Consents

After Closing, Borrowers must seek the City's consent to change certain aspects of the funding or ownership of a Project (a "Proposal"). The most common example of such Proposals is when a Borrower refinances non-City debt for a Project that also carries a Gap Loan. The prospective new lender, as a condition of its commitment to provide the new financing, typically requires that the City agree to subordinate the deed of trust associated with the Gap Loan.

Whenever the Borrower presents the City with a Proposal, the Asset Management Team gathers the information necessary to consider the Proposal (often via a formal application process), engages the appropriate staff outside MOHCD (including Deputy City Attorneys), presents the Proposal to the Director (and, if necessary, the Citywide Affordable Housing Loan Committee) for approval, oversees drafting and execution of related documents, and charges the Borrower a Proposal Review Fee to cover the cost of these actions.

Additional information on the policies, procedures, and fee structure related to proposal reviews is available on the Asset Management page of MOHCD's website.

4.2.5. Payoffs

The Asset Management Team is also responsible for City oversight of Payoffs related to Program Issues, including at Maturity, early redemption or tender, or defeasance. To the extent that the relevant documents require City consent or other actions related to such Payoffs, the City may require the Borrower to cover the City's related administrative costs, including via a Proposal Review Fee as described in §4.2.4 above.

4.3. Tax-Related Compliance

The vast majority of the Securities the City issues under the Program are Tax-Exempt Securities ("TES"). Maintenance of the exemption from federal taxation associated with these securities requires compliance with a variety of laws and regulations, and thus continued cooperation between the City and the Borrower. This cooperation begins prior to Closing with the negotiation of compliance-related terms in key issuance documents and continues throughout the Tax Compliance Period.

The City Team and the Borrower will consult with Bond Counsel and other legal counsel and advisors, as needed, throughout the Issuance process to identify requirements and to establish procedures necessary or appropriate so that the Program Issue will continue to qualify for Tax-Exempt status. Those requirements and procedures will be documented in the Arbitrage Certificate, Use of Proceeds Certificate, Indenture/Funding Loan Agreement, Bond/Project Loan Agreement, Regulatory Agreement and other related documents finalized at or before Closing (collectively, the "Tax Documents"). Those requirements and procedures will include future compliance with applicable Arbitrage Rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Securities.

Throughout the Tax Compliance Period, the Regulatory Agreement is probably the most frequently cited Tax Document. This document, executed by and between the City and the Borrower and recorded in connection with each Program Issue, summarizes several important use restrictions required by City, state, and federal law and regulations, including:

- Tax Compliance Period;
- Total Units;

- Total housing Units in low-income housing commitment, and the particular Set-Aside requirement (20% at 50% AMI or 40% at 60% AMI);
- Percentage of AMI for qualified low-income Units; and
- Any additional low-income housing commitments.³³

After negotiating and executing the Regulatory Agreement and other Tax Documents and issuing the Tax-Exempt Securities, the Borrower and City must continue to work together—via ongoing record keeping, reporting, document reviews, file audits, and inspections—as both strive to fulfill their respective tax-related compliance responsibilities, most of which are described in detail below.

4.3.1. Borrower’s Responsibilities

For each Program Issue, the Borrower is the party primarily responsible for ensuring the continued Tax-Exempt status of any Tax-Exempt Securities issued by the Program. Required actions on the part of the Borrower include engaging external advisors (particularly Rebate Advisors) as necessary, maintaining compliance with arbitrage yield and rebate requirements, ensuring TES Proceeds or assets are used for permissible purposes, keeping certain records, and completing and submitting Borrower Compliance Documents.

The Tax Documents must state, and the Borrower must agree, that the Borrower is required to undertake all of the tasks listed above and described further in this **§4.3.1**.

A. Engaging External Advisors

The Borrower must engage an expert advisor to assist in the calculation of Arbitrage Rebate payable with respect to the investment of Securities Proceeds (a “Rebate Advisor”), unless the Tax Documents specify that Arbitrage Rebate will not be applicable to a Program Issue. Furthermore, the Borrower must consult with Bond Counsel and other legal counsel and advisors, as needed, following Closing to ensure that all applicable post-issuance tax requirements are met, including consultation regarding future contracts involving the use of assets financed or refinanced with the Tax-Exempt Securities.

B. Arbitrage Rebate and Yield Requirements

Unless the Tax Documents state that Arbitrage Rebate will not be applicable to an Issue, the Borrower is responsible for:

- Engaging the services of a Rebate Advisor and, prior to each rebate calculation date, causing the Trustee/Fiscal Agent to deliver periodic statements concerning the investment of Issuance Proceeds to the Rebate Advisor;
- Providing to the Rebate Advisor additional documents and information reasonably requested by the Rebate Advisor;
- Monitoring efforts of the Rebate Advisor;
- Assuring payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the Issuance Date, and no later than 60 days after a Payoff;
- During the construction period of each capital project financed in whole or in part by Securities, monitoring the investment and expenditure of Issuance Proceeds and consulting with the Rebate Advisor to determine compliance with any applicable exceptions from the Arbitrage Rebate requirements during each 6-month spending period up to 6 months, 18 months or 24 months, as applicable, following the Issuance Date; and

³³ For more information on the contents of the Regulatory Agreement see **§3.1.5** above.

- Retaining copies of all arbitrage reports and account statements and, upon request, providing such copies to the City.

C. Use of TES Proceeds and Assets

Unless otherwise provided by the Indenture/Funding Loan Agreement or other authorizing documents relating to the Tax-Exempt Securities, unexpended TES Proceeds must be held by a Trustee/Fiscal Agent, and the investment of such Proceeds will be managed by the Borrower. The Borrower must prepare (or cause the Trustee/Fiscal Agent to prepare) regular, periodic statements regarding the investments and transactions involving TES Proceeds, and such statements must be delivered to the City upon request. The Borrower is also responsible for:

- Monitoring the use of TES Proceeds and the use of TES-financed or refinanced assets (e.g., facilities, furnishings, or equipment) throughout the term of the Securities to ensure compliance with covenants and restrictions set forth in the Tax Documents relating to the Securities;
- Maintaining records identifying the assets or portion of assets that are financed or refinanced with Issuance Proceeds, including a final allocation of Proceeds;
- Consulting with Bond Counsel and other legal counsel and advisers in the review of any contracts or arrangements involving the use of TES-financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Tax Documents relating to the Securities;
- Maintaining records for any contracts or arrangements involving the use of TES-financed or refinanced assets;
- Conferring at least annually with personnel responsible for TES-financed or refinanced assets to identify and discuss any existing or planned use of TES-financed or refinanced assets in order to ensure that those uses are consistent with all covenants and restrictions set forth in the Tax Documents relating to the Securities;
- To the extent that the Borrower discovers that any applicable tax restrictions regarding use of TES Proceeds and TES-financed or refinanced assets will or may be violated, consulting promptly with Bond Counsel and other legal counsel and advisers to determine a course of action to remediate all nonqualified Securities, if such counsel advises that a remedial action is necessary; and
- Within 30 days after placing the Project in service, consulting with Bond Counsel as to whether a reallocation of Bond Proceeds is desirable or necessary (Applicable Treasury Regulations generally permit the reallocation of Bond Proceeds for up to 18 months following the placed in service date).

D. Record Keeping

For every TES Issue, the Borrower is responsible for maintaining the following documents through Payoff, plus at least three years:

- A copy of the Bond Transcript and other relevant documentation delivered to the Borrower at or in connection with Closing, including any elections made by the City or Borrower in connection therewith;
- A copy of all material documents relating to capital expenditures financed or refinanced by TES Proceeds, including (without limitation) construction contracts; purchase orders; invoices; Trustee/Fiscal Agent requisitions and payment records; draw requests for TES Proceeds; evidence as to the amount and date for each draw down of TES Proceeds; documents relating to costs paid or reimbursed with TES Proceeds; and records identifying the assets or portion of assets that are financed or refinanced with TES Proceeds, including a final allocation of TES Proceeds;

- A copy of all contracts and arrangements involving the use of TES-financed or refinanced assets; and
- A copy of all records of investments, investment agreements, arbitrage reports and underlying documents (including Trustee/Fiscal Agent statements) in connection with any investment agreements, as well as copies of all bidding documents, if any.

Additionally, for every Issue under the QRRP Pool, the Borrower is responsible for maintaining until the end of the “qualified project period” within the meaning of Section 142(d)(2)(A) of the IRC, plus at least three years, a copy of all records evidencing compliance with the requirements of Section 142(d) of the IRC, including Income Verification Documents, leases, and rental records.

E. Completion and Submission of Borrower Compliance Documents

As part of the Borrower’s continuing obligation to demonstrate that the Project complies with applicable tax laws and is thus entitled to maintain the tax exemption on its financing, the Borrower must complete and submit the following documents (the “Borrower Compliance Documents”) as described below.

1. Certification of Compliance (CDLAC)

Borrowers are responsible for submitting a Certification of Compliance to the Asset Manager by February 1st of each year. This document is the Borrower’s official certification to CDLAC that the Project is in compliance with all of the terms and conditions of the CDLAC Resolution. The Certification of Compliance I (the form of which is shown in Exhibit DD) is used for Projects receiving an Allocation prior to December 31, 2016, while the Certification of Compliance II (the form of which is shown in Exhibit EE) is used for Projects receiving an Allocation after that date. Detailed instructions on how to complete these certifications are attached as Exhibit FF. For the purposes of this §4.3, the term “Certification of Compliance” will refer to either the Certification of Compliance I or Certification of Compliance II, depending on which document is applicable to the Project at issue.

2. Certificate of Continuing Program Compliance (City)

City Regulatory Agreements require that, for the duration of the Qualified Project Period, the Borrower must periodically submit to the City a Certificate of Continuing Program Compliance (the form of which is shown in Exhibit GG). The reporting periods may vary and are specified in each Regulatory Agreement, but certificates are typically due to the City each year by February 1st. This certificate reflects the changes that have occurred in the occupancy of the TES-financed Units over the reporting period, including commencement and termination of occupancy, vacancies, changes in household size, and changes in rents charged. The certificate generally requires the Borrower to attach a rent roll or occupancy summary, together with certificates of Tenant eligibility for new or recertifying Tenants.

The Borrower further certifies that the Project has or has not been in default under the Regulatory Agreement and that a determination of taxability has or has not occurred. In the event of such a default or determination of taxability, the Borrower certifies that the necessary remedial actions have been taken or initiated or, alternatively, explains the material facts obviating the need for such actions.

3. Completion Certifications (CDLAC & City)

Pursuant to CDLAC regulations, Borrowers are responsible for submitting a Completion Certification to the Asset Manager when the Project is completed or substantially completed (the “CDLAC Completion Certification”). The term “completed” refers to New Construction Projects, while the term “substantially completed” refers to Acquisition/Rehabilitation Projects. In this document, the Borrower certifies that all

construction work on the Project is completed or substantially completed, as applicable, and that all Units in the Project are available for occupancy. The Borrower must submit this document (the form of which is shown in Exhibit JJ) to the Asset Manager within five days of the Completion Date.

In addition to the CDLAC Completion Certification, some Regulatory Agreements require Borrowers to file a separate completion certification with the City, the form of which is shown in Exhibit KK (a “City Completion Certification”). The Borrower must submit the City Completion Certification to the Asset Manager along with the CDLAC Completion Certification.

4. TCAC Project Status Report (CDLAC)

For Projects receiving an Allocation after December 31, 2016, Borrowers are required to comply with Section VI of TCAC’s Compliance Manual (“Qualify Tenants for Low Income Housing Tax Credit Units”) to verify Tenant income upon initial occupancy for all TCAC-restricted Units. Specifically, in accordance with CDLAC regulations, the Borrower must deliver to the City the TCAC Project Status Report (“PSR”)—which is available on TCAC’s website³⁴—in the calendar year of Project completion and no later than 30 days after the Completion Date.

5. Certification as to Commencement of Qualified Project Period (City)

Borrowers are required to submit to the Asset Manager a Certification as to Commencement of Qualified Project Period (the form of which is shown in Exhibit LL) within 5 days of the QPP Commencement Date, which is defined in the Regulatory Agreement for each Project. For New Construction Projects, the Qualified Project Period begins on the first day on which at least 10% of the residential Units are first occupied, and for Acquisition/Rehabilitation Projects, on the later of (a) the date the TES Proceeds are disbursed to the Borrower, or (b) the date 10% of the Units are first reoccupied.

As discussed in **§3.1.5** above, while the minimum length of the Qualified Project Period is set by federal law, CDLAC and MOHCD extend the QPP for all Projects.

6. Income Verification Documents

During the Qualified Project Period, the Borrower must obtain, complete, and maintain on file Income Verification Documents for each Restricted Unit. If requested by the City, the Borrower must provide such Income Verification Documents, with respect to some or all of the Restricted Units, to the City annually on March 1st (the reporting period ends each December 31st) or on an ad hoc basis pursuant to a CDLAC Compliance Audit (as described in **§4.3.2.D.1** below).

7. IRS Form 8703

The Project Sponsor is also required to submit IRS Form 8703 to the Internal Revenue Service on or before March 31st each year. This form provides annual information to the IRS to help determine whether a Project continues to be a qualified residential rental project under Section 142(d) of the IRC. The Borrower must send a copy of this form to the Asset Manager after submitting it to the IRS.

³⁴ <http://www.treasurer.ca.gov/ctcac/compliance.asp>

8. Arbitrage Rebate Forms

Borrowers are responsible for compliance with all requirements under federal arbitrage regulations. Per the Regulatory Agreement for each Program Issue, the Borrower is responsible for determining (or obtaining expert advice to determine) whether Arbitrage Rebate calculations will be submitted to the IRS. If it is determined that such calculations are likely to be required, the Borrower must engage a Rebate Advisor to assist in the calculation of the Arbitrage Rebate payable in connection with the investment of TES Proceeds, or else ensure that it has adequate financial and legal resources of its own to make such calculations. Borrowers must make any required Arbitrage Rebate payments on a timely basis. Arbitrage Rebate payments are due at the end of every fifth bond year; a Rebate Advisor should be engaged well in advance of each such deadline in order to perform any calculations.

4.3.2. City's Responsibilities

In fulfillment of its obligation to monitor tax-related compliance for TES-financed Projects, the City collects and reviews the Borrower Compliance Documents, maintains important records, submits compliance-related documents to CDLAC, conducts periodic audits, and works with the Borrower and other relevant parties to resolve instances of non-compliance and default.

A. Collection and Review of Borrower Compliance Documents

In order to ensure compliance with applicable law and regulations, MOHCD (on behalf of the City as issuer) must collect and review the Borrower Compliance Documents described in §4.3.1.E above. These certifications and forms provide CDLAC and the IRS with the information necessary to substantiate the Tax-Exempt status of Program Issues.

1. Tracking Due Dates and Collecting Borrower Compliance Documents

The Asset Management Team tracks due dates for Borrower Compliance Documents based on information provided in the Securities Data Collection Form and Regulatory Agreement for each Project. A Project's Asset Manager will endeavor to send the Borrower reminder emails regarding document submission as described in **Table 3** below. These emails will remind the Borrower about upcoming due dates and may contain form documents as well as instructions for completing those documents. However, timely submission of all Borrower Compliance Documents remains the sole responsibility of the Borrower; all such documents are due as described in §4.3.1.E above (and summarized in **Table 3**) whether or not a reminder email is sent.

*Continue to **Table 3** on the next page.*

Table 3. Reminder Emails for Borrower Compliance Documents

Document	Due Date	Reminder Email Sent
Certifications of Compliance (CDLAC)	Annually by February 1 st	Annually by January 15 th
Certificate of Continuing Program Compliance (Regulatory Agreement)	Annually by February 1 st *	Annually by January 15 th *
Completion Certifications (CDLAC & City)	Within 5 days of Completion Date	10 days prior to the Completion Date identified in the Securities Data Collection Form
TCAC Project Status Report (CDLAC)	Calendar year of completion and no later than 30 days after the Completion Date	10 days prior to the Completion Date identified in the Securities Data Collection Form
Certification as to Commencement of Qualified Project Period (Regulatory Agreement)	Within 5 days of QPP commencement	10 days prior to QPP Commencement Date as identified in the Securities Data Collection Form
Income Verification Documents	Annually by March 1 st (but only when the City has requested copies)	Annually by February 15 th (but only when the City has requested copies)
Copy of IRS Form 8703	Annually by March 31 st	Annually by February 5 th
Arbitrage Rebate Forms	As forms are generated	N/A—Borrower must send the Asset Manager copies of these forms as applicable

*For some Projects, these forms are due every 3 years following Project Completion. See §§4.3.1.E.2 and 4.3.2.C.1 for details.

If the Borrower fails to submit Borrower Compliance Documents by the relevant due date, the Asset Manager will follow up with the Borrower until those documents are submitted and/or issue a Notice of Noncompliance and Need to Cure as described in §4.3.2.E below.

The Asset Management Team will note the date certain Borrower Compliance Documents are received, including the Certification of Compliance, Certificate of Continuing Compliance, and all attached documents, in order to demonstrate compliance with deadlines and identify the reporting period.

2. Document Review

Upon receipt, the Asset Manager will review Borrower Compliance Documents for completeness (e.g., to ensure that all necessary information is filled in and that documents are duly executed) and to ensure that no instances of non-compliance or default are reported. Throughout this process, the City relies exclusively on the representations, warranties, and agreements of the Borrower made in the Borrower Compliance Documents; the City assumes no responsibility for the independent investigation of information provided in these documents beyond what is described in this Manual.

B. Record Keeping

For each closed TES Issue, MOHCD will permanently retain the following TES documents, all of which will be stored in the electronic files described above in §§4.1.4.C (the “Bond Monitoring Folder”) and §4.1.6 (the “Bond Transcript Folder”). The Bond Monitoring Folder will contain executed copies of the following:

- Indenture/Funding Loan Agreement;
- Regulatory Agreement;
- CDLAC Resolution (including the Certification of Compliance);
- A hyperlink to the folder containing the version of this Manual in effect as of the Closing Date;
- All Borrower Compliance Documents received;
- Important correspondence between the City and CDLAC; and
- Any other documents and certificates the City or its Bond Counsel deem important or relevant to ongoing tax-related compliance monitoring.

The Bond Transcript Folder will contain the entire electronic Bond Transcript compiled for MOHCD.

C. Submission of Issuer Certifications and Reports

In addition to collecting and reviewing the Borrower Compliance Documents, the City is required to submit an annual certification using CDLAC's online certification system and a report to CDIAC, which is also submitted online.

1. Annual Applicant Public Benefits & On-Going Compliance Self Certification

The Asset Manager is responsible for completing and submitting the Annual Applicant Public Benefits & On-Going Compliance Self Certification, in which the City certifies that the Project is in compliance with all of the terms and conditions set forth in the CDLAC Resolution. For Projects that received a CDLAC Allocation prior to December 16, 2016, these certifications are due to CDLAC no later than March 1st of each year; for Projects that received an Allocation after that date, these certifications are due to CDLAC no later than March 1st of each year until Project Completion, and then every 3 years thereafter.

When completing this certification, the Asset Manager will collect and rely principally upon information provided by the Borrower in the documents described in **§4.3.1.E** above and may request additional information from the Borrower to substantiate information provided in those documents.

The self-certification process is described in greater detail in Exhibit HH and Exhibit II.

2. Annual Debt Transparency Report

Government Code Section 8855(k) requires all state and local agencies to submit an Annual Debt Transparency Report ("ADTR") including information on any issue of debt for which they have submitted a Report of Final Sale on or after January 21, 2017. The ADTR must be submitted within seven months after the end of the most recent "reporting period" (which is July 1 through June 30, annually). The ADTR tracks information related to debt authorized and outstanding, as well as the use of Issuance Proceeds.

The Program Manager is responsible for completing the ADTR, drawing principally from information provided by the applicable Trustees and Fiscal Agents, and submitting it to CDIAC's online reporting system³⁵ annually.

³⁵ [https://cdiacforms.treasurer.ca.gov/\(S\(ulnaha55az5x1o45w5rbcd3n\)\)/login.aspx?form=adtr](https://cdiacforms.treasurer.ca.gov/(S(ulnaha55az5x1o45w5rbcd3n))/login.aspx?form=adtr)

D. Periodic Audits and Inspections

The City is required to conduct periodic electronic file audits to ensure Projects' compliance with the CDLAC Regulations. As a matter of best practice, the City may also conduct periodic onsite inspections to track the Project's physical condition and ensure any deficiencies are remedied.

1. CDLAC Compliance Audits

For Projects receiving a CDLAC Allocation after December 31, 2016, CDLAC requires Issuers to perform a review, either on site or electronically, covering 20% of all management files associated with Federally Restricted Units. Such audits must be performed upon Project completion and every 3 years thereafter.

For Program Issues, the Asset Manager will send an email requesting the files to be reviewed in an audit (the "File Request") by January 15th of the audit year. The Asset Manager will select the files to be audited based on the PSR and other relevant documentation; the Borrower will not have input in the file selection process. The Borrower must submit the files covered by the File Request to the Asset Manager, in electronic format, within 30 days of the File Request.

The Asset Manager will review the following information for each sample Unit:

- Unit location,
- Unit size,
- Tenant household composition and size,
- Tenant household annual income level,
- Income Verification Documents,
- Monthly rent charged to the Tenant for the Unit, and
- An executed lease agreement.

2. Onsite Inspections

Depending on staffing considerations and/or Project-specific risk assessments, the City may conduct in-person inspections of individual Project sites ("Onsite Inspections"). If the City institutes such inspections with respect to all or a portion of its TES portfolio, they should take place no later than 3 years from each Project's Completion Date, and every 3 years thereafter.

For each Onsite Inspection, a member of the Asset Management Team (or a designee) will tour Project grounds and visit at least one randomly selected Federally Restricted Unit. Notes will be taken regarding the Project's general upkeep, and the City will report any concerns to the Borrower and establish a plan for remedying such concerns in a timely manner.

E. Resolution of Compliance Concerns

When, in the course of document review or periodic audits or inspections, the City identifies an issue that currently affects or, if unresolved is likely to affect, a Project's compliance with applicable Compliance Requirements (a "Compliance Concern"), the Asset Management Team will immediately notify the Borrower of such Compliance Concern and allow the Borrower a reasonable period of time (given the nature of the issue) to pursue a remedy.

If, in the judgment of the Program Manager (in consultation with Bond Counsel and the City Attorney's Office), the Compliance Concern involves a violation of the Regulatory Agreement or CDLAC

Resolution such that it could jeopardize the Tax-Exempt status of the Bonds (a “Major Compliance Concern”), the Asset Management Team will, within five Business Days of discovery, send the Borrower a formal Notice of Noncompliance and Need to Cure with copies to all parties to the Regulatory Agreement. This notice will fully describe the nature of the Major Compliance Concern and outline the period of time during which it must be corrected in accordance with the provisions of the Regulatory Agreement.

For both Compliance Concerns and Major Compliance Concerns, the Asset Management Team will monitor the Borrower’s efforts to remedy the issue and, particularly in the case of Major Compliance Concerns, rely on Bond Counsel and the City Attorney’s Office to determine whether or not an issue has been resolved.

Exhibit A

Multifamily Securities Program Contact List

MOHCD Staff			
Name	Role	Email Address	Phone Number
Jonah Lee	Director of Portfolio Management & Preservation	jonah.lee@sfgov.org	415-701-5619
Michael Reynolds	Asset Manager	michael.reynolds@sfgov.org	415-701-5585
Mike McLoone	Asset Management Team Lead	michael.mcloone@sfgov.org	415-701-5534
Omar Cortez	Program Manager (Interim)	omar.cortez@sfgov.org	415-701-4218
Ricky Lam	Asset Manager	ricky.lam@sfgov.org	415-701-5542
Scott Madden	Asset Manager	scott.madden@sfgov.org	415-701-5536

Municipal Advisor Pool			
Name	Role	Email Address	Phone Number
John Hamilton	Principal, CSG Advisors	jhamilton@csgadvisors.com	415-956-2454
Peter Ross	Principal, Ross Financial	rossfinancial@smkc.com	415-912-5612

City Attorney's Office			
Name	Role	Email Address	Phone Number
Kenneth David Roux	Deputy City Attorney	kenneth.roux@sfcityatty.org	415-554-4722

Exhibit B

Copy of Bond Counsel Approval Letter



May 1, 2018

475 Sansome Street
Suite 1700
San Francisco, CA 94111
t. 415.391.5780
f. 415.276.2088

Laura Whittall-Scherfee
Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814

Re: Bond Issuance Compliance Policy and Post Issuance Compliance Policy for the
City and County of San Francisco (QRRP)

Dear Ms. Whittall-Scherfee:


Section 5031 of the regulations of the California Debt Limit Allocation Committee (Division 9.5 of Title 4 of the California Code of Regulations) requires applicants for an allocation of the state ceiling on private activity bond volume cap to adopt Bond Issuance and Post-Issuance Compliance Policies and to submit such policies to CDLAC, accompanied by a letter of bond counsel. This is intended to satisfy the letter of bond counsel requirement for the accompanying Bond Issuance Compliance Policy and the Post Issuance Compliance Policy, each for qualified residential rental projects (collectively, the "Policies"), adopted by the City and County of San Francisco on May 1, 2018.

We have reviewed the Policies for consistency with applicable federal and state laws.

We are attorneys with lengthy and broad expertise in the federal and state laws pertaining to the issuance or conversion and post-closing compliance of private activity conduit bonds. Our practice has focused exclusively on public finance, including multifamily housing revenue obligations, since the founding of the firm in 1978. In the last five years alone, Jones Hall has served as bond counsel on approximately 119 multifamily housing issues in California, totaling over \$2.4 billion in principal amount.

If you have any questions about this letter or the Policies, please do not hesitate to contact the undersigned.

Very truly yours,



Ronald E. Lee, Esq.

cc: Adam Cray

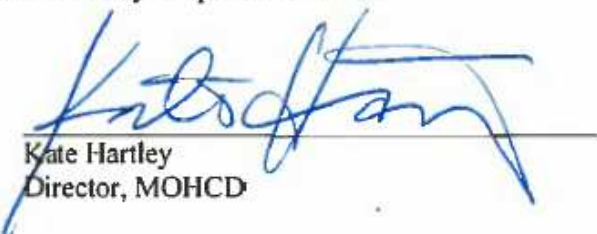
Exhibit C

Director Approval Certificate

In accordance with Section 5031(c) of the California Debt Limit Allocation Committee Regulations (the "CDLAC Regulations"), the undersigned hereby certifies the following:

1. The Mayor's Office of Housing and Community Development for the City and County of San Francisco ("MOHCD") is an entity with authority to adopt the Bond Issuance and Post-Issuance Compliance Policies (as such term is defined in Section 5000 of the CDLAC Regulations) described in the attached Multifamily Securities Program Manual (the "Policies").
2. As the Director of MOHCD, the undersigned is authorized to execute this certificate on behalf of MOHCD.
3. MOHCD hereby adopts the Policies.

BY:



Kate Hartley
Director, MOHCD

DATE: May 1, 2018

Exhibit D

Multifamily Securities Program Issuance Term Sheet

This Multifamily Securities Program Issuance Term Sheet (the “Term Sheet”) summarizes key provisions of the Multifamily Securities Program Manual (the “Manual”) for the City and County of San Francisco (the “City”). The Manual describes the policies and procedures applicable to the Multifamily Securities Program (the “Program”) operated by the Mayor’s Office of Housing and Community Development (“MOHCD”) on behalf of the City. In the case of discrepancies between this Term Sheet and the Manual, the Manual will prevail. Unless otherwise indicated, all section references herein refer to sections in the Manual. Any capitalized terms not defined herein have the meanings given in the Manual.

			§ Ref.
General Information	Effective Date	The terms contained herein (the “Terms”) are effective October 1, 2018.	1.6
	Scope of the Program	MOHCD generally requires all Borrowers seeking tax-exempt debt for the purpose of financing multifamily housing Projects in San Francisco to issue that debt through the Program.	1.3
	Issuance Timing	The issuance process can take 6 to 8 months from submission of the City Application to Closing. Consequently, Borrowers should begin planning for this process well in advance of their intended Closing Date and should contact MOHCD as early in the planning stage as possible.	3.2.1; Exhibit G; Exhibit H
	City Application	Prior to TEFRA Approval, Borrowers must complete a City Application, which includes: (1) an Application for Financing Form, (2) a Project Description Template, (3) a MOHCD Pro Forma workbook, (4) a <u>Deposit and Indemnification Agreement</u> , (5) an organizational chart for the Project, (6) a narrative description of Project Sponsor experience, (7) a draft Distribution List, and (8) a <u>check for the City Deposit</u> (if applicable).	3.2.2
Financing Structure	Security for Debt	Debt issues under the Program (“Program Issues”) are typically structured as either Bonds (publicly issued or privately placed) or Direct Loans. While Bond issues are evidenced by Bonds, Direct Loan issues are evidenced by Notes (both “Securities”). All Program Issues must be conduit debt with no recourse to City funds, property, or assets. With limited exceptions, MOHCD does not allow cross-collateralization between a single Program Issue and another debt issue.	3.1.3
	Interest Rates	Program Issues may accrue interest at fixed or variable rates. They may be structured as “multi-modal” Securities with the ability to switch between interest rate modes (e.g., fixed, term, daily, weekly, monthly, commercial paper). In any case, at a maximum, the interest rate on a Program Issue must be the lesser of 12% per annum or any percentage limitation imposed by law. Any Hedges must carry a Required Minimum Credit Rating (See below).	3.1.3.B
	Required Minimum Credit Ratings	Publicly issued Bonds (“Public Issues”) must be assigned the following Required Minimum Credit Ratings (as applicable), from either S&P Global Ratings or Moody’s Investors Service: “A” and/or “A-1” (S&P); “A” and/or “P-1”/“MIG-1”/“VMIG-1” (Moody’s). Any outlook on such rating must be either “Stable” or “Positive.” Privately placed Bonds are subject to these rating requirements unless their investors meet certain standards described in the Manual. While Direct Loans are not subject to these requirements, Lenders must be well-capitalized banks or commercial lending institutions that agree to limit transfers of Notes to similar institutions.	3.1.3.C.1; 3.1.3.D
	Credit/Liquidity Enhancement	MOHCD strongly prefers that Public Issues carry outside credit and/or liquidity enhancement, as applicable. A Public Issue may be structured without Credit Enhancement, so long as it (1) carries a Required Minimum Credit Rating and (2) is sold to institutional investors in minimum \$100,000 denominations. However, all variable-rate Public Issues with a put option must carry Liquidity Enhancement with a Required Minimum Credit Rating.	3.1.3.C.2
	Drawdown Structures	Drawdown Structures are permitted, but MOHCD may require the execution of a Drawdown Agreement at or prior to Closing.	3.1.3.E

Regulatory and Other Requirements	City Median Income	The income limits for all Restricted Units must be set at the “Maximum Income by Household Size” derived by MOHCD and published annually, based on the <u>unadjusted area median income for the Area</u> , as determined annually by HUD in a manner consistent with determinations of area median gross income under Section 8 of the Housing Act and Section 3009a of the Housing and Economic Recovery Act of 2008.	3.1.5.A.1
	Long-Term Affordability	MOHCD requires long-term affordability for Program Issues. Subject to limitations related to True Debt Test, this generally means that a Project’s Affordability Restrictions expire on “the date that is the later of (i) seventy-five (75) years from the Closing Date or (ii) the Life of the Project” (where “Life of the Project” means “the period of time from completion of the Project and initial occupancy and thereafter for so long as the Project continues to operate as a multi-family residential project”).	3.1.5.A.2
	Mandatory Contracting Provisions	All Program Issues are subject to the City’s Mandatory Contracting Provisions which include, without limitation, requirements and policies regarding nondiscrimination, equal benefits, minimum compensation, health care accountability, prevailing wage, local disadvantaged business enterprise subcontracting and jobs programs (such the City’s First Source Hiring or City Build programs), as applicable.	3.1.5.B; Exhibit E
	Lottery and Lease-Up Provisions	MOHCD has adopted the “Operational Rules for San Francisco Housing Lotteries and Rental Lease-Up Activities.” This document is attached to, and incorporated by reference in, each Issue’s Regulatory Agreement.	3.1.5.C; Exhibit F
	Non-Profit Entity Requirement	The Borrower entity (e.g., LLC or LP) for all Projects must include a non-profit entity (typically as a managing member or general partner) with a significant presence and a positive track record of affordable housing development and management in San Francisco.	3.1.6
	Existing-Tenant Protections	As a condition of TEFRA Approval, Borrowers should agree to (1) protect existing residential tenants from eviction due to the financing based solely on their failure to meet a financing-related income standard at the time of the Issuance or during the Qualified Project Period and (2) limit annual rent increases for existing residential tenants to the percentage change in City Median Income for such year. Borrowers must provide existing residential <u>and commercial</u> tenants with additional TEFRA-related notice as described in the Manual.	3.1.6; 3.2.4.A.3; Exhibit P
Costs of Issuance	City Deposit	At the time of the City Application, the Borrower must pay a non-refundable deposit of \$10,000 to cover certain costs the City must incur. The amount of this deposit may be raised following submission of the CDLAC Application as further described in the Manual. If the financing closes, MOHCD will deduct the amount of this deposit from the City’s Initial Issuance Fee. MOHCD may waive the required deposit for City/OCII-Funded Projects.	3.1.10.A
	TEFRA Costs	The Borrower is responsible for the costs of complying with TEFRA, including the cost of publishing the TEFRA Notice and the cost of translating, printing, and posting Tenant TEFRA Notices. The typical TEFRA Notice costs between \$300 and \$500 to publish.	3.1.10.B
	CDLAC/CDIAC Costs	In connection with every Program Issue, the Borrower is responsible for paying the following costs associated with the state’s administration of public debt issues and the Volume Cap associated with the Project: (1) a Performance Deposit in an amount required from time to time by CDLAC, currently equal to 0.50% (50 basis points) of the requested Allocation amount, not to exceed \$100,000; (2) a CDLAC Filing Fee in an amount equal to 0.035% (3.5 basis points) of the actual Allocation amount; and (3) a CDIAC Issuance Fee in an amount equal to 0.015% (1.5 basis points) of the TES Issuance Amount, not to exceed \$3,000. The timing and submission procedures associated with these costs are described in detail in the Manual.	3.1.10.C

Costs of Issuance (Continued)	Municipal Advisor Costs	The Borrower is responsible for the fees and expenses associated with services provided by the City's Municipal Advisor, which typically range from \$30,000 to \$60,000, depending on transaction size and complexity, and must be paid in full through escrow at Settlement. At the time of Municipal Advisor selection, the Municipal Advisor may require the Borrower to deposit with the Municipal Advisor a non-refundable retainer in the amount of \$6,500. If the financing closes, the Municipal Advisor will deduct the amount of this retainer from its invoice submitted at Settlement.	3.1.10.D
	Bond Counsel Costs	The Borrower is responsible for the fees and expenses associated with services provided by the City's two Bond Counsel firms, which typically range from \$30,000 to \$80,000 per firm, but may be significantly higher for large or complex transactions; following selection, Bond Counsel will provide Borrowers with general cost estimates upon request. These costs must be paid in full through escrow at Settlement. At the time of Bond Counsel selection, Bond Counsel may require that the Borrower deposit with Bond Counsel a non-refundable retainer in the amount of \$10,000 per firm. If the financing closes, Bond Counsel firms will deduct the amount of this retainer from their respective invoices submitted at Settlement.	3.1.10.E
	City Attorney/Issuer Counsel Costs	For every Program Issue, the City Attorney's Office bills MOHCD for staff time and resources associated with its legal work as Issuer Counsel and (where applicable) Lender Counsel ("CAO Expenses"). The Borrower is responsible for CAO Expenses, which typically range from \$20,000 to \$50,000, depending on transaction size and complexity and the presence of MOHCD or OCII gap funds. CAO Expenses must be paid to MOHCD in full through escrow at Settlement. In the absence of a separate invoice from the City Attorney's Office in advance of Settlement, MOHCD will include in the City Closing Invoice a separate line item in the amount of \$20,000 to offset any CAO Expenses later billed to MOHCD.	3.1.10.F
	Initial Issuance Fee	MOHCD receives compensation for its services in preparing Program Issues by charging an up-front fee equal to 0.25% (25 basis points) of the Issuance Amount (the "Initial Issuance Fee"). The Initial Issuance Fee must be paid in full through escrow at Settlement.	3.1.10.G
	Annual Monitoring Fee	MOHCD also charges an annual fee to monitor a Project's compliance with federal, state, and local affordability restrictions and other regulatory requirements (the "Annual Monitoring Fee"). The first installment of the Annual Monitoring Fee for all Projects, which covers the first year of annual monitoring, is the greater of 0.125% (12.5 basis points) of the Issuance Amount or the Minimum Annual Monitoring Fee, which is \$2,500. This amount must be paid in full through escrow at Settlement. Thereafter, the Annual Monitoring Fee for the coming year, which is due on the anniversary of the Issuance Date for the duration of the Qualified Project Period, is the greater of 0.125% (12.5 basis points) of the highest Outstanding Par Amount in the previous 12 months or the Minimum Annual Monitoring Fee.	3.1.10.H
	Indemnification	In exchange for participation in the Program, the Borrower must indemnify and reimburse the City for all expenses the City incurs in connection with the issuance and monitoring of Program Issues. The terms and conditions associated with the Borrower's indemnification and reimbursement obligations to the City are described in the Deposit and Indemnification Agreement negotiated and executed in connection with the City Application.	3.1.11

Exhibit E

Form of City and County of San Francisco Mandatory Contracting Provisions

CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

The following provisions shall apply to this Regulatory Agreement as if set forth in the body thereof. Capitalized terms used but not defined in this Exhibit shall have the meanings given in this Regulatory Agreement.

1. Conflict of Interest. Through its execution of this Agreement, Owner acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

2. Proprietary or Confidential Information of City. Owner understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Owner may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Owner agrees that all information disclosed by City to Owner shall be held in confidence and used only in performance of the Agreement. Owner shall exercise the same standard of care to protect such information as a reasonably prudent Owner would use to protect its own proprietary data.

3. Local Business Enterprise Utilization; Liquidated Damages.

a. **The LBE Ordinance.** Owner shall comply with all the requirements of the Local Business Enterprise and Non-Discrimination in Contracting Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "LBE Ordinance"), provided such amendments do not materially increase Owner's obligations or liabilities, or materially diminish Owner's rights, under this Agreement. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Agreement as though fully set forth in this section. Owner's willful failure to comply with any applicable provisions of the LBE Ordinance is a material breach of Owner's obligations under this Agreement and shall entitle City, subject to any applicable notice and cure provisions set forth in this Agreement, to exercise any of the remedies provided for under this Agreement, under the LBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Agreement expressly provides that any remedy is exclusive. In addition, Owner shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

b. **Enforcement.** If Owner willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Agreement pertaining to LBE participation, Owner shall be liable for liquidated damages in an amount equal to Owner's net profit on this Agreement, or 10% of the total amount of this Agreement, or \$1,000, whichever is greatest. The Director of the City's Contracts Monitoring Division or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "Director of CMD") may also impose other sanctions against Owner authorized in the LBE Ordinance, including declaring the Owner to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Owner's LBE certification. The Director of CMD will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14B.17. By entering into this Agreement, Owner acknowledges and agrees that any liquidated damages assessed by the Director of the CMD shall be payable to City upon demand. Owner further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to

Owner on any contract with City. Owner agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Agreement, and shall make such records available for audit and inspection by the Director of CMD or the Controller upon request.

4. Nondiscrimination; Penalties.

a. **Owner Shall Not Discriminate.** In the performance of this Agreement, Owner agrees not to discriminate against any employee, City and County employee working with such Owner or Subcontractor, applicant for employment with such Owner or Subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

b. **Subcontracts.** Owner shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and shall require all Subcontractors to comply with such provisions. Owner's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

c. **Nondiscrimination in Benefits.** Owner does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

d. **Condition to Contract.** As a condition to this Agreement, Owner shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contracts Monitoring Division (formerly 'Human Rights Commission').

e. **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Owner shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Owner understands that pursuant to §§12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Owner and/or deducted from any payments due Owner.

5. MacBride Principles—Northern Ireland. Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person

executing this agreement on behalf of Owner acknowledges and agrees that he or she has read and understood this section.

6. Tropical Hardwood and Virgin Redwood Ban. Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco urges Owners not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

7. Drug-Free Workplace Policy. Owner acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Owner agrees that any violation of this prohibition by Owner, its employees, agents or assigns will be deemed a material breach of this Agreement.

8. Resource Conservation. Chapter 5 of the San Francisco Environment Code (“Resource Conservation”) is incorporated herein by reference. Failure by Owner to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

9. Compliance with Americans with Disabilities Act. Owner acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through an Owner, must be accessible to the disabled public. Owner shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Owner agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Owner, its employees, agents or assigns will constitute a material breach of this Agreement.

10. Sunshine Ordinance. In accordance with San Francisco Administrative Code §67.24(e), contracts, Owners’ bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization’s net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

11. Limitations on Contributions. Through execution of this Agreement, Owner acknowledges that it is familiar with section 1.126 of the City’s Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Owner acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Owner further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Owner’s board of directors; Owner’s chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Owner; any Subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Owner.

Additionally, Owner acknowledges that Owner must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Owner further agrees to provide to City the names of each person, entity or committee described above.

12. Requiring Minimum Compensation for Covered Employees.

a. Owner agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Sections 12P.5 and 12P.5.1 of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco. A partial listing of some of Owner's obligations under the MCO is set forth in this Section. Owner is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

b. The MCO requires Owner to pay Owner's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Owner is obligated to keep informed of the then-current requirements. Any subcontract entered into by Owner shall require the Subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is Owner's obligation to ensure that any Subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any Subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Owner.

c. Owner shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

d. Owner shall maintain employee and payroll records as required by the MCO. If Owner fails to do so, it shall be presumed that the Owner paid no more than the minimum wage required under State law.

e. The City is authorized to inspect Owner's job sites and conduct interviews with employees and conduct audits of Owner.

f. Owner's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Owner fails to comply with these requirements. Owner agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for Owner's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

g. Owner understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Owner fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Owner fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

h. Owner represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

i. If Owner is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but Owner later enters into an agreement or agreements that cause Owner to exceed that amount in a fiscal year, Owner shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Owner and this department to exceed \$25,000 in the fiscal year.

13. Requiring Health Benefits for Covered Employees.

Owner agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of section 12Q.5.1 of Chapter 12Q are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

a. For each Covered Employee, Owner shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Owner chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

b. Notwithstanding the above, if the Owner is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (a) above.

c. Owner's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Owner if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Owner fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Owner fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

d. Any Subcontract entered into by Owner shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Owner shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Owner shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Owner based on the Subcontractor's failure to comply, provided that City has first provided Owner with notice and an opportunity to obtain a cure of the violation.

e. Owner shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Owner's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

f. Owner represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

g. Owner shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

h. Owner shall keep itself informed of the current requirements of the HCAO.

i. Owner shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

j. Owner shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten business days to respond.

k. Owner shall allow City to inspect Owner's job sites and have access to Owner's employees in order to monitor and determine compliance with HCAO.

l. City may conduct random audits of Owner to ascertain its compliance with HCAO. Owner agrees to cooperate with City when it conducts such audits.

m. If Owner is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Owner later enters into an agreement or agreements that cause Owner's aggregate amount of all agreements with City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Owner and the City to be equal to or greater than \$75,000 in the fiscal year.

14. Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, Owner may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. Owner agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Owner violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit Owner from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider Owner's use of profit as a violation of this section.

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

16. Compliance with Laws. Owner shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

17. Protection of Private Information. Owner has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Owner agrees that any failure of Owner to comply with the

requirements of Section 12M.2 of this Chapter shall be a material breach of the Contract. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Contract, bring a false claim action against the Owner pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Owner.

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

19. Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code §21.35, any Owner, Subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A Owner, Subcontractor or consultant will be deemed to have submitted a false claim to the City if the Owner, Subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

20. Sugar-Sweetened Beverage Prohibition. The Owner agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Agreement.

21. Prevailing Wages. Owner understands and agrees that all provisions of section 1770, et seq., of the California Labor Code are required to be incorporated into every contract for any public work or improvement and are hereby incorporated into this contract. Owner also understands and agrees that all provisions of sections 6.22E and 6.22F of the San Francisco Administrative Code are hereby incorporated into this contract. Owner also understands and agrees that all applicable provisions of the Davis-Bacon Act (40 U.S.C. §§3141 et seq.) are hereby incorporated into this contract.

The Owner shall maintain weekly certified payroll records for submission to the awarding department as required. The Owner shall be responsible for the submission of payroll records of its subcontractors. All certified payroll records shall be accompanied by a statement of compliance signed by the Owner indicating that the payroll records are correct and complete, that the wage rates contained therein are not less than those determined by the Board of Supervisors and that the classifications set forth for each employee conform with the work performed.

All such records as described in this section shall at all times be open to inspection and examination of the duly authorized officers and agents of the City, including representatives of the Office of Labor Standards Enforcement.

Exhibit F

Form of Operational Rules for San Francisco Housing Lotteries and Rental Lease-Up Activities

OPERATIONAL RULES FOR SAN FRANCISCO HOUSING LOTTERIES AND RENTAL LEASE UP ACTIVITIES

In order to implement consistent and transparent marketing practices for all affordable housing under the purview of the Mayor's Office of Housing and Community Development (MOHCD), the following policies and procedures have been adopted. The Borrower hereby acknowledges and agrees to follow these procedures as outlined below, except as otherwise agreed to in writing between the Borrower and the City.

If ever there is a conflict between a recorded development agreement and this document, the executed development agreement will prevail. Likewise, when state and federal funding sources conflict with anything outlined in this document, they too shall prevail.

HOUSING PREFERENCE PROGRAMS

The Borrower hereby agrees that first preference in occupying units designated for Low Income Households (Low Income Units) will be given to persons who have been issued a Residential Certificate of Preference (COP) and who meet all qualifications for the unit.

The Borrower further agrees that second preference in occupying units designated for Low Income Households will be given to persons who have been issued an Ellis Act Housing Preference Program (EAHP) Certificate and who meet all qualifications for the unit; provided, however, if the Project will include funds from the California Department of Housing and Community Development, this EAHP priority (and the corresponding requirements set forth below) will not apply for so long as the Project is subject to the requirements associated with such financing.

For new residential developments going through the initial lease-up process, the EAHP priority shall apply to twenty percent (20%) of the Low Income Units. Thus, if the number of units available exceeds the number of qualified applicants who hold a COP or other preference as dictated by specific loan documents or marketing plan, the next priority will go to EAHP certificate holders for up to twenty percent (20%) of the total Low Income Units. The EAHP priority does not apply at initial lease-up or sale to buildings having four (4) or fewer Low Income Units. However, the EAHP priority does apply to these same units upon re-rental.

Low Income Units with other occupancy priorities required by law, contract, or program rules may apply the COP and EAHP after other preferences, with COP holders being granted priority above EAHP certificate holders. Preferences required by a former Redevelopment Project Area Plan are not pre-empted by the COP Program or the Ellis Act Housing Preference Program. Preferences required by the LOSP, Direct Access to Housing Program, Housing First Program, or other government programs are not pre-empted by the Ellis Act Housing Preference Program.

Marketing and Tenant Selection Plan

The Borrower agrees to supply Mayor's Office of Housing and Community Development (MOHCD or the City) with a complete and updated marketing and tenant selection plan in form and substance acceptable to the City ("Marketing and Tenant Selection Plan"), including resident selection criteria, at least six months prior to rehabilitation completion. The Marketing and Tenant Selection Plan shall be submitted on a template form as provided by MOHCD, substantially in the form attached as Exhibit K. This Marketing and Tenant Selection Plan shall not be changed without providing the City with at least fourteen (14) calendar days' written notice.

New rental units shall be marketed for at least a twenty-eight (28) -day period, including a listing on the MOHCD website and on MOHCD's email housing alert system. Applicants shall submit an abridged lottery application form only and supply full income and other documentation if selected in the lottery process to proceed with a rental.

Outreach to Certificate Holders

The City shall furnish the following:

- Written and/or printed notices to EAHP certificate holders advising them that units will soon be available.
- Names and addresses of COP certificate holders. MOHCD shall address printed notices created by Borrower using an MOHCD provided template. Borrower is responsible for the full cost of the mailing to COP certificate holders.
- Assistance to qualified tenants in filing COP and EAHP applications or referral to an appropriate housing counseling organization.

The Borrower agrees to:

- Written and mailed notices to COP certificate holders advising them that units are available using a template provided by MOHCD. COP mailings are at the cost of the Borrower.
- During the application period, conduct at least one general informational meeting for all persons interested in applying for occupancy in the development, at which the Borrower shall review application procedures.
- Specifically for COP and EAHP certificate holders, make support services staff available to provide assistance throughout the application process, as it may be needed, with the goal of maximizing COP/EAHP participation to the extent possible. The Borrower shall ensure that COP/EAHP certificate holders are aware that such assistance is available.

Application

The Borrower agrees to use a pre-lottery application template provided by MOHCD. After the lottery, the Borrower may require applicants to complete an additional application provided such additional application is included in the Marketing and Tenant Selection Plan and pre-approved by MOHCD.

Pre-Lottery Application Status Reports

The Borrower agrees to supply the City with the names, addresses, and housing preference certificate numbers (when available) of all applicants, including whether or not they indicate they are eligible for COP or EAHP priority status. The City will provide a template to be used to provide this status report, at a minimum, every seven (7) calendar days from the initial date applications are accepted. The City will, in turn, verify within seven (7) calendar days which such applicants are qualified as COP or EAHP certificate holders.

After the application period has closed, and at least five (5) business days prior to lottery proceedings, a non-prioritized list of all interested applicants will be provided to MOHCD on the template provided. The list shall include applicant names, addresses, and whether the applicant holds a COP or an EAHP certificate. If MOHCD does not receive this final applicant list within five (5) business days prior to the lottery, it will be cause to postpone the lottery proceedings until the complete list is received.

Lottery

The Borrower shall ensure that all COP certificate holders receive first priority for occupancy and EAHP certificate holders receive second priority for occupancy in twenty percent (20%) of units, except in cases where approved and documented occupancy priorities preempt the COP and EAHP preferences. EAHP certificate holders who are not offered a unit in the twenty percent (20%) set aside shall have equal chance at any remaining units as other qualified applicants.

The Borrower shall hold a public lottery to select renters. Applicants who submit a complete application by the application deadline receive a numbered lottery ticket whose twin ticket is entered into the lottery. Upon pre-approval from the City, lotteries may also be conducted using names of applicants.

When a Borrower chooses to receive applications by mail, applicants must be notified that applications must be post marked prior to the application deadline. Borrowers receiving applications via mail must allow five (5) business days from the application deadline before scheduling the lottery to allow for mail delivery. As stated above, the final application list is due to MOHCD at least five (5) business days prior to the lottery, therefore Borrowers who elect to receive applications via mail must allow ten (10) business days from the application deadline to the lottery date.

Lotteries are held in a public, accessible location. Applicants are invited to attend lotteries, but attendance is not mandatory.

To conduct the lottery, the City and/or the Borrower shall pull application tickets from a vessel and order and record the lottery results in rank order by application ticket number. When using names, Borrower shall pre-enter all applicant names onto individual name cards. All EAHP certificate holders should have two name cards. Names shall be pulled from a vessel in rank order. There should be separate lotteries held for each preference. First, COP certificate holders will be drawn and ranked, followed by EAHP certificate holders, followed by applicants from the general population. The EAHP certificate holder's second card will be included in the general lottery. Electronic lotteries are not allowed.

The Borrower should use a large computer or projector screen or hand printed flip chart sheets to display all numbers/names drawn and the sequenced lottery number assigned for each preference lottery and the general lottery. This can be done by listing all applicants in separate columns under each preference category.

The Borrower should record each name card/number ticket assigned a lottery number onto the applicant list template provided by MOHCD. A computer master list as well as a hand printed paper list for double checking. Results will remain projected on a screen or posted flip chart paper throughout the lottery drawing process for the public to view and record results.

The Borrower shall record the order of lottery numbers/names drawn and produce a final ranked lottery list for each preference and for the general lottery. Once the lottery preferences have been confirmed and applied, the Borrower must notify applicants of their position in the lottery by posting the results on Borrower's website or another public site and/or by mail.

Post-Lottery Lease up Instructions

The Borrower agrees to contact each applicant in lottery rank order to set up an interview where the Borrower will receive supporting documents from the applicant (i.e., income documentation, tax returns, and bank statements).

The Borrower agrees to income qualify each household member based on the supporting documents submitted by the applicant. Income qualification cannot be based solely on what's reported by the applicant on the application.

In accordance with San Francisco Administrative Code Section 12H and applicable laws of the State of California, Borrower shall not use citizen status as a qualification for selection. Borrower shall not ask for social security information prior determining the household's income eligibility.

The Borrower shall comply with San Francisco Police Code Article 49, Sections 4901-4920 (the "Fair Chance Ordinance") and the specific screening requirements set forth in Exhibit K (Tenant Screening Criteria Policy).

The Borrower agrees to offer units in ranked order to applicants who meet all qualifications. If an applicant is still in the review process and the applicant behind them in lottery rank order has been approved, the first applicant must be offered a specific unit that is reserved for that applicant until all qualifications have been reviewed and approved.

In the case where an applicant is denied for housing and appeals the denial, the Borrower agrees to hold a comparable unit until the final decision has been made regarding the appeal. Should Borrower determine that an applicant's denial appeal will be denied, Borrower will inform MOHCD of this decision with documentation used to sustain the denial. MOHCD will confirm the denial is in accordance with Borrower's eligibility requirements. Borrower agrees to be in compliance with all Fair Chance Ordinance appeals process requirements.

If ineligibility is determined, the applicant will be notified in writing within one week after such determination is made, with a copy to the City. These applicants will also appear on the status report

Post-Lottery Status Report

Every seven (7) business days following any lottery the Borrower shall supply the City with a lease-up status report on a MOHCD-provided template. MOHCD has the right to audit the Borrower's lease up procedure and applicant files within 24-hour notice during the lease up period.

Response Deadline

Applicants who have been accepted and notified in writing by the Borrower shall have at least ten (10) calendar days thereafter to enter into a lease agreement. If the applicant fails to affirmatively respond, the application may be closed, making that unit available to the next eligible tenant. Written notice shall be provided to applicants whose applications are closed after 10 days due to a lack of response. Rejection of the unit by a COP or EAHP certificate holder and closed applications must be shown on the status report to the City.

Final Documentation

Within fourteen (14) calendar days after execution of a lease, the Borrower shall supply the City with a copy of the following for all COP and EAHP tenants:

- signed copy of lease
- copy of complete application
- a demographic report on all COP and EAHP applicants

Retention Policy

For MOHCD auditing purposes, Borrowers are required to keep all supporting documents for each applicant that has been interviewed for at least one year after the interview.

Re-rental of Low Income Units

Upon re-rental of any Low Income Unit or when re-opening the project waitlist to new applicants, the Borrower shall notify the City in advance of any vacancy or waitlist opportunity. In no event shall the City be notified fewer than thirty (30) days before the date of re-occupancy for a vacant unit. In no event shall the City be notified fewer than thirty (30) days before a closed waitlist is re-opened for new applications. Violation of the thirty (30) day notification requirement may delay re-occupancy.

Waitlist applications shall be entered into a lottery as described above. All lottery procedures listed in this document apply to wait list openings. Appeals, response deadline, application forms, and final documentation requirements listed above shall apply to all re-rentals.

Borrowers filling unit vacancies off a waitlist must accept applications from approved COP and EAHP certificate holders at any time, regardless of whether the waitlist is closed to other applicants. If a COP or EAHP certificate holder is found eligible for a Low Income Unit in the building, they shall be placed at the top of the waitlist.

No more than seven (7) calendar days following the date that any new applications are accepted for a waitlist, the Borrower shall supply the City with a status report listing names, addresses and certificate numbers (when available) of COP and EAHP certificate holders indicating the status of each application as of that date and the reason for any rejections.

The City will, in turn, verify within seven (7) calendar days which such applicants are qualified as COP or EAHP certificate holders.

On an annual basis and each time a new waitlist lottery is conducted, the City shall be provided with a complete list of all applicant names, lottery rank on the waitlist, and whether they hold a COP or EAHP certificate upon finalization of the waitlist.

Exhibit G

Program Issuance Timeline: Phase I (City Application to CDLAC Application)

The following table shows the timeline for Phase I of a typical Program Issue as described in the Multifamily Securities Program Manual for the City and County of San Francisco (the “Manual”). In the case of discrepancies between this table and the Manual, the Manual will prevail. All section references herein refer to sections in the Manual. Any capitalized terms not defined herein have the meanings given in the Manual.

Action	Parties	Days to Deadline	Notes	Manual § Ref.
City Application submitted	Borrower	120	City Application includes: (1) an Application for Financing Form, (2) a Project Description Template, (3) a MOHCD Pro Forma workbook, (4) a <u>Deposit and Indemnification Agreement</u> , (5) an organizational chart for the Project, (6) a narrative description of Project Sponsor experience, (7) a draft Distribution List, and (8) a <u>check for the City Deposit</u> (if applicable).	3.2.2
Preliminary Approval of City Application	MOHCD	115		3.2.2
Municipal Advisor selected	MOHCD	114		3.2.3.C.1
Bond Counsel selection initiated	MOHCD, CAO	113		3.2.3.D.1
Full Approval of City Application	MOHCD	96		3.2.2
CDLAC Online Application created and login information sent to Borrower and Municipal Advisor	MOHCD	96		3.2.5.A.1
Legislation Sponsor identified and provided with Project Description	MOHCD	95	This is a member of the Board of Supervisors and/or the Mayor. The Program Manager and MOHCD's Director of Policy and Legislative Affairs will work with the Borrower to identify a Legislation Sponsor.	3.2.1.A.1
TEFRA Notice finalized by MOHCD and approved by Borrower	MOHCD, Borrower	94		3.2.4.A.1
TEFRA Notice initiated with AdTech	MOHCD	93	Must occur at least 3 Business Days prior to TEFRA Notice publication.	3.2.4.A.1
TEFRA Notice published	Media	90	Must occur at least 2 weeks prior to TEFRA Hearing.	3.2.4.A.1
TEFRA Hearing	MOHCD, Borrower	75	One-hour hearing typically at 1 South Van Ness Avenue, 5th Floor. MOHCD and Borrower staff attendance required.	3.2.4.A.2
Inducement/TEFRA Resolution finalized and submitted to City Attorney's Office for review	MOHCD, Borrower	74	Should occur at least 10 days prior to submitting Board Packet to Legislation Sponsor.	3.2.1.A.3
Bond counsel selected	CAO	68	Bond Counsel selection takes a minimum of 4-6 weeks and may be delayed depending on the complexity of the transaction and the timing of other Projects seeking Bond Counsel via the same RFP.*	3.2.3.D.1
Board Packet for Inducement/TEFRA Resolution submitted to Legislation Sponsor	MOHCD, CAO	64	Includes Inducement/TEFRA Resolution, Project Description, Form SFEC-126 (x2) and introductory cover letter from MOHCD. Should occur at least 2 business days prior to introduction.	3.2.1.A.4
Inducement/TEFRA Resolution introduced at a Board of Supervisors meeting	Legislation Sponsor	59		3.2.1.A.5
Inducement/TEFRA Resolution discussed at a Budget and Finance Committee meeting	MOHCD, Borrower	43	Typically occurs 14-16 days after resolution is introduced. MOHCD and Borrower staff attendance required.	3.2.1.A.6

Inducement/TEFRA Resolution adopted (passed)	BOS	31		3.2.1.A.7
Inducement/TEFRA Resolution approved (signed by Mayor)	Mayor	21	Usually signed within 10 days after Inducement Resolution is approved by Board. Note that TEFRA Approval is valid for a 1-year period beginning the date the resolution is signed. Cannot close financing with an expired TEFRA Approval.	3.2.1.A.8
Certified copy of Inducement/TEFRA Resolution available from Clerk of the Board	BOS	17	Typically occurs within 2 Business Days after approval.	3.2.1.A.9
CDLAC Performance Deposit submitted to MOHCD	Borrower	16		3.1.10.C; 3.2.5.A.2
Draft CDLAC Application submitted to MOHCD and its Municipal Advisor for review	Borrower	14	Should occur at least 2 weeks prior to CDLAC Application Deadline.	3.2.5.A.4
All MOHCD-executed documents sent to Borrower to be uploaded to CDLAC Application	MOHCD	9	These include the Application Signature Page, Proof of Performance Deposit, Performance Deposit Certification Form, and various Application Attachments (e.g., V-1, V-2).	3.2.5.A.3
CDLAC Application finalized and sign-offs obtained	Borrower, Municipal Advisor	2	Both the Borrower and Municipal Advisor must confirm via email that the CDLAC Application is ready to submit.	3.2.5.A.5
CDLAC Application submitted	MOHCD, Borrower	1	To avoid penalties, final par amount of Securities must equal at least 80% of the par amount requested in the CDLAC Application. After Borrower provides final confirmation that the application is complete, MOHCD will submit the application via CDLAC's web portal.	3.2.5.A.5
CDLAC Application Deadline	All	0	The Allocation Meeting typically occurs 2 months after this deadline. The Allocation expires 6 months after the Allocation Date. Failure to close prior to expiration may lead to CDLAC Performance Deposit forfeiture and other negative consequences.	3.2.5.A.5

*Due to the amount of time typically required to select a Bond Counsel team, MOHCD typically drafts both the TEFRA Notice and Inducement/TEFRA Resolution. Borrowers intending to have a Bond Counsel team selected in time to review these documents, must submit the City Application at least 5 months in advance of the desired CDLAC Application Deadline and must notify MOHCD of this preference at that time.

Exhibit H

Program Issuance Timeline: Phase II (Kickoff Call to Closing)

The following table shows the timeline for Phase II of a typical Program Issue as described in the Multifamily Securities Program Manual for the City and County of San Francisco (the “Manual”). In the case of discrepancies between this table and the Manual, the Manual will prevail. All section references herein refer to sections in the Manual. Any capitalized terms not defined herein have the meanings given in the Manual.

Action	Parties	Days to Deadline	Notes	Manual § Ref.
Issuance Team Kickoff Call	All	120	Should occur 6-8 weeks prior to finalizing full Issuance Resolution Packet, depending on the complexity of the proposed transaction.	3.2.6.A
Trustee/Fiscal Agent selected	MOHCD, Municipal Advisor	65	Should occur after the first draft of Issuance Resolution Packet and prior to submitting the final Issuance Resolution Packet to CAO for review.	3.2.3.E.1; 3.2.6.C
Full Issuance Resolution Packet finalized and submitted to the City Attorney’s Office for review	MOHCD	61	Includes Indenture/Funding Loan Agreement, Bond/Project Loan Agreement, Regulatory Agreement, Bond Purchase Agreement (if applicable), Official Statement (if applicable), and any other documents requiring BOS approval as determined by CAO.	3.2.1.A.3; 3.2.6.B
Issuance Resolution Packet submitted to Legislation Sponsor	MOHCD	51	This is a member of the Board of Supervisors and/or the Mayor.	3.2.1.A.4
Issuance Resolution introduced at a Board of Supervisors meeting	Legislation Sponsor	46		3.2.1.A.5
Issuance Resolution discussed at a Budget and Finance Committee meeting	BOS, MOHCD, Borrower	30	Typically occurs 14-16 days after resolution is introduced. MOHCD and Borrower staff attendance required.	3.2.1.A.6
City-Executed Documents submitted to MOHCD	All	25	These are all documents requiring City signatures other than the Issuance Resolution. See the Manual for a comprehensive list.	3.2.6.D.1
Draft Executed Instruments List distributed to the Issuance Team for review	Bond Counsel	21		3.2.6.E.1
Issuance Resolution adopted (passed)	BOS	18		3.2.1.A.7
Certain City-Executed Documents submitted to Mayor for execution	MOHCD	17	All documents requiring the Mayor’s signature should be routed to the Mayor’s Office so that they can be signed along with the Issuance Resolution.	3.2.6.D.1
Invoices submitted to Municipal Advisor and Escrow/Title Agent	All	14	This applies to all costs that will be paid at Settlement.	3.2.6.E.2
Draft Flow of Funds Memorandum and Settlement Statement distributed to the Issuance Team for review	Municipal Advisor, Escrow	10		3.2.6.E.3
Issuance Resolution approved (signed by Mayor)	Mayor	8	Usually signed within 10 days after Issuance Resolution is approved by Board.	3.2.1.A.8
Certified copy of Issuance Resolution available from Clerk of the Board	BOS	3	Typically occurs within 3 Business Days after approval.	3.2.1.A.9; 3.2.6.D.1
Pre-Closing Meeting	All	2	Should occur at least 1 week after Mayor signs Issuance Resolution.	3.2.6.E.4
Closing Documents finalized	Municipal Advisor, Escrow	2	This includes Flow of Funds Memorandum, City’s Closing Memorandum, Settlement Statement, and other Closing memoranda.	3.2.6.E.3
Recording Packet finalized	Title	1		3.2.6.E.5
Closing	Title	0	Issuance, Settlement, and Recording usually occur on the same day.	3.2.6.E.6; 3.2.6.E.7

Exhibit I

Form of Project Description Template

[Date]

Project Description

Multifamily Securities Program
City and County of San Francisco

[Project Name]

Overview

The funds described in the “Financing Structure” section below will be used to finance the [acquisition and rehabilitation/development] of [Project Name], a [# of Units]-unit affordable multifamily housing project [located/to be located] at [Address including ZIP] in the City and County of San Francisco (the “Project”). [ADD ADDITIONAL OVERVIEW AS NECESSARY]

[Following rehabilitation/Upon completion], the Project will include approximately [Total Sqft.] square feet of gross floor area, comprised of [Residential Sqft.] square feet of residential area and [Non-residential Sqft.] square feet of non-residential area. Non-residential spaces will include [LIST NON-RESIDENTIAL SPACES].

Total project costs, including the cost to acquire the land and [construct/rehabilitate] [existing/new] buildings, will be approximately [TDC], or [TDC/unit] per dwelling unit.

The residential unit distribution, which will include [# of superintendent units] [Bedroom #]-bedroom superintendent unit[s], is:

<u>Unit type</u>	<u>Number of units</u>
Studio	[#]
1-Bedroom	[#]
2-Bedroom	[#]
3-Bedroom	[#]
4-Bedroom	[#]

[Percentage of affordable units] percent of the residential units will serve households earning less than [AMI Percentage 1] percent of the San Francisco County Area Median Income (AMI), while the balance of units will [serve households earning less than [AMI Percentage 2] percent of AMI/be rented at market rates].

[Include other rent-level information—e.g., maximum rents in the event of subsidy loss.]

Residents

No residents will be displaced as [the site is currently a vacant lot/all residents will have the right to return after any temporary relocation that might be required].

[INCLUDE ANY OTHER IMPORTANT INFORMATION ON RESIDENTS/RELOCATION]

Site Description and Scope of Work

Address: [ALL Applicable Addresses, Including ZIP]
Block/Lot: [Block/Lot for All Lots Applicable to the Site]

[The scope of work for the rehabilitation/Property amenities] will include:
[INSERT BULLETED LIST OF REHAB SOW OR NEW CONSTRUCTION AMENITIES]

Development and Management Team

Project Sponsor[s]: [Name (usually non-profit completing CDLAC Application and partner)]
General Contractor: [Name]
Architect of Record: [Name]
Property Manager: [Name]

Project Ownership Structure

Borrower Entity: [Name (typically an LP or LLC)]
[Managing General Partner/
Managing Member]: [Name]

An investor [limited partner/member] will own a 99.99% interest in the borrower entity.

Financing Structure

The following sources of capital financing are expected to be utilized [ADD OR DELETE SOURCES AS NECESSARY]:

- tax-exempt bonds issued by the City;
- 4% low income housing tax credits (LIHTC);
- seller carryback financing from [Entity];
- a conventional first mortgage; and
- soft debt from the City.

The sale of LIHTC will generate equity financing for the Project. The amount of private activity tax-exempt bonds used during construction will be sized specifically to meet the 50% of aggregate basis test required for the LIHTC.

Schedule

Financing is anticipated to close between [Date] and [Date], with construction commencing within [#] days closing. All construction is scheduled to be completed by [Date].

[Tenants are expected to be temporarily relocated for approximately [# of weeks] weeks during each phase of the rehabilitation].

Exhibit J
Sample Form SFEC-126

File No. _____

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s):	City elective office(s) held:
Contractor Information <i>(Please print clearly.)</i>	
Name of contractor:	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>	
Contractor address:	
Date that contract was approved:	Amount of contract:
Describe the nature of the contract that was approved:	
Comments:	

This contract was approved by (check applicable):

☐ the City elective officer(s) identified on this form

☐ a board on which the City elective officer(s) serves: _____
Print Name of Board

☐ the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer:	Contact telephone number:
Address:	E-mail:

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

Exhibit K

Form of Application for Program Financing Form

Application for Program Financing Form Multifamily Securities Program, City and County of San Francisco

This Application for Program Financing Form (the “Form”) and related attachments (collectively, the “City Application”) are intended to satisfy the requirements of **§3.2.2** of the Multifamily Securities Program Manual (the “Manual”) for the City and County of San Francisco (the “City”). The Manual describes the policies and procedures applicable to the Multifamily Securities Program (the “Program”) operated by the Mayor’s Office of Housing and Community Development (“MOHCD”) on behalf of the City. In the case of discrepancies between this Form and the Manual, the Manual will prevail. Unless otherwise indicated, all section references herein refer to sections in the Manual. Any capitalized terms not defined herein have the meanings given in the Manual.

Whether for new-money issues or for refundings, Borrowers seeking to issue Bonds or Notes (both “Securities”) under the Program must submit a City Application to MOHCD prior to the commencement of the Securities issuance process (including, without limitation, selection of Bond Counsel and a Municipal Advisor, commencement of TEFRA Notice and Approval processes, and creation of the CDLAC Online Application). As the issuance process can take 6 to 8 months from submission of the City Application to Closing, Borrowers should begin planning for the process well in advance of their intended Closing Date and should contact MOHCD as early in the planning stage as possible. Borrowers should also consult the term sheet (Exhibit D) and issuance timelines (Exhibit G and Exhibit H) in the Manual before completing this Form.

Please complete Parts 1-8 below and email this Form and all attachments (other than the check for the City Deposit) to Adam Cray, Multifamily Securities Program Manager, at adam.cray@sfgov.org. Inquiries related to the City Application or Program may be directed to the Program Manager by email or by phone at 415-701-5512.

Part 1. General Project Information		
Project Name <i>Use the name that will appear on the CDLAC Application</i>		
Project Address(es) <i>Include <u>ALL</u> addresses associated with the Block(s)/Lot(s) below</i>		
Project Block(s)/Lot(s) <i>From Assessor-Recorder’s Office maps</i>		
Scope of Construction	<input type="checkbox"/> New Construction	<input type="checkbox"/> Acquisition/Rehabilitation <i>See §3.2.4.A.3 of the Manual regarding additional TEFRA noticing requirements</i>
Unit Count <i>Required for TEFRA Notice; May be approximate</i>		
Size and Use of Commercial Space <i>Use square feet; Describe all tenants</i>		<input type="checkbox"/> N/A
Total Development Cost (“TDC”) Estimate	\$	TDC Per Unit: \$
General Contractor		<input type="checkbox"/> Not yet selected - Proposed selection date:
Architect of Record		<input type="checkbox"/> Not yet selected - Proposed selection date:

Part 2. Project Sponsor and Borrower	
Please identify the Project Sponsor and Borrower for the Project described in Part 1 of this Form.	
Project Sponsor(s) <i>List the non-profit completing the CDLAC Application and all partners/co-owners</i>	
Borrower <i>List the entity name (typically an LP or LLC) exactly as it appears on the formation document (e.g., the LP-1 for California limited partnerships); Required for TEFRA Notice</i>	<div> <input type="checkbox"/> Not yet formed - Proposed formation date: </div> <div> Does/will the Borrower entity include a non-profit entity ("NPE") with a significant presence and a positive track record of affordable housing development and management in San Francisco? </div> <div> <input type="checkbox"/> Yes - NPE Name and Date of agreement with NPE: </div> <div> <input type="checkbox"/> No - Review §3.1.6 of the Manual and Explain: </div>

Part 3. Proposed Financing Terms			
Please provide the following information related the proposed financing structure of the Program Issue.			
Debt Structure <i>Choose one and identify the associated lender, purchaser, or underwriter</i>	<input type="checkbox"/> Direct Loan <i>Also known as a "back-to-back loan" (See §3.1.3 of the Manual)</i>	Funding Lender:	<input type="checkbox"/> Structure not yet selected - Proposed selection date:
	<input type="checkbox"/> Private Placement <i>Bonds placed with a single investor or small group of investors in lieu of being offered for sale to the public (See §3.1.3.C of the Manual)</i>	Private Purchaser:	
	<input type="checkbox"/> Public Issue <i>Bonds offered for sale to the public (See §3.1.3.D of the Manual)</i>	Underwriter:	
LIHTC Equity Investor <i>Provide name</i>		Is this entity part of or affiliated with the Funding Lender or Private Purchaser? <input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Not yet selected - Proposed selection date:
Issue Amounts <i>Provide the following dollar amounts for the City-issued debt</i>	Tax-Exempt Debt (i.e., the CDLAC Allocation Amount): \$	Taxable Debt (if applicable): \$	Total Debt (Tax-Exempt + Taxable): \$
Interest Rate <i>As set at Closing</i>	<input type="checkbox"/> Fixed - Current rate estimate:	<input type="checkbox"/> Variable - Hedge provider and credit rating, if applicable (See §3.1.3.B of the Manual):	<input type="checkbox"/> Terms not yet selected - Proposed selection date:
Credit/Liquidity Enhancement	If structured as a Public Issue, provide Credit/Liquidity Enhancer name: If structured as a Public Issue with no Credit/Liquidity Enhancement, review §3.1.3.C of the Manual and explain:		<input type="checkbox"/> Enhancer not yet selected - Proposed selection date:
Drawdown Structures	Is the Issue a Drawdown Structure? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>See §3.1.3.B of the Manual</i>	<input type="checkbox"/> Not yet determined - Proposed determination date:	

Continue to Part 4 on the next page.

Part 4. Proposed Affordability Structure								
Please describe the proposed maximum Tenant income limits by Unit type for the Project. Use percentage of City Median Income as the income standard (<i>See §3.1.5.A.1 in the Manual for more information</i>).								
	30%	50%	60%	80%	120%	Market Rate	Other - Specify:	Total (Row)
SRO								
Studio								
1-Bedroom								
2-Bedroom								
3-Bedroom								
4-Bedroom								
5-Bedroom +								
Total (Column)								
Does the Project's rent structure assume that (1) existing residential tenants will not be evicted due to the financing based solely on their failure to meet a financing-related income standard at the time of the Issuance or during the Qualified Project Period and (2) that annual rent increases for such tenants will be limited to the percentage change in City Median Income for such year?						<input type="checkbox"/> Yes <input type="checkbox"/> N/A - New construction <input type="checkbox"/> No - Review §3.1.6 of the Manual and explain:		

Part 5. Proposed Timeline		
After reviewing the timelines in Exhibit G and Exhibit H of the Manual, please provide the following dates.		
CDLAC Application Deadline		<input type="checkbox"/> Approximate Date or <input type="checkbox"/> Hard Deadline - Explain:
CDLAC Allocation Meeting		<input type="checkbox"/> Approximate Date or <input type="checkbox"/> Hard Deadline - Explain:
TCAC Application Deadline		<input type="checkbox"/> Approximate Date or <input type="checkbox"/> Hard Deadline - Explain:
TCAC Allocation Meeting		<input type="checkbox"/> Approximate Date or <input type="checkbox"/> Hard Deadline - Explain:
Closing Date		<input type="checkbox"/> Approximate Date or <input type="checkbox"/> Hard Deadline - Explain:
Construction Start Date		<input type="checkbox"/> Approximate Date or <input type="checkbox"/> Hard Deadline - Explain:
Construction Completion Date		<input type="checkbox"/> Approximate Date or <input type="checkbox"/> Hard Deadline - Explain:

Part 6. Deposits and Retainers; Waiver Requests	
Is the Borrower prepared to submit the following deposits and retainers?	
City Deposit: \$10,000 <i>See §3.1.10.A of the Manual</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No, waiver requested - Explain:
CDLAC Performance Deposit: Up to \$100,000 <i>See §3.1.10.C.1 of the Manual</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No, waiver requested - Explain:
Municipal Advisor Retainer: \$6,500 <i>See §3.1.10.D of the Manual</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No, waiver requested - Explain:
Bond Counsel Retainer: \$10,000 per firm <i>See §3.1.10.E of the Manual</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No, waiver requested - Explain:

Part 7. Attachments		
Please attach the following files, except the check for the City Deposit, to the email in which this Form is submitted. Please submit the City Deposit check to the Program Manager at the following address: Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5 th Floor, San Francisco, CA 94103.		
Project Description Template	The Program Manager will provide a Word version of the template (an example of which is included in the Manual as <u>Exhibit I</u>) along with this Form. The finished template should be submitted to MOHCD as an <u>editable Word document</u> .	Attached? <input type="checkbox"/> Yes <input type="checkbox"/> No - Explain:
MOHCD Pro Forma Workbook	The Program Manager will provide an Excel version of the workbook (which is also available on MOHCD's website) along with this Form.	Attached? <input type="checkbox"/> Yes <input type="checkbox"/> No - Explain:
Deposit and Indemnification Agreement	The Program Manager will provide a Word version of the agreement along with this Form. A PDF of the executed document should be returned to MOHCD along with this Form.	Attached? <input type="checkbox"/> Yes <input type="checkbox"/> No - Explain:
Borrower Organizational Chart	This chart must include the hierarchical relationships, ownership percentages, official names, entity types, and state of formation for all entities that have ownership and/or control interests in the Borrower entity as of City Application submission or will have such interests as of Closing.	Attached? <input type="checkbox"/> Yes <input type="checkbox"/> No - Explain:
Narrative Description of Project Sponsor Experience	Project Sponsors must provide a written description of (i) the expected ownership and management structure of the Project after Closing and (ii) the experience of the Project Sponsor, as well as any joint venture partners, in managing similar affordable residential projects. These descriptions may be provided in the Project Description Template or as part of the Borrower Organizational Chart discussed above.	Attached? <input type="checkbox"/> Yes <input type="checkbox"/> No - Explain:
Preliminary Distribution List	This document should include the contact information (including physical address, phone number, email address, and role in the transaction) for all known transaction parties as of City Application submission. The document should be submitted to MOHCD as an <u>editable Word document</u> .	Attached? <input type="checkbox"/> Yes <input type="checkbox"/> No - Explain:
City Deposit	Has a check for \$10,000 payable to the order of "City and County of San Francisco Mayor's Office of Housing and Community Development" (and referencing both the Project name and the words "City Deposit") been sent to the attention of the Program Manager pursuant to §3.1.10.A of the Manual?	<input type="checkbox"/> Yes <input type="checkbox"/> No. The Borrower is requesting a waiver of this requirement as described in Part 6 of this Application. <input type="checkbox"/> No - Explain:

Continue to Part 8 on the next page.

Part 8. Project Sponsor Certification	
<p>The party or parties* executing this certification on behalf of the Borrower entity or (if such entity is not yet formed) the Project Sponsor described in Part 2 of this Form (the “Signatory”) hereby certifies that (1) the information provided in this Form is true and correct to the best of the Signatory’s knowledge and (2) the Borrower or Project Sponsor, as applicable, agrees to adhere to the policies, procedures, terms, and conditions related to Issuance under the Program as described in §3 of the Manual and summarized in the term sheet included as <u>Exhibit D</u> thereto, including (without limitation) provisions regarding fees, other costs of issuance, and indemnification.</p>	
	Name
	Title
	Date
<p><i>*Attach a signature page for additional signatures if necessary.</i></p>	

Application Review and Approval Process

Following submission, the Program Manager will review the City Application and may grant preliminary approval (the “Preliminary Approval”), after which the Program Manager will select the Municipal Advisor and initiate Bond Counsel selection. Next, the Program Manager and Municipal Advisor will conduct a more in-depth review in consultation with the Director and, if necessary, various other parties such as the City Attorney’s Office and members of the City’s Bond Counsel Pool.

Upon request, the Municipal Advisor will prepare a feasibility study with respect to the financing, including an evaluation of: the financial structure of the Project, assumptions regarding income and expenses, sources of security for the proposed Securities (in addition to the Project), the Project Sponsor’s financial situation and experience in operating and managing rental projects, marketability of the proposed Securities, and rights and resources of parties to the transaction in the event of a default.

Following review and any further discussion with the Project Sponsor that may be required, MOHCD will either approve or deny the City Application (respectively, “Full Approval” or “Denial”). Full Approval is merely MOHCD’s preliminary finding that, based on the information provided in the City Application (in original form or as subsequently amended), the proposed financing (1) is generally feasible, (2) can be executed in a manner consistent with this Manual, and (3) is recommended for approval by the Board of Supervisors as describe in **§3.2.4.B** of the Manual.

Full Approval DOES NOT (1) represent any commitment by the City to proceed with the proposed financing; (2) authorize any Gap Financing by MOHCD, OCII, or the City; (3) signify that the Project complies with the planning, zoning, subdivision, or building, laws or ordinances of the City; or (4) suggest that MOHCD, the City, or any officer or agent of MOHCD or the City will grant any approval, consent, or permit that may be required in connection with a given Project.

Any Denials will be in writing and will state the basis for denial. Project Sponsors may appeal Denials to the Director; any such appeals must be submitted in writing and will be subject to de novo review.

Exhibit L

Municipal Advisor Scope of Services

Municipal Advisor Scope of Services

Multifamily Securities Program, City and County of San Francisco

I. Description of Services.

A. Type of Services. The Contractor will assist on bond-financed projects by advising MOHCD on all pertinent issues relating to particular financings. Of particular importance are the ability of the Contractor to ensure that MOHCD's transactions meet all applicable standards of competence and fiscal prudence, while adhering to program requirements and affordable housing objectives, and to provide recommendations on possible program and financing structures. The roles and responsibilities of the Contractor will include, without limitation, the following:

1. Engagement for Particular Financings.

- a. Respond to project-specific requests for proposal promptly.
- b. Make a good-faith assessment (in light of the expectations listed below) of the Contractor's capacity to take on a transaction.
- c. Provide a written proposal outlining Contractor's fee structure for each transaction.

2. Review and Recommendations Regarding Financing Plan.

- a. Assess overall prudence and feasibility of the proposed financing structure, and evaluate the financial strength of each project, including
 - i. assumptions regarding income and expenses,
 - ii. sources of security for bonds in addition to the real property and improvements,
 - iii. developer's financial situation and experience, and
 - iv. rights and resources of parties to the transaction in the event of default.
- b. Identify and provide as requested written analysis and recommendations on all substantive matters pertinent to each proposed transaction, including advice in all areas of industry-specific knowledge that may affect the financing and identification of any unusual or novel features of the proposed structure.
- c. Assess the optimal use of housing assistance programs and funding sources that may be available to achieve affordable housing goals, such as low-income housing tax credits; Federal Housing Administration, California Department of Housing and Community Development, and California Debt Limit Allocation Committee ("CDLAC") programs; Section 8 and other U.S. Department of Housing and Urban Development programs; government-sponsored and government-related enterprise (e.g., Fannie Mae and Freddie Mac) programs; and other federal, state and local programs.
- d. Identify strategies to save costs for the City or the project or further leverage City funds.
- e. Assist in structuring the debt financing plan, including determination of the nature of the security for bonds through the provision of credit enhancement or, as a lower priority, through a non-enhanced bond structure resulting in the highest available credit rating for the financing.

- f. Provide recommendations and advice regarding marketability of the bonds, including minimum bond denominations, retail/institutional sale or private placement options, and competitive or negotiated sales. If a competitive sale is planned, prepare a request for bids and notification of all qualified underwriting firms of the offering and assistance in selecting the successful bidder.
- g. Although the City does not ordinarily issue unrated bonds, provide recommendations and advice with respect to the feasibility and desirability of undertaking negotiated private placements of unrated bonds. If consented to by the City, assist in negotiating the private placement with acceptable holders.
- h. Upon request, assist in preparing presentations on proposed financings to the Mayor, Board of Supervisors, or other bodies.

3. Inducement Process.

- a. Review and comment on each project's inducement package, including the issuance resolution, project description, and Tax Equity and Financial Responsibility Act ("TEFRA") documentation submitted to the Board of Supervisors.
- b. Identify inconsistencies in data between documents or potential defects in noticing (e.g., incorrect or incomplete property descriptions in TEFRA ads).

4. CDLAC Application.

- a. Review and comment on the CDLAC online application prior to submission.
- b. Ensure the application is complete and information is consistent between tabs.
- c. Check the application for common mistakes (including those identified by CDLAC on its regular calls and in its publications)
- d. Work with the borrower, the City, and CDLAC to resolve potential problems with the application before submission.
- e. Provide a final "sign-off" indicating that the application is ready for submission.
- f. Help resolve follow-up inquiries from CDLAC analysts.

5. Document Preparation and Bond Closing.

- a. Assist in the preparation of legal documentation, including reviewing and commenting on transaction documents in a thorough and timely manner.
- b. Create and maintain a distribution list and a financing schedule.
- c. Schedule and conduct bond calls regularly and as follows—
 - i. Send out calendar invitations and reminder emails as necessary,
 - ii. Create call agendas and submit to the financing team the day before the call, and
 - iii. Moderate the calls and ensure all agenda items are covered.
- d. Participate in all necessary meetings prior to bond issuance and, if necessary, in activities associated with rating agency reviews.
- e. Ensure bond counsel and other parties are working diligently to finalize documents for the issuance package submitted to the Board of Supervisors (e.g., the resolution, indenture, project/borrower loan agreement, and regulatory agreement).

- f. Review and comment on the issuance package.
- g. Issue the trustee/fiscal agent request for proposal, compile responses, and submit a single email to the City containing all responses and a selection recommendation.
- h. Maintain a list of all bond documents requiring execution by the City and work with City staff to ensure that:
 - i. the financing schedule accurately reflects the time required for document execution,
 - ii. all documents are executed by non-City parties and then sent to the City on schedule, and
 - iii. all documents are timely executed and held in a central location.
- i. Assist in the organization and scheduling of the bond closing, and attend the closing to provide assistance as needed.

6. Post-Issuance Work.

- a. Work with City staff and the borrower to assemble bond issuance information for ongoing Internal Revenue Service, CDLAC, and MOHCD surveillance.
- b. Assist in reviewing and providing recommendations for resolving compliance issues related to the bond regulatory agreement or other bond-related documents.

7. Other Assistance.

- a. Assist in preparing bond issuance procedures, compliance manuals, and similar materials for the mortgage revenue bond program as requested.
- b. As requested, assist MOHCD staff with the design and implementation of new financing structures or initiatives and other program-wide enhancements.
- c. At the request of MOHCD or City Staff, assist in other matters to ensure successful execution of the selected financing plan and marketing and sale of the bonds.

B. Deliverables. All services are to be performed on a time-and-materials basis. Deliverables vary as described above. All written Deliverables, including any copies, shall be submitted on recycled paper and printed on double-sided pages to the maximum extent possible.

C. Schedule. Schedules will be project-specific.

D. Evaluating Work Product. MOHCD staff may conduct quality control of work product and provide feedback to the Contractor as needed.

E. Location of Work. The Contractor will provide services in San Francisco at its own offices, and not on City premises, unless City staff requests otherwise.

II. Services Provided by Attorneys. Any services to be provided by a law firm or attorney at law must be reviewed and approved in writing in advance by the City Attorney. No invoices for services provided by law firms or attorneys, including, without limitation, as subcontractors of Contractor, will be paid unless the provider received advance written approval from the City Attorney.

III. Department Liaison. In performing the Services provided for in this Agreement, Contractor's liaison with the MOHCD will be Adam Cray, Multifamily Securities Program Manager.

Exhibit M

Form of TEFRA Notice Template

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on [Day], [Date] at [Time], in the Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, the City and County of San Francisco (the "City") will conduct a public hearing (the "Public Hearing") at which time the City will hear and consider information concerning the proposed sale and issuance by the City of multifamily affordable housing mortgage revenue bonds (the "Bonds") in an aggregate principal amount not to exceed [TEFRA Amount in Words] (\$[TEFRA Amount]). The proceeds of the Bonds will be loaned to [Borrower Entity (e.g., LLC, LP)] (or an affiliate thereof or successor thereto) (the "Borrower"), pursuant to a loan agreement (the "Loan Agreement"). The proceeds of the Bonds loaned to the Borrower will be used to finance the rehabilitation of approximately [# of Units] units of residential rental housing, to be occupied by [persons and families][seniors][persons with disabilities] [LIST ANY OTHER SPECIAL POPULATIONS] of low or very low income, located at [ALL Applicable Addresses], San Francisco, California [ZIP] (the "Project"). The Project will be owned and operated by the Borrower.

The Bonds will be paid entirely by the Borrower from the revenues of the Project, in accordance with the Loan Agreement. Neither the full faith and credit nor the taxing power of the City, the State of California (the "State") or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal, premium, if any, or interest on the Bonds, nor shall the City, the State or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal, premium, if any, or interest on the Bonds.

The Public Hearing is intended to comply with the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

All those interested in matters related to the issuance of the Bonds and to the financing of the Project are invited to attend and be heard at this hearing. Interested parties may appear in person at the time and place indicated above or submit written comments, which must be received prior to the Public Hearing, to the City, c/o [Program Manager Name], Mayor's Office of Housing and Community Development, at the address indicated above.

Date: [Intended Publication Date]

CITY AND COUNTY OF SAN FRANCISCO
[Director Name], Director
Mayor's Office of Housing and Community
Development

Exhibit N

AdTech Instructions

1. Login to the AdTech website (<https://adtech.dailyjournal.com/index.cfm>) to begin filling out the AdTech online order form.
2. Click “New Order” in the upper left corner of the screen.
3. On the “1. Order Details” screen,
 - Fill in “Order Information” as follows—
 - “Attention Name” = [PROGRAM MANAGER NAME]
 - “Ad Description” = “TEFRA AD; [INSERT PROJECT NAME]”
 - “Sale/Hrg/Bid Date” = Leave this blank
 - “Billing Reference No.” = Leave this blank
 - “Special Instructions” = “PLEASE PUBLISH BY [INSERT PUBLISHING DATE]”
 - Click “Proceed.”
4. On the “2. Publication Details” screen,
 - Click the check box to the left of the newspaper in which the ad will be published,
 - Click the button with the plus sign (“+”) just above the check box.
5. On the screen that states “Order(s) will be created for the following newspaper(s),” click “Yes.”
6. On the “3. Add/Edit Text” screen, click “Proceed.”
7. On the next screen,
 - Click “Upload File” to search for and attach the Microsoft Word version of the TEFRA Notice (using the “Browse” button),
 - Click “Proceed” after selecting the proper file.
8. On the “4. Verify & Send” screen, click “Send” (which appears in yellow type on a blue background) in the upper right corner of the screen.

Exhibit O

Form of TEFRA Hearing Minutes Template

[MOHCD LETTERHEAD]

TEFRA Hearing Minutes

Project Name: [Project Name from CDLAC Application]

Project Address: [All Applicable Addresses], San Francisco, CA [ZIP]

Project Block/Lot: [Block]/[Lot]

Hearing Location: City and County of San Francisco
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Hearing Date/Time: [Date], 11:00 a.m. to 12:00 p.m.

The hearing was called to order at 11:00 a.m. by [MOHCD Staffer] of the San Francisco Mayor's Office of Housing and Community Development ("MOHCD"). [Project Sponsor Staffer] of [Project Sponsor Name], the Project's sponsor, was in attendance. [Other Attendees Names] [was/were] also in attendance.

1. Explanation of the Purpose for the Hearing

The Tax Equity and Financial Responsibility Act of 1982 ("TEFRA") is a federal law requiring any issuer of tax-exempt securities to provide a reasonable opportunity for interested individuals to express their views, either orally or in writing, on the issuance of the securities and the nature of the improvements and projects for which the resulting proceeds will be allocated. Thus, as the issuer of the tax-exempt securities financing the subject project, the City and County of San Francisco held the TEFRA hearing to provide those interested in discussing the project the opportunity to comment and ask questions.

2. Comments and Questions from Interested Parties

[As no parties other than the MOHCD and sponsor staff mentioned above attended the hearing to discuss the Project, there were no comments or questions to document.]

[IF ATTENDEES HAVE COMMENTS OR QUESTIONS, DESCRIBE THE COMMENTS OR QUESTIONS, AS WELL AS ANY RESPONSES]

The hearing was adjourned at [Exact Time].

Exhibit P

Form of Tenant TEFRA Notice Template

[PROJECT SPONSOR/OWNER LETTERHEAD]

[Date of Notice]

NOTICE TO ALL TENANTS

[Borrower Name] has applied to the San Francisco Mayor's Office of Housing and Community Development ("MOHCD") for tax-exempt financing to purchase and make improvements to [Current Project Name]. These improvements will include [List Improvements].

[Borrower Name] is controlled by the same owners as [Project Sponsor/Owner Name]. This financing will not, by itself, cause any residential tenants to be evicted and will not cause those tenants' rents to increase by more than [Percentage Change in HUD AMI for the Applicable Year] in [Year of Closing] or more than the percentage change in area median income, as determined by the U.S. Department of Housing and Urban Development, in any future year.

MOHCD will hold a public hearing to provide an opportunity for anyone to express their views, either orally or in writing, regarding the proposed financing or the proposed improvements. **This hearing will take place on [Day], [Date] at [Time], in the Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103.** A public notice regarding this hearing was published in [Publication Name] on [Publication Date]. A copy of that notice is attached to this document.

If you have questions about the proposed financing, proposed improvements, or the upcoming hearing, you may contact any of the following people:

- [MOHCD Program Manager Name], [Phone Number], [Email Address]
- [MOHCD Project Manager Name], [Phone Number], [Email Address]
- [Project Sponsor/Owner Contact Name 1], [Phone Number], [Email Address]
- [Project Sponsor/Owner Contact Name 2], [Phone Number], [Email Address]

You may also appear in person at the hearing described above or submit written comments to the City, which must be received prior to the hearing, at the following address:

Mayor's Office of Housing and Community Development
Attention: [Program Manager Name]
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Exhibit Q

Certificate of Tenant TEFRA Notice

Project Name: [Project Name from CDLAC Application]

Project Address: [All Applicable Addresses], San Francisco, CA [ZIP]

Project Block/Lot: [Block]/[Lot]

This Certificate of Tenant TEFRA Notice (the “Certificate”) is submitted pursuant to §3.2.4.A.3 of the Multifamily Securities Program Manual (the “Manual”) for the City and County of San Francisco (the “City”) and the Housing Bond Approval Policy, Section 43.9 of Article IX of the San Francisco Municipal Code. Any capitalized terms not defined herein have the meanings given in the Manual.

The undersigned hereby certifies as follows:

1. The undersigned is authorized to execute this Certificate on behalf of the Borrower for the Project referenced hereinabove (the “Project”).
2. A written notice regarding the application for Program financing and TEFRA Hearing concerning the Project (a “Tenant TEFRA Notice”) was delivered via mail to all current tenants on [Date] and posted at the Project location on [Date].
3. Both dates referenced above are at least 10 days prior to the TEFRA Hearing referenced in the Tenant TEFRA Notice.
4. A true and correct copy of the Tenant TEFRA Notice delivered and posted as described above is attached to this Certificate.

BY: _____
[Signature Block]

DATE: _____

CDLAC On-line Application Instructions

I. One-time Registration (APPLICANTS ONLY)

- CDLAC generates and sends out invite (Notification Letter) to Applicants with Registration Link and Registration Code
 - Applicant will use their Federal Identification Number and the Registration Code provided in the Notification letter to register. All of the following must be completed:
 - CDLAC Information
 - Login Information
 - Security Information
- Then click "Create User" button

II. Creating and Assigning Access to a New Application (APPLICANTS ONLY)

- Create Application by clicking on "New Application"
- Complete all fields

Applicant Grants Access to Sponsor/Developer to complete application

NOTE: *Currently, access can only be granted to the Project Sponsor or Developer*

- Applicant creates Sponsor/Developer User Account
- Applicant completes email → System sends email (with link to retrieve password) to Sponsor/Developer user with Username & Registration Code
- System retrieves password after identifying Web User Account and sends password via email to Sponsor/Developer

NOTE: PASSWORD (Applicant & User)

Passwords are case sensitive, required to be a minimum of 7 characters in length, and must have at least 1 non-alphanumeric character. (e.g. ()[]!?,.-= +*%)

Applicant is "Locked Out"

This happens when a user has made too many attempts to log into the system using the wrong password.

If the user does not remember his or her password, they must click on the link, 'Forgot your password?', located on the login screen. After clicking this link, the system will ask the user his or her stored security question, and if answered correctly, it will send the user an email that contains the password.

III. Sponsor/Developer completes application

IMPORTANT NOTES:

All fields in the online application must be completed. If a field is left blank, the application will not be able to be submitted.

Only Exceptions:

(under "Application Details" → Online Forms → Part I for contact information)

- Second Address Line
- Middle Initial
- Phone Ext.

Place cursor on "Application Details" → Online Forms → Part I

IMPORTANT NOTES:

- All fields for firms and contact information must be completed (except where exceptions are noted above).
- Please note that for the "Applicant", there are two contacts to be completed: 1) Applicant Senior Officer; and 2) Applicant Staff Contact Person.
- If a particular type of firm is not part of the financing team, please leave it blank.
- At the bottom of each page, there is a "**Save**" button that **must** be clicked before moving on to the "Next" page. This will confirm that the information that was entered has been saved. **This step is VERY IMPORTANT.**
- At the end of each section there is a checkbox that asks to "Check if [specific section, i.e. Allocation] Information is complete". Please make sure that you check this box at the end of each section. If the information is not complete, the missing information will show in the "Pending Items" under the "Application Info" tab.

Adding Firms not listed in the drop-down boxes

EXAMPLE: Adding a new Bond Counsel Firm

- "Application Details" → Online Forms → Part I
- Click drop down box for the Bond Counsel Firm → select "***NEW Bond Counsel Firm***"
- Complete all other firm information for all other team members
- Click "Save"
- Click on "Bond Counsel Firm" link
- Complete all information
- Click "Save"
- Message will appear in red at the bottom saying "**Bond Counsel Firm Information: Updated Successfully**"
- Click "Next"
- The name of the new bond counsel firm should now appear under the Financing Team Information
- Click "Save"
- Click check box asking "Check if Part I is Complete". If information is required, it will appear in red and will have to be completed.

Please note that any new added firm will not be officially added to the drop down list until the application is submitted. Therefore, if you have multiple applications with the same new firm(s) in other applications, it must be added to each application.

Continue completing Part I thru Part VI.

IMPORTANT: Please note that the application will not be able to be submitted until all items in the “**Pending Items**” have been resolved.


PLEASE NOTE: The layout of the on-line application is the same as the hardcopy version and should be completed as such.

IV. The On-line Application Features

- There are some fields that are formulated with calculations. These fields will have a “Click to compute.....” label next to them. If it isn’t clicked, the application will not be able to be submitted. (e.g.: Part II Project Financing Information – Construction and Permanent Sources sections)
- There are some fields that require information to be identified (e.g: the “Other” field for the “Sources” financing under Part II. Project Financing Information)

V. Uploading Attachments

To Upload Attachments,

- **IMPORTANT:** All Attachments should be submitted in **pdfa** format only.
- Click on the  icon next to the specific Attachment (e.g.: “Attachment D”), an instruction box will appear with a “Browse” button
- Click on the “Browse” button
- Choose the Attachment from your browser, name the attachment (e.g.: D, D-1; D-2, etc., whichever is applicable).
- Confirm that you have the correct Attachment by opening it.
- Click the “Upload File” button, then
- Click the “Add Attachment” button, then
- Click the “Save” button. (VERY IMPORTANT STEP)

VI. User (Project Sponsor/Developer) is Locked out

- User has to inform the Applicant that they are locked out
- The Applicant has to:

Choose Application → Application Details → Part I → Project Sponsor/Developer (whichever is applicable)
→ click on Web Account Info tab → check box “User is Locked Out” → Save

Exhibit S

Form of CDLAC Application Signature Page



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 Capitol Mall, Room 311
Sacramento, CA 95814
p (916) 653-3255
f (916) 653-6827
cdlac@treasurer.ca.gov
www.treasurer.ca.gov/cdlac

FOR CDLAC USE ONLY

Application No. _____

Analyst: _____

MEMBERS

JOHN CHIANG, CHAIRMAN
State Treasurer

EDMUND G. BROWN JR.
Governor

BETTY T. YEE
State Controller

EXECUTIVE DIRECTOR
Jeree Glasser-Hedrick

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE (CDLAC)

NON-COMPETITIVE

APPLICATION FOR AN ALLOCATION OF THE STATE CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT (QRRP)

ISSUER (Applicant): _____

PROJECT SPONSOR: _____

PROJECT NAME: _____

PROPOSED MEETING DATE: _____

FHA Forward Commitment Request ☐ Yes ☐ No

Scattered Site ☐ Yes ☐ No

We, the undersigned, hereby make an Application to the California Debt Limit Allocation Committee ("CDLAC") for the purpose of providing rental housing as described herein.

We agree it is our responsibility to provide CDLAC with one original and one duplicate copy of a complete Application, accompanied by a check made payable to the Committee in the amount of \$1,200 and a completed Performance Deposit Certification form. We understand that succinct answers providing the requested information are required. We understand that if additional space is required, each additional page will be clearly labeled. We agree that it is also our responsibility to provide all information that is deemed by CDLAC to be necessary to evaluate our Application. We understand that CDLAC may verify the information provided and analyze materials submitted as well as conduct its own investigation to evaluate the Application. We recognize that we have a duty to inform CDLAC when any information in the Application or supplemental materials is no longer true and to supply CDLAC with accurate information.

We represent that we have read all Government Code sections relevant to the CDLAC Regulations Implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds ("Regulations"). We acknowledge that CDLAC recommends that we seek advice from bond counsel.

We acknowledge that all materials and requirements are subject to change by enactment of federal or state legislation.

In carrying out the development and operation of the proposed project, we agree to comply with all applicable federal and state laws regarding unlawful discrimination and will abide by all CDLAC program requirements.

We acknowledge that our Application will be evaluated based on federal and state statutes and regulations pertaining to Qualified Private Activity Bonds for Qualified Residential Rental Projects and the CDLAC Regulations, which identify the minimum requirements, evaluation criteria, priorities, and other standards that will be employed to evaluate Applications. We acknowledge that the information submitted to CDLAC in this Application or supplemental thereto may be subject to the Public Records Act or other disclosure. We understand that CDLAC may make such information public after a final decision by CDLAC has been made on the Application. CDLAC will maintain as confidential certain financial information, but cannot guarantee confidentiality.

The Project Sponsor declares under penalty of perjury that the information contained in the Application, exhibits, attachments, and any further or supplemental documentation is true and correct to the best of its knowledge and belief. The Applicant declares that the information contained in PARTS I and II of the Application is true and correct to the best of its knowledge and belief, and as to information contained in the Application, exhibits, attachments, and further or supplemental documentation provided by the Project Sponsor, the Applicant is not aware of any information that would cause the Applicant to believe that the Application contains any untrue information or omits to state any material information. We understand that misrepresentation may result in the cancellation of an Allocation, and other actions which CDLAC is authorized to take.

The Project Sponsor certifies that the project can be completed within the development budget and the development timetable set forth in our Application. The Project Sponsor further certifies that the proposed project can be operated in the manner proposed within the operating budget set forth in the Application.

The Applicant certifies that it is in compliance with all applicable statutes, laws, rules, and regulations necessary for the transaction of its business.

We agree to hold CDLAC, its members, officers, agents, and employees harmless from any matters arising out of or related to the awarded Allocation.

We acknowledge that all Application materials are to be submitted by 4:00 p.m. on the appropriate date

The California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814

Signature of Applicant's Senior Official

Print Name

Title

Date _____

Signature of Project Sponsor Officer

Print Name

Title

Date _____

Additional information may be obtained by accessing the Committee's web site at <http://www.treasurer.ca.gov/cdlac/> or by calling the Committee at (916) 653-3255.

The California Debt Limit Allocation Committee complies with the Americans With Disabilities Act (ADA). If you need additional information or assistance, please contact the Committee at 916/653-3255 or TDD 916/654-9922

Exhibit T

Form of Performance Deposit Certification Form

PERFORMANCE DEPOSIT CERTIFICATION FORM

FOR AN APPLICATION FOR AN ALLOCATION OF QUALIFIED PRIVATE ACTIVITY BONDS

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE (CDLAC)

915 Capitol Mall, Room 311

Sacramento, CA 95814

(916) 653-3255

CERTIFICATION OF THE (Applicant) REGARDING AN APPLICATION FOR QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION

In connection with the following Qualified Private Activity Bond Application:

APPLICANT:

AMOUNT OF ALLOCATION REQUESTED: \$

PROJECT NAME/PROJECT TYPE:

the undersigned officer of the (Applicant) hereby certifies as follows:

1. I, (Name), am the (Title) of the (Applicant), and am duly authorized to make the deposit required below.
2. The (Applicant) has collected and has placed on deposit in an account in a financial institution \$, dollars (write out dollar amount in words), which equals one half of one percent of the amount of the Qualified Private Activity Bond Allocation being requested, not to exceed \$100,000.
3. The deposit will be held until receipt of a written notification from the California Debt Limit Allocation Committee that the deposit is authorized to be released or forfeited, in whole or in part, pursuant to Article 5 of Chapter 1 of the Committee's Regulations.
4. To the extent that any portion of the deposit is forfeited, the Applicant agrees to send the required amount in a check made payable to "The California Debt Limit Allocation Committee." Such check shall be mailed to the Committee at the address noted above immediately upon receipt of the written notification from the Committee.
5. The undersigned has read the Regulations of the California Debt Limit Allocation Committee and understands that if a Qualified Private Activity Bond Allocation is not used for the purpose for which it was granted, the performance deposit must be forfeited to the Committee.

Signature of Senior Official

Print or Type Name

Title

Date

1. Each Applicant for a Qualified Private Activity Bond Allocation must submit evidence to the Committee that it has on deposit in an account in a financial institution an amount **equal to one half of one percent** of the amount of Qualified Private Activity Bond Allocation being requested, not to exceed \$100,000. Applicants are advised to read Article 5 of Chapter 1 of the Committee's Regulations.
2. The Performance Deposit Certification Form (see other side) must be filed with the Committee in conjunction with the filing of an Application and by the Application Deadline.
3. The Committee will authorize release or require forfeiture of the deposit as follows:
 - a. If the Committee provides no Allocation, or grants an amount lower than requested by the Applicant, the Committee will authorize release of the deposit or release of a pro rata amount of the deposit so that only one-half of one percent (0.5%) of the Allocation granted is on deposit;
 - b. If the Applicant uses only a portion of the Allocation granted to issue bonds (or convert the Allocation to mortgage credit certificate authority), the Committee will authorize the release of the deposit in accordance with the conditions imposed at the time of Allocation. The Committee will approve the Allocation with the deposit fully refundable if 80% or more of the Allocation is used to issue bonds prior to the expiration date. If less than 80% of the Allocation is used to issue bonds prior to the expiration date, the refundable performance deposit will be pro-rated. For Mortgage Credit Certificate Programs, if 80% or more of the Allocation is converted to mortgage credit certificate authority and at least one mortgage credit certificate is issued prior to the expiration date, the performance deposit will be refunded in full. If less than 80% of the Allocation is converted to mortgage credit certificate authority and at least one mortgage credit certificate is issued prior to the expiration date, the refundable performance deposit will be pro-rated.
 - c. If the Applicant does not use any of the Allocation to issue bonds prior to the expiration date (or convert the Allocation to mortgage credit certificate authority and issue at least one mortgage credit certificate prior to the expiration date), the entire deposit will be forfeited; and
 - d. If the Applicant or the Project Sponsor withdraws the Application in writing prior to the Committee's consideration of the Application, the performance deposit shall be automatically released and no written authorization from the Committee shall be necessary.
4. If the Applicant forfeits all or a part of a deposit pursuant to Article 5 of Chapter 1 of the Committee's Regulations, the Applicant shall send the required amount to the Committee in a check made payable to "The California Debt Limit Allocation Committee". Amounts received will be deposited in the Committee's Fund.
5. Project Sponsors bear the risk of forfeiting all or part of their performance deposit if the Allocation is not used in accordance with the conditions and timeframes set forth in the Committee Resolution.

Exhibit U

Form of Issuer Verification/Tax Credit Determination Letter Template

[MOHCD LETTERHEAD]

[Date]

[TCAC Executive Director Name]

Executive Director
California Tax Credit Allocation Committee
915 Capitol Mall, Room 485
Sacramento, CA 95814

**RE: Application for Tax Credit Allocation;
 Issuer Verification and Tax Credit Determination Request**

Project Name: [Project Name from CDLAC Application]
Project Address: [All Applicable Addresses], San Francisco, CA [ZIP]
Applicant: [Borrower Name]

[Executive Director Name]:

I am writing on behalf of the City and County of San Francisco (the “City”)—in its capacity as issuer of the tax-exempt securities to be issued in connection with the above-referenced project (the “Project”)—to verify certain information and request a determination regarding tax credit eligibility.

Issuer Verification

Pursuant to Section 10326(e)(2) of Title 4, Division 17 of the California Code of Regulations, as well as Internal Revenue Service Final Regulations (TD 8520) IRC Section 1.42-8(b)(4), the City hereby verifies the following information related to the Project:

1. The City approved Resolution No. [BOS Resolution #] on [Mayor Approval Date] approving up to \$[Amount of BOS Resolution] in tax-exempt financing for the Project.
2. An application for tax-exempt allocation in the amount of \$[CDLAC Application Amount] was submitted to the California Debt Limit Allocation Committee (“CDLAC”) on [CDLAC Application Date].
3. Based solely upon information provided by the above-referenced Applicant, the percentage of aggregate basis of the buildings, and the land on which the buildings will be located, that is financed with the proceeds of obligations described in IRC Section 42(h)(4)(A) (the “Tax-Exempt Bonds”) is expected to be [Basis Percentage]%.
4. Contingent upon CDLAC's award of an allocation for the Project, the City expects to issue the Tax-Exempt Bonds in [Month and Year of Closing].

Tax Credit Determination Request

Pursuant to §10326(d) of Title 4, Division 17 of the California Code of Regulations, the City hereby requests that the California Tax Credit Allocation Committee (“CTCAC”) determine the Credit amount for the Project. Furthermore, the City hereby accepts and relies solely upon CTCAC's Tax Exempt Reservation letter issued to the Project as the City's own determination of the Project's financial feasibility and its viability as a qualified low-income housing project throughout the credit period for the purpose of IRC Section 42(m)(2)(d).

Should you have any questions regarding the verification or request above, please feel free to contact [Program Manager Name], MOHCD's bond program manager, by phone at [Phone #] or by email at [Email Address].

Sincerely,

[MOHCD Director Name]

Director

cc: [Program Manager], MOHCD
[Project Manager], MOHCD
[Project Sponsor Contact Name 1], [Project Sponsor 1]
[Project Sponsor Contact Name 2], [Project Sponsor 2]

Exhibit V

Form of LRA Confirmation Letter Template

[MOHCD LETTERHEAD]

[Date]

[TCAC Executive Director Name]

Executive Director
California Tax Credit Allocation Committee
915 Capitol Mall, Room 485
Sacramento, CA 95814

RE: Confirmation of Local Reviewing Agency for San Francisco Projects

[Executive Director Name]:

Please accept this letter as confirmation that, for the purposes described in Title 4, Division 17, Chapter 1 of the California Code of Regulations, the Mayor's Office of Housing and Community Development is the "Local Reviewing Agency" for all projects located in the City and County of San Francisco.

Should you have any questions regarding this confirmation, please feel free to contact me by phone at [Phone #] or email at [Email Address].

Sincerely,

[MOHCD Director Name]

Director

Exhibit W

Form of Section 5852.1 Disclosure Form

PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower identified below (the “Borrower”) has provided the following required information to the City and County of San Francisco (the “City”) prior to the City’s regular meeting (the “Meeting”) of its Board of Supervisors (the “Board”) at which Meeting the Board will consider the authorization of conduit revenue obligations (the “Note”) as identified below.

1. Name of Borrower: [Borrower Entity (e.g., LLC, LP)]
2. Board of Supervisors Meeting Date: [Proposed Full Board Meeting Date]
3. Name of Note Issue/Conduit Revenue Obligations:
City and County of San Francisco Multifamily Housing Revenue [Bonds/Notes] ([Project Name]), Series [Year][Series Letter]
4. ___ Private Placement Lender or Note Purchaser, ___ Underwriter or ___ Financial Advisor (mark one) engaged by the Borrower from which the Borrower obtained the following required good faith estimates relating to the Note: [Full Legal Name of Applicable Entity]
 - (A) The true interest cost of the Note, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of Note (to the nearest ten-thousandth of one percent): [Interest Rate]%
 - (B) The finance charge of the Note, which means the sum of all fees and charges paid to third parties: \$[Dollar Amount]
 - (C) The amount of proceeds received by the public body for sale of the Note less the finance charge of the Note described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Note: \$[Dollar Amount]
 - (D) The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Note plus the finance charge of the Note described in subparagraph (B) not paid with the proceeds of the Note (which total payment amount shall be calculated to the final maturity of the Note): \$[Dollar Amount]

This document has been made available to the public at the Meeting of the Board.

Dated: [Date Form Completed]

Exhibit X

Form of City Signature and Incumbency Certificate Template

CITY SIGNATURE AND INCUMBENCY CERTIFICATE

[\$[Issuance Amount]

City and County of San Francisco

Multifamily Housing Revenue [Bonds/Notes]

([Project Name])

Series [Year][Series Letter]

We, the undersigned officers of the City and County of San Francisco (the “City”), hereby certify as of the date written above, that, at all times since [Date First Closing Document Signed], we have been the duly qualified and acting Mayor of the City, Director of the Mayor’s Office of Housing and Community Development, and Deputy Director—Housing of the Mayor’s Office of Housing and Community Development, respectively, and further certify with respect to the bonds captioned above (the “Bonds”), as follows:

1. The Mayor, the Director of the Mayor’s Office of Housing and Community Development and the Deputy Director—Housing of the Mayor’s Office of Housing and Community Development, set forth below, have been duly authorized to act on behalf of the City, and each of them has been designated as an Authorized Representative of the City, as such term is defined in the [Trust Indenture/Funding Loan Agreement], dated as of [Date] (the “[Indenture/Loan Agreement]”), by and between the City and [Trustee/Fiscal Agent Name], as [trustee/fiscal agent] [, and [Borrower Name] (the “[Trustee/Fiscal Agent]”). Each such person shall serve as an Authorized Representative until such time as his or her successor shall have been appointed and a written certificate designating his or her successor shall have been delivered to the City and the Trustee.

2. Each of the undersigned, by his or her execution hereof, certifies that the signature appearing opposite each name below is the genuine signature of such person.

3. On behalf of the City, the Mayor has executed by manual signature the Bonds and delivered the same to the Trustee for authentication.

Name	Official Title	Signature
(i) [Mayor Name]	Mayor	_____
(ii) [Director Name]	Director Mayor’s Office of Housing and Community Development	_____
(iii) [Deputy Name]	Deputy Director—Housing, Mayor’s Office of Housing and Community Development	_____

[Signature page to Signature and Incumbency Certificate]

IN WITNESS WHEREOF, each of the below have hereunto set forth their hand as of the date first written above.

CITY AND COUNTY OF SAN FRANCISCO

By _____
[Mayor Name]
Mayor

By _____
[Director Name]
Director, Mayor's Office of Housing
and Community Development

Exhibit Y

Form of City Closing Invoice Template

[MOHCD LETTERHEAD]

[Date]

[Borrower Name]

c/o [Sponsor Name]

[Address]

San Francisco, California [ZIP]

Attention: [Primary Borrower Contact Name]

Re: City Closing Invoice; City and County of San Francisco, Multifamily Housing Revenue [Bonds/Notes] ([Project Name]), Series [Year][Series Letter]

[Primary Borrower Contact Name]:

The total payment due to the Mayor's Office of Housing and Community Development in connection with the settlement of the above-referenced transaction are as follows:

- A. Initial Issuance Fee = \$[Fee Dollar Amount]**
([0.25/0.30]% of the \$[Issuance Dollar Amount] total issuance amount)
- B. Annual Monitoring Fee (First Year) = \$[Dollar Amount]**
(the greater of 0.125% of the total issuance amount or \$2,500)
- [C. [Other Amount] = \$[Dollar Amount]**
([Description of Other Amount, e.g., "City Attorney Costs"])]

Total Payment Due (A+B[+C]) = \$[Total Dollar Amount]

Please direct the escrow/title agent to remit the Total Payment Due via check at settlement. The check should be payable to the order of "San Francisco Mayor's Office of Housing and Community Development" and should reference the project name, "[Project Name]," and the phrase "Closing Payment."

In the interim, please feel free to contact me by phone at [Phone #] or by email at [Email Address] with questions.

Thank you,

/s/

[Program Manager Name]

Program Manager

Exhibit Z

Form of Physical File Document Inventory List

Perm Folder Document Inventory – Loan or Grant Funding Agreements/Bond Docs

Proj Address:	Project Key:
Proj Name:	Agreement Folder #:
Sponsor:	Loan Key/s:

For each document stored here, mark the applicable box/es; next to each box marked, note the date of the document. Use the Notes field at the bottom for Notes that apply to the entire folder.

<p>1a) Document Inventory List</p> <p>1b) Compliance Obligations Summary</p> <input type="checkbox"/> _____	<p>2a) Title Policy</p> <input type="checkbox"/> _____
<p>1c) Loan Committee Evaluation(s)</p> <input type="checkbox"/> _____	<p>2b) Title Policy Endorsements</p> <input type="checkbox"/> _____
<p>1d) Commission Memo & Resolution</p> <input type="checkbox"/> _____	<p>2c) UCC Financing Statement</p> <input type="checkbox"/> _____
<p>3a) Amended Commercial Lease(s)</p> <input type="checkbox"/> _____	<p>4a) Partnership Agreement</p> <input type="checkbox"/> _____
<p>3b) Commercial Lease(s)</p> <input type="checkbox"/> _____	<p>4b) Developer Fee Agreement(s)</p> <input type="checkbox"/> _____
<p>3c) Recorded Subord, Nondisturb & Attommnt Agmt</p> <input type="checkbox"/> _____	
<p>5a) Statement of Repayment Obligations</p> <p>5b) Promissory Note(s)</p> <input type="checkbox"/> _____	<p>6a) Amendments to Agreement/Promissory Note</p> <input type="checkbox"/> _____
<p>5c) Amended Declaration of Restrictions</p> <input type="checkbox"/> _____	<p>6b) Original Grant/Loan Agreement</p> <input type="checkbox"/> _____
<p>5d) Declaration of Restrictions</p> <input type="checkbox"/> _____	<p>6c) Amended Regulatory Agreement</p> <input type="checkbox"/> _____
<p>5e) Amendment to Deed of Trust</p> <input type="checkbox"/> _____	<p>6d) Original Regulatory Agreement</p> <input type="checkbox"/> _____
<p>5f) Recorded Deed of Trust</p> <input type="checkbox"/> _____	
<p>5g) Recorded Subordination Agreement(s)</p> <input type="checkbox"/> _____	<p>7a) Securities ("Bond") Documents</p> <input type="checkbox"/> Indenture/Funding Loan Agreement
	<input type="checkbox"/> Bond/Project Loan Agreement
	<input type="checkbox"/> Regulatory Agreement
Notes:	

Exhibit AA

Form of Securities Data Collection Form

Instructions: Please fill out all the yellow highlighted cells.

IS PROJECT DATA ENTRY COMPLETE? NO, PLEASE SUPPLY DATA TO EACH CELL BELOW		
Project Name		
Project Street Number		
Project Street Name		
Project Sponsor		
Total Units		
Num Units Restricted by MOHCD Bond docs		
MOHCD Project Manager		
IS BOND ISSUANCE DATA ENTRY COMPLETE? NO, PLEASE SUPPLY DATA TO EACH CELL BELOW		Description of Data Requested
Bond Issuance Name		The series name for the bond issuance in format YYYY + letter (eg "1999 Z")
Issuing Agency	MOHCD	Issuing Agency - select from drop down menu
General Bond Issuance Notes		General Notes about the bond issuance
Trustee (OR Fiscal Agent) Name		Trustee Name - select from drop down menu
Trustee/Fisc Agent Contact-Name		Trustee - Contact person's name
Trustee/Fisc Agent Contact-Email		Trustee - Contact person's email address
Trustee/Fisc Agent Contact-Phone Number		Trustee - Contact person's phone number
Bond Purchaser		Bond purchasing entity - (i.e., construction lender)
Allocation Amount		The amount of bonds approved to be allocated per CDLAC resolution
BOS-Approved Issuance Amount		The amount of bonds approved to be issued according to the BOS Issuance Resolution
BOS Issuance Resolution - Reso Number		Resolution number approving bond issuance
BOS Issuance Reso - Approval Date		Board of Supervisors' bond issuance resolution approval date (mm/dd/yy)
Actual Issuance Amount		Amount of bonds actually issued
Date of Initial Bond Issuance		Date of initial bond issuance as stated on bond/note (mm/dd/yy)
Place in Service Date		Project's Place in Service date (mm/dd/yy)
Bond Maturity Date		Date of bond maturity (mm/dd/yy)
Affordability Req't Summary		Summary of the affordability requirements
Affordability Period Start Date		Affordability period start date - be as specific as possible.
Estimated Year of Earliest Affordability End Date		Year of estimated affordability end date from field "AffordabilityEndDate-Estimate"
Estimated Earliest Affordability End Date		Estimated affordability end date based on terms described in regulatory agreement (mm/dd/yy)
Other Affordability End Date Triggers		Other affordability end date triggers to monitor that are not specifically tied to a hard end date - i.e., end of Section 8, other sections in bond regulatory agreement with City specific requirements
Citations - Affordability End Date		Citations from the Bond Regulatory Agreement, including definitions and section references, that were used to estimate the affordability and date e.g. "Definition of Qualified Project Period; Sections 2, 5 and 7"
Narrative Summary re: Affordability End Date		Summary of the provisions in the Regulatory Agreement that determine when the affordability period ends. Typically found in the definition of Qualified Project Period and the sections for City and CDLAC requirements
One time Fee Amount		One time fee amount related to bond issuance
One Time Fee Description		Description of one time fee (i.e., issuance fee)
Notes - Recurring Fee		Notes regarding the recurring fee
Text from Reg Agent re: Recurring Fee		Text from regulatory agreement regarding the recurring fee.
Recurring Fee Amt Due		Recurring fee amount
Recurring Fee - # Payments/Yr		Recurring fee - number of payments due per year as defined in regulatory agreement
Recurring Fee - 1st pay'mt due month		1st month of the year when recurring fee is due.
Recurring Fee - 2nd pay'mt due month		2nd month of the year when recurring fee is due.
Recurring Fee - 3rd pay'mt due month		3rd month of the year when recurring fee is due.
Recurring Fee - 4th pay'mt due month		4th month of the year when recurring fee is due.
Recurring Fee Term		Term for which recurring fee is to be paid as defined in regulatory agreement
CDLAC Application Number		CDLAC application number
CDLAC Project Name		CDLAC project name as stated on CDLAC Resolution
CDLAC Resolution Approval Date		Date of CDLAC resolution approving bond issuance (mm/dd/yy)
CDLAC Resolution Number		Resolution number of CDLAC resolution approving bond issuance
Certificate of Compliance Required?		Annual certificate of compliance requirement, as contained within the CDLAC Resolution (Yes/No)
Applicant Self Certification Required?		Applicant self certification requirement - req't started in 2012. All projects 2012 onward will have requirement. (Yes/No)
Services that were available to the residents free of charge, on site or at another designated location within 1/4 mile of the project		
Service Amenities Req't End Date	12/30/1909	auto calculates, 10 years from PS
After School Program/s (y/n)		Yes or No!
Licensed Day Care Service (participant fees are allowable for day care ONLY) (y/n)		Yes or No!
Youth Program/s (y/n)		Yes or No!
Educational Classes (e.g. basic skills, computer training, ESL) (y/n)		Yes or No!
Health and Wellness Services/Programs (y/n)		Yes or No!
Employment Services (y/n)		Yes or No!
Case Management, information and Referrals (y/n)		Yes or No!
Benefits Assistance and Advocacy; Money Management; Financial Literacy and Counseling (y/n)		Yes or No!
Support Groups, Social Events, Organized Tenant Activities (y/n)		Yes or No!
Other Service #1 - Please specify in column G.		If yes, describe the service
Other Service #2 - Please specify in column G.		If yes, describe the service
Green Bldg/Energy Req'ts?		Are green building/energy requirements per CDLAC Resolution? (yes/no)
CDLAC Cert of Compliance Contact Name		Sponsor contact name for solicitation of Certificate of Compliance
CDLAC Cert of Compliance Contact Email		Sponsor contact email for solicitation of Certificate of Compliance

Exhibit BB

Sample AMR Notice

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



Mark Farrell
Mayor

Kate Hartley
Director

March 19, 2018

Notice of Availability of 2017 Annual Monitoring Report Form (plus reminders of Serious Incident Protocol and marketing procedure)

MOHCD is pleased to announce the availability of the Annual Monitoring Report (AMR) forms for Reporting Year 2017 (RY2017). The forms are now available to be downloaded from the [Asset Management page](#) of the MOHCD web site. A training on how to complete the AMR will be held at MOHCD on April 12, 2018 from 9:30 a.m.-12:15 p.m. See below for more information.

Deadline: For projects whose business year ended December 31, 2017, the report will be due on May 31, 2018 for the period 1/1/17-12/31/17. For any projects whose 2017 business year ended or will end on different dates than those above, the report will be due 5 months from the last date of that business year.)

Submissions for RY2017 and any outstanding reports from prior reporting years will be accepted only in the RY2017 format.

Completion and Submission Instructions

The Annual Monitoring Report consists of the following four parts:

I. AMR_RY2017 – project name.xlsx – This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

Instructions	3C. Demographic Summary
1A. Property & Residents	4. Narrative
1B. Transitional Programs	5. Project Financing
1C. Eviction Data	6. Services Funding
2. Fiscal Activity (<i>revised</i>)	7. Supplementary Audit Information Required by MOHCD
3A. Occupancy & Rent Info (<i>revised</i>)	Completeness Tracker
3B. Demographic Information	

Provide all applicable information that is requested in worksheets 1-7. Use the Instructions to help you complete each form and the Completeness Tracker to help you to determine when each worksheet is complete.

Use Question #1 on the Narrative worksheet to explain any data that you provide that may be unclear or better understood with additional information. In addition, certain questions in this report prompt you to supply an explanation for your answers on the Narrative worksheet. *Failure to supply the required explanation will render your submission incomplete.*

Submit this report as an Excel file only; do not convert it to pdf or another file type. Changing the format of AMR_RY2017.xlsx without MOHCD's prior approval is not allowed. Do not

1 South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103
Phone: (415) 701-5500 Fax: (415) 701-5501 TDD: (415) 701-5503 www.sfgov.org/moh

overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. If you need to revise the form in order to successfully complete the report, submit a request to moh.amr@sfgov.org.

II. Owner Compliance Certification Form and Documentation of Insurance – The certification form is a Microsoft Word document that must be completed, signed and dated by the Executive Director (or other authorized officer) of the entity that owns the project. Scan the form along with documentation of insurance and email it to MOHCD as a single document. For each project, you must provide certificates of liability insurance and property insurance that are *current as of the date of submittal of the AMR*.

III. Audited Financial Statements – Provide financial statements for the project for Reporting Year 2017. They must be prepared by a certified public accountant in accordance with generally accepted accounting principles, applicable regulations and laws and with the City's "[Audit Requirements for MOHCD-Funded Projects](#)" a copy of which is attached and posted on [MOHCD's Asset Management web page](#). If the project is owned by a single asset entity, provide separate financial statements just for the project, otherwise provide audited statements for the parent corporation. Also include copies of any Management Letters and special notes from the auditor that pertain to the property and the financial statements.

MOHCD's audit requirements call for the preparation of a supplemental section to the financial statements that includes the following for each MOHCD-funded project:

- schedule of operating revenues,
- schedule of operating expenses,
- computation of cash flow/surplus cash
- summary of project reserve activity

The supplemental section may be prepared by using worksheet #7 of the AMR or a form generated by the accounting system of the project owner or the auditor.

IV. Waiting List – Submit a copy of the project's waiting list that is current as of the date of submittal. The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit:

- name of head-of-household
- contact information
- date of application,
- number of people in the household,
- stated household income and
- desired unit size.

This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

Completed AMRs must be submitted electronically, via one email message per project to moh.amr@sfgov.org, or if desired, for multiple projects, via flash drive or compact disc sent to Mike McLoone at MOHCD. If the documents that comprise the report are too large to attach to a single email, compress the files into a zip file and attach it to the email.

AMR Training – April 12, 9:30 a.m.-12:15 p.m.

To facilitate completion of the AMR by project sponsors, MOHCD will conduct a training on from 9:30 a.m. to 12:15 p.m. on Thursday, 4/12, in our office at 1 South Van Ness Avenue, 5th Floor, Room 5080. We strongly encourage the primary staff person who is responsible for completion of the report to

attend and to bring a Wi-Fi enabled lap top computer. Space is limited. Please RSVP to Ricky Lam at ricky.lam@sfgov.org or 415-701-5542.

Serious Incident Protocol

To ensure that MOHCD is kept informed of serious incidents that occur at projects financed by this office, we have established the following protocol for reporting serious, negative events such as accidents, criminal activity or equipment failure. The report should be filed only after emergency procedures have been followed and the situation has been stabilized.

The Mayor's Office of Housing and Community Development requests that owners of projects financed by this office notify us immediately if a serious incident occurs at their properties and meets one or more of the following parameters:

- Involves serious injury or death
- Is a serious, violent crime that involves a major police action (e.g. shooting)
- Causes the building or a significant number of units to be off-line
- Requires a resident to move out of a unit one month or longer
- Damage to the building is significant enough to require the use of reserves

The owner should notify the MOHCD asset manager assigned to the project and provide the following information:

- The date of the incident
- A description of the incident
- A description of what has been and is being done in response
- The name, phone and email of the staff that should be contacted if there are questions
- Confirmation that 1) the property insurance is current and 2) the insurance company has been contacted; a brief summary of their response, if available
- Statement of whether or not the organization plans to use the project's reserves to pay for corrective action

Marketing of Available Units and Waiting List Openings

Before advertising the availability of units for lease in a project or the opening of the waiting list, owners and property managers must notify MOHCD of this action by completing a [Marketing Plan Template](#) and submitting it to the assigned staff person on MOHCD's asset management and compliance monitoring team. The template is available on the [Asset Management page](#) of our web site, under "Marketing Requirements for MOHCD-Financed Multifamily Rental Projects." Once the marketing plan is approved, MOHCD will post information about the available units or opening of the wait list on this [page of our web site](#). General information for people seeking affordable housing in San Francisco can also be found on our web site at [this location](#)

Asset Management and Compliance Monitoring Team
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
<http://sf-mohcd.org/>
P. 415-701-5500
F. 415-701-5501

Exhibit CC

Sample Owner Compliance Certificate

Owner Compliance Certification and Insurance & Tax Certification Form 2017 Annual Monitoring Report San Francisco Mayor's Office of Housing and Community Development

***** This form must be completed by Project Owner or authorized agent. *****

Complete this form, sign and date it, scan it along with current liability and property insurance certificates into a single PDF file, then email the file along with AMR_RY2017 – project name.xlsx, audited financial statements, and current waiting list to moh.amr@sfgov.org.

Project Name: _____

Project Street Address: _____

Reporting Period – Start Date: _____ End Date: _____

Owner Compliance Certification

The undersigned owner, having received housing development funds pursuant to a housing development program funding agreement/s entered into with the City and County of San Francisco ("CCSF") for the purpose of purchasing, constructing and/or improving low-income housing, does hereby certify as follows:

Initial all statements below, and supply data to make the statement complete where needed (look for underlined blanks; e.g.: ____). For any statements that are not true, you must supply a detailed explanation on the Annual Monitoring Report Narrative Worksheet. The failure to provide a conforming response to all statements below will render incomplete the entire Annual Monitoring Report ("AMR") submission for this project, which may result in a default condition under the funding agreement/s, and also subject the owner to scoring penalties in future efforts to obtain funding from MOHCD for this project and any other project.

	True	False	
1			The CCSF Mayor's Office of Housing and Community Development ("MOHCD") has been alerted by the owner prior to any actions taken by the owner that affect the value of the property associated with this project, including but not limited to the establishment of any liens or encumbrances on the property; and, where required, the owner has obtained written authorization from MOHCD prior to taking any such actions.
2			The undersigned is not in default of the terms of any Agreements with CCSF for this project, nor has it been in default on any other loans, contracts or obligations on this property during the reporting period.
3			The undersigned has not been the subject of any actions relating to any other loans, contracts or obligations on this property which might have a material adverse financial impact on the property.
4			The owner has not lost or failed to renew funding for supportive services for the project during the reporting period and has made available (or caused to be made available through another party) all supportive services that are required by existing, applicable funding and regulatory agreements.
5			The owner has not lost or failed to renew funding for operating subsidy/ies for the project during the reporting period.
6			For any existing operating subsidies supporting the project, during the reporting period, the owner submitted a request for the maximum increase possible.
7			The owner has paid all taxes due for the reporting period and prior reporting periods.
8			The undersigned has marketed the units in the manner set forth in the marketing and resident selection provisions of the funding agreement/s entered into with CCSF.

Owner Compliance Certification and Insurance & Tax Certification Form
2017 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development

	True	False	
9			The project has met affordability and other leasing provisions set forth in the funding agreement/s entered into with CCSF during the entire reporting period. As of the end date of the reporting period, _____ units (<i>supply exact number</i>) were occupied or held vacant and available for rental by low-income tenants meeting the income qualifications pursuant to the funding agreement/s entered into with CCSF.
10			The undersigned has obtained a tenant income certification and/or third party documentation to support that certification from each tenant household occupying a unit restricted to occupancy by income-qualified tenants. All income certifications are maintained onsite with respect to each qualified tenant who resides in a unit or resided therein during the immediately preceding business year.
11			The total charges for rent and a utility allowance to each income-qualified tenant in a restricted unit do not exceed the maximum rent specified in the funding agreement/s entered into with CCSF as adjusted by the most recent HUD income and rent figures, which have been taken from the figures that are supplied by MOHCD on its website.
12			All withdrawals from the replacement and operating reserve accounts have been made in accordance with the MOHCD funding agreement/s, unless approved in writing by MOHCD.
13			Security deposits required of tenants of the project are in accordance with applicable laws and the funding agreement/s entered into with CCSF.
14			The undersigned has obtained and will maintain insurance policies in accordance with requirements of the funding agreement/s entered into with CCSF as may be reasonably updated from time to time, and has supplied with this AMR certificates of insurance that are current through the end of the reporting period.
15			The undersigned has maintained the units and common areas in a decent, safe and sanitary manner in accordance with all local health, building, and housing codes and in accordance with the HUD Housing Quality Standards.
16			The data submitted in Section 1A – Property & Residents of the Annual Monitoring Report regarding any violation/s of any health, building, or housing codes is complete and accurate; all required copies of violations/citations that were not resolved by the end of the reporting periods are also included with this AMR submission.
17			The undersigned has made best efforts to: (a) keep the units in good repair and available for occupancy; (b) keep the Project fully rented and occupied; and (c) maximize rental revenue at the Project by increasing tenant rents, and if applicable, contract rents and commercial rents, the maximum amount permitted under all current regulatory agreements, contracts, regulations and leases, without causing undue rent burden on residential tenants.
18			All questions in the Annual Monitoring Report submitted for this reporting period have been answered fully and truthfully; answers have been supplied for all of questions requiring detailed responses on the Annual Monitoring Narrative Worksheet and any related documents have been submitted as attachments.
19			The project has received additional equity proceeds in the amount of \$ _____ (<i>supply amount</i>) from low-income housing tax credit investors during the reporting period.
20			Accurate information has been provided in Worksheet 2 - Fiscal Activity about any Federal Program Income earned by this project during the reporting period.
21			Any amounts charged as Asset Management Fees are reflected accurately under Income & Expenses in Worksheet 2 - Fiscal Activity of the Annual Monitoring Report, and all such amounts have been used exclusively toward asset management of this

**Owner Compliance Certification and Insurance & Tax Certification Form
2017 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development**

	True	False	
			project. Asset Management Fees taken beyond pre-approved levels have been documented as required in response to question 7 in Section 4 - Narrative.
22			The calculation of cash flow in Worksheet 2 - Fiscal Activity accurately reflects all expenses incurred and income earned, and the proposed distribution of any Residual Receipts would be in accordance with all relevant agreements and policies.
23			The Waiting List that has been submitted with the 2016 Annual Monitoring Report is an accurate and correct record as of the last day of the reporting period of the households who have applied to live at the Project, including the name of the head-of-household (or a suitable alternative), date of application, number of people in the household, stated household income and desired unit size.

Property and Liability Insurance

Enter the information requested below, and attach a current copy (each) of the Property and Liability Insurance Certificates. SCAN the documents and send them as an attachment along with the complete AMR to MOHCD via e-mail to: moh.amr@sfgov.org.

Property Insurance		
	Property Street Address:	
	Policy Number:	
	Policy Effective Date:	
	Policy Expiration Date:	
Liability Insurance		
	Property Street Address:	
	Policy Number:	
	Policy Effective Date:	
	Policy Expiration Date:	

Tax Certification

Enter the information requested below. You do **NOT** need to submit copies of the invoice or checks used to pay the tax.

Property Tax		
	Tax Year:	
	Amount of Tax Paid:	
	Date Paid:	
	Amount outstanding from taxes due for Reporting Period:	
	Amount outstanding from taxes due prior to Reporting Period:	

***** This form must be completed by Project Owner or authorized agent. *****

The undersigned, acting under authority of the ownership of this project, executes this Certification, subject to the pains and penalties of perjury, and certifies that the foregoing is true and correct in all respects.

Signature: _____ Date: _____

Name: _____ Title: _____

Exhibit DD

Form of Certification of Compliance I Template

CERTIFICATION OF COMPLIANCE I

Project Name: XXXXXXXXX Apartments

(If project has changed named since the award of allocation please note the original project name as well as the new project name)

Name of Bond Issuer: _____

CDLAC Application No.: XX-XXX

(if more than one award was awarded please list all the applications numbers)

Pursuant to Section 13 of Resolution No. XX-XXX (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on XXXX XX, 20XX (Meeting date) I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, with holding future allocation or any other available remedy.

Please check or write N/A to the items list below:

_____ The project is currently in the Construction or Rehabilitation phase.

_____ The project has incorporated the minimum specifications into the project design for all new construction and rehabilitation projects as evidenced by attached the applicable third party certification (HERS Rater, Green Point Rater or US Green Building Council). For projects under construction or rehabilitation, the information is due following receipt of the verification but in no event shall the documentation be submitted more than two years after the issuance of bonds.

_____ For projects that received point for exceeding the minimum requirements please attach the appropriate California Energy Commission Compliance form for the project which shows the necessary percentage improvement better than the appropriate standards. The compliance form must be signed by a California Association of Building Consultants, Certified Energy Plans Examiner of HERS Rater as applicable.

Signature of Officer

Date

Printed Name of Officer

Title of Officer

Phone Number

Exhibit EE

Form of Certification of Compliance II Template

CERTIFICATION OF COMPLIANCE II FOR QUALIFIED RESIDENTIAL RENTAL PROJECT

1. **Project Name Change?** ☐ Yes ☐ No
(If project name has changed since the award of allocation, please note the new project name as well as the original project name.)

New: _____ Original: _____

2. **CDLAC Application Number:** _____

3. **Bond Issuer Change?** ☐ Yes ☐ No
(If Bond Issuer has changed since the award as a result of refinancing or refunding of an allocation, please note the new Issuer as well as the original Issuer.)

New Issuer: _____ Original: _____

Address: _____

City/State/Zip: _____

Phone Number: _____

E-Mail: _____

4. **Has a termination of the Regulatory Agreement occurred or is a termination planned in the next year? Has proper noticing occurred?** ☐ Yes ☐ No

If yes, please describe and explain: _____

If you answered Yes, there is no need to complete the rest of the form. Please submit the form completed through Question 4.

5. **Change in Borrower?** ☐ Yes ☐ No
(If Borrower has changed since the award affecting the CDLAC Resolution, please provide the new Borrower information as well as the original Borrower.)

New Borrower: _____ Original: _____

Address: _____

City/State/Zip: _____

Phone Number: _____

E-Mail: _____

6. **Change in Management Company?** ☐ Yes ☐ No
(If yes, please provide the following information for the new Management Company.)

Name: _____

Address: _____

City/State/Zip: _____

Phone Number: _____

E-Mail: _____

7. **Has the Qualified Project Period commenced?** ☐ Yes ☐ No
(If yes, please submit the Certificate of Qualified Project Period [one time only].)

☐ Certificate of Qualified Project already submitted

8. Has the project been completed and placed in service? ☐ Yes ☐ No

9. Have any of the following events occurred associated with the bond allocation including, but not limited to, notices of defaults associated with rents and income requirements, Bond Default or a Qualified Bond Default? ☐ Yes ☐ No

If yes, please explain: _____

10.	Federally Bond Restricted Units (Reflected in PSR)	Other Restrictions (Reflected in PSR)	Total (Reported in CDLAC Resolution)
	_____ at 50% AMI	_____ at 50% AMI	_____ at 50% AMI
	_____ at 60% AMI	_____ at 60% AMI	_____ at 60% AMI

Please attach a copy of the Project's TCAC Project Status Report (PSR) or equivalent documentation.

11. Please indicate the distribution of the CDLAC restricted 10% of the 50% AMI units.

Bedroom Type	# of Units in PSR	# of Units in CDLAC Resolution
1 Bedroom	_____	_____
2 Bedroom	_____	_____
3 Bedroom	_____	_____

12. If the Project has committed to and is currently providing the service amenities for a term as specified in the CDLAC Resolution, please verify the services are being provided: on a regular and ongoing basis and are provided free of charge and all hour requirements are being met:

_____ After-school programs
_____ Education, health and wellness or skill development classes
_____ Health and wellness services and programs (not group classes)
_____ Licensed childcare provided for a minimum of 20 hours per week (Monday-Friday)
_____ Bona Fide service coordinator/social worker

Is the service being offered on an ongoing basis and provided free of charge (excluding childcare)?

☐ Yes ☐ No

Are all hour requirements being met?

☐ Yes ☐ No

Attach evidence demonstrating that the above listed services are being provided and have met the requirements in the CDLAC Resolution. Including but not limited to MOUs and/or contracts associated with the services rendered, a 12-month schedule (current reporting year) of the services offered, flyers, sign-up sheets, etc.

Pursuant to Section 13 of Resolution No. _____ (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on _____, _____, an Officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Signature of Officer

Date

Printed Name of Officer

Phone Number

Title of Officer

Exhibit FF

Certification of Compliance Instructions

MOHCD Process for Monitoring the Certification of Compliance (CDLAC):

- Projects that received CDLAC Allocation prior to December 31, 2016 are required to submit a yearly Certification of Compliance I.
- Projects that received CDLAC allocation after December 31, 2016 are required to submit a yearly Certification of Compliance II until the Project is completed, and then every 3 years thereafter.
- The Asset Management Team will send the Borrower an email reminder each January 15th stating that the Certification of Compliance form is due to MOHCD on February 1st.
 - This preformatted email will contain a list of instructions on how to complete the certification and an attached draft copy of the certification.
- Upon receipt, the Asset Manager should review the Certification of Compliance for completeness, ensuring that all fields are completed. If information is missing or incorrect, the Asset Manager will work with the Borrower to remedy the issue prior to submitting the final certification to CDLAC.
- The Certification of Compliance is due to CDLAC annually on March 1st. MOHCD intends to send a complete package of all certifications to CDLAC one week early.
 - The Asset Management Team reports receipt of the Certification of Compliance via CDLAC's Issuer Self Certification of Compliance System:
<https://cdlaonline.treasurer.ca.gov/Account/Login.aspx?ReturnUrl=%2f>
- When the Certification of Compliance for a particular Project is finalized and submitted to CDLAC, the Asset Manager will update the proper file in the Asset Management Database to reflect the same.

Exhibit GG

Form of Certificate of Continuing Program Compliance Template

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE (of the Owner)

Project Name: [Project Name from CDLAC Application]

CDLAC Application Number(s): [__-__]

CDLAC Resolution Numbers: [__-__]

Property Address: [Primary Address]

Project Completion Date (if completed, otherwise mark N/A): [Date]

Name of the [Bonds/Notes]: City and County of San Francisco, Multifamily Housing Revenue
[Bonds/Notes] ([Project Name]), Series [Year][Series Letter]

The undersigned authorized representative of [Borrower Name], a [State of Formation] [Type of Entity (e.g., “limited partnership”)] (the “Owner”), hereby certifies that he/she has read and is thoroughly familiar with the provisions of the various documents associated with its participation in the City and County of San Francisco, California (the “City”) Multifamily Securities Program, such documents including:

1. the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [Date], between the Owner and the City (the “Regulatory Agreement”); and
2. the Loan Agreement, dated as of [Date], between the City and the Owner relating to the above-captioned [bonds/notes] (the “[Bonds/Notes]”).

and further certifies that:

A. There have been no changes to the ownership entity, principals or property management of the Project since the [Bonds/Notes] were issued and delivered, or since the last certification was provided (as applicable), except as described below:

(If so please attach a request to revise the CDLAC Resolution, noting all pertinent information regarding the change, otherwise state “NONE”)

If Project has not yet been placed in service, mark N/A for the balance of the items below:

B. During the preceding twelve months (i) such Project was continually in compliance with the Regulatory Agreement executed in connection with the Loan (as that term is defined in the Regulatory Agreement) from the City and (ii) and excluding the one manager unit, _____ of the units in the Project were occupied by Very Low Income Tenants (as such term is defined in the Regulatory Agreement).

C. As of the date of this Certificate, the following percentages of completed residential units in the Project (as defined in the Regulatory Agreement) (i) were occupied by Very Low Income Tenants and were occupied by DRS Tenants (as such term is defined in the

Regulatory Agreement), or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Very Low Income Tenant or DRS Tenant, vacated such unit, as indicated below:

Occupied by Very Low Income Tenants:

1 bedroom units: _____	Unit Nos. _____
2 bedroom units: _____	Unit Nos. _____
3 bedroom units: _____	Unit Nos. _____
4 bedroom units: _____	Unit Nos. _____
5 bedroom units: _____	Unit Nos. _____

Total percentage occupied by Very Low Income Tenants: _____%

Held vacant for occupancy continuously since last occupied by a Very Low Income Tenant:

_____%; Unit Nos. _____

Occupied by DRS Tenants:

1 bedroom units: _____	Unit Nos. _____
2 bedroom units: _____	Unit Nos. _____
3 bedroom units: _____	Unit Nos. _____
4 bedroom units: _____	Unit Nos. _____
5 bedroom units: _____	Unit Nos. _____

Total percentage occupied by DRS Tenants: _____%

Held vacant for occupancy continuously since last occupied by a DRS Tenant:

_____%; Unit Nos. _____

It hereby is confirmed that each tenant currently residing in a Restricted Unit (as that term is defined in the Regulatory Agreement) in the Project has completed an Income Certification Form in the form approved by the City and that since commencement of the Qualified Project Period (as such term is defined in the Regulatory Agreement), ____ of the occupied units (excluding at least one manager's unit) in the Project have been rented to (or are vacant and last occupied by) ____ Very Low Income Tenants and ____ DRS Tenants. The undersigned hereby certifies that the Owner is not in default under any of the terms and provisions of the above documents.

D. The units occupied by Very Low Income Tenants and DRS Tenants are of similar size and quality to other units and are dispersed throughout the Project.

E. Select appropriate certification: [No unremedied default has occurred under this Regulatory Agreement, the [Bonds/Notes], the [Project] Loan Agreement or the Mortgage.] [A default has occurred under the _____. The nature of the default and the measures being taken to remedy such default are as follows: _____.]

F. There has been no change of use for the Project, except as follows: (please describe if any, or otherwise indicate “NONE”)

G. Select appropriate certification: The undersigned hereby certifies that the Project [has satisfied all] [except as described below, has satisfied all] of the requirements memorialized in the Exhibit A of the CDLAC Resolution, a copy of which is attached hereto (i.e. qualifying project completion, qualifying depreciable asset purchase, qualifying loan originations, the use of public funds, manager units, income rent restrictions, sustainable building methods, etc., as applicable), and thus has achieved all public benefit requirements (excluding service amenities) as presented to CDLAC.

[Describe any requirements not satisfied: _____]

H. As captured in Exhibit A of the CDLAC Resolution, the Project has committed to and is currently providing the following service amenities for a minimum of ten years, on a regular and ongoing basis, which are provided free of charge (with the exception of day care services):

Please check the services that apply or write N/A where appropriate:

_____ After-school Programs

_____ Educational, health and wellness, or skill building classes

_____ Health and Wellness services and programs (not group classes)

_____ Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)

_____ Bona-Fide Service Coordinator/ Social Worker

1) For this reporting period, attached is evidence (i.e. MOUs, contracts, schedules, calendars, flyers, sign-up sheets, etc.) confirming that the above listed services are being provided and have met the requirements of Exhibit A of the CDLAC Resolution.

2) If any of the above services requirements were not met, what corrective action is being taken to comply?

(Please also attach the completed project sponsor certification form as provided in the CDLAC Resolution)

(Please also attach the completed Occupancy and Rent Information form attached hereto)

I. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief, and the undersigned acknowledges and agrees that the City will be relying solely on the foregoing certifications and accompanying documentation, if any, in making its certification to CDLAC pursuant to Section 5144 of the CDLAC Regulations, and agrees to provide to the City such documentation or evidence, in support of the foregoing certifications, as the City or CDLAC may reasonably request.

Date: _____

OWNER:

[Signature Block]

Exhibit HH

Sample Annual Applicant Public Benefits & On-Going Compliance Self Certification

Annual Applicant Public Benefits and On-Going Compliance Self Certification

ACKNOWLEDGMENT: The California Debt Limit Allocation Committee (“CDLAC” or “Committee”) does not expect to hold an Applicant (Issuer) responsible for conditions they are not aware of; only for the Applicant to confirm their understanding of the status of the project/program based upon their own post-issuance compliance procedures. CDLAC will not review the Applicant’s procedures, and in good faith, will assume that the Applicant has in-place procedures they judge to adequately satisfy their post-issuance responsibilities as defined under the Internal Revenue Code and CDLAC Regulations. An Applicant is free to request project information from the Project Sponsor and rely on that information if they believe it satisfies their own compliance procedures and responsibilities. That information can then serve as the basis for the Applicant’s response to the questions within this certification.

INSTRUCTIONS: Per the CDLAC Regulations, all Projects/Programs within an existing bond regulatory period and/or CDLAC compliance period shall be monitored for compliance with the terms and conditions of the Committee Resolution by the Applicant (Issuer). Mortgage Credit Certificate Single Family Housing Programs with outstanding authority shall be monitored for the same requirements. The Applicant shall complete and submit the Annual Applicant Public Benefits and On-going Compliance Self Certification via the CDLAC Online Compliance Certification System. The self-certification must be submitted by the Applicant to CDLAC no later than March 1 of each year (or at such other time as defined in the CDLAC Regulations or requested by the Committee).

ALL APPLICANTS: Applicant/Issuer Certification of Delivery of Public Benefits (All)

Applicant/Issuer Name:

(All) Project Name (N/A for Single Family Housing Programs): (All) Program Type (QRRP, SFH, EXEMPT, IDB, Etc.):

(All) Application Number(s): (All) Resolution Number(s):

(All) Property Address (N/A for Single Family Housing Programs):

(All Prior to 2017) Project Completion Date (Enter Placed in Service Date or program completion date):

(QRRP 2017 and BEYOND) Commencement of Qualified Project Period Date (Enter the date of the Qualified Project Period commenced)

(NON-QRRP 2017 and BEYOND) Project Completion Date (Enter Placed in Service Date or program completion date).

(QRRP PRIOR TO 2017) Has the Applicant received the Project Sponsor’s complete Compliance Certification for this reporting period? (Applicable to projects awarded allocation after 2000) If no, please explain or indicate “Not Applicable”.

(All 2017 and BEYOND) Has the Applicant received the Project Sponsor’s complete Compliance Certification II for this reporting period?

(All 2017 and BEYOND) If the Project Sponsor/Borrower indicated in the Certification of Compliance II or like form:

- a. A change in project name, please provide the new project name
- b. A change in ownership affecting the CDLAC resolution, please provide contact information for the new owner
- c. A change in Issuer, please provide the new Issuer name
- d. All bonds have been redeemed, please provide the redemption notice
- e. A notice or event of default or of foreclosure has occurred, please explain

(ALL 2017 AND BEYOND) *Please note if any of these circumstances have occurred, request revision to the CDLAC resolution

(QRRP PRIOR TO 2017) Has the project satisfied the following requirements as memorialized in the Exhibit A of the CDLAC Resolution and bond regulatory agreement?

1. QRRP PRIOR TO 2017 ONLY: Has the project satisfied all of the income rent requirements memorialized in the Exhibit A (Applicable to projects awarded allocation after 2000)? If no, please explain or indicate "Not Applicable".
2. ALL QRRP ONLY: Has the project satisfied all of the income rent requirements memorialized in the bond regulatory agreement? If no, please explain.
3. QRRP PRIOR TO 2017 ONLY: Is the Project currently providing service amenities on a regular and ongoing basis? (Note: services must be provided for the minimum committed term beginning after the project has been placed in service) If no, please explain or indicate "Project did not commit to Service amenities; or Project has completed term of commitment".
4. ALL PRIOR TO 2017: Has the project/program satisfied all other requirements as memorialized in the Exhibit A? If no, please explain.
5. QRRP ONLY 2017 and BEYOND: If the Project Sponsor/Borrower indicated in the Certification of Compliance II or like form:
 - a. Has the regulatory agreement has been terminated, if yes please explain
 - b. Are the number of Federal Bond Restricted Units and Other Restricted Units consistent with the CDLAC resolution, if not please explain
 - c. Is the 10% at 50% general distribution requirement being met in a manner consistent with the CDLAC resolution, if no please explain.
 - d. Are the service amenities being provided in a manner consistent with the CDLAC resolution, if no please explain.
6. IDB 2017 and BEYOND ONLY: If the Project Sponsor/Borrower indicated jobs had been created or retained, please report on how many jobs were created or retained.
7. SINGLE FAMILY 2017 and BEYOND ONLY: Has the single family program met the income and geographical targets identified in the CDLAC resolution? If no, please explain.

Exhibit II

Annual Applicant Public Benefits & On-Going Compliance Self Certification Instructions

MOHCD Process for Monitoring the Annual Applicant Public Benefits and On-going Compliance Self Certification:

- For all Projects that received an Allocation, the Issuer is required to submit an Annual Applicant Public Benefits and On-going Compliance Self Certification form each year.
- The Asset Management Team will send the Borrower an email reminder each January 15th stating that the Annual Borrower Public Benefits & On-Going Compliance Self Certification Form (attached as Exhibit GG) is due to MOHCD on February 1st.
 - This preformatted email will contain a list of instructions on how to complete the certification and an attached draft copy of the certification.
- The Annual Applicant Public Benefits and On-going Compliance Self Certification form are due to CDLAC March 1st.
 - For Projects that received a CDLAC Allocation prior to December 16, 2016, these certifications are due to CDLAC no later March 1st of each year; for Projects that received an Allocation after that date, these certifications are due to CDLAC no later than March 1st of each year until Project Completion, and then every 3 years thereafter.
 - Issuer intends to send a complete package of all certifications to CDLAC one week early.
- The Asset Management Team should complete the Annual Applicant Public Benefits and On-going Compliance Self Certification (the form of which is attached as Exhibit HH).
- When this process is complete for a particular Project, the Asset Manager will—
 - Update the proper file in the Asset Management Database to reflect the same,
 - Print the certificate, and
 - Prepare and send package to CDLAC one week before March 1st at the following address: CDLAC/Certification of Compliance, 915 Capitol Mall, Room 311, Sacramento, CA 95814.

Exhibit JJ

Form of CDLAC Completion Certification Template

CERTIFICATE OF COMPLETION (CDLAC)

FOR QUALIFIED RESIDENTIAL RENTAL PROJECTS

1. Project Name:

(If Project Name has changed since the award of allocation, please note the original project name and request a change in the CDLAC Resolution.)

Original Project Name: _____

2. CDLAC Application Number:

3. Name of Bond Issuer:

4. Name of Borrower:

(If Borrower has changed name since the award, please note the original Borrower and request a change in the CDLAC Resolution.)

Original Borrower Name: _____

5. The undersigned hereby certifies that all work on the Project was substantially completed as of _____, 20____.

The undersigned hereby further certifies that:

- a. The aggregate amount disbursed on the Loan to date is \$_____.
- b. All amounts disbursed from proceeds of the Bonds have been applied to pay or reimburse the undersigned for the payment of Project Costs and none of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and
- c. At least 95 percent of the amount disbursed from the proceeds of the Bonds have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs (as that term is used in the Regulatory Agreement) and less than 25 percent of the amount disbursed from the proceeds of the Bonds, exclusive of amounts applied to pay the costs of issuing the Bonds, have been applied to pay or reimburse the Borrower for the cost of acquiring land.

6. The undersigned hereby certifies that the project meets the general federal rule for a Qualified Project Period. ☐ Yes ☐ No

- a. 10% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____, 20____;
- b. 50% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____, 20____.

7. If the answer to #6 is NO, the undersigned hereby certifies the project meets the special federal rule for a Qualified Project Period. ☐ Yes ☐ No

(Project qualified if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within 60 days of the earlier of the project acquisition or the Bond Issuance Date.)

- a. Bonds were issued on _____, 20____;

- b. Property was acquired on _____, 20_____;
- c. The date 10% of the units were available to occupy (within 60 days of the earlier of the acquisition or Bond Issuance) _____, 20_____.

Signature of Officer

Date

Printed Name of Officer

Phone Number

Title of Officer

Exhibit KK

Form of City Completion Certification Template

COMPLETION CERTIFICATE

CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103

The undersigned (the "Owner") hereby certifies that all aspects of the construction of the Project (as that term is used in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [\[Agreement Date\]](#), by and between the City and County of San Francisco, California and the Owner (the "Regulatory Agreement")) were substantially completed and available for occupancy by tenants in the Project (as defined in the Regulatory Agreement) as of _____.

The undersigned hereby certifies that:

(a) the aggregate amount disbursed on the Loan (as that term is defined in the Regulatory Agreement) to date is \$_____;

(b) all amounts disbursed on the Loan have been applied to pay or reimburse the undersigned for the payment of Project Costs (as that term is defined in the Regulatory Agreement) and none of the amounts disbursed on the Loan has been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and

(c) as shown on the attached sheet (showing the breakdown of expenditures for the Project and the source of the funds which were used to pay such costs), at least 95 percent of the amounts disbursed on the Loan (as that term is defined in the Regulatory Agreement) have been applied to pay or reimburse the Owner for the payment of Qualified Project Costs (as that term is defined in the Regulatory Agreement) and less than 25 percent of the amounts disbursed on the Loan, exclusive of amounts applied to pay the costs of issuing the Bonds (as that term is defined in the Regulatory Agreement), have been applied to pay or reimburse the Owner for the cost of acquiring land.

[Signatures appear on the next page]

Date:

OWNER:

[Signature Block]

cc: [Trustee/Fiscal Agent Name], as [trustee/fiscal agent]

Exhibit LL

Form of Certification as to Commencement of Qualified Project Period Template

CERTIFICATE AS TO COMMENCEMENT OF QUALIFIED PROJECT PERIOD

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:
City and County of San Francisco, California
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attention: Executive Director

\$[Issuance Amount]
City and County of San Francisco
Multifamily Housing Revenue [Bonds/Notes]
([Project Name])
Series [Year][Series Letter]

The undersigned, being the authorized representatives of [Borrower Name], a [State of Formation] [Type of Entity (e.g., "limited partnership")] hereby certifies that: (complete blank information):

Ten percent (10%) of the dwelling units in the Project financed in part from the proceeds of the captioned Bonds were first occupied on _____; and

Fifty percent (50%) of the dwelling units in the Project financed in part from the proceeds of the captioned Bonds were first occupied on _____.

[Signatures appear on next page]

DATED:

OWNER:

[Signature Block]

Acknowledged:
City and County of San Francisco, California

By: _____
Name, Title

