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Superior Court of California,
County of San Francisco

04/02/2024
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Deputy Clerk

11 Attorneys for Plaintiff
12 DOLORES STREET COMMUNITY SERVICES, INC.

13 SUPERIOR COURT OF THE STATE OF CALIFORNIA
14 COUNTY OF SAN FRANCISCO

CGC-24-613607

15 DOLORES STREET COMMUNITY SERVICES,
16 INC., a California nonprofit corporation,

Case No.:

17 Plaintiff,

**PLAINTIFF'S COMPLAINT FOR
DAMAGES FOR:**

18 v.

**1. DECLARATORY JUDGMENT
2. BREACH OF CONTRACT**

19 MARTY'S PLACE AFFORDABLE HOUSING
20 CORPORATION, a California nonprofit
21 corporation; and DOES 1-20, inclusive,

22 Defendants.

23 Plaintiff DOLORES STREET COMMUNITY SERVICES, INC. ("PLAINTIFF" or
24 "DSCS"), for its complaint against MARTY'S PLACE AFFORDABLE HOUSING
25 CORPORATION ("MPAH"), and DOES 1-20, inclusive, and each of them, complains and alleges as
26 follows:

PARTIES

- 27 1. PLAINTIFF at all times mentioned herein is an organization existing under the laws of
28 the State of California and is, at all such times, qualified to do business in the State of California.
2. PLAINTIFF is informed and believes that at all times mentioned herein, MPAH is an

1 organization existing under the laws of the State of California and is, at all such times, qualified to do
2 business in the State of California.

3 3. The true names and capacities, whether individual, corporate, associate, or otherwise,
4 of defendants named herein as DOES 1 through 20, inclusive, are unknown to PLAINTIFF who
5 therefore sue these defendants by such fictitious names. PLAINTIFF will amend this Complaint to
6 show the true names and capacities of these defendants when they have been ascertained. Plaintiff is
7 informed and believes that each fictitiously named defendant is responsible in law and in fact for the
8 obligations alleged herein. Plaintiff is informed and believes and alleges that, at all relevant times,
9 defendants, and each of them, was acting within the scope and course of his or her agency and
10 employment.

11 **JURISDICTION AND VENUE**

12 4. This Court has jurisdiction over this action pursuant to California Constitution Article
13 VI, § 10, which grants the Superior Court “original jurisdiction in all causes except those given by
14 statute to other courts.”

15 5. This Court has jurisdiction over all parties due to the fact that they are residents of
16 California.

17 6. Venue is proper in this Court because, upon information and belief, one or more of the
18 Plaintiffs and named Defendants transacts business in this County and the acts and omissions alleged
19 herein took place in this County.

20 **STATEMENT OF FACTS**

21 7. DSCS is a nonprofit organization dedicated to assisting low income and immigrant
22 communities in the greater San Francisco Area. One of the services DSCS offers is housing for low-
23 income individuals with AIDS/HIV.

24 8. On or about September 1, 2010, DSCS received the property at 1165-67 Treat Ave.,
25 also known as "Marty's Place" (the “Property”) through a donation to provide low-income housing
26 for persons with HIV/AIDS.

27 9. On July 21, 2014, DSCS entered into a Memorandum of Understanding (“MOU”)
28 with the San Francisco Community Land Trust (“SFCLT”) to develop the Property into an affordable
cooperative living space for LGBTQ individuals and persons living with HIV/AIDS. A true and

1 complete copy of the MOU is attached as Exhibit A.

2 10. On June 30, 2015, SFCLT and MPAH entered into a 15-year lease (“Lease”) of the
3 Property with SFCLT as the lessor and MPAH as the lessee. MPAH was to be responsible for
4 management of the Property under the lease. A true and complete copy of the Lease is attached as
5 Exhibit B.

6 11. Thereafter, on March 22, 2021, the SFCLT terminated its position with respect to the
7 Lease and assigned “all rights, responsibilities, and liabilities of master tenant pursuant to the
8 sublease effective on the date of this agreement.” DSCS is a party to the Termination Agreement as a
9 “managing member of Marty’s Place.” A true and complete copy of the Termination Agreement is
10 attached as Exhibit C.

11 12. The language of the Termination Agreement has led to two distinct ambiguities
12 regarding the nature of the parties’ relationship. On March 15, 2021, SFCLT sent a letter to residents
13 of the Property in which SFCLT states it is “assigning the Master Lease we have in place with
14 Marty’s Place Affordable Housing Corporation (MPAHC) to DSCS.” A true and complete copy of
15 the March 15, 2021 letter is attached as Exhibit D.

16 13. On or around March 2022, MPAH sent a letter accusing DSCS of various violations,
17 including failure to make necessary repairs, ADA violations, defamation, and various other issues
18 concerning the rights and responsibilities of the parties.

19 14. Since the March 2022 letter, the relationship between DSCS and its subsidiary MPAH
20 has deteriorated.

21 15. Coinciding with the deterioration of the parties’ working relationship, MPAH has
22 failed to meet its requirements under the Lease, by failing to pay required rents and provide required
23 information per the Lease terms.

24 16. For example, MPAH has never submitted any written proposals of annual budgets to
25 DSCS as required under Section 4.02(a) of the Lease.

26 17. MPAH has also failed to provide a statement of income and expenses, receipts of any
27 purchases related to the budget account when requested by DSCS to obtain such documentations
28 pursuant to Section 5.02 of the Lease.

18. MPAH never designated a Bookkeeper, a Vacancy Committee, a Maintenance

1 Coordinator, a Maintenance Coordinator, a Liaison, or a Secretary as also required under Section
2 5.02 of the Lease.

3 19. As further required under Section 5.02(a), MPAH has failed to consistently provide
4 DSCS board meeting minutes, the last one received was for September 14, 2023.

5 20. Under section 14.01 and 14.02 of the Lease, the Lessor has the right to terminate the
6 Lessee's right to possession of the Property for, *inter alia*, failure to pay necessary rent on time.

7 21. MPAH's failure to comply with the , in the year 2021, MPAH was deficient by
8 approximately \$4,906. In the year 2022, MPAH was deficient by approximately \$24,142.

9 22. MPAH has also failed to follow through on providing the necessary repairs on the
10 Property for the safety of the residents.

11 23. MPAH also allowed unqualified persons (those whose income does not meet the
12 criteria for low- to extremely low-income) to reside at the house in direct contravention of the
13 Restrictions in the Lease.

14 24. MPAH failed to provide a safe environment for all residents by, *inter alia*, allowing
15 one resident to become abusive toward another. The situation became so extreme that the abused
16 resident left the Premises.

17 25. DSCS has become concerned with MPAH's continued mismanagement of the
18 Property, and a demonstrated inability to manage even their own organization.

19 26. DSCS wishes to continue the valuable mission at the Property, but no longer has faith
20 that MPAH can help reach those goals.

21 27. Due to this continued mismanagement, DSCS intends to remove MPAH as the
22 manager of the Property for the above-stated deficiencies. However, due to the ambiguities in the
23 Lease as created by the Termination Agreement, DSCS cannot exercise its legal rights until such time
24 as the party's relative positions are clarified.

25 **FIRST CAUSE OF ACTION**

26 **DECLARATORY JUDGMENT**

27 (By PLAINTIFF against MPAH and DOES 1-20)

28 28. PLAINTIFF re-alleges and incorporates by reference all of the facts and allegations
contained in paragraphs 1 through 21 of this complaint, as if fully set forth herein.

1 ongoing damage to the stated mission of Marty's Place due to the lack of funds.

2 41. DSCS requests repayment of the amounts overdue as well as the late fees associated
3 with the overdue rent, and removal of MPAH as manager of the Property as contemplated in the
4 Lease.

5 **PRAYER FOR RELIEF**

6 WHEREFORE, PLAINTIFF prays for judgment against DEFENDANTS, and each of them,
7 as follows:

- 8 1. For judicial declaration that DSCS is the Lessor in the Lease;
- 9 2. For a judicial declaration that MPAH is in default under the terms of the Lease;
- 10 3. For a judicial declaration that MPAH can be and is removed as manager of the Property;
- 11 4. For the amounts due from non-payment of rent, totaling at least \$29,048;
- 12 5. For late fees associated with missed payments, in an amount to be proved at trial;
- 13 6. For general damages according to proof;
- 14 7. For reasonable attorney's fees and costs incurred herein; and
- 15 8. For such further relief as the Court may deem just and proper.

16 Dated: April 2, 2024

KAUFMAN DOLOWICH LLP

17 

18 _____
19 Tad A. Devlin
20 Katherine S. Catlos
21 Esther S. Oh
22 Attorneys for Plaintiff
23 DOLORES STREET COMMUNITY SERVICES, INC.
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Exhibit A

**MEMORANDUM OF UNDERSTANDING BETWEEN
DOLORES STREET COMMUNITY SERVICES AND
THE SAN FRANCISCO COMMUNITY LAND TRUST**

This Memorandum of Understanding (“Agreement”) is entered into by Dolores Street Community Services (DSCS) and the San Francisco Community Land Trust (“SFCLT,” together “the Parties”) on July 14, 2014 based upon the following facts:

- A. DSCS is a nonprofit organization that owns real property located at 1165-67 Treat Ave., also known as “Marty’s Place” (“The Property”). The Property is a six-bedroom single family home and was donated to DSCS in 2009 with covenants to maintain the residence as an affordable home for people living with HIV and/or AIDS.
- B. SFCLT is a nonprofit organization whose primary mission is to assist low-income San Franciscans in creating and preserving permanently affordable housing in San Francisco through shared, cooperative ownership and self-management.
- C. The Parties agree to work together on developing the Property into an independent residence targeting young LGBT adults living with HIV and/or AIDS. The Parties will sign a 15-year ground lease. SFCLT will sign a 15-year master lease with the resident cooperative.
- D. The Parties intend to enter into a Development Agreement at a later date that will be guided by and replace portions or all of this Agreement.

The Parties agree to do the following:

1. Purpose

- 1.1. It is the goal and purpose of this Agreement to renovate the Property and target a group of nine young, HIV positive LGBT adults to secure affordable, cooperative housing.

2. Definitions

- 2.1. **Renovations** refer to seismic safety upgrades necessary to bring the Property in compliance with San Francisco Building Code Chapter 16 B-C and any planned building upgrades performed incident to the seismic safety upgrades—including electrical, mechanical, plumbing, and other building systems upgrades, that will bring the Property in compliance with the San Francisco Building Code and allow for the long term financial strength of the Property.
- 2.2. **Ground Lease** refers to the 15-year ground lease between DSCS and SFCLT.
- 2.3. **Co-op** refers to a zero equity housing cooperative that will manage the operation of the Property.

3. Obligations of SFCLT:

3.1. **Fundraising.** SFCLT is responsible for raising \$250,000 to complete the renovations and fund the capital reserve account before the Property can be renovated, leased and occupied. The timeline and benchmarks are as follows:

REVISED:

Date	Benchmark	Action/Outcome
7/18/14	Both Parties sign the MOU	Official Announcement & Kick off of the Project Fundraising Campaign
8/1/14	Parties draft Development Agreement	SFCLT & Partners begin recruiting founding members of new Co-op
8/31/14	\$50,000 pledged to Project	SFCLT & Partners begin convening and educating Co-op members (6 months education)
9/30/14	\$100,000 total pledged	
10/31/14	\$150,000 total pledged	
11/1/14	Parties sign Development Agreement	SFCLT contracts with Project Manager
11/30/14	\$200,000 total pledged	Parties Draft Ground & Master Leases
12/31/14	\$250,000 total pledged	Caretakers move out
1/1/15	Construction Company Identified	Begin Renovations
		Co-op is incorporated
		Parties review Draft Ground & Master Leases
2/28/15	Renovations Completed	
3/1/15	SFCLT & DSCS sign 15-year Ground Lease effective 3/1/15	SFCLT & Co-op sign 15-year Master Lease effective 6/1/15
3/1/15	9 residents move-in	Press Conference

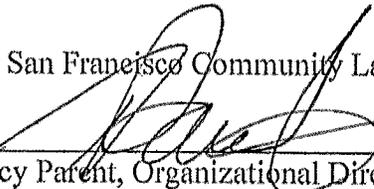
3.2. **Renovations.** SFCLT will be responsible for ensuring that the Renovations are performed and completed with shared oversight by DSCS. The details of both parties' responsibilities will be addressed in a Development Agreement that the Parties will enter into at a later date and will replace this subparagraph upon completion.

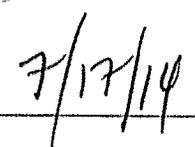
3.3. **Formation of the Co-op.** SFCLT will assist the new residents in forming and managing the Co-Op. This assistance will include training on all aspects of running the Co-op, including tasks such as general building management and maintenance, budgeting and

reporting, meeting facilitation, proper record keeping, member selection, and new member training.

- 3.4. **Transfer of the Property.** DSCS will lease the property to SFCLT through a 15-year ground lease. At the point of transfer, SFCLT will assume fiscal and other responsibilities for operating the Co-op. The details of the transfer and ground lease will be addressed in a Development Agreement that the Parties will enter into at a later date and that will replace this subparagraph of the Agreement.
- 3.5. **Information sharing:** SFCLT will regularly provide updated information about the status of the Renovations and of the building's financial condition to DSCS.
4. **Obligations of DSCS:** DSCS will make pertinent documents available to SFCLT and provide an Owner's Representative to sign off on documents. DSCS will also provide staff to sit on Finance and Social Committees as well as share contacts for fundraising purposes.
5. **Development Agreement.** SFCLT and DSCS will enter into additional agreements that will address all issues necessary for the creation and maintenance of a limited equity housing cooperative, transfer of the Property to SFCLT, and general covenants, conditions, and restrictions related to the Property (together, "Development Agreement"). The Parties must enter into a Development Agreement within 90 days of this Agreement, unless the Parties agree to extend this deadline in writing.
6. **Breach or Termination.** If SFCLT (1) cannot substantially fulfill the obligations under this Agreement, (2) cannot raise the funds for the renovations and reserves needed for the building, or (3) must dissolve for any reason, SFCLT may assign this agreement to another non-profit entity approved by DSCS.
7. **Duration.** This Agreement will be replaced in part or in whole by the Development Agreement and, unless this Agreement says otherwise, will expire when the Parties sign the Development Agreement.
8. **Requisite Authority.** Each person signing this Agreement has the authority to execute this Agreement and to bind the Parties to the provisions of this Agreement.
9. **Holding Costs.** SFCLT agrees to pay the insurance and property taxes after signing the Development Agreement.

For San Francisco Community Land Trust

By: 
Tracy Parent, Organizational Director

Dated: 

For Dolores Street Community Services

By: 
Wendy Phillips, Executive Director

Dated: 7/21/14

Exhibit B

LEASE

By and Between

SAN FRANCISCO COMMUNITY LAND TRUST,
a California nonprofit public benefit corporation,

as Lessor

and

MARTY'S PLACE AFFORDABLE HOUSING CORPORATION,
A California nonprofit public benefit corporation,

as Lessee

Dated as of

June 30, 2015

MASTER LEASE AGREEMENT

This Master Lease Agreement ("Lease") is made and entered into as of June, 30, 2015 by and between The San Francisco Community Land Trust, SFCLT, a California public benefit corporation ("Lessor"), and Marty's Place Affordable Housing Corporation, a California public benefit corporation ("Lessee"), who agree as follows:

RECITALS

A. Lessor holds a ground lease with a fifteen (15) year term to that certain real property including all improvements on the property (the "Property") located in the City and County of San Francisco, State of California, commonly known as 1165 Treat Avenue, San Francisco and more particularly described in **Exhibit A**. Lessor is a non-profit corporation that promotes and provides affordable housing. Lessor's primary mission is to create permanently affordable, resident-controlled housing for low- to moderate-income people in San Francisco through community ownership of the land.

B. Lessee is a non-profit corporation that promotes and provides affordable housing. Lessee was created to operate the Property by subleasing housing units at the Property ("Units") to income eligible persons (Lessee's "Residents"). Lessee is a Resident Operated Non-profit which is operated by its Residents in a collective, democratic fashion as described in Lessee's articles of incorporation and bylaws and other governing documents created or maintained by Lessee.

C. Lessor has not accepted financing from a public agency regarding the Property. The Parties agree that the Property shall be operated pursuant to the Restrictions contained in Exhibit B, hereto (the "Restrictions"). The Restrictions, shall govern certain aspects of Lessee's sub-lease of the Property to its Residents. In particular, Lessee's sub-leasing of Units to its Residents shall be in compliance with all terms and conditions of the Restrictions, which require all Units to be leased to low-income persons at affordable rental rates, as shall be defined in the Restrictions. In any case in which the terms of this Lease and the Restrictions are in conflict, the Restrictions shall govern.

Therefore, in consideration of the foregoing recitals and for good and valuable consideration, receipt of which is hereby acknowledged, the Parties hereby agree as follows:

Article 1 - Premises

Section 1.01. Premises. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, for the term and subject to the agreements, conditions and provisions hereinafter set forth, to each and all of which Lessor and Lessee hereby mutually agree, the Property (the "Premises").

Article 2 - Term

Section 2.01. Lease Term. The term of this Lease (the "Lease Term") shall be for fifteen (15) years, commencing on June 30, 2015 (the "Commencement Date"), and, unless sooner terminated or extended as hereinafter provided, ending on June 30, 2030. Each full January 1 – December 31 calendar year during the Lease Term is referred to hereinafter as a "Lease Year." If the Commencement Date is other than January 1, then the first and last fractional calendar years during the Lease Term shall constitute a "Lease Year."

Section 2.02: Extension of Lease: Lessee and Lessor may agree to extend the term of this Lease upon its expiration for an additional period of eighty-four (84) years based on the provisions of this Lease by signing a new Lease.

Article 3 - Rent

Section 3.01. Payment. Lessee shall pay to Lessor, for the use of the Premises, in lawful money of the United States, a "Monthly Rent," in the sum set forth in Section 3.05 below (subject to adjustment as hereinafter provided), due and payable without notice or demand, in advance, beginning on the Commencement Date, and on the seventh (7th) day of each calendar month thereafter during the Lease Term. All payments of Monthly Rent required to be made under this Article 3, or payments to be made under any other Article of this Lease, shall be made without any setoff or counterclaim whatsoever, shall be made payable to Lessor, and shall be sent to Lessor at the address for notices to Lessor set but in this Lease, or at such other address as Lessor may designate from time to time by written notice to Lessee.

Section 3.02. Late Fees and Interest on Overdue Amounts. If any installment of Monthly Rent, or any other payment due under this Lease from Lessee to Lessor, is not paid when due, Lessee shall pay a late fee equal to the greater of (i) all amounts paid to Lessee by its Residents as Late Fees under the Occupancy Agreement signed between Lessee and its Residents related to the period in question; or (ii) interest at the highest rate legally permitted or twenty four percent (24%) per annum from the date that the same became due and payable until paid, whether or not demand be made therefore. The Parties agree that Lessor will sustain damage on account of any late payment under this Lease, including but not limited to added accounting, administrative and management expenses and costs, but that it will be impracticable and extremely difficult to specify the actual amount of such damage. The parties agree that the late charges stated above represents a reasonable estimate of the damages Lessor will incur by reason of the late payment.

Section 3.03. Use of Rent Funds. Lessor shall use all rent funds received from Lessee in the fashion designated in Section 3.05 (a) - (h), inclusive. Lessor shall deposit all such funds received in the segregated accounts required under the Restrictions, if any.

For purposes of this Lease, the term "Ground Lease portion" shall indicate the portion of the Monthly Rent that shall be used exclusively to pay the Ground Lease rent related to the Property, and for no other purpose.

For purposes of this Lease, the term "Property tax portion" shall indicate the portion of the Monthly Rent that shall be used exclusively to pay property taxes associated with the Property, and for no other purpose. The term "Property Tax" shall mean all taxes, assessments

and other similar governmental charges levied on or attributable to the Premises or its operation, including, without limitation, all real property taxes and general and special assessments; charges, fees, levies and assessments and all other governmental impositions of any kind or nature whatsoever, regardless of whether or not customary or within the contemplation of the parties hereto and regardless of whether resulting from increased rate and/or valuation, or whether extraordinary or ordinary, general or special, foreseen or unforeseen, or similar or dissimilar to any of the foregoing, which may now or hereafter be levied or assessed against Lessor by the United States of America, the State of California, the City or County of San Francisco or any political subdivision, public corporation, district or other political or public entity, and any other tax, fee or other excise, however described, levied or assessed as a substitute for, or as an addition to (in whole or in part), any other such taxes.

For purposes of this Lease, the term “Property insurance portion” shall indicate the portion of the Monthly Rent that shall be used exclusively to pay insurance purchased by Lessor specifically insuring the Property, and for no other purpose.

For purposes of this Lease, the term “Replacement reserve portion” shall indicate the portion of the Monthly Rent that Lessor shall deposit into the segregated Replacement Reserve Account, pursuant to the terms of the Restrictions, and for no other purpose.

For purposes of this Lease, the term “Operating reserve portion” shall indicate the portion of the Monthly Rent that Lessor shall deposit into the segregated Operating Reserve Account, pursuant to the terms of the Restrictions, and for no other purpose.

For purposes of this Lease, the term “Lessor asset management portion” shall indicate the portion of the Monthly Rent that Lessor is permitted to use to pay Lessor’s asset management and administrative costs.

For purposes of this Lease, the term “Lessee Budget items portion” shall indicate the portion of the Monthly Rent that Lessor shall use exclusively to pay for items included in the annual budget approved pursuant to Section 4.02 as adjusted pursuant to Section 4.01 of this Lease, and for no other purpose.

Section 3.04. Fractional Calendar Months. Monthly Rent due for each fractional calendar month during the Lease Term shall be reduced proportionately, based upon the number of days in such fractional calendar month.

Section 3.05. Initial Monthly Rent.

(i) Monthly Rent for the initial Lease Year shall be equal to the sum of the following expense categories in the Initial Annual Budget (Exhibit C), as adjusted by Section 3.05(ii) – (iv), inclusive:

(a) Ground Lease Fee portion:	\$ 833
(b) Property tax portion:	\$ 67
(c) Property insurance portion	\$ 217

(d) Replacement reserve portion	\$1,017
(e) Operating reserve portion	\$ 636
(f) Asset Management Fee portion	\$ 333
(g) Lessee Budget items portion	\$1,517
(h) Operating Management Fee Portion	\$ 600

TOTAL DUE PER MONTH: \$ 5,220

(ii) For each calendar month during which Lessee timely complies with all requirements of Sections 5.02, 5.07, 8.01 and 10.02 of this Lease, below, Lessor shall not be entitled to collect the Operating Management Fee portion from Lessee. Lessor shall give Lessee a written notice if Lessor contends that Lessee has failed to timely comply with any requirement of Section 5.02, 5.07, 8.01 or 10.02 (the "Section 3.05(ii) Failure Notice") and Lessor shall only be entitled to collect the Operating Management Fee portion from Lessee beginning the calendar month following said notice if, following said notice, Lessee fails to cure the failure identified in said notice within fifteen (15) days after notice, or, if performance within such time period is not reasonably feasible, if Lessee has not, within such time period, commenced with due diligence to cure the failure.

(iii) For each month during which Lessee collects less than the total rent due under this Section 3.05 from Lessee's Residents, the rent due Lessor shall be reduced by the amount by which the rent due under this Section 3.05 exceeds the rent Lessee collected from its Residents.

Commencing on January 1 of each Lease year following execution of this Lease, Monthly Rent shall adjust as provided in Article 4 herein.

Article 4 - Adjustment of Rent

Section 4.01. Adjustment. The Monthly Rent shall be adjusted on the second Lease Year of this Lease and annually on January 1 of each Lease Year thereafter (each, an "Adjustment Date"). The annual adjustment of Monthly Rent shall be based on the adjustment for each expense category identified in Section 3.05(i)(a) through (h), inclusive, set forth below or as adjusted based on the mutual consent of Lessor and Lessee in accord with the Annual Budget adopted by the parties as provided in 4.02 and 4.03, provided, however, that the Monthly Rent shall increase by at least two percent (2%) per annum, but in no event to exceed the maximum affordable rent amount for the target income level for the Unit as posted on the City of San Francisco's Affordable Housing website as required :

(a) The Section 3.05(i)(a) expense category shall not be adjusted unless Lessor's obligation to pay Ground Lease fees either increases or decreases, in which case the expense category shall be adjusted by the same rate of increase or decrease as that imposed on Lessor under the Ground Lease, provided, however, that any such adjustment may be waived with the mutual consent of Lessor and Lessee, and provided further that the Section 3.05(i)(a) portion of the Monthly Rent may be adjusted by the mutual consent of Lessor and Lessee.

(b) The Section 3.05(i)(b) expense category shall be adjusted by the same amount as

any adjustment to Lessor's expenses associated with taxation of the Property during the year preceding the Adjustment Date, provided, however, that any such adjustment may be waived with the mutual consent of Lessor and Lessee, and provided further that the Section 3.05 (b) portion of the Monthly Rent may be adjusted by the mutual consent of Lessor and Lessee.

(c) The Section 3.05(i)(c) expense category shall be adjusted by the same amount as any adjustment to Lessor's expenses associated with securing insurance for the Property during the year preceding the Adjustment Date, provided, however, that any such adjustment may be waived with the mutual consent of Lessor and Lessee, and provided further that the Section 3.05 (c) portion of the Monthly Rent may be adjusted by the mutual consent of Lessor and Lessee. Lessor shall insure the and shall take reasonable efforts to periodically update insurance coverage so as to obtain the most cost effective insurance, provided, however, that Lessor shall determine, in Lessor's sole discretion, the appropriate insurance required for the Property.

(d) The Section 3.05(i)(d) expense category regarding replacement reserve shall be increased by an amount equal to the published annual average percentage change in the US. Department of Labor Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers for the West (CPI-U) "All items less food and energy", or its successor, for the year preceding the Adjustment Date (the "Inflation Rate") provided, however, that any such adjustment may be waived with the mutual consent of Lessor and Lessee, and provided further that the Section 3.05 (d) portion of the Monthly Rent may be adjusted by the mutual consent of Lessor and Lessee.

(e) The Section 3.05(i)(e) expense category regarding operating reserve shall be adjusted so that it is equal to five percent (4.5%) of total Adjusted Monthly Rent. Any such adjustment may be waived with the mutual consent of Lessor and Lessee, and provided further that the Section 3.05 (e) portion of the Monthly Rent may be adjusted by the mutual consent of Lessor and Lessee.

(f) The Section 3.05(i)(f) expense category regarding Asset Management Fee portion shall be increased by an amount equal to the Inflation Rate, provided, however, that any such adjustment may be waived with the mutual consent of Lessor and Lessee, and provided further that the Section 3.05 (f) portion of the Monthly Rent may be adjusted by the mutual consent of Lessor and Lessee.

(g) The Section 3.05(i)(g) expense category regarding Lessee Budget Items portion shall be increased by an amount determined by Lessor in Lessor's sole discretion, provided, however, that Lessor shall consider the actual expenditures from the Lessee Budget Account during prior to the Adjustment Date and provided, however, that said increase shall not exceed ten percent (10%) per annum without mutual consent of Lessor and Lessee.

(h) The Section 3.05 (h) portion of the Rent regarding Operating Management fee portion shall be increased by an amount equal to the Inflation, provided, however, that any such adjustment may be waived with the mutual consent of Lessor and Lessee, and provided further that the Section 3.05 (h) portion of the Monthly Rent may be adjusted by the mutual consent of Lessor and Lessee.

Section 4.02.

(a) Annual Budget Review. Except as provided by (b), below, Lessee shall submit a written proposed Annual Budget to Lessor at least 75 days prior to each Adjustment Date. The proposed Annual Budget shall use the categories and be in the form attached hereto as Exhibit C, provided, however, that the categories and the form may be amended with consent of the Parties. Said Annual Budget shall specify any proposed adjustments to the Monthly Rent for each portion identified in Section 3.05(i)(a) through (h), inclusive, for the new fiscal year. Lessor shall respond in writing to proposed Annual Budget within ten (10) days. Either party may request a meeting to discuss the proposed Annual Budget at any time between the date on which Lessee submits the proposed Annual Budget and a date 65 days prior to the Adjustment Date. The parties shall agree on an Annual Budget at least 60 days prior to each Adjustment Date provided, however, that if the parties are unable to agree on an Annual Budget, then Lessor shall have the right to adjust the Monthly Rent according to the provisions of Section 4.01.

(b) For the Initial Lease Year, the Monthly Rent shall be determined based on the Initial Annual Budget attached hereto as **Exhibit C**.

Section 4.03. Notice. Within 30 days after the Annual Budget is agreed upon, as provided in Sections 4.01 and/or 4.02 above, Lessor shall give Lessee notice of the new Monthly Rent, together with the final Annual Budget, including a reasonably detailed calculation showing how Lessor determined any increase to the extent any portion of the Monthly Rent is determined pursuant to Section 4.01. The parties acknowledge and agree that to the extent the Monthly Rent to Lessee increases, Lessee shall be required to raise rent to its Residents to cover the cost of said increase.

Article 5 – Use and Asset Management

Section 5.01. General. The Premises shall be used to provide resident-managed low-income affordable housing and for no other purpose.

Section 5.02. Lessor Oversight of Lessee and Required Reports.

(a) Lessor may attend any meeting of Lessee's board of directors or Lessee's members at Lessor's sole discretion. Lessee shall be required to create written meeting minutes for all meetings of Lessee's directors or Members. Lessee shall provide Lessor 5 days' notice of all meetings. Lessor shall give Lessee 4 days' notice prior to attending any meeting of Lessee's board of directors or members.

(b) Lessee shall provide to Lessor within 14 days of Lessor's request any or all of the following information:

- (i) A statement of income and expenses of Lessee;
- (ii) Copies of all receipts for any purchases related to the Lessee Budget Account;
- (iii) Records showing all rent credits paid
- (iv) Copies of all meeting minutes for all meetings of Lessee's board of directors or members;
- (v) A statement of any major capital repairs or upgrades Lessee believes are

required regarding the Property;
(vi) A current rent roll;

(c) Lessor shall be entitled to review and copy any document created, maintained or in the possession of Lessee upon making a written request therefore. Lessee shall provide any documents requested within fourteen (14) days of a written request for the document.

(d) Lessor may request a meeting with an authorized representative of Lessee to discuss each Report.

(e) Lessee shall timely file all organizational tax returns, Statements of Information or Registration/Renewal Reports required by the State of California Secretary of State, Franchise Tax Board or Attorney General Registry of Charitable Trusts and the Internal Revenue Service and provide copies of all tax returns to Lessor.

(f) Lessee shall designate a Vacancy Committee and notify Lessor of the name, telephone number and email address of the current members of the Vacancy Committee. At such time as the identity or contact information of any member of the Vacancy Committee changes, Lessee shall notify Lessor within five (5) days with any updated information.

(g) Lessee shall designate a Maintenance Coordinator and notify Lessor of the name, telephone number and email address of the current Maintenance Coordinator. At such time as the identity or contact information of the Maintenance Coordinator changes, Lessee shall notify Lessor within five (5) days with any updated information.

(h) Lessee shall designate a Liaison and notify Lessor of the name, telephone number and email address of the current Liaison. At such time as the identity or contact information of the Liaison changes, Lessee shall notify Lessor within five (5) days with any updated information.

(i) Lessee shall designate a Secretary and notify Lessor of the name, telephone number and email address of the current Secretary. At such time as the identity or contact information of the Secretary changes, Lessee shall notify Lessor within five (5) days with any updated information.

(j) Lessee shall designate a Bookkeeper and notify Lessor of the name, telephone number and email address of the current Bookkeeper. At such time as the identity or contact information of the Bookkeeper changes, Lessee shall notify Lessor within five (5) days with any updated information.

(k) Any amendment to Lessee's articles of incorporation or bylaws shall only be in compliance with the Lessor and Lessee's tax status and the Corporations Code. Lessee shall notify Lessor thirty (30) days prior to amending Lessee's articles or bylaws.

Section 5.03. Compliance with Law.

Lessee shall not use the Premises, or permit anything to be done in or about the Premises, which will in any way conflict with the provisions of the Restrictions or any governmental law, ordinance, rule, regulation or requirement affecting the Property, whether now in force or hereafter enacted or promulgated. Lessee shall, at its sole cost and expense, promptly comply with all such laws, ordinances, rules, regulations and requirements now in force, or hereafter in force, and with the requirements of any, board of fire underwriters, or other similar body now or hereafter constituted, relating to or affecting the condition, use or occupancy of the Premises. The judgment of any court of competent jurisdiction, or the admission of Lessee in an action against Lessee (whether Lessor be a party thereto or not), that Lessee has violated any such law, ordinance, rule, regulation or requirement shall be conclusive of such violation, as between Lessor and Lessee.

Section 5.04. Lessee Right to Inspect Lessor and Required Reports.

(a) Lessor shall provide to Lessee within 14 days of Lessee's request any or all of the following information:

- (i) A statement of income and expenses regarding the Property;
- (ii) A Maintenance log showing all maintenance requests, responses, and pending issues;
- (iii) A statement showing the all activity in any Reserve maintained by Lessor regarding the Property;
- (iv) A statement of income and expenses regarding Lessor;
- (v) A statement comparing the Annual budget against actual expenses during the period;
- (vi) Copies of all meeting minutes for all meetings of Lessors board of directors of members conducted during the period;
- (vii) Proof that Lessor has paid all taxes and insurance due regarding the Property for the period of the Report.

(b) Lessee shall be entitled to review and copy any document created, maintained or in the possession of Lessor regarding the Property upon making a written request therefore. Lessor shall provide any documents requested within fourteen (14) days of a written request for the document.

(c) Lessee may demand a meeting with an authorized representative of Lessor to discuss each Report.

(d) Lessor shall create and maintain a segregated Operating Reserve Account and a Replacement Reserve Account All funds paid pursuant to Section 3.05 of this Lease shall be deposited into said reserves.

(e) Lessor shall create and maintain a segregated Lessee Budget Account. All funds paid pursuant to Section 3.05(g) of this Lease shall be deposited into said account. Lessee shall have authority to use funds from the Lessee Budget Account for purposes described in the Annual Budget and in this Lease.

Section 5.05. Hazardous Material.

(a) "Hazardous Material" means any material or substance that is now or hereafter prohibited or regulated by any Law or that is now or hereafter designated by any governmental authority to be radioactive, toxic, hazardous or otherwise a danger to health, reproduction or the environment.

(b) Lessee shall not store, use, dispose of, emit, or release any Hazardous Material in violation of Law. Lessee shall immediately advise Lessor in writing of any discovery or release of Hazardous Materials on the Premises and of any claims related to Hazardous Materials threatened by any third party against Lessee, Lessor or the Premises. Lessee shall be solely responsible for, and shall defend, indemnify and hold Lessor and its shareholders, officers, and directors harmless from and against, all claims, costs and liabilities, including attorneys' fees and costs, to the extent arising out Lessee's failure to notify Lessor of the discovery or release of Hazardous Materials on the Premises in accordance with this Section, or of the use, storage, disposal or release of Hazardous Materials on or about the Premises by Lessee or its agents, employees, or contractors.

Section 5.06. Asset Management by Lessor

Lessor shall provide the following management services to Lessee:

(a) Do all acts required of Lessee under section 5.07 of this Lease at any point after Lessee fails to cure, within 15 days, any failure identified a Section 5.07 Failure Notice. Lessor shall use sums collected pursuant to Section 3.05(ii) to provide said services and may hire a third party management service to provide said services.

(b) Do all acts required of Lessee under section 8.01 of this Lease at any point after Lessee fails to cure, within 15 days, any failure identified a Section 8.01 Failure Notice. Lessor shall use sums collected pursuant to Section 3.05(iii) to provide said services and may hire a third party management service to provide said services.

(c) Do all acts required of Lessee under section 10.02 of this Lease at any point after Lessee fails to cure, within 15 days, any failure identified a Section 10.02 Failure Notice. Lessor shall use sums collected pursuant to Section 3.05(iii) to provide said services and may hire a third party management service to provide said services.

Section 5.07. Operating Management by Lessee.

Except as provided in 5.06(c), above, Lessee shall perform the following management tasks by the dates set forth, below, in full compliance with the Restrictions:

(a) Collect all rents from Lessee's Residents and deposit all Resident Rents by the 1st day of each month.

(b) Do all acts necessary to keep all Units managed by Lessee rented to Residents including but not limited to:

- (i) Notify Lessor within 10 days after any Resident gives a notice to vacate.
 - (ii) Advertise vacancies within 10 days after receiving a Resident's notice to vacate.
 - (iii) Select and coordinate the move-in of new Residents so that all vacancies are filled within 60 days after a Resident gives a notice to vacate. Lessee's obligation to Lessor under this sub-paragraph shall include but is not limited to: maintaining a waiting list, conducting open houses for applicants, conducting interviews of applicants, conducting income certifications for applicants, complying with Fair Housing Law, executing Occupancy Agreements with new Residents and facilitating move-in of new Residents.
 - (iv) Conducting an orientation for each new Resident within 30 days following move-in of any new Resident.
 - (v) Notify Lessor of all times at which applicants are to be interviewed to fill a vacancy.
- (c) Record the condition of each Unit at the time a new Resident takes possession of the Unit.
- (d) Clean and repair of all Units following a vacancy.
- (e) Return of all Resident's security deposit after a Resident vacates a Unit.
- (f) Take all actions to require that all Residents complete annual income recertification forms provided by Lessor in compliance with the Restrictions or Lessor's requirements.
- (g) Provide Lessor all information regarding the household size and income of Lessee's Residents on an annual basis to permit Lessor to comply with Lessor's tax status.
- (h) Provide the volunteer services of Lessee's Vacancy Committee to Lessor and Lessee's Residents who shall fully comply with the Restrictions. The Vacancy Committee shall manage tenancy issues with Lessee's residents, including leasing and outreach to potential new lessees, initial collection of income verification required for moving in, and ensuring that all outreach and materials follows all Fair Housing protocols.
- (i) Provide the volunteer services of Lessee's Maintenance Coordinator to Lessor and Lessee's Residents. The Maintenance Coordinator shall ensure the day to day safety and security of the Property and is responsible for communicating with Lessee's Residents about maintenance needs. The Maintenance Coordinator is responsible for coordinating the work of Lessee's Residents, hired contractors, and is expected to communicate larger maintenance issues, including but not limited to those requiring the use of reserve funds, to Lessor. The Maintenance Coordinator is responsible for maintaining accurate records of repairs, purchases and outstanding and completed maintenance, and will work with Lessor to respond to, plan for, and execute major capital upgrades or replacements.
- (j) Provide the volunteer services of Lessee's Liaison to Lessor and Lessee's Residents who shall ensuring that Lessor is made aware of major house events, rules changes, changes in tenancy, or any other information from Lessee that is pertinent to Lessor that is not communicated by either the Vacancy Committee or the Maintenance Coordinator.
- (k) Provide the volunteer services of Lessee's Secretary to Lessor and Lessee's Residents who shall maintain all records related to the operation of Lessee, including meeting minutes and a calendar of meetings and elections. The Secretary will work closely with the Maintenance Coordinator to ensure that maintenance-related records such as receipts, cost estimates for services, and a log of repairs and repair requests are adequately maintained. The

Secretary will work closely with the Bookkeeper to ensure that all bookkeeping related records such as regular financial reports, insurance records, financial statements, tax-related issues and accounting are adequately maintained.

(l) Provide the paid services of Lessee's Bookkeeper to Lessor and Lessee's Residents to track monthly income and expenses and produce quarterly financial statements. These statements shall be shared with Lessor. The Bookkeeper will work closely with the Maintenance Coordinator to ensure that maintenance-related records such as receipts, cost estimates for services, and a log of repairs and repair requests are adequately maintained.

(m) Timely submit a proposed Annual Budget as provided in Section 4.02(a).

Article 6 - Services and Utilities

Section 6.01. General. Lessee shall make all arrangements for, and Lessor shall pay all costs of out of the Lessee Budget Account, installation and supply of utility facilities and all utilities furnished to or used by Lessee.

Article 7 - Alterations

Section 7.01. General Conditions. Except as provided in Section 7.02, below, Lessee shall not make any alterations to any part of the Property without Lessor's prior consent. Except as provided in Section 7.04, below, Lessor shall not make any alterations to any part of the Property without Lessee's prior consent. In making, any alteration to the Property, the parties shall comply with the following:

(a) The alteration shall be approved by all appropriate government authorities, and all applicable permits and authorizations shall be obtained, and copies thereof shall be supplied to both parties, all before commencement of the alteration.

(b) The alteration shall be completed with due diligence, in compliance with all applicable governmental laws, ordinances, rules, regulations and requirements.

(c) Before commencing the alteration, and at all times during construction thereof, any contractor shall maintain public liability and property damage insurance, and fire and extended coverage insurance in amounts, and with insurance companies, all reasonably acceptable to both parties.

Section 7.02. Permitted Alterations by Lessee. Lessee shall be permitted to make the following types of alterations without obtaining the prior consent of Lessor:

(a) Lessee's Residents may make cosmetic alterations to their units as permitted in the Resident Occupancy Agreement, such as painting the walls, without obtaining consent of Lessor, provided such alterations do not: (i) cause permanent damage, removal or destruction of historically significant trim, fixtures, hardware or details of the Property; (ii) apply paint to any wood, metal or glass surface which has not previously been painted; (iii) alter or overload the structure of the Property; (iv) threaten the structural integrity of the Property; (v) alter the

location of any wall, door or window at the Property; (vi) permanently cover or alter any floor, ceiling, wall, window or door with any material other than cosmetic paints or stains; (vii) require a Building Permit from the City of San Francisco; (viii) alter electrical, water, heating or other utility services at the Property.

(b) Lessee may make alterations to the units or the common areas of the Property without obtaining consent of Lessor provided such alterations do not: (i) alter or overload the structure of the Property; (ii) threaten the structural integrity of the Property; (iii) alter the location of any wall, door or window at the Property; (iv) require a Building Permit from the City of San Francisco; (v) alter electrical, water, heating or other utility services at the Property; and if the total cost of each such alteration is less than \$1,000.

Section 7.03. Costs and Liens. Lessor shall pay all costs for construction done by Lessee, or caused to be done by it, on the Premises, exclusively from funds available in the Lessee Budget Account, and Lessee shall keep the Premises free and clear of all mechanic's liens resulting from construction done by or for Lessee. Lessee shall have the right to contest the correctness or the validity of any such lien if, immediately following demand therefore by Lessor, Lessee procures and records a lien release bond, issued by a corporation authorized to issue surety bonds in California, in an amount equal to one and one-half (1-1/2) times the amount of the claim of lien, which bond meets the requirements the California Civil Code and provides for the payment of any sum that the claimant may recover on the claim (including, but not limited to, costs of suit, if the claimant should recover those in the action).

Section 7.04. Permitted Alterations by Lessor. Lessor shall be permitted to make any alterations required by the City or State without obtaining the prior consent of Lessee, provided, however, that Lessor shall provide Lessee with 30 days written notice of Lessors intent to make such alterations. For any such alterations, Lessor shall pay all costs for construction done by it, or caused to be done by it, on the Premises.

Article 8 - Repairs

Section 8.01. Lessee's Obligation. Except as provided in 5.06(d), above, Lessee shall manage all regular maintenance and repairs as may from time to time be defined and agreed by the parties including but not limited to cleaning, routine upkeep of the yard areas, laundry facilities, garbage storage areas, common areas and hallways, interior painting, interior repairs costing less than \$100, repair of any glass windows broken by Lessee's Residents and routine maintenance items such as the replacements of light bulbs, and repair of appliances. Lessee shall provide all maintenance associated with the move in and move out of the Residents. Lessee shall be responsible for all repairs to the Premises the need for which arises out of the negligent or willful act or omission of Lessee, its Residents, agents, contractors, employees or invitees. Lessor shall pay all expenses associated with the obligations described in this Section exclusively from the Lessee Budget Account.

Section 8.02. Lessor's Obligation. Lessor shall repair and maintain in good order, condition and repair the structural portions of the Premises, including the foundations, roof and exterior surfaces of load-bearing walls, as well as all electrical, plumbing, sewer and other utility

lines, equipment and systems (“Structural Repairs”). For purposes of this Lease, a Major Repair shall be a repair including but not limited to a Structural Repair costing in excess of \$500, provided, however, that the parties may agree that a particular repair costing less than \$500 shall be a Major Repair and provided further that the parties may agree that a particular repair costing more than \$500 should not be defined as a Major Repair.

Lessor agrees to make all Structural or Major Repairs, Capital Replacements and Upgrades to the premises to the extent funds are available in the Replacement Reserve. The parties acknowledge and agree that all withdrawals from the Replacement Reserves shall be pursuant to the procedures described in the Restrictions

Lessee may provide periodic recommendations to Lessor regarding the timing at which Major Repairs should be addressed and may recommend the priority of Major Repair projects. Lessee may also obtain contractor estimates for making Major Repairs. The parties agree to consult and cooperate regarding the scheduling and completion of Major Repairs. To the extent Lessee seeks Structural or Major repairs that would cost in excess of the amount available in the Operating and Reserve funds, Lessor shall determine what, if any, repairs shall be made in Lessor’s sole discretion. Lessor shall not be required to make repairs under this paragraph in excess of the amount available in the Operating and Replacement Reserve. To the extent Lessee seeks Structural or Major repairs for which adequate funds are available in the Operating and Reserve funds, Lessor shall seek to complete such repairs in a timely fashion.

Section 8.03. Notice of Condition and Timely response. Lessee shall give Lessor prompt notice of any damage to or defective condition in the Premises that Lessee believes may require a Major Repair. Lessor shall provide Lessee with a written response to any notice provided under this Section within ten (10) days of receiving notice.

Article 9 - Insurance

Section 9.01. General. Lessor, at its sole cost, shall maintain liability insurance insuring against all liability of Lessee and its Residents, employees, agents and invitees, arising out of or in connection with the use or occupancy of the Premises. Such policy shall name Lessee as an additional insured.

Section 9.02. Improvements. A policy of standard fire and extended coverage insurance to the extent of at least full replacement value shall be maintained by Lessor on the Property and other improvements that are a part of the Property. Such policy shall name Lessee as an additional insured.

Article 10 - Assignment and Subletting

Section 10.01. Assignment. Lessee shall not, without the prior written consent of Lessor, assign all or any part of its rights under this Lease. Any assignment without the necessary consent shall be null and void.

Section 10.02. Subletting. Lessee shall sub-lease Units at the Premises to Lessee's Residents. Sub-leasing shall only be on the terms and conditions permitted in the Restrictions and this Lease. Any sub-leasing of any Unit by Lessee in violation of the Restrictions and this Lease shall be null and void. In any case in which the terms of this Lease and the terms of the Restrictions are in conflict, the terms of the Restrictions shall govern. Lessee may sub-lease the Units without the prior consent of Lessor, provided all the terms and conditions of any sub-lease comply with this Lease and the Restrictions. Any Sub-leasing shall comply with the following:

(a) Each sub-lease shall be to a household whose household gross annual income is below or at the levels specified in the Restrictions.

(b) Each sub-lease shall be on terms and for a rental amount in compliance with the Restrictions. Lessee shall only increase the rent paid by Residents according to the procedures specified in the Restrictions.

(c) Lessee shall use the form of Resident Occupancy Agreement and House Agreement/Rules attached hereto as **Exhibit D** ("Resident Occupancy Agreement") unless Lessee and Lessor agree to amend or alter such Resident Occupancy Agreement.

(d) Lessee shall obtain and maintain on file, immediately prior to initial occupancy and annually thereafter, income certifications for each Resident renting any of the Units in accord with the Restrictions. Lessee shall make a good faith effort to verify that the income provided by an applicant or occupying household in an income certification is accurate. Copies of Resident income certifications shall be provided to Lessor upon request.

(e) Lessee shall cooperate with Lessor in completing all reports regarding Lessee's Residents required by the Restrictions.

(f) Lessee shall maintain complete, accurate and current records pertaining to its Residents containing all information required by the Restrictions and shall permit Lessor to inspect said records, including but not limited to records pertaining to income and household size of the Residents, applications and waiting lists. Lessee shall retain copies of all materials obtained or produced with respect to occupancy of the Units for a period of at least five (5) years.

(g) In sub-leasing the Units, Lessee shall not give preference to any particular class or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, source of income (e.g. SSI), ancestry, or disability, or any other protected category under any state, federal or local law. Lessee shall comply with all state, federal or local Fair Housing Laws.

(h) Lessee shall permit Lessor or the State or City to inspect the premises and the Units as permitted under law.

(i) Lessee shall not permit any of its Residents to sub-lease the Unit.

(j) Lessee shall comply with all restrictions on marketing the Units and selecting

Residents for the Units contained in the Restrictions, if any. Lessee shall make the final determination on selecting and terminating Residents, pursuant to the terms of the Resident Occupancy Agreement, the Restrictions, if any, and this Lease. Lessor shall be notified of the time of any in-person interviews to select amongst potential Residents conducted by Lessee and shall have a right to attend said interviews. Lessee shall utilize selection criteria, questions, and application forms for potential Residents pursuant to the forms attached hereto as Exhibit E. These selection criteria, questions, and application forms may be amended or modified as approved by Lessor.

(k) Lessee shall collect and maintain all security deposits collected from Residents in a segregated bank account owned by Lessor and established for that purpose. Lessee shall maintain adequate records regarding all security deposits and shall provide said records to Lessor upon reasonable notice. Lessee shall return deposits after a Resident vacates the Premises pursuant to applicable law and the Restrictions, if any.

(l) Should any of Lessee's Residents cease to qualify for affordable housing pursuant to the terms of the Restrictions, if any, Lessee shall terminate said Resident under the terms of the Restrictions, if any, and the Resident Occupancy Agreement.

Section 10.04. Miscellaneous. No subletting or assignment shall release Lessee of its obligations under this Lease, or alter the primary liability of Lessee to pay the amounts due from Lessee under this Lease and to perform all other obligations to be performed by Lessee under this Lease.

Article 11 - Indemnification

Section 11.01. Indemnification by Lessee. Lessor shall not be liable to Lessee, and Lessee hereby waives all claims against Lessor, for any injury or damage to any person or property in or about the Premises by or from any cause whatsoever (other than willful overt acts of Lessor) and, without limiting the generality of the foregoing, whether caused by water leakage of any character from the roof, walls, basement or other portion of the Premises, or caused by gas, fire, oil, electricity, vibration or any cause whatsoever in, on or about the Premises. Lessee shall hold Lessor harmless from, and defend Lessor against, any and all claims or liability for any injury or damage to any person or property whatsoever when such injury or damage shall be caused in part or in whole by the act, neglect, or fault of, or the omission of any duty by, Lessee, its agents, servants, employees or invitees.

Article 12 - Destruction or Damage

Section 12.01. General Lessee shall notify Lessor in writing immediately upon the occurrence of any damage to the Premises. As used herein with respect to the Premises, the term "partial damage" shall mean damage or destruction which does not result in the loss of either: (a) fifty percent (50%) or more of the total number of Rentable Square Feet in the Premises; or (b) fifty percent (50%) or more of the value of the Premises; and the term "substantial damage" shall mean any damage or destruction exceeding partial damage (including total destruction).

Section 12.02. Lessee's right to terminate. If the Premises are substantially damaged, Lessee may terminate this Lease, as of the date the damage occurred, by notifying Lessor, within ninety (90) days after the occurrence of such damage.

Section 12.03. Damage covered by insurance. If the Premises are damaged or destroyed by fire, earthquake, or other casualty, and Lessor receives insurance proceeds or any other type of funds including but not limited to government assistance sufficient to fully repair and restore the Premises, then this Lease shall remain in effect (subject to Lessee's rights to terminate pursuant to Section 12.02) and Lessor shall repair the damage as soon as reasonably possible. Lessor shall make all reasonable attempts to secure funds sufficient to fully repair and restore the Premises. Monthly Rent payable during the period of such damage, repair and/or restoration shall be reduced according to the degree, if any, to which Lessee's use of the Premises is impaired. Except for such possible reduction in Monthly Rent, Lessee shall not be entitled to any compensation, reduction or reimbursement from Lessor as a result of any damage, destruction, repair or restoration of or to the Premises. Relocation benefits shall be paid to Lessee only to the extent they are covered by Insurance.

Section 12.04. Damage not covered by insurance. If the Premises are damaged or destroyed by fire, earthquake, or other casualty and Lessor fails to receive insurance proceeds or other funds including but not limited to government assistance sufficient to fully repair and restore the Premises, Lessor may terminate this Lease by notifying Lessee of such termination.

Article 13 - Entry by Lessor

Section 13.01. Entry by Lessor. Lessor may, upon twenty-four (24) hours' prior notice to Lessee (or at any time in the case of an emergency) enter the Premises at reasonable hours to: (a) inspect the same; (b) exhibit the same to prospective purchasers, lenders or Lessees; (c) determine whether Lessee is complying with all its obligations hereunder; (d) post notices of non-responsibility; or (e) make repairs required of Lessor under the terms hereof, repairs to any adjoining space or utility services or repairs, alterations or improvements to any other portion of the Premises (including, but not limited to, installation of utilities serving the Premises); provided, however, that all such work or entry shall be done as promptly as reasonably possible and so as to cause as little interference to Lessee as is reasonably possible. Lessee hereby waives any claim for damages for any injury or inconvenience to, or interference with, Lessee's business, any loss of occupancy or quiet enjoyment of the Premises, or any other loss occasioned by such entry. Lessee shall provide Lessor with keys to all parts of the Premises, as well as full information on the means by which to turn off alarms in the event of Lessor's entry. In an emergency, Lessor shall have the right to use any and all reasonable means, as warranted by the nature of the emergency, to open any of the doors in, on or about the Premises in order to obtain entry to the Premises, and any entry to the Premises obtained by Lessor by any of such means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction, actual or constructive, of Lessee from the Premises, or any portion thereof.

Article 14 - Default

Section 14.01. Default. The occurrence of any one or more of the following events ("Events of Default") shall constitute a breach of this Lease by Lessee: (a) if Lessee shall fail to make any payment of Monthly Rent, when and as the same becomes due and payable; (b) if Lessee shall fail to pay any other sum due under this Lease, when and as the same becomes due and payable, and such failure shall continue for more than ten (10) days after notice thereof from Lessor; (c) if Lessee shall fail to perform or observe any other term hereof, which is to be performed or observed by Lessee, and such failure shall continue for more than fifteen (15) days after notice thereof from Lessor, or, if performance within such time period is not reasonably feasible, if Lessee shall not, within such time period, commence with due diligence and dispatch the curing of such default, or, having so commenced, shall thereafter fail or neglect to prosecute or complete with due diligence and dispatch the curing of such default; (d) if Lessee shall make a general assignment for the benefit of creditors, shall admit in writing its inability to pay its debts as they become due, shall file a petition in bankruptcy, shall be adjudicated a bankrupt or insolvent, shall file a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, shall file an answer admitting, or fail reasonably to contest, the material allegations of a petition filed against it in any such proceeding, or shall seek, consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Lessee, or of any material part of its properties; (e) if, within ninety (90) days after the commencement of any proceeding against Lessee seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed, or if, within ninety (90) days after the appointment, without the consent or acquiescence of Lessee, of any trustee, receiver or liquidator of Lessee, or of any material part of its properties, such appointment shall not have been vacated; or (f) if this Lease, or any estate of Lessee hereunder, shall be levied upon under any attachment or execution, and such attachment or execution is not vacated within sixty (60) days after such levy.

Section 14.02. Notice and Remedies. If an Event of Default shall occur, Lessor may, at any time thereafter, give a written termination notice to Lessee, specifying the nature of the default, and, on the date specified in such notice (which shall be not less than three (3) days after the giving of such notice), Lessee's right to possession of the Premises shall terminate, and this Lease shall terminate, unless, on or before such date, all arrears of Monthly Rent, and all other sums payable by Lessee under this Lease (together with interest as provided Article 3), and all costs and expenses incurred by or on behalf of Lessor hereunder, shall have been paid in full by Lessee, and all other breaches of this Lease by Lessee at the time existing shall have been fully remedied to the satisfaction of Lessor. Upon such termination, Lessor may be awarded by the court, and recover from Lessee: (a) the worth, at the time of award, of all unpaid rental which had been earned by the time of termination; (b) the worth, at the time of award, of the amount by which the unpaid rental which would have been earned after termination, until the time of award, exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided; (c) the worth, at the time of award, of the amount by which the unpaid rental for the balance of the term of this Lease, after the time of award, exceeds the amount of such rental loss that Lessee proves could be reasonably avoided; and (d) any other amount necessary to compensate Lessor for the detriment proximately caused by Lessee's failure to perform its obligations under this Lease, or which, in the ordinary course of things, would be likely to result therefrom. The term "time of award" shall have the meaning for that term given in California Civil Code Section 1951.2. The worth, at the time of award, of the amounts referred to in clauses (a) and (b) above

shall be computed by allowing interest at the rate set forth in Section 3.02. The worth, at the time of award, of the amount referred to in clause (c) above shall be computed by discounting such amount at a rate equal to the discount rate of the Federal Reserve Bank of San Francisco, at the time of award, plus one (1) percentage point. The remedies provided for in this Lease are in addition to any other remedies available to Lessor at law or in equity and whether by statute or otherwise.

Section 14.03. Default by Lessor. Lessor shall be in default under this Lease if it fails or refuses to perform any provision of this Lease that it is obligated to perform, within fifteen (15) days after notice of the default has been given by Lessee to Lessor; provided, however, that if the default cannot reasonably be cured within such fifteen (15) day period, then Lessor shall not be in default under this Lease if Lessor commences to cure the default within such fifteen (15) day period, and thereafter diligently and in good faith continues to cure the default.

Section 14.04. Miscellaneous. Even if Lessee should breach this Lease and abandon the Premises, this Lease shall continue in effect for so long as Lessor does not terminate Lessee's right to possession of the Premises, and Lessor may enforce all its rights and remedies under this Lease, including the right to recover payments as they become due under this Lease; provided, however, that Lessor shall use its best efforts to mitigate its damages in such event. Acts of maintenance or preservation, efforts to re-let the Premises, or the appointment of a receiver, upon the initiative of Lessor, to protect Lessor's interest under this Lease, shall not constitute a termination of Lessee's right to possession of the Premises.

Article 15 - Lessor's Right to Cure Lessee Defaults

Section 15.01. Cure of Defaults by Lessor. All agreements and provisions to be performed by Lessee under any of the terms of this Lease shall be at Lessee's sole cost and expense, and without any abatement of Monthly Rent or other charges. If Lessee shall fail to pay any sum of money, other than Monthly Rent or Operating Expenses, which Lessee is required to pay hereunder, or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue for fifteen (15) days after the giving of notice of such failure to Lessee by Lessor, Lessor may (but shall not be obligated to), without waiving or releasing Lessee from any obligations of Lessee, make any such payment, or perform any such other act, in lieu of payment or performance by Lessee; provided, however, that all sums so paid by Lessor, and all necessary costs of any such performance, shall be deemed additional rent hereunder, and shall be payable to Lessor on demand, and Lessor shall have (in addition to any other right or remedy of Lessor) the same rights and remedies upon the nonpayment thereof by Lessee as in the case of default by Lessee in the payment of Monthly Rent.

Article 16 - Holding Over

Section 16.01. Holding Over. If Lessee shall remain in possession of the Premises after the expiration or sooner termination of this Lease, all the terms, conditions, covenants and agreements hereof shall continue to apply and shall bind Lessee, for so long as Lessee shall remain in possession, insofar as the same are applicable. If Lessee remains in possession with

Lessor's written consent, such tenancy shall be from month to month, terminable by either party on not less than thirty (30) days' prior written notice.

Article 17 - Waiver

Section 17.01. Waiver. The failure of either party to exercise its rights in connection with any breach or violation of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition, or of any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance by Lessor of money due hereunder shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant or condition of this Lease, other than the failure of Lessee to pay the particular amount so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such amount.

Article 18 - Eminent Domain

Section 18.01. Terms Defined. As used in this Article 18, the following words and phrases shall have the following meaning:

(a) "Condemnation" shall mean: (i) the exercise of any governmental power, whether by legal proceedings or otherwise, by a condemnor; and (ii) a voluntary sale or transfer by Lessor to any condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

(b) "Date of taking" shall mean the date the condemnor has the right to possession of the property being condemned.

(c) "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial condemnation.

(d) "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

Section 18.02. General. If, during the Lease Term or during the period of time between the execution of this Lease and the Commencement Date, there is any taking by condemnation of all or any part of the Premises, or any interest in this Lease, the rights and obligations of the parties shall be determined pursuant to this Article 18.

Section 18.03. Total Taking of Premises. If the Premises are totally taken by condemnation, this Lease shall terminate on the date of taking.

Section 18.04. Taking of Less Than All of the Premises. Lessee may elect to terminate this Lease due to a condemnation which takes part of the Premises only in the event of a taking of fifty percent (50%) or more the total number of Rentable Square Feet in the Premises. This Lease shall otherwise remain in effect. Lessee must exercise its right to terminate this Lease

pursuant to this Section 18.04 (if at all) by giving notice of such exercise to Lessor within thirty (30) days after the nature and the extent of the taking have been finally determined and Lessee has been notified of such determination by Lessor. If Lessee elects to terminate this Lease as provided in this Section 18.04, then Lessee shall also notify Lessor of the date of termination, which date shall not be earlier than thirty (30) days, nor later than ninety (90) days, after Lessee has notified Lessor of its election to terminate; provided, however, that this Lease shall terminate on the date of taking, if the date of taking falls on a date before the date of termination so designated by Lessee. If Lessee does not terminate this Lease by notice provided within such thirty (30) day period, then this Lease shall continue in full force and effect, except that all sums payable by Lessee, if not reduced pursuant to other provisions of this Lease, shall be reduced as hereinafter provided.

Section 18.05. Reduction in Rent. If any portion of the Premises is taken by condemnation, and this Lease remains thereafter in full force and effect, then, on the date of taking, the Monthly Rent and any other sum payable by Lessee hereunder shall, if not reduced pursuant to other provisions of this Lease, be reduced by an amount taking into account the number of Units available for rental following the condemnation.

Section 18.06. Restoration. If there is a partial taking of the Premises, and this Lease remains thereafter in full force and effect, then Lessor, at its sole cost, shall accomplish all necessary restoration; provided, however, that, if the award received by Lessor as well as all available reserves is not sufficient to cover the actual cost of such reconstruction, this Lease shall terminate.

Section 18.07. Payment of Award. The award shall belong to and be paid to Lessor, except that Lessee shall receive from the award any sum awarded to Lessee for Lessee's moving costs which is separately stated and does not reduce, diminish or otherwise affect the amount of the award to Lessor.

Section 18.08. Temporary Taking. If there is a total or partial taking of the Premises, for a period which is less than the remaining term of this Lease, then all of the provisions of this Lease shall remain in full force and effect, except that Monthly Rent and any other sum payable by Lessee hereunder shall, if not reduced pursuant to other provisions of this Lease, be abated during such period of taking, based upon the extent to which the taking interferes with Lessee's use of the Premises, and Lessor shall be entitled to whatever award may be paid for the taking of the Premises for the period involved; provided, however, that, if there is a total taking of the Premises for a period of more than one (1) year, either party may elect to terminate this Lease by giving notice to the other party within thirty (30) days after the nature and the extent of the taking have been finally determined.

Article 19 - [Reserved]

Article 20 - No Merger

Section 20.01. No Merger. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, shall not work a merger and shall, at the option of Lessor, either terminate all or any existing subleases or subtenancies or operate as an assignment to Lessor of any or all of such subleases or subtenancies.

Article 21 - Notices

Section 21.01. Notices. All notices and demands of any kind which either party may be required or may desire to serve on the other in connection with this Lease shall be in writing and shall be served either personally, via US Mail, or via email. Any such notice shall be directed as follows:

To Lessee:

Board of Directors
Marty's Place Affordable Housing Corporation
1165 Treat Avenue
San Francisco CA 94110
email: _____

To Lessor:

Organizational Director
San Francisco Community Land Trust
PO Box 420982
San Francisco CA 94142
email: info@sfcsl.org

Notice shall be deemed complete on the day of actual delivery, if via email or personal service, or on the day of mailing if by first class mail. Either party may from time to time designate a different mailing address, email address, or person to which all such notices are thereafter to be addressed.

Article 22 - Successors

Section 22.01. Successors. All of the terms, covenants and conditions hereof shall be binding upon, and inure to the benefit of, the heirs, executors, administrators, successors and assigns of the parties hereto, provided that nothing in this Section shall be deemed to permit any assignment, subletting, occupancy or use by Lessee contrary to the provisions of this Lease.

Article 23 - Miscellaneous

Section 23.01. Headings. The headings of the various articles and sections of this Lease are provided solely for purposes of reference and shall not in any way limit or be deemed to

construe or interpret the terms and provisions hereof.

Section 23.02. Time of Essence. Time is of the essence of this Lease, and of all of the provisions hereof, except in respect to the delivery of possession of the Premises at the commencement of the Lease Term.

Section 23.03. Number; Gender; Joint and Several Liability. Terms used herein in the plural shall include the singular, and vice versa, and terms used herein in one gender shall include other genders, all as the context may require. If there be more than one person or entity making up Lessee, the obligations hereunder imposed upon Lessee shall be joint and several as to such persons or entities.

Section 23.04. Governing Law. This Lease shall be construed and enforced in accordance with the laws of the State of California.

Section 23.05. Remedies Cumulative. It is understood and agreed that the remedies herein given to either party shall be cumulative, and the exercise of any one remedy by either party shall not be to the exclusion of any right to exercise any other remedy.

Section 23.06. Invalidity. The unenforceability, invalidity or illegality of any provision of this Lease shall not render the other provisions unenforceable, invalid or illegal.

Section 23.07. Force Majeure. Any prevention, delay or stoppage of work to be performed by Lessor or Lessee which is due to strikes, lockouts, other labor disputes, inability to obtain labor, materials, equipment or reasonable substitutes therefore, acts of God, governmental restrictions or regulations or controls, judicial orders, enemy or hostile government actions, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform hereunder, shall excuse performance of the work by that party for a period equal to the duration of that prevention, delay or stoppage. Notwithstanding the foregoing, in no event shall Lessee's obligation to pay Rent or other amounts payable under the Lease be excused or delayed.

Section 23.08. Attorney's fees. In the event any action shall be instituted by either of the parties to this Lease for enforcement of any of their rights in and under this Lease, or if either party is involuntarily enjoined in an action or proceeding involving the other party, the party in whose favor judgment was entered shall be entitled to recover from the other party all costs reasonably incurred by the prevailing party in such action, including, without limitation, reasonable attorney's fees and costs.

Section 23.09. Entire Agreement. The terms of this Lease are intended by the parties as a final expression of their agreement with respect to the subject matter hereof, and may not be contradicted by evidence of any prior or contemporaneous agreement. The parties further intend that this Lease constitute the complete and exclusive statement of its terms, and that no extrinsic evidence whatsoever may be introduced in any proceedings (judicial or otherwise), if any, involving this Lease.

Section 23.10. Amendment. This Lease may not be modified, in whole or in part,

excepting by a writing signed by both Lessor and Lessee,

Article 24: Subordination.

Section 24.01. This Lease shall be subordinate to any mortgage, deed of trust, regulatory agreement, or any other hypothecation for security now or hereafter placed upon the Property by Lessor, and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. The foregoing provision shall be self-operative without the need of any further execution or delivery of documents to offset said subordination. **Within five (5) business days after Lessor's request, Lessee shall execute documents required by any mortgagee confirming the foregoing subordination, and Lessee appoints Lessor as Lessee's attorney-in-fact to execute any such document for Lessee.** Notwithstanding the foregoing, if any mortgagee or trustee shall elect to have this Lease prior to the lien of its mortgage or deed of trust, and shall give notice thereof to Lessee, this Lease shall be deemed prior to such mortgage or deed of trust whether this Lease is dated prior or subsequent to the date of said mortgage or deed of trust or the date of recording thereof. In the event any mortgage or deed of trust to which this Lease is subordinate is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, Lessee shall attorn to the purchaser at the foreclosure sale or to the grantee under the deed in lieu of foreclosure. **In the event of such attornment, such party, as Lessor: (i) shall not be bound by payments of minimum rent or additional rent more than one (1) month in advance of their due date; (ii) shall have no obligation for the return of any security deposit not actually received by such party; (iii) shall not be bound by any amendment or modification to the Lease to which such party has not consented in writing; (iv) shall not be subject to any claim, defense or setoff which could be asserted against any predecessor Lessor; and (v) shall have no liability for any default by any predecessor Lessee agrees to execute any documents required, to make this Lease prior to the lien of any mortgage or deed of trust, or evidence such attornment.**

Section 24.02. Lessee's covenants and agreements under Section 24.01 above, to subordinate this Lease to any mortgage, deed of trust, regulatory agreement or other hypothecation hereafter executed, are conditioned upon each such senior instrument containing an agreement of such mortgagee or other senior lienholder that, in the event such mortgage or deed of trust is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, this Lease shall not be barred, terminated, cut off or foreclosed and the rights and possession of Lessee hereunder shall not be disturbed provided Lessee shall not then be in default in the payment of rental and other sums due hereunder or otherwise be in default under the terms of this Lease and that Lessee shall attorn to the purchaser or mortgagee, as provided in Section 24.01 above (or, if requested, enter into a new lease for the balance of the term hereof upon the same terms and provisions as are contained in this Lease).

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease, in multiple counterparts, as of the date first above written.

LESSOR:

T. Parent
San Francisco Community Land Trust
By: Theresa Parent
Its: Organizational Director

LESSEE:

M. Rouppe
Marty's Place Affordable Housing Corporation
By: MICHAEL ROUPPET
Its: PRESIDENT

EXHIBIT A

(Property Description)

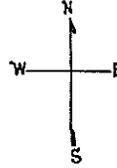
MISSION BLK 173

LOTS MERGED

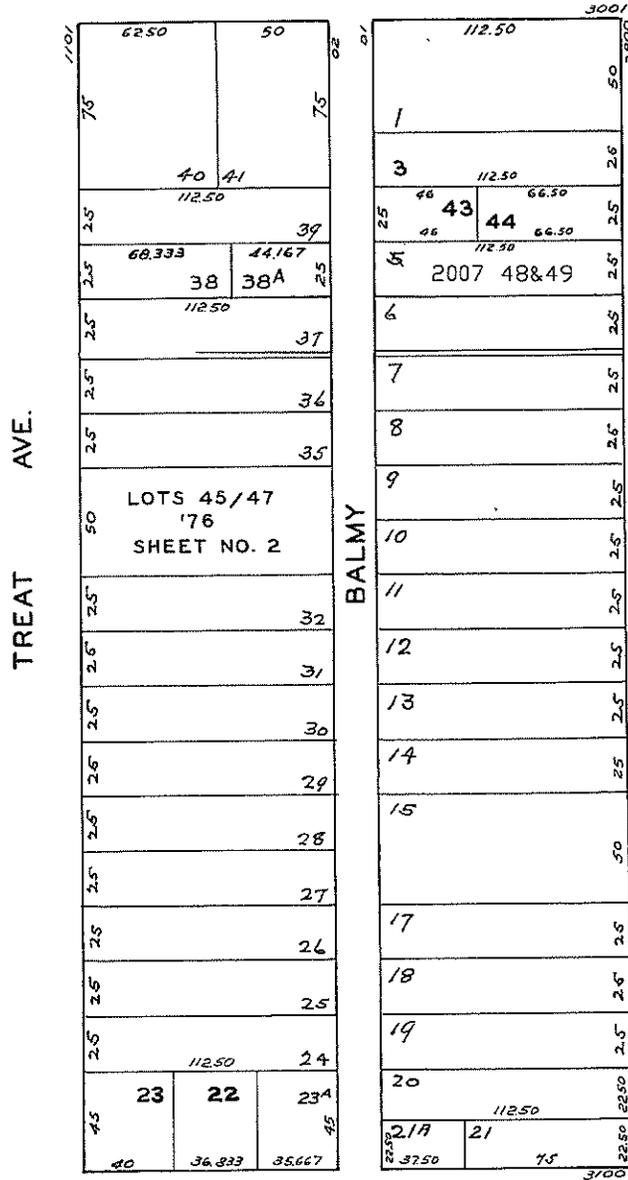
LOTS INTO LOT
2 " 1 '1952'
34 " 33 '1952'
42 " 41 '1952'
16 " 15 '1952'

lot5 into lots48&49 for 2007 roll

REVISED '59
" '76
Revised 2007



24 TH



25 TH

2820-2822 HARRISON ST.
A CONDOMINIUM

LOT	UNIT	% COMM.	AREA
48	2820	52.09	
49	2822	47.91	

EXHIBIT B

(Restrictions)

Permitted Use:

Premises shall be used to provide resident-managed, low-income affordable housing to personal living with HIV or AIDS and for no other purpose.

Affordability / Income Limits:

For all periods during the term of the Lease, all sub-leases shall be to Residents who have a gross annual income less than fifty percent (50%) of the Area Medium Income as defined by the Department of Housing and Urban Development (HUD), adjusted for household size, at the time a sub-lease is executed.

Rent Increases:

Lessee shall only increase rents to its Residents with approval of Lessor. Lessee shall increase rents to its Residents on each Adjustment Date such that the total rents to its Residents is equal to the Monthly Rent, as adjusted by each Annual Budget or the terms of Section 4.01 of this Lease. Lessee shall not charge rent to any Resident in excess of 30% of the percentage limitation of the HUD defined Area Medium Income that qualified that Resident to sub-lease from Lessee.

EXHIBIT C

(Initial Annual Budget)

Exhibit C - Initial Operating Budget & 15-year Pro Forma

6/30/2015

Project Name	Marty's Place	Total Units	6
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Income Assumptions	Rate of Increase	2.0%	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Gross Residential Rents-Restricted Income Units			62,640	63,893	65,171	66,474	67,804	69,160	70,543
Gross Commercial			-	-	-	-	-	-	-
Less Vacancy	% of Gross Rents =	5%	(3,132)	(3,195)	(3,259)	(3,324)	(3,390)	(3,458)	(3,527)
Less Commercial Vacancy	% of Gross Rents =		-	-	-	-	-	-	-
Laundry, Parking			-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-
Total Effective Gross Income			59,508	60,698	61,912	63,150	64,413	65,702	67,016

Master Lease	Expense Assumptions	Rate of Increase	3.0%	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
h.	Management Fee	Dollars per Unit/Mo. =	\$ 67	4,800	4,848	4,896	4,945	4,995	5,045	5,095
g.	Legal/Audit			1,000	1,030	1,061	1,093	1,126	1,159	1,194
g.	Advertising			-	-	-	-	-	-	-
g.	Gas & Electric			4,800	4,944	5,092	5,245	5,402	5,565	5,731
g.	Water & Sewer (\$275/mo) Garbage & Recycling (\$150/Chr)			4,000	4,120	4,244	4,371	4,502	4,637	4,776
g.	Supplies			-	-	-	-	-	-	-
g.	Payroll			-	-	-	-	-	-	-
c.	Insurance (\$1,400 property + \$1,200 general liability)			2,600	2,678	2,758	2,841	2,926	3,014	3,105
g.	Pest Control			600	618	637	656	675	696	716
g.	Maintenance / Repair			6,000	6,180	6,365	6,556	6,753	6,956	7,164
e.	Operating Reserves	Dollars per Unit =	\$ 750	4,500	4,500	4,500	4,500	4,500	4,500	4,500
d.	Replacement Reserves	Dollars per Unit =	\$ 750	4,500	4,500	4,500	4,500	4,500	4,500	4,500
b.	Real Estate Taxes (exempt when residents are <80% AMI)			-	-	-	-	-	-	-
b.	Local & State Assessments			800	824	849	874	900	927	955
h.	Other	Janitorial/Landscaping (\$200/month)		2,400	2,400	2,400	2,400	2,400	2,400	2,400
f.	Other	Asset Management fee to SFCLT		4,000	4,120	4,244	4,371	4,502	4,637	4,776
g.	Other	Co-op Tax Return		1,800	1,854	1,910	1,967	2,026	2,087	2,149
	Total Expenses	Operating Cost/Unit	\$ 6,987	41,800	42,616	43,456	44,319	45,208	46,122	47,063
	Net Operating Income			17,708	18,082	18,457	18,831	19,205	19,579	19,953
	Debt Service (Hard Debt Only from S&U Statement)			-	-	-	-	-	-	-
	Debt Service Coverage Ratio			-	-	-	-	-	-	-
	Cash Flow			17,708	18,082	18,457	18,831	19,205	19,579	19,953
a.	Residual Cash Flow Payment	Ground Lease to DSCS (inc 2%)		10,000	10,200	10,404	10,612	10,824	11,041	11,262
d.	Residual Cash Flow Payment	Additional to Capital Reserves		7,708	7,882	8,053	8,219	8,381	8,539	8,691
	Net Cash Flow			-	-	-	-	-	-	-

EXHIBIT D

(Resident Occupancy Agreement and House Agreement/Rules)

EXHIBIT E

(Approved selection criteria, questions, and application forms for potential Residents)

Exhibit C

**AGREEMENT FOR
MARTY'S PLACE GROUND LEASE TERMINATION AND SUBLEASE ASSIGNMENT**

The parties to this agreement are:

Dolores Street Community Services (DSCS), a nonprofit organization whose primary address is 938 Valencia St, San Francisco California

Marty's Place LLC, a California LLC, which is a subsidiary of DSCS and which owns the real property commonly known as 1165 Treat Avenue, San Francisco, California (the Property); and

San Francisco Community Land Trust (SFCLT), a California nonprofit public benefit corporation, which is a master tenant of the Property pursuant to a 15-year ground lease ("ground lease") which commenced on June 30, 2015, and which is subject to a sublease agreement ("sublease") of the property to Marty's Place Affordable Housing Corporation, a California nonprofit public benefit corporation.

The parties, by signing this agreement, hereby agree to all of the following:

1. DSCS, acting as the managing member of Marty's Place LLC, and SFCLT mutually agree to terminate the ground lease.
2. DSCS, acting as the managing member of Marty's Place LLC, and SFCLT mutually agree that SFCLT has assigned of all rights, responsibilities, and liabilities related to the sublease to Marty's Place LLC and that Marty's Place LLC assumes all rights, responsibilities, and liabilities of master tenant pursuant to the sublease effective on the date of this agreement.
3. Marty's Place LLC and DSCS agree to indemnify and to completely release SFCLT of all claims of any kind in relation to the master lease and the sublease. DSCS and Marty's Place LLC hereby waive any and all rights or benefits they now have or may have in the future under California Civil Code Section 1542 regarding the subject matter of this agreement and they acknowledge that Civil Code Section 1452 provides that **"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."**
4. SFCLT agrees to completely release DSCS and Marty's Place LLC of all claims of any kind in relation to the master lease and sublease. SFCLT hereby waives any and all rights or benefits they now have or may have in the future under California Civil Code Section 1542 regarding the subject matter of this agreement and they acknowledge that Civil Code Section 1452 provides that which is quoted in the prior paragraph of this agreement.
5. SFCLT shall notify Marty's Place Affordable Housing Corporation of the assignment of the sublease

immediately upon execution of this agreement.

6. Marty's Place LLC/DSCS shall provide information to Marty's Place Affordable Housing Corporation regarding its mailing address and contact information for purposes of rent payments and legal notices.

7. SFCLT shall return all keys to the Property promptly upon execution of this agreement.

So agreed on this day, March 12, 2021



Laura Valdéz, Executive Director signing for DSCS as sole owner-member of Marty's Place LLC

March 14, 2021



signing for SFCLT

03-22-21

CharlesAHiggins, Org. Dir.

Exhibit D



March 15th, 2021

Residents of Marty's Place,
1165 Treat Ave,
San Francisco

Dear Resident,

We are writing to inform you of a significant change for the better in how your home is managed. For many years it has been evident that SFCLT has been unable to provide the support and resources that residents of Marty's Place have needed. Part of the reason for this was a lack of capacity at SFCLT but partly due to limited experience and resources in providing supportive services to residents. This has meant that Marty's Place has been operating with inadequate outside guidance, oversight or assistance.

In the last year Dolores Street Community Services (DSCS) has expressed a desire to become more involved in supporting residents at Marty's Place. Recently, DSCS stepped forward and offered to bring Marty's Place into its portfolio of supportive housing providing the resources and services that HIV+ folks need.

By mutual agreement SFCLT and DSCS are terminating the Ground Lease with SFCLT for 1165 Treat. Subsequently, SFCLT is assigning the Master Lease we have in place with Marty's Place Affordable Housing Corporation (MPAHC) to DSCS. This will help to maintain your stability of housing, and facilitate the transition to a more supportive living environment.

We are sorry to lose the relationship we have with you, but we believe these changes are in the best long-term interests of the residents of Marty's Place.

Sincerely,

Charles Higgins

Charles Higgins

Organizational Director, SFCLT

San Francisco Community Land Trust

44 Page Street, Suite 401 • San Francisco, CA 94102 • www.sfclt.org • Tel: 415.399.0943