

ORDINANCE NO. 2000

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL
APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE A GROUND
LEASE OF THE REAL PROPERTY AT 855 C STREET, SAN RAFAEL
(CENTERTOWN) TO CENTERTOWN II, LP**

WHEREAS, the City of San Rafael owns real property located at 855 C Street, commonly known as Centertown, and leases that real property to Centertown, Ltd, a California limited partnership, which has constructed and operates on the real property a 60 residential unit affordable housing development; and

WHEREAS, the original development, constructed in approximately 1992, is in need of substantial rehabilitation; and

WHEREAS, to permit a resyndication and refinancing of Centertown using tax exempt bonds and low-income housing tax credits (LIHTC), on August 17, 2020, the City Council, in Resolution No. 14851, approved an Option to Lease with Centertown II, LLC, an affiliate of Centertown, Ltd., for a ninety-nine-year term; and

WHEREAS, as contemplated by Resolution No. 14851, Centertown II, LP, an affiliate of Centertown II, LLC and Centertown, Ltd has, subject to closing, obtained the necessary funding to rehabilitate the property; and

WHEREAS, the City Council wishes to support the continuation of Centertown as an affordable housing project, and finds that leasing the property to Centertown II, LP would be in the best interests of the public and would benefit the public health and welfare; and

WHEREAS, the City Council finds that approval of a lease of an existing structure is categorically exempt from environmental review, pursuant to CEQA Guidelines Section 15301;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN RAFAEL DOES
ORDAIN AS FOLLOWS:**

DIVISION 1.

The City Council hereby approves, and authorizes the Mayor to execute, a lease of the Centertown property to Centertown II, LP for a term of ninety-nine (99) years, at a base rental of Eighty-Three Thousand Dollars (\$83,000) plus One Dollar (\$1.00) per year (both payable at closing), plus a Five Thousand Dollar (\$5,000) per year monitoring fee (escalated per CPI), and

on substantially the other terms set forth in the “Ground Lease (Centertown)” Between the City of San Rafael and Centertown II, LP, a California limited partnership attached hereto as Exhibit A, subject to final approval as to content and form by the City Manager and City Attorney.

DIVISION 2.

The City Council hereby authorizes the Mayor to execute all documents reasonably required to terminate the current ground lease in favor of Centertown Ltd., a California limited partnership, subject to approval as to form by the City Attorney.

DIVISION 3.

The City Council hereby authorizes the Mayor and City Manager to execute, all other documents reasonably required to carry out the intent and purposes of the foregoing lease, subject to approval as to form by the City Attorney.

DIVISION 4:

This Ordinance shall be published once, in full or in summary form, before its final passage, in a newspaper of general circulation, published, and circulated in the City of San Rafael, and shall be in full force and effect thirty (30) days after its final passage. If published in summary form, the summary shall also be published within fifteen (15) days after the adoption, together with the names of those Councilmembers voting for or against same, in a newspaper of general circulation published and circulated in the City of San Rafael, County of Marin, State of California.



KATE COLIN, Mayor

ATTEST:



LINDSAY LARA, City Clerk

The foregoing Ordinance No. 2000 was introduced at a Regular Meeting of the City Council of the City of San Rafael, held on the 13th day of September 2021 and ordered passed to print by the following vote, to wit:

AYES: Councilmembers: Bushey, Hill, Kertz, Llorens Gulati & Mayor Kate

NOES: Councilmembers: None

ABSENT: Councilmembers: None

and will come up for adoption as an Ordinance of the City of San Rafael at a Regular Meeting of the Council to be held on the 20th day of September 2021.



LINDSAY LARA, City Clerk

**GROUND LEASE
(Centertown Project)**

Between

CITY OF SAN RAFAEL

and

CENTERTOWN II, LP

A California Limited Partnership

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GROUND LEASE

(Centertown Project)

THIS GROUND LEASE, dated for convenience _____, 2021 (the “**Ground Lease**”), is by and between the CITY OF SAN RAFAEL, a municipal corporation (“**Lessor**” or “**City**”) and CENTERTOWN II, LP, a California limited partnership (“**Lessee**”).

RECITALS

A. The former Redevelopment Agency of the City of San Rafael, sometimes referred to as San Rafael Redevelopment Agency, a public body, corporate and politic, and a redevelopment agency organized pursuant to the former California Community Redevelopment Law (“**CRL**”), California Health and Safety Code Section 33000 et seq. (“**Former Agency**”), was the former owner of certain land, located at 855 C Street in the City (APN 011-254-19), which is now more particularly described in Exhibit A attached hereto and incorporated herein (the “**Land**”). The Former Agency, as Lessor (“**Prior Lessor**”), entered into a 75-year Ground Lease, dated November 6, 1989 (“**Original Ground Lease**”) for the Land with Centertown Ltd., a California limited partnership, with Centertown, Inc., a California nonprofit public benefit corporation as general partner (“**Prior Lessee**”), for low income housing use.

B. The Original Ground Lease was subsequently amended and restated by the First Amended and Restated Ground Lease dated August 20, 1990 (“**A&R Ground Lease**”). The A&R Ground Lease was subsequently amended by the Second Amendment to the First Amended and Restated Ground Lease dated May 6, 1991 (“**Amendment 2**”), the Third Amendment to First Amended and Restated Ground Lease dated April 1, 1993 (“**Amendment 3**”), and the Fourth Amendment to First Amended and Restated Ground Lease dated June 2, 2021 (“**Amendment 4**”). The A&R Ground Lease, together with Amendment 2, Amendment 3 and Amendment 4, is hereby referred to as the “**Prior Ground Lease**.”

C. Pursuant to the Original Ground Lease, Prior Lessor and Prior Lessee executed a Memorandum of Ground Lease, dated November 6, 1989 (“**Original Memorandum**”), and caused the original Memorandum to be recorded in the official records of Marin County (“**Official Records**”) on November 30, 1989 as Document No. 89-69343. The Original Memorandum was amended by that certain Amendment to Memorandum of Ground Lease, dated May 6, 1991, recorded in Official Records on July 8, 1991 as Document No. 91-041695 (re-recorded in Official Records on January 16, 1992 as Document No. 92-003311) (“**Memorandum Amendment 1**”) and that certain Second Amendment to memorandum of Ground Lease, recorded in Official Records June 30, 1993 in Document No. 93-052072 (“**Memorandum Amendment 2**” and, together with the Original Memorandum and Memorandum Amendment 1, the “**Prior Memorandum**”).

D. Pursuant to the Prior Ground Lease, the Prior Lessee developed, constructed, owns and operates a residential development consisting of 60 units rented to and occupied by very low, low and lower income households and commonly known as Centertown Apartments (“**Project**”). The Project was completed on or about 1992.

E. By a Declaration of Restrictions executed by the Prior Lessor, recorded September 11, 1990 in Official Records as Recorder’s Serial No. 90-53574, Prior Lessee obtained a non-exclusive right to use six (6) parking spaces at 1412 2nd Street, San Rafael California (APN 11-252-10) (“**Parking Rights**”).

F. In 2011, the California Legislature adopted, the Governor signed, and the California Supreme Court, in *California Redevelopment Association, et al. v. Matosantos* (2012) 53 Cal.4th 231, upheld Assembly Bill x1 26 (“**ABx1 26**”). Pursuant to ABx1 26 (as amended by AB 1484 and SB 107, the “**Dissolution Law**”), all California redevelopment agencies were dissolved effective February 1, 2012, including the Former Agency. Pursuant to the Dissolution Law and resolutions adopted by the City’s City Council on January 3, 2012 the City elected to become the successor housing agency to the Former Agency, and thereby succeeded to all of the Former Agency’s right, title and interest in and to the Land and Prior Ground Lease.

G. The Project is in need of rehabilitation. To finance the rehabilitation, it was determined to obtain a new allocation of low-income housing tax credits pursuant to Internal Revenue Code Section 42 (“**LIHTC**”), which required, among other things, that: (1) the Project be owned by a new limited partnership, the Lessee and (2) the term of the ground lease for the Land be ninety-nine (99) years. Pursuant to that certain Option Agreement dated August 27, 2020 (“**Option Agreement**”) by and between the City (as Prior Lessor) and Centertown II, LLC, a California limited liability company (“**General Partner**”), with sole members BRIDGE Housing Corporation and EAH Inc., each, a California nonprofit public benefit corporation, as assigned by General Partner to Lessee, pursuant to that certain Assignment Agreement (Option and Purchase and Sale Agreement) (the “**Assignment Agreement**”), Lessee has an option to enter into a new 99-year ground lease for the Land, on terms and subject to certain conditions set forth in the Option Agreement, including (I) sale of the Project to Lessee pursuant to a purchase and sale agreement and (II) termination of the Prior Ground Lease.

H. After the Option Agreement: (1) the Prior Lessee entered into a Purchase and Sale Agreement, dated September 8, 2020 (“**PSA**”) with General Partner, which was assigned by General Partner to Lessee pursuant to the Assignment Agreement, to purchase the Project.¹

I. Concurrently with the execution and delivery of this Ground Lease: (1) Lessor and Lessee will record the Memorandum (as defined in Section 10.6 in the Official Records, (2) Lessee will purchase a fee simple interest in all improvements on the Land, including without limitation the Project in accordance with the PSA, pursuant to a [Grant Deed] executed by Prior Lessee and recorded in the Official Records substantially concurrently with the Memorandum; (3) Lessor and Prior Lessee will execute and deliver a Termination of Ground Lease² dated _____, 2021, to be recorded in the Official Records (which shall also terminate the Prior Memorandum); and (4) Prior Lessee will execute and deliver to Lessor a recordable Quitclaim of all of its right, title and interest in and to the Land.

THEREFORE, in consideration of the promises and the respective covenants and agreements hereinafter contained, the parties hereby agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 Definitions.

The following terms shall have the following meanings in this Ground Lease:

¹ Developer to prepare and distribute Assignment Agreement.

² Developer to prepare and distribute Termination of Ground Lease.

- (a) **“Alterations”** is defined in Section 3.2.
- (b) **“Assignment Agreement”** is defined in the Recitals.
- (c) **“business day”** is defined in Section 10.16.
- (d) **“City Leasehold Mortgage”** shall mean the Leasehold Mortgage on the Development, executed by Lessee for the benefit of the City, as security for the City Leasehold Loan, and recorded in the Official Records Substantially concurrently with the Memorandum.
- (e) **“City Leasehold Loan”** shall mean the \$_____ loan made by the City to Lessee.
- (f) **“City Leasehold Mortgage Documents”** shall mean all documents executed by Lessee and/or the City evidencing or securing the City Leasehold Loan.
- (g) **“Commencement Date”** shall mean the date the Memorandum is recorded in the Official Records of Marin County.
- (h) **“CPI”** means the Consumer Price Index (1982-84=100) for all Urban Consumers published by the United States Department of Labor, Bureau of Labor Statistics for the San Francisco-Oakland-Hayward area, or any successor thereof.
- (i) **“Development”** shall mean and include both the Improvements owned by Lessee and located on the Land and the leasehold estate in the Land held by Lessee which is created by this Ground Lease.
- (j) **“Dwelling Units”** shall mean the residential units within the Development, and any additions or alterations thereto; such Dwelling Units shall be occupied by Residents.
- (k) **“General Partner”** is defined in the Recitals.
- (l) **“Governmental Capacity”** is defined in Section 3.10.
- (m) **“Ground Lease”** shall mean this Ground Lease between Lessor and Lessee, and shall include all further amendments, addenda or modifications to this Ground Lease.
- (n) **“HCD”** shall mean the Department of Housing and Community Development, a public agency of the State of California.
- (o) **“HCD Rider”** shall mean the Lease Rider (Ground Lease) among Lessor (as Landlord), Lessee and HCD (as the Department), attached hereto and incorporated herein as Exhibit C.
- (p) **“Household”** shall mean all persons residing together in one Dwelling Unit.
- (q) **“Impositions”** shall mean any Property Taxes, possessory interest taxes, licenses and permit fees, charges for public utilities of any kind, and obligations for any and all other governmental charges, general and special, of any kind and nature whatsoever, as well as assessments for sidewalks, streets, sewers, water or any other public improvements and any other improvements or benefits which shall, during the Term hereof, be made, assessed, levied or imposed upon or become due and payable in connection with, or a lien upon, the Development,

or any part thereof, or upon this Ground Lease, and any payment in lieu of taxes which Lessee has agreed to or is bound to pay with respect to the Development.

(r) **“Improvements”** shall mean that portion of the Development consisting of 60 Dwelling Units, including all structures, fixtures, equipment, landscaping, driveways, off-street parking on the Land and other improvements constructed or installed on the Land, including without limitation the Lessee Improvements.

(s) **“Investors”** (individually **“Investor”**) shall mean Lessee’s limited partner(s), including those identified as such in Exhibit B:

(t) **“Laws”** (individually, **“Law”**) shall mean all laws, codes, rules, orders, zoning, ordinances, directions, regulations, permits, or other requirements of federal, state, county, municipal, or other governmental authorities having jurisdiction, now in force or which may hereafter be in force.

(u) **“Lessee Improvements”** shall mean the rehabilitation of Centertown Apartments and all other improvements to be constructed or rehabilitated on the Land as described in the design plans titled “_____” prepared by TWM Architects + Planners, dated June 21, 2021 and approved by the Lessee and Lessor, which are incorporated herein by this reference (as modified from time to time, the **“Lessee Improvement Plans”**).

(v) **“Lessee Improvement Plans”** shall have the meaning set forth in the definition of Lessee Improvements.

(w) **“Leasehold Mortgage”** is defined in Section 4.1.

(x) **“Leasehold Mortgage Documents”** shall mean all documents executed by Lessee evidencing or securing the Leasehold Mortgages, including without limitation the City Leasehold Mortgage Documents and all other documents evidencing or securing the loans identified on Exhibit B attached hereto.

(y) **“Leasehold Mortgagee”** shall mean the holder or beneficiary of any Leasehold Mortgage, including without limitation, those securing the loans identified in Exhibit B attached hereto, or any other holder of a Leasehold Mortgage.

(z) **“Lower Income Household”** means a household whose annual income does not exceed eighty percent (80%) of the Area Median Income as determined for the San Francisco, California HUD Metro FMR Area annually by HUD and adjusted for household size.

In the event that such income determinations are no longer published by HUD, “Median Income” shall mean the median gross yearly income for households in Marin County, as published periodically by the California Department of Housing and Community Development (“HCD”). In the event that such income determinations are no longer published by HCD, or are not updated for a period of at least eighteen months, Lessor shall provide Lessee with other income determinations which are reasonably similar with respect to method of calculation to these previously published by HCD or HUD.

(aa) **“Material Alterations”** is defined in Section 3.2.

(bb) **“Memorandum”** is defined in Section 10.6.

- (cc) **“Monetary Default”** is defined in Section 4.2(d).
- (dd) **“New Lease”** is defined in Section 4.2(g).
- (ee) **“Non-Monetary Default”** is defined in Section 4.2(d).
- (ff) **“Property Taxes”** is defined in Section 2.6.
- (gg) **“Proprietary Capacity”** is defined in Section 3.10.
- (hh) **“Rent”** is defined in Section 2.3.
- (ii) **“Residents”** shall mean the residents of the Dwelling Units in the Development to whom Lessee leases such Dwelling Units.
- (jj) **“TCAC”** means the California Tax Credit Allocation Committee.
- (kk) **“TCAC Rider”** shall mean the _____ among Lessor, Lessee and TCAC, which shall be recorded after the permanent conversion of the construction loan for the Lessee Improvements, the form of which is attached hereto and incorporated herein as Exhibit D.
- (ll) **“Term”** shall mean period set forth in Section 2.2 during which this Ground Lease shall be operative, unless earlier terminated in accordance with this Ground Lease.
- (mm) **“Title Reports”** mean those certain _____ Reports on the Land issued by Old Republic National Title Insurance Company, dated _____, 20____, Order No. _____ and _____.

ARTICLE 2

LEASE OF THE LAND; RENTAL PROVISIONS; TAXES AND ASSESSMENTS

- Section 2.1** **Ground Lease of the Land**. Lessor for and in consideration of the rent, covenants and agreements of Lessee set forth herein, to be paid, kept and performed by Lessee, hereby leases the Land to Lessee, and in consideration thereof, Lessee does take, hire and lease the Land from Lessor pursuant to the terms of this Ground Lease.
- Section 2.2** **Duration of Term**. The Term of this Ground Lease shall commence on the Commencement Date, and shall expire at midnight ninety-nine (99) years thereafter.
- Section 2.3** **Rental Provisions, Including Monitoring Fee**. Lessee agrees to pay the Lessor the following as **“Rent”** for the Land:
 - (i) On or before the Commencement Date, and as a condition thereof, Lessee shall pay Lessor a one-time, upfront lease payment of \$83,000.00, being the value of the Land pursuant to that certain appraisal by _____, dated _____, issued to _____.
 - (ii) Commencing on the Commencement Date, the Lessee shall pay, on an annual basis, rent in the amount of One Dollar (\$1.00) per year or fraction thereof. Lessor hereby

acknowledges and agrees that, as of the Commencement Date, Lessee has paid to Lessor all Rent due under this Section 2.3(a)(ii) in the amount of \$99.00, and no further rent is due under this Section 2.3(a)(ii).

(iii) In connection with the requirements imposed by this Ground Lease and to ensure compliance, Lessee agrees to pay Lessor on January 1 of each year a Five Thousand Dollar (\$5,000.00) annual monitoring fee (“**Monitoring Fee**”). The Monitoring Fee will not be prorated for any partial year of the Term. Commencing on the fifth anniversary of the Commencement Date, and each five years thereafter, the Monitoring Fee shall be increased by the increase in CPI during that five-year period.

(b) Rent and all other sums payable by Lessee to Lessor under this Ground Lease shall be paid in lawful currency of the United States of America at Lessor's address for notices as set forth below, or to such other person or at such other place as Lessor may from time to time designate by notice in writing to Lessee.

Section 2.4 Use of Development and Assurances of Lessee.

(a) The Land shall be used by Lessee solely for rehabilitating, constructing, owning and operating a residential development and related ancillary uses, including at least 60 Dwelling Units, of which no less than 48% shall be rented to Lower Income Households; provided, however, that from and after the foreclosure of a Leasehold Mortgage (or acceptance of a deed in lieu thereof), Lessee need only comply with those Regulatory Requirements that are senior in priority to such Leasehold Mortgage.

(b) Lessee hereby agrees. subject to applicable law:

(i) not to use or permit the use of the Development or the Land for any disorderly or unlawful purpose, and not to use the Land and the Development other than to provide proper housing facilities to Residents and to maintain the character of the Development as required by any Leasehold Mortgage Documents and this Ground Lease, for so long as such Leasehold Mortgage Documents remain in effect and for the entire Term of this Ground Lease;

(ii) not to utilize any of the Dwelling Units at any time on a transient basis or for hotel, motel, dormitory, rooming house, nursing home, hospital, rest home or similar uses;

(iii) to notify the Lessor promptly in writing of any defect appearing in the Land or any part thereof;

(iv) to use reasonable efforts to prevent any Resident from committing or maintaining any nuisance or unlawful conduct on or about the Development or the Land;

(v) to use reasonable efforts to prevent any Resident from violating any of the covenants and conditions of the Ground Lease with respect to the Development or the Land;

(vi) to take necessary action, to abate any violation of this Ground Lease by any Resident; and

(vii) to permit the Lessor and its agents to inspect the Development and the Land or any part thereof at any reasonable time during the Term of this Ground Lease.

(c) Lessee will maintain complete and accurate records pertaining to the Dwelling Units, and will permit any duly authorized representative of the Lessor upon ten days' notice to inspect the books and records of the Lessee pertaining to Lessee's obligation to rent at least 48% of the Dwelling Units to eligible Residents under this Lease.

(d) Costs and expenses, if any, incurred by the Lessor for the review of certificates described in this Section 2.4 shall be borne by the Lessor.

Section 2.5 Rights of Lessee.

Subject to the terms and conditions set forth in Section 2.4, Lessee shall have the sole and exclusive right:

- (a) to select and terminate the occupancy of a Resident;
- (b) to determine the eligibility of a Resident for rental of a Dwelling Unit within the Development;
- (c) to give notice to a Resident to vacate the Development or any part thereof; and
- (d) to institute and prosecute legal proceedings against a Resident and levy execution upon any judgement obtained in such proceedings.

Section 2.6 Taxes and Assessments.

(a) Subject to Section 2.6(c), as a part of the consideration for the execution and delivery of this Ground Lease and as additional rent and subject to all provisions hereof, Lessee covenants and agrees during the entire Term of this Ground Lease, at its own cost and expense, to pay the public officers charged with the collections thereof, as the same become due and payable and before any fine, penalty, interest or other charge may be added thereto for the nonpayment thereof, all Impositions.

Any Impositions which are applicable only to a portion of the Term hereof shall be appropriately prorated between Lessor and Lessee; provided that, if by law any Imposition may at the option of the taxpayer be paid in installments, Lessee may exercise such option, and in such event Lessee shall pay all such installments and interest, if any, becoming due during, or allocable to, the Term of this Ground Lease as the same become due and before any additional interest or any penalty, fine or cost may be added thereto, except that any amount properly allocable to periods subsequent to the expiration of the Term of this Ground Lease shall not be chargeable to nor payable by Lessee, it being agreed that such impositions for said partial taxing period shall be prorated between Lessor and Lessee on the basis that the number of days in each such fractional tax year bears to 365.

Upon request by Lessor, Lessee covenants to furnish to Lessor, prior to delinquency, official receipts of the proper taxing or other authority, or other proof satisfactory to Lessor, evidencing the full payment thereof. In the event of Lessee's failure to pay any such Imposition, Lessor shall have the right to pay the same and charge said amount to Lessee as additional rent, which rent shall not be deferred but shall be due and payable immediately upon receipt of notice to Lessee that Lessor has paid an Imposition pursuant to this Section. Lessor agrees promptly to send to Lessee (i) copies of any notices for any Impositions, if such notices have been received

by Lessor, and (ii) evidence of any such payment of Impositions made by the Lessor, which are the responsibility of Lessee pursuant to the terms of the Ground Lease.

Subject to the rights of the Leasehold Mortgagees under, and without limiting the scope of Article 4, failure by Lessee to pay any such Imposition shall be a default by Lessee under this Ground Lease for which Lessor may terminate the Ground Lease.

(b) The provisions of this Ground Lease shall not be deemed to require Lessee to pay municipal, county, state or federal income or gross receipts or excess profits taxes assessed against Lessor, or municipal, county, state or federal capital levy, succession, gift or transfer taxes of Lessor, or corporation franchise taxes imposed upon any fee interest of the Lessor in the Land, or any increase in real estate taxes or assessments on account of Lessor's transfer of its fee title to the Land or a change in ownership of the Land other than to Lessee. Lessee agrees promptly to send to Lessor copies of any and all notices received by it in respect to any taxes or assessments affecting the Land which are the responsibility of the Lessor, pursuant to the terms hereof.

(c) Notwithstanding anything to the contrary contained in the Lease, if Lessee deems any Imposition imposed in connection with the ownership, use or occupancy of the Development to be excessive or illegal, Lessee may defer payment thereof so long as the validity or the amount thereof is contested by Lessee with diligence and in good faith; provided, however, that Lessee, upon request by Lessor, shall furnish to Lessor a bond in form, and issued by a surety company, reasonably satisfactory to Lessor, in an amount equal to the amount of the tax so contested, which bond shall guarantee the payment thereof with interest and penalties thereon; and provided further that if, at any time, payment of the whole of such tax shall become necessary in order to prevent the termination by sale or otherwise of the right of redemption of all or any part of the Development, or to prevent eviction of Lessor or of Lessee because of non-payment thereof, Lessee shall pay the same, or cause the same to be paid, in time to prevent such termination of the right of redemption or such eviction. Any contest as to the validity or amount of any tax, whether before or after payment, may be made by Lessee in the name of Lessor or of Lessee, or both, as Lessee shall determine, and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee may reasonably request, it being understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses in connection with any proceedings brought by Lessee, and Lessee covenants to pay, and to indemnify and save Lessor harmless from, any such costs or expenses. Lessee shall be entitled to any refund of any such tax and penalties or interest thereon which have been paid by Lessee or by Lessor and reimbursed to Lessor by Lessee.

(d) In the event Lessor fails to timely pay any Imposition affecting the Land or Development which Lessor is obligated to pay, Lessee may (but shall not be required to) pay such Imposition and seek reimbursement from Lessor for such costs, which reimbursement shall be made promptly following Lessee's request therefor.

(e) As used herein, the term "**Property Taxes**" shall include all general and special taxes, assessments, duties and levies, charged and levied upon or assessed by any governmental authority against the Development, including the Land, the Improvements, any other improvements situated on the Land other than the Improvements, the various estates in the Land and the Development, any leasehold improvements, fixtures, installations, additions and equipment, whether owned by Lessor or Lessee. Further included in the definition of Property Taxes herein shall be general and special assessments, license fees, levy or tax (other than federal or state income or gift tax, and any franchise, capital stock, inheritance or estate taxes)

imposed by any authority having the direct or indirect power to tax, as against any legal or equitable interest of the Lessor and/or Lessee in the Land or in the Development or on the act of entering into leases or any tax, fee, or charge with respect to the possession, leasing, transfer of interest, operation, management, maintenance, alteration, repair, use or occupancy of the Development, or any tax imposed in substitution, partially or totally, for any tax previously included within the definition of Property Taxes. Further, if at any time during the term of this Ground Lease the method of taxation or assessment of real estate or the income therefrom prevailing at the time of execution hereof shall be, or has been altered so as to cause the whole or any part of the taxes now or hereafter levied, assessed or imposed on real estate to be levied, assessed or imposed upon Lessor, wholly or partially, as a capital levy, business tax, permit or other charge, then such new or altered taxes, regardless of their nature, which are attributable to the land, the Improvements or to the Development shall be deemed to be included within the term "Property Taxes" for purposes of this Subsection, whether in substitution for, or in addition to any other Property Taxes. However, with respect to any general or special assessments which may be levied upon or against the Land or which may be evidenced by improvement or other bonds, or may be paid in annual or semiannual installments, only the amount of such installment, prorated for any partial year, and statutory interest shall be included within the computation of Property Taxes for which the Lessee is responsible hereunder.

ARTICLE 3

CONSTRUCTION OF LESSEE IMPROVEMENTS; REHABILITATION AND MAINTENANCE; USE OF LAND

Section 3.1 Construction of Lessee Improvements.

(a) Lessee shall renovate the Improvements by constructing the Lessee Improvements substantially as indicated in the Lessee Improvement Plans. All of the Improvements, including without limitation the Lessee Improvements, shall be the fee simple property of Lessee until the termination of this Ground Lease.

(b) Lessee shall construct the Lessee Improvements on or before the dates set forth in the Schedule of Performance attached hereto as Exhibit E; provided, however, that any delay in construction due to causes beyond the reasonable control of Lessee shall extend the time in which said construction must be completed by the length of such delay.

(c) For the purpose of this Section 3.1, the term "beyond the reasonable control of the Lessee" shall mean, and is limited to, delays caused directly by acts of God; epidemics; pandemics, quarantine restrictions, strikes; lockouts; sit-downs; acts of a governmental agency; priorities or privileges established for the manufacture, assembly, or allotment of materials necessary in the work by order, decree or otherwise of the United States or by any department, bureau, commission, committee, agent, or administrator of any legally constituted public authority; changes in the work ordered by City of San Rafael insofar as they necessarily require additional time in which to complete the work; the prevention by City of Lessee from commencing or prosecuting the work because of the acts of others, excepting Lessee's contractors and subcontractors; or the prevention of Lessee from commencing or prosecuting the work because of a citywide failure of public utility service. Lessor may grant an extension of time for unavoidable delay as a result of inclement weather.

The term "beyond the reasonable control of Lessee" shall specifically not include: (i) any delay which could have been avoided by the exercise of care, prudence, foresight and diligence;

and (ii) any delay in the prosecution of parts of the work, which may in itself be unavoidable but which does not necessarily prevent or delay the prosecution of other parts of the work, nor the completion of the whole work within the time specified.

(d) Notwithstanding the above and the Schedule of Performance set forth in Exhibit E, so long as (i) Lessee is diligently prosecuting the work and (ii) any Leasehold Mortgagee has agreed to extend performance dates under its Leasehold Mortgage Documents so as not to cause a default thereunder, Lessor's consent to extend the performance dates set forth in Exhibit E shall not be unreasonably withheld.

(e) Prior to the commencement of construction of the Lessee Improvements, Lessee shall, at its own cost and expense, furnish to Lessor as obligee or co-obligee, either (i) a faithful performance bond of a surety company licensed to transact business in the State of California and satisfactory to Lessor with Lessee's contractor or contractors as principal, in a sum not less than one hundred percent (100%) of the estimated cost of construction, and a labor and materials bond of a surety company licensed to transact business in the State of California and satisfactory to the Lessor with Lessee's contractor or contractors as principal in a sum not less than 50% of the total estimated cost of the construction contract or contracts for the Lessee Improvements, guaranteeing respectively faithful performance and the payment for all materials, provisions, provender, supplies and equipment used in, upon, for or about the performance of said construction work or labor done thereon of any kind whatsoever, or (ii) other instrument of security or completion assurance agreement or payment assurance agreement acceptable to the Leasehold Mortgagees and approved by the Lessor to guarantee completion of such construction and payment of all such items. In the event that Lessee obtains from its contractor or contractors such bonds, security or assurance agreements in like amount which is satisfactory to Lessor, Lessor, upon application by Lessee and upon naming Lessor an additional obligee of Lessee's principal and surety under such bonds or agreements, will release Lessee from Lessee's obligation to provide its bonds, agreements or instruments of security pursuant to this Section 3.1(e).

Section 3.2 Alterations.

(a) Following completion of the Lessee Improvements, Lessee shall, subject to the Leasehold Mortgage Documents, have the right to further alter, modify or rehabilitate the Improvements (together, "**Alterations**") as Lessee shall deem desirable; provided that for any Material Alterations, Lessor's prior written consent shall first have been obtained. "**Material Alterations**" means (a) the construction of any new additional building or structure, (b) an increase in the height of the Improvements, (c) demolition or removal of all or any substantial part of the Improvements; (d) change in the number of Dwelling Units or total square footages of the Dwelling Units; (e) any material alteration of exterior architectural designs, colors or materials (unless the applicable exterior component is not reasonably available or does not meet current code requirements, and Lessee uses materials of equal quality, durability, design standards, and appearance to the materials originally installed), or (f) reconstruction following fire or other casualty in excess of \$1,000,000 (subject to adjustment pursuant to the CPI from and after the Commencement Date. Lessee shall also obtain building permits for all Alterations to the extent required by City of San Rafael codes and other customary requirements.

(b) Fee simple title to all of the Improvements (including without limitation the Lessee Improvements) shall be in and remain in Lessee for and during the entire Term of the Ground Lease, but at the expiration of the Ground Lease Term, or upon the sooner termination of this Ground Lease (unless a New Lease is executed), title to the Improvements shall vest in Lessor,

free and clear of all claims to or against them by Lessee or any third person, except those existing and created pursuant to the terms of this Ground Lease or those remaining on title with the consent or at the request of the Lessor. Lessee agrees to execute at the time of such expiration or termination a quitclaim deed for the Improvements to Lessor to be recorded at Lessor's option and at Lessor's sole cost and expense. Lessee shall defend, indemnify and hold Lessor harmless against any and all claims, liability and losses arising from such claims or from Lessor's exercise of the right conferred by this Section 3.2(b).

(c) Lessor shall have the right at all reasonable times to post, and keep posted, on the Land and Improvements any notices which Lessor may reasonably deem necessary for the protection of Lessor and of the Land from mechanics' liens or other claims. Lessee shall give Lessor ten days' prior written notice of the commencement of the Lessee Improvements and any Alterations that could give rise to mechanics' liens to be done on or about the Land or Improvements to enable Lessor to post such notice.

(d) Lessee agrees that the Improvements and any maintenance, repair work, Alterations, replacements and/or additions in connection therewith (including without limitation the Lessee Improvements) shall be of good quality. Lessee shall have no authority to place any lien or any encumbrances upon the fee title to the Land, or in any manner to bind the interest of Lessor in the Land or, except as provided elsewhere in this Ground Lease, to assign the rentals payable to Lessor under this Ground Lease for any claim in favor of any person dealing with Lessee. Lessee covenants and agrees promptly to pay all sums legally due and payable by Lessee on account of any labor performed or materials supplied for which a lien can legally be asserted against Lessee's leasehold interest in the Land or Lessee's fee title to the Improvements thereon. In the event any mechanic or materialmen's lien is filed against the Land, Lessee at its expense, shall promptly cause such lien to be removed by bonding or otherwise. If Lessee disputes liens or claims of materialmen, mechanics or laborers, upon the Land or the Improvements, regardless of whether such amounts are payable by Lessor or Lessee, Lessee may contest and defend against the same at its cost, and in good faith diligently conduct any necessary proceedings in connection therewith to prevent and avoid the same; provided, however, that such contest shall be prosecuted to a final conclusion as speedily as possible. During any such contest, Lessee shall (by the payment of such disputed charges, if necessary) prevent any foreclosure of, or any divesting thereby of Lessor's title, reversion or other interest in or to the Land.

Section 3.3 Permits, Licenses and Easements.

Lessor (as the lessor hereunder and not as a government authority having jurisdiction over the Development) agrees that, within ten days after receipt of written request from Lessee, it will (at no expense to Lessor) join in all applications for permits, licenses or other authorizations required by any governmental or other body claiming jurisdiction in connection with any work which Lessee may perform in connection with the Development, and will also join in any grants of easements for public or private utilities useful, desirable or necessary to the proper economic development of the Land or to the improvements to be constructed thereon, if required to do so by such governmental or other bodies (including without limitation utility companies). Nothing herein will limit the City's rights in a Proprietary Capacity or Governmental Capacity in accordance with Section 3.10.

Section 3.4 Use of Development.

Lessee shall cause the Development to be used solely for purposes specified in Section 2.4(a), consistent with all applicable zoning and environmental laws of any governmental

authority having jurisdiction over the Development. Lessee agrees to comply reasonably, promptly and effectively with all applicable and lawful statutes, rules, orders, ordinances, requirements and regulations of the State of California, the Federal Government, the City and any other governmental authority having jurisdiction over the Development. Lessee shall have the right, if in good faith and on reasonable grounds, to dispute the validity of any charge, complaint or action taken pursuant to or under color of any statute, rule, order, ordinance, requirement or regulation, defend against the same, and in good faith diligently conduct any necessary proceedings to prevent and avoid any adverse consequence of the same. Lessee agrees that any such contest shall be prosecuted to a final conclusion as speedily as possible. Except to the extent City is acting in a Governmental Capacity in accordance with Section 3.10, Lessor agrees upon request by Lessee to sign, promptly and without charge therefor to Lessee, all applications for licenses and permits required by Lessee for the lawful conduct and operation of any business on the Land or in the Improvements, including, without limitation, applications for occupancy permits, provided that the cost of obtaining such licenses and permits shall be borne by Lessee, and to the extent such participation by the Lessor is required by the body receiving such application.

Section 3.5 Maintenance of the Improvements and the Land.

During the Term of this Ground Lease, Lessee or its designee shall perform, or cause to be performed, all maintenance and repairs necessary to maintain the Improvements and Land in good repair and tenantable condition, except for ordinary wear and tear, and in full compliance with all Leasehold Mortgage Documents.

Section 3.6 Utilities.

Lessee shall be responsible for the cost of all utilities, including water, heat, gas, electricity, waste removal or other utilities or services supplied to the Development, and Lessee will pay or cause same to be paid currently and as due. Lessor without limitation of the foregoing acknowledges that Lessee may require each Resident to pay for utility charges for each Resident's Dwelling Unit.

Section 3.7 Condition of Land.

Lessor has knowledge that prior to the Original Ground Lease certain petroleum hydrocarbons had come to be located on or beneath the Land from an underground fuel tank. The fuel tank and contaminated soil surrounding the area of the tank were removed before the Original Ground Lease; however, some petroleum hydrocarbons or dirt contaminated with such materials or substances may have remained on the Land thereafter. Lessee has knowledge of the facts in the preceding sentence and agrees to lease the Land in an "as is" condition, with no warranty, express or implied, by the Lessor as to the condition of the soil, its geology, the presence of known or unknown faults or the former presence of petroleum hydrocarbons. It shall be the sole responsibility of the Lessee at its expense to investigate and determine the soil conditions for the Lessee Improvements to be constructed thereon and for the Improvements to be leased, owned and operated thereon, including the presence of potentially toxic materials or soils.

If the soil conditions are not in all respects entirely suitable for the use or uses to which the Land is currently being put and will be put under this Lease, it is the sole responsibility and obligation of Lessee, at its sole cost, to take such action as may be necessary to place the soil conditions of the Land in a condition entirely suitable for the Lessee's purposes under this Lease, subject to all other provisions contained in this Ground Lease, including Section 10.20.

Section 3.8 “As-Is, Where-IS” Existing Improvements.

Lessor makes no warranty, express or implied, regarding the condition of the Land or any physical improvements to the Land existing as of the Commencement Date, including without limitation the existing Improvements. Lessee had inspected the Land and all improvements and acknowledges that it is leasing the Land and, as between Lessor and Lessee, is acquiring fee title to the improvements thereon existing as of the Commencement Date in an “as is” condition.

Section 3.9 Management.

Lessee shall direct and supervise the operation and management of the Development and shall, at all times during the term of this Ground Lease, maintain or employ a professionally trained staff to manage the Development. Lessor hereby consents to management of the Development by Bridge Property Management Company or Ecumenical Association for Housing; provided, however, that Lessor may require Lessee to remove any manager of the Development within 120 days of notice from Lessor if Lessor determines there is good and sufficient cause for such removal, and provided, further, that Lessor provides Lessee with the opportunity to contest Lessor’s reasons for the removal of the management agent. Lessee shall not contract with another person to manage the Development without Lessor’s consent, which shall not be unreasonably withheld.

Section 3.10 Proprietary and Governmental Roles: Actions by City.

Except where clearly and expressly provided otherwise in this Ground Lease, the capacity of the Lessor in this Ground Lease shall be as owner and lessor of property only ("**Proprietary Capacity**"), and any obligations or restrictions imposed by this Ground Lease on Lessor shall be limited to that capacity and shall not relate to, constitute a waiver of, supersede or otherwise limit or affect its governmental capacities, including enacting laws, inspecting structures, reviewing and issuing permits, and all of the other legislative and administrative or enforcement functions pursuant to federal, state or local law ("**Governmental Capacity**"). When acting in its Proprietary Capacity, discretionary actions may be undertaken by the City Manager or other designees as designated by the City Manager to the extent otherwise provided for in this Ground Lease. In addition, nothing in this Ground Lease shall supersede or waive any discretionary or regulatory approvals required to be obtained from Lessor under applicable Law, nor guarantee that Lessor, in its Governmental Capacity, will grant any particular request for a license, permit or other regulatory approval. Lessee understands that Lessor may grant or deny such request in its sole discretion, and may impose such terms and conditions as it deems consistent with that discretion and applicable Laws.

Section 3.11 City Manager Authority and Limitations.

Any amendment to this Ground Lease which affects or relates to: (1) the Term of this Ground Lease; (2) the permitted use of the Land; (3) rent amounts and other monetary payments by Lessor; or (iv) any other material provision of this Ground Lease, shall require approval by the Lessor’s City Council. Subject to the foregoing, the City Manager may also issue without City Council approval any consent or approval which Lessor is entitled to provide under this Ground Lease, including without limitation: (I) approvals of Material Alterations under Section 3.2; and (II) rules for a CASp inspection under Section 10.7.

Section 3.12 City Leasehold Mortgage Documents.

Nothing in this Ground Lease shall limit any City right under the City Leasehold Mortgage Documents.

**ARTICLE 4
LEASEHOLD MORTGAGES**

Section 4.1 Mortgage of Leasehold and Improvements.

Lessee shall have the right to encumber the Development (i.e., the Improvements and the leasehold estate created by this Ground Lease) by whatever security instruments are used in the locale of the Land, including without limitation deeds of trust, security deeds, assignments of rents, issues and profits, and conditional deeds, as well as financing statements, security agreements and documentation required pursuant to the Uniform Commercial Code (each, a “**Leasehold Mortgage**”) to secure repayment of any loan and associated obligations of Lessee in connection with the acquisition, construction, rehabilitation or refinancing of the Development. The term “Leasehold Mortgage” shall also include any instruments required in connection with a sale leaseback transaction.

Section 4.2 Notice to and Rights of Leasehold Mortgagee.

(a) During the continuance of any Leasehold Mortgage and until such time as the lien of any such Leasehold Mortgage has been extinguished, the Leasehold Mortgagees shall have all rights provided in this Article 4. Lessor shall not accept any cancellation or surrender of this Ground Lease, Lessee shall not make any election or waiver to terminate, cancel or surrender this Ground Lease, nor shall Lessor or Lessee consent to any amendment or modification of this Ground Lease without, in each instance, the prior written consent of all Leasehold Mortgagees. Without limiting the foregoing, no election by Lessee to terminate this Ground Lease shall be effective unless the same is contained in a written instrument signed by Lessee and each Leasehold Mortgagee.

(b) When giving any notice to Lessee with respect to this Ground Lease or any provision hereunder, Lessor shall also give a concurrent copy of each such notice to any Leasehold Mortgagee who shall have given Lessor a written notice requesting such notice and specifying its name and address. No notice by Lessor to Lessee shall be deemed to have been given unless, and until, a copy thereof shall have been delivered to each Leasehold Mortgagee as set forth herein. The names and addresses of the initial Leasehold Mortgagees and Investor are set forth on Exhibit B attached hereto, and this shall constitute such Leasehold Mortgagees’ and Investor’s request for copies of all notices at such addresses pursuant to this Section 4.2(b). All notices by Lessor to Leasehold Mortgagees and Investor shall be given by registered or certified mail, return receipt requested, or reputable courier service with confirmation, addressed to the Leasehold Mortgagees or Investor, as applicable, at the address last specified to Lessor by the Leasehold Mortgagees and shall be effective upon receipt by such recipient(s) (or refusal to accept delivery by such recipient(s)).

(c) In the event Lessee shall default in the performance of any of the terms, covenants, agreements or conditions of this Ground Lease on Lessee’s part to be performed, any Leasehold Mortgagee shall have the right, but not the obligation, within the grace period available to Lessee for curing such default and such additional period permitted under Section 4.2(d), to cure such default, whether the same consists of the failure to pay rent, to effect any insurance, to pay any

taxes or assessments, to make any repairs or improvements, to do any other act or thing required of Lessee under the Lease, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions to prevent termination of the Lease, and the Lessor shall accept any such performance by any Leasehold Mortgagee as though the same had been done or performed by Lessee. Any Leasehold Mortgagee and its agents and contractors shall have full access to the Land and Improvements for purposes of accomplishing any of the foregoing.

(d) In case of a default by Lessee in the payment of money or the performance of any other obligation due under this Ground Lease, Lessor will take no action to effect a termination of this Ground Lease by reason thereof unless, following the expiration of the grace periods (if any) otherwise granted to Lessee hereunder, including, without limitation, under Section 9.1, such default has continued beyond 60 days in the case of any default resulting from Lessee's failure to pay money due to Lessor (a "**Monetary Default**"), and beyond 180 days, in the case of any other default by Lessee hereunder (a "**Non-Monetary Default**"), after Lessor has given written notice to each Leasehold Mortgagee and Investor of such Monetary Default or Non-Monetary Default, as applicable and Lessor's intent to terminate the Ground Lease as a result of such default, it being the intent hereof and the understanding of the parties that any Leasehold Mortgagee and Investor shall be allowed up to, but not in excess of 60 days in the case of a Monetary Default, and 180 days in the case of a Non-Monetary Default by Lessee, to cure such default, in addition to the cure and grace periods (if any) otherwise granted to Lessee under this Ground Lease, including without limitation Section 9.1. Notwithstanding the foregoing or anything else to the contrary contained herein, in the case of any Non-Monetary Default, Lessor shall take no action to effect a termination of this Ground Lease by reason thereof if, within 180 days after the Leasehold Mortgagees and Investor receive written notice thereof, as provided for in this Section 4.2(d), a Leasehold Mortgagee or Investor has either:

(i) commenced to cure such default and to proceed diligently with such cure thereafter, if such default can be cured by the Leasehold Mortgagee without the Leasehold Mortgagee obtaining possession of the Development;

(ii) commenced proceedings to obtain possession of the Development (including possession by a receiver) and proceeded diligently to obtain such possession and to cure such default in the case of default which can be cured only after the Leasehold Mortgagee has obtained possession thereof; or

(iii) instituted foreclosure proceedings (either judicial or non-judicial) and thereafter to diligently proceed to complete such foreclosure proceedings (either judicial or non-judicial) or otherwise acquire Lessee's interest under this Ground Lease with reasonable and continuous diligence in the case of a default which cannot be cured in the manner set forth in subparagraphs (i) or (ii) above. As long as any Leasehold Mortgagee is diligently proceeding to complete foreclosure, the Lessor shall not terminate the Ground Lease. No Leasehold Mortgagee shall be required to continue such possession or continue such foreclosure proceedings (either judicial or non-judicial) if the default which prompted the service of such a notice has been cured. No Leasehold Mortgagee shall be obligated to cure any Monetary Default which has occurred more than 90 days before such Leasehold Mortgagee's receipt of notice of such default, in order to preserve its interest under its Leasehold Mortgage Documents or to exercise any of the rights granted to it under this Ground Lease. Nothing herein shall require a Leasehold Mortgagee who has acquired Lessee's leasehold interest and has taken possession of the Development to cure any Non-Monetary Default which is not reasonably capable of being cured by such Leasehold Mortgagee, and such default shall be deemed to be waived following Leasehold Mortgagee's

acquisition of Lessee's leasehold interest and such Leasehold Mortgagee's timely cure of all Monetary Defaults and all Non-Monetary Defaults which are reasonably capable of cure by such Leasehold Mortgagee in accordance with the foregoing provision.

(e) All right of Lessor to terminate the Lease as the result of the occurrence of any default shall be subject to, and conditioned upon, Lessor having first given to each Leasehold Mortgagee written notice of the default as required under Section 4.2(b), and each Leasehold Mortgagee having failed to remedy such default or acquire the Leasehold or commence foreclosure or other appropriate proceedings in the nature thereof as set forth in Section 2.4(d).

(f) If a Leasehold Mortgagee is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessee from commencing or prosecuting foreclosure or other appropriate proceedings, the times specified in this Section 4.2 for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition, provided that Leasehold Mortgagee shall have fully cured any default in the payment of any monetary obligations of Lessee under this Ground Lease and shall continue to pay currently such monetary obligations as and when the same fall due.

(g) Lessor agrees that, in the event of termination of the Lease for any reason (including without limitation by reason of any default by Lessee or by reason of the disaffirmance thereof by a receiver, liquidator or trustee for Lessee or its property):

(i) Lessor shall (1) promptly give each Leasehold Mortgagee written notice of such termination and (2) if requested by any Leasehold Mortgagee, enter into a new lease of the Land ("**New Lease**") with the most senior Leasehold Mortgagee requesting a New Lease, which New Lease shall commence as of the date of termination of this Ground Lease and shall run for the remainder of the Ground Lease Term, at the same Rent and additional rent and upon the same terms, provisions, covenants and agreements, and subject to the rights, if any, of any parties then in possession of any part of the leasehold estate, provided:

(1) The Leasehold Mortgagee shall make written request upon Lessor for the New Lease not later than 60 days after the date such Leasehold Mortgagee receives written notice of the termination from Lessor;

(2) The Leasehold Mortgagee shall pay to Lessor at the time of the execution and delivery of the New Lease any and all sums which would, at the time of the execution and delivery thereof, be due and unpaid pursuant to the Ground Lease but for its termination, and in addition thereto any expenses, including reasonable attorneys' fees, to which Lessor shall have been subjected by reason of Lessee's default;

(3) The Leasehold Mortgagee shall perform and observe all covenants in this Ground Lease to be performed and observed by Lessee, and shall further remedy any other conditions which Lessee under the terminated Ground Lease was obligated to perform under its terms, to the extent the same are curable or may be performed by the Leasehold Mortgagee; and

(ii) The lessee under the New Lease shall have the same right, title and interest in and to the Improvements as Lessee had under the terminated Ground Lease immediately prior to its termination, and such New Lease shall be senior in priority to all mortgages, deeds of trust, or other lien or charge or encumbrance on the Land. The New Lease

shall be accompanied by a conveyance of title to the Improvements (free of any mortgage, deed of trust, lien, charge, or encumbrance created by Lessor) for a term of years equal to the term of the New Lease, subject to the reversion in favor of Lessor upon expiration or sooner termination of the New Lease.

(h) Nothing herein contained shall require any Leasehold Mortgagee to enter into a New Lease pursuant to Section 4.2(g), nor to cure any default of Lessee referred to above.

(i) Except as provided in Section 4.2(j), during the period that a Leasehold Mortgagee shall be in possession of the Land and/or Development and/or during the pendency of any foreclosure proceeding instituted by a Leasehold Mortgagee, subject to the cure periods set forth in Section 4.2(d)(iii), the Leasehold Mortgagee shall pay or cause to be paid the Rent specified in Section 2.3 and all other charges of whatever nature payable by Lessee hereunder which have been accrued and are unpaid and will continue to pay, when due, all such amounts which accrue thereafter during such Leasehold Mortgagee's possession of the Development.

(j) In the event two or more Leasehold Mortgagees exercise their rights hereunder, and there is a conflict which renders it impossible to comply with all such requests, the Leasehold Mortgagee holding the most senior holding the most senior Leasehold Mortgage shall prevail.

(k) Upon the request of any Leasehold Mortgagee, Lessor agrees to execute any amendment to this Ground Lease which does not adversely affect Lessor's rights hereunder, subject to Section 10.4.

(l) Any Investor shall have the same notice and cure rights as the Leasehold Mortgagee as set forth in this Section 4.2 for so long as it is a limited partner of Lessee; provided, however, that Investor shall be deemed to have met any condition relating to commencement or continuation of a foreclosure proceeding as set forth in Section 4.2(d), if it is attempting with diligence and in good faith to remove the general partner of Lessee. The address for any notices to Investor, as of the date hereof, is provided in Article I.

(m) Foreclosure of any Leasehold Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in the Leasehold Mortgage, or any conveyance of the Development from Lessee to any Leasehold Mortgagee or its designee through, or in lieu of, foreclosure or other appropriate proceedings in the nature thereof, shall not require the consent of Lessor or constitute a breach of any provision of, or a default under, the Lease, and upon such foreclosure, sale or conveyance, Lessor shall recognize the purchaser or other transferee in connection therewith as the Lessee under this Ground Lease.

(n) In the event any Leasehold Mortgagee or any designee of it becomes the Lessee under this Ground Lease or under any New Lease obtained pursuant to Section 4.2(g), above, the Leasehold Mortgagee or its designee shall be personally liable for the obligations of Lessee under this Ground Lease or New Lease only to the extent that they arise during the period of time that the Leasehold Mortgagee or its designee constitutes the actual beneficial holder of the leasehold estate. The Leasehold Mortgagee's, or its designee's, right thereafter to assign this Ground Lease or the New Lease shall not be subject to any restriction.

(o) Notwithstanding anything to the contrary contained herein, under no circumstances shall any Leasehold Mortgagee (or its designee), whether before or after a foreclosure of its Leasehold Mortgage (or acceptance of a deed in lieu thereof), be obligated to

pay any amounts or perform any obligations owing to Lessor under the City Leasehold Mortgage Documents.

Section 4.3 Registration of Leasehold Mortgagees and Investor(s).

Upon written request by Lessor, Lessee shall provide written notice to Lessor of the name and address of each Leasehold Mortgagee and each Investor under this Ground Lease.

Section 4.4 Notice and Right to Cure Defaults Under Leasehold Mortgages.

Upon the recording of the Memorandum pursuant to Section 10.6, Lessee on behalf of Lessor shall cause to be recorded in the office of the County Recorder of Marin County requests for copies of any notice of default or notice of sale under the Leasehold Mortgages.

Section 4.5 Priorities.

No deed of trust, mortgage, lien, encumbrance, restriction or exception shall be superior to any of Lessor's interests in the Land.

Section 4.6 No Merger.

In the event Lessee acquires the fee estate of Lessor in the Land, except with the written consent of all Leasehold Mortgagees there shall be no merger of Lessee's leasehold and fee estates, but rather the lien of such mortgage, deed of trust or other encumbrance shall continue and apply to the entire right, title and interest of Lessee.

ARTICLE 5

INSURANCE

Section 5.1 Required Insurance Coverage.

(a) Fire and Special Coverage Endorsement. Lessee shall during the Term of this Ground Lease keep the Development insured against loss or damage by fire, and all other risks as may be included in the standard form of extended coverage endorsement (including flood if the Land is located in flood zone A or V, and including earthquake to the extent available at commercially reasonable rates or otherwise required by a Leasehold Mortgagee), in amounts such that the proceeds of such insurance shall not be less than the full replacement value of the buildings and Improvements or any other amount required by the Leasehold Mortgagees and approved by Lessor which is reasonably and commercially available.

(b) Liability and Property Damage Insurance. During the Term of the Ground Lease, Lessee shall keep in full force and effect a policy or policies of public liability and property damage insurance against liability for bodily injury to or death of any person or property damage arising out of the Development and/or the Land. If reasonably and commercially available, the limits of such insurance shall not be less than ten million dollars (\$10,000,000) combined single limit for injury to persons or death for any one occurrence, and not less than five million dollars (\$5,000,000) for property damage to others' property.

(c) Workers' Compensation Insurance. Lessee shall carry workers' compensation insurance covering all persons employed by Lessee in connection with the Development and with

respect to whom death, bodily injury and sickness insurance claims could be asserted against the Lessor or Lessee.

(d) **Builders Risk Insurance.** Lessee shall require its contractor(s) to carry builder's risk insurance, at contractor's own cost and expense, at all times during the construction of the Improvements and until Lessee has filed with the Lessor a certificate of fire, liability and property damage insurance on the completed Improvements, and shall provide to Lessor prior to commencement of construction a certificate evidencing the same. Lessee shall request its contractor's insurance carrier to provide a certificate which shall state that the insurance coverage shall not be cancelled or excluded on account of completion, occupancy or use of the improvements unless and until (1) Lessor is given at least 30 days prior written notice of cancellation after completion of construction or (2) there is on file with Lessor with respect to the Improvements the certificate required evidencing liability and property damage insurance coverage.

(e) **Review.** The public liability and property damage insurance requirements may be reviewed by Lessor every five years, for the purpose of (in consultation with its insurance advisors) adjusting the specific policy requirements, and minimum limits of such insurance from time to time, to requirements and minimum limits which shall be reasonable and customary for similar facilities of like size and operation in accordance with generally accepted insurance industry standards. However, in no event will Lessee be required to change specific policy requirements more frequently than every five years, nor increase the amount of coverage for any five-year period by more than the lesser of (1) 50% and (2) two times the CPI increase since the last increase under this Section.

Section 5.2 Insurance Policies and Premiums.

(a) All policies of insurance required under this Ground Lease shall name the Lessor, including its members, officers, employees and agents, and the Leasehold Mortgagees, as additional insureds as their respective interests may appear; provided, however, that the Leasehold Mortgagees for so long as the Leasehold Mortgages are outstanding, shall be added to the "Loss Payable Endorsement" of all insurance policies required to be carried by Lessee hereunder, and all insurance proceeds shall be payable to the most senior Leasehold Mortgagee and applied in accordance with the terms of such Leasehold Mortgagee's Leasehold Mortgage Documents and applicable Law. Duplicate copies of such policies or certificates of such insurance shall be promptly furnished to the Leasehold Mortgagees and the Lessor.

(b) Any policy of insurance shall provide that any change or cancellation of said policy must be in writing to the Leasehold Mortgagees, Lessee, and the Lessor at their respective principal offices at least 30 days before the effective date of said change or cancellation.

Section 5.3 Proceeds of Insurance Upon Damage or Destruction.

(a) For so long as a Leasehold Mortgage on the Development is outstanding, all fire and special or extended coverage (casualty) and builders' risk insurance proceeds shall be applied, subject to the rights of the most senior Leasehold Mortgagee, to the payment of the costs of repairing or rebuilding that part of the Development damaged or destroyed if Lessee agrees in writing within 90 days after payment of the proceeds of insurance that such repair or rebuilding is economically feasible. If the Development is not repaired or replaced, all such proceeds shall be applied in a manner consistent with the terms of the most senior Leasehold Mortgage Documents. The balance, if any, after payment to the most senior Leasehold Mortgagee, shall, subject to the

rights of the other Leasehold Mortgagees, be paid to Lessee and, subject to the prior written consent of each Leasehold Mortgagee, Lessee may terminate this Ground Lease, in which case this Ground Lease shall become void from the time of termination, and from that date the parties hereto shall be released from further obligation hereunder.

(b) In the event all Leasehold Mortgages have been paid in full, all insurance proceeds received under the policies set forth in this Article 5 shall be applied to the payment of the costs of repairing or rebuilding that part of the Development damaged or destroyed, if Lessee agrees in writing within 90 days after the payment of the proceeds of insurance that such repair or rebuilding is economically feasible. If Lessee decides that such repair or replacement is not economically feasible, the proceeds shall be paid to Lessee and this Ground Lease shall terminate, and shall become void from the time the decision is made by Lessee to rebuild, and from that date the parties hereto shall be released from further obligation hereunder.

(c) Upon the occurrence of any loss, damage or destruction to the Improvements or operations of the Development resulting from such damage or destruction, Lessee's obligation to pay rent as set forth in Section 2.3 (other than Monitoring Fee) shall be abated, subject to the following:

(i) If only a portion of the Improvements is damaged or destroyed, the rent (other than Monitoring Fee) shall be abated or reduced by the percentage of the amount of damage or destruction to the Improvements until the Improvements are repaired or rebuilt and approved for occupancy by the City.

(d) Notwithstanding anything to the contrary contained herein, in no event may Lessor or Lessee exercise any right to terminate the Lease in connection with any casualty or similar matter without the prior written consent of each Leasehold Mortgagee (each, in its sole and absolute discretion).

Section 5.4 Hold Harmless and Indemnity.

(a) Indemnification of Lessor. To the greatest extent permitted by Law (including without limitation Civil Code Section 2782 if and to the extent applicable), Lessee shall indemnify and hold Lessor harmless from and shall defend (including payment of attorney's fees) Lessor against all liability, penalties, losses, damages, costs and expenses including attorney's fees, claims or judgment arising from any injury to any person or persons or any damage to any property occurring in, on or about the Development and/or the Land, or as a result of any accident or other occurrence during the Term, occasioned in any way as a result of Lessee's or Lessee's officers', employee', agents', servants', concessionaires', licensees', contractors' or invitees' use, maintenance, occupation or operation of the Development and/or the Land; provided, however, that Lessee shall not be required to indemnify Lessor for any damage or injury of any kind arising as the result of Lessor's negligent act or omission or misconduct or that of its officers, agents, employees or contractors. Notwithstanding the foregoing or anything else to the contrary contained herein, but without limiting Lessor's rights under any insurance maintained by Lessee, no Leasehold Mortgagee or subsequent lessee shall be required to indemnify Lessor for any act or omission of the prior lessee under this Ground Lease (or to cure any failure of any such prior lessee to indemnify the Lessor).

(b) Indemnification of Lessee. Lessor shall indemnify and hold Lessee harmless from and shall defend (including payment of attorneys' fees) Lessee against all liability, penalties, losses, damages, costs and expenses including attorneys' fees, claims or judgment arising from

any injury to any person or persons or any damage to any property occurring in, on or about the Development and/or the Land, or as a result of any accident or other occurrence during the Term occasioned in any way as a result of Lessor's or Lessor's officers', employees', agents', servants', concessionaires', licensees', contractors' or invitees' use, maintenance, occupation or operation of the Development and/or the Land; provided, however, that Lessor shall not be required to indemnify Lessee for any damage or injury of any kind arising as the result of Lessee's negligent act or omission or misconduct or that of its officers, agents, employees or contractors.

ARTICLE 6

PROVISIONS RESPECTING CONDEMNATION AND DAMAGE OR DESTRUCTION OF DEVELOPMENT

Section 6.1 Condemnation or Damage or Destruction of Development.

(a) If the Development or any part thereof shall be taken or condemned, for any public or quasi-public purpose or use by any competent entity in appropriate proceedings, or by any right of eminent domain, the whole compensation therefore shall be paid directly to the most senior Leasehold Mortgagee, subject to the terms of the Leasehold Mortgage Documents and applicable Laws. In the event that the Leasehold Mortgages have been paid in full, all proceeds resulting from any taking or condemnation of the Development or any portion thereof, shall be paid to Lessee.

(b) Subject to the rights of the most senior Leasehold Mortgagee, all condemnation proceeds received by the Leasehold Mortgagees, or paid to Lessee, in compensation for taking of less than substantially all of the Development shall be applied as follows:

(i) If the Development or any part thereof is taken without any material loss of or damage resulting to the Development, but creating a right to compensation therefor, the net condemnation award shall be applied pursuant to the terms of the most senior Leasehold Mortgage Documents, or otherwise, subject to the rights of the other Leasehold Mortgagees, be paid to Lessee;

(ii) If the Development or any part thereof is taken with material loss of or any damage to the Development resulting from such taking, and Lessee agrees in writing within 90 days after payment of the condemnation award that continuation of the operation of the Development and reconstruction or restoration of all or any part of the Development taken or damaged is economically feasible, then the net condemnation award shall be applied, subject to the rights of the most senior Leasehold Mortgagee, first to the reconstruction or restoration, and the balance, if any, subject to the rights of the other Leasehold Mortgagees, shall be paid to Lessee. In the event of such taking and subsequent determination to proceed with reconstruction or restoration, the rights and obligations of the parties to this Ground Lease shall continue in full force and effect, subject to the rights of the most senior Leasehold Mortgagee.

(c) Upon the occurrence of a loss of, or any damage to, the Development or operation of the Development, resulting, from such taking, Lessee's obligation to pay Rent as set forth in Section 2.3 (other than Monitoring Fee) shall be abated, subject to the following:

(i) If only a portion of the Improvements is damaged or destroyed, the Rent (other than Monitoring Fee) shall be abated or reduced by the percentage of the amount of damage or destruction to the Improvement.

(d) If the entire Development shall be taken as provided in this Section, or, in the case of a partial taking, there is a decision not to continue with the Development and carry out its reconstruction or restoration pursuant to (b) above, then the net condemnation award for the Development shall be paid to the most senior Leasehold Mortgagee in accordance with the terms of that Leasehold Mortgagee's Leasehold Mortgage Documents, and the balance (if any) shall be paid, subject to the rights of the other Leasehold Mortgagees, to the Lessee. At the election of Lessor and Lessee, this Ground Lease shall then terminate, and shall become void from the time possession thereof is required for public use, and from that date the parties hereto shall be released from further obligation hereunder.

(e) Lessor shall be entitled to all condemnation proceeds for the taking of the Land in the event the Land is taken by eminent domain, provided that the award to which Lessor is entitled for such taking shall take into consideration the fact that Lessor's interest in the Land is limited to the fee interest in the Land, as encumbered by this Ground Lease and, upon the expiration of the Term, a reversionary interest in the Improvements.

(f) Notwithstanding any other provision of this Ground Lease, in no event may Lessor or Lessee exercise any right to terminate the Lease in connection with any condemnation or similar matter without the prior written consent of each Leasehold Mortgagee (each in its sole and absolute discretion).

Section 6.2 Lessee, Lessor and Leasehold Mortgagees to be Made Parties in Legal Proceedings.

(a) In the event proceedings shall be instituted (1) for the exercise of the power of eminent domain, or (2) as a result of any damage to or destruction of the Development, Lessee, Lessor, and the Leasehold Mortgagees (at their election) shall be made parties thereto, and if not made parties thereto by the petitioning party, at their election, shall be brought into the proceedings by appropriate proceedings of parties thereto so that adjudication may be made of such damages, if any, as are to be paid to Lessee, Lessor, or the Leasehold Mortgagees as compensation for loss of their rights in the Development or the Land, or for damage to or destruction of the Development.

(b) The Lessor, Lessee and the Leasehold Mortgagees shall cooperate and consult with each other in all matters pertaining to the settlement, compromise, arbitration, or adjustment of any and all (1) legal proceedings affecting Lessee, the Lessor and the Development, or (2) claims and demands for damages on account of damage to or destruction of the Development, or for damages on account of the taking or condemnation of the Development or the Land.

Section 6.3 Waiver of Eminent Domain.

(a) So long as Lessee is not in breach of any of the material terms, conditions or covenants of this Ground Lease, after notice and the expiration of applicable cure periods, the Lessor agrees not to exercise its own right of eminent domain against the Development for the term of this Ground Lease.

Section 6.4 Waiver of CCP Section 1265.130.

Each party waives the provisions of the Code of Civil Procedure Section 1265.130 allowing either party to petition the Superior Court of the County of Marin, State of California to terminate this Ground Lease in the event of a partial taking of the Development.

ARTICLE 7

PARTICULAR COVENANTS

Section 7.1 Non-Discrimination Clause.

(a) Lessee herein covenants by and for Lessee and Lessee's successors and assigns and all persons claiming under Lessee or through Lessee that this Ground Lease is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital or familial status, national origin or ancestry, or handicap, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Land herein leased nor shall Lessee or any person claiming under or through Lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Residents or vendees in the Land herein leased.

(b) The obligations of Lessee and the Lessor to comply with this section inures to the benefit of each to the other and to the Leasehold Mortgagees where applicable. The Leasehold Mortgagees, as appropriate, shall be entitled to invoke any remedies available by Applicable Law to redress any breach of these subsections or to compel compliance therewith by Lessee and Lessor.

Section 7.2 Lessee to Extend Vendor's Warranties to Lessor.

Lessee covenants that it will, to the extent available at no cost to Lessee, extend to the Lessor all vendor's warranties received by Lessee in connection with the provision, construction and equipment of the Land and any improvements thereon, including any warranties given by contractors, manufacturers or service organizations who have performed construction work on the Land; provided, however, that Lessor's rights to such warranties shall be subordinate to those of the most senior Leasehold Mortgagee. If requested, Lessee shall execute and deliver appropriate instruments to the Lessor to accomplish the foregoing, all without cost to Lessee.

Section 7.3 Ground Leases and Contracts.

Lessee covenants that it will require a provision in all contracts involving the Development and in all leases to its Residents in the Development that these contracts and leases require compliance with the terms and conditions of this Ground Lease applicable to such contracts and leases.

Section 7.4 Lessee's Right of First Refusal.

(a) If Lessor wishes to sell or transfer its interest in the Land and this Ground Lease, Lessor shall first give 45 days' written notice to Lessee so that Lessee may have the first right to purchase the Land. The notice shall contain the purchase price and a complete description of the terms on which Lessor wishes to sell or transfer the Land. Within 45 days of receipt of the notice given by Lessor, Lessee shall in writing either accept the offer to purchase the Land on the terms provided in the notice or reject the offer. Failure to accept the offer in writing within the 45-day period shall be deemed a rejection. If the terms of the sale or transfer change or if Lessor desires to sell or transfer the Land after expiration of a 90-day period from the date Lessee receives the last notice from Lessor, the sale or transfer shall again be subject to Lessee's right of first refusal contained in this Section.

(b) In the event that Lessee exercises its right to purchase the interest of Lessor on the terms and conditions set forth in this Section, Lessor and Lessee intend that the rights under this Section shall be specifically enforceable, without limitation on the right of Lessee or Lessor to resort to any other remedy available at law. If required by a Leasehold Mortgagee, Lessee shall execute an assignment of Lessee's right of first refusal in favor of the Leasehold Mortgagee and shall notify Lessor of the assignment in writing, and Lessor hereby consents to such assignment.

(c) Notwithstanding Section 7.4(a) and Section 7.4(b), neither Lessee nor any Leasehold Mortgagee shall have a right to purchase the interest of Lessor in the Land and this Ground Lease in the event Lessor transfers all of its interest in the Land, and all of its rights and obligations under this Ground Lease from and after the effective date of the sale or transfer (A) by operation of Law, or (B) to (1) another governmental entity, (2) an entity all of whose members are also governmental entities, or (3) a not for profit entity established and operated for the purpose of affordable housing; provided, however, that in each such instance any such sale or transfer shall be expressly subject to this Ground Lease, and neither Lessee's nor any Leasehold Mortgagee's other rights arising out of this Ground Lease shall be affected or disturbed in any way by any such sale or transfer. Each covenant, agreement or obligation of Lessor under this Ground Lease is intended to and shall constitute a covenant running with the title to the Land and shall be binding upon any subsequent owner of the Land. At such time as Lessor shall sell or transfer its entire interest in the Land and this Ground Lease, all Lessor obligations and liability arising under this Ground Lease from and after the effective date of such sale or transfer shall terminate as to Lessor, and thereupon all such liabilities and obligations shall be binding upon the transferee,

Section 7.5 Estoppel Certificates.

Lessor and Lessee agree that at any time and from time to time upon not less than 20 days' prior written notice by the other party, or upon request from any Leasehold Mortgagee or Investor or a permitted assignee, Lessor or Lessee will execute and deliver to the other party or to such Leasehold Mortgagee or Investor a statement in writing certifying (a) that this Ground Lease is unmodified and in full force and effect (or specifying any known amendments if applicable); (b) the date through which the Rent has been paid; and (c) that, to the knowledge of the certifier (if such be the case), there is no default (or any conditions existing which, but for the passage of time or the giving of notice, would constitute a default) set off, defense or other claim against Lessor or Lessee, as applicable, other than those, if any, so specified in the estoppel. It is intended that any such statement may be relied upon by any persons proposing to acquire the interest of Lessor, Lessee or any Leasehold Mortgagee or Investor, as the case may be, in this Ground Lease or by any prospective Leasehold Mortgagee or Investor or permitted assignee of any Leasehold Mortgagee or Investor.

Section 7.6 No Land Encumbrances.

Lessor shall not encumber the Land without the prior written consent of each Leasehold Mortgagee, which consent shall be granted or withheld in such Leasehold Mortgagee's sole and absolute discretion. Lessor hereby approves the HCD Rider substantially in form attached hereto as Exhibit C and, following the permanent conversion of the construction loan for the Lessee Improvements, the TCAC Rider substantially in form attached hereto as Exhibit D. In the event of any default under a deed of trust, mortgage or other financing document which (1) encumbers Lessor's interest in the Land and (2) is prior to the Ground Lease, Lessee may cure such default and deduct all amounts reasonably expended in so doing from the next installment(s) of rent.

ARTICLE 8

COVENANTS AND ASSURANCES OF LESSOR

Section 8.1 Lessor to Give Peaceful Possession.

(a) Lessor covenants that to its actual knowledge it is seized in fee simple of, and has good and marketable title to, the Land and that except as set forth in the Title Reports, and the HCD Rider and TCAC Rider, the Land is free of all easements, covenants, conditions and restrictions. Lessor covenants and warrants that it has the full right and authority to make this Ground Lease. Lessor covenants and warrants that so long as Lessee is not in default under this Ground Lease and is paying the Rent and performing all of the covenants and conditions of this Ground Lease, Lessee and the Residents shall have, hold and enjoy, during the Ground Lease Term, peaceful, quiet and undisputed possession of the Land herein leased without hindrance or molestation by or from Lessor or anyone acting by or through Lessor so long as Lessee.

(b) Lessor covenants and agrees that Lessor shall not mortgage, convey, pledge, or otherwise encumber the Land without the written consent of Lessee and Leasehold Mortgagees, which written consent may be withheld in the Lessee or Leasehold Mortgagees' sole discretion. Any document evidencing such encumbrances shall be expressly subordinate to the leasehold estate created hereunder and any Leasehold Mortgages. In such event, Lessee shall not be required, nor shall Lessee be permitted without the consent of all Leasehold Mortgagees, to subordinate the leasehold established hereunder to any mortgage entered into by Landlord after the date hereof. However, nothing in this Section shall limit any City exercise of its regulatory or governmental authority, including without limitation pursuant to Section 3.10 above

Section 8.2 Lessor to Ground Lease Development with Marketable Title.

The Lessor covenants and warrants that there are no outstanding liens and encumbrances of record that will interfere with Lessee's possession of the Land.

Section 8.3 Lessor to Obtain Necessary Governmental Approvals.

The Lessor as landlord (not as a public body) covenants that as of the date of this Ground Lease, all necessary approvals from any and all governmental agencies in compliance with all federal, state, and local laws, ordinances, and regulations requisite to leasing of the Land have been obtained.

ARTICLE 9

DEFAULTS AND REMEDIES

Section 9.1 Default of Lessee.

(a) Any one or more of the following events shall constitute an "Event of Default":

(i) Failure of Lessee to make timely payment of Rent otherwise due pursuant to this Ground Lease. All Rent payments shall first be applied to accrued and unpaid Rent and then to Rent currently due.

(ii) Failure to make any monetary payment (other than Rent) due to Lessor under the Ground Lease, and continuance of such failure for 30 days, in addition to a grace period of 21 days after receipt by Lessee of written notice from Lessor specifying such failure;

(iii) Failure of Lessee to observe and perform any other material covenant, condition or agreement hereunder on its part to be performed and (i) continuance of such failure for a period of 60 days, in addition to a grace period of 21 days, after receipt by Lessee of written notice from Lessor or its agent specifying the nature of such default, or (ii) if by reason of the nature of such default the same cannot be remedied within the said 60 days and grace period, Lessee fails to proceed with reasonable diligence after receipt of said notice to cure the same; and

(iv) Lessee's abandonment of the Land as determined under Civil Code Section 1951.3 or succeeding statutes.

(b) Notices given under this Section shall specify the alleged default and the applicable Ground Lease provisions and shall demand that Lessee perform this Ground Lease or pay the rent that is in arrears, as the case may be, within the applicable period of time, or quit the premises. No such notice shall be deemed a forfeiture or a termination of this Ground Lease unless Lessor so elects in the notice, and in no event shall any termination of this Ground Lease be effective unless the provisions of Article 4 have been complied with.

(c) Subject to Section 10.19 and Article 6, whenever any Event of Default referred to in (a)(i), (a)(ii) or (a)(iii) above shall have occurred and be continuing, the Lessor may take whatever action at law or in equity as may appear necessary or reasonable to enforce performance or observance of any obligations, agreements or covenants of Lessee under this Ground Lease. If Lessor terminates the Ground Lease after an Event of Default, which termination right shall at all times be subject to the rights of Leasehold Mortgagees under Article 4, Lessor shall have the right to hire a property manager for the Development, to release or sell the Development, or to take any other action it desires with the Development. Upon Lessor's termination of this Ground Lease after an Event of Default, subject to the rights of Leasehold Mortgagees under Article 4, Lessee shall have no further monetary or other obligations or liabilities under this Ground Lease.

Section 9.2 Default of Lessor.

(a) Lessor shall be in default or breach of this Ground Lease if Lessor fails to observe or perform any material covenant, condition or agreement hereunder on its part to be performed, and (A) continuance of such failure for a period of 60 days after receipt by the Lessor of written notice specifying the nature of such default, or (B) if by reason of the nature of such default the same cannot be remedied within said 60 days, the Lessor fails to proceed with reasonable diligence after - receipt of the notice to cure the default.

(b) If the Lessor breaches or defaults under the Ground Lease, Lessee shall give the Lessor and the Leasehold Mortgagees written notice requiring that the breach-or default be remedied by the Lessor. If the default or breach is not cured within the time set forth in (a) above, Lessee or the Leasehold Mortgagees may take any action at law or in equity as may be necessary to protect their respective interests. Such action shall include but is not limited to the right of (i) Lessee or the Leasehold Mortgagees to cure such default and recover any expenditure with interest thereon (at the reference lending rate then in effect at the largest financial institution in the State of California, or at the maximum amount allowed under applicable law, if less), from the

Lessor within 30 days after sending to Lessor a statement therefor, (ii) any rights or remedies granted to Lessee and/or the Leasehold Mortgagees under the Leasehold Mortgage Documents or the laws of the State of California. Lessee and Leasehold Mortgagees shall have the right to offset expenses incurred by Lessee or the Leasehold Mortgagees to cure such default against Rent due under Section 2.3.

ARTICLE 10

GENERAL PROVISIONS

Section 10.1 HCD Rider and TCAC Rider.

The Ground Lease is amended by the HCD Rider and, following the permanent conversation of the construction loan for the Lessee Improvements, the TCAC Rider. In the event of any conflict or inconsistency between the other terms of the Ground Lease and either the HCD Rider or the TCAC Rider, the terms of the HCD Rider or TCAC Rider shall govern and control. In the event of any conflict or inconsistency between the HCD Rider and the TCAC Rider, the HCD Rider shall take precedence.

Section 10.2 No Third Party Beneficiary.

The provisions of this Ground Lease are for the exclusive benefit of Lessee and Lessor and their successors and assigns, and not for the benefit of any third person, nor shall this Ground Lease be deemed to have conferred any rights, express or implied, upon any third person, except those rights conferred on the Leasehold Mortgagees by this Ground Lease, with respect to which each Leasehold Mortgagee is hereby made an express third party beneficiary.

Section 10.3 Instrument is Entire Agreement.

This Ground Lease and the attached Exhibits constitute the entire agreement between the parties as to the lease of the Land by Lessor to Lessee. The Recitals, exhibits, and defined terms herein and therein, are incorporated into this Ground Lease by this reference. This Ground Lease shall completely and fully supersede all inconsistent other prior understandings or agreement, both written and oral, between the Lessor on the one hand, and Lessee or General Partner on the other hand, relating to the Ground Lease of the Land by the Lessor to Lessee, including without limitation the Option Agreement.

Section 10.4 Amendment of Ground Lease.

(a) No amendment to this Ground Lease shall be effective unless (1) the amendment is in writing and executed by both Lessor and Lessee and (2) written consent to the amendment has been obtained from each Leasehold Mortgagee.

(b) Lessor and Lessee acknowledge and agree that Leasehold Mortgagees may require amendments to this Ground Lease as a condition precedent to providing Leasehold Mortgages. Lessor agrees to cooperate with Lessee and Leasehold Mortgagees, and Lessor's approval of amendments shall not be unreasonably withheld; provided, however, that any such amendment shall not in any way (1) affect Lessor's fee estate or other interest in the Land, (2) affect the Term, rent or any amount otherwise payable to Lessor under this Ground Lease, or (3) otherwise in any material respect adversely affect any rights of Lessor under this Ground Lease or (except as otherwise expressly provided herein) Section 2.4.

Section 10.5 Notices.

all notices, demands and other formal communications hereunder shall be deemed given if: (a) delivered personally or by courier, (b) sent by overnight express delivery, or (c) mailed by registered or certified mail (return receipt requested), postage prepaid, to a party at its respective address set forth below (or at such other address as shall be specified by the party by like notice given to the other party(ies), addressed:

- (1) if to the Lessor:

City of San Rafael
1400 Fifth Avenue, Room 202
San Rafael, California 94901

with copy to:

City of San Rafael
1400 Fifth Avenue, Room 202
San Rafael, CA 94901

- (2) If to Lessee:

Centertown II, LP
c/o BRIDGE Housing Corporation
600 California St #900
San Francisco, CA 94108
Attn: General Counsel

And:

Centertown II, LP
EAH Inc.
22 Pelican Way
San Rafael, CA 94901
Attn: Welton Jordan
Chief Real Estate Development Officer

With a copy to:

Goldfarb & Lipman LLP
1300 Clay Street, 11th Floor
Oakland, CA 94612
Attention: Erica Williams Orcharton

And:

NHT Equity, LLC
2245 North Bank Drive, Suite 200
Columbus, Ohio 43220
Attention: NAHT Asset Management

And

SAHF Affordable Housing Communities Fund 2019 (MS) Limited Partnership
c/o NHT Equity, LLC
2245 North Bank Drive, Suite 200
Columbus, Ohio 43220
Attention: NAHT Asset Management

With a copy to:

Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
Attention: Jill H. Goldstein, Esq.

The Lessor, the Leasehold Mortgagees and Lessee may, by like notice, designate any further or different addresses to which subsequent notices shall be sent.

Section 10.6 Recording of Memorandum.

The Lessor shall record the Memorandum of Ground Lease, substantially in the form attached hereto as Exhibit F (“Memorandum”), in Official Records.

Section 10.7 Accessibility; Disability Laws.

(a) Neither the Land nor the Improvements have undergone an inspection by a Certified Access Specialist (CASp).

(b) “A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.”

(c) Since compliance with the Americans with Disabilities Act (“**ADA**”) and other federal and state disability laws (“**Disability Laws**”) is dependent upon Lessee’s specific use of the Land, Lessor makes no warranty or representation as to whether or not the Land complies with ADA or Disability Laws. In the event that Lessee’s use of the Land requires modifications or additions to the Improvements in order to be in compliance with the ADA or Disability Laws, Lessee agrees to make any such necessary modifications and/or additions at Lessee’s sole cost and expense.

Section 10.8 Non-Waiver of Breach.

Neither the failure of the Lessor or Lessee to insist upon strict performance of any of the covenants and agreements of this Ground Lease nor the failure by the Lessor or Lessee to exercise any rights or remedies upon default while the Lessor or Lessee is in default hereunder shall be deemed a waiver or relinquishment (1) of any covenant herein contained or of any of the rights or remedies of the Lessor or Lessee hereunder, (2) of the right in the future of the Lessor or Lessee to insist upon and to enforce by mandamus or other appropriate legal remedy a strict compliance with all of the covenants and conditions hereof, or (3) the right of the Lessor to recover possession of the Land after the expiration of applicable cure periods.

Section 10.9 Effectiveness: Counterparts.

This Ground Lease shall become effective upon the Commencement Date. This Ground Lease may be executed in two counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.10 Ground Lease Binding on Successors.

Subject to Section 4.2, this Ground Lease and all its provisions and attached Exhibits shall inure to the benefit of, and shall be binding upon, the Lessor, Lessee and their respective successors and assigns. Without limiting the foregoing, all rights herein granted to any Leasehold Mortgagee shall also apply to any Leasehold Mortgagee of any successor or assign of Lessee.

Section 10.11 Relationship of Parties.

Nothing contained in this Ground Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of association whatsoever between Lessor and Lessee, it being expressly understood and agreed that neither the computation of any payments and other charges hereunder nor any other provisions contained in this Ground Lease, nor any act or acts of the parties hereto, shall be deemed to create any relationship between Lessor and Lessee other than the relationship of landlord and tenant.

Section 10.12 Termination: Holding Over.

This Ground Lease shall terminate without further notice upon the expiration of the Term hereof, and any holding over by Lessee after the expiration of said Term shall not constitute a renewal hereof or give Lessee any rights hereunder or in or to the Land, except as otherwise herein provided, it being understood and agreed that this Ground Lease cannot be renewed, extended or in any manner modified except in writing signed by Lessor and Lessee (and consented to by all Leasehold Mortgagees). Upon termination of this Ground Lease, Lessee shall convey the Improvements to Lessor by quit claim deed.

Section 10.13 Consents; Further Acts.

Whenever in this Ground Lease the consent or approval of either Lessor or Lessee is required or permitted, the party requested to give such consent or approval will act promptly and will not unreasonably withhold its consent or approval unless expressly provided otherwise herein. Each party to this Ground Lease agrees to perform any further acts and to execute and deliver any documents that may be reasonably convenient or necessary to carry out this Ground Lease.

Section 10.14 Construction of Words.

Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa, words imparting persons shall include firms, association, partnerships and corporation, and words of either gender shall include the other gender.

Section 10.15 Titles.

The titles and headings are inserted only for convenience, and are in no way to be construed as a part of this Ground Lease or as a limitation on the scope of the particular provisions to which they refer.

Section 10.16 Days of the Week.

A “**business day**,” as used herein, shall mean any day other than a Saturday, Sunday or holiday, as defined in Section 6700 of the California Government Code. If any date for performance herein falls on a day other than a business day, the time for such performance shall be extended to 5:00 pm on the next business day.

Section 10.17 Invalidity of Particular Provisions.

If any provision of this Ground Lease or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Ground Lease, or the application of such provision to person or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Ground Lease shall be valid and be enforced to the fullest extent permitted by law.

Section 10.18 Assignment.

(a) Except as provided in this Section or Article 4, Lessee shall not assign or transfer its interest in the Development or sublease all or any part of the Development or allow any other person or entity (except Lessee’s authorized representatives) to occupy or use all or any part of the Development without first obtaining Lessor’s written consent, which shall not be unreasonably withheld, provided, however, that nothing contained herein shall prohibit Lessee from conducting a multi-family residential rental business on the Development, including the renting of Dwelling Units to Residents, in accordance with the terms of this Ground Lease, nor require Lessee to obtain Lessor’s consent thereto. Lessee shall have the right to encumber its leasehold interests in accordance with Article 44. Any assignment or transfer without Lessor’s consent shall be voidable, and, at Lessor’s election, shall constitute a default. No consent to any assignment or transfer shall constitute a waiver of this Section.

(b) If Lessee or any approved successor is a partnership, a withdrawal or change, voluntarily, involuntarily or by operation of law, of a general partner or the dissolution of the partnership, or the transfer of any interest resulting from the death or incapacity of a general partner, shall be deemed a voluntary assignment requiring Lessor’s consent; provided, however, that:

(i) a transfer of any interest among the partners or to an entity wholly owned or controlled by the partner making the transfer, shall not be deemed a prohibited assignment or an assignment which requires the consent of Lessor;

(ii) the removal of a general partner by the investor limited partner pursuant to the terms of the partnership agreement shall not be deemed a voluntary assignment which requires the consent of Lessor as long as the Lessor has the prior right to approve the substitute general partner; and

(iii) Landlord consents to those purchase options and rights of first refusal in favor of Lessee's general partner or its designee pursuant to the terms of Lessee's partnership agreement, and agrees that transfer of title to the Development in accordance therewith shall not constitute a default under this Ground Lease nor require Lessor's consent, provided that Lessee gives Lessor at least 30 days prior written notice of such transfer, accompanied by documentation reasonably requested by Lessor and contact information for such transferee, and provided that the transferee agrees to assume the duties and obligations of the original Lessee respecting the Lease on the same terms as those imposed on the original Lessee.

(c) If Lessee or an approved successor is a corporation, any dissolution, merger, consolidation, or other reorganization of Lessee, or the sale or transfer of more than 50% of the capital stock of Lessee, or more than 50% of the value of the assets of Lessee, shall be deemed a voluntary assignment requiring Lessor's consent.

(d) Anything contained in this Section to the contrary notwithstanding, a transfer by Lessee or an approved successor hereunder of the leasehold estate or any interest therein, to an entity wholly owned or controlled by Lessee or approved successor shall not constitute a voluntary assignment or require the prior approval of Lessor. Nothing contained herein shall prohibit the Lessee or require the consent of Lessor to a transfer of any interest by Lessee resulting from a sale of stock or interest by the Lessee to the public through a recognized exchange or over-the-counter.

(e) Except as otherwise specifically provided herein, no interest of Lessee in this Ground Lease shall be assignable by operation of law (including, without limitation, the transfer of this Ground Lease by testacy or intestacy). Each of the following acts shall be considered an involuntary assignment:

(i) If Lessee is or becomes bankrupt or insolvent, makes an assignment for the benefit of creditors, or institutes a proceeding under the Bankruptcy Act in which Lessee is the bankrupt; provided, however, that in the case of an involuntary petition for bankruptcy, Lessee shall have 90 days to cause such petition to be withdrawn or dismissed.

(ii) If a writ of attachment or execution is levied on this Ground Lease, which writ is not withdrawn or dismissed within 90 days.

(iii) If, in any proceeding or action to which Lessee is a party, a receiver is appointed with authority to take possession of the premises, which appointment is not withdrawn or dismissed within 90 days.

(f) An involuntary assignment shall constitute a default by Lessee and Lessor shall have the right to exercise its remedies under this Ground Lease.

(g) Except as otherwise permitted herein, Lessor reserves the right to condition such consent upon the conditions that the financial net worth and business experience of the proposed assignee or transferee is, in the opinion of Lessor, reasonably comparable to that of Lessee.

Subject to the above condition, Lessor agrees not to unreasonably withhold its consent to any assignment or transfer.

(h) Lessee agrees to pay Lessor for Lessor's actual and reasonable costs including attorney's fees, incurred in conjunction with the processing and documentation of any such requested consent, assignment, transfer of ownership of this Ground Lease or Lessee's interest in and to the premises; provided, however, that Lessee's total obligation hereunder shall not exceed \$2,500 for each transaction, subject to adjustment by the CPI increase (if any) from and after the Commencement Date.

(i) Each transfer or assignment to which there has been consent shall be subject to Section 10.20 and shall pursuant to be an instrument in writing in form satisfactory to Lessor, and shall be executed by the transferor or assignor, and the transferee or assignee, shall agree in writing for the benefit of the Lessor herein to assume, to be bound by, and to perform the terms, covenants and conditions of this Ground Lease to be done, kept and performed by Lessee, including the payment of all amounts due or to become due under this Ground Lease directly to Lessor. One executed copy of such written instrument shall be delivered to Lessor. Failure to first obtain in writing Lessor's consent or failure to comply with this provision shall operate to prevent any such transfer or assignment from becoming effective.

(j) As used in this Section 10.18, the term "involuntary assignment" shall not include any judicial or non-judicial proceeding against the Development by a Leasehold Mortgagee.

Section 10.19 Applicable Law.

This Ground Lease shall be governed by and construed in accordance with the laws of the State of California, including its statutes of limitations but without regard to its conflict of laws principles.

Section 10.20 Requests for Approval.

Whenever Lessor or Lessee is required to obtain prior written consent on any matter from the other party, and no specific time for response is set by terms of this Ground Lease, then after notice has been duly given as required by this Ground Lease and no response has been given to the other party for ten business days after receipt of such notice, and three business days after further notice specifically identified in all **BOLD ALL CAPITAL LETTERS** as a "**SECOND NOTICE**" and specifically stating "**FAILURE TO RESPOND BY [INSERT SPECIFIC THREE BUSINESS DAYS RESPONSE DEADLINE] WILL BE DEEMED APPROVAL OF THE MATTERS CONTAINED IN THE ORIGINAL NOTICE DATED [INSERT ORIGINAL NOTICE DATE],**" then written consent shall be deemed to have been given by the party failing to respond.

Section 10.21 Non-Recourse and Non-Liability.

(a) Notwithstanding any other provision in this Ground Lease, Lessee, its partners and their respective successors and assigns, shall not have any personal liability under this Ground Lease. In the event of any default by Lessee, Lessor's remedy shall be limited to its right to terminate this Ground Lease and recover the Development as provided herein. Lessor may seek appropriate interim remedies not inconsistent herewith, but, in no event, shall Lessor assert any claim or have any right to seek or obtain any judgment against Lessee or any partners of Lessee for rent, damages or any other obligations, or exercise any offset against any assets of Lessee held by Lessor or funds owed by Lessor to Lessee or any of its partners.

(b) Similarly, no member, official or employee of Lessor shall be personally liable to Lessee, or any successor in interest, in the event of any default or breach by Lessor or for any amount which may become due to Lessee or its successors, or on any obligations under the terms of this Ground Lease. Lessee hereby waives and releases any claim it may have against the members, officials or employees of Lessor with respect to any default or breach by Lessor or for any amount which may become due to Lessee or its successors, or on any obligations under the terms of this Ground Lease.

Section 10.22 List of Exhibits.

The following Exhibits are attached hereto and incorporated herein by this reference:

- Exhibit A: Land Legal Description
- Exhibit B: Initial Leasehold Mortgagees and Investor(s)
- Exhibit C: HCD Rider
- Exhibit D: TCAC Rider
- Exhibit E: Schedule of Performance
- Exhibit F: Memorandum
- Exhibit G: _____
- Exhibit H: _____

IN WITNESS WHEREOF, the parties have executed this Land Ground Lease as of the day and year first above written.

Approved as to Form:

Lessor's Attorney

Attest:

City Clerk

LESSOR:

CITY OF SAN RAFAEL, a municipal corporation

By: _____
City Manager

LESSEE:

CENTERTOWN II, LP., a California limited Partnership

By: Centertown II, LLC,
a California limited liability company, its managing general partner

By: BRIDGE Housing Corporation,
a California nonprofit public benefit corporation, its managing member

By: _____
Smitha Seshadri,
Executive Vice President

By: EAH Inc.,
a California nonprofit public benefit
corporation, its managing member

By: _____
Welton Jordan,
Assistant Secretary and Chief
Real Estate Development Officer

Exhibit A

LAND LEGAL DESCRIPTION

All the lands shown upon that certain Map entitled, "Map of Centertown, an Air-Space Condominium", filed for record on December 13, 1983 in Volume 18 of Maps, at Page 98, Marin County Records.

PARCEL One-A:

Beginning at a point on the Westerly line of "C" Street distant thereon 109 feet and 8 inches Northerly from the intersection of said Westerly line of "C" Street and the Northerly line of Second Street, said point of beginning being the Southeast corner of that Lot conveyed by Loretta Ceaser to John Mirata by Deed recorded in Book 165 of Deeds, at Page 269, running thence Westerly at a right angle to "C" Street and along the Southerly line of the Lot so conveyed by Ceaser to Mireta 150 feet; thence Southerly at a right angle 42 feet; thence Easterly at a right angle 150 feet to the Westerly line of "C" Street thence Northerly along the said line of "C" Street 42 feet to the point of beginning.

Being a portion of Block 15 of the Townsite of the Town of San Rafael.

The above Parcels being all the lands, as shown upon that Parcel Map entitled, "Parcel Map Being a Reversion to Acreage of Lands of San Rafael Redevelopment Agency as described in Doc. No. 89-0044735 and Doc. No. 89-0069342, Marin County Records, Portion Block 15 'Map of Townsite of San Rafael' recorded in Rack 1, Pull 4, Marin County Records, San Rafael, Marin County, California", filed for record on August 1, 1990 in Volume 24 of Parcel Maps, at Page 92, Marin County Records.

Excepting from the above described parcel all buildings, structures and improvements of every kind, now existing or to be constructed on or under the surface of the above described property for a term of years equal to and to run concurrently with the term of that certain Ground Lease between the City of San Rafael, a municipal corporation, as lessor and Centertown II, LP, a California limited partnership, as lessee a Memorandum of which was recorded _____, 2021 as Document No. 2021-_____, and any amendments thereto, Marin County Records.

APN: 011-254-19

Exhibit B

INITIAL LEASEHOLD MORTGAGES AND INVESTOR(S)

Loans Secured by Leasehold Mortgages

1. Umpqua Bank – \$ _____
2. Department of Housing and Community Development – \$ _____
3. County of Marin – \$ _____
4. City of San Rafael – \$ _____
5. BRIDGE and EAH (Seller Loan) – \$ _____

Leasehold Mortgagees

Umpqua Bank
One Capitol Mall, Suite 610
Sacramento, California 95814
Attention: Monica Sharp

Department of Housing and Community Development
State of California
Asset Management and Compliance
P.O. Box 952054
Sacramento, CA 94252-2054
Attn: Program Manager
LPR Loan No.: _____

County of Marin
Community Development Agency
3501 Civic Center Drive, Suite 308
San Rafael, CA 94903
Attention: Housing and Federal exhibit eGrants Division

City of San Rafael
1400 Fifth Avenue, Room 202
San Rafael, California 94901
Attention: _____
_____@cityofsanrafael.org

With copy to:

City of San Rafael
1400 Fifth Avenue, Room 202
San Rafael, CA 94901
Attn: Robert Epstein, City Attorney
rob.epstein@cityofsanrafael.org

BRIDGE Housing Corporation |
600 California St #900
San Francisco, CA 94108
Attn: General Counsel

EAH Inc.
22 Pelican Way
San Rafael, CA 94901
Attn: Chief Real Estate Development Officer

Investor(s)

NHT Equity, LLC
2245 North Bank Drive, Suite 200
Columbus, Ohio 43220
Attention: NAHT Asset Management

And:

SAHF Affordable Housing Communities Fund 2019 (MS) Limited Partnership
c/o NHT Equity, LLC
2245 North Bank Drive, Suite 200
Columbus, Ohio 43220
Attention: NAHT Asset Management

With copy to:

Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
Attention: Jill H. Goldstein, Esq.

Exhibit C

HCD RIDER

[to be attached]

Exhibit D

TCAC RIDER

[to be attached]

Exhibit E

SCHEDULE OF PERFORMANCE

Construction Financing Closing	On or about October 2021
Start of Construction	On or about November 1, 2021
Construction Complete	Nov 30, 2022 but no later than December 31, 2023
	_____ 20__
	_____ 20__
	_____ 20__

Exhibit F

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:**

APN Nos. _____ Space Above This Line For Recorder's Use

To be recorded without fee per Government Code Section 27383
Exempt from Building Homes and Jobs Acts fee Per Government Code Section 27388.1(a)(2)

THE UNDERSIGNED DECLARES: DOCUMENTARY TRANSFER TAX IS \$ _____
_____ Computed on full value of property conveyed, or
_____ Computed on full value less liens and encumbrances
remaining at time of sale.
_____ Unincorporated area X City of San Rafael

MEMORANDUM OF GROUND LEASE

This Memorandum of Ground Lease is made and entered into as of this _____ day
of _____, 2021 by and between the CITY OF SAN RAFAEL, a municipal corporation
("Lessor") and CENTERTOWN II, LP, a California limited partnership ("Lessee").

RECITALS

A. Lessor is the owner of all that certain real property (the "Land") situated in the City
of San Rafael, County of Marin, California, commonly known as 855 "C" Street, and more
particularly described in Exhibit A attached hereto.

B. Lessor wishes to lease to Lessee and Lessee wishes to lease from Lessor the
Land together with all rights, privileges and easements appurtenant to the Land.

AGREEMENT

NOW, THEREFORE, Lessor and Lessee hereby agree as follows:

1. Upon the covenants and conditions and for the consideration set forth in
that certain unrecorded Ground Lease of even date herewith by and between Lessor and Lessee
(hereinafter referred to as the "Ground Lease"), Lessor does hereby lease the Land to Lessee,
and Lessee does hereby lease the Land from Lessor. By this reference the Ground Lease is
incorporated in this instrument and made a part hereof.

2. The term of the Ground Lease shall commence on _____,
2021, and shall terminate at midnight on _____, 2120, unless the term is
sooner terminated under the Ground Lease.

3. Fee simple title to all buildings, structures and improvements that now, or may from time to time be situated upon, the Land and all equipment, partitions, machinery and fixtures that are now or may from time to time be used or intended to be used in connection with such improvements shall be and remain in Lessee throughout the term of the Ground Lease.

4. Lessee shall pay to Lessor during the term of the Ground Lease certain rent described more particularly in the Ground Lease.

5. Section 7.4 of the Ground Lease titled "Lessee's Right of First Refusal" grants Lessee the right of first refusal to purchase the property described in the Ground Lease. Reference is made to the Ground Lease for further particulars relating to Lessee's right of first refusal. Notice is hereby given that Lessee's right may be assigned to certain Leasehold Mortgagees defined in the Ground Lease.

6. This Memorandum of Ground Lease shall not be deemed to modify, alter or amend the Ground Lease. In the event any conflict exists between the Ground Lease and this instrument, the Ground Lease shall for all purposes govern and determine the relationship between Lessor and Lessee and their respective rights and duties.

IN WITNESS WHEREOF, the undersigned have executed this Memorandum of Ground Lease effective as of the date first above written.

Approved as to Form:

LESSOR:

CITY OF SAN RAFAEL, a
municipal corporation

Lessor's Attorney

By:

[Name]

[Title]

Attest:

Secretary

LESSEE:

CENTERTOWN II, LP., a California limited
Partnership

Centertown II, LLC,
a California limited liability company, its
managing general partner

By: BRIDGE Housing Corporation,
a California nonprofit public benefit corporation, its
managing member

By: Smitha Seshadri,
Executive Vice President

By: EAH Inc.,
a California nonprofit public benefit corporation, its
managing member

By: _____
Welton Jordan,
Assistant Secretary and Chief Real Estate
Development Officer

NOTARY

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

NOTARY

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit A

LAND LEGAL DESCRIPTION

[same as Exhibit A above]

APN: 011-254-19

SUMMARY OF ORDINANCE NO. 2000

AN ORDINANCE OF THE CITY OF SAN RAFAEL APPROVING A GROUND LEASE OF THE REAL PROPERTY AT 855 C STREET, SAN RAFAEL, (CENTERTOWN) TO CENTERTOWN II, LP

This Summary concerns a proposed ordinance of the City Council of the City of San Rafael, designated as Ordinance No. 2000, which will approve a ground lease of City-owned property at 855 C Street, San Rafael, to Centertown II, LP. Ordinance No. 2000 is scheduled for adoption by the San Rafael City Council at its regular meeting of September 20, 2021. The City Clerk has been directed to publish this Summary pursuant to City Charter and California Government Code section 36933(c)(1).

SUMMARY OF AMENDMENT TO MUNICIPAL CODE

The City-owned property at 855 C Street is currently subject to a long-term ground lease with Centertown Associates Ltd., entered into in November 1989, and the property has been improved with an apartment complex called Centertown, which has units affordable to low-income residents. On August 17, 2020, the San Rafael City Council granted to Centertown II, LLC, an affiliate of Centertown II, LP, an option to enter into a new ground lease (and cancel the existing lease) that would facilitate refinancing the property for needed repairs and refurbishment of the apartment complex. The option to lease has been exercised, and Ordinance No. 2000 will approve a 99-year ground lease of the property at 855 C Street to Centertown II, LP, with a one-time payment to the City of \$83,000 on closing, plus a lease payment of \$1 per year, plus annual monitoring fees and costs. The lease requires at least 48% of the units to be leased to low-income tenants, and financing obligations will require that the remaining units also be leased to low-income tenants.

Copies of Ordinance No. 2000 will be available for public review as of Wednesday, September 15, 2021, at the San Rafael City Clerk's Office, 1400 Fifth Avenue, 2nd Floor, Room 209 during regular business hours, 8:30 a.m. to 5:00 p.m., and on the City's website: <https://www.cityofsanrafael.org>. You may also contact the City Clerk at (415) 485-3066 or Danielle O'Leary, Director of Economic Development and Innovation (415) 485-3460 for information.

LINDSAY LARA
San Rafael City Clerk
Dated: 9/15/2021