

ATTACHMENT 22

EXHIBIT I

MARKETING AND OPERATING OBLIGATIONS

Purpose.

A. This Exhibit I is attached to the Affordable Housing Program (the “Housing Program”), which in turn is attached as Attachment 22 to the Disposition and Development Agreement between the Redevelopment Agency of the City and County of San Francisco (the “Agency”) and Lennar/BVHP, LLC (“Developer”) dated _____, 2003 (the “DDA”). As provided in the DDA, this Exhibit I will in turn become part of the Vertical DDA and will be imposed on Vertical Developers, as those terms are defined in the DDA. The purpose of this Exhibit I is to set forth the Vertical Developer’s marketing and operating obligations with respect to all Residential Units in Phase 1, including For-Rent Affordable Housing Units, For-Sale Affordable Housing Units, For-Rent Market Rate Residential Units and For-Sale Market Rate Residential Units.

B. This Exhibit I first sets forth the nondiscrimination requirements applicable to all Affordable and Market Rate Residential Units in Phase 1. It then sets forth the specific marketing, operating and reporting requirements applicable to each Affordable and Market Rate Residential Unit. In addition to this Exhibit I, the Vertical Developer will record against each For-Rent Affordable Housing Unit a Declaration of Restrictions in the form attached as Exhibit C to the Housing Program, and will record against each For-Sale Affordable Housing Unit a Declaration of Restrictions and Option to Purchase Agreement in the form attached as Exhibit D to the Housing Program. Each Declaration of Restrictions sets forth the income requirements and rental or sales price restrictions applicable to the Affordable Housing Units in a particular Residential Project.

C. In the event of any inconsistency between the terms of this Exhibit I and the DDA, including the Housing Program, the DDA and Housing Program shall control. In the event of any inconsistency between this Exhibit I and the Vertical DDA, including the Housing Program, the Vertical DDA and Housing Program shall control.

Definitions.

Unless separately defined in this Exhibit I, capitalized terms have the meanings set forth in the DDA, the Vertical DDA and the Housing Program.

Affordable means, (a) with respect to a For-Rent Residential Unit, a monthly rental charge, including a utility allowance in an amount determined by the San Francisco Housing Authority, which does not exceed thirty percent (30%) of fifty percent (50%) of Area Median Income, based upon Imputed Household Size; and (b) with respect to a For-Sale Residential Unit, a purchase price based on a five percent (5%) down payment and a rate for a thirty (30) year fixed mortgage based on a ten (10) year rolling average of rates

published in the Wall Street Journal, with a total of annual payments for principal, interest, taxes, assessments and homeowner's association dues which does not exceed thirty-three percent (33%) of the Program Income Level.

Agency's Certificate Program means the Property Owner and Occupant Preference Program established in accordance with Section 33410, et seq., of the California Health & Safety Code.

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

(a) The owner or occupant was displaced by either (i) the Agency's acquisition of such residential property, or (ii) the rehabilitation of such residential property where the owner of the property has entered into an owner participation agreement or other similar agreement with the Agency to perform such rehabilitation; and

(b) The Agency has determined that such individual is eligible to receive a Certificate of Preference pursuant to the relocation and replacement housing responsibilities of the Agency pursuant to Article 9, beginning with Section 33410, et seq., of the California Health and Safety Code ; and

(c) The Agency has certified such individual as a holder of a Certificate of Preference pursuant to the Agency's Certificate Program, as such program currently exists or as may be amended within ninety (90) days of the Vertical DDA], and such future amendments.

Certificate of Preference means a certificate issued by the Agency pursuant to the Agency's Certificate Program, to evidence the status of an owner or occupant of residential property as a Certificate Holder. For purposes of this Exhibit I, a Certificate of Preference may be either a "Residential A Certificate" issued to a displaced resident, or a "Residential C Certificate" issued to other members of a Residential A Certificate household.

For-Rent or Rental means a Residential Unit that is intended at the time of Complete Construction to be occupied subject to a lease, and not offered for sale.

For-Sale or Sale means a Residential Unit that is intended at the time of Complete Construction to be offered for sale, *e.g.*, as a condominium for individual Residential Unit ownership.

Income Verification Information means the information required by the United States Department of Housing and Urban Development ("HUD") to determine eligibility for the rental of a For-Rent Affordable Housing Unit, or the purchaser of a For-Sale Affordable Housing Unit.

Lottery means the process the Vertical Developer uses to randomly select from all applications submitted, and develop a Potential Tenant or Potential Purchaser List.

Lottery List is defined in Section 5.1(c)(6).

Marketing Information means the following with respect to each Residential Project:

- (a) A master Residential Unit list which indicates the following:
- (i) The unit numbers of Residential Units to be offered for Rental or Sale;
 - (ii) The number of bedrooms and baths in each such Residential Unit;
 - (iii) The approximate net square footage of each such Residential Unit;
 - (iv) A list of amenities in each such Residential Unit (*e.g.*, disposal, washer/dryer, etc.); and
 - (v) The initial rent or estimated purchase price, as appropriate, for each such Residential Unit.
- (b) For each For-Rent Affordable Housing Unit, the following additional items will be provided:

The estimated itemized cost of utilities to be paid by each tenant household by Residential Unit size;

- (ii) The amount of any deposit required to reserve a Residential Unit, security deposit and all other fees related to the rental of such unit; and a policy for the deposit, use and return of any such amounts;

The proposed duration of rental agreement or lease; and

- (iv) copies of rental application and all forms to be used for Income Verification Information.

For each For-Rent or For-Sale Affordable Housing Unit, the following additional items will be provided:

A detailed description of Vertical Developer's rules for tenants (or Covenants Conditions and Restrictions, as appropriate);

- (ii) The amount of application processing fee, if any;

and

- (iii) A description of application process, and the length of time needed by Vertical Developer to process applications.

- (d) For each For-Sale Affordable Housing Unit the following additional item shall be provided:

estimated cost of homeowner's association dues to be paid by Residential Unit size; and

estimated amount of Mello-Roos assessments affecting the unit at the time of initial sale.

Market Rate or Market Rate Residential Unit means a Residential Unit that has no restrictions under the Housing Program or the DDA with respect to affordability levels or income restrictions for occupants.

Occupancy Priorities means the priorities established in this document for occupancy of For-Sale and For-Rent Residential Units.

Potential Purchaser List means those applicants selected in the Lottery by the Vertical Developer to establish the application processing order for For-Sale Residential Units.

Potential Tenant List means those applicants selected in the Lottery by the Vertical Developer to establish the application processing order for For-Rent Residential Units.

Rent Burdened or Assisted Housing Resident means persons who are paying more than 50% of their income for housing or persons residing in public housing or Project-Based Section 8 Housing.

Rent-Up means the period of time from the date when the Residential Units in a Residential Project are first offered for lease until rental agreements have been signed for all such Residential Units in the Residential Project.

Residential Project means a development containing Residential Units.

Residential Unit means a dwelling unit consisting of a room or suite of two (2) or more rooms that is designed for residential occupancy.

San Francisco Residents means a household in which there are one or more persons eighteen (18) years or older residing in San Francisco at the time of the submittal of the housing application or purchase offer.

Second Lien Documents means the Agency Note and the Agency Deed of Trust as those documents are defined in Exhibit D to the Housing Program to be executed by the purchaser of each For-Sale Affordable Housing Unit.

Nondiscrimination Requirements.

Vertical Developer acknowledges the goal of achieving a residential population in all Residential Projects developed in Phase 1 that reflects the racial and ethnic diversity of San Francisco. To that end, the Vertical Developer will comply with the affirmative marketing obligations described in this Exhibit I. In addition, in the marketing, operation and rental or sale of the Residential Units in Phase 1 (including the initial and subsequent rentals and sales of all Affordable Housing Units and all Market Rate Residential Units), the Vertical Developer and any subsequent owner of any such Residential Units shall not discriminate based on race, religion, color, ancestry, national origin, age, sex, sexual orientation, marital status, gender identity, disability, lawful source of income (as defined in Section 3304 of the San Francisco Police Code, including, but not limited to Section 8 or any equivalent rent subsidy), or any other basis prohibited by law. Nothing in this Section shall prohibit the Vertical Developer from applying other lawful standards for resident selection or from exercising its rights in managing property, so long as such standards and rights are equitably applied to prospective and actual residents of both Affordable Housing Units and Market Rate Residential Units.

Community Outreach for All Residential Units.

This Section 4 requires all Vertical Developers to comply with the community-based outreach requirements (“Community Outreach”) described below in this section. The Community Outreach requirements must be implemented prior to the Affirmative Marketing Obligations outlined in Sections 5, 6, 7, and 8 (the “Affirmative Marketing Obligations”) for all For-Rent and For-Sale Affordable Housing Units and For-Rent and For-Sale Market Rate Residential Units.

4.1 Notice.

At least thirty (30) days for For-Rent, and ninety (90) days for For-Sale, prior to initiation of the Affirmative Marketing Obligations or other public advertising and marketing of the Residential Units, the Vertical Developer shall provide community-based groups, faith-based organizations, and others in the Bayview Hunters Point area (based on a list developed with and approved by the Agency) with advance notice (the “Advance Notice”) that affordable and/or market rate housing opportunities at the Shipyard will become available (the “Advance Notice Period”). This Advance Notice will include a description of the housing, the qualifications for tenancy or ownership, a copy of the application, and the name of a developer representative who can answer questions and provide additional information about the application process.

Community Meetings.

During the Advance Notice Period, the Vertical Developer shall conduct at least two (2) informational meetings in the Bayview Hunters Point area to answer questions and provide information to community residents about the housing opportunities that are becoming available at the Shipyard and other related matters described in the Advance Notice required in Section 4.1.

4.3 Community Assistance and Information Services.

The Vertical Developer shall provide Bayview Hunters Point area residents with information and other assistance to enable them to qualify for the For-Rent and For-Sale Residential Units. This information and other assistance, developed in collaboration with, and approved by, the Agency, shall include, but is not limited to, referrals to government agencies, lending institutions, and other organizations that may be able to provide financial and other assistance to qualified applicants.

For-Rent Affordable Housing Units.

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

(a) Affirmative Marketing Obligations.

(1) Prior to the initial rental of For-Rent Affordable Housing Units, the Vertical Developer shall advertise in media directed to different ethnic groups in San Francisco including, but not limited to, Asian Week, Chinese Times, El Bohemio, El Mensajero, Hokubei Mainichi, Horizontes, Korea Times, Metro Reporter Group, New Bayview, New Fillmore, Nichi Bei Times, and Philippine News. The Agency reserves the right to modify this list from time to time to adequately reflect diverse ethnicities and to allow for media which no longer exist; provided, however, that the list of required advertising media shall not exceed fifteen (15) publications. Advertisements shall be published in the predominant language of the ethnic group served by each applicable publication.

(2) Print ads shall be published at least twice in each publication that has a weekly circulation, and at least once in all other publications. Ads must be published prior to the Vertical Developer's conducting the lottery described in Section 5.1(c) below for the initial rental of For-Rent Affordable Housing Units in the applicable Residential Project.

(3) The Vertical Developer shall prepare and provide to the Agency for its review and approval a copy of the proposed advertisement described in Section 5.1(a)(2) above at least sixty (60) days prior to conducting the lottery described in Section 5.1(c) below for the initial rental of For-Rent Affordable Housing Units. The Agency's approval rights are limited to determining compliance with Section 5.1(a)(4) below. The Agency will approve or disapprove the proposed advertisement within five (5) business days of receipt. Failure by the Agency to either approve or disapprove the proposed advertisement within such five (5) day period shall be deemed approval.

(4) Print advertisements shall be no less than four inches (4") by six inches (6") in size. Each print advertisement shall include the U.S. Department of Housing and Urban Development Fair Housing logo and the words "Equal Housing Opportunity." The Vertical Developer shall include models of different races and ethnic background in all its pictorial advertising that includes models.

(b) Occupancy Priorities. In the initial rental of For-Rent Affordable Housing Units, the Vertical Developer shall give the following occupancy priorities (the "Occupancy Priorities"):

(1) Hunters Point Certificate Holders. The Vertical Developer shall give first-priority preference to Certificate Holders of Hunters Point Residential A and C Certificates each in the manner described in Section 5.1(c)(7) below.

- (2) Western Addition Certificate Holders. The Vertical Developer shall give second-priority preference to Certificate Holders of Western Addition Residential A and C Certificates, each in the manner described in Section 5.1(c)(7) below.
 - (3) Rent Burdened or Assisted Housing Residents Who Are San Francisco Residents. The Vertical Developer shall give a third-priority preference to persons paying more than 50% of their income for housing, or persons residing in public housing or Project-Based Section 8 housing, who are San Francisco Residents, in the manner described in Section 5.1(c)(7) below.
 - (4) San Francisco Residents. The Vertical Developer shall give fourth-priority preference to San Francisco Residents in the manner described in Section 5.1(c)(7) below.
- (5) Members of the general public.

(c) Rental Procedures/Lottery.

- (1) The Vertical Developer shall determine priority for occupancy of For-Rent Affordable Housing Units according to the Lottery system described in this Section 5.1(c).
- (2) The Vertical Developer shall conduct a separate Lottery for each Residential Project containing For-Rent Affordable Housing Units.
- (3) At least ninety (90) days prior to conducting the Lottery for For-Rent Affordable Housing Units in a Residential Project the Vertical Developer shall provide to the Agency the Marketing Information applicable to such Residential Units, together with a notice stating the date on which the Vertical Developer intends to start leasing such Residential Units.
- (4) The Agency shall assist the Vertical Developer in notifying Certificate Holders of the availability of For-Rent Affordable Housing Units by providing the Vertical Developer a list of the names and addresses of Certificate Holders to notify regarding the housing opportunity and the application and Lottery process. The Vertical Developer shall provide the Agency with a list of all responding

Certificate Holders, as well as providing information on each Certificate Holder's status in the application process.

- (5) After completing the Affirmative Marketing Obligations outlined above, but no earlier than three (3) weeks after the first day on which the Vertical Developer will accept applications, the Vertical Developer shall combine applications from all applicants, including Certificate Holders, if any, Rent Burdened or Assisted Housing Residents, San Francisco Residents, and members of the general public into one Lottery for each Residential Project.
- (6) The Vertical Developer shall select potential tenants at random from the combined pool of applicants by selecting all applicants submitting to the Lottery. Each applicant will be assigned a number in the order selected, . (the "Lottery List").
- (7) The Vertical Developer shall then identify any applicants entitled to an Occupancy Priority and rank all applicant on the Lottery List according to the preference categories in Section 54.1(b) above, and within each category in the order in which their name was selected for the Lottery List. This prioritized list shall be referred to as the "Potential Tenant List." The Vertical Developer shall provide the Agency with the Potential Tenant List within three (3) days of its creation.
- (8) Within thirty (30) days of the creation of the Potential Tenant List, unless otherwise mutually agreed by the Vertical Developer and the Agency, the Vertical Developer shall, determine the eligibility of as many households on the Potential Tenant List as there are available For-Rent Affordable Housing Units in a particular Residential Project (*i.e.*, one household per available For-Rent Affordable Housing Unit) in the order of priority on the Potential Tenant List, taking into account income and household size restrictions for the For-Rent Affordable Housing Units in each Residential Project, and applying all such other Vertical Developer tenant selection criteria consistent with this Exhibit I so as to fill all of the For-Rent Affordable Housing Units. The Vertical Developer shall then inform all eligible tenants so selected of the availability of For-Rent Affordable Housing Units in the particular Residential Project.

(9) All applicants from the Potential Tenant List, shall have a reasonable opportunity to view either the actual Residential Unit for which the individual/household is qualified, or a model or other Residential Unit in that Residential Project which is substantially similar to the Residential Unit which the individual/household is qualified to occupy. All applicants from the Potential Tenant List shall then have at least three (3) days from and including the reasonable opportunity to view a Residential Unit above within which to notify the Vertical Developer of his/her intention to rent a For-Rent Affordable Housing Unit and take all other steps necessary in accordance with the Marketing Information to secure such For-Rent Affordable Housing Unit.

(d) Tenant Income Eligibility. The required tenant income levels for each For-Rent Affordable Housing Unit in each applicable Residential Project shall be determined solely according to the requirements of Exhibit C to the Housing Program, which shall be recorded against each such Residential Project in accordance with the Housing Program.

(e) Rental Charge Restrictions. The rental rates for For-Rent Affordable Housing Units in each applicable Residential Project shall be determined solely according to the requirements of Exhibit C to the Housing Program, which shall be recorded against each such Residential Project in accordance with the Housing Program.

5.2 Procedures for Subsequent Rentals of Vacant For-Rent Affordable Housing Units.

(a) Affirmative Marketing Obligations. The Vertical Developer shall make good faith efforts to advertise the periodic vacancy of For-Rent Affordable Housing Units in a manner designed to reach diverse ethnic populations.

(b) Occupancy Priorities.

In the subsequent rental of vacant For-Rent Affordable Housing Units, the Vertical Developer shall give Occupancy Priorities in the order outlined in Section 5.1(b) above, first to persons in each category on the Potential Tenant List and then to persons in each category who request to be included on the waiting list following completion of Rent-Up of such Residential Units.

(c) Disqualification of Person on the Potential Tenant List.

(1) A Certificate Holder, Rent Burdened or Assisted Housing Resident, or San Francisco Resident on the Potential Tenant List or the waiting list of a Residential Project shall no longer be entitled to maintain the individual's/household's priority position on such list upon occurrence of any of the following:

(A) The individual/household is offered, but does not rent a For-Rent Affordable Housing Unit that the individual/household is eligible to occupy (based on income and Household Size);

(B) The income of the individual/household is too high for that individual/household to qualify for any For-Rent Affordable Housing Unit available in the particular Residential Project; or

(C) The individual/household fails to satisfy the Vertical Developer's tenant selection criteria applicable to the particular Residential Project, applied in accordance with all applicable local, state and federal fair housing laws.

For-Sale Affordable Housing Units.

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

(a) Affirmative Marketing Obligations.

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

(2) Print ads shall be published at least twice in each publication that has a weekly circulation, and at least once in all other publications. Ads must be published prior to the Vertical Developer's conducting the lottery described in Section 6.1(c)(6) below for the initial sale of For-Sale Affordable Housing Units in the applicable Residential Project.

(3) The Vertical Developer shall prepare and provide to the Agency for its review and approval a copy of the proposed advertisement described in Section 6.1(a)(2) above at least sixty (60) days prior to accepting applications for the initial sale of For-Sale Affordable Housing Units. The Agency's approval rights are limited to determining compliance with Section 6.1(a)(4) below. The Agency will approve or disapprove the proposed advertisement within five (5) business days of receipt. Failure by the Agency to either approve or disapprove the proposed advertisement within such five (5) day period shall be deemed approval.

(4) Print advertisements shall be no less than four inches (4") by six inches (6") in size. Each print advertisement shall include the U.S. Department of

Housing and Urban Development Fair Housing logo and the words “Equal Housing Opportunity.” The Vertical Developer shall include models of different races and ethnic background in all its pictorial advertising that includes models.

(b) Occupancy Priorities.

The Vertical Developer shall use the Occupancy Priorities in Section 5.1(b) in the initial sale of For-Sale Affordable Housing Units.

(c) Sales Procedures.

(1) At least one hundred eighty (180) days prior to the initial sale of a For-Sale Affordable Housing Unit, the Vertical Developer shall provide to the Agency the Marketing Information applicable to such Residential Units.

(2) The Agency shall assist the Vertical Developer in informing Certificate Holders of the availability of For-Sale Affordable Housing Units by providing the Vertical Developer a list of the names and addresses of Certificate Holders to notify regarding the housing opportunity and the application and lottery process. The Vertical Developer shall provide the Agency with a list of all responding Certificate Holders, as well as providing information on each Certificate Holder’s status in the application process.

(3) The Vertical Developer, in cooperation with the Agency, shall conduct at least two (2) public informational meetings regarding the sale of For-Sale Affordable Housing Units in each Residential Project. Each meeting shall be advertised in conjunction with the advertising required under Section 6.1(a). Each meeting shall be open to persons potentially interested in the purchase of a For-Sale Affordable Housing Unit. At each meeting, the Vertical Developer and the Agency shall describe the following:

- (a) The number and type of For-Sale Affordable Housing Units to be offered;
- (b) The income and purchase price restrictions applicable to each available Residential Unit;
- (c) The resale restrictions applicable to each available Residential Unit, including the Second Lien Documents to be executed by each purchaser;
- (d) The anticipated schedule for marketing and selling such Residential Units; and
- (e) Information on covenants, conditions and restrictions; homeowner’s association dues; Mello-

Roos assessments; and proposed rules of the homeowners' association applicable to such Residential Units.

(4) The Vertical Developer may, at its discretion, accept pre-applications from interested purchasers and may pre-qualify purchasers of For-Sale Affordable Housing Units according to the occupancy restrictions applicable to a particular Residential Unit and the application of such other tenant selection criteria permitted under this Exhibit I.

(5) The purchase price for each unit type shall be set based on the Affordable Purchase Price for each For-Sale unit no later than three (3) days and no earlier than thirty (30) days prior to the lottery.

(6) The Vertical Developer shall conduct a lottery of all interested purchasers, including any potential purchasers that have been pre-qualified by the Vertical Developer, as follows:

- (a) The Vertical Developer shall conduct a separate lottery for each Residential Project containing For-Sale Affordable Housing Units.
- (b) The Vertical Developer shall combine all Certificate Holders, Rent Burdened or Assisted Housing Residents, San Francisco Residents and applications from members of the general public into one lottery for each Residential Project.
- (c) The Vertical Developer shall select potential purchasers at random from the combined pool of applicants, by selecting all applicants, and shall prioritize potential purchasers in the order selected into an initial list of potential purchasers (the "Lottery List").
- (d) The Vertical Developer shall then prioritize names on the Lottery List according to the Occupancy Priorities in Section 5.1(b). This newly prioritized list shall be referred to as the "Potential Purchaser List." The Vertical Developer shall provide the Agency with the Potential Purchaser List within three (3) days of its creation.
- (e) Within thirty (30) days of the creation of the Potential Purchaser List, unless otherwise mutually agreed by the Vertical Developer and the Agency, the Vertical Developer shall determine the

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

(d) Purchaser Income Eligibility and Sales Price Restriction. The income levels for purchasers of, and sales prices for, each For-Sale Affordable Housing Unit in each Residential Project shall be determined solely according to the requirements of Exhibit D to the Housing Program. Exhibit D, indicating the types of For-Sale Affordable Housing Units in each applicable Residential Project, shall be recorded against each Residential Project containing For-Sale Affordable Housing Units in accordance with the Housing Program.

6.2 Procedures for Resales of For-Sale Affordable Housing Units. All obligations of the owners of For-Sale Affordable Housing Units with respect to the resale of For-Sale Affordable Housing Units, including Occupancy Priorities and resale procedures, are contained in the Second Lien Documents. Purchaser income eligibility and sales price restrictions applicable to the resale of For-Sale Affordable Housing Units shall be determined solely according to the requirements of Exhibit D to the Housing Program.

LISTNUM M1 For-Rent Market Rate Residential Units.

7.1 Procedures for the Initial Rental of For-Rent Market Rate Residential Units.

(a) Affirmative Marketing Obligations.

(1) Prior to the initial rental of For-Rent Market Rate Residential Units, the Vertical Developer shall advertise in media directed to different ethnic groups in San Francisco including, but not limited to, Asian Week, Chinese Times, El Bohemio, El Mensajero, Hokubei Mainichi, Horizontes, Korea Times, Metro Reporter Group, New Bayview, New Fillmore, Nichi Bei Times, and Philippine News. The Agency reserves the right to modify this list from time to time to adequately reflect diverse ethnicities and

to allow for media which no longer exist; provided, however, that the list of required advertising media shall not exceed fifteen (15) publications. Advertisements shall be published in the predominant language of the ethnic group served by each applicable publication.

(2) Print ads shall be published at least twice in each publication that has a weekly circulation, and at least once in all other publications. Ads must be published at least ten (10) days prior to the Vertical Developer's ceasing to accept applications for the initial rental of For-Rent Market Rate Residential Units in the applicable Residential Project.

(3) The Vertical Developer shall prepare and provide to the Agency for its review and comment only a copy of the proposed advertisement described in Section 7.1(a)(2) above at least thirty (30) days prior to accepting applications for the initial rental of For-Rent Market Rate Residential Units. The Agency's review and comment rights are limited to those items in Section 7.1(a)(4) below.

(4) Print advertisements shall be no less than four inches (4") by six inches (6") in size. Each print advertisement shall include the U.S. Department of Housing and Urban Development Fair Housing logo and the words "Equal Housing Opportunity." The Vertical Developer shall include models of different races and ethnic background in all its pictorial advertising that includes models.

(b) Occupancy Priorities.

In the initial rental of For-Rent Market Rate Residential Units, the Vertical Developer shall use the occupancy priorities in Section 5.1(b).

(c) Rental Procedures.

(1) At least ninety (90) days prior to accepting applications for For-Rent Market Rate Residential Units, the Vertical Developer shall provide to the Agency the Marketing Information applicable to such Residential Units.

(2) The Agency shall assist the Vertical Developer in notifying Certificate Holders by providing the Vertical Developer a list of Certificate Holders to notify regarding the housing opportunity, giving the Certificate Holders the possibility for submitting rental applications and Income Verification Information. The Vertical Developer shall provide the Agency with a list of all responding Certificate Holders, as well as providing information on each Certificate Holder's status in the application process.

(3) No later than thirty (30) days from the Vertical Developer's receipt of the Agency's provision of the list of Certificate Holders under Section 7.1(c)(2), the Vertical Developer shall inform both the Agency and Certificate Holders as to which Certificate Holders from the list provided by the Agency are eligible to occupy the applicable For-

Rent Market Rate Residential Units.

7.2 Procedures for Subsequent Rentals of Vacant For-Rent Market Rate Residential Units.

(a) Affirmative Marketing Obligations. The Vertical Developer shall make good faith efforts to advertise the periodic vacancy of For-Rent Market Rate Residential Units in a manner designed to reach diverse ethnic populations.

(b) Occupancy Priorities.

(1) Certificate Holders and San Francisco Residents shall be entitled to preference on the waiting list for the subsequent rentals of vacant of For-Rent Market Rate Rental Units, as described in Section 7.2(c) below.

(c) Rental Procedures.

(1) The Vertical Developer shall maintain a waiting list for occupancy of For-Rent Affordable Housing Units in each Residential Project containing such Residential Units. The waiting list shall provide a priority for Certificate Holders and San Francisco residents who expressed an interest in renting a For-Rent Market Rate Residential Unit prior to the Rent-Up of such Residential Units, and a second priority for Certificate Holders and San Francisco residents who express an interest in such Residential Units subsequent to the Rent-Up of such Residential Units.

(2) A Certificate Holder or San Francisco Resident on such waiting list shall no longer be entitled to maintain the individual's/household's priority position on the waiting list upon occurrence of either of the following:

(A) The individual/household is offered a For-Rent Market Rate Residential Unit which the individual/household is eligible to occupy (based on Household Size), and the individual/household does not rent such Residential Unit; or

(B) The individual/household fails to satisfy the Vertical Developer's tenant selection criteria applicable to the particular Residential Units consistent with all applicable local, state and federal fair housing laws.

For-Sale Market Rate Residential Units.

8.1 Procedures for Initial Sales of For-Sale Market Rate Residential Units.

(a) Affirmative Marketing.

(1) Prior to the initial sale of For-Sale Market Rate Residential Units, the Vertical Developer shall advertise in media directed to different ethnic groups in San Francisco including, but not limited to, Asian Week, Chinese Times, El Bohemio, El

Mensajero, Hokubei Mainichi, Horizontes, Korea Times, Metro Reporter Group, New Bayview, New Fillmore, Nichi Bei Times, and Philippine News. The Agency reserves the right to modify this list from time to time to adequately reflect diverse ethnicities and to allow for media which no longer exist; provided, however, that the list of required advertising media shall not exceed fifteen (15) publications. Advertisements shall be published in the predominant language of the ethnic group served by each applicable publication.

(2) Print ads shall be published at least twice in each publication that has a weekly circulation, and at least once in all other publications. Ads must be published prior to the Vertical Developer's acceptance of any applications for the initial rental of For-Sale Market Rate Residential Units in the applicable Residential Project.

(3) The Vertical Developer shall prepare and provide to the Agency for its review and comment only a copy of the proposed advertisement described in Section 8.1(a)(2) above at least thirty (30) days prior to accepting applications for the initial rental of For-Sale Market Rate Residential Units. The Agency's review and comment rights are limited to those items in Section 8.1(a)(4) below.

(4) Print advertisements shall be no less than four inches (4") by six inches (6") in size. Each print advertisement shall include the U.S. Department of Housing and Urban Development Fair Housing logo and the words "Equal Housing Opportunity." The Vertical Developer shall include models of different races and ethnic background in all its pictorial advertising that includes models.

(b) Occupancy Priorities.

(1) Certificate Holders. In the initial sale of For-Sale Market Rate Residential Units, the Vertical Developer shall give a first-priority preference to Hunters Point Certificate Holders, Western Addition Certificate Holders, and then to San Francisco Residents as further described in Section 8.1(c)(3) below.

(c) Sales Procedures.

(1) The Vertical Developer shall notify the Agency at least one hundred and eighty (180) days prior to accepting applications for the sale of For-Sale Market Rate Residential Units in a particular Residential Project.

(2) The Agency shall assist the Vertical Developer in informing Certificate Holders of the availability of For-Sale Market Rate Residential Units by providing the Vertical Developer a list of the names and addresses of Certificate Holders to notify regarding the housing opportunity. Each Certificate Holder shall be responsible for notifying the Vertical Developer of a desire to purchase a For-Sale Market Rate Residential Unit.

8.2 Procedures for Subsequent Sales of For-Sale Market Rate Residential Units. This Exhibit I does not impose any restrictions on the subsequent sales of For-Sale Market Rate Residential Units.

Reporting Requirements.

The Vertical Developer shall comply with the following reporting requirements, in addition to any other requirements imposed by the funding source for the development of Market Rate Residential Units or Affordable Housing Units.

9.1 For-Rent Affordable Housing Units.

(a) Within ten (10) days after the execution of a rental agreement for the last For-Rent Affordable Housing Unit in a particular Residential Project, the Vertical Developer shall provide to the Agency a report on the status of each Certificate Holder on the Potential Tenant List, and a rent roll specifying each Residential Unit number, Residential Unit size, number of occupants, affordability designation, and rent.

(b) The Vertical Developer shall provide to the Agency quarterly reports, no later than the 15th day of the month, which indicate the following information for the preceding quarter:

(1) The number of individuals/households on the waiting list for a particular Residential Project containing For-Rent Affordable Housing Units;

(2) With respect to Certificate Holders, Rent Burdened or Assisted Housing Residents and San Francisco Residents:

(A) The names of current Certificate Holders, Rent Burdened or Assisted Housing Residents, and San Francisco Residents on the waiting list for each such Residential Project and the date on which each such name was added to the waiting list;

(B) The names of Certificate Holders, Rent Burdened or Assisted Housing Residents, and San Francisco Residents who leased Residential Units during the preceding quarter; and

(C) If applicable, the reason why any Certificate Holder, Rent Burdened or Assisted Housing Resident, or San Francisco Resident on the waiting list did not rent an available For-Rent Affordable Housing Residential Unit (*e.g.*, not income-eligible, household size not appropriate for the Residential Unit).

(3) The Residential Unit number and date of leasing of each Residential Unit rented during the preceding quarter.

(4) The number of names added to and removed from each waiting list during the preceding quarter.

(c) The Vertical Developer shall provide to the Agency, in the quarterly report, a current waiting list for each such Residential Project, together with a narrative summary of each case in which a Certificate Holder was denied occupancy of a For-Rent Affordable Housing Unit, and the grounds for such denial (*e.g.*, not income eligible, household size not appropriate for the available Residential Unit size).

9.2 For-Sale Affordable Housing Units. Within ten (10) days following the close of escrow of all For-Sale Affordable Housing Units in a particular Residential Project, the Vertical Developer shall provide to the Agency a report on the status of each Certificate Holder on the Potential Purchaser List, and a sales roll specifying each Residential Unit number, Residential Unit size, number of occupants, affordability designation, and sales price.

9.3 For-Rent Market Rate Residential Units.

(a) Within ten (10) days after the execution of a rental agreements for ninety percent (90%) of the total number For-Rent Market Rate Residential Units in a particular Residential Project, the Vertical Developer shall provide to the Agency a report on the status of each Certificate Holder who has applied to rent such Residential Units.

(b) The Vertical Developer shall provide to the Agency annual reports that indicate the following:

(1) A copy of the current waiting list for each Residential Project containing For-Rent Market Rate Residential Units, together with a narrative summary of any Certificate Holders which were denied occupancy of a For-Rent Market Rate Housing Unit, and the grounds for such denial (*e.g.*, not income eligible, household size not appropriate for the available Residential Unit size).

(2) With respect to Certificate Holders:

(A) The names of current Certificate Holders on the waiting list for each such Residential Project and the date on which each Certificate Holder's name was added to the waiting list;

(B) The names of Certificate Holders who leased Residential Units during the preceding year;

(C) If applicable, the reason why any Certificate Holder on the waiting list did not rent an available For-Rent Market Rate Residential Unit (*e.g.*, household size not appropriate for the Residential Unit).

(3) The Residential Unit number and date of leasing of each Residential Unit rented during the preceding year.

(4) The number of names added to and removed from each waiting list during the preceding year.

9.4 For-Sale Market Rate Residential Units. Within ten (10) days after execution of a purchase agreement for ninety percent (90%) of For-Sale Market Rate Residential Units in a particular Residential Project, the Vertical Developer shall provide to the Agency a report regarding the status of each Certificate Holder who applied for the purchase of any such Residential Unit.

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