SETTLEMENT AGREEMENT

I. INTRODUCTION

This Settlement Agreement ("AGREEMENT") is between: a) CITY AND COUNTY OF SAN FRANCISCO and PEOPLE OF THE STATE OF CALIFORNIA EX REL. DAVID CHIU (Collectively, "CITY"); b) ALICE GRIFFITH PHASE 1 LP, a California limited partnership; ALICE GRIFFITH PHASE 2 LP, a California limited partnership; ALICE GRIFFITH PHASE 3A LP, a California limited partnership; ALICE GRIFFITH PHASE 3B LP, a California limited partnership; ALICE GRIFFITH PHASE 4 LP, a California limited partnership (collectively, "OWNERS"); c) ALICE GRIFFITH PHASE 1 MBS GP, INC., a Missouri corporation; ALICE GRIFFITH PHASE 2 MBS GP, INC., a Missouri corporation; ALICE GRIFFITH PHASE 3A MBS GP, INC., a Missouri corporation; ALICE GRIFFITH PHASE 3B MBS GP, INC., a Missouri corporation; ALICE GRIFFITH PHASE 4 MBS GP, INC.; a Missouri corporation (collectively, "GENERAL PARTNERS"); and d) MCCORMACK BARON SALAZAR, INC. ("MBS, INC."), a Missouri corporation. The CITY and OWNERS may be referred to collectively below as the "PARTIES."

The PARTIES, GENERAL PARTNERS, and MBS, INC. have come to the following agreement:

II. RECITALS

This AGREEMENT, including the Stipulated Injunction and Order attached hereto as **Exhibit A**, is the result of a negotiated resolution of all the claims and defenses that have arisen between the PARTIES related to OWNERS' ownership, maintenance, management and operation of the four buildings at 2500 Arelious Walker Drive (Block 8803, Lot 001); 2600 Arelious Walker Drive (Block 8804, Lot 001); 2700 Arelious Walker Drive (Block 8811, Lot 001); and 2800 Arelious Walker Drive (4884, Lot 026), San Francisco, California ("the PROPERTIES") beginning in at least November 14, 2019 and to date (all claims and defenses are collectively referred to as "ACTION.") The CITY alleges that OWNERS violated the San Francisco Municipal Codes, the State Housing Law, and the Unfair Competition Law in their operation of the PROPERTIES. These allegations include the OWNERS' operation and maintenance of the PROPERTIES as a public nuisance that substantially endangers the health, welfare, and safety of the PROPERTIES' occupants, tenants, neighbors, the neighborhood, and the City and County of San Francisco.

In entering this AGREEMENT, OWNERS do not admit the CITY's allegations. Nevertheless, OWNERS enter into this AGREEMENT in the spirit of compromise and in the best interest of the PARTIES.

The PARTIES, GENERAL PARTNERS, and MBS, INC. have carefully read this AGREEMENT, and sign it freely and voluntarily upon the advice of their own attorneys. The PARTIES, GENERAL PARTNERS and MBS, INC. affirm that the only consideration for their execution of this AGREEMENT are the terms stated in the body of this AGREEMENT; that no other promise or agreement of any kind has been made by any person or entity to cause them to execute this AGREEMENT; that they are competent to execute this AGREEMENT; that each party's decision to execute this AGREEMENT has not been obtained by any duress or undue influence; and that each party fully understands and voluntarily executes this AGREEMENT.

The OWNERS acknowledge that each of their respective Limited Partners have consented to the form of this AGREEMENT and Exhibit A due in part to the agreement by the GENERAL PARTNERS and MBS, INC. to be bound by terms and conditions as set forth herein.

ACCORDINGLY, to settle and avoid the risks and costs of litigation, and in consideration of the mutual agreements in this AGREEMENT, and for good and valuable consideration, the receipt and adequacy of which are acknowledged, the PARTIES, GENERAL PARTNERS, and MBS, INC. agree to fully settle the ACTION on the following terms and conditions:

III. AGREEMENT

A. DEFINITIONS

Where terms are not defined, they shall have their ordinary accepted meanings within the context with which they are used. All words in the plural number shall include the singular and all words in the singular number shall include the plural unless the natural construction of the wording indicates otherwise.

B. PARTIES AND ENTITIES BOUND BY THIS AGREEMENT

The provisions of this AGREEMENT will apply to the parties, their agents, assignees, employees and, successors in interest.

C. GENERAL MATTERS REGARDING THIS AGREEMENT

This AGREEMENT is entered into for settlement purposes only. Neither the fact of, nor any statement or provision contained in, this AGREEMENT, including monetary payments by OWNERS, nor any action taken by any party under this AGREEMENT, shall constitute, be construed as, or be admissible in evidence as, any admission or concession regarding any claim or allegations of any wrongdoing, fault, violation of law, or liability of any kind on the part of any of the PARTIES. But nothing stated here shall preclude any of the PARTIES from seeking to introduce the terms of this AGREEMENT in any legal proceeding to enforce this AGREEMENT.

The PARTIES, GENERAL PARTNERS, and MBS, INC. also agree that they shall be bound by, and liable for, the obligations arising out of this AGREEMENT as detailed herein. This Agreement and the Stipulated Injunction and Order are being executed by Kimberly Hartmann, who has authority to sign on behalf of all entities for which she is executing these documents. MBS, Inc. has submitted a request to obtain an increase and renewal of its line of credit in order to comply with its obligations arising from such documents, and City agrees that Hartmann and the officers/directors of MBS, Inc. shall not be subject to personal/individual liability for executing same.

OWNERS and GENERAL PARTNERS agree that they shall not amend, modify, or restate any partnership agreement in a manner that would alter, impair, or otherwise affect their obligations or responsibilities under this AGREEMENT.

D. SETTLEMENT AMOUNT

1. In consideration of the release herein, and all of the terms and conditions of this AGREEMENT, the OWNERS jointly and severally agree to pay the CITY the total settlement sum of $3,000,000.00 (three million dollars) ("SETTLEMENT AMOUNT"). The SETTLEMENT AMOUNT shall be paid on the following timeline:

a) Within 30 days of execution of this AGREEMENT, OWNERS will pay $250,000;
b) On or before October 31, 2026, OWNERS will pay $250,000;
c) On or before March 31, 2027, OWNERS will pay $250,000;
d) On or before June 30, 2027, OWNERS will pay $250,000;
e) On or before September 30, 2027, OWNERS will pay $250,000;
f) On or before December 31, 2027, OWNERS will pay $250,000;
g) On or before March 31, 2028, OWNERS will pay $250,000;
h) On or before June 30, 2028, OWNERS will pay $250,000;
i) On or before September 30, 2028, OWNERS will pay $250,000;
j) On or before December 31, 2028, OWNERS will pay $250,000;
k) On or before March 31, 2029, OWNERS will pay $250,000; and
l) On or before September 30, 2029, OWNERS will pay $250,000.

Notwithstanding the foregoing, the OWNERS may prepay all or part of the SETTLEMENT AMOUNT at any time without penalty. MBS, INC. will guarantee payments a) and b), above, as well as $500,000 of improvements described in **Exhibit A**, the Stipulated Injunction and Order, entered into concurrently herewith (subject to credit for $124,000 in pest control secured thereby shortly before execution of this AGREEMENT).

2. In resolving the ACTION, the CITY has relied on the representations of OWNERS, GENERAL PARTNERS, AND MBS, INC. regarding their respective financial condition. If any such representations are determined in the future to have been materially false or incomplete, this AGREEMENT is void, and the ACTION may be reinstated with the statute of limitations tolled from the date of execution of this AGREEMENT to the date the AGREEMENT is voided. In the event the AGREEMENT is voided, OWNERS agree to not seek refunds of any payments made under this AGREEMENT. MBS, INC. agrees to allow the CITY to audit its financial records if there is any breach of this AGREEMENT.

3. All payment(s) shall be made by title company checks, wire, cashier's check or money order, made payable to the "City and County of San Francisco" and delivered to the City Attorney's Office, Attn: Deputy City Attorney Sabrina Berdux, 1390 Market Street, Seventh Floor, San Francisco, California 94102.

4. MBS, INC. has executed guaranties to a limited partner ("BANK") relating to payment of certain operating deficits and tax credit obligations of the OWNERS, as provided in the Amended and Restated Agreement of Limited Partnership for Alice Griffith Phase 1 LP, the

Amended and Restated Agreement of Limited Partnership for Alice Griffith Phase 2 LP, the Amended and Restated Agreement of Limited Partnership for Alice Griffith Phase 3A LP, the Amended and Restated Agreement of Limited Partnership for Alice Griffith Phase 3B LP, and the Amended and Restated Agreement of Limited Partnership for Alice Griffith Phase 4 LP (collectively, the "LP AGREEMENTS")

5. The OWNERS will take all measures and efforts to enforce the operating deficit and tax credit guaranties in their respective partnership agreements. The OWNERS represent that they have BANK's agreement that it will take reasonable measures and efforts to enforce the GUARANTY.

6. The GENERAL PARTNERS and MBS, INC. expressly waive any right to repayment of monies paid to cover operating deficits caused by the OWNERS' inability to pay the SETTLEMENT AMOUNT during the term of this AGREEMENT (excluding any payments relating to NOVs not listed in Exhibit A). MBS, INC. further agrees that any such monies will not be repaid from future operating cash flows.

7. In the event that the OWNERS fail to pay any or all of the SETTLEMENT AMOUNT, the CITY may in its sole discretion void this AGREEMENT and reinstate this ACTION with the statute of limitations tolled from the date of execution of this AGREEMENT to the date the AGREEMENT is voided. Further, if the CITY voids the AGREEMENT under this section, the OWNERS relinquish all claims to repayment of any portion of the SETTLEMENT AMOUNT that they have paid up to the date the CITY declares the AGREEMENT void.

8. If the OWNERS fail to pay in the requisite time, manner or amount and after five (5) business days' notice via email to the OWNERS' counsel at Josh@schindlerlawfirm.com and mblegal@mccormackbaron.com ("DEFAULT"), and if the CITY elects not to void the AGREEMENT, interest shall immediately accrue on the entire balance due as of the date of the DEFAULT at the legal rate of ten (10) per cent per annum. Interest shall then continue to accrue until all sums in DEFAULT are fully paid. All subsequent payments received shall be applied first to accrued interest. This liability will be joint and several among the PARTNERSHIPS and subject to the provisions of III.D.5 through III.D.8 above. In addition to any other relief provided herein,

or by law, the CITY shall be entitled to all reasonable attorneys' fees and costs incurred in collecting any or all of the SETTLEMENT AMOUNT.

E. PAYMENT OF LIENS

1. The OWNERS agree to remain current on all PUC utility payments for the PROPERTIES.

2. The OWNERS agree to pay all past PUC arrearage ("PUC amount") owed for the PROPERTIES, including any and all administration fees associated with overdue payments and collections thereof. The OWNERS shall pay at least equal monthly installments for water services over the course of five years until the entirety of the past due PUC amounts owed are paid. The current past due amount owed for water service as of June 11, 2026 is $2,621,989.62. OWNERS shall pay at least equal monthly installments for power services over the course of two years until the entirety of the past due PUC amounts owed are paid. The current past due amount owed for power service as of June 11, 2026, is $499,811.11.

3. If the OWNERS fail to pay in the requisite time, manner or amount and after five (5) business days' notice via email to the OWNERS' counsel at: "Josh@schindlerlawfirm.com" and mblegal@mccormackbaron.com ("PUC DEFAULT"), interest shall immediately accrue on the entire balance due as of the date of the PUC DEFAULT at the legal rate of ten (10) per cent per annum. Interest shall then continue to accrue until all sums in PUC DEFAULT are fully paid. All subsequent payments received shall be applied first to accrued interest. This liability will be joint and several among all OWNERS and subject to the provisions of section III.E.4. In addition to any other relief provided herein, or by law, the CITY shall be entitled to all reasonable attorneys' fees and costs incurred in collecting any or all of the PUC AMOUNT.

F. INJUNCTIVE RELIEF

In further consideration of the release herein, and all of the terms and conditions of this AGREEMENT, OWNERS also agree to abide by the terms of the Stipulated Injunction and Order attached hereto as **Exhibit A**.

G. JURISDICTION AND JUDICIAL OVERSIGHT OF THIS SETTLEMENT

The PARTIES, GENERAL PARTNERS and MBS, INC. agree and stipulate that the San Francisco Superior Court ("COURT") has jurisdiction over the subject matter and personal jurisdiction over the PARTIES, GENERAL PARTNERS and MBS, INC. to enforce any and all terms of this AGREEMENT. The COURT shall also have jurisdiction of this matter to interpret any provision of this AGREEMENT, or to resolve any conflict with regard to the performance of the terms of this AGREEMENT until final performance of all terms stated herein.

H. REPRESENTATIONS AND WARRANTIES OF THE PARTIES, GENERAL PARTNERS and MBS, INC.

The PARTIES, GENERAL PARTNERS and MBS, INC. acknowledge that they are familiar with the provisions and consequences of this AGREEMENT. The PARTIES, GENERAL PARTNERS and MBS, INC. further acknowledge that they understand the terms of this AGREEMENT. The PARTIES, GENERAL PARTNERS and MBS, INC. knowingly and of their own free will stipulate to the terms of the AGREEMENT.

I. RELEASES

1. Mutual Releases

It is the intention of the PARTIES that this AGREEMENT shall be effective as a full and final accord and satisfactory release of all claims between the PARTIES related to the ownership, maintenance, and management of the PROPERTY up to the date of execution of this AGREEMENT, except for those matters not released, as detailed in Section I.3, below.

In furtherance of this intention, the PARTIES acknowledge that each, respectively, is familiar with Section 1542 of the California Civil Code which provides:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IS KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY

Subject to the exceptions for those matters not released, detailed in Sections III.D.3, III.D.8, and III.I.3, the PARTIES hereby waive and relinquish any rights and benefits which each has or may have under Section 1542 of the California Civil Code to the full extent that each may lawfully waive all such rights and benefits with respect to the subject matter of this AGREEMENT. The PARTIES acknowledge that each is aware that it may hereafter discover facts in addition to or different from those which he or she knows or believes to be true with respect to the subject matter of this AGREEMENT, but it is the intention of the PARTIES to hereby fully and finally settle and release any and all matters, disputes, differences, known or unknown, or which have existed or will ever exist between the PARTIES regarding the released claims.

2. Release by OWNERS, GENERAL PARTNERS and MBS, INC.

In consideration of the promises set forth in this AGREEMENT, together with good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby expressly acknowledged, OWNERS, GENERAL PARTNERS and MBS, INC. release and discharge the CITY, as well as its employees, officers, directors, servants, insurers, attorneys, agents, representatives, and assigns from all civil claims, counterclaims, demands, actions, lawsuits, causes of action, and liabilities of any nature, known or unknown, suspected or unsuspected, including but not limited to civil penalties, damages, punitive damages, costs, expenses and attorneys' fees arising in any way from the CITY's enforcement activities related to the ownership, use, maintenance and management of the PROPERTIES, up to the date of the execution of this AGREEMENT.

OWNERS, GENERAL PARTNERS and MBS, INC. release any and all claims, known or unknown, regarding the PROPERTIES, against the CITY, including but not limited to the City and County of San Francisco, the San Francisco Housing Authority, and the Office of Community Investment and Infrastructure.

3. Release by the CITY

In consideration of the promises set forth in this AGREEMENT, together with good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby expressly acknowledged, the CITY releases and discharges OWNERS, GENERAL PARTNERS and MBS, INC., as well as their respective officers, directors, partners, employees, agents, and representatives, from any and all civil claims, counterclaims, demands, actions, lawsuits, causes of action, and liabilities of any nature, known or unknown, suspected or unsuspected, but not limited to civil penalties, damages, punitive damages, costs, expenses and attorneys' fees arising in any way from the ownership, use, maintenance and management of the PROPERTIES, up to the date of the execution of this AGREEMENT, subject to the specific limitations set forth below in this section.

The foregoing release by CITY does not release OWNERS, GENERAL PARTNERS and MBS, INC. from any of the following:

- Any municipal or state tax claims or liabilities, even those that relate to ownership, use, maintenance, and management of the PROPERTIES;
- Any criminal liability, which the CITY and City Attorney's Office have no power to release;
- Any obligation to pay CITY department administrative, investigative, and/or assessment fees, fines, and/or penalties;
- Any other state or municipal administrative, civil, or government claim or liability unrelated to the ownership, use, maintenance, and management of the PROPERTIES, including any claims on behalf of the People of the State of California that the City Attorney was not authorized under Business & Professions Code section 17204 to enforce; and
- Any violations of state or municipal law occurring or continuing after the date of execution of this AGREEMENT, except that any liability for the continued existence of the violations alleged in the Stipulated Injunction and Order attached hereto as **Exhibit**

A, shall be released upon the abatement of those violations within the time frames specified in the Stipulated Injunction and Order.

The PARTIES, GENERAL PARTNERS and MBS, INC. further acknowledge that this release does not in any way relieve the PARTIES, GENERAL PARTNERS and MBS, INC. of the obligation to abide by each and every term of this AGREEMENT or each party's right to enforce this AGREEMENT.

J. GOVERNING LAW

This AGREEMENT shall be governed by, construed and enforced in accordance with, the laws of the State of California without giving effect to its principles of conflicts of laws.

K. ENTIRE AGREEMENT

This AGREEMENT, including the Stipulated Injunction and Order attached hereto as **Exhibit A**, contains the entire agreement among the PARTIES, GENERAL PARTNERS and MBS, INC. hereto with respect to the matters covered hereby, and supersedes all prior agreements, written or oral, among the PARTIES, GENERAL PARTNERS and MBS, INC. No other agreement, statement or promise made by any party not contained herein shall be binding or valid.

L. CONSTRUCTION

The PARTIES, GENERAL PARTNERS and MBS, INC. acknowledge and agree that each party and any counsel for each party has reviewed and revised this AGREEMENT and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in an interpretation of this AGREEMENT or any amendment or exhibit hereto.

M. COUNTERPARTS

This AGREEMENT may be executed in separate counterparts and once executed shall constitute one agreement which shall be binding upon all the PARTIES, GENERAL PARTNERS and MBS, INC. hereto, notwithstanding that the signatures of the designated representatives of the PARTIES, GENERAL PARTNERS and MBS, INC do not appear on the same page and/or are not original signatures.

N. NO WAIVER OF RIGHT TO ENFORCE

The failure of any party to enforce any immaterial provision of this AGREEMENT shall in no way be deemed a waiver of such provision or in any way affect the validity of this AGREEMENT. The failure of any party to enforce any such provision shall not preclude such party from later enforcing the same or any other provision of the AGREEMENT.

O. SEVERABILITY

In the event that any provision of this AGREEMENT, or part thereof, shall for any reason be held unenforceable, invalid or contrary to public policy or any law, and the remaining valid portions of the AGREEMENT, if enforced, will carry out the PARTIES', GENERAL PARTNERS and MBS, INC. intentions as reflected herein to release fully and finally the claims released in exchange for the consideration described, the whole AGREEMENT shall not be invalidated, but instead, the AGREEMENT shall be construed as if it did not contain the unenforceable or invalid portion.

P. WARRANTY OF AUTHORITY

Each of the signatories hereto warrants and represents that they are competent and authorized to enter into this AGREEMENT on behalf of the party for whom they purport to sign this AGREEMENT. Each party signing this AGREEMENT also represents and warrants that no other person's signature is needed in order to bind the PARTIES, GENERAL PARTNERS and MBS, INC. to this AGREEMENT or to release the claims and demands that such party is purporting to release.

No party will challenge the right or authority of any other party or signatory to sign or execute this AGREEMENT on behalf of any other party.