

**REAL ESTATE PURCHASE AND SALE AGREEMENT**  
**AND ESCROW INSTRUCTIONS**

**THIS REAL ESTATE PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS** (“Agreement”) is made and entered into as of the 8 day of April 2025 (the “Effective Date”), by and between **CITY OF HALF MOON BAY**, a California municipal corporation (“Seller”), and the **COUNTY OF SAN MATEO**, a political subdivision of the State of California (“Buyer” or “County”).

**WITNESSETH:**

In consideration of the mutual covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **AGREEMENT TO PURCHASE AND SELL:** In lieu of Buyer’s exercise of the power of eminent domain, Seller hereby agrees to sell to Buyer and Buyer hereby agrees to purchase from Seller the following described property in accordance with the terms and conditions of this Agreement:
  - a) The real property and improvements described as a 6.867 acre portion of APN 056-260-180, located at 880 Stone Pine Road, Half Moon Bay, California 94019; all as more particularly described on **EXHIBIT A**, attached hereto and incorporated herein by this reference (the “Property”); and
  - b) All of Seller’s right, title and interest in and to the fixtures, equipment, if any, existing on the Property, not owned by tenants, and used exclusively in the operation of the Property, shall be delivered by Seller concurrently with the Quitclaim Deed transferring title to the Property.
  
2. **SALE AND PURCHASE PRICE:** Subject to the terms and conditions contained in this Agreement, Buyer agrees to purchase from Seller, and Seller agrees to sell to Buyer, fee ownership of the Property, subject to the following:
  - a) The total purchase price for the Property shall be **One Million Two Hundred Thirty-Four Thousand Dollars and Zero Cents (\$1,234,000.00)** (the “Purchase Price”). Buyer’s payment of the total Purchase Price shall be fully satisfied through application of a prepayment credit under that certain Sublease dated September 1, 2023 (the “Sublease”) between the parties, recorded as Instrument No. 2023-051063 CONF in the Official Records of the County of San Mateo, as subsequently modified by two addenda, in the amount of the total Purchase Price against the Base Rental Payments (as that term is defined in the Sublease) and adjustment to the Base Rental Payments Schedule (as that term is defined in the Sublease). Prior to Closing, Buyer and Seller shall execute and deliver to the Escrow Holder an executed amendment to the Sublease reflecting the application of the credit in substantially the same form shown on **EXHIBIT B**, attached hereto and incorporated

herein by this reference (the “Amendment to Sublease”).

- b) County shall publish the Notice of Intent to Purchase and obtain County Board of Supervisor’s approval of sale and ratification of this Agreement (“Full Execution”). Upon Full Execution by Buyer, Buyer shall return a duplicate original of this Agreement to Seller, and shall open escrow pursuant to Section 3 hereof, and shall deliver to the Escrow Holder a copy of this Agreement.
- c) Buyer to complete its investigation of the Property, and to satisfy all conditions described herein (the “Due Diligence Period”) by June 23, 2025, or such other later date as the parties may agree in writing.
- d) During the Due Diligence Period, Buyer may, in its sole and absolute discretion, elect to terminate this Agreement based upon any of the following:
  - i. Review of Title Matters. County’s review and approval of a final title report of the condition of title to the Property, including copies of all documents referred to therein and any and all other documents relating to title. County shall identify in writing any exceptions to title that must be removed; or
  - ii. Review and investigation of the condition of the Property, which may include but shall not be limited to an Environmental Site Assessment and review of any potential environmental hazards, and a Property Condition Assessment, or any other studies related to the condition of the Property or title to the Property; or
  - iii. On or before March 25, 2025, Seller shall deliver to County for County’s review, copies of all material building and Property information in its possession as identified by the Parties, including but not limited to final environmental reports and notices, final seismic/structural studies, permits and approvals, surveys, floor plans, notices of violation, or any other documents that are of significance to the Property, and that the County may reasonably request. County and its agents shall have reasonable access to the Property to conduct tests and perform due diligence investigations; or
  - iv. Receipt of a written appraisal of the Property, which County will cause to be completed, by a licensed or certified appraiser; or
  - v. Approval of County’s Board of Supervisors. This transaction is contingent upon approval by County’s Board of Supervisors in its sole and absolute discretion; or
  - vi. Buyer’s inability to timely complete any of the studies or actions set forth above.
- e) If Buyer fails to deliver notice of its election to terminate on or before 5:00 p.m. (PT) on the last day of the Due Diligence Period, then Buyer shall be deemed to have waived this condition. If the last day of the Due Diligence Period falls on a weekend or holiday,

the Due Diligence Period shall be extended until 5:00 p.m. (PT) of the following business day.

- f) At least 10 (ten) days before the Closing Date, Seller will deliver to the Escrow Holder the Quitclaim Deed which has been duly executed and acknowledged by Seller.
- g) At least 10 (ten) days before the Closing Date, Seller and Buyer will deliver to the Escrow Holder their respective duly executed and acknowledged signature pages to the Amendment to Sublease, which shall be recorded on the title to the Property by the Escrow Holder at Closing.
- h) At least 10 (ten) days before the Closing Date, Seller and Buyer will deliver to the Escrow Holder their respective duly executed and acknowledged signature pages to an agreement to restrict use of the Property to affordable housing as specified therein and for the period specified therein in substantially the same form shown on **Exhibit C**, attached hereto and incorporated herein by this reference (the “Restrictive Covenants Agreement”), which Restrictive Covenants Agreement shall be recorded on the title to the Property by the Escrow Holder at Closing.
- i) At least one (1) business day before the Closing Date, Buyer shall deposit with the Escrow Holder a Certificate of Acceptance for the Property which has been executed by Buyer, in substantially the same form shown on **EXHIBIT D**, attached hereto and incorporated herein by this reference, and the Purchase Price plus costs of pro-rations, fees, and expenses pursuant to this Agreement.
- j) Satisfaction of any CEQA requirements for this transaction as determined by Buyer, and final approval of consummation of the purchase and appropriation of funding by the County Board of Supervisors are express conditions precedent to Buyer’s duty to purchase. Notwithstanding any other provision in this Agreement, Buyer, at Buyer’s option, may extend the Closing Date up to ten (10) days to permit the funding approval and appropriation by County Board of Supervisors. In the event Buyer opts to extend the Closing Date pursuant to this section, Buyer shall provide written notice to Seller no later than 5:00 p.m. (PT) on the last day of the Due Diligence Period.

**3. ESCROW AND OTHER FEES:** Within three (3) days following the Full Execution of this Agreement by Seller and Buyer, Buyer shall open escrow at Old Republic Title Company, in Los Altos, California, or at such other escrow company as may be agreed to by Seller and Buyer (“Title Company” or “Escrow Holder”); with escrow instructions to be based upon the terms and conditions set forth herein, and Buyer shall deliver a copy of this Agreement to the Escrow Holder. On behalf of Buyer, the San Mateo County Executive, or designee, shall execute the necessary escrow instructions and/or additional documents which may be required to complete Closing of this real property transaction. This Agreement shall become part of the escrow and shall constitute the basic instructions and documents as are reasonably required to complete Closing of the transaction contemplated herein, in accordance with the terms and conditions of this Agreement. In case of conflict between this Agreement and any related escrow documents, the terms of this Agreement shall control.

The Closing shall occur on **June 28, 2025**, (the “Closing Date”), or such other date as the parties hereto shall mutually agree in writing. The “Closing” is defined as (a) the satisfaction of all conditions herein stated, except those conditions that may be, and in fact are waived by an express written waiver duly executed by the waiving party; (b) the recordation of a Quitclaim Deed and Certificate of Acceptance conveying Seller’s interest in the Property to Buyer; and (c) the deposit of the Purchase Price by Buyer into escrow and its application as a pre-payment credit on the Sublease.

Escrow, title and other fees shall be paid as follows:

- a) A Standard California Land Title Association owner’s policy of title insurance covering the Property shall be paid for by Buyer, in favor of Buyer in the amount of the Purchase Price subject to all of the title exceptions that may be permitted by Buyer.
- b) Buyer shall pay for any additional title insurance coverage that may be required by Buyer, including any extended or ALTA coverage or endorsements to such policy requested by Buyer (to the extent available) together with the cost of any survey obtained by Buyer.
- c) All existing insurance policies (if any) shall be canceled at time of Closing and Buyer acknowledges and agrees that Seller cannot endorse any such existing insurance policies to Buyer.
- d) Buyer shall pay the Escrow Holder’s fees at the time of Closing.
- e) Amounts payable under the approved contracts shall be prorated on an accrual basis.

Escrow Holder shall be obligated as follows:

- a) To provide current preliminary title reports covering the Property, at Buyer’s expense if any.
- b) To record concurrently with Closing, the Quitclaim Deed and the Certificate of Acceptance to be recorded concurrently, conveying Seller’s interest in the Property to Buyer, and to record such other documents as may be mutually requested by the parties in writing in connection with Closing, including (a) the Amendment to Sublease; and (b) the Restrictive Covenants Agreement
- c) To issue or have issued to Buyer the California Land Title Association policy of title insurance required herein, and any alternative or extended coverage desired by Buyer.
- d) To provide Buyer and Seller a final closing statement with certification by the Title Company. At least three (3) business days prior to the Closing Date, the parties shall agree upon all of the prorations to be made and submit a statement to Escrow Holder setting forth the same.

4. **COMMISSION:** Neither County nor City shall be responsible for the payment of any real estate commissions or fees resulting from this transaction. Each Party represents and warrants to the other Party that it has had no dealings with any broker or agent in connection with this transaction or the Property, has not made any promises or agreements with any third party for the payment of any broker's commission or finder's fees, and shall not be responsible for the payment of any real estate commissions or fees resulting from this transaction. Each Party shall indemnify, defend, reimburse, and hold harmless the other Party from and against any and all claims, demands, liabilities, losses, costs and expenses (including, without limitation, attorney's fees and costs) arising from any broker's commission or finder's fees for any brokers or finders.

5. **GOOD FAITH DISCLOSURE BY SELLER:** Seller shall make a good faith disclosure to Buyer of any and all material facts, findings, or information on the Property known to Seller (without investigation) and not readily discoverable by Buyer, including without limitation those relating to: historical uses; prior permitted uses; current uses including, but not limited to, express or implied contracts, leases and/or permits; geological conditions; biological conditions; archaeological sites; flood hazard area(s); special studies zones; zoning reports; environmentally hazardous material such as dioxins, oils, solvents, waste disposal, gasoline tank leakage, pesticide use and spills, herbicide use or spills or any other substances and/or products of environmental contamination. Any and all facts or information known by Seller concerning the condition of the Property shall be delivered to Buyer no later than March 25, 2025.

If such facts or information provided by Seller disclose conditions that adversely affect the continued or contemplated use of the Property, and that Buyer reasonably deems unacceptable, or if Buyer otherwise discovers such facts or information through its investigations, tests and/or surveys (including without limitation its review of title) which disclose such conditions, and Seller is unwilling or unable to correct such conditions to the reasonable satisfaction of Buyer or any governmental body having jurisdiction, then Buyer may, at its sole option, terminate this Agreement. Within ten (15) business days after actual receipt of said disclosure information, Buyer shall notify Seller of the conditions it deems unacceptable and the corrections desired and request Seller, at Seller's expense, to correct the condition(s) affected thereby to the reasonable satisfaction of Buyer. Failure to so correct shall be grounds for termination of this Agreement. If Buyer fails to deliver timely notice as contemplated herein, then Buyer shall be deemed to have waived this condition.

6. **INSPECTION BY BUYER:** Buyer, upon not less than one (1) business day notice to the Seller, shall have the right of entry onto the Property to conduct such non-invasive and non-intrusive inspections and testing thereon as are, in Buyer's sole discretion, necessary to reasonably determine the condition of the Property. The scope of any such testing or inspection which requires physical sampling of all or any part of the Property shall be subject to:

- a) The prior written approval of Seller, which Seller may withhold or condition in its sole and absolute discretion.
- b) Seller's receipt of a certificate of insurance evidencing any insurance coverage reasonably required by Seller.
- c) The requirement that Buyer conduct all such inspections and testing, including the

disposal of samples taken, in accordance with applicable law and at no cost or liability to Seller, and with no substantial disturbance of or interference with the businesses being conducted on the Property. Buyer shall complete such inspections and testing within the Due Diligence Period and shall restore all areas of the Property to its pre-test and pre-inspection condition as near as is practicable.

If any toxins or contaminants are discovered on the Property, Buyer shall notify Seller immediately, and Seller shall have the right, but not the responsibility to take any actions in response to such notifications that it deems necessary in its sole and absolute discretion. If Seller elects not to take actions in response to such notifications, then, notwithstanding other provisions contained herein, Seller and/or Buyer shall have the right (prior to the expiration of the Due Diligence Period) to terminate this Agreement with no further liability.

Buyer shall give Seller written notice prior to the commencement of any testing or inspections in, on or about the Property, and Seller shall have the right to post Notices of Testing, and/or Notices of Non-responsibility as provided by law. All testing on the Property shall keep the Property free and clear of claims, charges and/or liens for labor and materials, and Buyer shall defend, indemnify and save harmless Seller, its agents and employees from and against any and all claims, demands, damages, costs, losses, expenses (including attorney's fees), judgments or liabilities arising out of, related to, or in connection with any such testing, inspection or entry by Buyer, its partners, officers, directors, members, shareholders, independent contractors, agents or employees (collectively, "Buyer's Agents"). The foregoing indemnification covenant shall survive Closing and any termination of this Agreement.

Should Buyer decide, for whatever reason, to terminate this Agreement prior to Closing, at Seller's request, any and all reports, including title documents and surveys, inspection reports and government entity responses acquired by the County during its Due Diligence Period shall be passed on to the Seller.

**7. TITLE AND DEED:** Title to the Property is to be free of all exceptions to title except those expressly approved by Buyer, and free of all leases except those written leases disclosed to Buyer as part of the diligence documents, provided that the Property shall be subject to the Restrictive Covenants Agreement.

Buyer shall have the right to review the preliminary title report and disapprove in writing any items disclosed in said report prior to the Closing. Seller shall have fifteen (15) days after receipt of Buyer's notice of disapproval to correct the condition(s) that adversely affect the Property. Failure to correct shall be grounds for termination of this Agreement by Buyer.

Seller may request the Closing Date be extended for ten (10) days where there is a need for Seller to correct an adverse condition unless Seller refuses to correct such condition or unless correction requires more than ten (10) days in which case the Closing Date shall be extended to the date of refusal or date of correction respectively.

**8. REPRESENTATIONS AND WARRANTIES OF BUYER:** Buyer represents and warrants to Seller that the following statements are true and correct and shall be true and correct as if originally made on and as of Closing:

- a) Buyer has full power and authority to enter into and perform this Agreement and all documents and instruments to be executed by Buyer pursuant to this Agreement (collectively, "Buyer's Documents"); and
- b) this Agreement has been, and Buyer's Documents will be, duly executed and delivered by Buyer, or by duly authorized officers or representatives of Buyer; and
- c) No consent, authorization, order or approval of, or filing or registration with, any other governmental authority or other person is required for the execution and delivery by Buyer of this Agreement and Buyer's Documents or the consummation by Buyer of the transactions contemplated by this Agreement and Buyer's Documents.

This paragraph 8, and Buyer's representations and warranties contained herein, shall survive the Closing.

**9. REPRESENTATIONS AND WARRANTIES OF SELLER:** Seller has offered the Property in an "As-Is, Where Is" condition. Seller represents and warrants to Buyer that the following statements are true and correct and shall be true and correct as if originally made on and as of Closing:

- a) Seller has full power and authority to enter into and perform this Agreement and all documents and instruments to be executed by Seller pursuant to this Agreement (collectively "Seller's Documents");
- b) This Agreement has been, and Seller's Documents will be, duly executed and delivered by duly authorized officers or representatives of Seller;
- c) No consent, authorization, order or approval of, or filing or registration with, any other governmental authority or other person is required for the execution and delivery by Seller of this Agreement and Seller's Documents, or the consummation by Seller of the transactions contemplated by this Agreement and Seller's Documents;
- d) To Seller's actual knowledge, there is no litigation pending against Seller which, if determined adversely, would have a material adverse effect on the Property or Seller's right to transfer title to the Property; and
- e) Seller has not granted any option or right of first refusal or first opportunity to any party other than Buyer to acquire fee interest in the Property.

As used in this Agreement, "Seller's actual knowledge" means the current, actual knowledge of Seller, without duty to investigate and shall not include constructive knowledge or knowledge that Seller could have obtained through investigation or inquiry. No broker, agent, or party other than Seller is authorized to make any representation or warranty for or on behalf of Seller.

From and after the Effective Date, Buyer and Seller shall each immediately advise the other in writing of any information it receives which indicates that a representation or warranty made by Seller in this Section 9 is, or has become, untrue in any material respect. Seller shall have five (5) days after receipt of Buyer's written notice or after delivery of Seller's written notice to attempt to remedy the breach or inaccuracy in such representation or warranty. In the event Seller is unwilling or unable to remedy such inaccuracy within such period, Buyer shall have the right, as its sole and exclusive remedy, exercisable by giving written notice to Seller and Escrow Holder within five (5) days after the expiration of Seller's five (5) day cure period, either (i) to terminate this Agreement, or (ii) to consummate the transaction contemplated by this Agreement. If Closing is scheduled to occur prior to said notice and curing periods, Closing shall be delayed to provide for the expiration of both periods at least five (5) days prior to Closing. If Buyer elects to proceed with Closing after Buyer has received Seller's written notice of any actual or alleged inaccuracy or breach of Seller's representations and warranties or after Buyer has discovered any such change in circumstances, then (a) Seller's representations and warranties shall be deemed revised in accordance with the change in circumstances as disclosed or discovered, (b) Buyer shall have waived any right or remedy concerning such change in circumstances, and (c) Seller shall be fully and forever released and discharged from any liability or obligation with respect to such change in circumstances.

The Property is being sold, and Buyer is accepting possession of the Property on the Closing Date, "as is, with all faults," with no right of setoff or reduction in the Purchase Price, except for Seller's representations and warranties set forth in this Agreement that expressly survive Closing and instruments executed by Seller at Closing (the "Seller's Warranties"). Except for Seller's Warranties and any express representations made in writing by Seller, neither Seller, its counsel or brokers, nor any partner, officer, director, employee, affiliate, agent or attorney of Seller, its counsel or brokers nor any other party related in any way to any of the foregoing (each a "Seller Party" and collectively the "Seller Parties") have or shall be deemed to have made any verbal or written representations, warranties, promises or guarantees (whether express, implied, statutory or otherwise) to Buyer with respect to the Property, any matter set forth, contained or addressed in the diligence documents (including, but not limited to, the accuracy and completeness thereof) or the results of the investigations.

Notwithstanding anything to the contrary herein, Buyer is not waiving any rights that are not waivable under applicable California law.

This paragraph 9, and Seller's representations and warranties contained herein, shall survive the Closing.

**10. TIME OF ESSENCE:** Time is of the essence in the performance by the parties in respect to this Agreement.

**11. NOTICES:** All notices, documents, correspondence, and communications concerning this transaction shall be addressed as set forth below or as either party may hereafter designate by written notice and shall be sent through the United States mail duly registered or certified with postage prepaid. Notwithstanding the above, Buyer may also provide notices, documents, correspondence or such other communications to Seller by personal delivery or by first class mail postage prepaid and any such notices, documents, correspondence and communications so given shall be deemed to have been given upon actual receipt.



IF TO SELLER: Via regular mail:  
City of Half Moon Bay  
Attn: Matthew Chidester, City Manager  
501 Main Street  
Half Moon Bay, CA 94019(650) 726-8272  
mchidester@hmbcity.com

IF TO BUYER: Real Property Division  
County of San Mateo  
555 County Center, 4th Floor  
Redwood City, CA 94063  
650-363-4047  
cshaker@smcgov.org

ESCROW HOLDER: Old Republic Title Company  
Attn: Angie Civjan  
167 South San Antonio Rd. Ste. 5  
Los Altos, CA 94022  
(650) 941-5700  
[ACivjan@ortc.com](mailto:ACivjan@ortc.com)

12. **SUCCESSORS:** This Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors and assignees of the parties to this Agreement.

13. **ASSIGNMENT PROHIBITION:** Buyer shall not assign its rights or delegate its duties under this Agreement without the prior written consent of Seller, which consent may be withheld in Seller's sole discretion. Any sale, assignment, or other transfer in violation of this Section 13 shall be null and void.

14. **WAIVERS:** No waiver of any breach of any covenant or provision in this Agreement shall be deemed a waiver of any other covenant or provision, and no waiver shall be valid unless in writing and executed by the waiving party.

15. **CONSTRUCTION:** Section headings are solely for the convenience of the parties and are not a part and shall not be used to interpret this Agreement. The singular form shall include the plural and vice-versa. This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if both parties have prepared it. Unless otherwise indicated, all references to sections are to this Agreement.

16. **FURTHER ASSURANCES:** Whenever requested by the other party, each party shall execute, acknowledge and deliver all further conveyances, agreements, confirmations, satisfactions, releases, powers of attorney, instruments of further assurances, approvals, consents and all further instruments and documents as may be necessary, expedient or proper to complete any conveyances, transfers, sales, and agreements covered by this Agreement, and to do all other acts and

to execute, acknowledge, and deliver all requested documents to carry out the intent and purpose of this Agreement.

17. **THIRD PARTY RIGHTS:** Nothing in this Agreement, express or implied, is intended to confer on any person, other than the parties to this Agreement and their respective successors and assigns, any rights or remedies under or by reason of this Agreement.

18. **INTEGRATION:** This Agreement contains the entire agreement between the parties, and expressly supersedes all previous or contemporaneous agreements, understandings, representations, or statements between the parties respecting the purchase of the Property.

19. **COUNTERPARTS:** This Agreement may be executed in one or more counterparts, each of which taken together shall constitute one and the same instrument.

20. **AMENDMENT:** This Agreement may not be amended or altered except by a written instrument executed by Buyer and Seller.

21. **PARTIAL INVALIDITY:** Any provision of this Agreement that is unenforceable or invalid or the inclusion of which would adversely affect the validity, legality, or enforceability of this Agreement shall be of no effect, but all remaining provisions of this Agreement shall remain in full force and effect.

22. **EXHIBITS:** All attached exhibits are incorporated in this Agreement by reference.

23. **AUTHORITY OF PARTIES:** All persons executing this Agreement on behalf of any party to this Agreement warrant that they have the authority to execute this Agreement on behalf of that party.

24. **GOVERNING LAW:** The validity, meaning, and effect of this Agreement shall be determined in accordance with California laws and any dispute arising out of this Agreement shall be venued either in the San Mateo County Superior Court or in the United States District Court for the Northern District of California.


25. **FACSIMILE/ELECTRONICALLY TRANSMITTED SIGNATURES:** In the event that the parties hereto utilize facsimile transmitted documents or electronically transmitted documents which include signatures, such documents shall be accepted as if they bore original signatures provided that documents bearing original signatures are provided within seventy-two (72) hours of transmission; however, funds shall not be released nor shall documents be accepted for recordation by the San Mateo County Recorder's Office until such documents bearing original signatures are received by Buyer.

**IN WITNESS WHEREOF,** Buyer and Seller have executed this Real Estate Purchase and Sale Agreement and Escrow Instructions by the respective authorized officers as set forth below to be effective as of the date executed by Buyer.

**BUYER:**

COUNTY OF SAN MATEO

A political subdivision of the State of California

By: 

Name: David J. Canepa

Title: President, County Board of Supervisors

Date: April 8, 2025

**SELLER:**

CITY OF HALF MOON BAY

A California municipal corporation

By: 

Name: Matthew Chidester

Title: City Manager

Date: 3/28/2025

**Exhibit A**

**LEGAL DESCRIPTION**

[This page intentionally left blank]



**EXHIBIT A**  
**LEGAL DESCRIPTION**

All that certain real property situate in the City of Half Moon Bay, County of San Mateo, State of California, being all of Parcel One as said parcel is shown on that certain Parcel Map entitled "Stone Pine Cove Parcel Map" recorded on March 11, 2025 in Book 88 of Parcel Maps at pages 85-90, records of said county.

This legal description was prepared by me or under my direction in conformance with the requirements of the Professional Land Surveyors' Act.

A handwritten signature in black ink, appearing to read 'DCJ', positioned above a horizontal line.

David C. Jungmann, PLS 9267



**END OF DESCRIPTION**

03/12/2025  
Date

**EXHIBIT B**  
**FORM OF AMENDMENT TO SUBLEASE**

[This page intentionally left blank]

**Exempt from: Recording fees pursuant to  
Section 27383 of the Government Code;  
Filing fees pursuant to Section 6103 of the  
Government Code; and Transfer Taxes pursuant  
to Section 11928 of the Revenue and Taxation Code**

Recording requested by  
and return to:

COUNTY OF SAN MATEO  
Michael Callagy  
County Executive  
500 County Center, Fifth Floor  
Redwood City, CA 94063

---

---

**FIRST AMENDMENT TO SUBLEASE**

This First Amendment to Sublease (the "First Amendment") is entered into as of the First Amendment Effective Date (defined herein) by and between the County of San Mateo (the "County"), a political subdivision of the State of California, as sublessor, and the City of Half Moon Bay (the "Borrower"), a city duly organized and existing under and by virtue of the laws of the State of California, as sublessee.

**RECITALS**

WHEREAS, the County and Borrower entered into that certain Sublease dated September 1, 2023 (the "Sublease"), recorded as Instrument No. 2023-051063 CONF in the Official Records of the County of San Mateo ("Official Records"); and

WHEREAS, under the Sublease, Base Rental Payments are due and owing by Borrower to the County in accordance with the terms of the Sublease and the Base Rental Payment Schedule set forth at Exhibit B thereto; and

WHEREAS, as of November 26, 2024, the County and Borrower executed a First Addendum to Sublease ("First Addendum"), recorded in the Official Records under Instrument No. 2024-064137 CONF, to delay the County's receipt of Borrower's December 15, 2024 Base Rental Payment until the date of the following Base Rental Payment under the Base Rental Payment Schedule, i.e., until April 15, 2025; and

WHEREAS, as of February \_\_, 2025, the County and Borrower executed a Second Addendum to Sublease ("Second Addendum"), recorded in the Official Records under Instrument No. \_\_\_\_\_ CONF, to delay the County's receipt of Borrower's December 15, 2024 and April 15, 2025 Base Rental Payments until the date of the following Base Rental Payment under the Base Rental Payment Schedule, i.e., until December 15, 2025; and

WHEREAS, in connection with and as part of the consideration for that certain Real Estate Purchase and Sale Agreement and Escrow Instructions between the County and Borrower, dated \_\_\_\_\_, 2025, with respect to the County's acquisition of a portion of the real property and

improvements located at 880 Stone Pine Road, Half Moon Bay, California 94019, as further described therein, the County and Borrower have agreed to and now wish to amend the Sublease to adjust Borrower's Base Rental Payments Schedule to reflect application of a prepayment credit in the amount of \$1,234,000 via this First Amendment; and

WHEREAS, the revised Base Rental Payments Schedule agreed to herein shall replace the prior Base Repayments Schedule and any deferral provided for in the First Addendum and Second Addendum.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County and Borrower hereby agree as follows:

1. Capitalized terms used but not defined herein shall have the meaning set forth in the Sublease.
2. Pursuant to Section 7.02(c) of the Sublease, the County and Borrower hereby agree to the application of a prepayment credit in the amount of \$1,234,000 toward Borrower's Base Rental Payments. In accordance with this prepayment credit, Exhibit B (Base Rental Payments Schedule) to the Sublease is hereby replaced with and superseded by the revised Exhibit B attached hereto and incorporated by reference as if fully set forth herein.
3. This First Amendment shall be effective as of the date of execution by the County and Borrower (the "First Amendment Effective Date").
4. All other terms and conditions of the Sublease between the County and Borrower shall remain in full force and effect.

**IN WITNESS WHEREOF**, the County and Borrower have executed this First Amendment as of the respective dates set forth below.

CITY OF HALF MOON BAY

By: \_\_\_\_\_

Matthew Chidester,  
City Manager  
City of Half Moon Bay

Date: \_\_\_\_\_

COUNTY OF SAN MATEO

By: \_\_\_\_\_

Michael Callagy,  
County Executive  
County of San Mateo

Date: \_\_\_\_\_

**[ADD NOTARY ACKNOWLEDGMENT]**



**EXHIBIT B**

**Base Rental Payment Schedule**

(Adjusted to reflect application of a prepayment credit in the amount of \$1,234,000)

Year	April 15 Installment Payment	December 15 Installment Payment
1 (2023)	Pre-term, no payment due	Deferred
2 (2024)	Deferred	Deferred
3 (2025)	Deferred	\$172,955
4 (2026)	\$172,955	\$172,955
5 (2027)	\$172,955	\$172,955
6 (2028)	\$172,955	\$172,955
7 (2029)	\$172,955	\$172,955
8 (2030)	\$172,955	\$172,955
9 (2031)	\$172,955	\$172,955
10 (2032)	\$172,955	\$172,955
11 (2033)	\$172,955	Post-term, no payment due unless term extended

**EXHIBIT C**  
**FORM OF RESTRICTIVE COVENANTS AGREEMENT**

[This page intentionally left blank]

**RECORDING REQUESTED BY:**

County of San Mateo Department of  
Housing

**WHEN RECORDED, MAIL TO:**

County of San Mateo  
Department of Housing  
264 Harbor Blvd., Bldg. A  
Belmont, CA. 94002

**PONY DOH 209**

**Attn:** \_\_\_\_\_

*Exempt from Recording fees pursuant to  
Section 27383 of the Government Code*

(This Space for Recorder's Use Only)

APN: \_\_\_\_\_

**RESTRICTIVE COVENANTS AGREEMENT**

This Restrictive Covenants Agreement (the "**Agreement**"), dated January 1, 2025 for reference purposes only, is entered into by County of San Mateo, a political subdivision of the State of California, and its successors, assigns and transferees (the "**County**"), and the City of Half Moon Bay, a municipal corporation (the "**City**"). County and City may be collectively referred to herein as "Parties" and individually as a "Party."

**RECITALS**

This Agreement affects that certain real property located at 880 Stone Pine Road, in the City of Half Moon Bay, County of San Mateo, State of California (APN \_\_\_\_\_), as more particularly described in the Legal Description attached hereto as **Exhibit "A"** and incorporated herein by this reference (the "**Property**") and is made based on the following facts and understandings:

1. County and City each have an interest in and commitment to the development of affordable housing (hereinafter, "**Affordable Housing**," as defined herein), which development will have a positive impact on and provide public benefits to County and City and their residents.
2. County has of even date herewith acquired fee title to the Property from City for the purpose of developing Affordable Housing on the Property, and for which the execution and recordation of this Agreement was a condition of and consideration for City's sale of the Property to County.
3. County has received funding under the Joe Serna, Jr. Farmworker Housing Grant Program for the acquisition of manufactured housing in connection with the development of the Property.
4. County and City agree that the Property should be governed by the Covenants set forth herein.

**NOW, THEREFORE**, in consideration of City's sale of the Property to County and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, County hereby covenants, agrees, and declares that the Property shall be owned, held, used, maintained, and transferred pursuant to the following restrictive covenants, conditions, restrictions, and limitations ("**Covenants**"). Such Covenants shall be binding upon County's successors, assigns and transferees to or of the Property, and upon all leases, tenants, contractors, agents, and persons claiming an interest in the Property, or claiming an interest by and through any of the foregoing.

## **COVENANTS**

1. **Operation of Affordable Housing.** County, for itself and for its successors and assigns, hereby declares, and covenants that use of the Property is restricted to the operation of Affordable Housing and to uses ancillary to such Affordable Housing (including, without limitation, use and occupancy of unit(s) by manager(s) of such Affordable Housing) at amounts not exceeding the Maximum Monthly Rent (excluding unit(s) occupied by manager(s)). For purposes of this Agreement, Affordable Housing means and includes housing restricted to use and occupancy by low-income households (meaning households, adjusted for the actual number of persons in the applicable household, for which gross household income is no more than eighty percent (80%) of Area Median Income for San Mateo County as published annually by the U.S. Department of Housing and Urban Development). For purposes of this Agreement, Maximum Monthly Rent means monthly rents that do not exceed one-twelfth (1/12<sup>th</sup>) of thirty percent (30%) of eighty percent (80%) of Area Median Income for San Mateo County, as adjusted for the actual number of persons in the applicable household. In the event that such income determinations are no longer published, or are not updated for a period of eighteen (18) months or more, County and City shall reasonably agree on other income determinations that are reasonably similar with respect to method of calculation to those referred to herein. Notwithstanding the foregoing, if, upon recertification of household income a household no longer qualifies as a low-income household and the gross household income for the household is greater than eighty percent (80%) of Area Median Income for San Mateo County as defined herein, then subject to compliance with any applicable state program requirements: (a) upon transfer any replacement or next available comparable unit shall target a low-income household; and (b) such household's rent may be increased to the lesser of 30% of the household's actual monthly household income or to a comparable market rent for a unit of comparable size, upon sixty (60) days' written notice to household.

2. **Covenants Run with the Land.** The Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used, and occupied subject to these Covenants. The foregoing Covenants are intended to constitute both equitable servitudes and covenants running with the land. County expressly acknowledges and agrees that the Covenants are reasonable restraints on the County's right to own, use, maintain, and transfer the Property and any estate or interest therein and are not and shall not be construed to be an unreasonable restraint on alienation. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property, or any portion thereof, shall be held conclusively to have been executed, delivered and accepted subject to such Covenants, regardless of whether such Covenants are set forth in such contract, deed, or other instrument.

3. **Binding Effect.** Any purchaser of the Property or of any portion of or interest in the Property, by the acceptance of a deed therefore, whether from the County or from any subsequent owner of the Property, or by the signing of a contract or agreement to purchase the Property, shall by the acceptance of such deed or by the signing of such contract or agreement be deemed to have consented to and accepted the Covenants set forth in this Agreement.

4. **Term of Agreement.** The Covenants in this Agreement shall be binding, effective, and

enforceable commencing upon the Effective Date of this Agreement, and they shall continue in full force and effect for a period of fifty-five (55) years thereafter (the "**Affordable Housing Period**"), regardless of any sale, assignment, transfer, or conveyance (including, without limitation, by foreclosure sale) of the Property or any portion thereof. After the end of the Affordable Housing Period, this Agreement and all of its restrictions shall irrevocably and permanently terminate without any act, cost, or fee due from City, County, or occupants of the Property.

5. **Governing Law.** This Agreement shall be governed by and interpreted under the laws of the State of California.

6. **Recordation of Agreement.** This Agreement shall be recorded, and shall remain, as a lien against the Property in first position over all other agreements, covenants, liens, or other matters of record on the Property. This Agreement may be subordinated to financing upon approval by County and with the consent of City, which consent shall not be unreasonably withheld, delayed, or conditioned.

7. **Default:** Subject to the extensions set forth in Section 10 of this Agreement, failure by either Party to perform any action or covenant required by this Agreement within the time periods provided herein and therein following notice and failure to cure as described hereafter, constitutes a "**Default**" under this Agreement. A Party claiming a Default shall give written notice of Default to the other Party specifying such Default. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other Party, and the other Party shall not be in Default if such Party within thirty (30) days from receipt of such notice, cures, corrects, or remedies such failure or delay, or if such Default cannot reasonably be cured within thirty (30) days, such Party commences such cure within thirty (30) days of receipt of such notice and thereafter diligently prosecutes such cure to completion.

8. **Remedies; Legal Actions:** City's sole remedy for County's uncured Default under this Agreement shall be to institute an action at law or equity to seek specific performance of the terms of this Agreement. City shall not be entitled to recover damages for any Default of County hereunder, and City hereby expressly and unconditionally waives any such right to damages arising from or related to this Agreement. All legal actions must be instituted in the Superior Court of the County of San Mateo, State of California, or in the United States District Court for the Northern District of California.

9. **Notices:** Any notice required or permitted under this Agreement shall be in writing, and may be personally delivered, delivered by reputable courier that provides a receipt with the date and time of delivery, or deposited with the United States Postal Service for mailing, postage prepaid, to the address of the other Party as stated in this Section, and shall be deemed to have been given or sent at the time of personal delivery, delivery by courier, or, if mailed, on the second day following the date of deposit in the course of transmission with the United States Postal Service, with email copy as provided below. Notices shall be sent as follows (subject to update by written notice of a Party):

In the case of County to:	Name/Title: Raymond Hodges, San Mateo County Director of Housing Address: 264 Harbor Blvd., Bldg. A Belmont, CA 94002 Telephone: 650-802-3389 Email: <a href="mailto:rhodges@smchousing.org">rhodges@smchousing.org</a>
With a copy to:	Name: San Mateo County Attorney's Office Address: 500 County Center, 4 <sup>th</sup> Floor

	Redwood City, CA 94063 Telephone: 650-599-1338 Attention: Daniel McCloskey, Esq. Email: <a href="mailto:dmccloskey@smcgov.org">dmccloskey@smcgov.org</a>
<b>In the case of City, to:</b>	Name: City of Half Moon Bay Address: 501 Main Street Half Moon Bay, CA 94109 Attention: Matthew Chidester Telephone: 650-726-8272 Email: <a href="mailto:mchidester@hmbcity.org">mchidester@hmbcity.org</a>
With a copy to:	Name: Catherine C. Engberg, Esq. Title: City Attorney Address: Shute, Mihaly & Weinberger 396 Hayes Street San Francisco, CA 94102-4421 Telephone: 415-522-7272 Email: <a href="mailto:cengberg@smwlaw.com">cengberg@smwlaw.com</a>

**10. Enforced Delay: Extension of Times of Performance:** Performance by either Party shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; pandemics; quarantine; restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials, or tools; delays of any contractor, subcontractor or supplier; acts or omissions of the other Party; acts or failures to act of any public or governmental agency or entity (other than the Parties); or any other causes beyond the control or without the fault of the Party claiming an extension of time to perform. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within ten (10) days of the commencement of the cause. Times of performance under this Agreement may also be extended by written agreement of the Parties.

**11. Relationship Between County and City:** The Parties acknowledge that the relationship between County and City is not that of a partnership or joint venture and that County and City shall not be deemed or construed for any purpose to be the agent of the other.

**12. No Third-party Rights:** The Parties intend that no rights nor remedies be granted to any third party as a beneficiary of this Agreement or of any covenant, duty, obligation, or undertaking established herein.

**13. Approvals and Actions:** Each of the signatories hereto warrants that they are authorized to sign this Agreement on behalf of the Party for whom they sign and binds that Party to the terms of this Agreement. This Agreement shall be administered and executed on behalf of County by the Director of the San Mateo County Department of Housing.

**14. Counterparts:** This Agreement may be signed in multiple counterparts which, when signed by all Parties, shall constitute a binding agreement.

15. **Integration:** This Agreement constitutes the entire understanding and agreement of the Parties, notwithstanding any previous negotiations or agreements between the Parties with respect to the subject matter hereof. Any such prior agreement, promises, negotiations, or representations between the Parties, oral or written, express or implied, are hereby superseded by this Agreement.

16. **Modifications:** Any alteration, change, or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each Party.

17. **Severability:** If any provision of this Agreement shall be held, to any extent, invalid or unenforceable, the remaining provisions shall not in any way be affected or impaired thereby and such provision which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

18. **Legal Advice:** Each Party represents and warrants that they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other Party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

19. **Cooperation:** Each Party agrees to cooperate with the other and to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

20. **Effective Date.** For purposes of this Agreement, the "**Effective Date**" shall mean the date when this Agreement becomes fully executed by all Parties hereto.

*[Signature page follows]*

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the respective dates set forth below.

COUNTY OF SAN MATEO, a political subdivision of the state of California

By:

\_\_\_\_\_

\_\_\_\_\_

Date:

\_\_\_\_\_

CITY OF HALF MOON BAY, a municipal corporation

By:

\_\_\_\_\_

Matthew Chidester,  
City Manager, City of Half Moon Bay

Date:

\_\_\_\_\_

ADD NOTARY ACKNOWLEDGEMENT



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 )  
 ) ss.  
County of \_\_\_\_\_ )

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name 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.**

\_\_\_\_\_ Place Notary seal above

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 )  
 ) ss.  
County of \_\_\_\_\_ )

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name 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.**

\_\_\_\_\_ Place Notary seal above

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 )  
 ) ss.  
County of \_\_\_\_\_ )

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name 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.**

\_\_\_\_\_ Place Notary seal above

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF THE PROPERTY**

[This page intentionally left blank]

**EXHIBIT D**  
**FORM OF CERTIFICATE of ACCEPTANCE**

CERTIFICATE OF ACCEPTANCE

STATE OF CALIFORNIA, COUNTY OF SAN MATEO: SS.

THIS IS TO CERTIFY that the interest in real property conveyed by the Quitclaim Deed dated \_\_\_\_\_, 2025, from CITY OF HALF MOON BAY, a California municipal corporation, as Grantor, to COUNTY OF SAN MATEO, a political subdivision of the State of California, as Grantee, is hereby accepted by order of the Board of Supervisors of the County of San Mateo on \_\_\_\_\_, 2025, pursuant to authority conferred by resolution of the Board of Supervisors of the County of San Mateo adopted on \_\_\_\_\_ 2025, and the County of San Mateo consents to recordation thereof by its duly authorized officer.

WITNESS my hand and official seal.

this \_\_\_\_\_ day of \_\_\_\_\_, 2025

COUNTY OF SAN MATEO

By: \_\_\_\_\_  
Michael P. Callagy  
County Executive Officer