



**AMENDED AND RESTATED AGREEMENT BETWEEN**

**COUNTY OF SAN MATEO**

**AND**

**SAINT FRANCIS CENTER OF REDWOOD CITY**

**TO ASSIST WITH**

**180 BUCKINGHAM AVENUE, NORTH FAIR OAKS, CA**

Contact Person: Gina Russell  
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Phone: (650) 802-3386

AMENDED AND RESTATED AGREEMENT BETWEEN THE COUNTY OF SAN MATEO  
AND  
SAINT FRANCIS CENTER OF REDWOOD CITY

THIS AGREEMENT, entered into this 10 day of December, 2020, by and between the  
COUNTY OF SAN MATEO, hereinafter called "County," and SAINT FRANCIS CENTER OF  
REDWOOD CITY, hereinafter called "Borrower";

WITNESSETH:

**WHEREAS**, the Board of Supervisors (the "Board") recognizes the negative effects on low- and moderate-income households caused by the sale of apartments with affordable, below-market rate rents, which can result in rent increases, displacement and potential homelessness; and

**WHEREAS**, the Board established the Affordable Rental Acquisition and Preservation Program ("ARAPP"), as part of the Affordable Housing Fund ("AHF") to provide funding for the acquisition and preservation of apartment buildings rented at below-market rates in San Mateo County, allocating \$10 million in **Measure K** funds; and

**WHEREAS**, with the Board's approval as set forth in Resolution No. 076236 issued on October 23, 2018 County provided a loan of \$4,000,000 in County ARAPP funds (the "County Loan") to Borrower to acquire property located at 180 Buckingham Avenue in North Fair Oaks in unincorporated San Mateo County, that provided 48 units of naturally occurring affordable housing which was offered for sale (the "Property"), and the County Loan has been fully expended; and

**WHEREAS**, the County Loan is evidenced by an Agreement, a Promissory Note, a Deed of Trust, and a Declaration of Affordability Covenants (the "Affordability Covenant") (collectively, the "County Loan Documents");and

**WHEREAS**, sixteen (16) of the forty-eight (48) units were made ARAPP-Restricted Units, as defined below, with a thirty (30) year period of affordability pursuant to the Affordability Covenant; and

**WHEREAS**, Borrower has requested the County Loan be forgiven and the requirements for any and all residual receipts loan payments be removed in order to lower overhead costs and debt, which would provide the Borrower with greater liquidity and more equity to invest in additional properties in the surrounding area and offer more affordable housing to low-, very low-, and extremely low-income households in San Mateo County; and

**WHEREAS**, since the execution of the County Loan Documents, Borrower has requested the full amount of the County Loan be forgiven and the requirement for payments on the County Loan based on any and all residual receipts be removed in order to lower overhead costs and debt, which would provide Borrower with greater liquidity and more equity to invest in additional properties in the surrounding area and offer more affordable housing to low-, very low-, and extremely low-income households in San Mateo County, for which there is a great need; and

**WHEREAS**, to help advance the goals of preserving and creating affordable housing in the County, Borrower and County have agreed to amend and restate the terms of the County Loan Documents in the following material ways; (1) increase the number of ARAPP restricted units from 16 to 23 units; (2) Extend the term of the Affordability Covenant from 30 years to 99 years; and (3) Upon the expiration of the new term of the Affordability Covenant, forgive the loan as long as Borrower fulfills its obligation to use and maintain the property as affordable housing for low-, very low-, and extremely low – income households during the entire term of the Affordability Covenant; and (4) Remove Borrower's previous requirement to make annual payments during the term of the loan under the previously defined Residual Receipts method.

**NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:**

**1. Exhibits**

The following exhibits are attached to this Agreement and incorporated into this Agreement by this reference:

- Exhibit A – Project Description
- Exhibit B – Disbursement and Rates
- Exhibit C – § 504 Compliance
- Exhibit D – Borrower Declaration Form
- Exhibit E -- San Mateo County Department of Housing Affordable Rental Acquisition and Preservation Program (ARAPP) Funding Policies and Guidelines
- Exhibit F -- Casa de Sobrato, 180 Buckingham Avenue Sources and Uses Statement

**2. Services to be Performed by Borrower**

In consideration for the funding assistance set forth herein and in Exhibit B, Borrower shall perform the services (hereinafter referred to as the “services” or the “work”) necessary to implement the Project as described in Exhibit A.

**3. Disbursements**

Funds from a loan from the County in the amount of Four Million Dollars (\$4,000,000) (“Loan”) were completely disbursed by County to Borrower on March 11, 2019.

**4. Term and Termination**

Subject to compliance with all terms and conditions, the term of this Agreement shall be for ninety-nine (99) years from the date of March 11, 2019 unless otherwise modified in Exhibit A.

DOH may terminate this Agreement for cause after giving Borrower written notice of any breach or default under this Agreement and after the expiration of 60 days from the date of such notice to cure said breach or default, if Borrower fails to cure said breach or default to the satisfaction of the Department, in DOH's sole discretion; provided however, if the breach or default is curable but not of the nature which can be readily cured within 60 days, and Borrower has commenced to cure such breach or default within the 60 day period and is diligently pursuing such cure to completion, Borrower shall have such additional period of time as is reasonably necessary to cure the breach or default. If a default shall occur and be continuing (i.e. Borrower shall fail to cure or to commence to cure), DOH may pursue all rights and remedies available under this Agreement, and under the accompanying Promissory Note and Deed of Trust.

If Borrower assigns its rights and obligations under this Agreement to a limited partnership in accordance with Section 8 hereunder, Borrower's limited partner(s) shall have the same right as Borrower to cure or remedy any default hereunder within the cure period provided to Borrower, extended by an additional sixty (60) days; provided, however, if the default is of such nature that the limited partners reasonably determine that it is necessary to replace the general partner of Borrower in order to cure such default, then the cure period shall be extended for an additional one hundred

and twenty (120) days to provide time for the removal of the general partner of Borrower, and such cure shall be accepted or rejected on the same basis as if tendered by Borrower.

The Department reserves the right to waive any and all breaches of this Agreement, and any such waiver will not be deemed a waiver of all previous or subsequent breaches. In the event DOH chooses to waive a particular breach of this Agreement, it may condition same on payment by Borrower of actual damages occasioned by such breach of Agreement and shall make every effort to resolve the same quickly and amicably.

**5. Availability of Funds**

[Intentionally Omitted]

**6. Relationship of Parties**

Borrower agrees and understands that work/services performed pursuant to this Agreement are performed by Borrower as conditions of receiving loan funding, and not as an employee or joint venture of DOH and that neither Borrower nor its employees acquire any of the rights, privileges, powers, or advantages of County employees.

**7. Hold Harmless**

General Hold Harmless. Borrower shall indemnify and save harmless DOH, County and its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description resulting from this Agreement, the performance of any work or services required of Borrower under this Agreement, or loan disbursement made pursuant to this Agreement brought for, or on account of, any of the following:

- A) Injuries to or death of any person, including Borrower or its employees/officers/agents;
- B) Damage to any property of any kind whatsoever and to whomsoever belonging;
- C) Any sanctions, penalties, or claims of damages resulting from Borrower's failure to comply, if applicable, with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended; or
- D) Any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of DOH and/or its officers, agents, employees, or servants. However, Borrower's duty to indemnify and save harmless under this Section shall not apply to injuries or damage for which DOH has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Borrower to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

**8. Assignability and Subcontracting**

Except as permitted in the Deed(s) of Trust or elsewhere in this Agreement, Borrower shall not assign this Agreement or any portion thereof to a third party or subcontract with a third party to provide services required by Borrower under this Agreement without the prior written consent of the Department. Any such assignment or subcontract without the Department's prior written consent will give DOH the right to automatically and immediately terminate this Agreement. Notwithstanding the

foregoing restrictions, Borrower may, with DOH's prior written consent which shall not be unreasonably withheld, assign its rights and obligations under this Agreement to a limited partnership formed to develop and own the Project. In connection with such assignment, DOH and Borrower acknowledge and agree that this Agreement and any other Loan documents may be amended and restated to reflect such assignment.

**9. Insurance**

Borrower shall not commence work or be required to commence work under this Agreement unless and until all insurance required under this Section has been obtained and such insurance has been approved by County's Risk Management, and Borrower shall use diligence to obtain such insurance and to obtain such approval. Borrower shall furnish DOH with certificates of insurance evidencing the required coverage, and there shall be a specific contractual liability endorsement extending Borrower's coverage to include the contractual liability assumed by Borrower pursuant to this Agreement. These certificates shall specify or be endorsed to provide that thirty (30) days' notice must be given, in writing, to DOH of any cancellation of the policy for reasons other than non-payment of premium, and 10 days' notice of cancellation of the policy for non-payment of premium. In the event the insurance provider does not agree to provide such notice, Borrower shall provide such written notice to the Department.

A) **Workers' Compensation and Employer's Liability Insurance.** If Borrower has employees, Borrower shall have in effect during the entire term of this Agreement workers' compensation and employer's liability insurance providing full statutory coverage. In signing this Agreement, Borrower certifies, as required by Section 1861 of the California Labor Code,

- i. That it is aware of the provisions of Section 3700 of the California Labor Code, which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, and
- ii. That it will comply with such provisions before commencing the performance of work under this Agreement.

B) **Liability Insurance.** Borrower shall take out and maintain during the term of this Agreement such bodily injury liability and property damage liability insurance as shall protect Borrower and all of its employees/officers/agents while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from Borrower's operations funded under this Agreement, whether such operations be by Borrower, any subcontractor, anyone directly or indirectly employed by either of them, or by an agent of either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall not be less than the amount specified below.

Such insurance shall include:

- i. Comprehensive General Liability . . . . . \$1,000,000
- ii. [Intentionally Omitted]

County and its officers, agents, employees, and servants shall be named as additional insured on Comprehensive General Liability insurance, which shall also contain a provision that:

- A) The insurance afforded thereby to DOH and its officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy; and
- B) If DOH or its officers, agents, employees, and servants have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only.

In the event of the breach of any provision of this Section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, DOH, at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further disbursement of funding pursuant to this Agreement until the breach is cured.

#### **10. Compliance With Laws; Payments of Permits / Licenses**

Borrower shall cause all services to be performed by Owner pursuant to this Agreement to be performed in accordance with all applicable Federal, State, County, and municipal laws, ordinances, and regulations, including but not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Federal Regulations promulgated thereunder, as amended (if applicable), the Business Associate requirements set forth in Attachment H (if attached), the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of handicap in programs and activities receiving any Federal or County financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations, including but not limited to appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. In the event of a conflict between the terms of this Agreement and any applicable State, Federal, County, or municipal law or regulation, the requirements of the applicable law or regulation will take precedence over the requirements set forth in this Agreement.

Borrower will timely and accurately complete, sign, and submit an affidavit of compliance.

#### **11. Non-Discrimination and Other Requirements**

- A) *General Non-Discrimination.* No person shall be denied any services provided pursuant to this Agreement (except as limited by the scope of services) on the grounds of race, color, national origin, ancestry, age, disability (physical or mental), sex, sexual orientation, gender identity, marital or domestic partner status, religion, political beliefs or affiliation, familial or parental status (including pregnancy), medical condition (cancer-related), military service, or genetic information.
- B) *Equal Employment Opportunity.* Borrower shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this Agreement. Borrower's equal employment policies shall be made available to the Department upon request.

- C) *Section 504 of the Rehabilitation Act of 1973.* Borrower shall comply with Section 504 of the Rehabilitation Act of 1973, as amended, which provides that no otherwise qualified handicapped individual shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of this Agreement. This Section applies only to Borrowers who are providing services to members of the public under this Agreement.
- D) *Compliance with County's Equal Benefits Ordinance.* With respect to the provision of benefits to its employees, Borrower shall comply with Chapter 2.84 of the County Ordinance Code, which prohibits Borrowers from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse. To meet the requirements of Chapter 2.84, Borrower must certify which of the following statements is/are accurate:
- Borrower complies with Chapter 2.84 by:
    - offering the same benefits to its employees with spouses and its employees with domestic partners.
    - offering, in the case where the same benefits are not offered to its employees with spouses and its employees with domestic partners, a cash payment to an employee with a domestic partner that is equal to Borrower's cost of providing the benefit to an employee with a spouse.
  - Borrower is exempt from having to comply with Chapter 2.84 because it has no employees or does not provide benefits to employees' spouses.
  - Borrower does not comply with Chapter 2.84, and a waiver must be sought.
- E) *Discrimination Against Individuals with Disabilities.* Borrower shall comply fully with the nondiscrimination requirements of 41 C.F.R. § 60-741.5(a), which is incorporated herein as if fully set forth.
- F) *History of Discrimination.* Borrower must check one of the two following options, and by executing this Agreement, Borrower certifies that the option selected is accurate:
- No finding of discrimination has been issued in the past 365 days against Borrower by the Equal Employment Opportunity Commission, the Department of Fair Employment and Housing, or any other investigative entity.
  - Finding(s) of discrimination have been issued against Borrower within the past 365 days by the Equal Employment Opportunity Commission, the Department of Fair Employment and Housing, or other investigative entity. If this box is checked, Borrower shall provide DOH with a written explanation of the outcome(s) or remedy for the discrimination.
- G) *Violation of Non-discrimination provisions.* Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject Borrower to penalties, to be determined by the County Manager, including but not limited to the following:

- i) termination of this Agreement;
- ii) disqualification of Borrower from bidding on or being awarded a County contract for a period of up to 3 years;
- iii) liquidated damages of \$2,500 per violation; and/or
- iv) imposition of other appropriate contractual and civil remedies and sanctions, as determined by the County Manager.

To effectuate the provisions of this Section, the County Manager shall have the authority to examine Borrower's employment records with respect to compliance with this Section and/or to set off all or any portion of the amount described in this Section against amounts due to Borrower under this Agreement or any other agreement between Borrower and County.

Borrower shall report to the County Manager the filing by any person in any court of any complaint of discrimination or the filing by any person of any and all charges with the Equal Employment Opportunity Commission, the Department of Fair Employment and Housing, or any other entity charged with the investigation of allegations within 30 days of such filing, provided that within such 30 days such entity has not notified Borrower that such charges are dismissed or otherwise unfounded. Such notification shall include the name of the complainant, a copy of such complaint, and a description of the circumstance. Borrower shall provide DOH with a copy of their response to the Complaint when filed.

**12. Compliance with County Employee Jury Service Ordinance**

For all agreements with a total contract amount exceeding \$100,000 inclusive of amendments, Borrower shall comply with Chapter 2.85 of the County's Ordinance Code, which states that a Borrower shall have and adhere to a written policy providing that its employees, to the extent they live in San Mateo County, shall receive from Borrower, on an annual basis, no fewer than five days of regular pay for jury service in San Mateo County, with jury pay being provided only for each day of actual jury service. The policy may provide that such employees deposit any fees received for such jury service with Borrower or that Borrower may deduct from an employee's regular pay the fees received for jury service in San Mateo County. By signing this Agreement, Borrower certifies that it has and adheres to a policy consistent with Chapter 2.85. For purposes of this Section, if Borrower has no employees in San Mateo County, it is sufficient for Borrower to provide the following written statement to County: "For purposes of San Mateo County's jury service ordinance, Borrower certifies that it has no employees who live in San Mateo County. To the extent that it hires any such employees during the term of its Agreement with San Mateo County, Borrower shall adopt a policy that complies with Chapter 2.85 of the County's Ordinance Code."

**13. Retention of Records, Right to Monitor and Audit**

- A) Borrower shall maintain all required records for five (5) years after DOH makes final payment and all other pending matters are closed, and Borrower shall be subject to the examination and/or audit of County, a Federal grantor agency, and the State of California.
- B) Reporting and Record Keeping: Borrower shall comply with all program and fiscal reporting requirements set forth by appropriate Federal, State, and local agencies, and as required by Department.

- C) Borrower agrees upon reasonable notice to provide to DOH, to any Federal or State department having monitoring or review authority, to Department's authorized representatives, and/or to any of their respective audit agencies access to and the right to examine all records and documents necessary to determine compliance with relevant Federal, State, and local statutes, rules, and regulations, to determine compliance with this Agreement, and to evaluate the quality, appropriateness, and timeliness of services performed.

**14. Lobbying Prohibited**

Federal funds will not be used by Borrower for publicity or propaganda purposes designed to support or defeat legislation pending before federal, state or local government. Federal funds will not be used by Borrower to lobby or influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the award of any Federal contract.

**15. Influencing Prohibited**

- A) No Federal appropriated funds have been paid or will be paid, by or on behalf of Borrower to any person for influencing or attempting to influence an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
- B) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, Borrower will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions; and
- C) The language of paragraphs 15A and 15B will be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

**16. Merger Clause & Amendments**

This Agreement, including the Exhibits and Attachments attached to this Agreement and incorporated herein by reference, constitutes the sole Agreement of the parties to this Agreement and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement, or specification set forth in the body of this Agreement conflicts with or is inconsistent with any term, condition, provision, requirement, or specification in any Exhibit and/or Attachment to this Agreement, the provisions of the body of the Agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications or amendments shall be in writing and signed by the parties.

**17. Controlling Law and Venue**

The validity of this Agreement and of its terms or provisions, the rights and duties of the parties under this Agreement, the interpretation of this Agreement, the performance of this Agreement, and any other dispute of any nature arising out of this Agreement shall be governed by the laws of the State of California without regard to its choice of law rules. 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.

**18. Notices**

Any notice, request, demand, or other communication required or permitted under this Agreement shall be deemed to be properly given when both:

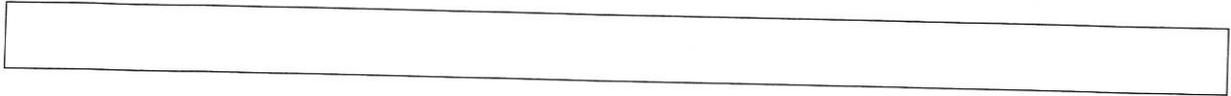
- A) Transmitted via facsimile to the telephone number listed below or transmitted via email to the email address listed below; and
- B) Sent to the physical address listed below by either being deposited in the United States mail, postage prepaid, or deposited for overnight delivery, charges prepaid, with an established overnight courier that provides a tracking number showing confirmation of receipt.

In the case of County, to:	In the case of Borrower, to:
<p>Name/Title: Raymond Hodges, Director Department of Housing County of San Mateo</p> <p>Address: 264 Harbor Blvd., Bldg. A Belmont, CA 64002-4017</p> <p>Telephone: 650-802-5024 Facsimile: 650-802-5049 Email: rhodges@smchousing.org</p>	<p>Name/Title: Sister Christina Heltsley Executive Director Saint Francis Center of Redwood City</p> <p>Address: 151 Buckingham Avenue Redwood City, CA 94063</p> <p>Telephone: 650-365-7829 Facsimile: N/A Email: schristina@aol.com</p>

**19. Electronic Signature**

If both DOH and Borrower wish to permit this Agreement and future documents relating to this Agreement to be digitally signed in accordance with California law and the County of San Mateo's Electronic Signature Administrative Memo, both boxes below must be checked. Any party that agrees to allow digital signature of this Agreement may revoke such agreement at any time in relation to all future documents by providing notice pursuant to this Agreement.

- For DOH:  If this box is checked by DOH, DOH consents to the use of electronic signatures in relation to this Agreement.
- For Borrower:  If this box is checked by Borrower, Borrower consents to the use of electronic signatures in relation to this Agreement.



THIS CONTRACT IS NOT VALID UNTIL SIGNED BY ALL PARTIES

REST OF PAGE DELIBERATELY LEFT BLANK

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands.

COUNTY OF SAN MATEO

By: \_\_\_\_\_  
County of San Mateo

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

BORROWER: St. Francis Center of Redwood City

By: Sister Christina Heltsley  
Borrower's Signature (use blue ink only)

Print Name: Sister Christina Heltsley

Print Title: Executive Director

Date: 12-10-2020

**Exhibit A**  
**Project Description and Requirements**

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In consideration of the payments set forth in Exhibit B and described below, Borrower shall undertake the following activities and comply with the following restrictions and requirements:

**1. Project Description.**

Name of Project: Casa de Sobrato Apartments

Project Location / Address: 180 Buckingham Avenue, Redwood City, CA 94063

Assessor's Parcel Number(s): 054-271-150

Total # of Units Proposed: 48

Total # of Affordable Units Proposed: 47, plus 1 manager unit, for a total of 48 units

Summary Project Description:

On April 12, 2019 Saint Francis Center received \$4,000,000 of ARAPP funding to support the acquisition of Casa de Sobrato Apartments in the unincorporated area of the County of San Mateo, also known as North Fair Oaks. This Property has one building that consists of eight two-bedroom apartments, thirty-seven (37) one-bedroom apartments, and three studios, for a total of 48 units or 51,701 square feet. Saint Francis Center has purchased the Casa de Sobrato Apartments, located at 180 Buckingham Avenue for \$21.75 million. They will use the forgivable loan of \$4,000,000 from County ARAPP to retire some of the principal on the \$8,000,000 private loan from First Republic Bank, along with Saint Francis Center funds and donations. The cost per unit to the County is \$83,333.

Saint Francis Center of Redwood City acquired this Property with the intention that as units become vacant, they will convert all market rate units, excepting the unit assigned to a property manager, to affordable units targeting households at or below 80% Area Median Income (AMI). St. Francis' Center anticipates that approximately 20% of the units will be converted from market to affordable each year for the first five (5) years of operation. The proposed unit mix is discussed further under Exhibit A, Section 3.

Sources of Committed Funds

Funding provided in this Agreement was from the following FY 2018/19 sources:

	<b>ARAPP (Measure K)</b>	<b>TOTAL</b>
FY 2018-2019	\$4,000,000	\$4,000,000

Project Sources & Uses Development Budget:

The budget detailed in Exhibit F of this Agreement represents current stage financing projections for the Project and are subject to change as the Project design and program is further refined.

2. County of San Mateo Affordable Rental Acquisition and Preservation Program (ARAPP) Requirements (ARAPP)

Amount: \$4,000,000

Funds from DOH's Affordable Rental Acquisition and Preservation Program (ARAPP) will be used for the following eligible activities: site acquisition.

A. ARAPP-Restricted Units

Determination of ARAPP-Restricted Units - An ARAPP-Restricted Unit is a residential unit that is subject to rent and occupancy restrictions as a result of the financial assistance provided by DOH, as specified in the ARAPP Notice of Funding Availability, this ARAPP Loan Agreement, and the Restrictive Covenant.

For this Agreement, 23 units out of the 48 units for this Project will be considered ARAPP-Restricted Units.

B. Affordability and Occupancy Requirements .

All ARAPP-Restricted Units must remain affordable for a minimum of ninety-nine (99) years. Borrower may request that DOH approve longer affordability periods. For this Project, the affordability period shall be ninety-nine (99) years.

- i. Existing Tenants. Upon closing of the loan and completion of funding from County of San Mateo, Borrower will continue to honor the leases of all Existing Tenants. Subject to the provisions of any local rent control ordinances and the rules and regulations of any rent subsidies utilized by Existing Tenants, the leases of Existing Tenants may be adjusted annually, at most, by 5% for any 12-month period on an existing lease. In the case of Existing Tenants who, at the time of closing and funding of the loan by San Mateo County, pay more than 30% of the target income for unit size, as set forth by the County annually. To the greatest extent possible, Borrower must work with DOH to reduce the Existing Tenants' share of rent payments at the earliest possible time, with a goal of setting such tenant share of rent payments at approximately 30% of the target income for unit size, as set forth by the County annually or the amount required under any applicable rental subsidy program.

Nothing herein shall be construed to prevent Borrower from collecting total rent payments that equate to more than 30% of the target income for unit size, as set forth by the County annually for a unit where a tenant-based or project-based rental subsidy is applied and authorized to pay the rent requested by Borrower up to the amount approved by the agency issuing such rental subsidies.

- ii. Vacant Units. Upon funding and closing the loan from San Mateo County and from that point forward, all units (except for an onsite manager's unit) must be rented upon vacancy to households earning, at most, 80% of AMI, and must be rented at rates affordable to such households. Affordable rents shall be defined to mean the maximum affordable rents for each income category as specified in Section 3B of Exhibit A of this Agreement.

For ARAPP-Restricted Units where tenant-based or project-based rental subsidies are applied, the tenant portion of rent payments for a unit will be restricted to the amount required by any tenant-based or project-based rental subsidy program applicable to a unit. The total rent for a unit may be set at the sum of the tenant's portion of rent and the rental subsidy payment, up to the maximum amount permitted by the rental subsidy program.

- iii. County Client Referred Tenants. For this Project, Borrower must rent a minimum of two (2) Units to County referred clients and a minimum of one (1) unit to any client off of the St. Francis Center maintained waitlist (Waitlist) with an income no greater than 80% AMI. Upon loan closing and from that point forward until such time as Borrower has met the minimum requirement of two renting (2) Units to County referred clients and one (1) unit to any client off of the St. Francis maintained Waitlist, Borrower must rent the first available ARAPP-Restricted Unit to a Client referred by the County, the second available unit to a Client referred by the County, and the third available vacancy to a client selected from a St. Francis Center maintained waitlist (Waitlist), with an income not to exceed 80% AMI until such time as the agreed upon set asides for homeless families (5% of units) and Extremely Low Income tenants (ELI – 10% of units) have been met. St. Francis Center must maintain compliance with these agreed upon set asides for the term of the Declaration of Affordability Covenants of ninety-nine (99) years and when set aside units become vacant, to rent to another homeless family and/or ELI tenant. For this Project, Borrower must rent a minimum of two (2) Units to County referred clients and a minimum of one (1) unit to any client off of the Waitlist with an income no greater than 80% AMI.

- C. Affordability and Physical Distribution of the Rental Units: DOH must approve the affordability mix of the development. The ARAPP-Restricted Units should be distributed by unit size, amenity mix, and income affordability throughout the entire development.
- i. ARAPP-Restricted Units in the Project will be floating units: Upon recertification of household income, if a household no longer qualifies to occupy their ARAPP-Restricted Unit at the initially targeted affordability level for that unit, then the next available comparable unit shall become designated to target households at the same initially targeted affordability level as the recertified household's unit. The objective is to ensure the development maintains the initial affordability mix of the ARAPP-Restricted Units over time.
  - ii. Rent Limit Compliance: DOH will periodically monitor the Project to ensure that the ARAPP-Restricted Units are in compliance with these affordability requirements, and that procedures used to calculate the maximum tenant-paid rent for ARAPP-Restricted Units are consistent with ARAPP policies and requirements.
  - iii. In connection with this Agreement, Borrower shall execute and record an "Affordability Covenant" restricting units as described above.
- D. Affordability Requirements: All ARAPP-Restricted units in permanent multifamily rental developments must remain affordable for a minimum of ninety-nine (99) years.
- E. Income Limits: All ARAPP-Restricted rental units must be restricted and affordable to households at or below 80% of Area Median Income ("AMI") for San Mateo County as published annually by the United States Department of Housing and Urban Development ("HUD"). In addition, after excluding the manager(s) unit(s), at least 10% of the remaining units in the Project must be restricted to and affordable to households at or below 30% of AMI (ELI), and at least 5% of the units in the Project, with a minimum of two units, must be targeted to homeless family households. All of these units shall be considered ARAPP-Restricted units as defined in Section 2.A of this Exhibit A.
- F. Affordability and Physical Distribution of the Rental Units: County must approve the affordability mix of the Project. ***The ARAPP-Restricted Units should be distributed by unit size, amenity mix, and income affordability throughout the entire Project, to the greatest extent possible.***

ARAPP -Restricted units in the Project will be floating units: Upon recertification of household income, if a household no longer qualifies to occupy their ARAPP - Restricted unit at the initially targeted affordability level for that unit, then the next available comparable ARAPP -Restricted unit shall become designated to target households at the same initially targeted affordability level as the recertified household's unit. The objective is to ensure the Project maintains the agreed upon affordability-mix of the ARAPP-restricted units over time.

Rent Limit Compliance: County will periodically monitor the Project to ensure that the ARAPP-Restricted units are in compliance with these affordability requirements, and that procedures used to calculate the maximum tenant-paid rent for ARAPP-Restricted units are consistent with the Project's policies and requirements.

Vacancies of ARAPP-Restricted Homeless Household Units: Borrower shall provide County with written notice of an upcoming vacancy of unit occupied by an ARAPP-Restricted homeless family household as soon as Borrower is made aware of such upcoming vacancy. Once notified, HACSM will endeavor to refer at least two eligible homeless family households to Borrower for screening. Should subject unit remain vacant for 30 days after notifying HACSM of a vacancy due to HACSM's failure to refer an eligible homeless family household, Borrower may rent the vacant unit to another income-eligible household from its waitlist. In this event, HACSM shall have opportunity to refer additional homeless family households for screening upon vacancy of another ARAPP-Restricted Homeless Household Unit.

**3. Unit Affordability Provisions.**

- A. Project Tenancy: *The ARAPP -Restricted units should be distributed by unit size, amenity mix, and income affordability throughout the entire Project, to the greatest extent possible.*
- B. Estimated Tenant Share of Monthly Rent for ARAPP-Restricted Units at 80% AMI, 60% AMI LI and VLI (50% of AMI) income levels, before utility allowance adjustments:

<u>Income Category</u>	<u>Studio</u>		<u>1BR</u>		<u>2BR</u>	
	Units	Rent	Units	Rent	Units	Rent
FMR		\$2,014		\$2,499		\$2,640
Homeless Set Aside	1		1		1	
30% of AMI – ELI	4	\$770	4	\$825	2	\$990
50% of AMI		\$1,283		\$1,375		\$1,650

80% of AMI	4	\$2,054	4	\$2,200	2	\$2,640
Estimated Utility Allowance for Affordable Units	-	\$	-	\$	-	\$
<i>All homeless tenants will be referred by the Housing Authority of the County of San Mateo with a tenant-based voucher. Maximum rents will be established by HACSM.</i>						

4. **Subordination**: The Restrictive Covenant executed in connection with this Agreement shall be subordinate to the permanent loan(s) and its securities as anticipated for this Property. Any mortgage or Deed of Trust and the affordability period shall be terminated in the event of a foreclosure or transfer in lieu of foreclosure so long as DOH is provided with notice and cure rights with respect to such mortgage or Deed of Trust. However, this affordability restriction shall be revived if, during the original term hereof, the owner of record before the foreclosure or other transfer, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the Property.

Borrower grants to DOH the right to take any and all legal action necessary to enforce the provisions of this Restrictive Covenant, and Borrower will be responsible for all reasonable legal expenses incurred by DOH in the enforcement of this Restrictive Covenant.

5. **Environment Review**: [Intentionally Omitted]

6. **Prevailing Wage**. [Intentionally Omitted]

7. **Performance Period**. [Intentionally Omitted]

8. **Compliance Period**. The Compliance Period is defined as: the time frame beginning immediately upon closing and funding of the County of San Mateo Loan for the Project and ending upon the Note maturity set forth in the Note.

Beginning in 2018, on an annual basis during the Compliance Period, or more often if required by DOH, Borrower shall provide DOH with all information necessary to monitor the Project relating to program compliance matters. Annual information required will include but is not necessarily limited to: evidence of continuing fire and liability insurance; self-certified financial statement; tenant incomes and rents; and any other compliance information as may be reasonably required by the Department.

9. **Property Standards**. [Intentionally Omitted]

10. **Agreement Term Extension**. [Intentionally Omitted]

11. **Performance Schedule and Quarterly Performance Reporting.** Not Applicable
12. **Project Completion Reporting.** Not Applicable
13. **Monitoring.** In accordance with the Agreement provision pertaining to *Retention of Records*, during the Performance and Compliance Periods described in this Exhibit, DOH may undertake monitoring of Borrower's records and premises for program compliance. As applicable, Borrower shall keep and maintain income records of all tenants who rent any ARAPP-Restricted Units for the entire period of affordability term. Notwithstanding the aforementioned, Borrower shall maintain all required records for any ARAPP-Restricted Units for a period of five (5) years after the end of the Compliance Period. Borrower shall be given adequate notice of any monitoring.
- DOH may review documents relevant to the financial condition of the Property to ensure long-term viability. DOH will conduct a monitoring review of Project periodically according to HUD requirements for affordability and other standards. Monitoring visits will consist of the following:
- (1) On-site inspections of selected units/common areas and resident files. All units and files need to be accessible during the monitoring visit for random sampling.
  - (2) Verification of Borrower-completed Tenant Profile form, as applicable, containing demographic information such as race/ethnicity, and income verification. If a resident refuses to provide race/ethnicity, Borrower may make a visual observation and note in the application that the resident declined to answer. Income verifications should be completed on an annual basis.
14. **Contract Number.** All correspondence, payments, and reports must include the DOH contract number.
15. **Rents and Occupancy.** Borrower shall rely on income determination calculations set forth in 24 CFR Part 5 (i.e., the Section 8 Voucher Program). DOH low-income and HOME rent-limits may be obtained from the DOH website [www.smchousing.org](http://www.smchousing.org).
16. **Tenant Protections.** For all vacancies after the commencement of the Term, Borrower shall provide a lease for rental housing and such lease will be for not less than one year, unless by mutual agreement between the tenant and the Owner.

17. **Security/Term/Loan Terms.** Unless otherwise noted herein, funding is provided in the form of a loan or loans, in accordance with terms described in this Paragraph. Should the funding provided in this Agreement be from more than one DOH funding source, separate Promissory Notes ("Note") and Deeds of Trust will be executed for each funding source. For each funding source, prior to any disbursement of funds, Borrower shall execute and deliver a Note in the amount indicated below and execute a Deed of Trust in favor of DOH to secure the performance of all terms and conditions of the Note and this Agreement.

Funding Source	Note Amount	Deed of Trust Amount
DOH ARAPP Funds – Measure K	\$4,000,000	\$4,000,000

The Note[s] will be non-recourse. The Deed[s] of Trust will be recorded in the Office of the Recorder of the County of San Mateo. The Deed[s] of Trust may will be subordinate to any liens of Borrower's permanent financing. DOH agrees to execute subordination agreements reasonably requested by Borrower's permanent lenders.

The principal amount under the Note shall bear an interest rate of zero percent (0%) simple interest from the date of execution. Payment in full on the Note, including any accrued interest, will be due and payable no later than ninety-nine (99) years after the date of the Note ("Note Maturity") except in the case where the Borrower meets the conditions of forgiveness in section 19 of Exhibit A. The Note and Deed of Trust will be executed prior to any disbursement of funds under this Agreement. Should there be a conflict in the language between the Note and this Agreement, the Note will prevail.

18. (Intentionally Omitted)

19. **Forgiveness of Debt.** Borrower promises to maintain, as set forth in the Amended and Restated Affordability Covenant, a minimum of twenty-three (23) ARAPP - Restricted units for ninety-nine (99) years. Upon the expiration of the Amended and Restated Affordability Covenant, the County will forgive the loan so long as Borrower fulfills its obligation to use and maintain the Project as affordable housing for low-, very low-, and extremely low-income households during the entire term of the Affordability Covenant.

The anniversary date for meeting the loan forgiveness commitment is December 31, 2118. If on this anniversary, Borrower has maintained twenty-three (23) units for ninety-

nine (99) consecutive years, then 100% of the outstanding principal as well as the interest payments set forth herein shall be forgiven by the County. If, however, on this anniversary, Borrower has not maintained twenty-three (23) units as ARAPP-Restricted units for ninety-nine (99) years, the full amount of the loan shall become due and payable.

20. **Prepayment.** Prepayments may be made at any time without penalty.

21. **Due on Sale, Refinance or Transfer of Title.** Except as permitted in the Deed(s) of Trust or as otherwise provided in this Agreement, Borrower shall not assign its rights under this Agreement without obtaining the prior written consent of the Director or his/her designee or sell or refinance the Property or Project other than a refinance for a permanent loan to repay any interim loans taken out to undertake the purchase of the Project. In the event of a sale or transfer of the Project or any interest therein by Borrower without such consent, which shall not be unreasonably withheld, the entire principal balance of the Note, including any accumulated interest, will be immediately due and payable and distributed pro rata to DOH, provided, however, assignment or transfer of the Project to a limited partnership for purposes of syndicating low income tax credits and in which Borrower or a nonprofit affiliate of Borrower or a limited liability company whose members are a nonprofit affiliate of Borrower is the general partner, any transfer of the Project pursuant to a purchase option or right of first refusal granted to the general partner of Borrower or an affiliate thereof, any transfer of limited partnership interests in Borrower or removal of the general partner of Borrower and replacement with the limited partner or an affiliate thereof or another entity, with the affiliate or other entity subject to approval by DOH in its reasonable discretion, shall not be considered a sale or transfer of the Project.

22. **Acceleration of Note.** In the event Borrower breaches any of the terms and conditions of this Agreement after sixty (60) days written notice to Borrower and a subsequent 60 day notice to the investor limited partner of Borrower (if applicable) and failure to correct the breach, Borrower will be in default of the terms and conditions of this Agreement as well as the Note, and DOH may demand immediate and full payment of the principal amount of this Note and any accrued interest, and/ or may initiate foreclosure proceedings under the Deed of Trust; provided, however, if the breach cannot reasonably be cured within 60 days, Borrower shall not be in default under this Agreement if Borrower has commenced the cure within 60 days' written notice from DOH and is diligently pursuing the cure to completion. DOH agrees that Borrower's obligations under the Note shall be nonrecourse, as provided in Section 16.

Borrower's limited partner(s) shall have the same right as Borrower to cure or remedy any default hereunder within the cure period provided to Borrower, extended by an additional sixty (60) days; provided, however, if the default is of such nature that the limited partners reasonably determine that it is necessary to replace the general partner of Borrower in order to cure such default, then the cure period shall be extended until the date sixty (60) day following the removal of the general partner of Borrower, and such cure shall be accepted or rejected on the same basis as if tendered by Borrower.

For the purposes of this Agreement, default may result from:

- a) Failure of Borrower to make any payment hereunder as when and due;
- b) Failure of Borrower to perform or observe any terms or provisions of this Agreement, including but not limited to meeting affordability requirements;
- c) Use of funds under this Agreement for purposed not approved by DOH; or
- d) Occurrence of any other event (whether termed default, event of default, or otherwise) which under the terms of this Agreement will entitle DOH to exercise rights or remedies hereunder.

23. **Title Policy.** If funds provided in this Agreement are to assist in property acquisition, Borrower shall open an escrow account with a mutually acceptable title company. DOH as a lender shall provide enabling escrow which will include instructions to record the Deed of Trust.

For all loans secured by a Deed of Trust, at the close of escrow Borrower shall obtain an ALTA extended coverage lender's policy of title insurance in an amount not less than the face value of the Note, clear of any title defects which would prevent the operation of the proposed Project. Borrower shall be responsible for paying all recording fees, escrow fees, the premium for the title insurance policy, all fees and cost for any new financing, and shall pay any applicable transfer taxes.

24. **Fire and Extended Coverage.** Borrower, at its costs, shall maintain on the Property a policy of standard fire and extended coverage during the term of the Note and Deed of Trust securing this Agreement, or any subsequently executed document which replaces the Note and Deed of Trust, with vandalism and malicious mischief endorsements, to the extent of at least the full replacement value of the improvements

which are or will be part of the premises. The insurance policy must be issued in the names of Borrower and DOH as their interests appear. The insurance policy must contain a lender's loss payment endorsement, providing that any proceeds will be payable to DOH as its interests appear and will be subject to the interest of senior lenders, if Borrower fails to undertake to restore the damages improvements, reconstruct the destroyed improvements and/or perform other necessary repairs within a reasonable time necessary to make such repairs

Subject to the requirements of senior lenders in the event that Borrower shall undertake to restore the damaged improvements or to reconstruct the destroyed improvements within a period of sixty (60) days of receipt of insurance proceeds, such insurance proceeds received by DOH will be released to Borrower as payments are required for said purposed, and upon completion of such restoration or reconstruction, any balance thereof remaining will be paid to Borrower forthwith, subject to the rights of senior lenders.

In the event that Borrower fails to undertake the restoration or reconstruction of such improvements within sixty (60) days after receipt of insurance proceeds following any such damage or destruction, there will be paid and released to DOH from such insurance proceeds a sum equal to the cost of clearing the premises in the event Borrower does not at its own expense clear the premises within said period. Subject to the rights of senior lender, the balance will be held to compensate the parties to this Agreement as if the premises were sold. Subject to the requirements of senior lenders, Borrower shall also sell the vacant land on the open market and the proceeds of said land sale will be paid to DOH to repay the loan.

25. **Notification to DOH Tenant Marketing.** Borrower shall provide DOH with a copy of Borrower's tenant marketing plan for the Project plus notices advertising availability of units. DOH shall, in turn, advertise any Project openings or vacancies through its on-going housing informational communication to outside agencies.

26. **Mandatory Acknowledgement of DOH as Funder.** All activities receiving any type of funding assistance and/or substantial technical assistance through DOH for capital improvements will be required to indicate such in any advertising, marketing, public presentations, press releases, written materials, or Project descriptions.

All capital Projects must display signage as described below:

## Exhibit B- Disbursement and Rates

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Funding under this Agreement is to be used to support work scope activity and delivery costs enumerated in Exhibit A. None of the funding shall be used to support Borrower's general administration costs. Subject to the terms of the Agreement, DOH shall disburse loan funds to Borrower based on the following fee schedule and terms:

Fully Dispersed on April 11, 2019

Exhibit C - § 504 Compliance

**ASSURANCE OF COMPLIANCE WITH SECTION 504 OF THE REHABILITATION ACT OF 1973, AS AMENDED**

The undersigned (hereinafter called "Borrower(s)") hereby agrees that it will comply with Section 504 of the Rehabilitation Act of 1973, as amended, all requirements imposed by the applicable DHHS regulation, and all guidelines and interpretations issued pursuant thereto.

Borrower(s) gives/give this assurance in consideration of and for the purpose of obtaining a loan after the date of this assurance. Borrower(s) recognizes/recognize and agrees/agree that loan proceeds will be extended in reliance on the representations and agreements made in this assurance. This assurance is binding on Borrower(s), its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this assurance on behalf of Borrower(s).

Borrower(s): (Check a or b)

a. Employs fewer than 15 persons.

b. Employs 15 or more persons and, pursuant to section 84.7 (a) of the regulation (45 C.F.R. § 84.7 (a)), has designated the following person(s) to coordinate its efforts to comply with the DHHS regulation.

Name of 504 Person: Sister Christina Heltsley

Name of Borrower(s): Saint Francis Center of Redwood City

Street Address or P.O. Box: 151 Buckingham Avenue

City, State, Zip Code: Redwood City, CA, 94063

I certify that the above information is complete and correct to the best of my knowledge

Signature:

*Sister Christina Heltsley*

Title of Authorized Official:

Executive Director

Date:

12-10-2020

\*Exception: DHHS regulations state that: "If a recipient with fewer than 15 employees finds that, after consultation with a disabled person seeking its services, there is no method of complying with (the facility accessibility regulations) other than making a significant alteration in its existing facilities, the recipient may, as an alternative, refer the handicapped person to other providers of those services that are accessible."

**Exhibit D  
Borrower's Declaration Form**

**I. BORROWER INFORMATION**

Borrower Name:	Saint Francis Center of Redwood City	Phone:	650-365-7829
Contact Person:	Sister Christina Heltsley	Fax:	N/A
Address:	151 Buckingham Avenue, Redwood City, CA, 94063		

**II. EQUAL BENEFITS** (check one or more boxes)

Borrowers receiving loans in excess of \$5,000 must treat spouses and domestic partners equally as to employee benefits.

- Borrower complies with the County's Equal Benefits Ordinance by:
  - offering equal benefits to employees with spouses and employees with domestic partners.
  - offering a cash equivalent payment to eligible employees in lieu of equal benefits.
- Borrower does not comply with the County's Equal Benefits Ordinance.
- Borrower is exempt from this requirement because:
  - Borrower has no employees, does not provide benefits to employees' spouses, or the contract is for \$5,000 or less.
  - Borrower is a party to a collective bargaining agreement that began on \_\_\_\_\_ (date) and expires on \_\_\_\_\_ (date), and intends to offer equal benefits when said agreement expires.

**III. NON-DISCRIMINATION** (check appropriate box)

- Finding(s) of discrimination have been issued against Borrower within the past year by the Equal Employment Opportunity Commission, the Department of Fair Employment and Housing, or other investigative entity. Please see attached sheet of paper explaining the outcome(s) or remedy for the discrimination.
- No finding of discrimination has been issued in the past year against Borrower by the Equal Employment Opportunity Commission, the Department of Fair Employment and Housing, or any other entity.

**IV. EMPLOYEE JURY SERVICE** (check one or more boxes)

Borrowers receiving loans in excess of \$100,000 must have and adhere to a written policy that provides its employees living in San Mateo County up to five days regular pay for actual jury service in the County.

- Borrower complies with the County's Employee Jury Service Ordinance.
- Borrower does not comply with the County's Employee Jury Service Ordinance.
- Borrower is exempt from this requirement because:
  - the contract is for \$100,000 or less.
  - Borrower is a party to a collective bargaining agreement that began on \_\_\_\_\_ (date) and expires on \_\_\_\_\_ (date), and intends to comply when the collective bargaining agreement expires.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I am authorized to bind this entity contractually.

Sister Christina Heltsley  
Signature

12-10-2020  
Date

Sister Christina Heltsley  
Sister Christina Heltsley  
Executive Director  
Executive Director

**Exhibit E**  
**San Mateo County Department of Housing Affordable Rental Acquisition and  
Preservation Program (ARAPP) Funding Policies and Guidelines**

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SAN MATEO COUNTY -- DEPARTMENT OF HOUSING

AFFORDABLE RENTAL ACQUISITION AND PRESERVATION PROGRAM (ARAPP)

NOTICE OF FUNDING AVAILABILITY (NOFA)

I. INTRODUCTION AND BACKGROUND

The County of San Mateo Department of Housing (DOH or the Department) is made-up of two units, the Housing Authority of the County of San Mateo (HACSM) and the Housing and Community Development Division (HCD). HACSM is a Moving to Work agency, providing Section 8 rental assistance to some of the lowest income households in the County. HCD manages grant and loan programs funded through the U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) and HOME Investment Partnership Programs, as well as County General Funds and HACSM Moving to Work Housing Assistance Payments (HAP) reserves. Together, HACSM and HCD provide millions of dollars annually for housing assistance, housing development, and public services across the County.

DOH and the County's Board of Supervisors recognize the negative effects for low- and moderate-income households of apartment sales which result in rent increases and displacement. The growing need for affordable housing in San Mateo County requires a multi-pronged approach which includes both the construction of new affordable housing and the preservation of existing affordable housing.

In March 2015, after successful execution of two Affordable Housing Fund (AHF) NOFAs allocating over \$17.6 million of former-Redevelopment Agency "Boomerang" funds and HACSM Moving to Work HAP reserves for the development of eight affordable housing projects and creation or renovation of four shelters, the Board took steps toward allocating an additional \$11.5 million in Measure A funds, proceeds of a half-cent sales tax approved by County voters in November 2012 to maintain the quality of life for all County residents by providing essential services and maintaining and/or replacing critical facilities. The following month, the Board, acting as the Governing Board of HACSM, approved an additional \$2 million of HACSM Moving to Work HAP reserves for affordable housing initiatives.

Five million four hundred thousand dollars (\$5.4 million) of these combined Measure A and HAP reserves funds were awarded to six affordable housing projects under the Department's Affordable Housing Fund 3.0 NOFA which included a Multifamily Preservation Demonstration award category intended to provide capital for the acquisition and minor rehabilitation of at least one midsize, multi-family rental development with below market rents. Under the program, rent restrictions were to be added to the acquired building(s), securing below market rents for lower income households for years to come. Through a competitive process, the Department of Housing selected MidPen Housing and awarded \$1,000,000 to the organization to pilot the program. The County subsequently added \$420,000 to the original award. The \$1.42 million loan supported the purchase and rehabilitation of a 9-unit property in Pacifica, California that met the parameters of the pilot.

In February 2016, the Board adopted a resolution approving a \$2.5 million loan to the Human Investment Project to support the acquisition and renovation of a 16-unit apartment building in the City of San Mateo. This acquisition was also consistent with the goal of preserving "naturally-occurring" non-rent-restricted multifamily affordable housing in San Mateo County rented to tenants at below-market rates.

Since that time, the Board has been made aware of additional multifamily rental properties advertised for sale in the County that are currently rented to tenants at below-market rates. Due to the high cost of this type of acquisition, and the need to react quickly to compete with private speculators willing to evict low-income tenants to increase rental income, the Board wishes to formalize and fund an affordable rental housing acquisition and rehabilitation preservation program for the systematic consideration of these proposals. This loan program will be administered by the Department of Housing and will operate under the umbrella of the County Affordable Housing Fund.

At the Board's direction, the Department of Housing seeks to provide a nimble acquisition loan platform that will allow mission-driven developers and operators of affordable housing to acquire and preserve affordability of existing "naturally-occurring" affordable multifamily rental housing, 20+ units in size, requiring little, moderate, or substantial rehab work. At its discretion, DOH will consider proposals for properties with fewer than 20 units. In addition to new construction, the preservation of existing, affordable, multifamily rental housing is a necessary strategy to address the gap between the supply and demand for affordable housing in San Mateo County.

## II. PURPOSE AND STRATEGIC PRIORITIES

### A. Purpose

The Department of Housing has been authorized by the Board of Supervisors to launch the San Mateo County Affordable Rental Acquisition and Preservation Program (ARAPP), a special sub-fund within the Affordable Housing Fund (AHF), to provide loans totaling up to \$10 million in Measure A funds to acquire and preserve the affordability of existing buildings lacking rent restrictions, currently rented at below-market rates in the County. Under ARAPP, the Department seeks to:

- Provide fast-moving, flexible acquisition funding to nonprofit and mission-driven for-profit developers and owners to acquire and preserve existing, “naturally-occurring” affordable multifamily housing;
- Apply rent restrictions to preserve these properties as affordable housing for low- and moderate-income households for a minimum of 30 years;
- Improve the quality and condition of the affordable housing by addressing deferred maintenance and obsolete systems;
- Protect existing tenants from displacement and potential homelessness;
- Rent vacant Units to new low-income households;
- Leverage other public and private funding sources including private debt, other public subsidies, and owner equity;
- Work with Borrowers to structure financing scenarios which eventually reduce the County’s contribution to the greatest extent possible; and
- Note lessons learned, solicit and record feedback from Borrowers, and incorporate improvements in any subsequent funding rounds for the acquisition and rehabilitation of existing rental housing.

### B. Strategic Priorities

The Department of Housing anticipates receiving more applications for ARAPP funding than can be committed through this NOFA and has identified the following strategic priorities for the program reflecting current County and Department priorities. In addition to meeting minimum (threshold) requirements, applications will be evaluated on the extent to which they further the following ARAPP strategic priorities:

- Preserving rental housing known to be at imminent risk of rent increases likely to result in the eviction of Existing Tenants;
- Preserving rental housing that currently serves clients of County services, children, elderly, or disabled tenants;

- Targeting Units as they become vacant to households referred by the Department, the County Human Services Agency, or another County agency, who are clients of County service agencies, homeless or at-risk of homelessness;
- Targeting Units as they become vacant to extremely low-income households;
- Requesting the smallest amount of short- and long-term County assistance, considered on a per-Unit basis, including ARAPP and Section 8 project-based rental assistance subsidies;
- Demonstrating strong partnership, cooperation, participation and financial support of the local municipality for the proposed acquisition;
- Planning for the earliest possible reduction of rents paid by any Existing Tenants who are currently paying more than 30% of their income toward rent;
- Positioning for, and presenting a feasible plan for take-out financing in the near future that will reduce the County's ARAPP Loan;
- Providing 2-bedroom and 3-bedroom Units;
- Limiting tenant relocation caused by renovation work, income limitations of various financing programs, and other considerations;
- Preserving the greatest number of Units;
- Preserving Units in close proximity to public transportation and other necessary community services and amenities;
- Providing the most robust and appropriate supportive service plan for current and future tenants;
- Requiring the lowest total development costs (calculated on per Unit basis), including acquisition, renovation, and other associated costs.

### III. DEFINITIONS

Affordable Housing Fund (AHF): The County's Affordable Housing Fund, created in 2013. The AHF may contain funds from a variety of sources including County Measure A, the Housing Authority of the County of San Mateo, and former redevelopment agency funds that have been reallocated to the County.

AMI: The Area Median Income for San Mateo County.

Applicant: An entity or team of entities submitting an application for this ARAPP NOFA as described in Section V.B(3).

ARAPP: The subject of this NOFA; the Affordable Rental Acquisition and Preservation Program approved by the County Board of Supervisors on June 28, 2016 and funded with \$10 million in Measure A Funds to be administered by the Department of Housing to

finance the acquisition and preserve the affordability of multifamily apartment buildings rented to tenants at below-market rates in San Mateo County.

ARAPP Contract (or Contract or ARAPP Loan Contract): Also known as the ARAPP Loan Agreement or Loan Agreement, defined below.

ARAPP Deed of Trust (or Deed of Trust, or DOT): The Deed of Trust executed by Borrower in connection with an ARAPP Loan for the benefit of the County of San Mateo, as lender.

ARAPP Loan: A loan made by the County of San Mateo to a Borrower under this ARAPP NOFA.

ARAPP Loan Agreement (or Loan Agreement): The contractual agreement executed by Borrower and the County to loan ARAPP funds to Borrower for the purposes outlined in this NOFA, subject to the requirements of the ARAPP NOFA, Loan Agreement and Restrictive Covenant.

ARAPP Note (or Note): The promissory note delineating the terms and repayment requirements of an ARAPP Loan executed by Borrower.

ARAPP-Restricted Unit: A residential Unit that is subject to rent and occupancy restrictions as a result of the financial assistance provided by DOH under the ARAPP, as specified in this NOFA, the ARAPP Loan Agreement, and ARAPP Restrictive Covenant. The number of ARAPP-Restricted Units in a Project shall be calculated as described in Section IX.A. In no event shall DOH designate more than 49% of the Units in a Project as ARAPP-Restricted Units.

ARAPP Restrictive Covenant (or Restrictive Covenant): The recorded obligation executed by Borrower delineating the occupancy and use requirements for a Project acknowledged by Borrower in connection with receipt of the special terms of an ARAPP Loan.

Borrower: An Applicant or DOH-approved related entity of Applicant that receives ARAPP Loan funds to acquire a Project subject to the conditions of the ARAPP described in this NOFA.

Development Agreement: A binding agreement between each of the multiple members of an Applicant team which describes the roles, responsibilities and compensation accruing to each member of the team.

DOH (or the Department): The County of San Mateo Department of Housing. DOH is comprised of two units, the Housing Authority of the County of San Mateo (HACSM) and the Housing and Community Development Division (HCD).

ELI Tenants: Extremely Low Income Tenants, earning up to 30% of the AMI for San Mateo County.

HACSM: The Housing Authority of the County of San Mateo, one of two units of the County of San Mateo Department of Housing.

HCD: The Housing and Community Development Division of the County of San Mateo Department of Housing.

Homeless Tenant: For purposes of this NOFA, an individual or household (one or more persons residing together) who meets one of the following criteria immediately prior to occupancy in a Project:

- An individual or family with a primary nighttime residence that is a public or private place not designed for, or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground; or
- An individual or family living in a supervised publicly or privately-operated shelter designated to provide temporary living arrangements, including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state or local government programs; or
- An individual exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution; or
- An individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence; and has no other residence, and lacks the resources or support networks, e.g. family friends, and faith-based or other social networks, to obtain other permanent housing; or
- An individual or family who is homeless or at-risk of homelessness, is receiving services from one or more County agencies including, but not limited to the Human Services Agency (HSA), the County Health System including the Division of Behavioral Health and Recovery Services (BHRS), DOH and HACSM, and who is referred by the HSA Office of Homelessness or HACSM.
- In the case of veterans, DOH will accept the definition of homelessness used by the U.S. Department of Veterans' Affairs programs (for VA-funded programs) or definition of homelessness used by the State of California (for State-funded programs).

Initial Application Stage: Time of initial outreach by an Applicant to DOH staff and submission of the Initial Submission Materials described in Section IV.A(2)(a) for DOH review.

Letter of Interest (or LOI): A letter provided by DOH to an Applicant to demonstrate the Department's preliminary support for a proposal based upon limited information for purposes of the Applicant's negotiations with a seller. The "soft" commitment expressed in a Letter of Interest will be subject to ultimate approval of the Board of Supervisors, funding availability and any outstanding materials DOH has yet to receive or review at the time of execution of a LOI.

Owner: Applicant, Borrower or a DOH-approved related entity of Applicant or Borrower that holds equitable and beneficial interest in the Project. If equitable and beneficial interest in the Project is held by two separate, related entities, the two related entities may together constitute the Owner.

Project: A multifamily residential property acquired using funding from this NOFA.

Residual Receipts: Project income remaining after payment of all Project operating costs, fulfillment of reserve requirements and debt service obligations.

Unit (or Rental Unit): A residential rental dwelling unit which:

- meets applicable local, state and federal occupancy standards; and
- is leased to tenants through execution of a minimum 12-month lease; and
- in addition to residential dwelling units containing a fully-outfitted kitchen space and a separate bathroom, for purposes of this NOFA, may include a single room occupancy unit.

#### IV. APPLICATION SUBMISSION AND REVIEW PROCESS

##### A. Application Submission

1. Timeline. Applications for this NOFA will be reviewed on a rolling, "over-the-counter" basis until the \$10 million ARAPP budget is committed. At that time, the ARAPP web portal will be updated to note that no additional applications will be accepted.

2. Application Process and Materials. Applications must be initiated through a discussion of Project eligibility with the DOH Housing and Community Development team. Please email [ARAPP@smchousing.org](mailto:ARAPP@smchousing.org) to schedule an initial conversation. If preliminary discussions indicate a reasonable opportunity for property acquisition using ARAPP funds, Applicants will need to submit materials as described below.

a) Initial Submission Materials. These materials must be provided to DOH staff at or near the time of preliminary eligibility discussions.

- Project proposal narrative
- Building data (Units, square footages, price, etc.)
- Rent roll
- Draft Project proforma (sources/uses, development budget, income/expenses, 30-year operations, etc.)
- Developer/Borrower experience and financials
- Memorandum of understanding or other preliminary document describing the roles and responsibilities of Applicant team members, if applicable (See Section V.B(3))
- Initial plan for pay-down of ARAPP Loan (if required by DOH)
- Initial plan for building repairs
- Initial plan for supportive services

b) Additional Submission Materials. These materials must be submitted to DOH staff as soon as possible in the application consideration process.

- Commitments from other acquisition lenders
- Detailed plan for pay-down of ARAPP Loan (narrative, budget, soft commitments as applicable, if required by DOH)
- Current physical needs assessment (PNA)
- Plan to immediately address any life safety issues
- Plan for additional rehabilitation and curing of deferred maintenance
- Current appraisal (maximum six months old)
- Phase I environmental assessment (Phase I)
- Documentation of Project operating/cash flow performance
- Detailed supportive service plan and budget
- Development Agreement or other executed binding document describing the roles and responsibilities of the different members of an Applicant team made up of multiple entities, if applicable (See Section V.B(3)).
- Other materials as requested by the Department

Applications that do not include all required information or adequately address information gaps, may, at DOH's sole discretion, be deemed ineligible for funding.

3. Application Becomes DOH Property. All materials submitted in response to this NOFA, or in response to staff requests to an Applicant for clarification or additional information related to the Applicant's application, shall become property of DOH.

4. Questions and Response Process. Submit all questions relating to this NOFA by emailing ARAPP@smchousing.org. Senders will receive responses via email and the

questions and answers will also be posted periodically on the DOH website's ARAPP portal.

B. Application Review Process

1. Applications for this NOFA will be reviewed on a rolling, "over-the-counter" basis until the \$10 million ARAPP budget is committed. At that time, the ARAPP web portal will be updated to note that no additional applications will be accepted.
2. DOH staff will review proposals versus the Threshold Requirements and ARAPP Strategic Priorities described in Section VI.
3. Proposals that meet all ARAPP Threshold Requirements of Section VI.A and adequately address the ARAPP Strategic Priorities of Section VI.B will be forwarded to the ARAPP Loan Committee, made up of DOH leadership from HCD and HACSM teams, for review and recommendation to the Board of Supervisors.
4. Final approval of Projects that will receive ARAPP funding, and funding amounts, will be made by the Board of Supervisors. The ARAPP Loan Committee recommendations, together with a summary of DOH staff comments, will be submitted to the Board of Supervisors for approval. The Board is the final decision-maker for determining ARAPP awards.
5. Selection of one or more Projects to receive ARAPP funding, and the funding amount for each Project, will be memorialized in the form of a Loan Agreement between the Borrower and DOH, authorized by a resolution of the County Board of Supervisors.
6. Upon acceptance and approval by DOH staff of the Initial Submission Materials listed in Section IV.A(2)(a), the Department may, at its sole discretion, upon request from the Applicant, provide a short-form, "soft" Letter of Interest noting the Department's interest in providing funding for the Project, subject to availability of ARAPP funds and approval of the Board of Supervisors, and upon approval of any outstanding submission materials or completion of due diligence activities not limited to those described by the Department in such letter. The Letter of Interest is provided to demonstrate the Department's preliminary support for a proposal based upon limited information for purposes of the Applicant's negotiations with the seller.
7. The Department of Housing anticipates receiving more applications for ARAPP funding than can be funded through this NOFA. Under this likely scenario, applications which meet the ARAPP Threshold Requirements will be prioritized for funding based upon on how effectively they address the ARAPP Strategic Priorities listed in Section VI.B.

V. FUNDING AVAILABILITY AND ELIGIBLE APPLICANTS

A. Funding Availability Overview

ARAPP will allow nonprofit and mission-driven for-profit developers and operators of affordable housing to acquire and preserve existing multifamily buildings containing apartments rented at below-market rates to protect existing tenants from displacement and generate additional housing opportunities for low income households in the long term.

B. Eligible Applicants

Eligible Applicants include:

1. Non-profit organizations, tax-credit limited partnerships or limited liability corporations, mission-aligned for-profit affordable housing developers, or teams including at least one of these entities, as described in Section V.B(3) below.
2. Applicants must have affordable housing experience in the nine-county Bay Area (San Mateo, San Francisco, Marin, Sonoma, Napa, Solano, Contra Costa, Alameda, and Santa Clara), including a successful track record of developing or acquiring, as well as owning and managing for at least two years, a minimum of two stand-alone affordable housing projects with at least 50% of the Units, with the exception of the manager(s) Unit(s), targeted to households with incomes at or below 80% of the Area Median Income. Ownership by an affiliated limited partnership for tax credit purposes will qualify as ownership of the project.
3. Teams of multiple entities which together meet the requirements of Sections V.B(1) and (2) may apply, but must do the following:
  - (a) Together form an entity qualified to apply under V.B(1) and (2) to serve as the Applicant or choose a lead Applicant qualified to apply under V.B(1) and (2); and
  - (b) During the Initial Application Stage, identify all co-Applicant entities and their respective qualifications, and provide a memorandum of understanding (MOU) or draft Development Agreement describing the responsibilities of each co-Applicant; and
  - (c) Prior to the ARAPP Loan closing, provide an executed Development Agreement codifying the roles, responsibilities and compensation of each member of the Applicant team.

VI. THRESHOLD REQUIREMENTS AND ARAPP STRATEGIC PRIORITIES

A. ARAPP Threshold Requirements

To be considered for funding under ARAPP, the proposal must meet each of the following requirements. These requirements will be reflected in the Borrower's ARAPP Loan Contract and Restrictive Covenant.

1. As-Is Property Requirements. The property to be acquired must comply with the following requirements.

(a) Unit Count. The property must contain an existing multifamily rental apartment building or complex of buildings with a minimum of 20 Units. The Department may consider proposals with fewer Units on a case-by-case basis.

(b) Current Rents. All Units must be presently vacant or rented at or below the current 100% of median income level maximum rents published annually by the California Tax Credit Allocation Committee (CTCAC). As of March 28, 2016 the rates were those shown in Table 1, below. DOH may consider limited exceptions on a case-by-case basis.

Apartment Size	Studio	1BR	2BR	3BR	4Br	5BR
Maximum Rent	\$2,152	\$2,306	\$2,766	\$3,198	\$3,566	\$3,936

2. Post-Acquisition Requirements. The Applicant must commit to meeting the following requirements upon acquisition of the property and on an ongoing basis. These requirements will be reflected in the Borrower's ARAPP Loan Contract and Restrictive Covenant.

(a) Existing Tenants. Upon acquisition and from that point forward, the Applicant (or Owner) will continue to honor the leases of all Existing Tenants. Subject to the provisions of any local rent control ordinances and the rules and regulations of any rent subsidies utilized by Existing Tenants, the leases of Existing Tenants may be adjusted annually, corresponding to, at most, the percentage difference between the current and previous year's 60% AMI Low Income Housing Tax Credit rent for a Unit of corresponding size, as set by CTCAC.

In the case of Existing Tenants who upon acquisition pay more than 30% of income toward rent, to the greatest extent possible, Applicants must work with DOH to structure refinancing scenarios or other means which will allow the Owner to reduce the Existing

Tenants' share of rent payments at the earliest possible time, with a goal of setting such tenant share of rent payments at approximately 30% of income or the amount required under any applicable rental subsidy program.

Nothing herein shall be construed to prevent the Owner from collecting total rent payments that equate to more than 30% of the income of an Existing Tenant or future tenant for a Unit where a tenant-based or project-based rental subsidy is applied and authorized to pay the rent requested by Owner up to the amount approved by the agency issuing such rental subsidies.

(b) Vacant Units. Upon acquisition and from that point forward, all Units (except for an onsite manager's Unit) must be rented upon vacancy to households earning, at most, 80% of AMI, and must be rented at rates affordable to such households.

For Units where tenant-based or project-based rental subsidies are applied, the tenant portion of rent payments for a Unit will be restricted to the amount required by any tenant-based or project-based rental subsidy program applicable to a Unit. The total rent for a Unit may be set at the sum of the tenant's portion of rent and the rental subsidy payment, up to the maximum amount permitted by the rental subsidy program.

(c) Homeless Tenants and ELI Tenants. Upon acquisition and from that point forward, for every three vacancies, the Owner must rent the first to a Homeless Tenant and the second and third vacancies to ELI Tenants until a minimum of 5% of Units, but no less than two Units at the property are rented to Homeless Tenants and a minimum of 10% of Units, but no less than four Units are rented to ELI Tenants. Please see Section IX.D for a description of the County's process for referring Homeless Tenants with rental assistance to properties supported with ARAPP funding.

(d) Repairs. The Applicant must provide, and DOH must approve prior to acquisition, a plan and budget to address any life-safety issues. In addition, DOH must approve a plan and budget submitted by the Applicant to address deferred maintenance and repair needs.

(e) Supportive Services. The Applicant must provide, and DOH must approve a plan and budget for supportive services sufficient to serve the Project's current and long-term tenant profiles. The Department typically recommends a minimum of \$500/Unit to pay for service coordination for projects that meet the homeless and ELI requirements of ARAPP.

3. ARAPP Underwriting Requirements. Proposed budgets must demonstrate compliance with the following underwriting guidelines.

(a) Leverage. Proposals must efficiently leverage other public and private financing opportunities including but not limited to private debt, other public subsidies, and owner equity in order to limit the ARAPP Loan request to the greatest extent possible. Debt service coverage will be set at a maximum of 1.15 across all hard debt.

(b) ARAPP Loan Reduction. In cases where DOH determines that the County's ARAPP Loan commitment is greater than typical new construction DOH loan subsidies, Applicant must provide and carry out a DOH-approved plan to reduce the County's ARAPP Loan through refinancing at the earliest possible date. Typical events for such loan reduction include subsequent construction closing, permanent conversion, and LIHTC syndication event.

(c) Terms. Minimum ninety-nine (99)-year affordability and loan terms, with 3% simple interest repaid through 50% subsidy lenders' share of Residual Receipts. Projects utilizing Low Income Housing Tax Credits will be subject to 99-year affordability restrictions and loan terms upon or before syndication closing.

(d) Additional Requirements. Proposals must comply with all underwriting requirements found in Section VIII: ARAPP Loan Terms.

#### B. ARAPP Strategic Priorities.

The Department anticipates receiving more applications for ARAPP funding than can be committed through this \$10 million NOFA. Under this likely scenario, DOH will evaluate all proposals on the degree to which they address the ARAPP Strategic Priorities listed below and will prioritize proposals for funding based upon this evaluation. The Department may also, at its sole discretion, reject any proposal that does not sufficiently further at least several of these priorities.

1. Preserving rental housing known to be at imminent risk of rent increases likely to result in the eviction of Existing Tenants;
2. Preserving rental housing that currently serves clients of County services, children, elderly, or disabled tenants;
3. Targeting Units as they become vacant to households referred by the Department, the County Human Services Agency, or another County agency, who are clients of County service agencies, homeless or at risk of homelessness;
4. Targeting Units as they become vacant to extremely low-income households;

5. Requesting the smallest amount of short- and long-term County assistance, considered on a per-Unit basis, including ARAPP and Section 8 project-based rental assistance subsidies;
6. Demonstrating strong partnership, cooperation, participation and financial support of the local municipality for the proposed acquisition and renovation;
7. Planning for the earliest possible reduction of rents paid by Existing Tenants who are currently paying more than 30% of their income toward rent;
8. Positioning for, and presenting a feasible plan for take-out financing in the near future that will reduce the County's ARAPP Loan, where applicable;
9. Preserving affordability of 2-bedroom and 3-bedroom Units;
10. Limiting tenant relocation caused by renovation work, income limitations of various financing programs, and other considerations;
11. Preserving the greatest number of Units;
12. Preserving Units in close proximity to public transportation and other necessary community services and amenities;
13. Providing the most robust and appropriate supportive service plan for current and future tenants;
14. Requiring the lowest total development costs (calculated on per Unit basis), including acquisition, renovation, and other associated costs.

C. Funding Commitments

DOH reserves the right to make an award in an amount less than requested by an Applicant. Note that while DOH considers per-Unit development costs and County per-Unit funding commitments to be significant metrics, DOH also gives strong consideration to other aspects of the applications and budgets, including the ARAPP Strategic Priorities as set forth in Section VI.B.

## VII. ELIGIBLE USES OF ARAPP LOAN FUNDS

### A. Predevelopment Costs

Eligible predevelopment costs may include due diligence and other pre-development work necessary to determine Project feasibility and assemble a full ARAPP funding application including a physical needs assessment, current appraisal, Phase I environmental assessment, and other due diligence activities.

DOH funds are not available to pay for Applicant's overhead and general costs of operation or property search costs.

Eligible costs initially paid with Applicant's own or borrowed funds may be reimbursed with DOH loan proceeds.

### B. Site Acquisition Costs

The Applicant may request funds to apply toward site acquisition costs such as appraisals, purchase agreement deposits, option payments, other site control costs, the acquisition price of the site, repayment of loan(s) that originally financed the purchase of the site (i.e. take-out financing) and other acquisition costs, such as Applicant's share of closing costs. DOH funds will not fund acquisition costs for the land and improvements in excess of the current appraised value of the property.

### C. Rehabilitation Costs

1. Preparation of a final scope of work and cost break-down prepared by a qualified contractor. The scope and cost break-down may not represent an increase of more than 10% from the preliminary scope of work and cost break-down.
2. Hard construction costs for scope of work items.
3. Soft costs directly related to the repair and rehabilitation work including but not limited to architectural drawings, engineering fees, design-development plans, local permits, legal fees, consultant and professional fees, and insurance, etc.
4. Temporary relocation of existing residential tenants, to the extent such relocation is necessary because of the rehabilitation work and not funded by other funding sources.

## VIII. ARAPP LOAN TERMS

### A. ARAPP Loan Amount

DOH will provide low-interest loans to eligible Projects for the acquisition of existing multifamily rental apartments, predevelopment activities, and light to substantial rehab work. The maximum loan amount will not exceed \$250,000 per Unit. Please note that the Department would expect loans approaching this maximum amount to be reduced through refinancing at a later date as described in Section VI.A(3)(b).

### B. Interest Rate and Repayment

The interest rate and loan repayment terms for all ARAPP Loans shall be subject to Department of Housing loan policies. Typically, affordable rental housing loans are structured as non-recourse, 3% simple interest loans repaid through Residual-Receipts. For more detailed information on Department of Housing loan policies, please contact DOH staff as described in this NOFA.

### C. Term

The initial term of ARAPP Loans shall be up to 2 years. However if satisfactory progress is being made toward the milestones listed in the Loan Agreement, the term of the loan may be extended for up to 3 one-year periods with Department approval. Upon successful completion of acquisition, predevelopment activities, rehabilitation and restructuring of the acquisition and construction financing, the remaining balance of the ARAPP Loan will be reduced and converted to a long-term permanent loan with a term of 30 to 55 years as agreed.

### D. Loan Fee

A loan fee of 1% of the ARAPP Loan amount will be charged to the Borrower and will be deducted from ARAPP Loan proceeds.

### E. Summary of Loan Terms

USE OF FUNDS      Acquisition of existing multifamily rental apartments,  
predevelopment and light to substantial rehab work

MAXIMUM LOAN AMOUNT    \$250,000 per Unit

TERM ACQUISITION: 2 years with option for up to 3 one-year extensions as approved by DOH

Construction: Matching requirements of primary construction lender  
Permanent: 99 years

INTEREST RATE 0% simple

FEES 1% of ARAPP Loan amount

COLLATERAL Real estate (Deed of Trust)

DEBT SERVICE COVERAGE RATIO 1.15 across all hard debt

REPAYMENT REQUIREMENTS Subsidy lenders' share of Residual Receipts

RENT RESTRICTIONS Upon acquisition:  
All Units must be rented at or below the current 100% of median income level maximum rents published annually by the California Tax Credit Allocation Committee (CTCAC).

Following acquisition:

Borrowers must rent vacancies to tenants earning a maximum of 80% AMI at rates affordable to such households, and position properties to pay down the County's ARAPP acquisition subsidy with LIHTC and other sources at subsequent construction or permanent closing. Also see the ARAPP homeless requirement below.

ELI / HOMELESS REQUIREMENT Upon construction (or permanent, if no interim construction closing) closing, Borrower will restrict 10% of Units for Extremely Low Income Tenants earning up to 30% AMI, and an additional 5% of Units for homeless client referrals from the County Housing Authority, and rent vacant Units to such tenants until the requirements are met.

SUPPORTIVE SERVICES Applicants must provide supportive services sufficient to serve the Project's current and long-term tenant profiles. The Department typically recommends a minimum of \$500/Unit to pay for service coordination for projects with the homeless and ELI profiles required under ARAPP.

#### F. Proceeds from ARAPP Loans

Proceeds from the repayment of ARAPP Loans shall be deposited in DOH accounts. DOH retains the discretion, subject to Board of Supervisors approval, to use such proceeds to assist with the provision of affordable housing in the future.

#### G. Loan Closing and Disbursement of Funds

1. DOH and Borrower will close escrow on the ARAPP Loan Agreement and the ARAPP Loan in the same escrow and in that order.

2. Upon receipt of satisfactory documentation from the Applicant, DOH will disburse ARAPP Loan proceeds either to escrow to pay site acquisition costs, or to the Applicant to reimburse the Applicant for site acquisition, predevelopment, and/or construction costs. In special cases warranting such action, and at DOH's discretion, DOH may, upon written instructions from Borrower, pay Borrower's vendors directly upon submission of invoices for completed work in excess of \$5,000 for predevelopment and/or construction costs.

3. For construction costs, DOH will disburse ARAPP Loan proceeds for construction progress payments that the Borrower's appointed representative has approved as an accurate statement of work completed.

#### H. ARAPP Restrictive Covenant

1. Concurrent with executing the ARAPP Loan Agreement and recording the ARAPP Deed of Trust, DOH will record an ARAPP Restrictive Covenant with the developer. The Restrictive Covenant will memorialize the affordability restrictions and other requirements of the ARAPP Loan. For Projects likely to secure tax credits, the Restrictive Covenant will remain in force for fifty-five (55) years from Project completion.

2. Where the DOH Director determines, after consultation with County Counsel, that one or more federal, state and/or local financing programs available to a Project will achieve results that are equivalent to, or more effective than, the affordability or other public purposes of ARAPP, and that such financing programs are otherwise compatible with the DOH and applicable County and Department policies and objectives, DOH's Director is authorized to modify the ARAPP terms, policies and/or the Restrictive Covenant, to the degree necessary for the Project to utilize those financing sources.

#### IX. OTHER SPECIAL TERMS AND CONDITIONS

##### A. Determination of ARAPP-Restricted Units

1. As defined in Section III., an ARAPP-Restricted Unit is a residential Unit that is subject to rent and occupancy restrictions as a result of the financial assistance provided by DOH, as specified in this NOFA, the ARAPP Loan Agreement, and Restrictive Covenant.

2. The number of ARAPP-Restricted Units shall be the greater of [(a) + (b) + (c)] or (d), as described below. The number of Units restricted by (a), (b) and (c) below shall not be permitted to overlap: i.e., a Unit restricted in order to meet the requirements of Section VI.A(2)(c) for 30% AMI (ELI) tenants may not also be designated to meet the requirements for Homeless Tenants of the same Section. However, any Units restricted to meet the requirements of (d) below may also be Units restricted by (a), (b) or (c).

3. ARAPP-Restricted Units Calculation

(a) Units subject to Section VI.A(2)(c) requiring the greater of 10% or 4 Units be rented to ELI Tenants earning at or below 30% AMI;

(b) Units subject to Section VI.A(2)(c) requiring the greater of 5% or 2 Units be set aside for Homeless Tenants;

(c) Additional Units targeted to Homeless Tenants and ELI Tenants committed in an Application to more effectively meet the ARAPP Strategic Priorities of Sections VI.B(3) and (4). In order to fairly determine the number of ARAPP-Restricted Units regulated by this Section, DOH will discuss with the Applicant whether the Applicant would like any additional Units targeted to Homeless or ELI Tenants to be given consideration under the ARAPP Strategic Priorities. Any Units given consideration under the ARAPP Strategic Priorities will be included in the ARAPP-Restricted Units calculation.

(d) The number of Units derived by dividing the ARAPP Loan amount by the maximum ARAPP Loan per Unit of \$250,000.

4. Notwithstanding the calculations described above in Sections IX.A(2) and (3) to determine the number of ARAPP-Restricted Units in a Project, in no event shall DOH designate more than 49% of the Units in a Project as ARAPP-Restricted Units.

B. Increases to Tenant Income

After initial qualification and upon recertification of household income, a household occupying an ARAPP-Restricted Unit may have its rent increased as a result of increases in household income, consistent with Project rules, rent restrictions and other requirements.

C. Physical Distribution of the Rental Units

1. The ARAPP-Restricted Units must be distributed by Unit size, amenity mix, and income affordability throughout the entire Project.

2. ARAPP-Restricted Units in the development will be floating Units. Upon recertification of household income, if a household no longer qualifies to occupy their ARAPP-Restricted Unit at the initially targeted affordability level for that Unit, then the next available comparable Unit shall become designated to target households at the same initially targeted affordability level as the recertified household's Unit. The objective is to ensure the development maintains the intended affordability mix of the ARAPP-Restricted Units, as described in Section VI, over time.

D. Recruitment, Referral and Occupancy of Units Targeted to Homeless Tenants

1. Background: HACSM maintains on-going wait lists for all of its subsidized housing programs, and through its partnership with the Center on Homelessness, is actively involved with Homeless Outreach Teams, Emergency Shelters and Core Service Agencies as they connect with, and provide services to homeless individuals and families. Through the San Mateo County Continuum of Care (COC), HACSM handles all referrals to the subsidized housing programs and coordination with supportive service providers for each household. HACSM has contracts with each of the following supportive service agencies and organizations: County Behavioral Health and Recovery Services (BHRS), County Department of Alcohol and Other Drug Services (AOD), Mental Health Association (MHA), Life Moves (formerly InnVision Shelter Network), and Samaritan House.

2. Both during initial rent-up of vacancies and when Units occupied by Homeless Tenants subsequently become available, HACSM will promptly provide a list of names of homeless households who are currently receiving supportive services from one of the supportive services providers to the Owner. All of these households will have been pre-determined to be eligible for rental assistance programs administered by HACSM and will be referred to the Project with a tenant-based rental-assistance voucher.

3. The Owner will then have the opportunity to meet the referred households and determine whether or not they meet the Owner's eligibility criteria, for example criminal background and/or other occupancy standards, as they would with any pre-application process, with the following caveat: The Owner should keep in mind that these Units are targeted to homeless individuals and families under a housing first model and therefore, they may have additional issues with their current credit score, no or extremely limited rental history, prior evictions, etc., but they will now be connected with supportive services to help with transitioning to and maintaining stable housing. The Owner may need to be willing to modify their pre-screening standards for these Units, recognizing

that these individuals and/or families will have supportive services already established and supporting them.

4. Once the Owner has met with all of the referred households, the Owner will return the list to HACSM, along with the households who were approved/denied for occupancy at their property.

E. Rent Limit Compliance for Rental Units

The Department will periodically monitor the development to ensure that the ARAPP-Restricted Units are in compliance with the affordability requirements of the ARAPP, and that procedures used to calculate the maximum tenant-paid rent for ARAPP-Restricted Units are consistent with the Project's policies and requirements.

F. CEQA Compliance

Projects with ARAPP funding must comply with State CEQA requirements.

G. Accessibility Requirements

Projects with ARAPP funding must meet applicable accessibility standards which may include, but are not limited to Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act, and the Architectural Barriers Act. Applicants should make reasonable efforts to provide 5% of renovated Units as accessible under Section 504 and 2% for persons with hearing and/or vision impairments.

X. SECTION 8 PROJECT-BASED VOUCHERS

A. Commitments

DOH and HACSM will not commit Section 8 Project-Based Vouchers ("PBV's") as part of this NOFA. Since ARAPP funds will be committed on a rolling basis, Applicants may indicate the use of uncommitted PBV's as part of the Project underwriting for DOH consideration. However, Applicants must do so with the understanding that HACSM has made no commitment for PBV's and cannot be expected to commit PBV's to the Applicant's Project in the future. Applicants who submit a financial proforma indicating the use of PBV's must also submit a "no-PBV" proforma as part of the required attachments.

B. Project-Based Voucher NOFA

Notwithstanding Section X.A above, HACSM expects to release a competitive NOFA for Section 8 Project-Based Vouchers before the end of calendar year 2016, the guidelines of

which may vary from those of the ARAPP program in certain instances. When released, a copy of the HACSM Section 8 Project-Based Voucher RFP will be available on the DOH website at [housing.smcgov.org](http://housing.smcgov.org).

XI. COMPLIANCE MONITORING

A. Desk Monitoring

The Department will undertake periodic monitoring of Projects that receive ARAPP funding to confirm ongoing program compliance. Such monitoring may consist of reviewing documents and records related to tenant income and rents, including those portions paid directly by tenants and by any rental assistance programs. DOH may also review occupancy of targeted Units and information relevant to the financial condition of the Project to ensure ARAPP-Restricted Units are in compliance with the affordability requirements of the program, and to ensure the Project's long-term viability. The submitted documentation must be sufficiently detailed for DOH to confirm whether the Project is in compliance with ARAPP requirements.

The annual compliance report submitted by Borrower to DOH must include a tenant roster listing household size, income, and rent for each tenant in an ARAPP-Restricted Unit. DOH shall review reports for compliance with the ARAPP program requirements, shall require the developer to correct violations of any requirements, and may request additional documentation from the Borrower, as the situation dictates.

B. Residual Receipt Documentation

Following acquisition of the Project, on an annual basis, Owner shall submit to DOH audited financial reports for the Project detailing income and expenses for the preceding year, including a determination of the Residual Receipts, if any, generated by the Project in that year. If Residual Receipts are generated, the financial report must include or be accompanied by an accounting of the distribution of such Residual Receipts among the Owner, DOH, and any other designated recipients.

C. Field Monitoring

DOH may conduct periodic site visits to Projects that receive ARAPP funding. During such visits, DOH representatives may interview the resident manager, review a sample of the on-site tenant files, inspect a sample of Units of various sizes and affordability, and tour common areas and grounds.

D. Construction and Interim Monitoring

The County reserves the right to undertake periodic monitoring, including site visits of the Project during rehabilitation to ensure ARAPP program compliance. Borrower shall be given adequate notice of any monitoring.

Borrower shall submit quarterly construction progress reports from the close of acquisition financing until the completion of the rehabilitation work. The County shall supply the reporting form for such quarterly progress reports.

Borrower shall submit annual refinancing progress reports from the close of acquisition financing until the financing for the Project is restructured, if applicable and as agreed. The County shall supply the reporting form for such annual progress reports.

**Exhibit F**

**Casa de Sobrato  
180 Buckingham Avenue  
Sources and Uses Statement**

<u>180 Buckingham Final Sources &amp; Uses of Funds</u>	<u>@ Closing</u>	<u>After LISC Loan</u>	<u>After LISC &amp; SMC DOH Loan</u>
<b>Sources:</b>			
Owner Cash/Equity	\$9,853,375.96	\$9,853,375.96	\$9,853,375.96
First Loan - First Republic Bank (@ 4.70%)	\$8,000,000.00	\$4,000,000.00	\$0.00
Line of Credit - First Republic Bank (@ Prime - 0.25%)	\$3,842,548.71	\$3,842,548.71	\$3,842,548.71
LISC Loan - (@ 3.00%)		\$4,000,000.00	\$4,000,000.00
SMC DOH ARAPP Loan - (@ 0.00%)			\$4,000,000.00
Prodesse Property Group - Credit Commission to St. Francis Center	\$108,450.00	\$108,450.00	\$108,450.00
<b>Total Sources of Funds</b>	<b>\$21,804,374.67</b>	<b>\$21,804,374.67</b>	<b>\$21,804,374.67</b>
<b>Uses:</b>			
180 Buckingham Purchase	\$21,750,000.00	\$21,750,000.00	\$21,750,000.00
Loan Fees (First Republic Bank)	\$29,335.00	\$29,335.00	\$29,335.00
Prepaid Interest (First Republic)	\$6,266.67	\$6,266.67	\$6,266.67
Escrow Fees	\$10,030.00	\$10,030.00	\$10,030.00
Insurance Premiums (SteelBridge Insurance)	\$8,743.00	\$8,743.00	\$8,743.00
<b>Total Uses of Funds</b>	<b>\$21,804,374.67</b>	<b>\$21,804,374.67</b>	<b>\$21,804,374.67</b>

Borrower warrants and represents the self-certified financial statements that the Borrower shall provide to DOH, pursuant to the Loan Agreement dated February 13, 2019, have been prepared in all material respects in accordance with generally accepted accounting principles applied on a consistent basis and fairly represent in all material respects, the financial condition and results of operations of Borrower, as of the dates indicated therein and for the periods ended as indicated therein.

**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  
Attn: Gina Russell  
PONY DOH 209

*Exempt from Recording Fees pursuant to  
Section 27383 of the Government Code  
(This Space for Recorder's Use Only)*

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**AMENDED AND RESTATED DEED OF TRUST AND ASSIGNMENT OF RENTS**

---

This Deed of Trust, made this 10 day of December, 2020 between

**Saint Francis Center of Redwood City herein called "Trustor," whose mailing address is**

Saint Francis Center of Redwood City  
151 Buckingham Avenue  
Redwood City, CA 94063

**And AMERINATIONAL Community Services, Inc. herein called "Trustee", and**

**County of San Mateo Department of Housing, herein called "Beneficiary" or the "County,"**

**Witnesseth:** That Trustor IRREVOCABLY GRANTS, TRANSFERS, AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE, that property in County of San Mateo, State of California, described in "**Exhibit A**" attached hereto (the "Property"). This Deed of Trust shall be subordinate to the Deed or Deeds of Trust in connection with the Permanent Loan(s) on the Property described in Exhibit A.

In the event the Property or any part thereof, or any interest therein is sold, agreed to be sold, conveyed or alienated by the Trustor, or by the operation of law or otherwise, all obligations secured by this instrument, irrespective of the maturity date expressed therein, at the option of the holder hereof, and without demand or notice shall become due and payable.

TOGETHER with the rents, issues and profits thereof, SUBJECT HOWEVER, to the right, power and authority given to and conferred upon Beneficiary by paragraph 10 of the provisions incorporated herein by reference to collect and apply such rents, issues and profits, for the purpose of securing 1) Performance of each agreement of Trustor incorporated by reference or contained herein; 2) Payment of the indebtedness evidenced by one Amended and Restated Promissory Note (the "Note") of even date herewith, and any extension or renewal thereof, except in the case where the Borrower meets the conditions of the Note and the Note is forgiven, in the principal amount of **\$4,000,000 (Affordable Rental Acquisition and Preservation Program)** executed by Trustor in favor of Beneficiary; 3) Payment of such further sums as the then record owner of said property hereinafter may borrow from Beneficiary, when evidenced by another Note (or Notes) reciting it so secured; and 4) Performance of the terms and conditions of that certain "Amended and Restated Agreement between County of San Mateo and Saint Francis Center of Redwood City to assist with 180 Buckingham Avenue, North Fair Oaks, CA ( the "Agreement"), dated \_\_\_\_\_, approved by the County Board of Supervisors No. \_\_\_\_\_, [DATE].

Any violation of said Agreement after notice and failure to cure within applicable cure periods, shall be grounds for a Declaration of Default, and Beneficiary may, at its option, demand full payment of any outstanding principal and interest due Beneficiary, under the Note secured by this Deed of Trust, and said Agreement.

**To protect the security of this Deed of Trust, Trustor agrees:**

(1) To keep said Property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon the Property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character of the Property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. Notwithstanding anything contained in any of the documents evidencing the loan from Beneficiary to Trustor, unless Beneficiary and Trustor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damages, provided Beneficiary determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable cure periods. If Beneficiary determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable cure periods, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Trustor. In the event funds for such work are insufficient, Beneficiary may, at its option, advance such additional funds as may be necessary to allow the Property to be repaired or restored, and may add the amount thereof to the principal balance of the Note hereby secured.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including costs of evidence of title and attorney's fees in a reasonable sum. In any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay at least ten days before delinquency all taxes and assessments affecting the Property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on the Property or any part hereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay purchase, contest or compromise any encumbrance charge or lien which in the judgment of either appears to be prior or superior hereto; and in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(6) That the proceeds of any award or claim for damages, direct or consequential, in connection with a total condemnation or taking of the Property, shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Trustor, unless Trustor and Beneficiary otherwise agree in writing. In the event of a partial condemnation or taking, the proceeds shall be applied to the restoration or repair of the Property, provided Beneficiary determines that such restoration or repair is economically feasible and there is no default continuing after the expiration of all applicable cure periods. If Beneficiary determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable cure periods, the condemnation proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Trustor. In the event funds for such work are insufficient, Beneficiary may, at its option, advance such additional funds as may be necessary to allow the Property to be repaired or restored, and may add the amount thereof to the principal balance of the Note hereby secured.

(7) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(8) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may reconvey any part of the Property; consent to the making of any map or plot thereof; join in granting any easement thereon; or join in any extension agreement of any agreement subordinating the lien or charge hereof.

(9) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed (unless directed in such request to retain them).

(10) That as additional security and subject to the rights of senior lenders, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of the Property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the Property or any part thereof, in his own name sue or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby and in such order as Beneficiary may determine. The entering upon and taking possession of the Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(11) That upon default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, and after the expiration of all applicable notice and cure periods provided in the Note, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause the Property to be sold, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States made payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchase its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of the Trust, including costs of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payments of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(12) That Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of the county where the Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of new Trustee.

(13) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrator, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledges of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the content so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(14) That Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provide by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

(15) That notwithstanding anything to the contrary contained herein or in any documents secured by this Deed of Trust or contained in any subordination agreement, Beneficiary acknowledges and agrees that in the event of a foreclosure or deed-in-lieu of foreclosure (collectively, "Foreclosure") with respect to the Property encumbered by this Deed of Trust, the following rule contained in Section 42(h)(6)(E)(ii) of the Internal Revenue Code of 1986, as amended, shall apply:

For a period of three (3) years from the date of Foreclosure, with respect to any unit that had been regulated by the regulatory agreement with the California Tax Credit Allocation Committee, (a) none of the tenants occupying those units at the time of Foreclosure may be evicted or their tenancy terminated (other than for good cause), (b) nor may any rent be increased except as otherwise permitted under Section 42 of the Code.

(16) That this Deed of Trust shall be subordinate to any mortgage or Deed of Trust and shall be terminated in the event of Foreclosure so long as Foreclosure recognizes contractual and/or other legal rights of the County to take action that would prevent the termination of low-income affordability within the Property.

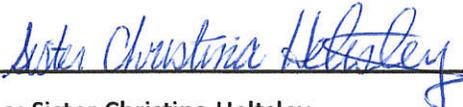
(17) **Due on Sale:** ANYTHING HEREIN TO THE CONTRARY NOTWITHSTANDING, IN THE EVENT OF A VOLUNTARY SALE, TRANSFER OR CONVEYANCE OF ALL OR ANY PORTION OF THE PROPERTY DESCRIBED HEREIN, ANY INDEBTEDNESS OR OBLIGATION HEREUNDER, SHALL AT THE OPTION OF THE HOLDER HEREOF, IMMEDIATELY BECOME DUE AND PAYABLE; PROVIDED, HOWEVER, AND NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THE AGREEMENT OR THE NOTE, (I) THE TRANSFER OF LIMITED PARTNER INTERESTS IN TRUSTOR TO A TAX CREDIT INVESTOR, (II) THE SUBSEQUENT TRANSFER OF SUCH LIMITED PARTNER INTERESTS FOR THE PURPOSE OF SYNDICATING THE TAX CREDITS, AND (III) THE GRANTING OF AN OPTION OR RIGHT OF FIRST REFUSAL BY THE COUNTY AND ANY TRANSFER PURSUANT TO SUCH OPTION OR RIGHT OF FIRST REFUSAL AGREED TO BY THE COUNTY AS PART OF SUCH GRANT OF OPTION OR RIGHT OF FIRST REFUSAL SHALL NOT CAUSE A DEFAULT OR ACCELERATION OF THE NOTE.

and the undersigned agrees to be bound thereby.

Accordingly, the undersigned acknowledges and agrees that, consistent with applicable law, the County may accelerate the maturity date of the principal and any accrued interest on this Note in the event that the Property is sold, conveyed or alienated, except as may be prohibited by law, including section 2924.6 of the California Civil Code.

All obligations hereunder are non-recourse. The limited partner(s) shall have the same right as Trustor to cure or remedy any default hereunder within the cure period provided to Trustor extended by an additional sixty (60) days; provided however, if the default is of such nature that the limited partners reasonably determine that it is necessary to replace the general partner of Trustor in order to cure such default, then the cure period shall be extended until the date sixty (60) days following the removal of the general partner of Trustor.

**SAINT FRANCIS CENTER OF REDWOOD CITY,**  
a California nonprofit public benefit corporation,

By: 

Name: Sister Christina Heltsley  
Its: Executive Director

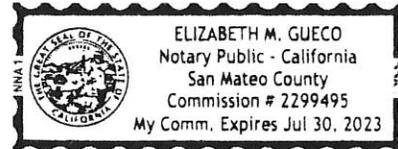
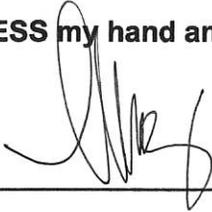
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of San Mateo ) ss.

On 12/10/2020 before me, Elizabeth M. Gueco, Notary Public, SISTER CHRISTINA HELTCLEY personally appeared SISTER CHRISTINA HELTCLEY, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) 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**

The land referred to is situated in the unincorporated area of the County of San Mateo, State of California, and is described as follows:

LOTS 35, 36, 37, 38, 39 AND 40, BLOCK 61, AND A PORTION OF LOTS 41, 42, 43, 44 AND 45, BLOCK 61, AS DESIGNATED ON THE MAP ENTITLED "MAP NO. 1 DUMBARTON OAKS", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, ON JANUARY 20, 1908 IN BOOK 5 OF MAPS AT PAGE 56, SAID PORTION OF LOTS BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHEASTERLY LINE OF DEVONSHIRE AVENUE, DISTANT ALONG SAID LINE SOUTHEASTERLY 160.83 FEET FROM ITS INTERSECTION WITH THE SOUTHEASTERLY LINE OF BUCKINGHAM AVENUE, SAID POINT OF BEGINNING BEING THE MOST WESTERLY CORNER OF LOT 41; THENCE FROM THE POINT OF BEGINNING NORTHEASTERLY 105 FEET, ALONG THE NORTHWESTERLY LINE OF LOT 41, TO THE MOST NORTHERLY CORNER OF LOT 41; THENCE SOUTHEASTERLY 106.91 FEET ALONG THE NORTHEASTERLY LINE OF LOTS 41, 42, 43, 44 AND 45; THENCE SOUTH 77° 15' WEST 134.73 FEET TO A POINT IN THE NORTHEASTERLY LINE OF DEVONSHIRE AVENUE; THENCE NORTHWESTERLY 22.47 FEET ALONG SAID LINE TO THE POINT OF BEGINNING.

JPN: 054-027-271-15A

APN: **054-271-150**

NOTE: It is anticipated that the use of this legal description will not be in violation of the Subdivision Map Act by reason of common ownership of contiguous land or otherwise with the approval by the City.

Any use of this legal description prior to such approval or without satisfactory evidence of compliance with or non-violation of the Act, shall be deemed to be without the consent of Old Republic Title Company and/or its underwriters.

**DO NOT DESTROY THIS NOTE. WHEN THIS NOTE IS FULLY FORGIVEN, IT MUST BE SURRENDERED TO THE TRUSTEE ALONG WITH THE ORIGINAL DEED OF TRUST FOR CANCELLATION AND ISSUANCE OF A RECONVEYANCE.**

**AMENDED AND RESTATED PROMISSORY NOTE**  
Secured by a Deed of Trust

**\$4,000,000 ARAPP**

Belmont, California

12-10, 2020

**FOR VALUE RECEIVED**, Saint Francis Center of Redwood City ("Borrower") promises to pay to the County of San Mateo, a political subdivision of the State of California, on behalf of the Department of Housing of the County of San Mateo ("DOH"), the sum of Four Million Dollars (**\$4,000,000 Measure K funds**) (the "Loan"). Said amount is payable at the DOH offices located at 264 Harbor Boulevard, Building A, in the City of Belmont, California, 94002.

**Use of Loan Funds:** Proceeds for this Loan come from the DOH Affordable Rental Acquisition and Preservation Program ("ARAPP"). Said proceeds will be used for the repayment of temporary and permanent financing used by Borrower to acquire the real property located at 180 Buckingham Avenue, in the unincorporated area of San Mateo County also known as North Fair Oaks, California (the "Project"). The Project consists of the acquisition and preservation of forty-eight (48) residential units in North Fair Oaks in order to retain the property as an affordable rental housing option for low and moderate-income households. The terms and conditions of the Loan are more specifically described in the Amended and Restated Agreement Between the County of San Mateo Department of Housing and Saint Francis Center of Redwood City to assist with 180 Buckingham Avenue, North Fair Oaks, CA.

**Term:** The term of this Note shall be from execution and shall mature ninety-nine (99) years from date of March 11, 2019 ("Note Maturity").

**Repayment/Interest Rate:** The principal amount under the Note shall bear an interest rate of zero percent (0%) simple interest from the date of execution. Payment in full on the Note shall be due at Note Maturity. The Note and Deed of Trust shall be executed prior to any disbursement of funds under the Agreement. The Deed of Trust shall be recorded as described in the section below entitled "Security."

**Forgiveness of Debt:** Borrower promises to maintain, as set forth in the Amended and Restated Declaration of Affordability Covenants, a minimum of twenty-three (23) ARAPP-restricted units for a period of ninety-nine (99) years. Upon the expiration of the Amended and Restated Affordability Covenant, the County will forgive the Loan so long as Borrower fulfills its obligation to use and maintain the Project as affordable housing for low-, very low-, and extremely low-income households during the entire term of the Affordability Covenant.

The anniversary date for meeting the Loan forgiveness commitment is December 31, 2118. If on this anniversary, Borrower has maintained twenty-three (23) units as ARAPP-Restricted Units for ninety-nine (99) consecutive years as set forth in the Amended and Restated Declaration of Affordability Covenants, then 100% of the outstanding principal as well as the interest payments set forth herein shall be forgiven by the County. If, however, on this anniversary, Borrower has not maintained

**twenty-three (23) units as ARAPP-Restricted Units for a period of ninety-nine (99) years as set forth in the Amended and Restated Declaration of Affordability Covenants, the full amount of the Loan shall become due and payable.**

**Due on Sale, Refinance or Transfer of Title:** Except as otherwise provided in the Agreement, Borrower shall not assign its rights under this Agreement without obtaining the prior written consent of the Director or his/her designee or sell or refinance the Property or Project. In the event of a sale or transfer of the Project or any interest therein by Borrower without such consent, which shall not be unreasonably withheld, the entire principal balance of the Note, including any accumulated interest, will be immediately due and payable and distributed pro rata to DOH, provided, however, assignment or transfer of the Project to a limited partnership for purposes of syndicating low income tax credits and in which Borrower or a nonprofit affiliate of Borrower or a limited liability company whose members are a nonprofit affiliate of Borrower is the general partner, any transfer of the Project pursuant to a purchase option or right of first refusal granted to the general partner of Borrower or an affiliate thereof, any transfer of limited partnership interests in Borrower or removal of the general partner of Borrower and replacement with the limited partner or an affiliate thereof or another entity, with the affiliate or other entity subject to approval by DOH in its reasonable discretion, shall not be considered a sale or transfer of the Project. **THE GRANTING OF AN OPTION OR RIGHT OF FIRST REFUSAL BY BORROWER AND ANY TRANSFER AGREED TO BY COUNTY PURSUANT TO SUCH OPTION OR RIGHT OF FIRST REFUSAL SHALL NOT CAUSE A DEFAULT OR ACCELERATION OF THE NOTE.**

**Default:** Except as expressly set forth in the Agreement, in the event Borrower breaches any of the terms and conditions of the Agreement after notice and an opportunity to cure as provided in the Agreement, Borrower will be in default of the terms and conditions of the Agreement and this Note, and DOH may demand immediate and full payment of the principal amount of the Note plus accrued interest, and/or may initiate foreclosure proceedings under the Deed of Trust.

**Maturity:** Upon Note Maturity Date or due to acceleration of the Note upon sale or default as referenced above, DOH shall be paid any outstanding amount under this Note. In any event, the entire principal balance plus interest is due and payable in its entirety at maturity.

**Subordination:** This Note and the Deed of Trust which secures this Note shall only be subordinate to the permanent loan(s) and its securities as anticipated for this property.

**Nonrecourse:** This Note shall be non-recourse to Borrower and its partners.

**Security.** This Note will be secured by a Deed of Trust recorded against Borrower's fee interest in the property located at 180 Buckingham Avenue, in the unincorporated area of San Mateo County also known as North Fair Oaks, California.

**Other.** Should there be a conflict relating to repayment terms between the Agreement and this Note, the latter will prevail.

**SAINT FRANCIS CENTER OF REDWOOD CITY,**  
a California nonprofit public benefit corporation,

180 Buckingham Avenue, North Fair Oaks, CA  
Promissory Note: \$4,000,000 AHF-ARAPP

Page 3

By:   
Name: Sister Christina Heltsley  
Its: Executive Director

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

**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: Gina Russell**

(This Space for Recorder's Use Only)

**AMENDED AND RESTATED DECLARATION OF AFFORDABILITY  
COVENANTS**

**Saint Francis Center of Redwood City** (the "Owner") agrees that twenty-three (23) of the units located on the property described in the attached Exhibit "A" and more commonly known as 180 Buckingham Avenue, North Fair Oaks, CA, aka Casa de Sobrato (the "Project"), shall be ARAPP-Restricted Units, as defined below, beginning upon execution of this document, the Amended and Restated Promissory Note and the Amended and Restated Deed of Trust of even date herewith, until that date which is ninety-nine (99) years from the date of March 11, 2019, as described in that certain "Amended and Restated Agreement Between County of San Mateo and St. Francis Center to Assist with 180 Buckingham Avenue," approved in Resolution No. \_\_\_\_\_ by the Board of Supervisors on \_\_\_\_\_ (the "Amended Agreement") in order to remain continuously affordable to lower income tenants. This Amended and Restated Declaration of Affordability Covenants ("Affordability Covenant") shall be binding on the Owner and any and all successors in interest.

**1. Department of Housing Affordable Rental Acquisition and Preservation Program (ARAPP) Requirements and Definitions**

The following definitions shall be incorporated by reference in this Affordability Covenant:

**A. Determination of ARAPP-Restricted Units:**

An ARAPP-Restricted Unit is a residential Unit that is subject to rent and occupancy restrictions as a result of the financial assistance provided by the County of San Mateo Department of Housing ("DOH"), as specified in the ARAPP NOFA which is attached as Exhibit \_\_\_ to "Amended and Restated Agreement between County of San Mateo and Saint Francis Center of Redwood City to assist with 180 Buckingham Avenue, North Fair Oaks, CA ( the "Agreement"), dated \_\_\_\_\_, approved by the County Board of Supervisors No. \_\_\_\_\_, [DATE] and this Affordability Covenant.

**ARAPP-Restricted Units:**

For the purposes of this Agreement, **twenty-three (23)** units, out of the 48 units for this Project, will be considered ARAPP-Restricted Units.

B. Affordability and Occupancy Requirements .

- a) All ARAPP-Restricted Units must remain affordable for a minimum of ninety-nine (99) years. Owner may request that DOH approve longer affordability periods. For this Project, the affordability period shall be 99 years.
- b) Existing Tenants: Upon closing and funding of the loan from San Mateo County and from that point forward, Owner will continue to honor the leases of all Existing Tenants. Subject to the provisions of any local rent control ordinances and the rules and regulations of any rent subsidies utilized by Existing Tenants, the leases of Existing Tenants may be adjusted annually, at most, by 5% for any 12-month period on an existing lease. In the case of Existing Tenants who, at the time of closing and funding of the loan from San Mateo County, pay more than 30% of their household income toward rent as determined by Owner after closing and funding of the loan from San Mateo County, pay more than 30% of the target income for unit size, as set forth by the County annually. To the greatest extent possible, Owner must work with DOH to reduce the Existing Tenants' share of rent payments at the earliest possible time, with a goal of setting such tenant share of rent payments at approximately 30% of the target income for unit size, as set forth by the County annually or the amount required under any applicable rental subsidy program.

Nothing herein shall be construed to prevent Owner from collecting total rent payments that equate to more than 30% of the target income for unit size, as set forth by the County annually for an Existing Tenant or future tenant for a unit where a tenant-based or project-based rental subsidy is applied and authorized to pay the rent requested by Owner up to the amount approved by the agency issuing such rental subsidies.

- c) Vacant Units: Upon funding and closing the loan from San Mateo County and from that point forward, all units (except for an onsite manager's unit) must be rented upon vacancy to households earning, at most, 80% of AMI, and must be rented at rates affordable to such households. Affordable rents shall be defined to mean the maximum affordable rents for each income category as specified in Section 3B of Exhibit A of the Agreement Between the County of San Mateo Department of Housing and St. Francis Center to assist with Casa de Sobrato Apartments located at 180 Buckingham Avenue, North Fair Oaks, CA specifying that the tenant share of rent is no more than 30% of the target income for unit size, as set forth by the County annually, or the amount approved by any applicable rental assistance program. If the unit is not filled within 30 Days, the Owner may proceed to select a client from an active waitlist if the income of the client selected does not exceed 80% AMI.

For ARAPP-Restricted Units, where tenant-based or project-based rental subsidies are applied, the tenant portion of rent payments for a unit will be restricted to the amount required by any tenant-based or project-based rental subsidy program applicable to a unit. The total rent for a unit may be set at the sum of the tenant's portion of rent and the rental subsidy payment, up to the maximum amount permitted by the rental subsidy program.

- d) County Client Referred Tenants: Upon closing and funding of the loan from San Mateo County should Owner not already have a minimum of two (2) units rented to County referred clients and from that point forward, Owner must each subsequently rent the first available ARAPP-Restricted Unit to a Client referred by the County until such time as Owner has two (2) units rented to County

referred clients. The next, and the second available unit to a Client referred by the County, and the third available vacancy shall be rented to a client referred from a Saint Francis Center of Redwood City maintained waitlist (Waitlist) and verified through DOH, with an income not to exceed 80% AMI. For this Project, Owner must rent a minimum of two (2) Units to County referred clients and a minimum of one (1) to any client from the Waitlist with an income no greater than 80% AMI.

- e) Affordability and Physical Distribution of the Rental Units: DOH must approve the affordability mix of the development. The ARAPP-Restricted Units should be distributed by unit size, amenity mix, and income affordability throughout the entire development.
- (i) ARAPP-Restricted Units in the Project will be floating units: Upon recertification of household income, if a household no longer qualifies to occupy their ARAPP-Restricted Unit at the initially targeted affordability level for that unit, then the next available comparable unit shall become designated to target households at the same initially targeted affordability level as the recertified household's unit. The objective is to ensure the development maintains the initial affordability mix of the ARAPP-Restricted Units over time.
  - (ii) Rent Limit Compliance: DOH will periodically monitor the Project to ensure that the ARAPP-Restricted Units are in compliance with these affordability requirements, and that procedures used to calculate the maximum tenant-paid rent for ARAPP-Restricted Units are consistent with ARAPP policies and requirements.

## **2. Rent and Occupancy Restrictions**

In the event that the income of a qualifying tenant increases such that the tenant no longer meets the income criteria for an ARAPP-Restricted Unit, the Owner will be allowed a variance to the income criteria of this Restriction until such time as said formerly qualifying tenant vacates the unit, or another unit of comparable size in the Development becomes available, at which time that unit must be rented to a qualifying tenant and the restriction shall transfer to the new unit as a ARAPP-Restricted Unit.

## **3. Subordination.**

This Affordability Covenant shall be subordinate to the permanent loan(s) and its securities as anticipated for this property. Any mortgage or Deed of Trust and the affordability period shall be terminated in the event of a foreclosure or transfer in lieu of foreclosure so long as DOH is provided with notice and cure rights with respect to such mortgage or Deed of Trust. However, this affordability restriction shall be revived if, during the original term hereof, the owner of record before the foreclosure or other transfer, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the property.

The Owner grants to DOH the right to take any and all legal action necessary to enforce the provisions of this Affordability Covenant, and the Owner shall be responsible for all reasonable legal expenses incurred by DOH in the enforcement of this Affordability Covenant.

DOH shall have the right to waive any and all breaches of the terms of this Affordability Covenant, but any such waiver shall not be deemed a waiver of all previous or subsequent breaches.

IN WITNESS WHEREOF, this Declaration of Affordability Covenant has been fully executed.

Saint Francis Center of Redwood City,  
a California nonprofit public benefit corporation

By: Sister Christina Heltsley  
Name: Sister Christina Heltsley  
Its: Executive Director

Date: 12-10-2020

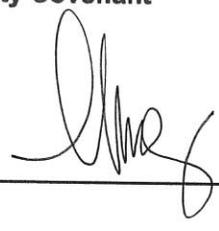
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of San Mateo ) ss.

On 12/10/2020 before me, Elizabeth M. Guelo, Notary Public,  
Notary Public, SISTER CHRISTINA HELTSLEY personally appeared  
SISTER CHRISTINA HELTSLEY, 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.



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Place Notary seal above

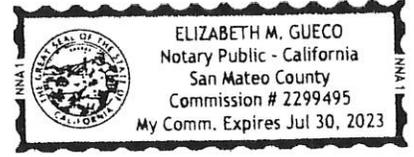
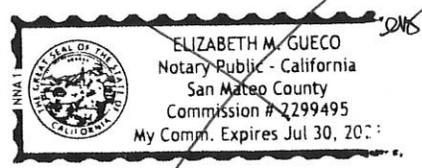


Exhibit "A"

**LEGAL DESCRIPTION**

Real property in the unincorporated area of the County of San Mateo, State of California, described as follows:

LOTS 35, 36, 37, 38, 39 AND 40, BLOCK 61, AND A PORTION OF LOTS 41, 42, 43, 44 AND 45, BLOCK 61, AS DESIGNATED ON THE MAP ENTITLED "MAP NO. 1 DUMBARTON OAKS", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, ON JANUARY 20, 1908 IN BOOK 5 OF MAPS AT PAGE 56, SAID PORTION OF LOTS BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHEASTERLY LINE OF DEVONSHIRE AVENUE, DISTANT ALONG SAID LINE SOUTHEASTERLY 160.83 FEET FROM ITS INTERSECTION WITH THE SOUTHEASTERLY LINE OF BUCKINGHAM AVENUE, SAID POINT OF BEGINNING BEING THE MOST WESTERLY CORNER OF LOT 41; THENCE FROM THE POINT OF BEGINNING NORTHEASTERLY 105 FEET, ALONG THE NORTHWESTERLY LINE OF LOT 41, TO THE MOST NORTHERLY CORNER OF LOT 41; THENCE SOUTHEASTERLY 106.91 FEET ALONG THE NORTHEASTERLY LINE OF LOTS 41, 42, 43, 44 AND 45; THENCE SOUTH 77° 15' WEST 134.73 FEET TO A POINT IN THE NORTHEASTERLY LINE OF DEVONSHIRE AVENUE; THENCE NORTHWESTERLY 22.47 FEET ALONG SAID LINE TO THE POINT OF BEGINNING.

JPN: 054-027-271-15A

APN: **054-271-150**