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Regina Alcomendras
Santa Clara County - Clerk-Recorder
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RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Santa Clara County Housing Authority
505 W. Julian Street
San Jose, CA 95110
Attention: Executive Director

Titles: 2 Pages: 25

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GOVERNMENT CODE §§6103, 27383

Space above this line for Recorder's use.

APNs: 137-12-001, 137-11-102(ptn), 137-11-071(ptn)

**AFFORDABLE HOUSING REGULATORY AGREEMENT
AND
DECLARATION OF RESTRICTIVE COVENANTS**

by and among

**THE SANTA CLARA COUNTY HOUSING AUTHORITY,
THE CITY OF PALO ALTO,
and**

THE COUNTY OF SANTA CLARA

This Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants (this "**Agreement**") is entered into effective as of Sept. 29, 2017 ("**Effective Date**") by and among the Santa Clara County Housing Authority, a public body, corporate and politic ("**Owner**"), the City of Palo Alto, a chartered city and municipal corporation ("**City**"), and the County of Santa Clara, a political subdivision of the State of California ("**County**"). The City, the County, and the Owner are collectively referred to herein as the "**Parties**."

RECITALS

A. Owner is, or as of the Effective Date shall be the owner of the real property located at El Camino Real and Los Robles Road in the City of Palo Alto, Santa Clara County, California, commonly known as the Buena Vista Mobile Home Park ("**Park**"), known as Assessor's Parcel Nos. 137-12-001, 137-11-102(ptn), 137-11-071(ptn), and more particularly described in Exhibit A attached hereto (the "**Fee Property**"). In addition, for a three-year term commencing on the Effective Date, Owner will hold a leasehold interest in certain property located immediately adjacent to the Fee Property (the "**Leased Property**") pursuant to a lease dated as of the Effective Date and executed by and between Owner and Toufic Jisser, as Trustee of the Toufic and Eva Jisser Revocable Trust, Dated October 16, 2000 (the "**Lease**"). A Memorandum of the Lease will be recorded in the Official Records of Santa Clara County substantially concurrently herewith. The Buena Vista Mobile Home Park is one of the few existing sites of moderate cost housing in the City, and includes approximately 104 mobile homes, 12 studio units, and one single family home. Of these, as of the Effective Date, eight (8) mobilehomes and two (2) studio units are located on the Leased Property. Prior to the termination of the Lease, Owner or its assignee will relocate the residents occupying the units located on the Leased Property.

B. The City, the County, and the Owner have each agreed to contribute certain funds to finance the acquisition and improvement of the Fee Property (the "**Financing**").

C. The Parties have agreed that the Fee Property will be owned, operated and maintained subject to a recorded restriction that requires Owner and its successors in interest to use the Fee Property as an affordable housing resource, to enhance the habitability of the Property, and to avoid displacement of the persons who currently reside at the Property. The Parties further agree that for so long as Owner or Owner's assignee holds a leasehold interest in the Leased Property, the Leased Property will be subject to the affordability requirements and covenants set forth in this Agreement; provided however, this Agreement will be recorded against the Fee Property only. As used in this Agreement, the term "**Property**" shall collectively mean the Fee Property and the Leased Property for so long as Owner or its assignee hold a leasehold interest in the Leased Property. Commencing upon the termination of the Lease, the term "**Property**" shall mean only the Fee Property.

D. The purpose of this Agreement is to satisfy the foregoing requirements, the requirements of Notice PIH-2011-45 (HA) published by the U.S. Department of

Housing and Urban Development ("HUD") that apply to housing authorities participating in the Moving to Work demonstration program, and those additional conditions required by the City and County in connection with the Financing.

E. The Parties intend the covenants set forth in this Agreement to run with the land and to be binding upon Owner and Owner's successors and assigns for the full term of this Agreement.

NOW THEREFORE, in consideration of the foregoing, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties incorporate the above Recitals into the Agreement and hereby agree as follows.

1. Definitions. The following terms have the meanings set forth in this Section wherever used in this Agreement.

"Actual Household Size" means the actual number of persons in the applicable household.

"Adjusted for Family Size Appropriate for the Unit" shall be determined consistent with the Santa Clara County Housing Authority's Housing Quality Standards (HQS) and 24 CFR 982.401 (i.e, assumed household size of two (2) persons per bedroom).

"Affordable Rent" means the following amounts, less a utility allowance and other fees and charges required to be paid by Resident Households on a non-optional basis:

Beginning on the Effective Date of this Agreement and continuing for thirty-six (36) months thereafter: the Base Rent.

Subject to Section 2.2 below, beginning with the thirty-seventh (37th) month after the Effective Date and continuing throughout the remaining Term of this Agreement, Affordable Rent will be defined to mean the following amounts, less a utility allowance and other fees and charges required to be paid by Resident Households on a non-optional basis:

(i) for Dwelling Units and Mobilehomes/Mobilehome Spaces occupied by households with incomes of not more than thirty (30%) of AMI ("**30% Units**"), a monthly rent that does not exceed one-twelfth of thirty percent (30%) of thirty percent (30%) of Area Median Income, Adjusted for Family Size Appropriate for the Unit,

(ii) for Dwelling Units and Mobilehomes/Mobilehome Spaces occupied by households with incomes of greater than 30% AMI, but not more than fifty percent (50%) of AMI ("**50% Units**"), a monthly rent that does not exceed one-twelfth of thirty percent (30%) of fifty percent (50%) of Area Median Income, Adjusted for Family Size Appropriate for the Unit,

(iii) for Dwelling Units and Mobilehomes/Mobilehome Spaces occupied by households with incomes of greater than 50% AMI, but not more than eighty percent (80%) of AMI ("**80% Units**"), a monthly rent that does not exceed one-twelfth of thirty percent (30%) of sixty percent (60%) of Area Median Income, Adjusted for Family Size Appropriate for the Unit; and

(iv) for Dwelling Units and Mobilehomes/Mobilehome Spaces occupied by households with incomes of greater than 80% AMI, but not more than one hundred twenty percent (120%) of AMI ("**120% Units**"), a monthly rent that does not exceed one-twelfth of thirty percent (30%) of one hundred ten percent (110%) of Area Median Income, Adjusted for Family Size Appropriate for the Unit.

For Resident Households who own and occupy a Mobilehome for which the Resident Household is making Mortgage Payments, the following charges will also be deducted in determining Affordable Rent: Mortgage Payments and property taxes, assessments, and insurance premiums payable by the Resident Household for the Mobilehome.

"Area Median Income" or "AMI" means the median income for Santa Clara County, California, adjusted for Actual Household Size, as determined by the U.S. Department of Housing and Urban Development ("**HUD**") pursuant to Section 8 of the United States Housing Act of 1937 and as published from time to time by the State of California Department of Housing and Community Development ("**HCD**") in Section 6932 of Title 25 of the California Code of Regulations or successor provision published pursuant to California Health and Safety Code Section 50093(c).

"Authority" means the Santa Clara County Housing Authority, a public body corporate and politic.

"Base Rent" means the monthly rent payable by a Resident Household as of the Effective Date for the rental of a Dwelling Unit, a Mobilehome Space, or both a Mobilehome and Mobilehome Space, as applicable.

"Dwelling Unit" means (i) the twelve (12) apartments and one (1) single family home, and any future replacement or other apartments or stick built homes, and (ii) any Mobilehome that is rented by a Resident Household from Owner, Owner's Agent, or the Authority.

"Eligible Household" means a household whose Gross Income does not exceed eighty percent (80%) of Area Median Income.

"Existing Residents" means Resident Households who reside on the Property as of the Effective Date.

"Fiscal Year" means the reporting period commencing on January 1 and ending on December 31 of any year.

"Government Code" means the Government Code of the State of California.

"Gross Household Income" means the total anticipated annual income of all persons in a household, as calculated in accordance with Section 6914 of Title 25 of the California Code of Regulations as such Section may be revised from time to time, or pursuant to a successor State or federal housing regulation that utilizes a reasonably similar method of calculation of household income.

"Income and Occupancy Certification" shall mean the initial and/or annual income certification documentation required pursuant to Section 2 of this Agreement.

"Manufactured Home" means a structure located on the Property that was constructed on or after June 15, 1976 and in compliance with the criteria set forth in California Health and Safety Code section 18007.

"Mobilehome" means a mobilehome located on the Property that was constructed prior to June 15, 1976 and in compliance with the criteria set forth in California Health and Safety Code section 18008 or a Manufactured Home.

"Mobilehome Space" means a space located on the Property upon which a Mobilehome is placed.

"Mortgage Payment" means the monthly principal, interest, and mortgage insurance premiums (if any) payable by a Resident Household for a mortgage payable to a commercial financial institution and secured by the Resident Household's Mobilehome located on the Property as of the Effective Date. To qualify as a Mortgage Payment, any new or additional mortgage, including any refinancing of an existing mortgage must be approved by Owner or Owner's agent.

"MPA" means the Mobilehome Park Act, California Health and Safety Code sections 18200 *et seq.* and related regulations, as amended or its successor.

"MRL" means the Mobilehome Residency Law, California Civil Code sections 798 *et seq.*, and related regulations, as amended or its successor.

"New Resident" means a Resident Household first residing on the Property after the Effective Date.

"Owner Mobilehome" means any Mobilehome owned by the Owner or Owner's Agent, located on the Property, and rented to a Resident Household.

"Rent" means the total of monthly payments payable by a Resident Household for the use and occupancy of a Dwelling Unit and/or a Mobilehome Space.

"Resident Household" means a household, including Existing Residents, that resides in a Mobilehome or a Dwelling Unit located in the Park.

2. Use and Affordability Restrictions. Owner hereby covenants and agrees, for itself and its successors and assigns, that the Property shall be used solely for the operation of affordable housing in compliance with the requirements set forth herein.

2.1 Affordability Requirements. For a term of seventy-five (75) years commencing upon the Effective Date, all of the Dwelling Units and Mobilehome Spaces located on the Property (with the exception of those designated for property managers) shall be restricted for occupancy at Affordable Rents by Eligible Households. At all times during the term of this Agreement and subject to Section 2.2 below, when a Dwelling Unit or Mobilehome Space becomes vacant, such Dwelling Unit or Mobilehome Space shall be made available to, rented and occupied by households to satisfy the following: (a) no less than 40% of the total number of Dwelling Units and Mobilehome Spaces (with the exception of those designated for property managers) shall be made available to, rented and occupied by households with incomes of not more than thirty (30%) of AMI, (b) no less than 40% of the total number of Dwelling Units and Mobilehome Spaces (with the exception of those designated for property managers) shall be made available to, rented and occupied by households with incomes of not more than fifty (50%) of AMI, and (c) the remainder of the Dwelling Units and Mobilehome Spaces (with the exception of those designated for property managers) shall be made available to, rented and occupied by households with incomes of not more than eighty percent (80%) of AMI. The Parties agree to meet and confer regarding potential modifications to the requirements set forth in this Section 2.1 if Owner demonstrates that such modification is necessary to maintain the financial feasibility of the Property. City and County agree to consider such requests in good faith and will not unreasonably deny consent if Owner demonstrates that the modification is necessary for financial feasibility. Under no circumstances shall the affordability requirements exceed 80% of AMI.

2.2 Continuation of Base Rent. Notwithstanding any contrary provision of this Agreement, Owner may extend the time that it will charge Base Rent for the Dwelling Units and Mobilehome Spaces located on the Property, beyond the first 36 months following the Effective Date, for up to two additional years if required to maintain the financial feasibility of the Property. Owner shall provide written notice of its intention to exercise this option to the City and County no later than the 30th month following the Effective Date.

2.3 Increases in Household Incomes; Filling of Vacancies. If, upon annual recertification of Gross Household Incomes, Owner determines that the percentage requirements in Section 2.1 above have not been satisfied on a Property-wide basis, Owner shall offer the next available vacant Dwelling Unit or Mobilehome Space to a household in the appropriate income category until the requirements of Section 2.1 are satisfied.

2.4 Other Restrictions. Notwithstanding anything to the contrary contained in this Agreement, if lenders, investors, or regulatory agencies require stricter household income eligibility or affordability requirements than those imposed by this Agreement, the requirements of such other lenders, investors or regulatory agencies, including without limitation, the requirements associated with tax-exempt financing, if applicable, shall prevail.

2.5 Existing Residents. Notwithstanding anything to the contrary contained herein, Existing Residents who do not qualify as an Eligible Household as of the Effective Date because their Gross Household Income is more than eighty percent (80%) but less than one hundred twenty percent (120%) of Area Median Income shall be permitted to continue to rent or lease a Dwelling Unit or Mobilehome Space at an Affordable Rent until: a) the household voluntarily vacates the Dwelling Unit or Mobilehome Space, as applicable, or b) the tenancy is terminated consistent with the requirements of the MRL. Furthermore, Existing Residents who do not qualify as an Eligible Household as of the Effective Date because their Gross Household Income is equal to or more than one hundred twenty percent (120%) of Area Median Income shall be permitted to continue to rent or lease a Dwelling Unit or Mobilehome Space until: (a) the household voluntarily vacates the Dwelling Unit or Mobilehome Space, as applicable, or (b) the tenancy is terminated consistent with the requirements of the MRL; provided however, upon written notice in accordance with Section 2.12 of this Agreement, Owner may adjust the rent charged to such household to up to fair market rent.

2.6 Initial Income and Occupancy Certification. Prior to or immediately after the Effective Date, all Resident Households shall provide to Owner, within the timeframe specified by Owner, an initial Income and Occupancy Certification. All New Residents must provide a completed Income and Occupancy Certification to Owner to enable Owner to determine whether the applicant household is an Eligible Household. All New Residents must be Eligible Households.

2.7 Annual Income and Occupancy Certification Requirement. Each Resident Household shall be required to provide an Income and Occupancy Certification annually while residing at the Property.

2.8 Failure to Comply with Initial or Annual Income and Occupancy Certification. A Resident Household's failure and/or refusal to provide an initial or annual Income and Occupancy Certification will be considered a breach of such household's lease or rental agreement, and may result in the loss of the right to occupancy within the Property.

2.9 Income and Occupancy Certification. Each Resident Household shall provide an initial and an annual Income and Occupancy Certification that at a minimum contains the information and documentation described in this Section for each household member over the age of eighteen years old residing on the Property. For the initial and the annual Income and Occupancy Certification, Owner shall verify each Resident Household's income by requesting and reviewing the following: (i) pay stubs for the most recent four (4) consecutive pay periods; (ii) if self-employed, Tax Form 1040, including Schedule C and other attachments from the prior year, (iii) an income verification form from the Social Security Administration and/or the California Department of Social Services if Resident Household members receives assistance from either of such agencies; (iv) history of the last 12 months of child support payments, if any, (v) if anyone in the Resident Household is unemployed, a form of independent verification; (vi) the most recent of any and all bank account statements

and/or any other financial account statements; and (vii) other verification and documentation as required by the Owner.

2.10 Increased Income of Household After Recertification.

(a) If the Gross Household Income of a Resident Household is determined to have increased to be more than eighty percent (80%) but less than one hundred twenty percent (120%) of Area Median Income, such household shall be permitted to continue to rent or lease a Dwelling Unit or Mobilehome Space on the Property at Affordable Rent until: a) the household voluntarily vacates the Dwelling Unit or Mobilehome Space, or b) the tenancy is terminated consistent with the requirements of the MRL.

(b) If the Gross Household Income of a Resident Household is determined to have increased to be equal to or more than one hundred and twenty percent (120%) of Area Median Income, such household shall be permitted to continue to rent or lease a Dwelling Unit or Mobilehome Space on the Property until: a) the household voluntarily vacates the Dwelling Unit or Mobilehome Space, or b) the tenancy is terminated consistent with the requirements of the lease agreement or MRL, whichever is applicable; provided however, upon written notice in accordance with Section 2.12 of this Agreement, Owner may adjust the rent charged to such household to up to fair market rent.

2.11 Determination of Rental Amounts. The Owner shall determine the Rent payable by each Resident Household. Upon determination of the rental amounts, the Owner shall provide the calculations and the amounts for each household to the City and County for its review. The City and County shall have thirty (30) days to review the rental amounts and either, in writing, object to the amounts or question the amounts. All Parties agree to resolve any issues related to the rental amounts as expeditiously as possible.

2.12 Notice of Rent Increase or Decrease. Each Resident Household shall be provided with notice of Rent increases or decreases consistent with the requirements set forth in the MRL, the Palo Alto Municipal Code, and any other applicable State or local requirements.

2.13 Managers' Units. Up to two (2) Dwelling Units or Mobilehome Spaces on the Property may be used for resident managers, and shall be exempt from the occupancy and rent restrictions set forth in this Agreement.

3. Owner Occupancy Requirements for Resident Households. All Resident Households shall be required to occupy their Dwelling Unit or Mobilehome as their principal place of residence, and shall not be permitted to rent-out or sublease their Mobilehome or Dwelling Unit, except as permitted under the MRL. All New Residents shall be required to sign a certificate stating their intent to occupy their Dwelling Unit or Mobilehome as their principal place of residence prior to execution of a rental or lease agreement. Notwithstanding anything contained to the contrary herein, Existing

Residents that reside in Mobilehomes that they do not own and that are not Owner Mobilehomes as of the Effective Date, shall be permitted to continue in occupancy of such Mobilehome pursuant to their existing agreement with the owner of the Mobilehome.

4. Rehabilitation or Construction of Improvements to Property. Owner shall invest or cause to be invested at least \$10 million in rehabilitation or construction of improvements to the Property within 36 months of the Effective Date of this Agreement; provided however, this deadline may be extended by an additional 36 months upon written consent of the City and County if Owner reasonably demonstrates that delay is necessary due to site conditions or other constraints. Owner shall maintain a minimum of 100 residential units or Mobilehome Spaces on the Property that will be available for occupancy by Eligible Households at Affordable Rents. Any proposal to replace more than 12 Mobilehome Spaces on the Property with any permanent built structure after the Effective Date shall be reviewed and approved by the City and County prior to the filing of any permit application.

4.1 Owner shall obtain all necessary permits and approvals for rehabilitation or construction or improvements to the Property, as required by federal and state law, and local zoning and other applicable regulations. City maintains and reserves full authority and discretion under state and local law in the processing of entitlements and permit applications.

5. Relocation.

5.1 Due to the physical condition of the Property, including without limitation, common area improvements, the Dwelling Units, and Mobilehomes, it is anticipated that repairs, replacements, maintenance and improvements will be required. The impact of the improvements on the ability of Resident Households to remain on the Property is not known as of the Effective Date but may require the relocation of Resident Households for varying periods of time.

5.2 Persons residing on the Property as of the Effective Date shall not be displaced before suitable replacement housing is available. Owner or Owner's agent shall be solely responsible for ensuring that all such persons receive all notices, benefits and assistance to which they are entitled in accordance with California Relocation Assistance Law (Government Code Section 7260 *et seq.*); Government Code sections 65863.7 and 65863.8; MPA section 798.56, the state and local regulations implementing such laws, and all other applicable local, state and federal laws, regulations and policies, including but not limited to the Uniform Relocation Act (42 U.S.C. §4601 *et seq.*) and implementing regulations (collectively "**Relocation Laws**") relating to the displacement and relocation of eligible persons as defined in such Relocation Laws. All costs incurred in connection with the temporary and/or permanent displacement and/or relocation of occupants of the Property, including without limitation payments to a relocation consultant, moving expenses, and payments for temporary and permanent relocation benefits pursuant to Relocation Laws shall be paid by Owner. County and City shall have no responsibility for payment therefor.

5.3 Resident Households first residing on the Property after the Effective Date but prior to delivery of any notice relating to displacement shall receive all notices, benefits and assistance to which they are entitled as set forth in Section 5.2 hereinabove.

5.4 All Resident Households shall have the right to return to the Property after any temporary relocation necessary for the repair, replacement, maintenance, or improvement of the Property.

5.5 Following the expiration or termination of this Agreement, persons residing on the Property on the date of such expiration or termination shall receive all notices, benefits and assistance to which they are entitled as set forth in Section 5.2 hereinabove. This provision shall survive the expiration or termination of this Agreement until full performance thereof.

6. Owner's Reporting Obligations to the City and County.

6.1 An Annual Report, as described below, shall be submitted to the City and the County no less than sixty (60) days prior to the close of each Fiscal Year.

(a) Annual Report. The Owner shall submit to the City and the County an Annual Report which includes the following:

- 1) A listing of all occupied Mobilehome Spaces and Dwelling Units, the income and size of each Resident Household occupying a Mobilehome Space or Dwelling Unit, the actual rent paid and the projected rent increase for the Mobilehome Space or Dwelling Unit;
- 2) A listing of all Mobilehome Spaces and Dwelling Units occupied by Resident Households whose Gross Household Income is equal to or more than one hundred twenty percent (120%) of Area Median Income;
- 3) The initial and annual certification and recertification of each Resident Household's Gross Household Income, cost verification and rent calculations;
- 4) The annual primary residence occupancy verification, if separate from the income certification and recertifications;
- 5) List of all New Residents, the income and household size, ages and relationships of such households, and copies of the income certifications and certification that the New Residents intend to occupy the Mobilehome Space or Dwelling Unit as their principal place of residency; and
- 6) The report shall state, in addition to the above, the date the occupancy commenced, the initial rental rate, if a Mobilehome was purchased, then the purchase price paid by the New Resident for the Mobilehome (if said information is available)

and such other information as the City or the County may be required by law to obtain.

6.2 Financial Audit. The Owner is responsible for obtaining a financial audit annually and shall provide the same to the City and County within one-hundred twenty (120) after the end of the Fiscal Year.

6.3 Additional Information. The Owner shall provide any additional information reasonably requested by the City or County. The City or County shall have right to examine and make copies of all books, records or other documents of the Owner pertaining to the Property.

6.4 Retention and Inspection of Documents.

(a) The Owner shall maintain complete, accurate and current records pertaining to the Mobilehome Spaces, Dwelling Units and the Property, and shall permit any duly authorized representative of the City or County to inspect records, including, without limitation, records pertaining to household income and household size of Resident Households; provided however, confidential and sensitive information relating to any Resident Household (such as account numbers, social security numbers, driver's license numbers) may be redacted or marked out to protect the confidentiality of such information.

(b) The Owner shall also maintain records which include copies of income certificates, cost verifications and rent calculations for all Resident Households as well as all Property financial, management and maintenance records.

(c) The City or County or any duly authorized representative thereof shall have the right to review and request copies of documents. In either the City or County's discretion, it shall have the right to audit such records, to determine the Owner's compliance with the requirements of this Agreement.

7. Operation of the Property.

7.1 Residential Use. The Property shall be operated only for residential use; however, this restriction shall not prohibit the operation of community, recreational, educational, or similar facilities that are open to the public, provided that these uses are consistent with applicable zoning.

7.2 Compliance with All Agreements. The Owner and Owner's agent shall comply with all the terms and provisions of this Agreement.

7.3 Non-Discrimination; Compliance with Fair Housing Laws.

7.3.1 Fair Housing. Owner and Owner's agent shall comply with state and federal fair housing laws in the marketing and rental of the Dwelling Units and Mobilehome Spaces located on the Property. Owner shall accept as tenants, on the

same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing Section 8 program or any successor thereto.

7.3.2 Non-Discrimination. Neither Owner nor Owner's agent shall restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Owner covenants for itself and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or part thereof, nor shall Owner or any person claiming under or through Owner establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in, of, or for the Property or part thereof. Owner shall include such provision in all deeds, leases, contracts and other instruments executed by Owner, and shall enforce the same diligently and in good faith.

8. Property Management and Maintenance

8.1 Management Responsibilities. The Owner and Owner's agent shall be responsible for all management functions with respect to the Property including, but not limited to, the selection of Resident Households, certification of household income and size, certification of the ages of all household members, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, security and management of household relocation, if required. The Owner shall retain a professional property management company initially approved by the City and County in their reasonable discretion to perform its management duties hereunder. A resident manager shall also be retained, if required by law or by Owner. The City and the County hereby approve: (i) the grant by Owner of a leasehold interest in the Property to the Caritas Corporation, a California nonprofit public benefit corporation ("Caritas") or a wholly-controlled affiliate of Caritas, and (ii) Caritas' or such affiliate's engagement of Birtcher Anderson Realty Management, Inc., a California corporation, as a property management company for the Property.

8.2 Performance Review. The City and County reserve the right to conduct jointly or separately an annual (or more frequently, if deemed reasonably necessary by the City or County) review of the management practices and financial status of the Property. The purpose of the performance review will be to enable the City and County to determine if the Property is being operated and managed in accordance with the requirements and standards of this Agreement. The Owner shall cooperate with the City and County in such reviews.

9. Indemnification

In lieu of and notwithstanding the pro rata risk allocation, which might otherwise be imposed between the Parties pursuant to Government Code Section 895.6, the Parties agree that all losses or liabilities incurred by a Party shall not be shared pro rata but, instead, the Owner, County and City agree that, pursuant to Government Code Section 895.4, each of the Parties hereto shall fully indemnify and hold each of the other Parties, their officers, board members, employees, and agents, harmless from any claim, expense or cost, damage or liability imposed for injury (as defined in Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying party, its officers, employees or agents, under or in connection with or arising out of any work, authority, or jurisdiction delegated to such party under this Agreement. No Party, nor any officer, board member or agent thereof shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of the other Parties thereto, their officers, board members, employees, or agents, under or in connection with or arising out of any work authorized or delegated to such other Parties under this Agreement.

Notwithstanding the foregoing, the Owner, and its assigns, shall indemnify, defend, and hold harmless the County and City, its officers, agents and employees from any claim, liability, loss, injury or damage arising out of, or in connection with, the acquisition of the Property, relocation of Property tenants, temporary relocation and construction of improvements on the Property, and operation or maintenance of the Property, excepting only loss, injury or damage caused by the negligence or willful misconduct of the County and City. The Owner, and its assigns, shall reimburse the County and City for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which the Owner is obligated to indemnify, defend and hold harmless the County and City under this Agreement.

Each Party agrees that all obligations under this Section 9 shall survive the termination or assignment of this Agreement and shall remain binding on all Parties notwithstanding the Agreement's termination or assignment.

10. Term of Agreement.

10.1 Term of Restrictions. This Agreement shall remain in effect through Sept. 29, 2092, which date is the 75th anniversary of the Effective Date.

10.2 Effectiveness Succeeds Conveyance of Property. This Agreement shall remain effective and fully binding for the full term hereof regardless of any sale, assignment, transfer, or conveyance of the Property or any part thereof or interest therein.

10.3 Reconveyance. Upon the termination of this Agreement, the Parties agree to execute and record appropriate instruments to release and discharge this Agreement; provided, however, the execution and recordation of such instruments shall not be necessary or a prerequisite to the termination of this Agreement upon the

expiration of the term. Upon request, upon termination of the Lease, the Parties agree to execute and record a release and reconveyance of this Agreement as to the Leased Property.

11. Reinvestment of Proceeds from Sale of Property. The Parties acknowledge and agree that a material consideration for the City and County to approve the financing described herein is for the proceeds of any subsequent sale of the Fee Property to be reinvested in the City to create affordable housing. In the event that the Fee Property is sold to a third party that is not an affiliate of the Authority and in connection with such sale the Fee Property will not be required to be used for affordable housing, the Parties shall cause an amount equal to: a) the amount not repaid to the City and County for any loans made by the City and County that are secured by the Fee Property, and b) at least fifty-two percent (52%) of the total appreciation of the value of the Fee Property since the Effective Date, to be reinvested in the City to create additional affordable housing. In the event that the Fee Property is sold to a third party that is not an affiliate of the Authority and in connection with such sale the Fee Property will continue to be used for affordable housing, the Parties agree that a) fifty-two percent (52%) of the total appreciation of the value of the Fee Property since the Effective Date shall be applied as a reduction to the purchase price of the Fee Property and b) the Owner shall cause to repay to the City and County any loan amount outstanding or the loan shall be assigned to the next Owner of the Fee Property. For the purposes of this paragraph, an "affiliate of the Authority" shall mean any entity that, directly or indirectly, controls, is controlled by, or is under common control with Authority. For the purposes of this paragraph, "affordable housing" shall mean the Fee Property is subject to occupancy and affordability restrictions which are substantially similar, including in length and levels of affordability, to the restrictions imposed under this Agreement and to which the City and County are parties.

Each Party agrees that all obligations under this Section 11 shall survive the termination or assignment of this Agreement and shall remain binding on all Parties notwithstanding the Agreement's termination or assignment:

12. Binding Upon Successors; Covenants to Run with the Land. Owner hereby subjects its interest in the Fee Property to the covenants and restrictions set forth in this Agreement. The Parties hereby declare their express intent that the covenants and restrictions set forth herein shall be deemed covenants running with the land and shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, transferees, and assigns of the Parties, regardless of any sale, assignment, conveyance or transfer of the Fee Property or any part thereof or interest therein. Any successor-in-interest to Owner, including without limitation any purchaser, transferee or lessee of the Fee Property shall be subject to all of the duties and obligations imposed hereby for the full term of this Agreement. Each and every contract, deed, ground lease or other instrument affecting or conveying the Fee Property or any part thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, restrictions, duties and obligations set forth herein, regardless of whether such covenants, restrictions, duties and obligations are set forth in such contract, deed, ground lease or other instrument. Notwithstanding any contrary provision hereof,

the Parties each acknowledge and agree that the affordability restrictions and other covenants set forth in this Agreement shall be binding upon the Leased Parcel until the date the Lease is terminated.

13. Recordation. This Agreement shall be recorded against the Fee Property in the Official Records of Santa Clara County.

14. Mortgagee Protection. No violation of any provision contained herein shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value upon all or any portion of the Fee Property, and the purchaser at any trustee's sale or foreclosure sale shall not be liable for any violation of any provision hereof occurring prior to the acquisition of title by such purchaser.

15. Default and Remedies. Owner's default in the performance of any term, provision or covenant under this Agreement and failure to cure such default within ninety (90) days following receipt of notice of default to Owner, or if the nature of any such non-monetary default is such that it cannot be cured within ninety (90) days, Owner's failure to commence to cure the default within ninety (90) days and thereafter prosecute the curing of such default with due diligence and in good faith shall constitute an Event of Default hereunder. Upon the occurrence of an Event of Default and its continuation beyond any applicable cure period, City or County may bring an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions, and/or seeking declaratory relief, or pursue any other remedy allowed under law or in equity.

16. Miscellaneous.

16.1 Amendments. This Agreement may be amended or modified only by a written instrument signed by all of the Parties.

16.2 Notices. Except as otherwise specified herein, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by: (i) personal delivery, in which case notice is effective upon delivery; (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered upon receipt if delivery is confirmed by a return receipt; or (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

City: City of Palo Alto
250 Hamilton Avenue
Palo Alto, CA 94301
Attention: James Keene, City Manager

With a copy to:

City of Palo Alto
250 Hamilton Avenue
Palo Alto, CA 94301
Attention: Beth Minor, City Clerk

City of Palo Alto
250 Hamilton Avenue
Palo Alto, CA 94301
Attention: Hillary Gitelman, Director of Planning and
Community Environment

County: County of Santa Clara
70 W. Hedding Street, East Wing, 10th floor
San Jose, CA 95110
Attention: Jeff Smith, County Executive

With a copy to:

County of Santa Clara
70 W. Hedding Street, East Wing, 10th floor
San Jose, CA 95110
Attention: Megan Doyle, Clerk of the Board of Supervisors

County of Santa Clara
Office of Supportive Housing
3180 Newberry Drive, Suite 150
San Jose, CA 95118
Attention: Ky Le, Director

Owner:

c/o Santa Clara County Housing Authority
505 W. Julian Street
San Jose, CA 95110
Attention: Katherine Harasz, Executive Director

16.3 Further Assurances. The Parties shall execute, acknowledge and deliver to the other such other documents and instruments, and take such other actions, as either shall reasonably request as may be necessary to carry out the intent of this Agreement.

16.4 Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another. The relationship of the Parties shall not be construed as a joint venture, equity venture, partnership or any other relationship.

16.5 Headings; Construction. The headings of the sections and paragraphs of this Agreement are for convenience only and shall not be used to interpret this Agreement. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any Party.

16.6 Governing Law; Venue. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of Santa Clara County, California or in the Federal District Court for the Northern District of California.

16.7 Entire Agreement. This Agreement contains the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements, understandings, representations or statements of the Parties with respect thereto.

16.8 Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired thereby.

16.9 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

16.10 Assignment. The City and County agree to approve assignments of this Agreement to: (a) a limited partnership whose general partner is a nonprofit public benefit corporation or a limited liability company that is controlled by or affiliated with Owner, or (b) a nonprofit public benefit corporation controlled by or affiliated with Owner, provided the City and County shall have approved the formation documents of the transferee and the executed assignment and assumption agreements between Owner and the transferee, in the reasonable discretion of the City and County. The City and County hereby approve the assignment of all of Owner's rights and obligations under this Agreement to Poco Way HDC, Inc., a California nonprofit public benefit corporation.

SIGNATURES ON FOLLOWING PAGES.

ACKNOWLEDGMENT

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 Santa Clara) ss

On 29 Sept 2017, before me, Beth D Minor,
(Name of Notary)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.
WITNESS my hand and official seal.

Beth D Minor
(Notary Signature)



ACKNOWLEDGMENT

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

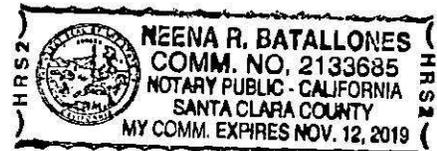
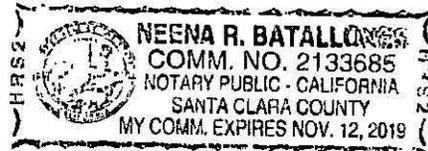
State of California)
) ss
County of Santa Clara)

On Sept. 27, 2017, before me, Neena R. Batallones,
(Name of Notary)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.
WITNESS my hand and official seal.

Neena R. Batallones
(Notary Signature)



ACKNOWLEDGMENT

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 Santa Clara)

On September 26, 2017 before me, H. Nguyen, notary public
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature H. Nguyen (Seal)

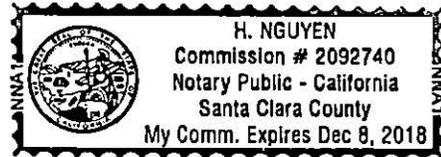


Exhibit A

FEE PROPERTY

The land is situated in the County of Santa Clara, City of Palo Alto, State of California, and is described as follows:

PARCEL 1, AS SHOWN ON THAT CERTAIN MAP FILED SEPTEMBER 7, 2017 IN BOOK 906 OF MAPS, PAGES 29-35, SANTA CLARA COUNTY RECORDS.

PARCEL TWO:

A NON-EXCLUSIVE EASEMENT, APPURTENANT TO PARCEL ONE ABOVE, FOR PEDESTRIAN AND VEHICULAR INGREE, EGRESS AND ACCESS, INCLUDING EMERGENCY VEHICLE ACCESS, AS SET FORTH IN THAT CERTAIN "GRANT OF ACCESS EASEMENT" RECORDED Sept. 29, 2017 AS INSTRUMENT NO. 23765769 OF OFFICIAL RECORDS.

APN: 137-12-001
137-11-102 (Affects a portion)
137-11-071 (Affects a portion)