

EXHIBIT A:

LOAN AND REGULATORY AGREEMENTS

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080

**No fee for recording pursuant to
Government Code Section 27383**

APNs: 011-270-300, 011-270-170

**AMENDED AND RESTATED RENT RESTRICTION AND RIGHT OF FIRST
REFUSAL AGREEMENT FOR BELOW MARKET RATE PROPERTY**

This Amended and Restated Rent Restriction and Right of First Refusal Agreement for Below Market Rate Properties (the “Agreement”) is made and entered into as of November [___], 2021, by and between the City of South San Francisco, a municipal corporation (the “City”), and MP Willow Greenridge Associates, L.P., a California limited partnership (the “Owner”).

RECITALS

A. The Owner owns certain real property located at 364 Susie Way, City of South San Francisco, County of San Mateo, State of California as more particularly described in Exhibit A attached hereto (the “364 Susie Property”), and certain real property located at 383 Susie Way, City of South San Francisco, County of San Mateo, State of California as more particularly described in Exhibit B attached hereto (the “383 Susie Property” and collectively with the 364 Susie Property, the “Property”).

B. The 364 Susie Property is improved with a building containing four (4) dwelling units (the “364 Susie Project”) and the 383 Susie Property is improved with a building containing four (4) dwelling units (the “383 Susie Project,” and collectively with the 364 Susie Project, the “Project”).

C. In accordance with Chapter 20.380 of the South San Francisco Municipal Code (the “Inclusionary Housing Ordinance”), the 364 Susie Property is subject to that certain Rent Restriction and Right of First Refusal Agreement for Below Market Rate Properties dated as of June 16, 2005, and recorded in the Official Records of San Mateo county (the “Official Records”) on July 1, 2005, as Instrument No. 2005-1110282, and that certain Rent Restriction and Right of First Refusal Agreement for Below Market Rate Properties dated as of October 17, 2005, and recorded in the Official Records on October 24, 2005, as Instrument No. 2005-185773 (collectively, the “364 Susie Covenants”), and the 383 Susie Property is subject to that certain Rent Restriction and Right of First Refusal Agreement for Below Market Rate Properties dated as of November 22, 2005, and recorded in the Official Records on November 30, 2005, as Instrument No. 2005-209638 (the “383 Susie Covenant,” and collectively with the 364 Susie Covenants, the “Existing Covenants”).

D. The City and the Owner desire to amend and restate the Existing Covenants, in their entirety, as more fully set forth herein.

NOW THEREFORE, in consideration of the recitals hereof, and other mutual covenants and promises contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Owner hereby agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions.

When used in this Agreement, the following terms shall have the respective meanings assigned to them in this Article 1.

(a) “60% AMI Household” shall mean a household with an Adjusted Income, adjusted for household size, that does not exceed 60% of Area Median Income.

(b) “60% AMI Rent” shall mean the maximum allowable rent for a 60% AMI Household pursuant to Section 2.2(b) below.

(c) “70% AMI Household” shall mean a household with an Adjusted Income, adjusted for household size, that does not exceed 70% of Area Median Income.

(d) “70% AMI Rent” shall mean the maximum allowable rent for a 70% AMI Household pursuant to Section 2.2(c) below.

(e) “90% AMI Household” shall mean a household with an Adjusted Income, adjusted for household size, that does not exceed 90% of Area Median Income.

(f) “90% AMI Rent” shall mean the maximum allowable rent for a 90% AMI Household pursuant to Section 2.2(d) below.

(g) “110% AMI Household” shall mean a household with an Adjusted Income, adjusted for household size, that does not exceed 110% of Area Median Income.

(h) “110% AMI Rent” shall mean the maximum allowable rent for a 110% AMI Household pursuant to Section 2.2(e) below.

(i) “Adjusted Income” shall mean the total anticipated annual income of all persons in a household as calculated in accordance with 24 CFR 92.203(b)(1), which incorporates 24 CFR 5.609m.

(j) “Agreement” shall mean this Amended and Restated Rent Restriction and Right of First Refusal Agreement for Below Market Rate Properties.

(k) “Area Median Income” shall mean the median gross yearly household income, adjusted for household size for San Mateo County, as published from time to time by

HUD. In the event that such income determinations are no longer published by HUD, or are not updated for a period of at least eighteen (18) months, the City shall provide the Owner with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by HUD.

(l) “Assumed Household Size” shall mean, solely for the purposes of establishing maximum rent limits for the Below Market Rate Units, a household size equal to the number of bedrooms in the Unit, times one and a half. For example, the Assumed Household Size for a two-bedroom unit shall be a household of three. Assumed Household Size is not intended to be used as a maximum occupancy limit for the Units.

(m) “Below Market Rate Units” shall mean the four (4) dwelling units within the 364 Susie Project and two (2) dwelling units within the 383 Susie Project.

(n) “City” shall mean the City of South San Francisco, a municipal corporation.

(o) “Household Size” shall mean the actual number of persons in the applicant or Tenant household.

(p) “HUD” means the United States Department of Housing & Urban Development.

(q) “Inclusionary Housing Ordinance” shall have the meaning set forth in Recital C above.

(r) “Owner” shall mean MP Willow Greenridge Associates, L.P., a California limited partnership.

(s) “Project” shall have the meaning set forth in Recital B above.

(t) “Property” shall mean the real property described in Exhibits A and B attached hereto and incorporated herein.

(u) “Rent” shall mean the total of monthly payments by the Tenant of a Below Market Rate Unit for the following: use and occupancy of the Unit and land and associated facilities, including parking; any separately charged fees or service charges assessed by the Owner which are required of all Tenants, other than security deposits; an allowance for the cost of an adequate level of service for utilities paid by the Tenant, including electricity, gas and other heating, cooking and refrigeration fuel, but not telephone service or cable TV; and any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than the Owner, and paid by the Tenant.

(v) “Tenant” shall mean a household lawfully occupying a Unit subject to a valid lease.

(w) “Term” shall mean the term of this Agreement, which shall commence on the date of this Agreement and shall continue until May 3, 2062, or a specified later date in the event the City and Owner agree to extend such term.

(x) “Unit” for leasing and management purposes, shall mean one of the eight (8) apartments in the Property. Six (6) of the Units, pursuant to Section 2.1 below, are required to be occupied by, or if vacant available for occupancy by 60% AMI, 70% AMI, 90% AMI, 110% AMI and Very Low Income Households.

(y) “Very Low Income Household” shall mean a household with an Adjusted Income, adjusted for household size, that does not exceed 50% of Area Median Income.

(z) “Very Low Income Rent” shall mean the maximum allowable rent for a Very Low Income Household pursuant to Section 2.2(a) below.

ARTICLE 2 AFFORDABILITY AND OCCUPANCY COVENANTS

2.1 Occupancy Requirements.

(a) Below Market Rate Units. One (1) of the Below Market Rate Units at the 364 Susie Project shall be rented to and occupied by or, if vacant, available for occupancy by a 60% AMI Household, one (1) of the Below Market Rate Units at the 364 Susie Project shall be rented to and occupied by or, if vacant, available for occupancy by a 70% AMI Household, one (1) of the Below Market Rate Units at the 364 Susie Project shall be rented to and occupied by or, if vacant, available for occupancy by a 90% AMI Household, one (1) of the Below Market Rate Units at the 364 Susie Project shall be rented to and occupied by or, if vacant, available for occupancy by a 110% AMI Household, and the two (2) Below Market Rate Units at the 383 Susie Project shall be rented to and occupied by or, if vacant, available for occupancy by Very Low Income Households in accordance with Exhibit C. The foregoing requirements shall not preclude the Owner from complying with more restrictive income and/or rent limits that may apply to one or more of the six (6) Below Market Rate Units during the term of any other regulatory agreement recorded against the Property currently, or subsequently to be recorded, with prior City approval, for the purposes of ensuring the affordability of the units and/or establishing deeper affordability targeting requirements.

2.2 Allowable Rent.

(a) Very Low Income Rent. Rents (including utility allowance) charged to Tenants of the Very Low Income Household Below Market Rate Units shall not exceed the 50% AMI rent limit published annually by HUD. In the event that HUD no longer publishes such rent limit, the rents for Very Low Income Household Units shall not exceed one-twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of Area Median Income for the Assumed Household Size, as further set forth in Exhibit C.

(b) 60% AMI Rent. Rents (including utility allowance) charged to Tenants of the 60% AMI Household Below Market Rate Unit shall not exceed the 60% AMI rent limit published annually by HUD. In the event that HUD no longer publishes such rent limit, the rents for 60% AMI Household Units shall not exceed one-twelfth (1/12) of thirty percent (30%) of sixty percent (60%) of Area Median Income for the Assumed Household Size, as further set forth in Exhibit C.

(c) 70% AMI Rent. Rents (including utility allowance) charged to Tenants of the 70% AMI Household Below Market Rate Unit shall not exceed one-twelfth (1/12) of thirty percent (30%) of seventy percent (70%) of Area Median Income for the Assumed Household Size, as further set forth in Exhibit C.

(d) 90% AMI Rent. Rents (including utility allowance) charged to Tenants of the 90% AMI Household Below Market Rate Unit shall not exceed one-twelfth (1/12) of thirty percent (30%) of ninety percent (90%) of Area Median Income for the Assumed Household Size, as further set forth in Exhibit C.

(e) 110% AMI Rent. Rents (including utility allowance) charged to Tenants of the 110% AMI Household Below Market Rate Unit shall not exceed one-twelfth (1/12) of thirty percent (30%) of one hundred ten percent (110%) of Area Median Income for the Assumed Household Size, as further set forth in Exhibit C.

(f) Housing Assistance Payment Contracts; Project Based Vouchers. In the event that some or all of the Below Market Rate Units are subject to a valid Housing Assistance Payment (“HAP”) contract with HUD and/or the San Mateo County Housing Authority (including a HAP contract in connection with tenant-based Housing Choice Vouchers), the allowable Rent may be determined by the parties to the HAP contract and may exceed the allowable Rent set forth above. Owner shall provide notice to the City that a HAP contract has been executed, and such notice shall identify which units will be subject to the HAP contract, and the term of HAP contract applicable to each Unit. Executed HAP contract(s) shall be made available for City inspection upon request. Under applicable federal law, prior to the expiration of any HAP assistance, Owner shall notify Tenant that their Rent may be increased to the applicable allowable Rent limit specified herein.

(g) Hold Harmless. Notwithstanding anything to the contrary contained herein, with respect to the Area Median Income determination under this Agreement, the City shall allow Owner to apply the same “hold harmless” policy implemented by the California Tax Credit Allocation Committee in the event that the Area Median Income decreases in any given calendar year.

(h) Inclusionary Housing Ordinance. Notwithstanding anything contained herein to the contrary, in accordance with Section 20.380.006(D) of the Inclusionary Housing Ordinance, no Tenant of any Below Market Rate Unit shall be obligated to pay rent for a Below Market Rate Unit in an amount greater than ninety percent (90%) of the market rental rate for such Unit.

2.3 Increased Income of Tenants.

(a) Non-Qualifying Households in Below Market Rate Units. If, upon recertification of the income of a Tenant of a Below Market Rate Unit, the Owner determines that such Tenant's Adjusted Income has increased and exceeds the income limit for a Very Low Income, 60% AMI, 70% AMI, 90% AMI or 110% AMI Household, as applicable, then, upon sixty (60) days' written notice to Tenant and subject to Section 2.2(h) above, such Tenant's rent may be increased to 30% of the Tenant's actual monthly household income or to a comparable rent for Very Low Income, 60% AMI, 70% AMI, 90% AMI or 110% AMI Households, as applicable, occupying units of comparable size. If such an increase is expressly prohibited under a deed restriction of a lienholder senior to this Agreement, or federal IRS tax credit regulations applicable to the Property at the time, the rent shall remain at the then-current rent limit applicable such Unit and the number of Units occupied by Tenants with incomes over the applicable rent limit shall be reported to the City on an annual basis in Owner's annual reports to the City as required under Section 3.2 herein.

(b) Over Income Households. Notwithstanding anything to the contrary contained herein, if any household's income has been determined to be at or above 120% of Area Median Income for two consecutive annual income certifications, Owner may terminate such tenant's lease with a six (6) month notice to vacate.

(c) Termination of Occupancy. Upon termination of occupancy of a Below Market Rate Unit by a Tenant, such Below Market Rate Unit shall be deemed to be continuously occupied by a household of the same income level (e.g., Very Low Income Household) as the initial income level of the vacating Tenant if such Unit is re-occupied by a household of the same income level within 120 days of vacancy of the Unit by the prior Tenant, at which time the status of the Unit shall be determined based on the income level of the new Tenant.

2.5 Persons residing on the Property as of the date of this Agreement shall not be displaced before suitable replacement housing is available in comparable replacement housing. Owner shall ensure that all occupants of the Property receive all notices, benefits and assistance to which they are entitled in accordance with California Relocation Assistance Law (Government Code Section 7260 et seq.), all state and local regulations implementing such law, and all other applicable local, state and federal laws and regulations (collectively "Relocation Laws") relating to the displacement and relocation of eligible persons as defined in such Relocation Laws.

Any and 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. Owner shall indemnify, defend (with counsel approved by City) and hold harmless the Indemnitees (as defined in Section 6.15) from and against any and all Claims (as defined in Section 6.15) arising in connection with the breach of Owner's obligations set forth in this Section except to the extent such Claims arise from the gross negligence or willful misconduct of the Indemnitees. Owner's indemnification

obligations set forth in this Section 2.5 shall survive the expiration or earlier termination of this Agreement.

2.6 Occupancy Procedures. The Owner shall adopt written tenant selection policies and criteria for the Units that:

(a) Are consistent with the purpose of providing housing for Very Low Income, 60% AMI, 70% AMI, 90% AMI and 110% AMI Households;

(b) Are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease; and

(c) Provide for:

(i) The selection of tenants from a written waiting list in the chronological order of their application, applying the local preference as outlined in this Agreement, insofar as is practicable and compliant with applicable laws and regulations; and

(ii) The prompt written notification to any rejected applicant of the grounds for any rejection.

2.7 Security Deposits. Any security deposits collected by the Owner or Owner's agent shall be kept separate and apart from all other funds of the Property in a trust account with a depository insured by the Federal Deposit Insurance Corporation, or other comparable federal deposit insurance program, and shall be held and disbursed in accordance with California law. If required by the locality, the balance of such amount shall at all times equal or exceed the aggregate of all outstanding obligations under said account, plus accrued interest thereon.

ARTICLE 3 INCOME CERTIFICATION AND REPORTING

3.1 Income Certification.

The Owner will obtain, complete and maintain on file, immediately prior to initial occupancy and annually thereafter, income certifications from each Tenant renting any of the Units. The Owner shall make a good faith effort to verify that the income provided by an applicant or occupying household in an income certification is accurate by taking two or more of the following steps as a part of the verification process: (a) obtain a pay stub for the most recent pay period; (b) obtain an income tax return for the most recent tax year; (c) conduct a credit agency or similar search; (d) obtain an income verification form from the applicant's current employer; (e) obtain an income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies; or (f) if the applicant is unemployed and has no such tax return, obtain another form of independent verification. Copies of Tenant income certifications shall be available to the City upon request. Initial household income certification shall be consistent with the "Part 5 Method" described in 24 CFR 5.609.

In the event that annual recertification of Tenant incomes indicates that the number of Below Market Rate Units actually occupied by Very Low Income, 60% AMI Households, as applicable, falls below the number reserved for each income group as specified in Exhibit C attached hereto, Owner shall rectify the condition by renting the next available dwelling unit(s) in the Project to a Low, 60%, or Very Low Income Household(s), as applicable, until the required income mix is achieved.

3.2. Annual Report to the City.

The Owner shall file with the City an annual report, no later than 120 days following the end of each calendar year. The report shall contain a certification by the Owner as to such information as the City may then require including, but not limited to, the following:

(a) The substantial physical defects in the Property, including a description of any major repair or maintenance work undertaken or needed in the previous and current fiscal years. Such statement shall describe what steps the Owner has taken in order to maintain the Property in a safe and sanitary condition in accordance with applicable housing and building codes.

(b) The occupancy of the Property including (i) the verified income of each current household; and (ii) the current rent charged each household and whether these rents include utilities.

(c) A summary of the information received from the recertification of Tenants' incomes.

(d) Other information reasonably required by the City, including the fiscal condition of the Owner showing a financial statement for the previous fiscal year that includes a balance sheet and a profit and loss statement indicating any surplus or deficit in operating accounts; a detailed, itemized listing of income and expenses; the amount of any fiscal reserves and the total amount of Residual Receipts (as defined in the Note) received. Such financial statement shall be prepared in accordance with the requirements of the City. The City may require that the financial statement be audited at the Owner's expense by an independent certified public accountant acceptable to the City, or other person designated by the City, if City reasonably determines that audit is deficient.

3.3 Additional Information.

The Owner shall provide any additional information reasonably requested by the City to the City. The City shall have the right to examine and make copies of all books, records or other documents of the Owner which pertain to the Project.

3.4 Records.

The Owner shall maintain complete, accurate and current records pertaining to the Project, and shall permit any duly authorized representative of the City to inspect records, including records pertaining to income of Tenants. All Tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Owner and shall be maintained as required by the City, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the City. The Owner shall

retain copies of all materials obtained or produced with respect to occupancy of the Units for a period of at least five (5) years.

3.5 On-site Inspection.

The City shall each have the right to perform an on-site inspection of the Project at least one time per year with adequate notice to Owner, a minimum of thirty (30) days. The Owner agrees to cooperate in such inspection.

ARTICLE 4 PROPERTY MAINTENANCE

4.1 Property Maintenance.

The Owner agrees, for the entire Term of this Agreement, to maintain all interior and exterior improvements, including landscaping, on the Property in good condition and repair (and, as to landscaping, in a healthy condition), reasonable wear and tear excepted, and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, City, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials. The Owner shall make all repairs and replacements necessary to keep the improvements in good condition and repair. Owner shall prevent and/or rectify any physical deterioration of the Property and the Project and shall make all repairs, renewals and replacements necessary to keep the Property and the improvements located thereon in good condition and repair.

4.2 City Right to Perform Maintenance.

In the event that Owner breaches any of the covenants contained in Section 4.1, and such default continues for a period of ten (10) days after written notice from City (with respect to graffiti, debris, and waste material) or thirty (30) days after written notice from City (with respect to landscaping, building improvements and general maintenance), then City, in addition to any other remedy it may have under this Agreement or at law or in equity, shall have the right, but not the obligation, to enter upon the Property and perform all acts and work necessary to protect, maintain, and preserve the improvements and the landscaped areas on the Property. All costs expended by City in connection with the foregoing, shall be paid by Owner to City upon demand. Notwithstanding anything to the contrary set forth in this Section, City agrees that it will provide Owner with not less than thirty (30) days' written notice prior to undertaking any work for which Owner will incur a financial obligation.

ARTICLE 5 RIGHT OF FIRST REFUSAL

5.1 Right of First Refusal.

Owner shall provide City (or its designee or assignee), a first right of refusal to purchase the Property containing the Below Market Rate Units if it, or the individual Units, are offered for sale at any point during the Term. Except as provided herein, Owner hereby grants and gives the City (or its designee or assignee) a right of first refusal to purchase the Property or individual Units on and subject to the conditions set forth in this Article 5 (the "Right of First Refusal").

5.2 Below Market Rate Unit Resale Procedures.

(a) Notice of Offer to Sell. Whenever the Owner no longer desires to own the Property, Owner shall notify City of their intent to offer the Property for sale in accordance with the terms of this Agreement. Such notice shall be delivered in accordance with Section 6.9 below. Owner's offer to sell may be withdrawn by Owner, provided that notice of withdrawal has been received by City (or its designee or assignee), in writing, prior to acceptance by City (or its designee or assignee). Such notice from Owner to City shall contain the price under which the Owner desires to sell the Property.

(b) Acceptance. City (or its designee or assignee) shall have thirty (30) days from the date of receipt of Owner's notice under Section 5.2(a) to accept Owner's offer to sell the Property. This acceptance shall be in writing and indicate whether the City is accepting the offer to sell at the requested price or whether the City is proposing a counteroffer in accordance with Section 5.3(b) below. The acceptance shall be delivered to Owner in the manner set forth in Section 6.9 below. For purposes of fulfillment of the terms of this procedure, the notice of intent to sell the premises shall be deemed to be an offer to sell, and the exercise of the right to purchase by the City (or its designee or assignee) shall be deemed to be an acceptance of that offer. Subject to Section 5.3, acceptance by City (or its designee or assignee) shall constitute a legally binding contract for the transfer of title, and once accepted, the offer to sell may not be withdrawn without the express, written consent of the party who accepted the offer.

(c) Escrow. Within sixty (60) days of the date of acceptance, subject to the parties having mutually agreed upon a Purchase Price (as defined below) as set forth in Section 5.3, an escrow account shall be opened by the City (or its designee or assignee). City reserves the right, at anytime during this process, to subsequently assign its right to purchase to its designee or assignee. Once opened, an escrow must be closed within thirty (30) days, unless both parties mutually agree, in writing, to an extension of time. In no case shall the time between receipt of an offer to sell and the date of close of escrow exceed ninety (90) days, unless both parties mutually agree, in writing, to extend that date, or if for any reason the time periods herein are tolled. In the event the City (or its designee or assignee) purchases the Property or individual Below Market Rate Units pursuant to this section, the City (and its designee or assignee) shall release Owner from all obligations under this Agreement. Once escrow is opened, in the event the City (or its designee or assignee) fails to complete actions to close escrow (for the purchase of the Property or individual Below Market Rate Units), through no fault of the Owner, the City shall release the Owner from the Right of First Refusal obligations under this Agreement.

(d) Transfer by Owner if Right of First Refusal Not Exercised. In the event the City (or its designee or assignee) does not exercise its Right of First Refusal within thirty (30) days of the Owner's notice pursuant to Section 5.2 above, the Owner may offer the Property for sale to any buyer as set forth in Section 5.3(b)(i) below. The proposed buyer must purchase the property subject to the terms of this Agreement and will be required to execute, acknowledge and record a written assumption agreement under which the transferee shall assume the obligations and duties of the Owner under this Agreement and agree to be bound by the terms of this Agreement.

(e) Owner's Obligation to Cooperate. At all times, Owner shall make

reasonable efforts to ensure that the Property are clean and in good repair, and reasonably available to be shown to the City (or its designee or assignee) subject to rights of the Tenants. Owner shall reasonably cooperate with the City and its officers, employees and representatives. Failure to comply with these conditions shall be deemed a material breach of Owner's obligations pursuant to the terms of this Agreement, and upon determination by the City that Owner has failed to comply with any of the above conditions, City shall notify Owner that the time periods stated herein shall be tolled and the applicable time periods extended accordingly, until Owner has complied with all of the conditions of this Agreement. Acts by Owner which shall be deemed to be a breach of this obligation include, but are not limited to, failure to make the Property available for showing to the City (or its designee or assignee) upon reasonable notice subject to the rights of Tenants, willful or deliberate actions to dissuade prospective buyers from purchasing the Property, failure or refusal to return telephone calls within a reasonable amount of time, and failure to complete forms, provide required reports, or perform other actions ordinarily required by a party to a real estate transaction in a timely manner. In addition to tolling the applicable time periods, the City may pursue any other remedies for breach based upon this section.

5.3 Purchase Price.

(a) Purchase Price Generally. The purchase price for the Property (the "Purchase Price") shall be the price at which Owner offered to sell the property or the price as determined by Section 5.3(b) below. The Purchase Price shall be paid in cash or by a check issued by the City at the close of escrow or as otherwise mutually agreed upon by City (or its designee or assignee) and Owner.

(b) Negotiated Purchase Price. If the City does not accept Owner's offer to sell at the purchase price set forth in the Owner's notice under Section 5.2, the City shall have the option of submitting a counteroffer. Said counteroffer shall not in any way be deemed an acceptance of the Owner's price. The City's counteroffer may be based on the appraised fair market value, as established by an appraiser of City's choice ("City Appraisal").

(i) If an agreement cannot be reached between the City and the Owner as to the Purchase Price within ninety (90) days from and after City's acceptance as provided in Section 5.2(b), Owner may then offer the Property (or individual Below Market Rate Units subject to Section 5.8) for sale to any buyer for a period of eight (8) months (the "Option Period").

(ii) During the Option Period, City shall waive, in writing, its Right of First Refusal; provided, however, that if the City's counteroffer is based upon a City Appraisal, then the City shall waive such rights if and only if a prospective buyer's offer to purchase the Property exceeds the City Appraisal value by more than ten percent (10%). If said sale to a prospective buyer is not consummated by placing earnest money into escrow during the Option Period, all parts of this Agreement shall remain in force and the City shall retain its Right of First Refusal.

(iii) The time period during which the City (or its designee or assignee) has the option to perform pursuant to this Agreement shall be tolled for the time the City and the Owner negotiate the Purchase Price, but said tolling period shall not exceed thirty (30) days

unless both parties mutually agree, in writing, to extend the time period.

5.4 Wood Destroying Pests and Organisms. Owner shall bear the expense of providing a current written report of an inspection by a licensed Structural Pest Control Operator. All work recommended in said report to repair damage caused by infestation or infection of wood-destroying pests or organisms found and all work to correct conditions that caused such infestation or infection (“Pest Work”) shall be done at the expense of the Owner. At close of escrow Owner shall monetarily credit City (or its designee or assignee) for any Pest Work Owner did not complete prior to the close of escrow. Any work to correct conditions usually deemed likely to lead to infestation or infection of wood-destroying pests or organisms, but where no evidence of infestation or infection is found with respect to such conditions, is not the responsibility of the Owner, and such work shall be done only if requested by the City (or its designee or assignee) and then at the expense of the City (or its designee or assignee).

5.5 Real Estate Transfer Disclosure Statement. Owner is obligated to provide the City with a full disclosure of the condition of the premise under Civil Code Section 1102, et seq. The City will provide the Owner with a Real Estate Transfer Disclosure form which shall be completed by the Owner and submitted to the City with the Owner’s notice of intent to sell.

5.6 Property Deficiencies. Upon receipt of notice of Owner’s intent to sell, City (or its designee or assignee) shall be entitled, upon reasonable notice, to inspect the Property to determine whether any violations of applicable building, plumbing, electric, fire, or housing codes or any other provisions of Title 16 of the South San Francisco Municipal Code (“Deficiencies”) exist. City (or its designee or assignee) shall have a report (the “Deficiencies Report”) prepared and shall deliver said report to Owner. In the event Deficiencies are noted in the Deficiency Report, the City (or its designee or assignee) shall obtain cost estimates to cure the Deficiencies. The Owner shall cure the Deficiencies in a reasonable manner acceptable to City (or its designee or assignee) within sixty (60) days of receiving the Deficiency Report, but in no event later than close of escrow. Should Owner fail to cure such Deficiencies prior to the scheduled date of close of escrow, the City (or its designee or assignee) shall receive a credit against the Purchase Price in the amount of the estimated cost of all Deficiency repairs Owner did not complete prior to the close of escrow.

5.7 Assignment of Right to Purchase. In no event shall City become in any way liable to Owner, nor become obligated in any manner, by reason of the assignment of its right to purchase, nor shall City be in any way obligated or liable to Owner for any failure of City’s designee or assignee to consummate a purchase of the Property or to comply with the terms of any purchase and sale agreement. Nothing in this Agreement shall be construed to obligate City to purchase the Property in the event that its designee or assignee fails to complete actions to close escrow.

5.8 Sale of Individual Units. If Owner or any subsequent purchaser of the Project sells any Below Market Rate Unit as an individual condominium, cooperative or tenancy in common unit before the end of the Term, the City shall record a resale restriction with a term of fifty-five (55) years from the date of recordation, against said Unit(s) upon the close of escrow for said Unit(s), so that said Unit(s) shall remain affordable to subsequent income eligible buyers for a term

of fifty-five (55) years. Notwithstanding the foregoing, in the event of a sale of all of the Below Market Rate Units to a third party at one time solely for purposes of the continued rental and management of the Below Market Rate Units, the requirement hereunder to record the 55-year resale restriction shall not apply.

ARTICLE 6 MISCELLANEOUS

6.1 Term.

The provisions of this Agreement shall apply to the Property for the entire Term. This Agreement shall bind any successor, heir or assign of the Owner, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by the City.

6.2 Covenants to Run With the Land.

The City and the Owner hereby declare their express intent that the covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Property, provided, however, that on the expiration of the Term of this Agreement said covenants and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof, shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the City expressly releases such conveyed portion of the Property from the requirements of this Agreement. This Section 6.2 shall be subject to the rights of any lender with a lien senior to this Agreement.

6.3 Enforcement by the City.

If the Owner fails to perform any obligation under this Agreement, and fails to cure the default within thirty (30) days after the City has notified the Owner in writing of the default or, if the default cannot be cured within thirty (30) days, fails to commence to cure within thirty (30) days and thereafter diligently pursue such cure and complete such cure within ninety (90) days, the City shall have the right to enforce this Agreement by any or all of the following actions, or any other remedy provided by law, subject to the rights of any lenders with liens senior to this Agreement:

(a) Collect Rents. Collect all rents and income in connection with the operation of the Project and use the same and the reserve funds for the operation and maintenance of the Project.

(b) Excess Rents. In the event that the breach or violation involves the rents to tenants or other charges in excess of those permitted under this Agreement, the City may demand, and seek as an additional remedy, the return of such excess rents or other charge to the affected households.

(c) Action to Compel Performance or for Damages. The City may bring an action at law or in equity to compel the Owner's performance of its obligations under this

Agreement, and/or for damages, or for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement or for such other relief as may be appropriate.

(d) Remedies Cumulative. The remedies of the City hereunder are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the City of any one or more of its other remedies.

6.4 Attorneys' Fees and Costs.

In any action brought to enforce this Agreement, the prevailing party shall be entitled to all costs and expenses of suit, including reasonable attorneys' fees. This section shall be interpreted in accordance with California Civil Code Section 1717 and judicial decisions interpreting that statute.

6.5 Recording and Filing.

The City and the Owner shall cause this Agreement, and all amendments and supplements to it, to be recorded in the Official Records. Concurrently with the recording of this Agreement, the City and the Owner shall cause the Existing Covenants to be terminated.

6.6 Governing Law.

This Agreement shall be governed by the laws of the State of California.

6.7 Waiver of Requirements.

Any of the requirements of this Agreement may be expressly waived by the City in writing, but no waiver by the City of any requirement of this Agreement shall, or shall be deemed to, extend to or affect any other provision of this Agreement.

6.8 Amendments.

This Agreement may be amended only by a written instrument executed by all the parties hereto or their successors in title, and duly recorded in the real property records of the County of San Mateo.

6.9 Notices.

Any notice requirement set forth herein shall be deemed to be satisfied three (3) days after mailing of the notice first-class United States certified mail, postage prepaid, addressed to the appropriate party as follows:

Owner: MP Willow Greenridge Associates, L.P.
303 Vintage Park Drive, Suite 250
Foster City, California 94404
Attention: Assistant Secretary

With a copy to: Hudson SLP LLC
c/o Hudson Housing Capital LLC
630 Fifth Avenue, 28th Floor
New York, New York 10111

Attention: Joseph A. Macari

City: City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080

Such addresses may be changed by notice to the other party given in the same manner as provided above.

6.10 Severability.

If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions of this Agreement shall not in any way be affected or impaired thereby.

6.11 Multiple Originals; Counterparts.

This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

6.12. Captions. The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or the intent of this Agreement.

6.13. Assignment of City's Rights. The City retains the right, at its sole discretion, to assign all or part of its rights under this Agreement for the purpose of ensuring compliance and enforcement of the Owner's duties and obligations hereunder. In addition, the City may designate an agent to act on its behalf in monitoring compliance and enforcing the provisions hereof.

6.14. Binding on Successors. This Agreement shall bind, and benefits thereof shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors in interest, and assigns, provided, however, that the Owner may not assign this Agreement or any of its obligations hereunder, voluntarily or by operation of law, without the prior written approval of the City.

6.15. Hold Harmless. Owner shall indemnify, defend (with counsel approved by the City), and hold the City and its elected and appointed officers, officials, employees, contractors, agents, and representatives (all of the foregoing, collectively the "Indemnitees") harmless from and against any and all liabilities, losses, damages, fines, deficiencies, penalties, claims, demands, suits, actions, causes of action, legal or administrative proceedings, judgments, costs and expenses (including without limitation reasonable attorneys' fees and court costs) (all of the foregoing, collectively "Claims") arising directly or indirectly in any manner in connection with or resulting from, (a) any failure of any of Owner's representations or warranties set forth in this Agreement, or made by Owner in connection with the execution and delivery of this Agreement or in any certificate furnished pursuant hereto, to be correct in all material respects; (b) any contract for services entered into between Owner and a third party, or services provided to Owner by a third party, related to the Project; and (c) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee which relates

to or arises in connection with the Agreement or any transaction contemplated thereby. Owner's obligations under this Section shall survive expiration or termination of this Agreement. Owner's indemnity obligations shall not apply to Claims arising solely as a result of the willful misconduct or gross negligence of the Indemnitees.

6.16. Restrictions on Sale, Encumbrance, and Other Acts.

(a) Except for leases to tenants in the ordinary course of business, the Owner shall not make, or allow, any sale, encumbrance, hypothecation, assignment, pledge, conveyance, or transfer in any form of the Project or of any of its interest therein, except with the prior written approval of the City and, if applicable, in accordance with Article 5. Notwithstanding the previous sentence, or anything contained in this Agreement to the contrary, the following transfers are hereby approved by the City and shall not be subject to the provisions of Article 5: (a) the transfer of the Project to a limited partnership, the general partner of which is an affiliate of Owner; (b) the transfer of limited partnership interests in the Owner; (c) the removal and replacement of the general partner for cause in accordance with the terms of the limited partnership agreement of Owner; (d) the grant and exercise of an option or right of first refusal in favor of Owner's general partner or an affiliate thereof and (e) a deed of trust encumbering the Property granted in connection with any other loan provided for the Project (including but not limited to the construction loan provided by Capital One, National Association and the permanent financing loan provided by First Republic Bank), and any transfer of the Project thereunder, by foreclosure, deed in lieu of foreclosure, or an assignment in lieu of foreclosure, or to a third-party purchaser pursuant to a foreclosure sale thereunder.

(b) The City shall approve a sale, transfer or conveyance and shall agree to waive its rights under Article 5 provided that all of the following conditions are met:

(1) the Owner is in compliance with this Agreement or the sale, transfer or conveyance will result in the cure of any existing violations of the Agreement;

(2) the successor-in-interest to the Owner agrees to assume all obligations of the Owner pursuant to this Agreement;

(3) any successor-in-interest demonstrates to the City's satisfaction that it has the management and financial capacity to own and operate the Project; and

(4) Owner uses its best efforts to ensure that all deeds of trust or other security instruments recorded after the date of this Agreement against the Property, the Project or part thereof for the benefit of a lender other than City ("Third Party Lender") shall contain each of the following provisions: (i) Third-Party Lender shall use its best efforts to provide to City a copy of any notice of default issued to Owner concurrently with provision of such notice to Owner; (ii) City shall have the reasonable right, but not the obligation, to cure any default by Participant within the same period of time provided to Owner for such cure extended by an additional 90 days; (iii) provided that City has cured any default under Third-Party Lender's deed of trust and other loan documents, City shall have the right to foreclose City's Deed of Trust and take title to the Project without acceleration of Third-Party Lender's debt; and (iv) City shall have the right to transfer the

Project without acceleration of Third-Party Lender's debt to a nonprofit corporation or other entity which shall own and operate the Project as an affordable rental housing Project, subject to the prior written consent of the Third-Party Lender. Owner agrees to provide to City a copy of any notice of default Owner receives from any Third-Party Lender within three (3) business days following Owner's receipt thereof.

[remainder of page left intentionally blank; signature page follows]

IN WITNESS WHEREOF, the City and the Owner have executed this Agreement by duly authorized representatives, all on the date first written above.

OWNER:

MP WILLOW GREENRIDGE
ASSOCIATES, L.P., a California limited
partnership

By: MP Greenridge LLC, a California
limited liability company, its general
partner

By: Mid-Peninsula Half Moon Bay,
Inc., a California nonprofit public
benefit corporation, its sole
member/manager

By: _____
Jan M. Lindenthal
Assistant Secretary

CITY:

CITY OF SOUTH SAN FRANCISCO, a
municipal corporation

APPROVED AS TO FORM:

By: _____

By: _____
City Attorney

Its: _____

EXHIBIT A

Legal Description of 364 Susie Property

Real property in the City of South San Francisco, County of San Mateo, State of California, described as follows:

LOT 21 IN BLOCK 2, AS SHOWN ON THAT CERTAIN MAP ENTITLED "WILLOW GARDENS", FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, ON DECEMBER 29, 1964 IN BOOK 61 OF MAPS AT PAGE(S) 24.

APN: 011-270-300

EXHIBIT B

Legal Description of 383 Susie Property

Real property in the City of South San Francisco, County of San Mateo, State of California, described as follows:

LOT 8, BLOCK 2, AS DESIGNATED ON THE MAP ENTITLED, "WILLOW GARDENS SOUTH SAN FRANCISCO, SAN MATEO COUNTY, CALIFORNIA", FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON DECEMBER 29, 1964 IN BOOK 61 OF MAPS AT PAGES 24 AND 25.

APN: 011-270-170

EXHIBIT C

Schedule of Below Market Rate Units

Income Limits	Number of Below Market Rate Units at 364 Susie Project	Number of Below Market Rate Units at 383 Susie Project
Very Low Income	0	2
60% AMI	1	0
70% AMI	1	0
90% AMI	1	0
110% AMI	1	0
Total Below Market Rate Units	4	2

**AMENDED AND RESTATED LOAN AGREEMENT
CITY OF SOUTH SAN FRANCISCO
WILLOW GARDENS/GREENRIDGE**

This Amended and Restated Loan Agreement (the “Agreement”) is made as of [_____] [___], 2021 (“Effective Date”) by and between the CITY OF SOUTH SAN FRANCISCO, a municipal corporation (the “Lender” or “City”), and MP WILLOW GREENRIDGE ASSOCIATES, L.P., a California limited partnership (the “Borrower”) (individually “party” and collectively “parties”).

RECITALS

A. The Borrower intends to acquire, rehabilitate and refinance certain real property located at 986 Nora Way, 982, 986, and 990 Brusco Way, 344, 364, 383 & 395 Susie Way, and 976 Sandra Court, City of South San Francisco, County of San Mateo, State of California as more particularly described in Exhibit A attached hereto (the “Willow Gardens Property”), and certain real property located at 1565 El Camino Real, City of South San Francisco, County of San Mateo, State of California as more particularly described in Exhibit B attached hereto (the “Greenridge Property” and collectively with the Willow Gardens Property, the “Property”), for the purpose of preserving affordable rental housing for households with incomes as further set forth in the City Regulatory Agreement and HOME Regulatory Agreement (both of which are defined below in Recital K) recorded concurrently herewith (“Low-Income Households”).

B. Borrower shall substantially rehabilitate and refinance thirty-four (34) apartment units located on the Greenridge Property and thirty-six (36) apartment units located on the Willow Gardens Property (the “Project”). Borrower shall ensure that thirty-three (33) of the apartment units located at the Greenridge Property shall continue to be rented at an affordable rent to and occupied by Low-Income Households, and one unrestricted unit shall be occupied by the property manager. Borrower shall further ensure that thirty-five (35) of the apartment units located at the Willow Gardens Property shall continue to be rented at an affordable rent to and occupied by Low-Income Households, and one unrestricted unit shall be occupied by the property manager.

C. Lender’s predecessor-in-interest, the Redevelopment Agency of the City of South San Francisco (the “Agency”), previously made a loan to MP Greenridge Associates, a California limited partnership (the “Greenridge Seller”) pursuant to that certain Loan Agreement by and between Greenridge Seller and Agency dated September 30, 1998 (the “Greenridge RDA Loan Agreement”), in an original principal amount of Nine Hundred and Forty Thousand Dollars (\$940,000) derived from Agency’s low and moderate income housing funds pursuant to California Health and Safety Code section 33334.2 (“Greenridge RDA Loan”) evidenced by that certain Promissory Note dated September 30, 1998 executed by Seller in favor of Agency (“Greenridge RDA Note”), and secured by that certain Deed of Trust and Assignment of Rents executed by Seller for the benefit of Agency dated September 30, 1998 and recorded on October 15, 1999 in the Official Records of San Mateo County (the “Official Records”) as Document No. 98-16858 (“Greenridge RDA Deed of Trust”). A regulatory agreement and declaration of restrictive covenants was recorded in connection with the Greenridge RDA Loan in the Official Records on October 16, 1998 as Document No. 98168581 (the “Greenridge RDA Regulatory Agreement”). The Greenridge RDA Loan Agreement, Greenridge RDA Note, Greenridge RDA Deed of Trust,

and Greenridge RDA Regulatory Agreement shall collectively be referred to herein as the "Greenridge RDA Loan Documents."

D. Agency previously made a loan to Willow Gardens Housing Associates, a California limited partnership (the "Willow Gardens Seller" and collectively with Greenridge Seller, the "Sellers") pursuant to that certain Loan Agreement by and between Willow Gardens Seller and Agency dated January 4, 1999 (the "WG RDA Loan Agreement"), in an original principal amount of Three Million Five Hundred Thousand Dollars (\$3,500,000) derived from Agency's low and moderate income housing funds pursuant to California Health and Safety Code section 33334.2 ("WG RDA Loan") evidenced by that certain Promissory Note dated January 4, 1999 executed by Seller in favor of Agency ("WG RDA Note"), and secured by that certain Deed of Trust and Assignment of Rents executed by Seller for the benefit of Agency dated January 4, 1999 and recorded on March 16, 1999 in the Official Records as Document No. 99-04015, as subsequently modified by that certain Modification and Supplement to Deed of Trust and Assignment of Rents dated January 3, 2001 and recorded on January 11, 2001 in the Official Records as Document No. 2001-004295, as subsequently modified by that certain Modification of Deed of Trust and Assignment of Rents dated August 3, 2016 and recorded on November 28, 2016 in the Official Records as Document No. 2016-124182 (collectively the "WG RDA Deed of Trust"). A regulatory agreement and declaration of restrictive covenants was executed in connection with the WG RDA Loan on dated January 4, 1999 and recorded in the Official Records on March 16, 1999 as Document No. 99-045816 and also dated on August 19, 1999 and recorded in the Official Records on September 1, 1999 as Document No. 1999-150527, as subsequently amended by that certain Amendment to Regulatory Agreement and Declaration of Restrictive Covenants dated January 3, 2001 and recorded in the Official Records on January 11, 2001 as Document No. 2001-004296 as subsequently modified by that certain Modification to Regulatory Agreement and Declaration of Restrictive Covenants dated August 3, 2016 and recorded in the Official Records on November 28, 2016 as Document No. 2016-124183 (collectively the "WG RDA Regulatory Agreement"). The WG RDA Loan Agreement, WG RDA Note, WG RDA Deed of Trust, and WG RDA Regulatory Agreement shall collectively be referred to herein as the "WG RDA Loan Documents."

E. Lender previously made a loan to Willow Gardens Seller pursuant to that certain HOME Loan Agreement between the Lender and Willow Gardens Seller dated January 4, 1999 ("Original HOME Loan Agreement"), in an original principal amount of Six Hundred and Nineteen Thousand and Fifty Five Dollars (\$619,550) of City Home Investment Partnership Program (the "HOME Program") funds administered by the City as set forth in 24 CFR Part 92 (the "Original HOME Loan") evidenced by that certain Promissory Note HOME Investment Partnerships Program dated January 4, 1999 executed by Willow Gardens Seller in favor of Lender (the "Original HOME Note"), which note is secured by that certain Deed of Trust and Assignment of Rents executed by Willow Gardens Seller for the benefit of Lender dated January 4, 1999 and recorded on March 16, 1999 in the Official Records as Document No. 99-045814 (the "Original HOME Deed of Trust"). A regulatory agreement was executed in connection with the Original HOME Loan in the Official Records dated January 4, 1999 and recorded in the Official Records on March 16, 1999 as Document No. 99-045817, as amended by that certain Modification to HOME Investment Partnerships ("HOME") Program Regulatory Agreement dated August 3, 2016 recorded in the Official Records on November 28, 2016 as Document No. 2016-124185 (collectively, the "Original HOME Regulatory Agreement"). The Original HOME Loan

Agreement, Original HOME Note, Original HOME Deed of Trust, and Original HOME Regulatory Agreement shall collectively be referred to herein as the “Original HOME Loan Documents.”

F. Lender previously made a loan to Willow Gardens Seller, in an original principal amount of Five Hundred Thousand Dollars (\$500,000) (the "Original City Loan"), evidenced by that certain Promissory Note dated November 19, 2002 executed by Willow Gardens Seller in favor of Lender (the "Original City Note"), which note is secured by that certain Deed of Trust with Assignment of Rents executed by Willow Gardens Seller for the benefit of Lender dated November 19, 2002 and recorded on November 27, 2002 in the Official Records as Document No. 2002-249497 (the "Original City Deed of Trust"). A regulatory agreement and declaration of restrictive covenants was executed in connection with the City Loan in the Official Records dated October 24, 2013 and recorded in the Official Records on November 28, 2016 as Document No. 2016-124186 (the "Original City Regulatory Agreement"). The Original City Note, Original City Deed of Trust, and Original City Regulatory Agreement shall collectively be referred to herein as the “Original City Loan Documents.”

G. Lender previously made a loan to Willow Gardens Seller, in an original principal amount of Five Hundred Thousand Dollars (\$500,000) derived from HOME Program funds administered by the Lender as set forth in 24 CFR Part 92 (the "Second HOME Loan") evidenced by that certain Promissory Note HOME Investment Partnerships Program dated August 3, 2016 executed by Willow Gardens Seller in favor of Lender (the "Second HOME Note"), which note is secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing executed by Willow Gardens Seller for the benefit of Lender dated August 3, 2016 and recorded on November 28, 2016 in the Official Records as Document No. 2016-124187 (the "Second HOME Deed of Trust"). The Second HOME Note and Second HOME Deed of Trust shall collectively be referred to herein as the “Second HOME Loan Documents.”

H. The Greenridge RDA Loan Documents, WG RDA Loan Documents, Original HOME Loan Documents, Original City Loan Documents, and Second HOME Loan Documents shall collectively be referred to herein as the “Original Loan Documents.”

I. Concurrently with the execution of this Agreement, Sellers and the Borrower have executed assignment and assumption agreements pursuant to which Sellers assigned, and the Borrower assumed the obligations pursuant to the Original Loan Documents, with the consent of the Lender (collectively, the “Assignment Agreement”).

J. Borrower has requested and Lender has agreed to recast the Greenridge RDA Loan, WG RDA Loan, Original HOME Loan, Original City Loan, and Second HOME Loan (collectively “Original Loans”) into a single loan (the “City Loan”), in the aggregate principal amount of \$[8,485,680], subject to the terms and conditions of this Agreement, evidenced by a promissory note executed by Borrower in favor of City (the “City Note”) and which note shall be secured by a Deed of Trust and Assignment of Rents executed by Borrower for the benefit of City (the “City Deed of Trust”). The Greenridge RDA Deed of Trust, WG Deed of Trust, Original HOME Deed of Trust, Original City Deed of Trust, and Second HOME Deed of Trust, shall each be reconveyed by the Lender and collectively replaced by the City Deed of Trust.

K. Concurrently herewith, as a condition of the Loan, the Borrower will execute a new regulatory agreement (the “City Regulatory Agreement”) which will regulate the Project for the term of the City Loan to ensure that the units remain occupied by and affordable to Low-Income Households and execute a new HOME regulatory agreement (the “HOME Regulatory Agreement”) which will regulate the HOME-assisted units in the Project for the term of the City Loan to ensure that such units remain occupied by and affordable to Lower-Income Households. The Lender will, simultaneously with the execution of the City Regulatory Agreement and HOME Regulatory Agreement (collectively “Regulatory Agreements”), terminate the Greenridge RDA Regulatory Agreement, WG RDA Regulatory Agreement, Original HOME Regulatory Agreement, and the Original City Regulatory Agreement.

NOW THEREFORE, in consideration of the mutual agreements, obligations, and representations, and in further consideration for the making of the City Loan, the Borrower and Lender hereby agree as follows:

ARTICLE 1

LOAN TERMS

1.1. Loan Agreement. The Lender agrees to recast the Original Loans into the City Loan in the aggregate principal amount of \$[8,485,680], and Borrower agrees to borrow an amount not to exceed [Eight Million Four Hundred Eighty-Five Thousand Six Hundred and Eighty Dollars (\$8,485,680)] subject to the conditions and terms of and for the purposes set forth this Agreement (“Loan Proceeds”). The City Loan is comprised of the Original Loans. The City Loan shall be evidenced by the City Note substantially in the form agreed to by the City, which shall be secured by the City Deed of Trust recorded against the Property in substantially the form approved by the City. In addition, Borrower shall execute and record the Regulatory Agreements in substantially the forms approved by the City. This Agreement, the City Note, the City Deed of Trust and the Regulatory Agreements shall be collectively referred to as the “City Loan Documents”. This Agreement amends and restates the Original Loans in their entirety, and as such, the Original Loans are hereby terminated and of no further force and effect. Upon Borrower’s execution and recordation of the City Note, City Deed of Trust and Regulatory Agreements concurrently herewith, the Lender shall: (i) mark cancelled each of the Greenridge RDA Note, WG RDA Note, Original HOME Note, Original City Note, and Second HOME Note; (ii) reconvey the Greenridge RDA Deed of Trust, WG Deed of Trust, Original HOME Deed of Trust, Original City Deed of Trust, and Second HOME Deed of Trust; and (iii) terminate the Greenridge RDA Regulatory Agreement, WG RDA Regulatory Agreement, Original HOME Regulatory Agreement, and the Original City Regulatory Agreement. Provided that Borrower has complied with all conditions set forth in Section 1.4, the Loan Proceeds shall be disbursed in accordance with Section 1.3 hereof.

1.2. Use of Loan Proceeds. The Loan Proceeds shall be used solely and exclusively for the costs of the Project.

1.3. Disbursement of Proceeds. Upon satisfaction of the conditions set forth in Section 1.4, and provided that Borrower has delivered such other documentation as the Lender may reasonably require, Lender shall promptly disburse Loan Proceeds to Borrower.

1.4. Conditions Precedent to Disbursement of Loan Proceeds. Lender's obligation to disburse Loan Proceeds is conditioned upon satisfaction of all of the following conditions:

(a) There exists no Default nor any act, failure, omission or condition that would constitute a default under this Agreement;

(b) The Borrower holds title to the Property or is acquiring title simultaneously with the disbursement of the Loan Proceeds;

(c) A title insurer reasonable acceptable to the Lender is unconditionally and irrevocably committed to issuing an ALTA Lender's Policy of title insurance insuring the priority of the City Deed of Trust in the amount of the Loan, subject only to such exceptions and exclusions as may be reasonably acceptable to the Lender, and containing such endorsements as the Lender may reasonably require.

(d) Escrow instructions ("Escrow Instructions") prepared by the parties shall be delivered to and accepted by the title company. The Escrow Instructions shall be consistent with the terms of this Agreement and shall provide, among other matters, that prior to the Closing Date (as defined below):

(1) This Agreement shall be executed by the Borrower and the Lender and delivered to the Lender;

(2) The City Note shall be executed by Borrower and delivered to the Lender;

(3) The City Deed of Trust shall be executed by Borrower and submitted for recording in the records of the County of San Mateo (the "County");

(4) The Regulatory Agreements shall have been executed by Borrower and the Lender and submitted for recording in the records of the County;

(e) Any approval of this Agreement, the City Note, the City Deed of Trust, or the Regulatory Agreements contemplated by this Agreement that is required under the City Loan Documents shall be delivered to the Lender, and any certification required by the Lender with respect to the procurement of any such approval shall be delivered by Borrower to the Lender.

(f) Borrower shall provide the Lender with a resolution approving and authorizing execution of this Agreement and all documents contemplated hereby and with such other documentation required by the Lender regarding Borrower's status and authority to enter into this transaction.

(g) Borrower shall provide the Lender with certificates of insurance, in form and with insurers admitted in California and acceptable to the Lender, evidencing compliance with the insurance requirements, as provided by the Lender on or prior to the Closing Date, and upon demand by Lender at any time subsequent. If requested by the Lender, Borrower shall also provide complete copies of the required insurance policies and bonds.

(h) The closing contemplated by this Section 1.4 and the Escrow Instructions shall occur within thirty (30) days of the date of execution of this Agreement, unless the parties agree to a different closing date (the "Closing Date").

1.5. Maturity Date. Provided that Borrower is not in default under the terms of this Agreement, the outstanding principal balance of the City Loan and any other sums due under the City Note shall be payable in full on the date that is fifty-five (55) years from the date of completion of the Project's rehabilitation scope of work, as evidenced by a temporary certificate of occupancy or equivalent unless extended by the mutual consent of the parties, but in any event no later than December 31, 2078 ("Maturity Date").

1.6. Regulatory Agreement. In connection herewith, the Borrower shall execute and record the Regulatory Agreements in substantially the forms approved by the City, which shall regulate all units of the Property to ensure that the units remain occupied by and rented at an affordable rent to Low-Income Households for fifty-five (55) years from the Regulatory Agreement Effective Dates.

1.7. No Obligation to Disburse Proceeds Upon Default or Termination. Notwithstanding any other provision of this Agreement, Lender shall have no obligation to disburse any portion of the Loan Proceeds to Borrower:

- (a) Upon the failure of any of Borrower's representations and warranties set forth in this Agreement to be true and correct in all material respects;
- (b) Following the termination of this Agreement; or
- (c) During the pendency of any uncured Event of Default.

1.8. Security.

1.8.1. Assignment. As security for the Loan, and as part of the consideration for entering into this Agreement, Borrower hereby assigns its rights under the Collateral, as defined below (the "**Assignment**"). The Assignment shall become effective upon the occurrence of an Event of Default. Lender shall have no obligation under the Collateral unless it expressly agrees in writing to be bound thereby. If the Assignment shall become effective, Lender may use the Collateral for any purposes for which Borrower could have made use of the same in the development of the Project. Borrower shall cooperate with Lender in the implementation of its rights under the Assignment, and shall immediately deposit the Collateral with Lender if the Assignment becomes effective. As used herein, the term "**Collateral**" includes the following: All architectural designs, construction, engineering, surveying, and

consulting contracts, and any and all amendments, modifications, supplements, addenda and general conditions thereto heretofore or hereafter entered into by Borrower and any contractor or consultant pertaining to development of the Project; all plans and specifications, surveys, shop drawings, working drawings, reports, studies, amendments, modifications, changes, supplements, general conditions, addenda and work product thereto heretofore or hereafter prepared by Borrower or any contractor or consultant pertaining to development of the Project; all land use approvals, conditional use permits, building permits and other governmental entitlements and approvals of any nature obtained for the Project; and all financing applications or other applications and all other tangible documents, except those of a proprietary or confidential nature, pertaining to development of the Project.

1.8.2. Deed of Trust. In addition to the Assignment, concurrent with the Borrower's acquisition of the Property, the Borrower shall record and comply with the Deed of Trust.

1.9. Subordination. Lender agrees it will not withhold consent to reasonable requests for subordination of this Agreement, City Deed of Trust and City Regulatory Agreement to deeds of trust provided for the benefit of lenders providing financing for the acquisition, development or rehabilitation of the Project (and their successors and assigns) ("Senior Lender"), securing other unrelated party Project loans, if any (each, a "Senior Loan"), subject to the following conditions:

(a) Borrower must demonstrate to the Lender's reasonable satisfaction that subordination of the City Deed of Trust and/or City Regulatory Agreement is necessary to secure adequate financing for the Project, including the continued operation of the Property as affordable rental housing, as required by the City Loan Documents. To satisfy this requirement, Borrower must provide to the Lender, in addition to any other information reasonably required by the Lender, evidence demonstrating that the proposed amount of the Senior Loan is necessary to provide adequate financing to ensure the viability of the Project, and adequate financing for the Project would not be available without the proposed subordination or that such loans are existing loans that would not approve the Loan without subordination.

(b) Provided that Borrower agrees to use its best efforts to ensure that the instruments effecting such subordination for the benefit Senior Lender shall contain each of the following provisions: (i) Senior Lender shall use its best efforts to provide to Lender a copy of any notice of default issued to Borrower concurrently with provision of such notice to Borrower; and, (ii) Lender shall have the reasonable right, but not the obligation, to cure any default by Borrower within the same period of time provided to Borrower for such cure extended by an additional 90 days. Borrower agrees to provide to Lender a copy of any notice of default Borrower receives from any Senior Lender within thirty (30) business days following Lender's receipt thereof.

(c) The subordination(s) described in this section may be effective only during the original term of the Senior Loan and any extension of its term.

(d) No subordination may limit the effect of the City Deed of Trust and/or City Regulatory Agreement before a foreclosure. Borrower shall reimburse Lender for all Lender costs, including but not limited to reasonable attorneys' fees, incurred in reviewing instruments and other legal documents proposed to effect a subordination under this Agreement within ten (10) days following Lender's delivery of an invoice detailing such costs to Borrower.

ARTICLE 2

GENERAL REQUIREMENTS

2. Non-Discrimination.

Borrower shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or Project, or any portion thereof, on the basis of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information of any person. Borrower 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, Project or part thereof, nor shall Borrower or any person claiming under or through Borrower 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, sub lessees or vendees in, of, or for the Property, Project or part thereof.

All deeds made or entered into by Borrower, its successors or assigns, as to any portion of the Property or Project shall contain the following language, and all leases or contracts made or entered into by Borrower, its successors or assigns, as to any portion of the Property or Project, shall reference this Section, and shall enforce the same diligently and in good faith:

“(a) Borrower herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a 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 herein conveyed nor shall the Borrower or any person claiming under or through the Borrower 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, sub lessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

“(b) Notwithstanding paragraph (a), with respect to familial status, paragraph (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 of the Civil Code and subdivisions (d) of Section 12955 of the Government Code shall apply to paragraph (a).”

Nothing herein shall be construed or interpreted as prohibiting or preventing local preferences or special needs set-asides for the Project’s units as established in loan agreements, regulatory agreements, etc., so long as such preferences or set asides comply with applicable local, state, and federal fair housing laws.

2.1 Compliance with Laws.

Borrower shall carry out the construction, development and operation of the Project in conformity with all governmental requirements, including without limitation all applicable state labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City’s Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11 135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.* and this Agreement shall not be construed as granting any such City approvals.

2.1.1. Compliance with Prevailing Wage Laws.

Borrower shall carry out the construction through completion of the Project and the overall development of the Property in conformity with all applicable governmental requirements relating to the payment of prevailing wages and compliance with prevailing wage rules, including, without limitation, if applicable, the requirements to pay prevailing wages under federal law (the Davis-Bacon Act, 40 U.S.C. Section 3141, *et seq.*, and the regulations promulgated thereunder set forth at 29 CFR Part 1 (collectively, “**Davis-Bacon**”) and California law (Labor Code Section 1720, *et seq.*) (“**California Prevailing Wage Law**”). The parties acknowledge that a financing structure utilizing certain federal and/or state funding sources and financing scenarios may require compliance with applicable state and federal prevailing wage laws and regulations. Borrower shall determine the applicability of federal, state, and local prevailing wage laws based upon the final financing structure and sources of funding of the Project.

Borrower shall be solely responsible, expressly or impliedly and legally and financially, for determining and effectuating compliance with all applicable federal, state, and local public works requirements, prevailing wage laws, and labor laws and standards, and City makes no representation, either legally and/or financially, as to the applicability or non-applicability of any federal, state, and local laws to the construction of the Project. Borrower expressly, knowingly, and voluntarily acknowledges and agrees that City has previously represented to Borrower or to any representative, agent, or

affiliate of Borrower, or any contractor(s) or any subcontractor(s) for the demolition work, construction, or development of the Project, in writing or otherwise, in a call for bids or otherwise, that the work and construction of the Project is (or is not) a “public work,” as defined in Section 1720 of the Labor Code or under Davis-Bacon.

Borrower knowingly and voluntarily agrees that Borrower shall have the obligation to provide any and all disclosures or identifications as required by Labor Code Section 1781 and/or by Davis-Bacon, as the same may be amended from time to time, or any other similar law or regulation. Borrower shall indemnify, protect, pay for, defend, and hold harmless the **Indemnitees** as defined in Section 2.4, with legal counsel reasonably acceptable to City, from and against any and all loss, liability, damage, claim, cost, expense, and/or “increased costs” (including reasonable attorney’s fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development, construction (as defined by applicable law) and/or operation of the Project, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (i) the noncompliance by Borrower or its contractor with any applicable local, state, and/or federal law or regulation, including, without limitation, any applicable federal and/or state labor laws or regulations (including, without limitation, if applicable, the requirement to pay state and/or federal prevailing wages and hire apprentices); (ii) implementation of Section 1781 of the Labor Code and/or of Davis-Bacon, as the same may be amended from time to time, or any other similar law or regulation; and/or (iii) failure by Borrower to provide any required disclosure or identification as required by Labor Code Section 1781 and/or by Davis-Bacon, as the same may be amended from time to time, or any other similar law or regulation. It is agreed by the Parties that, in connection with the demolition work, development, and construction (as defined by applicable law or regulation) of the Project, including, without limitation, any and all public works (as defined by applicable law or regulation), Borrower shall bear all risks of payment or non-payment of prevailing wages under applicable federal, state, and local law or regulation and/or the implementation of Labor Code Section 1781 and/or by Davis-Bacon, as the same may be amended from time to time, and/or any other similar law or regulation. The foregoing indemnity shall survive termination of this Agreement and shall continue after completion of the construction and development of the Project by Borrower.

“**Increased costs**,” as used in this Section, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time.

Borrower acknowledges and agrees that City’s Request for Qualifications and Request for Proposals for selection of an Borrower to develop the Project, if any, required that all proposals submitted include the payment of prevailing wages, and that Borrower’s proposal included the payment of prevailing wages. In furtherance of the foregoing, and notwithstanding anything in this Section to the contrary, Borrower shall pay prevailing wages in accordance with California Prevailing Wage Laws for all construction work performed on behalf of the Project, as set forth in Borrower’s proposal.

Should Borrower fail to comply with this Section 2, it shall constitute an Event of Default hereunder entitling Lender to exercise any of its remedies set forth herein.

2.2. Additional Borrower Covenants, Representations and Warranties. Borrower represents and warrants to Lender as follows:

- a. Organization of the Borrower. Borrower is a duly organized nonprofit public benefit corporation, validly existing and in good standing under the laws of the State of California. Borrower has all requisite power and authority to develop the Project, to carry on its business as now conducted, and to execute, deliver and perform its obligations under this Agreement, the City Note, City Deed of Trust and the Assignment Agreement. Borrower has received a determination from the Internal Revenue Service that it is exempt from federal tax under Section 501(c)(3) of the Internal Revenue Code of 1986 as amended.
- b. Authorization of the Loan; No Violation. The execution, delivery and performance of this Agreement, the City Deed of Trust and the City Note have been duly authorized by Borrower, and this Agreement, the City Deed of Trust and the City Note, when duly executed and delivered will constitute the valid and binding obligations of Borrower enforceable in accordance with their respective terms. Borrower's execution of this Agreement, the City Deed of Trust and the City Note and performance thereunder will not result in a breach of or constitute a default under any agreement, indenture or other instrument to which Borrower is a party or by which Borrower may be bound.
- c. Litigation. There are no pending or, to Borrower's knowledge, threatened actions or proceedings before any court or administrative agency which may adversely affect the financial condition or operation of Borrower or its ability to carry out the obligations of Borrower under this Agreement, the City Deed of Trust and the City Note. Borrower is not the subject of an action under federal or state Bankruptcy Law (as defined below).

2.3 Hazard and Liability Insurance. The Borrower shall at all times cause the Property to be insured against loss by fire, flood, if in a flood zone, and such other hazards, casualties, liabilities and contingencies, and in such amounts and for such periods as are reasonably acceptable to the Lender. All insurance policies and renewals thereof shall be issued by a carrier and in a form acceptable to the Lender 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 City of any cancellation of the policy for reasons other than non-payment of premium, and ten (10) days' notice of cancellation of the policy for non-payment of premium.

Property insurance policies shall name the Lender as an additional insured, as approved by the Lender. Throughout the term of this Agreement, Borrower shall comply with the insurance requirements set forth in this Agreement and the City Loan Documents, and shall, at Borrower's expense, maintain in full force and effect insurance coverage as specified therein.

The foregoing shall not limit the obligations of Borrower pursuant to the City Deed of Trust.

2.4 Indemnification. Borrower shall indemnify, defend (with counsel approved by the City), and hold the City and its elected and appointed officers, officials, employees, contractors, agents, and representatives (all of the foregoing, collectively the “**Indemnitees**”) harmless from and against any and all liabilities, losses, damages, fines, deficiencies, penalties, claims, demands, suits, actions, causes of action, legal or administrative proceedings, judgments, costs and expenses (including without limitation reasonable attorneys’ fees and court costs) (all of the foregoing, collectively “**Claims**”) arising directly or indirectly in any manner in connection with or resulting from, (a) any failure of any of Borrower’s representations or warranties set forth in this Agreement, or made by Borrower in connection with the execution and delivery of this Agreement or in any certificate furnished pursuant hereto, or in connection with any request for disbursement of Loan proceeds to be correct in all material respects; (b) any contract for services entered into between Borrower and a third party, or services provided to Borrower by a third party, related to the Project; and (c) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnatee which relates to or arises in connection with the Loan or any transaction contemplated thereby. Borrower’s obligations under this Section shall survive the making and repayment of the Loan and the expiration or termination of this Agreement. Borrower’s indemnity obligations shall not apply to Claims arising solely as a result of the willful misconduct or gross negligence of the Indemnitees.

2.5 Lender Review and Inspections.

- (a) Upon not less than 3 business days’ notice to the Borrower, the Lender may at any time during the term of this Agreement, enter and inspect the physical premises and inspect all accounting records pertaining to the development or operation of the Project. Upon request by the Lender, the Borrower shall notify occupants of upcoming inspections of their units in accordance with state law.
- (b) The Lender may request any other reasonable information that it deems necessary to monitor compliance with requirements set forth in this Agreement. Such information shall be promptly provided by the Borrower.
- (c) Borrower shall preserve and make available its records related to receipt and use of Loan Proceeds until the expiration of five years from the date of the final disbursement of Loan proceeds, or for such longer period, if any, as is required by law. Borrower shall preserve and make available its records related to occupancy and rent requirements until the expiration of five years from the end of the calendar year to which such records pertain, or for such longer period, if any, as is required by law. If this Agreement is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of five years from the date of any resulting final settlement.

2.6 Restrictions on Sale, Encumbrance, and Other Acts.

- (a) The Borrower shall not make any sale, encumbrance, hypothecation, assignment, pledge, conveyance, or transfer in any form of the Project or of

any its interest therein, except with the prior written approval of the Lender. Notwithstanding the previous sentence, the following transfers are hereby approved by the City: (a) the transfer of the Project to a limited partnership, the general partner of which is an affiliate of Borrower; (b) the transfer or pledge of limited partnership interests in the Borrower; (c) the removal and replacement of the general partner for cause in accordance with the terms of the limited partnership agreement of Borrower; d) the grant and exercise of an option or right of first refusal in favor of Borrower's general partner or an affiliate thereof and (e) a deed of trust encumbering the Property granted in connection with any other loan provided for the Project (including but not limited to the construction loan provided by Capital One, National Association and the permanent financing loan provided by First Republic Bank).

- (b) In the event of a transfer of the Project to a wholly-controlled affiliate of MidPen Housing Corporation ("MidPen"), Lender approval rights shall be limited to changes requested by Borrower to the terms of the Loan and transferee's willingness to assume all obligations of Borrower pursuant to the City Loan Documents.
- (c) Subject to the rights of senior lenders, the unpaid principal balance of the Loan together with any unpaid interest due thereon shall be due and payable in full upon: 1) a refinancing, sale, transfer or other disposition of the Property or any portion thereof, unless such disposition of the Property has been first approved in writing by the Lender, or such approval is not required pursuant to this Agreement; or 2) the declaration by the Lender of a default as described and subject to the cure periods in Article 3 below.
- (d) The Borrower shall not permit the use of the Property for any purpose other than that permitted by this Agreement without the prior written approval of the Lender.
- (e) The Lender may approve a sale, transfer or conveyance provided that all of the following conditions are met:
 - (1) the Borrower is in compliance with the Regulatory Agreements or the sale, transfer or conveyance will result in the cure of any existing violations of the Regulatory Agreements;
 - (2) the transferee agrees to assume all obligations of the Borrower pursuant to the Regulatory Agreements; and
 - (3) any transferee demonstrates to the Lender's satisfaction that it has the management and financial capacity to own and operate the Property.

2.7 Assignment of Lender Rights. The Lender retains the right at its sole discretion to assign all or part of its rights under this Agreement for the purpose of ensuring compliance and enforcement of the Borrower's duties and obligations hereunder. In addition, the Lender may designate an agent to act on its behalf in monitoring compliance and enforcing the provisions hereof.

2.8 Environmentally Impaired. In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the Lender's or the trustee's rights and remedies under the City Deed of Trust, the Lender may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against the Borrower to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining the Lender's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Borrower shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Borrower knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) reasonable attorneys' fees, incurred by the Lender in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) or the maximum rate permitted by law, until paid, shall be added to the indebtedness evidenced by the City Note and secured by the City Deed of Trust and shall be due and payable to the Lender upon its demand made at any time following the conclusion of such action.

ARTICLE 3

DEFAULTS AND REMEDIES

3.1 Event of Default.

Each of the following shall constitute a "Default" and "Event of Default" by Borrower under this Agreement:

(a) Failure to Complete Scope of Work. Failure of Borrower to complete the Project by the date provided in Exhibit C "Scope of Work," as such date may be extended with Lender's approval.

(b) Failure to Make Payment. Failure to repay the principal and any interest on the Loan within ten (10) days of receipt of written notice from the Lender that such payment is due pursuant to the City Loan Documents.

(c) Breach of Covenants. Failure by Borrower to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of the City Loan Documents, and such failure having continued uncured for thirty (30) days after receipt of written notice thereof from the Lender to the Borrower or, if the breach cannot be cured within thirty (30) days, the Borrower shall not be in breach so long as Borrower is diligently undertaking to cure such breach and such breach is cured within a reasonable period thereafter; provided, however, that if a different period or notice requirement is specified under any other section of this Article 3, the specific provisions shall control.

- i. Upon the occurrence of an event of default, Lender shall provide to Borrower and Borrower's limited partner written notice of said occurrence, and Borrower and its limited partner shall have thirty (30) days to cure. If the default cannot reasonably be cured in thirty (30) days, Borrower and Borrower's sole member/manager shall have an additional sixty (60) days to cure, provided the cure has commenced within thirty (30) days and is diligently pursued to completion. If, after the time provided in this subparagraph (b), Borrower or its limited partner has not cured the default, or Lender has not waived its rights under the City Note, the entire unpaid balance, together with all other sums then payable under the City Note, shall, at the option of Lender, become immediately due and payable upon written notice by Lender to Borrower without further demand. Notice to Borrower and Borrower's limited partner shall be at the addresses specified in the City Deed of Trust, or as otherwise provided to Lender in writing from time to time. Notwithstanding anything to the contrary contained herein, or in any of the City Loan Documents, the limited partner of Borrower shall have the right, but not the obligation, to cure the defaults of the Borrower.

(d) Default Under Other Loans. Failure to make any payment or perform any of Borrower's covenants, agreements, or obligations under the documents evidencing and securing other Project loans, following expiration of all applicable notice and cure periods.

(e) Insolvency. A court having jurisdiction shall have made or entered any decree or order (i) adjudging Borrower to be bankrupt or insolvent, (ii) approving as properly filed a petition seeking reorganization of Borrower or seeking any arrangement for Borrower under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (iii) appointing a receiver, trustee, liquidator, or assignee of Borrower in bankruptcy or insolvency or for any of their properties, (iv) directing the winding up or liquidation of Borrower, if any such decree or order described in clauses (i) to (iv), inclusive, shall have continued unstayed or undischarged for a period of ninety (90) days; or (v) Borrower shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive. The occurrence of any of the events of Default in this paragraph shall act to accelerate automatically, without the need for any action by the Lender, the indebtedness evidenced by the Note.

(f) Assignment; Attachment. Borrower shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within ninety (90) days after such event or, if sooner, prior to sale pursuant to such sequestration, attachment, or execution. The occurrence of any of the events of default in this paragraph shall act to accelerate automatically, without the need for any action by Lender, the indebtedness evidenced by the City Note.

(g) Suspension; Termination. Borrower shall have voluntarily suspended its business.

(h) Condemnation. The condemnation, seizure, or appropriation of all or the substantial part of the Property.

(i) Unauthorized Transfer. Any transfer other than as permitted by Section 2.6.

(j) Representation or Warranty Incorrect. Any Borrower representation or warranty contained in this Agreement, in connection with the execution and delivery of this Agreement, or in any application, financial statement, certificate, or report submitted to the Lender in connection with any of the City Loan Documents or in connection with any request for disbursement of Loan Proceeds, proving to have been incorrect in any material respect when made.

(k) Failure to Use Loan Proceeds in Accordance with Agreement. Borrower fails to use Loan Proceeds in accordance with this Agreement or fails to use Loan Proceeds in accordance with Borrower's request for disbursement.

(l) Failure to Maintain Insurance. Borrower fails to maintain insurance as required pursuant to any of the City Loan obligations, and Borrower fails to cure such default within ten (10) days.

3.2 Remedies.

The occurrence of any Default hereunder following the expiration of all applicable notice and cure periods will, either at the option of the Lender or automatically where so specified, relieve the Lender of any obligation to make or continue the Loan and shall give the Lender the right to terminate this agreement and/or proceed with any and all remedies set forth in this Agreement and the City Loan Documents, including but not limited to the following:

(a) Acceleration of Note. Subject to the rights of Senior Lenders, the Lender shall have the right to cause all indebtedness of the Borrower to the Lender under this Agreement and the City Note, together with any accrued interest thereon, to become immediately due and payable. The Borrower waives all right to presentment, demand, protest or notice of protest or dishonor. The Lender may proceed to enforce payment of the indebtedness and to exercise any or all rights afforded to the Lender as a creditor and secured party under the law including the Uniform Commercial Code, including foreclosure under the City Deed of Trust. The Borrower shall be liable to pay the Lender on demand all reasonable expenses, costs and fees (including, without limitation, reasonable attorney's fees and expenses) paid or incurred by the Lender in

connection with the collection of the Loan and the preservation, maintenance, protection, sale, or other disposition of the security given for the Loan.

(b) Exercise of Remedies Under Deed of Trust. Subject to the rights of Senior Lenders, Lender shall have the right to exercise the remedies under the City Deed of Trust and the Assignment of Collateral pursuant to and as described in Section 1.8.

(c) Specific Performance. The Lender shall have the right to mandamus or other suit, action or proceeding at law or in equity to require Borrower to perform its obligations and covenants under the City Loan Documents or to enjoin acts on things which may be unlawful or in violation of the provisions of the City Loan Documents.

(c) Right to Cure at Borrower's Expense. The Lender shall have the right (but not the obligation) to cure any monetary default by Borrower under a loan other than the Loan. The Borrower agrees to reimburse the Lender for any funds advanced by the Lender to cure a monetary default by Borrower upon demand therefor, together with interest thereon at the lesser of the maximum rate permitted by law or ten percent (10%) per annum from the date of expenditure until the date of reimbursement and such costs shall constitute an indebtedness secured by the City Note.

(d) Limited Partner's Cure Rights. In the event the City Loan Documents are assigned to a limited partnership affiliate of Borrower in accordance with this Agreement, all references to sole member/manager shall be deemed to refer to the general partner of such limited partnership, and any notice given to the limited partnership and general partner shall be given to the limited partner at the address provided by such limited partner in writing. The limited partner shall have the right to cure the default within the time periods set forth above or in the applicable Agreement, and any cure tendered by the limited partner shall be accepted or rejected on the same basis as if such cure had been tendered by Borrower.

3.3 Right of Contest. Borrower shall have the right to contest in good faith any claim, demand, levy, or assessment the assertion of which would constitute a Default hereunder. Any such contest shall be prosecuted diligently and in a manner unprejudicial to the Lender or the rights of the Lender hereunder.

3.4 Remedies Cumulative. No right, power, or remedy given to the Lender by the terms of this Agreement or the City Loan Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to the Lender by the terms of any such instrument, or by any statute or otherwise against Borrower and any other person. Neither the failure nor any delay on the part of the Lender to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the Lender of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy. Any material breach by the Borrower of any representation, warranty or covenant hereunder, which is not cured within thirty days (30) after notice thereof given by the Lender or, where cure is not possible within thirty (30) days, whose cure is not commenced within thirty days and diligently prosecuted to completion shall constitute an Event of Default.

3.5 Lender's Remedies. Upon the happening of an Event of Default, subject to the rights of Senior Lenders, the Lender may pursue any remedy allowed at law or in equity, including but not limited to, accelerating payment under the Note or applying to any State court for specific performance of this Agreement and the Regulatory Agreement.

ARTICLE 4

MISCELLANEOUS PROVISIONS

4.1 Conflict of Interest. No employee, agent, consultant, officer, elected or appointed official or member of the Lender has or may obtain a personal or financial interest in or benefit from the Borrower or the Project or in any contract or subcontract or agreement, or the proceeds thereof, relating to the Project or the Property itself, either for themselves or for those with whom they have family or business ties, during their tenure with Lender or one year thereafter.

4.2 Modifications for Lenders and Investors. This Agreement may be amended only by a writing signed by authorized representatives of the Lender and the Borrower and Borrower's limited partner. The City Manager or his/her designee shall be authorized to act on behalf of the Lender and may amend this Agreement, City Note, Regulatory Agreements, City Deed of Trust, as may be reasonably requested by Project lenders and investors.

4.3 Action by the City. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, consent or request by the City is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by the City Manager or by any person who shall have been designated by the City Manager, without further approval by the City Council unless the City Manager determines in his or her reasonable discretion that such action requires such approval.

4.4 Non-Liability of City and City Officials, Employees and Agents. No member, official, employee or agent of the City shall be personally liable to Borrower, or any successor in interest, in the event of any default or breach by the City, or for any amount of money which may become due to Borrower or its successor or for any obligation of the City under this Agreement.

4.5 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.

4.6 Notice. Any notice required or authorized under this Agreement shall be effective if provided to the party in question at the address shown below in accordance with this Section:

Lender:	City of South San Francisco 400 Grand Avenue City of South San Francisco
With a copy to:	Sky Woodruff, City Attorney Meyers Nave 1999 Harrison Street, 9th Floor

Oakland, CA 94612

Borrower: MP Willow Greenridge Associates, L.P.
303 Vintage Park Drive, Suite 250
Foster City, California 94404
Attention: Assistant Secretary

With a copy to: Hudson SLP LLC
c/o Hudson Housing Capital LLC
630 Fifth Avenue, 28th Floor
New York, New York 10111
Attention: Joseph A. Macari

All such notices shall be sent by:

- a. personal delivery, in which case notice is effective upon delivery;
- b. certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt;
- c. 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; or
- d. electronic mail, in which case notice shall be deemed delivered upon transmittal, provided that, (i) a duplicate copy of the notice is promptly delivered by first-class or certified mail or by overnight delivery (in which case notice shall be deemed given two business days after the duplicate is deposited in the mail), or (ii) receipt is voluntarily acknowledged by the party to be noticed (in which case notice shall be deemed given when acknowledged), and the electronic mail is sent to an address approved for these purposes under this Agreement by an authorized representative of Borrower or the City.

4.7 No Waiver, Modification and Amendment. No failure or delay on the part of the City in exercising any right, power, or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or remedy preclude any other or further exercise thereof or the exercise of any other right, power, or remedy hereunder. No modification or waiver of any provision of this Agreement, nor any consent to any departure

by Borrower therefrom, shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on Borrower in any case shall entitle Borrower to any other or further notice or demand in similar or other circumstances unless expressly provided herein or by law. No amendment to or modification of this Agreement shall be effective unless and until such amendment or modification is in writing, properly approved in accordance with applicable procedures, and executed by the Parties._

4.8 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.

4.9 Severability. Should any provision of this Agreement be found invalid by a court or other body of competent jurisdiction, said invalidity or ineffectiveness shall not affect the validity of the remaining provisions which shall remain in force to the maximum extent possible.

4.10 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Notwithstanding the foregoing, the City's obligation to make the Loan is personal to Borrower, and shall not be assignable by operation of law or otherwise absent the express prior written consent of the City or as expressly provided for herein, and any such prohibited assignment by operation of law or otherwise shall be void. The City shall not unreasonably delay, condition, or withhold its consent to an assignment of this Agreement by Borrower to a tax credit limited partnership in which Borrower or an affiliate of Borrower is a general partner.

4.11 Titles and Headings. The titles and headings in this Agreement are for convenience only and shall not be construed to affect the meaning or construction of any provision of this Agreement.

4.12 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

4.13 Attorneys' Fees. In the event any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach thereof, the prevailing party shall be entitled to receive the amount of its legal expenses, including reasonable attorneys' fees, expert legal fees and other legal costs and expenses.

4.14 No Third Party Beneficiary. This Agreement shall not be construed or deemed to be an agreement for the benefit of any third party or parties, and no third party or parties shall have any claim or right of action hereunder for any cause whatsoever.

4.15 No Pledging of Lender's Credit. Under no circumstances shall the Borrower have the authority or power to pledge the credit of Lender or incur any obligation in the name of Lender. Borrower shall save and hold harmless Lender, its City Council, its officers, employees, and boards and commissions for expenses arising out of this Agreement.

4.16 Venue. In the event that suit shall be brought by any party to this Agreement, the parties agree that venue shall be exclusively vested in the state courts of the County of San Mateo, or where otherwise appropriate, exclusively in the United States District Court, Northern District

of California, San Francisco, California. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

4.17 Entire Agreement; Exhibits. The City Loan Documents contain the entire agreement between the parties with respect to the subject matter hereof. This Agreement supersedes all prior oral or written agreements between the parties with respect thereto. Exhibits attached hereto are incorporated herein by this reference.

4.18 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Lender and the Borrower have executed this Agreement as of the date first set forth above.

LENDER:

City of South San Francisco, a
municipal corporation

By:

Its: CITY MANAGER

APPROVED AS TO FORM:

City Attorney

BORROWER:

MP Willow Greenridge Associates, L.P.,
a California limited partnership

By: MP Greenridge LLC,
a California limited liability company,
its general partner

By: Mid-Peninsula Half Moon Bay, Inc., a
California nonprofit public benefit
corporation, its sole member/manager

By: _____
Jan M. Lindenthal
Assistant Secretary

EXHIBIT A

Legal Description Willow Gardens Property

EXHIBIT B

Legal Description Greenridge Property

EXHIBIT C

Scope of Work and Timeline

3872997.1

AMENDED AND RESTATED PROMISSORY NOTE

CITY OF SOUTH SAN FRANCISCO
(Willow Gardens/Greenridge)

\$[_____]

South San Francisco, California
[_____] 1, 2021

FOR VALUE RECEIVED, the undersigned MP Willow Greenridge Associates, L.P., a California limited partnership (the “Maker”) hereby promises to pay to the City of South San Francisco, a municipal corporation (the “Holder”), the principal amount of _____ Dollars (\$_____), or so much of such principal as may be advanced, plus interest thereon pursuant to Section 3 below (the “Loan”).

1. Maker’s Obligation. This amended and restated promissory note (the “Note”) evidences the Maker’s obligation to pay the Holder the principal amount of [_____] Dollars (\$_____) loaned by the Holder to Maker pursuant to the Amended and Restated Loan Agreement (the “Loan Agreement”) and certain Regulatory Agreements and Declaration of Restrictive Covenants between the Maker and the Holder dated concurrently herewith (collectively with the Loan Agreement, the “Agreements”). As more further set forth in the Loan Agreement, this Note amends and restates in their entirety those certain promissory notes (i) dated September 30, 1998 in the original principal amount of \$940,000 (the “Greenridge RDA Note”), (ii) dated January 4, 1999 in the original principal amount of \$3,500,000 (the “WG RDA Note”), (iii) dated January 4, 1999 in the original principal amount of \$619,055 (the “Original HOME Note”), (iv) dated November 19, 2002 in the original principal amount of \$500,000 (the “Original City Note”), and (v) dated August 3, 2016 in the original principal amount of \$500,000 (the “Second HOME Note” and collectively with the Greenridge RDA Note, WG RDA Note, Original HOME Note and Original City Note, the “Existing Notes”), which notes are hereby cancelled and of no further force and effect. Maker has requested and Holder has agreed to loan such funds to Maker to finance Maker’s rehabilitation and refinancing of the Property located at 986 Nora Way, 982, 986, and 990 Brusco Way, 344, 364, 383 & 395 Susie Way, 976 Sandra Court, and 1565 El Camino Real in the City of South San Francisco, as further described in the Agreements. All capitalized terms not otherwise defined in this Note shall have the meanings set forth in the Loan Agreement.

2. Security. Payment of this Note is secured by a deed of trust, assignment of rents, security agreement and fixture filing (the “Deed of Trust”) from Maker to Holder, wherein the Maker is the Trustor and the Holder is the Beneficiary, to be recorded against the Maker’s title to the Property and ownership interest in the Project.

3. Interest Rate. The principal amount of the Loan shall bear [INTEREST AT AFR] percent ([_]%) interest, compounded annually; provided, however, if a Default occurs, interest on the principal balance shall begin to accrue, as of the date of Default and continuing until such time as the Loan funds are repaid in full or the Default is cured, at the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law. The principal amount of the Loan includes the amount of all accrued and unpaid interest outstanding on the Existing Notes as of the date of this Note.

4. Term. The Term of this Loan shall commence on the date of this Note and end on the date that is fifty-five (55) years from the date of completion of the Project's rehabilitation scope of work, as evidenced by a temporary certificate of occupancy or equivalent unless extended by the mutual consent of the parties, but in any event no later than December 31, 2078 ("Maturity Date") or (ii) any sale, refinancing, or other full or partial transfer of interest in the Property without Holder's prior written consent, and excepting any such transactions expressly permitted pursuant to the Loan Agreement.

5. Payment. All sums due under this Note shall be due and payable in full upon the Maturity Date. Notwithstanding the foregoing, voluntary early payments may be made without prepayment penalty. Payments of principal, and any interest that may be accrued pursuant to Section 3 above, shall be payable from Residual Receipts as defined below and shall be due and payable annually as set forth below, commencing the first full year following completion of the rehabilitation of the Project as evidenced by a temporary certificate of occupancy or equivalent. Thereafter, Maker shall begin making annual residual receipts payments to Holder, as follows:

a) Annual payments equal to Holder's proportionate share of Fifty Percent (50%) of any Residual Receipts, as defined below, that are available to Maker after payment of any required Project debt service. Holder's proportionate share shall be determined based on the Loan amount divided by the total loan amount of all other loans from public agencies to the Maker for the Project repayable from Residual Receipts.

b) Payments received from Maker by Holder under this Note will be first applied to outstanding interest, if any, and then to any principal outstanding on the Note until the Note is paid in full. The entire outstanding principal balance plus any unpaid accrued interest will be due and payable on the Maturity Date.

c) Commencing the first full year following completion of the rehabilitation of the Project, annual payments will be due no later than 150 days after the close of the Property's fiscal year, without notice by Holder. Commencing the first full year following completion of the rehabilitation of the Project, a copy of the annual independent financial audit determining the amount of Residual Receipts payment due to the Holder shall also be delivered to Holder not later than 150 days after the end of each of the Project's fiscal years.

d) Residual Receipts is defined as the amount by which Gross Revenue exceeds Annual Operating Expenses within the Project's fiscal year, as defined below:

"Gross Revenue" is defined as all rental and incidental income less any utility allowances from the Project, but excluding loan proceeds, insurance proceeds (except those for loss of business), interest on restricted reserves, capital contributions, any revenue derived from any refinancing of the Project, tenant security deposits, and any interest earned on said deposits.

"Annual Operating Expenses" means costs reasonably and actually incurred for operations and maintenance of the Project, to the extent that they are consistent with an annual independent audit performed by a certified public accountant using generally acceptable accounting principles.

“Annual Operating Expenses” include the following:

- (i) property and other taxes and assessments imposed on the Project;
- (ii) premiums for property damage and liability insurance;
- (iii) utility services not paid for directly by the tenants, including but not limited to water, sewer, trash collection, gas and electricity;
- (iv) maintenance and repair including but not limited to pest control, landscaping and grounds maintenance, painting, and decorating, cleaning, common systems repairs, general repairs, janitorial supplies, and others;
- (v) any license or certificates of occupancy fees required for operation of the Project;
- (vi) general administrative expenses including but not limited to advertising, marketing, security services and systems, professional fees for legal, audit, accounting and tax returns, and other for the Project;
- (vii) property management fees and reimbursements including on-site manager expenses, not to exceed fees and reimbursements which are standard in the industry and pursuant to a management contract approved by the City (which such approval will not be unreasonably withheld);
- (viii) Any deferred developer fee in an amount pre-approved by the City;
- (ix) Any advances or loans made by the owner or affiliate thereof to fund operating shortfalls following syndication of the low-income housing tax credits;
- (x) Annual deposits into a reserve for capital replacements of Project improvements in an amount of [Five Hundred Dollars (\$500)] per unit or such other amount as approved by a senior lender, Maker’s limited partner, or the City (to be increased annually by [3%]);
- (xi) Any deposits to an Operating Reserve as required by a senior lender, Maker’s limited partner, or approved by the City;
- (xii) Current and accrued annual resident services increasing by no more than [3%] percent per year, or such greater amount as approved by the City (such approval may be provided in the form of an approved property budget);
- (xiii) current and accrued partnership management fees with annual earnings not to exceed [\$25,000] per year, adjusted annually for inflation by [3%] percent per year;
- (xiv) current and accrued asset management fees payable to the limited partner (if applicable) of Maker, with annual earnings in an amount not to exceed \$[7,500] per year, adjusted annually for inflation by [3%] percent per year; and
- (xv) debt service payments of loans in senior position to this Loan.

Annual operating expenses will not include the following: depreciation, amortization, depletion, or other non-cash expenses, or any amount expended from a reserve account.

6. No Assumption. This Note shall not be assumable by the successors and assigns of Maker without the prior written consent of the Holder, except as permitted in the Loan Agreement.

7. Security. This Note is secured by the Deed of Trust.

8. Terms of Payment.

(a) All payments due under this Note shall be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

(b) All payments on this Note shall be paid to Holder at [_____], Attention: Housing Officer or to such other place as the Holder of this Note may from time to time designate.

(c) All payments on this Note shall be without expense to the Holder, and the Maker agrees to pay all costs and expenses, including re-conveyance fees and reasonable attorney's fees of the Holder, incurred in connection with the payment of this Note and the release of any security hereof.

(d) Notwithstanding any other provision of this Note, or any instrument securing the obligations of the Maker under this Note, if, for any reason whatsoever, the payment of any sums by the Maker pursuant to the terms of this Note would result in the payment of interest which would exceed the amount that the Holder may legally charge under the laws of the State of California, then the amount by which payments exceeds the lawful interest rate shall automatically be deducted from the principal balance owing on this Note, so that in no event shall the Maker be obligated under the terms of this Note to pay any interest which would exceed the lawful rate.

9. Default.

(a) Any of the following shall constitute an Maker event of default under this Note:

(i) Any failure by Maker to pay Holder, in full, any payment required under this Note within ten (10) days of written notice that such payment is due;

(ii) Any failure in the performance by the Maker of any term, condition, provision or covenant set forth in this Note subject to the notice and cure period set forth in the Agreements;

(iii) The occurrence of any event of default under the Loan Agreement, Regulatory Agreements, the Deed of Trust, or other instrument securing the obligations of the Maker under this Note or under any other promissory notes hereafter issued by the Maker to the Holder pursuant to the Loan Agreement or the Deed of Trust, subject to notice and cure periods, if any, set forth therein.

(b) Subject to the rights of senior lenders, upon the occurrence of an event of default ("Trigger Date"), Holder shall provide to Maker written notice of said occurrence, and Maker shall have thirty (30) days to cure. If the default cannot reasonably be cured in thirty (30) days, Maker shall have an additional one hundred fifty (150) days to cure, provided the cure has commenced within thirty (30) days and is diligently pursued to completion. If, after the time provided in this subparagraph (b), Maker has not cured the default, or Holder has not waived its rights under the Note, the entire unpaid balance, together with all other sums then payable under this Note, shall, at the option of Holder, become

immediately due and payable upon written notice by Holder to Maker without further demand. In addition, all amounts disbursed by Holder pursuant to the City Deed of Trust to protect Holder's rights in the Property, if any, shall be due and payable under this Note. All sums due pursuant to this Section shall, commencing on the Trigger Date, accrue interest at an annual rate equal to the lesser of 10% compounded quarterly, or the maximum rate permitted by law. Notice to Maker shall be at the addresses specified in the Agreements and in accordance with Section 10(a) below.

(c) The failure to exercise the remedy set forth in Subsection 7(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by Holder hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Holder, except as and to the extent otherwise provided by law.

10. Waivers.

(a) The Maker hereby waives diligence, presentment, protest and demand, and notice of protest and nonpayment, notice of demand, notice of default or delinquency, notice of acceleration, notice of costs, expenses or losses and interest thereon, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under this Note or in proceeding against any of the rights or interest in or to properties securing payment of this Note and notice of dishonor of this Note. Debtor further waives any right to plead any and all statutes of limitation as a defense to any demand on this Note.

(b) The Maker expressly agrees that this Note or any payment hereunder may be extended from time to time, and that the Holder may accept further security or release any security for this Note, all without in any way affecting the liability of the Maker.

(c) No extension of time for payment of this Note or any installment hereof made by agreement by the Holder with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change or affect the original liability of the Maker under this Note, either in whole or in part.

(d) The obligations of the Maker under this Note shall be absolute and the Maker waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

(e) A waiver of any term of this Note, the Deed of Trust, or the Agreement must be made in writing, signed by both parties, and shall be limited to the express written terms of such waiver. In the event of any inconsistencies between the terms of this Note and the terms of any other document related to the debt evidenced by this Note, the terms of this Note shall prevail. No modification or amendment of this Note shall be effective unless in a writing signed by Maker and Holder.

11. Miscellaneous Provisions.

(a) All notices to the Holder or the Maker shall be given in the manner and at the addresses set forth in the Agreements, or to such addresses as the Holder and the Maker may hereinafter designate.

(b) Maker agrees to pay on demand, together with interest at the rate specified above in Section 9(b) from the date of such demand until paid, all reasonable attorneys' fees, costs of collection, costs, and expenses incurred by Holder in connection with the defense or enforcement of this Note and the City Deed of Trust, whether or not a legal action or proceeding is filed.

(c) No modification or amendment of this Note shall be effective unless in a writing signed by Maker and Holder.

This Note shall be governed by and construed in accordance with the laws of the State of California.

(d) Time is of the essence with respect to every provision in this Note. This Note shall be construed and enforced in accordance with the substantive and procedural laws of the State of California, except to the extent that federal laws preempt the laws of the State of California, and all persons and entities in any manner obligated under this Note consent to the jurisdiction of any federal or state court within the State of California having proper venue and also consent to service of process by any means authorized by California or federal law. If any provision of this Note shall be found to be invalid, illegal or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall not be affected or impaired thereby.

(e) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Loan. It may not be modified except upon written consent of the parties.

12. Nonrecourse. This Note shall be nonrecourse to the Maker and any members or partners.

MAKER:

**MP Willow Greenridge Associates, L.P.,
a California limited partnership**

By: MP Greenridge LLC,
a California limited liability company,
its general partner

By: Mid-Peninsula Half Moon Bay, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Jan M. Lindenthal

3873027.1

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080

**No fee for recording pursuant to
Government Code Section 27383**

APNs: 011-270-200, 011-264-020, 011-270-360, 011-270-100, 011-270-110, 011-270-120, 011-271-100, 011-270-300, 011-270-170, 010-440-670

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

(Willow Gardens/Greenridge)

This Regulatory Agreement and Declaration of Restrictive Covenants (the "Agreement") is made and entered into as of [_____] [____], 2021, by and between the City of South San Francisco, a municipal corporation (the "City") and MP Willow Greenridge Associates, L.P., a California limited partnership (the "Borrower").

RECITALS

A. The Borrower owns certain real property located at 986 Nora Way, 982, 986, and 990 Brusco Way, 344, 364, 383 & 395 Susie Way, and 976 Sandra Court, City of South San Francisco, County of San Mateo, State of California as more particularly described in Exhibit A attached hereto (the "Willow Gardens Property"), and certain real property located at 1565 El Camino Real, City of South San Francisco, County of San Mateo, State of California as more particularly described in Exhibit B attached hereto (the "Greenridge Property" and collectively with the Willow Gardens Property, the "Property").

B. The City and the Borrower have entered into an Amended and Restated Loan Agreement (the "Loan Agreement") concurrently herewith, pursuant to which the City will provide a loan (the "Loan") to the Borrower to rehabilitate thirty-four (34) apartment units, including one (1) unrestricted manager's unit, located on the Greenridge Property and thirty-six (36) apartment units, including one (1) unrestricted manager's unit, located on the Willow Gardens Property (the "Project"), as further set forth and described in the Loan Agreement. The Property is and shall continue to be operated as affordable rental housing projects for Lower Income Households as defined herein. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Loan Agreement (as defined below).

C. As a condition of providing the Loan, the City requires the Borrower to execute this Agreement, which will regulate eleven (11) residential units of the Property as "HOME Assisted Units" in accordance with the schedule of units in Exhibit C attached hereto and incorporated herein, to ensure that the units are occupied by and affordable to Lower-Income Households for

the term of this Agreement. The HOME Assisted Units will be monitored by the City for compliance with HOME affordability and related program requirements as set forth herein.

NOW THEREFORE, in consideration of the recitals, hereof, and other mutual covenants and promises contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Borrower hereby agree as follows.

ARTICLE 1 DEFINITIONS

1.1 Definitions

When used in this Agreement, the following terms shall have the respective meanings assigned to them in this Article 1.

(a) "Adjusted Income" shall mean the total anticipated annual income of all persons in a household as calculated in accordance with 24 CFR 92.203(b)(1), which incorporates 24 CFR 5.609m

(b) "Agreement" shall mean this Regulatory Agreement and Declaration of Restrictive Covenants.

(c) "Area Median Income" shall mean the median gross yearly household income, adjusted for household size for San Mateo County, as published from time to time by HUD. In the event that such income determinations are no longer published by HUD, or are not updated for a period of at least eighteen (18) months, the City shall provide the Borrower with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by HUD.

(d) "Assumed Household Size" shall mean, solely for the purposes of establishing maximum rent limits for the HOME Assisted Units, a household size equal to the number of bedrooms in the Unit, times one and a half. For example, the Assumed Household Size for a two-bedroom unit shall be a household of three. Assumed Household Size is not intended to be used as a maximum occupancy limit for the Units.

(e) "Borrower" shall mean MP Willow Greenridge Associates, L.P., a California limited partnership and its successors and assigns to the Project.

(e) "City" shall mean the City of South San Francisco, a municipal corporation.

(f) "Deed of Trust" shall mean the deed of trust for the benefit of the City on the Property which secures repayment of the Loan and the performance of the Loan Agreement and this Agreement.

(h) "Greenridge Property" shall have the meaning set forth in Recital A.

(i) "Household Size" shall mean the actual number of persons in the applicant or Tenant household.

(j) "HOME Assisted Units" shall mean the eleven (11) floating dwelling units within the Willow Gardens Property, the development of which will be assisted with funds provided through the HOME Program.

(k) "HOME Rents" means rents calculated annually by HUD and are:

- a. the lesser of the fair market rents or thirty percent (30%) of sixty-five percent (65%) of Area Median Income (high HOME rents); and
- b. thirty percent (30%) of fifty percent (50%) of Area Median Income (low HOME rents).

(l) "HUD" means the United States Department of Housing & Urban Development.

(m) "Loan" shall mean all funds loaned to the Borrower by the City pursuant to the Loan Agreement.

(j) "Loan Agreement" shall mean the Amended and Restated Loan Agreement entered into by and between the City and the Borrower, dated concurrently herewith.

(k) "Low-Income Household" or "Lower-Income Household" shall mean a household whose Adjusted Income does not exceed eighty percent (80%) of the Area Median Income.

(l) "Low Income Rent" shall mean the maximum allowable rent for a Low-Income Household pursuant to Section 2.2(a) below.

(n) "Multifamily Tax Subsidy Program" (MTSP) shall mean the Low Income Housing Tax Credit program promulgated under Section 42 of the Internal Revenue Code.

(o) "Note" shall mean the City Note from the Borrower to the City, as defined in the Loan Agreement, evidencing all or any part of the Loan.

(p) "Project" shall have the meaning set forth in Recital B above and as further described in the Loan Agreement.

(q) "Property" shall mean the real property described in Exhibits A and B attached hereto and incorporated herein.

(r) "Rent" shall mean the total of monthly payments by the Tenant of a HOME Assisted Unit for the following: use and occupancy of the Unit and land and associated facilities, including parking; any separately charged fees or service charges assessed by the Borrower which

are required of all Tenants, other than security deposits; an allowance for the cost of an adequate level of service for utilities paid by the Tenant, including electricity, gas and other heating, cooking and refrigeration fuel, but not telephone service or cable TV; and any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than the Borrower, and paid by the Tenant.

(s) "Tenant" shall mean a household lawfully occupying a Unit subject to a valid lease.

(t) "Term" shall mean the term of this Agreement, which shall commence on the date of this Agreement and shall continue until the earlier of the fifty-fifth (55th) anniversary date of completion of the rehabilitation scope of work, as evidenced by a Temporary Certificate of Occupancy or equivalent, or a specified later date in the event the City and Borrower agree to extend such term.

(u) "Unit" for leasing and management purposes, shall mean one of the sixty-eight (68) apartments in the Property, and does not include the manager's units. The Units, pursuant to Section 2.1 below, are required to be occupied by, or if vacant available for occupancy by Low, 60% AMI, and Very Low Income Households.

(v) "Very Low Income Household" shall mean a household with an Adjusted Income, adjusted for household size, that does not exceed 50% of Area Median Income.

(w) "Very Low Income Rent" shall mean the maximum allowable rent for a Very Low Income Household pursuant to Section 2.2(b) below.

(x) "Willow Gardens Property" shall have the meaning set forth in Recital A.

ARTICLE 2 AFFORDABILITY AND OCCUPANCY COVENANTS

2.1 Occupancy Requirements.

HOME Assisted Units. Eight (8) of the HOME Assisted Units shall be rented to and occupied by or, if vacant, available for occupancy by Low Income Households, and three (3) of the HOME Assisted Units shall be rented to and occupied by or, if vacant, available for occupancy by Very Low Income Households in accordance with Exhibit C.

2.2 Allowable Rent

(a) HOME Rents. HOME Rents shall be used for determining the rents for the HOME Assisted Units. Eight (8) of the HOME Assisted Units must be occupied by Low Income

Households paying rents that are no greater than the high HOME rents. Three (3) of the HOME Assisted Units must be occupied by Very Low Income Households paying rents that are no greater than the low HOME rents. The HOME Rents (as calculated annually by HUD and as set forth in the definition above) shall be provided annually by the City.

(b) Housing Assistance Payment Contracts; Project Based Vouchers. In the event that some or all of the HOME Assisted Units are subject to a valid Housing Assistance Payment (“HAP”) contract with HUD and/or the San Mateo County Housing Authority (including a HAP contract in connection with tenant-based Housing Choice Vouchers), the allowable Rent may be determined by the parties to the HAP contract and may exceed the allowable Rent set forth above. Borrower shall provide notice to City that a HAP contract has been executed, and such notice shall identify which units will be subject to the HAP contract, and the term of HAP contract applicable to each unit. Executed HAP contract(s) shall be made available for City inspection upon request. Under applicable federal law, prior to the expiration of any HAP assistance, Borrower shall notify Tenant that their Rent may be increased to the applicable allowable Rent limit specified herein.

(g) Hold Harmless. Notwithstanding anything to the contrary contained herein, with respect to the Area Median Income determination under this Agreement, the City shall allow Borrower to apply the same “hold harmless” policy implemented by the California Tax Credit Allocation Committee in the event that the Area Median Income decreases in any given calendar year.

2.3 Increased Income of Tenants

(a) Non-Qualifying Households in HOME Assisted Units. If, upon recertification of the income of a Tenant of a HOME Assisted Unit, the Borrower determines that

(i) A former Very Low Income Household’s Adjusted Income has increased and exceeds the income limit for an Very Low Income Household as defined above, upon sixty (60) days’ written notice to Tenant, such Tenant’s rent may be increased to Low Income Rent (as applicable based on Adjusted Income), and the next available Low Income Unit (as applicable) may be rented to a Very Low Income Household in compliance with Exhibit C.

AND/OR

(ii) A former Low Income Household’s Adjusted Income has increased and exceeds the income limit for a Low Income Household as defined above, upon sixty (60) days’ written notice to Tenant, such Tenant’s rent may be increased to 30% of the Tenant’s actual monthly household income or to a comparable rent for Low Income Households occupying units of comparable size. If such an increase is expressly prohibited under a deed restriction of a lienholder senior to the City lien, or federal IRS tax credit regulations applicable to the Property at the time, the

rent shall remain at the then-current Low Income Rent Limit, and the number of Low Income Units occupied by Tenants with incomes over the Low Income Rent limit shall be reported to the City on an annual basis in Borrower's annual reports to the City as required under Section 4.2 herein.

(b) Over Income Households. Notwithstanding anything to the contrary contained herein, if any household's income has been determined to be at or above 120% Area Median Income for two consecutive annual income certifications, Borrower may terminate such tenant's lease with a six (6) month notice to vacate.

(c) Termination of Occupancy. Upon termination of occupancy of a HOME Assisted Unit by a Tenant, such HOME Assisted Unit shall be deemed to be continuously occupied by a household of the same income level (e.g., Very Low Income Household) as the initial income level of the vacating Tenant, if such Unit is reoccupied by a household of the same income level within 120 days of vacancy of the Unit by the prior Tenant, at which time the status of the Unit shall be determined based on the income level of the new Tenant.

2.4 Notwithstanding anything to the contrary contained herein, for so long as the Property is subject to the requirements of the Multifamily Tax Subsidy Program, the applicable TCAC/MTSP requirements related to rent and income limits shall apply in lieu of the restrictions set forth herein with respect to rent and income limits.

ARTICLE 3 INCOME CERTIFICATION AND REPORTING

3.1 Income Certification.

The Borrower will obtain, complete and maintain on file, immediately prior to initial occupancy and annually thereafter, income certifications from each Tenant renting any of the Units. The Borrower shall make a good faith effort to verify that the income provided by an applicant or occupying household in an income certification is accurate by taking two or more of the following steps as a part of the verification process: (a) obtain a pay stub for the most recent pay period; (b) obtain an income tax return for the most recent tax year; (c) conduct a credit agency or similar search; (d) obtain an income verification form from the applicant's current employer; (e) obtain an income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies; or (f) if the applicant is unemployed and has no such tax return, obtain another form of independent verification. Copies of Tenant income certifications shall be available to the City upon request. Initial household income certification shall be consistent with the "Part 5 Method" described in 24 CFR 5.609.

In the event that annual recertification of Tenant incomes indicates that the number of HOME Assisted Units actually occupied by Low, or Very Low Income Households, as applicable, falls below the number reserved for each income group as specified in Exhibit C attached hereto, Borrower shall rectify the condition by renting the next available dwelling unit(s) in the Project to a Low, or Very Low Income Household(s), as applicable, until the required income mix is achieved.

3.2. Annual Report to the City.

The Borrower shall submit to the City (a) not later than the ninetieth (90th) day after the close of each fiscal year, or such other date as may be requested by the City, a statistical report, including income and rent data for the HOME Assisted Units, setting forth the information called for therein.

3.3 Additional Information.

The Borrower shall provide any additional information reasonably requested by the City to the City. The City shall have the right to examine and make copies of all books, records or other documents of the Borrower which pertain to the Project.

3.4 Records.

The Borrower shall maintain complete, accurate and current records pertaining to the Project, and shall permit any duly authorized representative of the City to inspect records, including records pertaining to income of Tenants. All Tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower and shall be maintained as required by the City, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the City. The Borrower shall retain copies of all materials obtained or produced with respect to occupancy of the Units for a period of at least five (5) years.

3.5 On-site Inspection.

The City shall each have the right to perform an on-site inspection of the Project at least one time per year with adequate notice to Borrower, a minimum of thirty (30) days. The Borrower agrees to cooperate in such inspection.

ARTICLE 4
OPERATION OF THE PROJECT

4.1 Use of the Project.

The Property shall be operated as affordable rental housing consisting of sixty-eight (68) Units, plus one unrestricted unit for an on-site property manager at each of the Willow Gardens Property and the Greenridge Property.

4.2 Compliance with Loan Agreement.

Borrower shall comply with all the terms and provisions of the Loan Agreement, and the Deed of Trust for the Project.

4.3 Taxes and Assessments.

Borrower shall pay all real and personal property taxes, assessments and charges and all franchise, income, employment, old age benefit, withholding, sales, and other taxes assessed against it, or payable by it, at such times and in such manner as to prevent any penalty from accruing, or any line or charge from attaching to the Property; provided, however, that Borrower shall have the right to contest in good faith, any such taxes, assessments, or charges. In the event Borrower exercises its right to contest any tax, assessment, or charge against it, Borrower, on final

determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest.

ARTICLE 5 PROPERTY MANAGEMENT AND MAINTENANCE

5.1 Management Responsibilities.

The Borrower is responsible for all management functions with respect to the Project, including without limitation the selection of tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The City shall have no responsibility over management of the Project. The Borrower shall retain a professional property management company approved by the City in its reasonable discretion to perform its management duties hereunder, unless the City approves self-management by the Borrower. A resident manager shall also be required.

(a) Accounting Records. In a manner subject to City approval, the Borrower shall maintain, on an accrual or modified accrual basis, a general ledger accounting system that is posted monthly and that accurately and fully shows all assets, liabilities, income and expenses of the Project. All records and books relating to this system shall be kept for a period of at least seven years and in such a manner as to ensure that the records are reasonably protected from destruction or tampering. All records shall be subject to City inspection and audit.

(b) Use of Income from Operations. The Borrower, or its management agent, shall promptly deposit all operating income in a segregated account established exclusively for the Project with an FDIC or other comparable federally-insured financial institution.

5.2 Management Agent; Periodic Reports.

Unless the City approves self-management by the Borrower, the Project shall at all times be managed by an experienced management agent reasonably acceptable to the City, with demonstrated ability to operate residential facilities like the Project in a manner that will provide decent, safe, and sanitary housing (as approved, the "Management Agent"). The Borrower shall submit for the City's approval the identity of any proposed Management Agent. The Borrower shall also submit such additional information about the background, experience and financial condition of any proposed Management Agent as is reasonably necessary for the City to determine whether the proposed Management Agent meets the standard for a qualified Management Agent set forth above. If the proposed Management Agent meets the standard for a qualified Management Agent set forth above, the City shall approve the proposed Management Agent by notifying the Borrower in writing. Unless the proposed Management Agent is disapproved by the City within thirty (30) days, which disapproval shall state with reasonable specificity the basis for disapproval, it shall be deemed approved. The City hereby approves MidPen Property Management Corporation as the Management Agent.

5.3 Performance Review.

The City reserves the right to conduct an annual (or more frequently, if deemed necessary by the City) review of the management practices and financial status of the Project. The purpose of each periodic review will be to enable the City to determine if the Project is being operated and managed in accordance with the requirements and standards of this Agreement. The Borrower shall cooperate with the City in such reviews.

5.4 Replacement of Management Agent.

If, as a result of a periodic review, the City determines in its reasonable judgment that the Project is not being operated and managed in accordance with any of the material requirements and standards of this Agreement, the City shall deliver notice to Borrower of its intention to cause replacement of the Management Agent, or, if the Project is being self-managed, to cause the Borrower to retain a Management Agent, including the reasons therefor. Within fifteen (15) days of receipt by Borrower of such written notice, City staff, as applicable, and the Borrower shall meet in good faith to consider methods for improving the financial and operating status of the Project, including, without limitation, replacement of the Management Agent.

If, after such meeting, City staff, as applicable, recommends in writing the replacement of the Management Agent, Borrower shall promptly dismiss the then Management Agent, or cease self-management if the Project is self-managed and shall appoint as the Management Agent a person or entity meeting the standards for a Management Agent set forth in Section 5.2 above and approved by the City pursuant to Section 5.2 above.

Any contract for the operation or management of the Project entered into by Borrower shall provide that the contract can be terminated as set forth above, or terminated without cause upon thirty (30) days' notice. Failure to remove the Management Agent or to appoint a Management Agent instead of self-management in accordance with the provisions of this Section shall constitute default under this Agreement, and the City may enforce this provision through legal proceedings as specified in Section 6.8.

5.5 Approval of Management Policies.

The Borrower shall submit its written management policies with respect to the Project to the City for its review, and shall amend such policies in any way necessary to ensure that such policies comply with the provisions of this Agreement.

5.6 Property Maintenance.

The Borrower agrees, for the entire Term of this Agreement, to maintain all interior and exterior improvements, including landscaping, on the Property in good condition and repair (and, as to landscaping, in a healthy condition), reasonable wear and tear excepted, and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, City, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials. The Borrower shall make all repairs and replacements necessary to keep the improvements in good condition and repair.

ARTICLE 6 MISCELLANEOUS

6.1 Lease Provisions.

The Borrower shall use a form of Tenant lease approved by the City for HOME Assisted Units. The form of Tenant lease shall also comply with all requirements of this Agreement and shall include the following provisions for the HOME Assisted Units:

(a) provide for termination of the lease and consent by the Tenant to immediate eviction for failure: (1) to provide any information required under this Agreement or reasonably requested by the Borrower to establish or recertify the Tenant's qualification, or the qualification of the Tenant's, for occupancy in the Project in accordance with the standards set forth in this Agreement, or (2) to qualify as a Low, or Very Low Income Household, as a result of any material misrepresentation made by such Tenant with respect to the income computation or certification.

(b) be for an initial term of not less than one (1) year, and provide for no Rent increase during such period. After the initial lease term, such lease may be month to month by mutual agreement of the Borrower and the Tenant; however the Rent may not be raised more often than once a year. The Borrower will provide each Tenant at least sixty (60) days' written notice of any increase in Rent applicable to such Tenant, and with such further notice as may be required by Section 2.3 above.

(c) provide that any termination of a lease or refusal by the Borrower to renew a lease, with the exception of evictions or non-renewals for non-payment of rent, must be preceded by no less than thirty (30) days written notice to the Tenant by the Borrower specifying the grounds for the action.

6.2 Nondiscrimination.

The Borrower shall not give preference to any particular class or group of persons in renting or selling the Units, or any part of the Project except to the extent that the Units are required to be leased to Low, Very Low Income Households. Borrower shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or Project, or any portion thereof, on the basis of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information of any person. Borrower 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, Project or part thereof, nor shall Borrower or any person claiming under or through Borrower 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, sub lessees or vendees in, of, or for the Property, Project or part thereof.

All deeds made or entered into by Borrower, its successors or assigns, as to any portion of the Property or Project shall contain the following language, and all leases or contracts made

or entered into by Borrower, its successors or assigns, as to any portion of the Property or Project, shall reference this Section, and shall enforce the same diligently and in good faith:

“(a) Borrower herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a 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 herein conveyed nor shall the Borrower or any person claiming under or through the Borrower 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, sub lessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

“(b) Notwithstanding paragraph (a), with respect to familial status, paragraph (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 of the Civil Code and subdivisions (d) of Section 12955 of the Government Code shall apply to paragraph (a).” Nothing herein shall be construed or interpreted as prohibiting or preventing preferences or set asides for the units as established in loan agreements; regulatory agreements, etc., so long as such preferences or set asides comply with applicable local, state, and federal laws.

6.3 Section 8 Certificate Holders.

The Borrower will accept as Tenants, on the same basis as all other prospective Tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing housing program under Section 8 of the United States Housing Act, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective Tenants, nor shall the Borrower apply or permit the application of management policies or lease provisions with respect to the Project which have the effect of precluding occupancy of Units by such prospective Tenants.

6.4 Term.

The provisions of this Agreement shall apply to the Property for the entire Term even if the Loan is paid in full prior to the end of the Term. This Agreement shall bind any successor, heir or assign of the Borrower, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by the City. The City makes the Loan on the condition, and in consideration of, this provision, and would not do so otherwise.

6.5 Compliance with Loan Agreements and Program Requirements.

Borrower's actions with respect to the Project and the use of funds provided herein shall at all times be in full conformity with all requirements of the Loan Agreement.

6.6 Notice of Expiration of Term.

At least six (6) months prior to the expiration of the Term, the Borrower shall provide by first-class mail, postage prepaid, a notice to all Tenants in HOME Assisted Units containing (a) the anticipated date of the expiration of the Term, (b) any anticipated Rent increase upon the expiration of the Term, (c) a statement that a copy of such notice will be sent to the City, and (d) a statement that a public hearing may be held by the City on the issue and that the Tenant will receive notice of the hearing at least fifteen (15) days in advance of any such hearing. The Borrower shall also file a copy of the above-described notice with the Housing Officer of the City.

6.7 Covenants to Run With the Land.

The City and the Borrower hereby declare their express intent that the covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Property, provided, however, that on the expiration of the Term of this Agreement said covenants and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof, shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the City expressly releases such conveyed portion of the Property from the requirements of this Agreement.

6.8 Enforcement by the City.

If the Borrower fails to perform any obligation under this Agreement, and fails to cure the default within thirty (30) days after the City has notified the Borrower in writing of the default or, if the default cannot be cured within thirty (30) days, fails to commence to cure within thirty (30) days and thereafter diligently pursue such cure and complete such cure within ninety (90) days, the City shall have the right to enforce this Agreement by any or all of the following actions, or any other remedy provided by law.

(a) Calling the Loan. The City may declare a default under the Note, accelerate the indebtedness evidenced by the Note, including outstanding principal and interest, and demand immediate repayment thereof. Upon failure to repay such accelerated amount in full, the City may proceed with a foreclosure in accordance with the provisions of the Deed of Trust and State law regarding foreclosures.

(b) Collect Rents. Collect all rents and income in connection with the operation of the Project and use the same and the reserve funds for the operation and maintenance of the Project.

(c) Excess Rents. In the event that the breach or violation involves the rents to tenants or other charges in excess of those permitted under this Agreement, the City may demand, and seek as an additional remedy, the return of such excess rents or other charge to the affected households.

(d) Action to Compel Performance or for Damages. The City may bring an action at law or in equity to compel the Borrower's performance of its obligations under this Agreement, and/or for damages, or for the appointment of a receiver to take over and operate the

Project in accordance with the terms of this Agreement or for such other relief as may be appropriate.

(e) Remedies Provided Under Loan Agreement. The City may exercise any other remedy provided under the Loan Agreement.

(f) Remedies Cumulative. The remedies of the City hereunder are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the City of any one or more of its other remedies.

6.9 Attorneys Fees and Costs.

In any action brought to enforce this Agreement, the prevailing party shall be entitled to all costs and expenses of suit, including reasonable attorneys' fees. This section shall be interpreted in accordance with California Civil Code Section 1717 and judicial decisions interpreting that statute.

6.10 Recording and Filing.

The City and the Borrower shall cause this Agreement, and all amendments and supplements to it, to be recorded in the Official Records of the County of San Mateo.

6.11 Governing Law.

This Agreement shall be governed by the laws of the State of California.

6.12 Waiver of Requirements.

Any of the requirements of this Agreement may be expressly waived by the City in writing, but no waiver by the City of any requirement of this Agreement shall, or shall be deemed to, extend to or affect any other provision of this Agreement.

6.13 Amendments.

This Agreement may be amended only by a written instrument executed by all the parties hereto or their successors in title, and duly recorded in the real property records of the County of San Mateo.

6.14 Notices.

Any notice requirement set forth herein shall be deemed to be satisfied three (3) days after mailing of the notice first-class United States certified mail, postage prepaid, addressed to the appropriate party as follows:

Borrower: MP Willow Greenridge Associates, L.P.
303 Vintage Park Drive, Suite 250
Foster City, California 94404
Attention: Assistant Secretary

With a copy to: Hudson SLP LLC
c/o Hudson Housing Capital LLC
630 Fifth Avenue, 28th Floor

New York, New York 10111
Attention: Joseph A. Macari

City: City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080

Such addresses may be changed by notice to the other party given in the same manner as provided above.

6.15 Severability.

If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions of this Agreement shall not in any way be affected or impaired thereby.

6.16 Multiple Originals; Counterparts.

This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

6.17. Captions. The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or the intent of this Agreement.

6.18. Assignment of City's Rights. The City retains the right, at its sole discretion, to assign all or part of its rights under this Agreement for the purpose of ensuring compliance and enforcement of the Borrower's duties and obligations hereunder. In addition, the City may designate an agent to act on its behalf in monitoring compliance and enforcing the provisions hereof.

6.19. Binding on Successors. This Agreement shall bind, and benefits thereof shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors in interest, and assigns, provided, however, that the Borrower may not assign this Agreement or any of its obligations hereunder, voluntarily or by operation of law, without the prior written approval of the City.

6.20. Hold Harmless. Borrower shall indemnify, defend (with counsel approved by the City), and hold the City and its elected and appointed officers, officials, employees, contractors, agents, and representatives (all of the foregoing, collectively the "Indemnitees") harmless from and against any and all liabilities, losses, damages, fines, deficiencies, penalties, claims, demands, suits, actions, causes of action, legal or administrative proceedings, judgments, costs and expenses (including without limitation reasonable attorneys' fees and court costs) (all of the foregoing, collectively "Claims") arising directly or indirectly in any manner in connection with or resulting from, (a) any failure of any of Borrower's representations or warranties set forth in this Agreement, or made by Borrower in connection with the execution and delivery of this Agreement or in any

certificate furnished pursuant hereto, to be correct in all material respects; (b) any contract for services entered into between Borrower and a third party, or services provided to Borrower by a third party, related to the Project; and (c) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee which relates to or arises in connection with the Agreement or any transaction contemplated thereby. Borrower's obligations under this Section shall survive expiration or termination of this Agreement. Borrower's indemnity obligations shall not apply to Claims arising as a result of the willful misconduct or gross negligence of the Indemnitees.

6.21. Restrictions on Sale, Encumbrance, and Other Acts.

- (a) Except for leases to tenants in the ordinary course of business, the Borrower shall not make, or allow, any sale, encumbrance, hypothecation, assignment, pledge, conveyance, or transfer in any form of the Project or of any of its interest therein, except with the prior written approval of the City or as permitted in the Loan Agreement. Notwithstanding the previous sentence, the following transfers are hereby approved by the City: (a) the transfer of the Project to a limited partnership, the general partner of which is an affiliate of Borrower; (b) the transfer of limited partnership interests in the Borrower; (c) the removal and replacement of the general partner for cause in accordance with the terms of the limited partnership agreement of Borrower; (d) the grant and exercise of an option or right of first refusal in favor of Borrower's general partner or an affiliate thereof and (e) a deed of trust encumbering the Property granted in connection with any other loan provided for the Project (including but not limited to the construction loan provided by Capital One, National Association and the permanent financing loan provided by First Republic Bank).

- (b) The City shall approve a sale, transfer or conveyance provided that all of the following conditions are met:
 - (1) the Borrower is in compliance with this Agreement and the City Loan Documents or the sale, transfer or conveyance will result in the cure of any existing violations of the Agreement or the City Loan Documents;
 - (2) the successor-in-interest to the Borrower agrees to assume all obligations of the Borrower pursuant to this Agreement;
 - (3) any terms of the sale, transfer or conveyance shall not threaten the City's security or repayment of the Loan; and
 - (4) any successor-in-interest demonstrates to the City's satisfaction that it has the management and financial capacity to own and operate the Project.

IN WITNESS WHEREOF, the City and the Borrower have executed this Agreement by duly authorized representatives, all on the date first written above.

MP Willow Greenridge Associates, L.P.,
a California limited partnership

By: MP Greenridge LLC,
a California limited liability company,
its general partner

By: Mid-Peninsula Half Moon Bay, Inc.,
a California nonprofit public benefit
corporation, its sole member/manager

By: _____
Jan M. Lindenthal
Assistant Secretary

CITY:

CITY OF SOUTH SAN FRANCISCO, a
municipal corporation

APPROVED AS TO FORM:

By: _____
City Attorney

By: _____

Its: _____

EXHIBIT A

Legal Description Willow Gardens Property

EXHIBIT B

Legal Description Greenridge Property

EXHIBIT C

Schedule of HOME Assisted Units

Income Limits	Number of HOME Assisted Units
Very Low Income ("50%" AMI Limits) (Low HOME Assisted Units)	3
Low Income ("80%" AMI Limits) (High HOME Assisted Units)	8
Total HOME Assisted Units	11

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080

**No fee for recording pursuant to
Government Code Section 27383**

APNs: 011-270-200, 011-264-020, 011-270-360, 011-270-100, 011-270-110, 011-270-120, 011-271-100, 011-270-300, 011-270-170, 010-440-670

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

(Willow Gardens/Greenridge)

This Regulatory Agreement and Declaration of Restrictive Covenants (the "Agreement") is made and entered into as of [_____] [___], 2021, by and between the City of South San Francisco, a municipal corporation (the "City") and MP Willow Greenridge Associates, L.P., a California limited partnership (the "Borrower" or "Owner").

RECITALS

A. The Borrower owns certain real property located at 986 Nora Way, 982, 986, and 990 Brusco Way, 344, 364, 383 & 395 Susie Way, and 976 Sandra Court, City of South San Francisco, County of San Mateo, State of California as more particularly described in Exhibit A attached hereto (the "Willow Gardens Property"), and certain real property located at 1565 El Camino Real, City of South San Francisco, County of San Mateo, State of California as more particularly described in Exhibit B attached hereto (the "Greenridge Property" and collectively with the Willow Gardens Property, the "Property").

B. The City and the Borrower have entered into an Amended and Restated Loan Agreement (the "Loan Agreement") and an Amended and Restated Promissory Note (the "Note") concurrently herewith, pursuant to which the City will provide a loan (the "Loan") to the Borrower to rehabilitate thirty-four (34) apartment units, including one (1) unrestricted manager's unit, located on the Greenridge Property and thirty-six (36) apartment units, including one (1) unrestricted manager's unit, located on the Willow Gardens Property (the "Project"), as further set forth and described in the Loan Agreement. The Property is and shall continue to be operated as affordable rental housing projects for Lower Income Households as defined herein. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Loan Agreement (as defined below).

C. As a condition of providing the Loan, the City requires the Borrower to execute this Agreement, which will regulate sixty-eight (68) residential units of the Property as "City Assisted Units" in accordance with the schedule of units in Exhibit C attached hereto and incorporated

herein, to ensure that the units are occupied by and affordable to Lower-Income Households for the term of this Agreement. The City Assisted Units will be monitored by the City for compliance with City affordability and related program requirements as set forth herein.

NOW THEREFORE, in consideration of the recitals, hereof, and other mutual covenants and promises contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Borrower hereby agree as follows.

ARTICLE 1 DEFINITIONS

1.1 Definitions

When used in this Agreement, the following terms shall have the respective meanings assigned to them in this Article 1.

(a) "Adjusted Income" shall mean the total anticipated annual income of all persons in a household as calculated in accordance with 24 CFR 92.203(b)(1), which incorporates 24 CFR 5.609m

(b) "Agreement" shall mean this Regulatory Agreement and Declaration of Restrictive Covenants.

(c) "Area Median Income" shall mean the median gross yearly household income, adjusted for household size for San Mateo County, as published from time to time by HUD. In the event that such income determinations are no longer published by HUD, or are not updated for a period of at least eighteen (18) months, the City shall provide the Borrower with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by HUD.

(d) "Assumed Household Size" shall mean, solely for the purposes of establishing maximum rent limits for the City Assisted Units, a household size equal to the number of bedrooms in the Unit, times one and a half. For example, the Assumed Household Size for a two-bedroom unit shall be a household of three. Assumed Household Size is not intended to be used as a maximum occupancy limit for the Units.

(e) "Borrower" shall mean MP Willow Greenridge Associates, L.P., a California limited partnership and its successors and assigns to the Project.

(e) "City" shall mean the City of South San Francisco, a municipal corporation.

(f) "City Assisted Units" shall mean the sixty-eight (68) dwelling units within the Project, the rehabilitation of which will be assisted with funds provided by the Loan.

(g) "Deed of Trust" shall mean the deed of trust for the benefit of the City on the Property which secures repayment of the Loan and the performance of the Loan Agreement and this Agreement.

(h) "Greenridge Property" shall have the meaning set forth in Recital A.

(i) "Household Size" shall mean the actual number of persons in the applicant or Tenant household.

(j) "HUD" means the United States Department of Housing & Urban Development.

(k) "Loan" shall mean all funds loaned to the Borrower by the City pursuant to the Loan Agreement.

(j) "Loan Agreement" shall mean the Amended and Restated Loan Agreement entered into by and between the City and the Borrower, dated concurrently herewith.

(k) "Low-Income Household" or "Lower-Income Household" shall mean a household whose Adjusted Income does not exceed eighty percent (80%) of the Area Median Income.

(l) "Low Income Rent" shall mean the maximum allowable rent for a Low-Income Household pursuant to Section 2.2(a) below.

(n) "Multifamily Tax Subsidy Program" (MTSP) shall mean the Low Income Housing Tax Credit program promulgated under Section 42 of the Internal Revenue Code.

(o) "Note" shall mean the City Note from the Borrower to the City, as defined in the Loan Agreement, evidencing all or any part of the Loan.

(p) "Project" shall have the meaning set forth in Recital B above and as further described in the Loan Agreement.

(q) "Property" shall mean the real property described in Exhibits A and B attached hereto and incorporated herein.

(r) "Rent" shall mean the total of monthly payments by the Tenant of a City Assisted Unit for the following: use and occupancy of the Unit and land and associated facilities, including parking; any separately charged fees or service charges assessed by the Borrower which are required of all Tenants, other than security deposits; an allowance for the cost of an adequate level of service for utilities paid by the Tenant, including electricity, gas and other heating, cooking and refrigeration fuel, but not telephone service or cable TV; and any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than the Borrower, and paid by the Tenant.

(s) "60% AMI Household" shall mean a household with an Adjusted Income, adjusted for household size, that does not exceed 60% of Area Median Income.

(t) "60% AMI Rent" shall mean the maximum allowable rent for a 60% AMI Household pursuant to Section 2.2(b) below.

(u) "Tenant" shall mean a household lawfully occupying a Unit subject to a valid lease.

(v) "Term" shall mean the term of this Agreement, which shall commence on the date of this Agreement and shall continue until the earlier of the fifty-fifth (55th) anniversary date of completion of the rehabilitation scope of work, as evidenced by a Temporary Certificate of Occupancy or equivalent, or a specified later date in the event the City and Borrower agree to extend such term.

(w) "Unit" for leasing and management purposes, shall mean one of the sixty-eight (68) apartments in the Property, and does not include the manager's units. The Units, pursuant to Section 2.1 below, are required to be occupied by, or if vacant available for occupancy by Low, 60% AMI, and Very Low Income Households.

(x) "Very Low Income Household" shall mean a household with an Adjusted Income, adjusted for household size, that does not exceed 50% of Area Median Income.

(y) "Very Low Income Rent" shall mean the maximum allowable rent for a Very Low Income Household pursuant to Section 2.2(c) below.

(z) "Willow Gardens Property" shall have the meaning set forth in Recital A.

ARTICLE 2 AFFORDABILITY AND OCCUPANCY COVENANTS

2.1 Occupancy Requirements.

(a) City Assisted Units. Thirty five (35) of the City Assisted Units shall be rented to and occupied by or, if vacant, available for occupancy by Low Income Households, seventeen (17) of the City Assisted Units shall be rented to and occupied by or, if vacant, available for occupancy by 60% AMI Households, and sixteen (16) of the City Assisted Units shall be rented to and occupied by or, if vacant, available for occupancy by Very Low Income Households in accordance with Exhibit C. The foregoing requirements shall not preclude the Borrower from complying with more restrictive income and/or rent limits that may apply to one or more of the sixty eight (68) City Assisted Units during the term of any other regulatory agreement recorded against the Property currently, or subsequently to be recorded, with prior City approval, for the purposes of ensuring the affordability of the units and/or establishing deeper affordability targeting

requirements. Notwithstanding anything to the contrary contained herein, the City acknowledges that as of the date of this Agreement one of the City Assisted Units is currently occupied by a household that exceeds the Low Income Household maximum income, and City hereby agrees that such household shall not be deemed out of compliance with this Agreement, provided that, upon turnover, Borrower shall rent such unit to a qualified Tenant in accordance with this Agreement.

2.2 Allowable Rent

(a) Low Income Rent. Rents (including utility allowance) charged to Tenants of the Low Income Household City Assisted Units shall not exceed the 80% AMI rent limit published annually by HUD. In the event that HUD no longer publishes the Rent Limits, the rents for Low Income Household Units shall not exceed one-twelfth (1/12) of thirty percent (30%) of eighty percent (80%) of Area Median Income for the Assumed Household Size, as further set forth in Exhibit C.

(b) 60% AMI Rent. Rents (including utility allowance) charged to Tenants of the 60% AMI Household City Assisted Units shall not exceed the 60% AMI rent limit published annually by HUD. In the event that HUD no longer publishes the Rent Limits, the rents for Low Income Units shall not exceed one-twelfth (1/12) of thirty percent (30%) of sixty percent (60%) of Area Median Income for the Assumed Household Size, as further set forth in Exhibit C.

(c) Very Low Income Rent. Rents (including utility allowance) charged to Tenants of the Very Low Income Household City Assisted Units shall not exceed the 50% AMI rent limit published annually by HUD. In the event that HUD no longer publishes the Rent Limits, the rents for Very Low Income Household Units shall not exceed one-twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of Area Median Income for the Assumed Household Size, as further set forth in Exhibit C.

(d) Housing Assistance Payment Contracts; Project Based Vouchers. In the event that some or all of the City Assisted Units are subject to a valid Housing Assistance Payment (“HAP”) contract with HUD and/or the San Mateo County Housing Authority (including a HAP contract in connection with tenant-based Housing Choice Vouchers), the allowable Rent may be determined by the parties to the HAP contract and may exceed the allowable Rent set forth above. Borrower shall provide notice to City that a HAP contract has been executed, and such notice shall identify which units will be subject to the HAP contract, and the term of HAP contract applicable to each unit. Executed HAP contract(s) shall be made available for City inspection upon request. Under applicable federal law, prior to the expiration of any HAP assistance, Borrower shall notify Tenant that their Rent may be increased to the applicable allowable Rent limit specified herein.

(e) Hold Harmless. Notwithstanding anything to the contrary contained herein, with respect to the Area Median Income determination under this Agreement, the City shall allow Borrower to apply the same “hold harmless” policy implemented by the California Tax Credit Allocation Committee in the event that the Area Median Income decreases in any given calendar year.

2.3 Increased Income of Tenants

(a) Non-Qualifying Households in City Assisted Units. If, upon recertification of the income of a Tenant of a City Assisted Unit, the Borrower determines that

(i) A former Very Low Income Household's Adjusted Income has increased and exceeds the income limit for an Very Low Income Household as defined above, upon sixty (60) days' written notice to Tenant, such Tenant's rent may be increased to the 60% AMI Rent or Low Income Rent (as applicable based on Adjusted Income), and the next available 60% AMI Unit or Low Income Unit (as applicable) may be rented to a Very Low Income Household in compliance with Exhibit C.

AND/OR

(ii) A former 60% AMI Household's Adjusted Income has increased and exceeds the income limit for a 60% AMI Household as defined above, such Tenant's rent may be increased to the Low Income Rent Limit, upon sixty (60) days' written notice to Tenant, and the next available Low Income Unit may be rented to a 60% AMI Household in compliance with Exhibit C.

AND/OR

(iii) A former Low Income Household's Adjusted Income has increased and exceeds the income limit for a Low Income Household as defined above, upon sixty (60) days' written notice to Tenant, such Tenant's rent may be increased to 30% of the Tenant's actual monthly household income or to a comparable rent for Low Income Households occupying units of comparable size. If such an increase is expressly prohibited under a deed restriction of a lienholder senior to the City lien, or federal IRS tax credit regulations applicable to the Property at the time, the rent shall remain at the then-current Low Income Rent Limit, and the number of Low Income Units occupied by Tenants with incomes over the Low Income Rent limit shall be reported to the City on an annual basis in Borrower's annual reports to the City as required under Section 3.2 herein.

(b) Over Income Households. Notwithstanding anything to the contrary contained herein, if any household's income has been determined to be at or above 120% Area Median Income for two consecutive annual income certifications, Borrower may terminate such tenant's lease with a six (6) month notice to vacate.

(c) Termination of Occupancy. Upon termination of occupancy of a City Assisted Unit by a Tenant, such City Assisted Unit shall be deemed to be continuously occupied by a household of the same income level (e.g., Very Low Income Household) as the initial income level of the vacating Tenant if such Unit is reoccupied by a household of

the same income level within 120 days of vacancy of the Unit by the prior Tenant, at which time the status of the Unit shall be determined based on the income level of the new Tenant.

2.4 Notwithstanding anything to the contrary contained herein, for so long as the Property is subject to the requirements of the Multifamily Tax Subsidy Program, the applicable TCAC/MTSP requirements related to rent and income limits shall apply in lieu of the restrictions set forth herein with respect to rent and income limits.

2.5 Persons residing on the Property as of the date of this Agreement shall not be displaced before suitable replacement housing is available in comparable replacement housing. Owner shall ensure that all occupants of the Property receive all notices, benefits and assistance to which they are entitled in accordance with California Relocation Assistance Law (Government Code Section 7260 *et seq.*), all state and local regulations implementing such law, and all other applicable local, state and federal laws and regulations (collectively "Relocation Laws") relating to the displacement and relocation of eligible persons as defined in such Relocation Laws.

Any and 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. Owner shall indemnify, defend (with counsel approved by City) and hold harmless the Indemnitees as defined in Section 6.20 from and against any and all Claims as defined in Section 6.20 arising in connection with the breach of Owner's obligations set forth in this Section except to the extent such Claims arise from the gross negligence or willful misconduct of the Indemnitees. Owner's indemnification obligations set forth in this Section 2.5 shall survive the expiration or earlier termination of this Agreement.

2.6 Occupancy Procedures. The Borrower shall adopt written tenant selection policies and criteria for the Units that:

- (a) Are consistent with the purpose of providing housing for Low-Income Households;
- (b) Are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease; and
- (c) Provide for:
 - (i) The selection of tenants from a written waiting list in the chronological order of their application, applying the local preference as outlined in this Agreement, insofar as is practicable and compliant with applicable laws and regulations; and
 - (ii) The prompt written notification to any rejected applicant of the grounds for any rejection.

2.7 Security Deposits. Any security deposits collected by the Borrower or Borrower's agent shall be kept separate and apart from all other funds of the Property in a trust account with a depository insured by the Federal Deposit Insurance Corporation, or other comparable federal deposit insurance program, and shall be held and disbursed in accordance with

California law. If required by the locality, the balance of such amount shall at all times equal or exceed the aggregate of all outstanding obligations under said account, plus accrued interest thereon.

ARTICLE 3 INCOME CERTIFICATION AND REPORTING

3.1 Income Certification.

The Borrower will obtain, complete and maintain on file, immediately prior to initial occupancy and annually thereafter, income certifications from each Tenant renting any of the Units. The Borrower shall make a good faith effort to verify that the income provided by an applicant or occupying household in an income certification is accurate by taking two or more of the following steps as a part of the verification process: (a) obtain a pay stub for the most recent pay period; (b) obtain an income tax return for the most recent tax year; (c) conduct a credit agency or similar search; (d) obtain an income verification form from the applicant's current employer; (e) obtain an income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies; or (f) if the applicant is unemployed and has no such tax return, obtain another form of independent verification. Copies of Tenant income certifications shall be available to the City upon request. Initial household income certification shall be consistent with the "Part 5 Method" described in 24 CFR 5.609.

In the event that annual recertification of Tenant incomes indicates that the number of City Assisted Units actually occupied by Low, 60%, or Very Low Income Households, as applicable, falls below the number reserved for each income group as specified in Exhibit C attached hereto, Borrower shall rectify the condition by renting the next available dwelling unit(s) in the Project to a Low, 60%, or Very Low Income Household(s), as applicable, until the required income mix is achieved.

3.2. Annual Report to the City.

The Borrower shall file with the City an annual report, no later than 120 days following the end of each calendar year. The report shall contain a certification by the Borrower as to such information as the City may then require including, but not limited to, the following:

- (a) The substantial physical defects in the Property, including a description of any major repair or maintenance work undertaken or needed in the previous and current fiscal years. Such statement shall describe what steps the Borrower has taken in order to maintain the Property in a safe and sanitary condition in accordance with applicable housing and building codes.
- (b) The occupancy of the Property including:
 - (1) the verified income of each current household; and
 - (2) the current rent charged each household and whether these rents include utilities.
- (c) A summary of the information received from the recertification of Tenants' incomes.

- (d) Other information reasonably required by the City, including the fiscal condition of the Borrower showing a financial statement for the previous fiscal year that includes a balance sheet and a profit and loss statement indicating any surplus or deficit in operating accounts; a detailed, itemized listing of income and expenses; the amount of any fiscal reserves and the total amount of Residual Receipts (as defined in the Note) received. Such financial statement shall be prepared in accordance with the requirements of the City. The City may require that the financial statement be audited at the Borrower's expense by an independent certified public accountant acceptable to the City, or other person designated by the City, if City reasonably determines that audit is deficient.

3.3 Additional Information.

The Borrower shall provide any additional information reasonably requested by the City to the City. The City shall have the right to examine and make copies of all books, records or other documents of the Borrower which pertain to the Project.

3.4 Records.

The Borrower shall maintain complete, accurate and current records pertaining to the Project, and shall permit any duly authorized representative of the City to inspect records, including records pertaining to income of Tenants. All Tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower and shall be maintained as required by the City, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the City. The Borrower shall retain copies of all materials obtained or produced with respect to occupancy of the Units for a period of at least five (5) years.

3.5 On-site Inspection.

The City shall each have the right to perform an on-site inspection of the Project at least one time per year with adequate notice to Borrower, a minimum of thirty (30) days. The Borrower agrees to cooperate in such inspection.

ARTICLE 4 OPERATION OF THE PROJECT

4.1 Use of the Project.

The Property shall be operated as affordable rental housing consisting of sixty-eight (68) Units, plus one unrestricted unit for an on-site property manager at each of the Willow Gardens Property and the Greenridge Property.

4.2 Compliance with Loan Agreement.

Borrower shall comply with all the terms and provisions of the Loan Agreement, and the Deed of Trust for the Project.

4.3 Taxes and Assessments.

Borrower shall pay all real and personal property taxes, assessments and charges and all franchise, income, employment, old age benefit, withholding, sales, and other taxes assessed against it, or payable by it, at such times and in such manner as to prevent any penalty from accruing, or any line or charge from attaching to the Property; provided, however, that Borrower shall have the right to contest in good faith, any such taxes, assessments, or charges. In the event Borrower exercises its right to contest any tax, assessment, or charge against it, Borrower, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest.

ARTICLE 5 PROPERTY MANAGEMENT AND MAINTENANCE

5.1 Management Responsibilities.

The Borrower is responsible for all management functions with respect to the Project, including without limitation the selection of tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The City shall have no responsibility over management of the Project. The Borrower shall retain a professional property management company approved by the City in its reasonable discretion to perform its management duties hereunder, unless the City approves self-management by the Borrower. A resident manager shall also be required.

(a) Accounting Records. In a manner subject to City approval, the Borrower shall maintain, on an accrual or modified accrual basis, a general ledger accounting system that is posted monthly and that accurately and fully shows all assets, liabilities, income and expenses of the Project. All records and books relating to this system shall be kept for a period of at least seven years and in such a manner as to ensure that the records are reasonably protected from destruction or tampering. All records shall be subject to City inspection and audit.

(b) Use of Income from Operations. The Borrower, or its management agent, shall promptly deposit all operating income in a segregated account established exclusively for the Project with an FDIC or other comparable federally-insured financial institution.

5.2 Management Agent; Periodic Reports.

Unless the City approves self-management by the Borrower, the Project shall at all times be managed by an experienced management agent reasonably acceptable to the City, with demonstrated ability to operate residential facilities like the Project in a manner that will provide decent, safe, and sanitary housing (as approved, the "Management Agent"). The Borrower shall submit for the City's approval the identity of any proposed Management Agent. The Borrower shall also submit such additional information about the background, experience and financial condition of any proposed Management Agent as is reasonably necessary for the City to determine whether the proposed Management Agent meets the standard for a qualified Management Agent set forth above. If the proposed Management Agent meets the standard for a qualified Management Agent set forth above, the City shall approve the proposed Management Agent by

notifying the Borrower in writing. Unless the proposed Management Agent is disapproved by the City within thirty (30) days, which disapproval shall state with reasonable specificity the basis for disapproval, it shall be deemed approved. The City hereby approves MidPen Property Management Corporation as the Management Agent.

5.3 Performance Review.

The City reserves the right to conduct an annual (or more frequently, if deemed necessary by the City) review of the management practices and financial status of the Project. The purpose of each periodic review will be to enable the City to determine if the Project is being operated and managed in accordance with the requirements and standards of this Agreement. The Borrower shall cooperate with the City in such reviews.

5.4 Replacement of Management Agent.

If, as a result of a periodic review, the City determines in its reasonable judgment that the Project is not being operated and managed in accordance with any of the material requirements and standards of this Agreement, the City shall deliver notice to Borrower of its intention to cause replacement of the Management Agent, or, if the Project is being self-managed, to cause the Borrower to retain a Management Agent, including the reasons therefor. Within fifteen (15) days of receipt by Borrower of such written notice, City staff, as applicable, and the Borrower shall meet in good faith to consider methods for improving the financial and operating status of the Project, including, without limitation, replacement of the Management Agent.

If, after such meeting, City staff, as applicable, recommends in writing the replacement of the Management Agent, Borrower shall promptly dismiss the then Management Agent, or cease self-management if the Project is self-managed and shall appoint as the Management Agent a person or entity meeting the standards for a Management Agent set forth in Section 5.2 above and approved by the City pursuant to Section 5.2 above.

Any contract for the operation or management of the Project entered into by Borrower shall provide that the contract can be terminated as set forth above, or terminated without cause upon thirty (30) days' notice. Failure to remove the Management Agent or to appoint a Management Agent instead of self-management in accordance with the provisions of this Section shall constitute default under this Agreement, and the City may enforce this provision through legal proceedings as specified in Section 6.8.

5.5 Approval of Management Policies.

The Borrower shall submit its written management policies with respect to the Project to the City for its review, and shall amend such policies in any way necessary to ensure that such policies comply with the provisions of this Agreement.

5.6 Property Maintenance.

The Borrower agrees, for the entire Term of this Agreement, to maintain all interior and exterior improvements, including landscaping, on the Property in good condition and repair (and, as to landscaping, in a healthy condition), reasonable wear and tear excepted, and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, City, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all

their respective departments, bureaus, and officials. The Borrower shall make all repairs and replacements necessary to keep the improvements in good condition and repair. Owner shall prevent and/or rectify any physical deterioration of the Property and the Project and shall make all repairs, renewals and replacements necessary to keep the Property and the improvements located thereon in good condition and repair.

5.7 City Right to Perform Maintenance. In the event that Owner breaches any of the covenants contained in Section 5.6, and such default continues for a period of ten (10) days after written notice from City (with respect to graffiti, debris, and waste material) or thirty (30) days after written notice from City (with respect to landscaping, building improvements and general maintenance), then City, in addition to any other remedy it may have under this Agreement or at law or in equity, shall have the right, but not the obligation, to enter upon the Property and perform all acts and work necessary to protect, maintain, and preserve the improvements and the landscaped areas on the Property. All costs expended by City in connection with the foregoing, shall constitute an indebtedness secured by the Deed of Trust, and shall be paid by Owner to City upon demand. Notwithstanding anything to the contrary set forth in this Section, City agrees that it will provide Owner with not less than thirty (30) days' written notice prior to undertaking any work for which Owner will incur a financial obligation.

ARTICLE 6 MISCELLANEOUS

6.1 Lease Provisions.

The Borrower shall use a form of Tenant lease approved by the City for City Assisted Units. The form of Tenant lease shall also comply with all requirements of this Agreement and shall include the following provisions for the City Assisted Units:

(a) provide for termination of the lease and consent by the Tenant to immediate eviction for failure: (1) to provide any information required under this Agreement or reasonably requested by the Borrower to establish or recertify the Tenant's qualification, or the qualification of the Tenant's, for occupancy in the Project in accordance with the standards set forth in this Agreement, or (2) to qualify as a Low, 60%, or Very Low Income Household, as a result of any material misrepresentation made by such Tenant with respect to the income computation or certification.

(b) be for an initial term of not less than one (1) year, and provide for no Rent increase during such period. After the initial lease term, such lease may be month to month by mutual agreement of the Borrower and the Tenant; however the Rent may not be raised more often than once a year. The Borrower will provide each Tenant at least sixty (60) days' written notice of any increase in Rent applicable to such Tenant, and with such further notice as may be required by Section 2.3 above.

(c) provide that any termination of a lease or refusal by the Borrower to renew a lease, with the exception of evictions or non-renewals for non-payment of rent, must be preceded

by no less than thirty (30) days written notice to the Tenant by the Borrower specifying the grounds for the action.

In addition, Tenant leases may not contain the following prohibitive clauses:

- (1) Agreement by the tenant to be sued.
- (2) Statement that owner can confiscate tenant property.
- (3) Statement excusing owner from legal responsibility.
- (4) Statement that owner does not have to give notice when instituting a lawsuit.
- (5) Agreement by the tenant to waive rights to a jury trial.
- (6) Agreement by the tenant to waive rights to appeal a court decision.
- (7) Agreement by the tenant to pay attorneys' fees if the tenant wins a court case.
- (8) Agreement by the tenant to waive rights to civil court proceeding to defend eviction.

6.2 Nondiscrimination.

The Borrower shall not give preference to any particular class or group of persons in renting or selling the Units, or any part of the Project except to the extent that the Units are required to be leased to Low, 60% or Very Low Income Households. Borrower shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or Project, or any portion thereof, on the basis of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information of any person. Borrower 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, Project or part thereof, nor shall Borrower or any person claiming under or through Borrower 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, sub lessees or vendees in, of, or for the Property, Project or part thereof.

All deeds made or entered into by Borrower, its successors or assigns, as to any portion of the Property or Project shall contain the following language, and all leases or contracts made or entered into by Borrower, its successors or assigns, as to any portion of the Property or Project, shall reference this Section, and shall enforce the same diligently and in good faith:

“(a) Borrower herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination

against or segregation of a person or of a 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 herein conveyed nor shall the Borrower or any person claiming under or through the Borrower 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, sub lessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

“(b) Notwithstanding paragraph (a), with respect to familial status, paragraph (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 of the Civil Code and subdivisions (d) of Section 12955 of the Government Code shall apply to paragraph (a).”

Nothing herein shall be construed or interpreted as prohibiting or preventing preferences or set asides for the units as established in loan agreements; regulatory agreements, etc., so long as such preferences or set asides comply with applicable local, state, and federal laws.

6.3 Section 8 Certificate Holders.

The Borrower will accept as Tenants, on the same basis as all other prospective Tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing housing program under Section 8 of the United States Housing Act, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective Tenants, nor shall the Borrower apply or permit the application of management policies or lease provisions with respect to the Project which have the effect of precluding occupancy of Units by such prospective Tenants.

6.4 Term.

The provisions of this Agreement shall apply to the Property for the entire Term even if the Loan is paid in full prior to the end of the Term. This Agreement shall bind any successor, heir or assign of the Borrower, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by the City. The City makes the Loan on the condition, and in consideration of, this provision, and would not do so otherwise.

6.5 Compliance with Loan Agreements and Program Requirements.

Borrower's actions with respect to the Project and the use of funds provided herein shall at all times be in full conformity with all requirements of the Loan Agreement.

6.6 Notice of Expiration of Term.

At least six (6) months prior to the expiration of the Term, the Borrower shall provide by first-class mail, postage prepaid, a notice to all Tenants in City Assisted Units containing (a) the anticipated date of the expiration of the Term, (b) any anticipated Rent increase upon the expiration

of the Term, (c) a statement that a copy of such notice will be sent to the City, and (d) a statement that a public hearing may be held by the City on the issue and that the Tenant will receive notice of the hearing at least fifteen (15) days in advance of any such hearing. The Borrower shall also file a copy of the above-described notice with the Housing Officer of the City.

6.7 Covenants to Run With the Land.

The City and the Borrower hereby declare their express intent that the covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Property, provided, however, that on the expiration of the Term of this Agreement said covenants and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof, shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the City expressly releases such conveyed portion of the Property from the requirements of this Agreement.

6.8 Enforcement by the City.

If the Borrower fails to perform any obligation under this Agreement, and fails to cure the default within thirty (30) days after the City has notified the Borrower in writing of the default or, if the default cannot be cured within thirty (30) days, fails to commence to cure within thirty (30) days and thereafter diligently pursue such cure and complete such cure within ninety (90) days, the City shall have the right to enforce this Agreement by any or all of the following actions, or any other remedy provided by law:

(a) Calling the Loan. The City may declare a default under the Note, accelerate the indebtedness evidenced by the Note, including outstanding principal and interest, and demand immediate repayment thereof. Upon failure to repay such accelerated amount in full, the City may proceed with a foreclosure in accordance with the provisions of the Deed of Trust and State law regarding foreclosures.

(b) Collect Rents. Collect all rents and income in connection with the operation of the Project and use the same and the reserve funds for the operation and maintenance of the Project.

(c) Excess Rents. In the event that the breach or violation involves the rents to tenants or other charges in excess of those permitted under this Agreement, the City may demand, and seek as an additional remedy, the return of such excess rents or other charge to the affected households.

(d) Action to Compel Performance or for Damages. The City may bring an action at law or in equity to compel the Borrower's performance of its obligations under this Agreement, and/or for damages, or for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement or for such other relief as may be appropriate.

(e) Remedies Provided Under Loan Agreement. The City may exercise any other remedy provided under the Loan Agreement.

(f) Remedies Cumulative. The remedies of the City hereunder are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the City of any one or more of its other remedies.

6.9 Attorneys Fees and Costs.

In any action brought to enforce this Agreement, the prevailing party shall be entitled to all costs and expenses of suit, including reasonable attorneys' fees. This section shall be interpreted in accordance with California Civil Code Section 1717 and judicial decisions interpreting that statute.

6.10 Recording and Filing.

The City and the Borrower shall cause this Agreement, and all amendments and supplements to it, to be recorded in the Official Records of the County of San Mateo.

6.11 Governing Law.

This Agreement shall be governed by the laws of the State of California.

6.12 Waiver of Requirements.

Any of the requirements of this Agreement may be expressly waived by the City in writing, but no waiver by the City of any requirement of this Agreement shall, or shall be deemed to, extend to or affect any other provision of this Agreement.

6.13 Amendments.

This Agreement may be amended only by a written instrument executed by all the parties hereto or their successors in title, and duly recorded in the real property records of the County of San Mateo.

6.14 Notices.

Any notice requirement set forth herein shall be deemed to be satisfied three (3) days after mailing of the notice first-class United States certified mail, postage prepaid, addressed to the appropriate party as follows:

Borrower: MP Willow Greenridge Associates, L.P.
303 Vintage Park Drive, Suite 250
Foster City, California 94404
Attention: Assistant Secretary

With a copy to: Hudson SLP LLC
c/o Hudson Housing Capital LLC
630 Fifth Avenue, 28th Floor
New York, New York 10111
Attention: Joseph A. Macari

City: City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080

Such addresses may be changed by notice to the other party given in the same manner as provided above.

6.15 Severability.

If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions of this Agreement shall not in any way be affected or impaired thereby.

6.16 Multiple Originals; Counterparts.

This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

6.17. Captions. The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or the intent of this Agreement.

6.18. Assignment of City's Rights. The City retains the right, at its sole discretion, to assign all or part of its rights under this Agreement for the purpose of ensuring compliance and enforcement of the Borrower's duties and obligations hereunder. In addition, the City may designate an agent to act on its behalf in monitoring compliance and enforcing the provisions hereof.

6.19. Binding on Successors. This Agreement shall bind, and benefits thereof shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors in interest, and assigns, provided, however, that the Borrower may not assign this Agreement or any of its obligations hereunder, voluntarily or by operation of law, without the prior written approval of the City.

6.20. Hold Harmless. Borrower shall indemnify, defend (with counsel approved by the City), and hold the City and its elected and appointed officers, officials, employees, contractors, agents, and representatives (all of the foregoing, collectively the "Indemnitees") harmless from and against any and all liabilities, losses, damages, fines, deficiencies, penalties, claims, demands, suits, actions, causes of action, legal or administrative proceedings, judgments, costs and expenses (including without limitation reasonable attorneys' fees and court costs) (all of the foregoing, collectively "Claims") arising directly or indirectly in any manner in connection with or resulting from, (a) any failure of any of Borrower's representations or warranties set forth in this Agreement, or made by Borrower in connection with the execution and delivery of this Agreement or in any certificate furnished pursuant hereto, to be correct in all material respects; (b) any contract for services entered into between Borrower and a third party, or services provided to Borrower by a third party, related to the Project; and (c) any claim, demand or cause of action, or any action or

other proceeding, whether meritorious or not, brought or asserted against any Indemnitee which relates to or arises in connection with the Agreement or any transaction contemplated thereby. Borrower's obligations under this Section shall survive expiration or termination of this Agreement. Borrower's indemnity obligations shall not apply to Claims arising solely as a result of the willful misconduct or gross negligence of the Indemnitees.

6.21. Restrictions on Sale, Encumbrance, and Other Acts.

- (a) Except for leases to tenants in the ordinary course of business, the Borrower shall not make, or allow, any sale, encumbrance, hypothecation, assignment, pledge, conveyance, or transfer in any form of the Project or of any of its interest therein, except with the prior written approval of the City or as permitted in the Loan Agreement. Notwithstanding the previous sentence, the following transfers are hereby approved by the City: (a) the transfer of the Project to a limited partnership, the general partner of which is an affiliate of Borrower; (b) the transfer of limited partnership interests in the Borrower; (c) the removal and replacement of the general partner for cause in accordance with the terms of the limited partnership agreement of Borrower; (d) the grant and exercise of an option or right of first refusal in favor of Borrower's general partner or an affiliate thereof and (e) a deed of trust encumbering the Property granted in connection with any other loan provided for the Project (including but not limited to the construction loan provided by Capital One, National Association and the permanent financing loan provided by First Republic Bank).

(b) The City shall approve a sale, transfer or conveyance provided that all of the following conditions are met:

(1) the Borrower is in compliance with this Agreement and the City Loan Documents or the sale, transfer or conveyance will result in the cure of any existing violations of the Agreement or the City Loan Documents;

(2) the successor-in-interest to the Borrower agrees to assume all obligations of the Borrower pursuant to this Agreement;

(3) any terms of the sale, transfer or conveyance shall not threaten the City's security or repayment of the Loan;

(4) any successor-in-interest demonstrates to the City's satisfaction that it has the management and financial capacity to own and operate the Project; and

(5) Owner uses its best efforts to ensure that all deeds of trust or other security instruments recorded after the date of this Agreement against the Property, the Project or part thereof for the benefit of a lender other than City ("Third Party Lender") shall contain each of the following provisions: (i) Third-Party Lender shall use its best efforts to provide to City a copy of any notice of default issued to Owner concurrently with provision of such notice to Owner; (ii)

City shall have the reasonable right, but not the obligation, to cure any default by Participant within the same period of time provided to Owner for such cure extended by an additional 90 days; (iii) provided that City has cured any default under Third-Party Lender's deed of trust and other loan documents, City shall have the right to foreclose City's Deed of Trust and take title to the Project without acceleration of Third-Party Lender's debt; and (iv) City shall have the right to transfer the Project without acceleration of Third-Party Lender's debt to a nonprofit corporation or other entity which shall own and operate the Project as an affordable rental housing Project, subject to the prior written consent of the Third-Party Lender. Owner agrees to provide to City a copy of any notice of default Owner receives from any Third-Party Lender within three (3) business days following Owner's receipt thereof.

IN WITNESS WHEREOF, the City and the Borrower have executed this Agreement by duly authorized representatives, all on the date first written above.

MP Willow Greenridge Associates, L.P.,
a California limited partnership

By: MP Greenridge LLC,
a California limited liability company,
its general partner

By: Mid-Peninsula Half Moon Bay, Inc.,
a California nonprofit public benefit
corporation, its sole member/manager

By: _____
Jan M. Lindenthal
Assistant Secretary

CITY:

CITY OF SOUTH SAN FRANCISCO, a
municipal corporation

APPROVED AS TO FORM:

By: _____

By: _____
City Attorney

Its: _____

EXHIBIT A

Legal Description Willow Gardens Property

EXHIBIT B

Legal Description Greenridge Property

EXHIBIT C

Schedule of City Assisted Units

Income Limits	Number of City Assisted Units
Very Low Income (“50%” AMI Limits)	16
60% AMI (“60%” AMI Limits)	17
Low Income (“80%” AMI Limits)	35
Total City Assisted Units	68