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AND WHEN RECORDED MAIL TO:

City of San Mateo
330 W. 20th Avenue
San Mateo, CA 94403
Attention: Housing Manager

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This Regulatory Agreement is recorded at the request and for the benefit of the City of San Mateo and is exempt from the payment of a recording fee pursuant to Government Code Sections 27383.

REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS
(2000 South Delaware Street, San Mateo)

This REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (the "Agreement") is made and entered into as of _____, 2024, by and between the City of San Mateo, a California charter city, acting on its own behalf and in its capacity as the housing successor the dissolved Redevelopment Agency of the City of San Mateo ("City"), and MP 2000 Delaware, LLC, a California limited liability company ("Developer").

RECITALS

- A. These Recitals refer to and utilize certain capitalized terms which are defined in Article 1 of this Agreement. The Parties intend to refer to those definitions in connection with the use of capitalized terms in these Recitals.
- B. The City is the owner of the Property, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference, and the Developer and the City have entered into that certain Amended and Restated Ground Lease dated as of _____, 2024, and as such may be further amended from time to time (collectively, the "Ground Lease"), pursuant to which the Developer will acquire a leasehold interest in the Property from the City for a period expiring at 11:59 p.m. on May 2, 2111 (the "Leasehold Interest"). The Developer owns 60 multifamily housing units on the Property for rental to Low Income households, including one (1) unrestricted manager unit, and attendant site improvements (the "Improvements"). The Developer's Leasehold Interest and the Developer's fee interest in the Improvements, are collectively herein after referred to as the "Development."

- C. To assist the Developer with the acquisition of the Development, the City will provide to Developer the "City Loan" totaling Five Hundred Thousand Dollars (\$500,000) from the City's General Fund ("City Loan").
- D. This Agreement imposes occupancy and affordability restrictions on the Development.
- E. In order to ensure that the entire Development will be used and operated in accordance with these conditions and restrictions, the City and Developer wish to enter into this Agreement.

THEREFORE, the City and Developer hereby agree as follows:

ARTICLE 1.
DEFINITIONS

Section 1.1 Definitions.

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

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

(b) "Adjusted Income" means: for all Low-Income Units, the total anticipated annual income of all persons in a household, as calculated in accordance with the California Tax Credit Allocation Committee rules and regulations or pursuant to a successor State housing program that utilizes a reasonably similar method of calculation of adjusted income. In the event that no such program exists, the City shall provide the Developer with a reasonably similar method of calculation of adjusted income as provided in California Code of Regulations Title 25, Section 6914.

(c) "Assumed Household Size" shall be set by multiplying 1.5 by the number of bedrooms in the unit. The definition is utilized to calculate affordable rent and is not intended to be a limit on the number of persons occupying a Unit.

(d) "City" means the City of San Mateo, a California charter city, and its successors and assigns.

(e) "City Deed of Trust" means the Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing dated of even date herewith, among Developer, as trustor, Old Republic Title Company, as trustee, and the City, as beneficiary, that will encumber the Developer's leasehold interest in the Property to secure repayment of the City Loan and performance of the covenants of the Loan Documents.

(f) "City Loan" has the meaning set forth in Recital C, above.

(g) "County" means the County of San Mateo.

- (h) "CTCAC" means the California Tax Credit Allocation Committee.
- (i) "HCD" means the California Department of Housing and Community Development.
- (j) "Improvements" means the sixty (60) units of affordable rental housing on the Property, including one manager's unit, all common areas, amenities, plans, entitlements, appurtenances, improvement easements, buildings and fixtures associated with the Property.
- (k) "Loan Documents" means this Agreement, the Notes that evidence the City Loan, the City Deed of Trust, and the Notice of Affordability Restrictions.
- (l) "Low Income Household" means a Tenant household with an Adjusted Income that does not exceed 80% of Median Income, adjusted for Actual Household Size, as published by CTCAC. In the event that such income determinations are no longer published or are not updated for a period of at least eighteen (18) months, the City shall provide the Developer with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by HCD and/or TCAC.
- (m) "Low Income Rent" means the maximum allowable rent for a Low Income Unit.
- (n) "Low Income Units" means the Units which are allowed to be occupied by Low Income Households.
- (o) "Management Agent" means the management agent retained by Developer and approved by the City in accordance with the provisions of Section 5.2 to manage the Development.
- (p) "Median Income" means the median income, adjusted for Actual Household Size (to qualify residents) or Assumed Household Size (to calculate rents), as applicable, in the County of San Mateo, California, as published by CTCAC. In the event that such income determinations are no longer published or are not updated for a period of at least eighteen (18) months, the City shall provide the Developer with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by HCD and/or TCAC.
- (q) "Median Income Household" means a Tenant household with an Adjusted Income that does not exceed 100% of Median Income, adjusted for Actual Household Size, as published by CTCAC. In the event that such income determinations are no longer published or are not updated for a period of at least eighteen (18) months, the City shall provide the Developer with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by HCD and/or TCAC.
- (r) "Median Income Rent" means the maximum allowable rent for a Median Income Unit.

(s) "Median Income Units" means the Units which are allowed to be occupied by Median Income Households.

(t) "Moderate Income Household" means a household already living at the Property prior to Developer's acquisition of the Property with an income that does not exceed the 120% of Median Income, adjusted for Actual Household Size, as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, and as published by HCD.

(u) "Notice of Affordability Restrictions" means the Notice of Affordability Restrictions on Transfer of Property, in a form to be provided by the City, between the City and the Developer to be recorded against the Property.

(v) "Notes" means the promissory notes from Developer to the City evidencing the City Loan.

(w) "Property" means the property that is subject to the terms and provisions of this Agreement, as referenced in Recital B, above, and comprises (1) the leasehold estate of Developer in the Property and (2) the ownership interests of Developer in the Development constructed on the Property.

(x) "Rent" means the total monthly payments by the Tenant of a Unit (other than the manager's Unit) for the following: (1) use and occupancy of the Unit and land and associated facilities; (2) the City-approved Utility Allowance. In no event shall the Rent of a Unit exceed the amount permitted by the City pursuant to Section 2.2 hereof.

(y) "Restricted Units" means the Median and Low Income Units, collectively and each shall be referred to as a "Restricted Unit".

(z) "Tenant" means a household occupying a Unit.

(aa) "Term" means the term of this Agreement which commences as of the date of this Agreement, and unless sooner terminated pursuant to the terms of this Agreement, expires on the fifty-fifth (55th) anniversary of the date that the City Deed of Trust is recorded.

(bb) "Unit" means one of the rental units included in the Development.

(cc) "Utility Allowance" means all tenant-paid utilities, as shown in the County of San Mateo Housing Authority Utility Allowance Schedule, and any other mandatory interest, taxes, fees, or charges for use of the land or associated facilities assessed by the Developer or a public or private entity other than the developer, that are charged to the tenant.

ARTICLE 2. AFFORDABILITY AND OCCUPANCY COVENANTS

Section 2.1 Occupancy Requirements.

(a) Existing Units. All existing tenants with a lease agreement prior to Developer's acquisition of the Property (close of escrow date, September 27, 2024), who were previously qualified at below 120% AMI (Moderate Income Households), shall be allowed to continue to occupy their units until such time as they choose to vacate the unit, provided they are in good standing with their leases.

(b) Median Income Units. Fifty-one percent (51%) of the Restricted Units, or no fewer than 30 two-bedroom Units, shall be rented to and occupied by, or, if vacant, available for occupancy by households whose income does not exceed the maximum for Median Income Households.

(c) Low Income Units. Forty-nine percent (49%) of the Restricted Units, or no fewer than 29 two-bedroom Units, shall be rented to and occupied by or, if vacant, available for occupancy by households whose income does not exceed the maximum for Low Income Households.

(d) Managers Unit. One (1) unit shall be designated as a manager's unit that is not income restricted.

Section 2.2 Allowable Rent.

(a) Low Income Rent. The maximum Rent charged to Tenants of Low Income Units shall not exceed the rent permitted to be charged as published annually by CTCAC for Low-Income Housing Tax Credit Programs for Low Income Households for San Mateo County, adjusted for Assumed Household Size.

(b) Median Income Rent. The maximum Rent charged to Tenants of Median Income Units shall not exceed the rent permitted to be charged as published annually by CTCAC for Low-Income Housing Tax Credit Programs for Median Income Households for San Mateo County, adjusted for Assumed Household Size.

(c) Moderate Income Rent. The Rent charged to tenants of Moderate Income shall not exceed one-twelfth ($1/12^{\text{th}}$) of thirty percent (30%) of one hundred twenty percent (120%) of Median Income, adjusted for Assumed Household Size, as published by HCD.

(d) In calculating the allowable Rent for the Restricted Units, the CTCAC "Assumed Household Sizes" shall be utilized, and if not available, Assumed Household Size shall be determined pursuant to the terms of Health and Safety Code Section 50052.5(h).

(e) Approval of Rents. Initial Rents for all Restricted Units shall be approved by the City prior to occupancy. All proposed Rent increases for Restricted Units shall be submitted to City for review and approval at least thirty (30) days prior to Developer providing written notice to Tenants. Notwithstanding the foregoing, City's review and approval of Rents and Rent increases shall be limited to determining that such Rents and Rent increases comply with the requirements of this Regulatory Agreement. No later than thirty (30) days after HCD publishes State Income Limits for each calendar year, the City shall provide the Developer with a schedule of permissible maximum Low Income Rents, as applicable, for the succeeding year

(the "Rent Schedule"). The Rent Schedule for each calendar year shall reflect the increase in maximum permissible rents which corresponds directly to any increase in Median Income for the County of San Mateo from the Median Income for the County of San Mateo published for the previous calendar year. Under no circumstance may the Developer raise rents above the permissible maximum rents as allowed under the annual rent schedule provided by the City.

(f) Rent Increases. Rent for the Restricted Units shall be increased no more than once annually based upon income recertifications described in Article 3 and upon expiration of a Tenant's current lease. Except for Non-Qualifying Households, all rent increases shall comply with CTCAC rent increase regulation approved on April 3, 2024. By way of reference, Developer shall implement the MidPen Tiered Rent Increase Policy, as defined in Exhibit B attached hereto, which may change from time to time at Developer's sole discretion with notice and updated policy delivered to the City. Tenants shall be given at least sixty (60) days' written notice prior to any Rent increase.

(g) No Additional Fees. Developer shall not charge any fee, other than Rent, to any resident of the Restricted Units for any housing or other services provided by Developer pursuant to the Loan Documents. Nothing herein shall prevent Developer from establishing charges for tenant defaults, so long as such fees are not prohibited under 24 CFR 92.214.

(h) Notwithstanding anything to the contrary set forth herein, in the event that Median Incomes decrease in any given calendar year, Developer is permitted to apply the "hold harmless" policy ("Policy") implemented by CTCAC pursuant to the Housing and Economic Recovery Act of 2008 (H.R. 3221). The Policy states that, as of the date of placed-in-service, (or rent floor election date, available after CTCAC award/reservation), rent limits for a given calendar year cannot be lower than the highest amount of rent limits for each calendar year since placed-in-service.

Section 2.3 Increased Income of Tenants.

(a) Non-Qualifying Household. If, upon recertification of the income of a Tenant, the Developer determines that a former Low Income Household's Adjusted Income has increased and exceeds the maximum qualifying income for a Low Income Household (80% of Median Income), such Tenant shall be permitted to continue occupying the Unit and upon expiration of the Tenant's lease for such year and upon sixty (60) days written notice, the Tenant may continue to reside in the Unit and the Rent may be increased to the lesser of one-twelfth (1/12th) of thirty percent (30%) of actual Adjusted Income of the Tenant, or fair market rent (subject to 24 C.F.R. 92.252(i)(2) regarding low income housing tax credit requirements).

Section 2.4 Tenant Protections. For the entire Term the Restricted Units shall be subject to Just Cause for Eviction rules and regulations. For a termination to qualify as "For Cause," the Developer shall demonstrate any of the following circumstances with respect to a termination of tenancy. Nothing in this section shall abrogate the protections afforded to survivors of violence consistent with the California Code of Civil Procedure Section 1161.3, as amended, and the Violence Against Women Act, Public Law 102-322, as amended, to the extent applicable.

(a) Failure to Pay Rent. Tenant failed to pay Rent within three days of receiving written notice from the Developer demanding payment as provided in subsection 2 of California Code of Civil Procedure section 1161.

(b) Breach of Rental Contract. Tenant violated a material term of the rental agreement as provided in subsection 3 of California Code of Civil Procedure section 1161.

(c) Tenant Illegal Activities. Tenant has been convicted of using the Restricted Unit for an illegal purpose as provided in subsection 4 of California Code of Civil Procedure section 1161, including but not limited to the unlawful distribution of a controlled substance as contemplated by California Civil Code section 3486, the unlawful use, manufacture, or possession of weapons and ammunition as contemplated by California Civil Code section 3485, or for of a serious crime or violent felony as defined by applicable law, which occurred during the tenancy and within 1,000 feet of the Dwelling Unit. For purposes of this subsection, Tenant Household, after receiving a written notice, may cure the violation by removing, and demonstrating such removal, of the offending Tenant.

(d) Threat of Violent Crime. Any statement made by a Tenant, or at his or her request, by his or her agent to any person who is on the property that includes the unit or to the Developer, or Developer's agents, threatening the commission of a crime which will result in death or great bodily injury to another person, with the specific intent that the statement is to be taken as a threat, even if there is no intent of actually carrying it out, when on its face and under the circumstances in which it is made, it is so unequivocal, immediate and specific as to convey to the person threatened, a gravity of purpose and an immediate prospect of execution of the threat, and thereby causes that person reasonably to be in sustained fear for his or her own safety or for his or her immediate family's safety.

(e) Nuisance Behavior. The Tenant, after written notice to cease and the passage of a reasonable period of time to abate or cure, continues to be so disorderly or to cause such a nuisance as to destroy the peace, quiet, comfort, or safety of the Developer or other Tenants of the structure or rental complex containing the Restricted Units. Such nuisance or disorderly conduct includes violations of state and federal criminal law that destroy the peace, quiet, comfort, or safety of the Developer or other Tenants of the structure or rental complex containing the Restricted Units, or the creation or maintenance of a dangerous or unsanitary condition in violation of applicable local, state, and Federal law, and may be further defined in the regulations adopted by the Community Development Director.

(f) Notwithstanding the limitations of California Code of Civil Procedure Section 1161.3, as amended, act or acts constituting domestic violence or sexual assault or stalking against the Tenant or a member of Tenant's household cannot form the substantial basis of a For Cause reason to terminate the tenancy of the victim of such acts. A member of a Tenant household may raise such facts as an affirmative defense to an action terminating the tenancy.

Section 2.5 Lease Provisions. The Developer shall include in leases for all Restricted Units provisions which authorize the Developer to immediately terminate the tenancy of any household if one or more of whose members misrepresented any fact material to the household's

qualification as a Low Income Household, as applicable. Each lease or rental agreement shall also provide that the household is subject to annual certification in accordance with Section 3.1 below, and that, if the household's income increases above the applicable limits for a Low Income Household, as applicable, such household's Rent may be subject to increase.

Section 2.6 Condominium Conversion. The Developer shall not convert the Development units to condominium or cooperative ownership or sell condominium or cooperative conversion rights to the Property during the Term of this Agreement.

Section 2.7 Units Available to the Disabled.

The Development is in compliance with all applicable federal and state disabled persons accessibility requirements including but not limited to the Federal Fair Housing Act; Section 504 of the Rehabilitation Act of 1973; Title II and/or Title III of the Americans with Disabilities Act of 1973 (29 U.S.C. 794 et seq.); and Title 24 of the California Code of Regulations. In compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794, et. seq.), a minimum of three (3) Units, shall be readily accessible and usable by households with a mobility impaired member and a minimum of one (1) Unit shall be constructed to be readily accessible and usable by households with a hearing and/or visually impaired member.

ARTICLE 3.
INCOME CERTIFICATION AND REPORTING

Section 3.1 Income Certification.

(a) Developer shall obtain, complete, and maintain on file, immediately prior to initial occupancy and annually thereafter, income certifications from each Tenant renting any of the Restricted Units. Developer shall make a good faith effort to verify the accuracy of the income provided by all applicants or all members of the occupying household (for all adults age eighteen (18) or older), as the case may be, in the income certification. To verify the information, Developer shall take one or more of the following steps as part of the verification process: (1) obtain a minimum of the three most current pay stubs for all adults age eighteen (18) or older; (2) obtain an income tax return for the most recent tax year; (3) conduct a credit agency or similar search; (4) obtain an income verification form from the applicant's current employer verifying employment for the last two months; (5) obtain the three (3) most current savings and checking account bank statements; (6) 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, verifying assistance for the last two months (as available from those agencies); or (7) if the applicant is unemployed and does not have a tax return, obtain another form of independent verification. Copies of Tenants' income certifications shall be available to the City upon reasonable written request.

Section 3.2 Tenant Selection.

(a) Prior to the date of execution of this Agreement, the Developer must provide the City for its review and approval its plan for marketing the Development to income-eligible households as required pursuant to this Agreement, including information on affirmative

marketing efforts and compliance with fair housing laws (the "Marketing Plan") that at a minimum meets the requirements for tenant selection set forth in 24 C.F.R. 92.253(d).

(b) Developer shall maintain and utilize a waiting list for the property from which to select tenants for vacant units. If there are no eligible tenants on the waiting list when a unit becomes available, Developer shall announce that the property is accepting applications and open an application period to gather applicants for the vacant unit(s). Developer shall utilize the regional Doorway listing service or such other site as may be requested by the City for this purpose.

(c) Except as otherwise permitted in the City Loan Documents, the Developer shall not discriminate against any applicants for tenancy on the basis of source of income or rent payment (for example, without limitation, Temporary Assistance for Needy Families (TANF) or Section 8), and the Developer shall consider a prospective Tenant's previous rent history of at least one (1) year, or such other time period the Developer deems reasonable, as evidence of the prospective Tenant's ability to pay the applicable Rent. The ability to pay shall be demonstrated if the prospective Tenant can document that the prospective Tenant's gross income is at least two (2) times the prospective rent at the prospective Tenant's income level. The Developer, in the reasonable exercise of its discretion, may waive the requirement that the prospective Tenant's gross income equal at least two (2) times the prospective rent at the prospective Tenant's income level, and admit prospective Tenants with lower gross incomes.

Section 3.3 Annual Report to City.

(a) Developer shall submit to City: (1) not later than the forty-fifth (45th) day after the close of each calendar year, or such other date as may be requested by City, a statistical report, in a form acceptable to the City, including income and rent data for all Restricted Units, an assessment of compliance with the approved Management Plan, and an evaluation of the Management Agent. The Annual Report shall, at a minimum, include the following most recent information for each dwelling unit in the Project, but is not limited to: (i) unit number; (ii) number of bedrooms; (iii) current rent and other charges; (iv) dates of any vacancies during the previous year; (v) number of people residing in the unit; (vi) total gross household income of residents; (vii) documentation of source of household income; (viii) lease commencement and termination dates, (ix) initial move-in date, and (x) the information required by Section 3.1, any other information or completed forms reasonably requested by the City, and (2) within fifteen (15) days after receipt of a written request, any other information or completed forms requested by City in order to comply with reporting requirements of HUD, the State of California, or the City.

Section 3.4 Additional Information.

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

Section 3.5 Records.

(a) Developer shall maintain complete, accurate and current records pertaining to the Development, and shall permit any duly authorized representative of City to inspect records, including records pertaining to income and household size of Tenants. All Tenant lists, applications and waiting lists relating to the Development shall at all times be kept separate and identifiable from any other business of Developer and shall be maintained as required by City, in a reasonable condition for proper audit and subject to examination during business hours by representatives of City. Developer shall retain copies of all materials obtained or produced with respect to occupancy of the Restricted Units for a period of at least five (5) years. Developer is subject to the audit requirements set forth in 24 C.F.R. 505.

Section 3.6 Annual Operating Budget. The Developer, at least sixty (60) days prior to the end of each of the Developer's fiscal year, shall furnish the City an Annual Operating Budget. Upon receipt by the City of the proposed Annual Operating Budget, the City shall promptly review the same and approve or disapprove it within ten (10) business days. If the Annual Operating Budget is not approved by the City, the City shall set forth in writing and notify the Developer of the City's reasons for withholding such approval. The Developer shall thereafter submit a revised Annual Operating Budget for City approval, which approval shall be granted or denied within ten (10) business days in accordance with the procedures set forth above. If no written comments from the City are received within ten (10) business days, the Annual Operating Budget will be deemed approved.

Section 3.7 On-Site Inspection.

(a) The City may perform, or cause to be performed, during normal business hours, an on-site inspection of the Development (including Restricted Units, subject to the rights of Tenants) at least one (1) time per year upon no less than three (3) business days' prior written notice to Developer to monitor compliance with this Agreement. Developer shall cooperate in making the Development available for such inspection. The City has the right to inspect the Development in accordance with the City's code as may be amended from time to time.

(b) After the completion of an inspection the City shall deliver a copy of the Uniform Physical Conditions Standards inspection report and the Multifamily Unit Inspection (Form 9602), as applicable, to the Developer. If the City determines as a result of such inspection that there are any life-threatening health and safety related deficiencies, Developer has the obligation to correct such deficiencies immediately, in accordance with 24 C.F.R. 92.251. If the City determines as a result of the inspection that there are any deficiencies for any of the inspectable items in the Development (other than those identified in the preceding sentence), the Developer shall correct such deficiencies within thirty (30) days from the delivery of the inspection report or if a period longer than thirty (30) days is reasonably necessary to correct the deficiency, then Developer must begin to correct the deficiency within thirty (30) days and correct the deficiency as soon as reasonably possible. In addition, the Developer acknowledges that the City may re-inspect the Development to verify all deficiencies have been corrected or rely on third party documentation submitted by the Developer for non-hazardous deficiencies in conformance with 24 C.F.R. 92.504(d).

ARTICLE 4.
OPERATION OF THE DEVELOPMENT

Section 4.1 Residential Use.

The Development shall be operated only for residential use. No part of the Development shall be operated as transient housing. No part of the Development shall be operated as transient housing in which the term of Tenant occupancy is less than thirty (30) days. No part of the Development may be operated as an emergency shelter (including shelter for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, halfway houses, housing for students, or dormitories (including farmworker dormitories).

Section 4.2 Compliance with Loan Documents.

Developer shall comply shall at all times be in full conformity with any regulatory requirements imposed on the Development.

Section 4.3 Taxes and Assessments.

Developer 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 lien or charge from attaching to the Property or Developer's interest therein; provided, however, that Developer shall have the right to contest in good faith, any such taxes, assessments, or charges. In the event Developer exercises its right to contest any tax, assessment, or charge against it, Developer, 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.

Section 4.4 Property Tax Exemption.

Developer shall be allowed to apply to the State Board of Equalization for or obtain a welfare exemption from property taxes under any provision of law, including California Revenue and Taxation Section 214(g).

Section 4.5 Allowable Preferences.

(a) To the extent permitted by other Project funding sources and to the extent permitted by applicable law including fair housing laws, and unless prohibited by state or federal regulations, the Developer shall grant the a preference in rental of the units to otherwise qualified households that live, work or have been offered work (and who subsequently accept such offer) in the City.

(b) Notwithstanding anything to the contrary contained herein, to the extent the preferences required under this Section are in conflict with the requirements of Section 42 of

the Internal Revenue Code and implementing guidelines, the requirements of Section 42 will supersede.

Section 4.6 Nondiscrimination.

(a) Except as otherwise permitted under this Agreement, all of the Restricted Units shall be available for occupancy on a continuous basis to members of the general public who are income eligible. Developer shall not give preference to any particular class or group of persons in renting the Restricted Units, except to the extent that the Units are required to be leased to Low Income Households. All deeds, leases or contracts made or entered into by Developer, its successors or assigns, as to any portion of the Property or the Improvements shall contain the following language:

(1) "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 leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, 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, sublessees, subtenants, or vendees in the premises herein leased. The foregoing covenant shall run with the land.

(2) Notwithstanding the preceding paragraph, with respect to familial status, the preceding paragraph 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 the preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the preceding paragraph."

(b) The provisions of this Section shall run with the land and survive termination of this Agreement.

Section 4.7 Section 8 Certificate Holders. The Developer will accept as residents, on the same basis as all other prospective residents, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing housing program under Section 8 of the United States Housing Act, or its successor. The Developer shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective residents, nor shall the Developer apply or permit the application of management policies or lease provisions with respect to the Development which have the effect of precluding occupancy of units by such prospective Tenants. In determining a Section 8 certificate or voucher holders' ability to pay rent, the Developer shall determine the prospective Tenants ability to make only the prospective Tenant's portion of the rent.

Section 4.8 Notice of Litigation. Developer shall promptly notify the City in writing of any litigation materially affecting Developer or the Development and of any claims or disputes that involve a material risk of such litigation.

Section 4.9 Lease Termination. Any termination of a lease of a Restricted Unit (other than for a default by the Tenant) or refusal to renew must be preceded by not less than sixty (60) days written notice to the Tenant by Developer specifying the grounds for the action. Any termination of a lease for a default of the Tenant shall be in accordance with applicable law.

ARTICLE 5. PROPERTY MANAGEMENT AND MAINTENANCE

Section 5.1 Management Responsibilities.

Developer is responsible for all management functions with respect to the Development, 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. City shall have no responsibility over management of the Development. Developer shall retain a professional property management company approved by City in its reasonable discretion to perform its management duties hereunder.

Section 5.2 Management Agent.

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

Section 5.3 Performance Review.

City reserves the right to conduct an annual (or more frequently, if deemed necessary by City) review of the management practices and financial status of the Development. The purpose of each periodic review will be to enable City to determine if the Development is being operated

and managed in accordance with the requirements and standards of this Agreement. Developer shall cooperate with City in such reviews.

Section 5.4 Replacement of Management Agent.

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

(b) If, after such meeting, City staff recommends in writing the replacement of the Management Agent, Developer shall promptly dismiss the current Management Agent, 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 City pursuant to Section 5.2 above.

(c) Any contract for the operation or management of the Development entered into by Developer shall provide that the contract can be terminated as set forth above. Failure to remove the Management Agent in accordance with the provisions of this Section shall constitute a default under this Agreement, and City may enforce this provision through legal proceedings as specified in Section 6.8 below.

Section 5.5 Marketing.

Developer and the Management Agent shall be responsible for the promotion and other marketing efforts for rental of the Restricted Units. Prior to the execution of this Agreement, Developer and the Management Agent shall develop a marketing plan in order to affirmatively market the Restricted Units with the goal of attracting all qualified persons without regard to race, color, creed, religion, sex, sexual orientation, age, marital status, national origin, source of income (e.g. SSI), ancestry, or disability, except as otherwise permitted in the City Loan Documents. The marketing plan shall be submitted to and approved by the City prior to marketing the Restricted Units.

Developer and the Management Agent shall select tenants on a non-discriminatory basis, consistent with the provisions of Section 6.3 of this Agreement and the “Marketing Policies Regulating Leasing and Sales of Subsidized Affordable Housing Units” adopted by the City in March 2009 and as amended from time to time to the extent that the Marketing Policies do not conflict with Section 4.5.

Section 5.6 Property Maintenance.

(a) Developer agrees, for the entire Term of this Agreement, to maintain all interior and exterior improvements, including landscaping, comprising the Development in good condition and repair (and, as to landscaping, in a healthy condition) 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 and in a decent, safe, sanitary condition and in good repair pursuant to the Uniform Physical Conditions Standards established by HUD pursuant to 24 C.F.R. 5.703 and as required under 24 C.F.R. 92.251.

(b) City places prime importance on quality maintenance to protect its investment and to ensure that all City and City-assisted affordable housing projects within City are not allowed to deteriorate due to below-average maintenance. Normal wear and tear of the Development will be acceptable to City assuming Developer agrees to provide all necessary improvements to assure the Development is maintained in good condition. Developer shall make all repairs and replacements necessary to keep the improvements in good condition and repair.

(c) In the event that Developer breaches any of the covenants contained in this section and such default continues for a period of fifteen (15) days after written notice from City with respect to graffiti, debris, waste material, and general maintenance or thirty (30) days after written notice from City with respect to landscaping and building improvements, then City, in addition to whatever other remedy it may have at law or in equity, shall have the right to enter upon the Property and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, City shall be permitted (but is not required) to enter upon the Development and perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas comprising the Development, and to attach a lien thereon, or to assess the Development, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by City and/or costs of such cure, which amount shall be promptly paid by Developer to City upon demand.

ARTICLE 6. MISCELLANEOUS

Section 6.1 Term.

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

Section 6.2 Lease Provisions.

(a) In leasing the Units, Developer shall use a form of Tenant lease approved by the City. The lease shall not contain any provision which is prohibited by 24 CFR Section 92.253(b) and any amendments thereto. The form of Tenant lease shall also comply with all requirements of this Agreement and the Loan Documents, and shall, among other matters:

(b) 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 Developer to establish or recertify the Tenant's qualification, or the qualification of the Tenant's household for occupancy in the Development in accordance with the standards set forth in this Agreement, or (2) to qualify as a Low Income Household, as applicable, as a result of any material misrepresentation made by such Tenant with respect to the income computation or certification;

(c) Require the Tenant to occupy the Unit as the Tenant's principal residence and prohibit the subleasing of the Unit;

(d) Require the Tenant to maintain the Unit in good repair and in a neat, clean and sanitary condition;

(e) Prohibit the Unit from being utilized contrary to any law;

(f) Provide for an increase in the Tenant's Rent should the Tenant's annual income exceed the income limit allowed for the Unit, pursuant to the terms outlined in Section 2.3;

(g) Be for an initial term of not less than one (1) year, unless by mutual agreement between the Tenant and Developer; and

(h) Provide for no increase in Rent during such year. After the initial year of tenancy, the lease may be month to month by mutual agreement of Developer and the Tenant, however Rent may not be raised more often than once a year. Except for Non-Qualifying Households, all rent increases shall comply with CTCAC rent increase regulation approved on April 3, 2024, limiting maximum increase in rent in a 12-month period to the lesser of: 5% plus the percentage increase in cost of living, or 10% of the lowest rental rate charged for that household during the previous 12 months.. Developer will provide each Tenant with 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.

(i) The lease must not contain any provision which is prohibited by 24 C.F.R. Section 92.253(b) and any amendments thereto.

Section 6.3 Lease Termination.

Any termination of a lease or refusal to renew must be in conformance with California Civil Code Section 1946.1(b) and must be preceded by not less than sixty (60) days' written notice to the Tenant by Developer specifying the grounds for the action. Any termination of a lease for a default of the Tenant shall be in accordance with all applicable laws.

Section 6.4 Compliance with Loan Documents and Program Requirements.

Developer's actions with respect to the Development shall at all times be in full conformity with: (a) all requirements of the Loan Documents; and (b) all requirements of the City Deed of Trust; and.

Section 6.5 Notice of Expiration of Term.

(a) Prior to the termination of the Term, the Developer shall comply with the requirements set forth in California Government Code Sections 65863.10 and 65863.11, as such may be amended from time to time. Such notice requirements may include: (1) a twelve (12) month notice to existing tenants, prospective tenants and Affected Public Agencies (as defined in California Government Code Section 65863.10(a), which would include the City's Community Development and Housing Director, prior to the expiration of the Term; (2) a six (6) month notice requirement to existing Tenants, prospective tenants and Affected Public Agencies prior to the expiration of the Term; (3) a notice of an offer to purchase the Development to "qualified entities" (as defined in California Government Code Section 65863.11(d)), if the Development is to be sold within five (5) years of the end of the Term; and (4) a notice of right of first refusal within the one hundred eighty (180) day period that qualified entities may purchase the Development.

Section 6.6 Covenants to Run With the Land.

City and Developer 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 Development, 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 Development 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 City expressly releases such conveyed portion of the Development from the requirements of this Agreement.

Section 6.7 Enforcement by City.

If Developer fails to perform any obligation under this Agreement, and fails to cure the default within thirty (30) days after City has notified Developer in writing of the default or, if the default cannot be cured within thirty (30) days, failed to commence to cure within thirty (30) days and thereafter diligently pursue such cure and complete such cure within ninety (90) days, 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 City Loan. City may declare a default on the Note of the City Loan, accelerate the indebtedness evidenced by the Note, and proceed with foreclosure under the City Deed of Trust.

(b) Action to Compel Performance or for Damages. City may bring an action at law or in equity to compel Developer's performance of its obligations under this Agreement, and/or for damages.

(c) Remedies Provided Under Loan Documents. City may exercise any other remedy provided under the Loan Documents.

(d) Cure by Investor Limited Partner. City hereby agrees to accept a cure of any default made or tendered hereunder by Investor Limited Partner on the same terms and conditions as if such cure was made or tendered by Developer.

Section 6.8 Listing of Development in Database. The Developer hereby acknowledges and agrees that Health and Safety Code Section 33418(c) requires that the Development be listed in a database that shall be made available to the public on the internet and which will include the street address, assessor's parcel number, and other information about the Development.

Section 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 attorneys' fees. This section shall be interpreted in accordance with California Civil Code Section 1717 and judicial decisions interpreting that statute.

Section 6.10 Recording and Filing.

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

Section 6.11 Governing Law.

This Agreement shall be governed by the laws of the State of California. Any action brought by either of the Parties for the purpose of enforcing a right or rights provided for by this Agreement will be tried in a court of competent jurisdiction in the County of San Mateo, State of California. The Parties waive all provisions of law providing for a change of venue in any proceeding to any other county

Section 6.12 Waiver of Requirements.

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

Section 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 County of San Mateo.

Section 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:

Developer:

MP 2000 Delaware, LLC
303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Attention: President and Chief Executive Officer

With copy to:

Housing Trust Silicon Valley
75 E. Santa Clara Street, Suite 1350
San Jose, CA 95113
Attention: Asset Management

And:

City:

City of San Mateo
330 W. 20th Avenue
San Mateo, CA 94403
Attention: Housing Manager

Such addresses may be changed by notice to the other party given in the same manner as provided above. Receipt will be deemed to have occurred on the date shown on a written receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable).

Section 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.

Section 6.16 Waiver of Requirements. No waiver of the requirements of this Agreement shall occur unless expressly waived by the City in writing. No waiver will be implied from any delay or failure by the City to take action on any breach or default of the Developer or to pursue any remedy permitted under this Agreement or applicable law. Any extension of time granted to the Developer to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the City to any act or omission by the Developer shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the City's written consent to future waivers.

Section 6.17 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.

Section 6.18 Hold Harmless. Developer will indemnify and hold harmless (without limit as to amount) City, its council members, officers, employees and agents in their official capacity (hereinafter collectively referred to as "Indemnitees"), and any of them, from and against all loss, all risk of loss and all damage (including expense) sustained or incurred because of or by reason of any and all claims, demands, suits, actions, judgments and executions for damages of any and every kind and by whomever and whenever made or obtained, allegedly caused by, arising out of or relating in any manner to the Development, the Restricted Unit, or the Developer's performance or non-performance under this Agreement, and shall protect and defend Indemnitees, and any of them with respect thereto, except to the extent caused by the gross negligence or willful misconduct of the Indemnitees, as applicable. The provisions of this Section shall survive expiration or other termination of this Agreement or any release of part or all of the Property from the burdens of this Agreement, and the provisions of this section shall remain in full force and effect.

Section 6.19 Revival of Agreement after Foreclosure. This Agreement shall be revived according to its original terms if, during the original Term, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the Development or the Property.

Section 6.20 Action and Approval. Whenever action and/or approval by City is required under this Agreement, the City Manager or the City Manager's designee may act on and/or approve such matter unless specifically provided otherwise, or unless the City Manager or the City Manager's designee determine in their discretion that such action or approval requires referral to City Council for consideration.

Section 6.21 No Third Party Beneficiaries. Except as expressly set forth herein, nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

Section 6.22 Tax Credit Program. Notwithstanding anything contained herein to the contrary, if the Property were subject to the requirements of the California and/or Federal Low-Income Housing Tax Credit Program under the provisions of Section 42 of the Code and Section 23610.5 of the California Revenue and Taxation Code, as applicable (collectively, the "Tax Credit Program") and there is a conflict between the requirements of the Tax Credit Program and either the affordability provisions set forth in 2.2 and 2.3 above or the preferences set forth in Section 4.5 above, inclusive, then the provisions of the Tax Credit Program shall prevail. That notwithstanding, the fact that this Agreement and the Tax Credit Program provide for greater, lesser or different obligations or requirements shall not be deemed a conflict unless the applicable provisions are inconsistent and could not be simultaneously enforced or performed.

Section 6.23 Subordination. This Agreement shall not be subordinated with respect to the Low Income Households in accordance with Section 2.1(c).

Section 6.24 No Claims. Nothing contained in this Agreement shall create or justify any claim against the City by any person that the Developer may have employed or with whom the Developer may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Property or the construction or operation of the Improvements.

Section 6.25 Titles of Parts and Sections. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of the Agreement's provisions.

Section 6.26 Assignment by the City. The City may assign its rights and obligations under this Agreement to any instrumentality of the City or other public entity without the consent of, but upon prior written notice to, the Developer.

[Signature Pages Follow.]

WHEREAS, this Agreement has been entered into by the undersigned as of the date first above written.

DEVELOPER:

MP 2000 Delaware LLC,
a California limited liability company

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

By: _____

Name: Matthew O. Franklin

Its: Assistant Secretary

[Signature must be notarized.]

CITY:

City of San Mateo, a California charter city

By: _____
Alex Khojikian, City Manager

[Signature must be notarized.]

APPROVED AS TO FORM:

By: _____
Prasanna W. Rasiah, City Attorney

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

STATE OF CALIFORNIA)

COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A

Legal Description of the Property

The Property referred to is situated in the State of California, City of San Mateo and described as follows:

Parcel One:

Parcel B as shown on the Parcel Map entitled "Parcel Map 433" filed April 23, 2012 in Book 80 of Parcel Maps, Pages 30 and 31, Official Records of San Mateo County.

Parcel Two:

Rights and Easements granted in that certain Joint Use, Easement and Maintenance Agreement for 1990-2000 South Delaware dated April 1, 2012, and recorded May 2, 2012, as Instrument No. 2012-61779, in the Official Records of San Mateo County.

Property Address: 2000 S. Delaware Street, San Mateo, California
APN: 035-320-470

EXHIBIT B

MIDPEN TIERED RENT INCREASE POLICY

The following policy is provided here for reference only and may may change from time to time at Developer's sole discretion with notice and updated policy delivered to the City. The intent of this policy is to implement rent increases to households equitably, taking into account the ratio between household income and monthly rent.

Effective January 1, 2025

Not to exceed the lesser of a) the applicable **Rent Limit** associated with the unit; and b) any and all requirements and restrictions that may be imposed by a regulatory agency and/or local ordinance/municipality, rent increases shall be determined as follows:

1. **Tier 1** – If **Rent Burden** is at or below 25%, then increase by 5% plus CPI* (in no event less than 5% or greater than 10%);
2. **Tier 2** – If **Rent Burden** is above 25% and at or below 35%, then increase by 5%;
3. **Tier 3** – If **Rent Burden** is above 35% and below 50%, then increase by 3%; and
4. **Tier 4** – If **Rent Burden** is at or above 50%, then increase by 1%.

Rent Burden = (Monthly Rent * 12) / (Annual Household Income)

AMI shall be defined by the current year MTSP (TCAC) limits based on actual quantity of household members.

CPI is defined using the annual "Rent Increase Limit Update" published by TCAC, which covers August through July of each year.

Exceptions:

1. Rents shall be increased to the applicable Rent Limit, not to exceed 30% of Household Income, in each of the following cases*:
 - a. There is a termination of Section 8 subsidy;
 - b. A household is transferred to another unit due to over occupancy or over income; and
 - c. Wherever the Next Available Unit rule is invoked, requiring the changing of AMI designations to the unit.

Rent increases shall not be implemented more frequently than every 12 months, on the anniversary of the last rent increase or date of move-in. Rents cannot increase more than once in any 12-month term, unless required by a regulatory agency or rental subsidy program.