

Alliance Title Co.
Escrow # 11057801-006 Kay

7

Free recording in accordance
with California Government
Code Sections 6103 and 72383

RECORDING REQUESTED BY:
State of California,
Department of Housing and
Community Development

ALLIANCE TITLE COMPANY

hereby certifies this is a true and correct
copy of the original RECORDED 6/7/02
under RECORDER'S SERIAL NO. 16302760

WHEN RECORDED MAIL TO:
Department of Housing and
Community Development
P. O. Box 952052
Sacramento, CA 94252-2052
Attn: Multifamily Housing Program
Documents Coordinator, 00-MHP-012


Authorized Signature

SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE (the "Agreement") is dated as of February 13, 2002, and is entered into by and among, The City of Sunnyvale (the "Junior Lienholder") and HomeSafe Santa Clara L.P., a California limited partnership (the "Borrower"), and the Department of Housing and Community Development, a public agency of the State of California (the "Senior Lender").

RECITALS

A. Borrower is the owner of the fee simple interest or a leasehold estate in that real property described in Exhibit A attached hereto and made a part hereof (the "Property"). The Borrower has acquired and has built a 25 unit special needs rental development on the Property (the "Improvements"). The Property and the Improvements are sometimes referred to collectively as the "Development."

B. The Junior Lienholder has made a loan to the Borrower in the principal sum of 100,000 Dollars (\$100,000.00) (the "Subordinated Loan"). The Subordinated Loan is

ARR 230-50-001

~~will be~~ evidenced by a certain promissory note (the "Subordinated Note"), ~~to be~~ secured by a certain deed of trust (the "Subordinated Deed of Trust") ~~to be~~ recorded ~~concurrently herewith~~, in the Official Records of Santa Clara County, California (the "Official Records"). * *December 14, 2000, Recorder's Series #15496138*

C. In order to finance the development of the Improvements, the Senior Lender has agreed to loan the Borrower a sum not to exceed 483,816.00 Dollars (\$483,816.00) (the "MHP Loan"), subject to the terms and conditions of: (i) a regulatory agreement restricting the use and occupancy of the Development and the income derived therefrom which shall be dated as of even date herewith and recorded as an encumbrance on the Property in the Official Records (the "MHP Regulatory Agreement"), and (ii) other loan documents. The MHP Loan will be evidenced by a promissory note (the "MHP Note"), the repayment of which will be secured by, among other things, a deed of trust by Borrower as trustor, to Senior Lender as beneficiary recorded as an encumbrance on the Property in the Official Records (the "MHP Deed of Trust") and by such other security as is identified in other loan documents.

D. The Senior lender is willing to make the MHP loan provided the MHP Deed of Trust and the MHP Regulatory Agreement are liens, claims or charges upon the Development prior and superior to the Junior lienholder Deed of Trust and the Junior lienholder Regulatory Agreement, and provided that the Junior lienholder specifically and unconditionally subordinates and subjects the Junior lienholder Deed of Trust and Junior lienholder Regulatory Agreement to the liens, claims or charges of the MHP Deed of Trust and the MHP Regulatory Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce the Senior lender to make its MHP loan, it is hereby declared, understood and agreed as follows:

1. The MHP Regulatory Agreement and the MHP Deed of Trust securing the MHP Note in favor of the Senior lender, and any and all renewals, modifications, extensions or advances thereunder or secured thereby (including interest thereon) shall unconditionally be and remain at all times liens, claims, or charges on the Development prior and superior to the Junior lienholder Deed of Trust and the Junior lienholder Regulatory Agreement, and to all rights and privileges of the Junior lienholder thereunder; and the Junior lienholder Deed of Trust and the Junior lienholder Regulatory Agreement together with all rights and privileges of the Junior lienholder there under are hereby irrevocably and unconditionally subject and made subordinate to the liens, claims or charges of the MHP Deed of Trust and the MHP Regulatory Agreement.
2. This Agreement shall be the whole and only agreement with regard to the subordination of the Junior Lienholder Deed of Trust and the Junior Lienholder Regulatory Agreement, together with all rights and privileges of the Junior Lienholder thereunder, to the liens, claims or charges of the MHP Deed of Trust and the MHP Regulatory Agreement, and this Agreement shall supersede and cancel any prior agreements to subordinate the claims, liens or charges of, but only insofar as would affect the priority between the claims, liens or charges of

the Junior Lienholder Deed of Trust and the Junior Lienholder Regulatory Agreement to the MHP Deed of Trust and the MHP Regulatory Agreement including, but not limited to, those provisions, if any, contained in the Junior Lienholder Regulatory Agreement or Junior Lienholder Deed of Trust which provide for the subordination of the lien or charge thereof to another lien or charge on the Property or the Improvements.

3. The Junior Lienholder declares, agrees and acknowledges that:

(a) The Junior lienholder consents and approves (i) all provisions of the MHP Note, the MHP Deed of Trust and the MHP Regulatory Agreement, and (ii) all agreements among the Junior lienholder, Borrower and Senior lender for the disbursement of the proceeds of the MHP loan, including without limitation any loan escrow agreements which have been provided to the Junior lienholder for review;

(b) The Senior Lender, in making disbursements of the MHP Loan pursuant to the MHP Note or any other agreement, is under no obligation or duty to, nor has the Senior Lender represented that it will, see to the application of such proceeds by the person or persons to whom the Senior Lender disburses such proceeds, and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;

(c) That none of the execution, delivery or recordation of any of the MHP Note, MHP Deed of Trust, or MHP Regulatory Agreement, or the performance of any provision, condition, covenant or other term thereof, will conflict with or result in a breach of the Junior Lienholder Deed of Trust, Junior Lienholder Note or Junior Lienholder Regulatory Agreement; and

(d) The Junior Lienholder intentionally and unconditionally waives, relinquishes, subjects and subordinates the claims, liens or charges upon the Development of the Junior Lienholder Deed of Trust and the Junior Lienholder Regulatory Agreement, all present and future indebtedness and obligations secured thereby, in favor of the claims, liens or charges upon the Development of the MHP Deed of Trust and the MHP Regulatory Agreement, and understands that in reliance upon, and in consideration of, this waiver, relinquishment, subjection, and subordination, the MHP Loan and advances thereof are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment, subjection and subordination.

4. The Senior Lender would not make the MHP Loan without this Subordination Agreement.

5. This Agreement shall be binding on and inure to the benefit of the legal representatives, heirs, successors and assigns of the parties.

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

7. In the event that any party to this Agreement brings an action to interpret or enforce its rights under this Agreement, the prevailing party in such action shall be entitled to recover its costs and reasonable attorneys' fees as awarded by the court in such action.

8. This Agreement may be signed by different parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this Agreement.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON (OR ENTITY) OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above and agree to be bound hereby:

JUNIOR LIENHOLDER:

The City Sunnyvale

By: [Signature]
Name: ANABEL YUEN
Its: Housing Officer

Approved as to form: N/A

By: _____
Name: _____
Its: _____

BORROWER:

HomeSafe Santa Clara, L.P.,
a California Limited Partnership

By: Caritas Housing,
a California nonprofit, public benefit
corporation, its General Partner

By: _____
Name: _____
Its: Director of Housing Development

By: InnVision of Santa Clara Valley,
a California nonprofit, public benefit
corporation, its General Partner

By: _____
Name: _____
Its: Executive Director

SENIOR LENDER:

The Department of Housing and
Community Development, a public
agency of the State of California

By: [Signature]
Name: John Turner NADINE FORD
Its: Program Manager

[Signatures Must Be Acknowledged]

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above and agree to be bound hereby:

JUNIOR LIENHOLDER:

The City Sunnyvale

By: _____
Name: _____
Its: _____

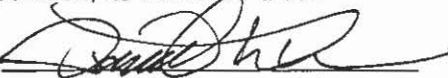
Approved as to form: N/A

~~By:~~ _____
~~Name:~~ _____
~~Its:~~ _____

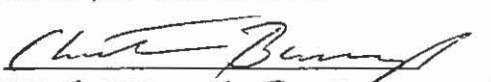
BORROWER:

HomeSafe Santa Clara, L.P.,
a California Limited Partnership

By: Caritas Housing,
a California nonprofit, public benefit
corporation, its General Partner

By: 
Name: DANIEL WU
Its: Director of Housing Development

InnVision The Way Home
By: ~~InnVision of Santa Clara Valley~~,
a California nonprofit, public benefit
corporation, its General Partner

By: 
Name: CHRISTINE BURROUGHS
Its: Executive Director

SENIOR LENDER:

The Department of Housing and
Community Development, a public
agency of the State of California

By: _____
Name: John Turner
Its: Program Manager

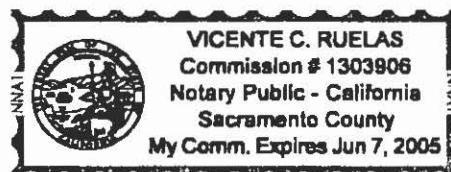
[Signatures Must Be Acknowledged]

STATE OF CALIFORNIA,

COUNTY OF SACRAMENTO, ss.

On May 22, 2002, before me, Vicente C. Ruelas, personally appeared _____
NADINE FORD, personally known to me (or
proved to me on the basis of satisfactory evidence) to be the person(s) who 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 on behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Signature Vicente C. Ruelas (Seal)

My commission expires June 7, 2005.

RE: HomeSafe Santa Clara, L.P. - Loan No. 00-MHP-012
Subordination Agreement and Estoppel Certificate

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

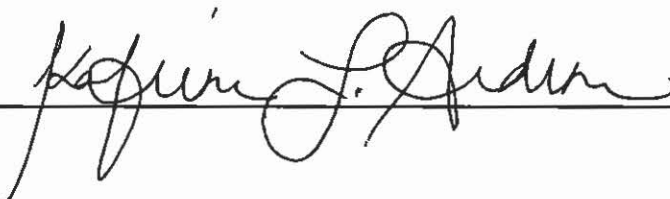
STATE OF CALIFORNIA
COUNTY OF Santa Clara

On February 21, 2002, before me, Katrina L. Ardina, Notary Public

Personally appeared Annabel Yurutucu Personally known to me (or 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.

WITNESS my hand and official seal.

Signature



(This area is for official notarial seal.)



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

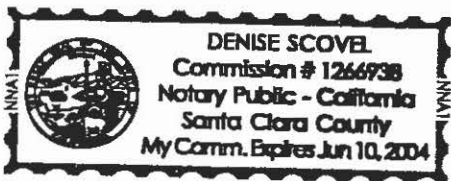
State of CALIFORNIA

County of SANTA CLARA

On February 13, 2002 before me, Denise Scovel
Date Name and Title of Officer (e.g. "Jane Doe, Notary Public")

personally appeared Daniel Wu, Christine Burroughs
Name(s) of Signer(s)

personally known to me - OR - 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.



WITNESS my hand and official seal.

Denise Scovel
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Subordination Agreement - City of Sunnyvale

Document Date: February 13, 2002 Number of Pages: 5

Signer(s) Other Than Named Above: —

Capacity(ies) Claimed by Signer(s)

Signer's Name: Daniel Wu

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here



Signer Is Representing:

Caritas Housing

Signer's Name: Christine Burroughs

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here



Signer Is Representing:

Division of Santa Clara Valley

**SCHEDULE A
LEGAL DESCRIPTION**

All that certain real property situate in the City of Santa Clara, County of Santa Clara, State of California, described as follows:

Parcel 2, as shown on that Parcel Map filed for record in the office of the Recorder of the County of Santa Clara, State of California on September 24, 1998, in Book 708 of Maps, page(s) 22 and 23.

Excepting therefrom all minerals and mineral rights, interests and royalties, including, without limiting, the generality thereof, oil, gas and other hydrocarbon substances, as well as metallic or other solid minerals, in and under the property, however, grantor or its successors and assigns, shall not have the right for any purpose whatsoever to enter upon, into or through the surface of the property in connection therewith, as reserved by Southern Pacific Transportation Company, a Delaware corporation in Corporation Grant Deed recorded February 28, 1992 in Book M 066 page 1278, Official Records.

ARB No: 230-50-001
APN No: 230-06-053

*Alliance Title Co
Escrow # 11057801-004 Kay*

Prepared by and after recording return to:

Richard W. Power
Carle, Mackie, Power & Ross, LLP
100 B Street, Suite 400
Santa Rosa, California 95401

ALLIANCE TITLE COMPANY

hereby certifies this is a true and correct

copy of the original RECORDED 4/7/02

under RECORDER'S SERIAL NO. 16302768


Authorized Signature

APN: 230-06-053

30010039

ESTOPPEL CERTIFICATE AND AGREEMENT
(Homesafe Apartments - City of Sunnyvale Loan)

This **Estoppel Certificate and Agreement** (this "Agreement") is entered into as of **March 12, 2002**, by and between **The City of Sunnyvale, California**, a California municipal corporation, (the "City" or the "Lender") and **HomeSafe Santa Clara, L.P.**, a California limited partnership (the "Partnership" or "Borrower"), for the benefit of **Merritt Community Capital Fund VII, L.P.**, a California limited partnership, and any successor limited partner under the Partnership Agreement (as defined below) (the "Limited Partner").

RECITALS

A. **Caritas Housing**, a California non-profit public benefit corporation as **managing general partner**, **Innvision The Way Home**, a California non-profit public benefit corporation as **general partner**, (collectively "**General Partner**") together with the same entities as initial limited partners have executed the Partnership's Agreement of Limited Partnership, dated as of **November 15, 2001**. Limited Partner will be admitted to the Partnership as the Limited Partner, and Caritas Housing as initial limited partner, and Innvision of Santa Clara Valley also as initial limited partner will withdraw from the Partnership, all pursuant to the Partnership's Second Amendment to and Restatement of Agreement of Limited Partnership (the "**Partnership Agreement**").

B. Pursuant to that certain **Loan Agreement For the Provision of Community Development Block Grant Funds for Homesafe Transitional Housing For Victims of Domestic Violence**, (the "**Loan Agreement**"), dated December 11, 2000, and that certain **City of Sunnyvale Community Development Block Grant Promissory Note** (the "**Note**"), between the same parties, the City agreed to loan the sum of One Hundred Thousand Dollars

(\$100,000.00) (the "Loan") of the Community Development Block Grant funds it received from the U.S. Department of Housing and Urban Development, to the Partnership. Said loan was secured by a Leasehold Deed of Trust with Assignment of Rents - Community Development Block Grant Funds, recorded in the land records of Santa Clara County, California, on December 14, 2000 under reception number 15496138 (the "Deed of Trust") affecting the leasehold interest of borrower in the real property described in Exhibit A attached hereto and incorporated hereby this reference (the Grant Agreement, the Note, specimen Loan Rider and the Deed of Trust are collectively known as the "Loan Documents").

C. Upon satisfaction of certain conditions, including the execution and delivery of this Agreement, Limited Partner will make certain capital contributions to the Partnership as provided in the Partnership Agreement. In connection with the making of such capital contributions the Partnership and the Limited Partner have requested that the City execute and deliver this Agreement. The City understands and agrees, and by the execution and delivery of this Agreement acknowledges, that the Limited Partner and the Partnership will be relying upon the statements and agreements contained in this Agreement, and without the statements and agreements contained herein the Limited Partner would not make the expected capital contribution to the Partnership, and would be unwilling to become a Limited Partner in the Partnership. Accordingly the parties agree that the Limited Partner is a third party beneficiary of this Agreement.

D. The capital contribution that the Limited Partner is expected to make will inure to the benefit of the City and help protect the funds the City has loaned to the Partnership.

NOW THEREFORE, for one dollar and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby and further intending to induce the Limited Partner to make capital contributions to the Partnership, the parties do certify, agree, acknowledge and represent as follows:

1. All of the above recitals are incorporated herein;
2. The Loan Documents are in full force and effect and, except to the extent amended or modified by this Agreement, have not been otherwise amended or modified. As of the date of this Agreement the outstanding principal balance of the loan is One Hundred Thousand Dollars (\$100,000.00), and any amounts currently due and payable to the City under any of the Loan Documents have been paid.
3. The City has not given any notice of default to the partnership or any partner thereof pursuant to any of the Loan Documents that has not been cured and, to the best of the City's knowledge, no event or circumstance exists which, with the giving of notice or the passage of time, or both, would constitute a default under any of the Loan Documents.
4. The City hereby consents to the admission of Limited Partner to the Partnership and the withdrawal from the Partnership of the initial limited partners identified above. Notwithstanding any provision contained in the Loan Documents, transfer of Limited Partner's partnership interest in the Partnership in accordance with the terms of the Partnership Agreement, and the admission of a successor limited partner, shall not constitute an event of

default nor allow an acceleration of the maturity of the Loan, and Lenders approval of such transfer and admission shall not be unreasonably withheld. If the Limited Partner requests reasonable amendments to the Partnership Agreement in connection with the admission of a successor limited partner to the Partnership, Lender shall not unreasonably fail or refuse to approve said amendments or any amendments to the Loan Documents made necessary by such admission.

5. Notwithstanding any provision contained in the Loan Documents, and in addition to any other cure provisions contained in any Loan Document, the Limited Partner shall have the right, but not the obligation, to cure any defaults of Borrower, and Lender agrees to accept cures tendered by Limited Partner on behalf of Borrower within the cure periods described below.

6. The Limited Partner shall have the right to cure all monetary defaults within 30 days after the receipt of notice thereof and the Lender shall not exercise any remedies contained in the Loan Documents during that period.

7. Notwithstanding any provision contained in the Loan Documents, Lender acknowledges that Borrower and the California Tax Credit Allocation Committee ("CTCAC") intend to enter into a Regulatory Agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended. Lender agrees to, and by this document hereby does subordinate the Loan and Lender's rights under the Loan Documents executed in conjunction therewith to those provisions of said Regulatory Agreement which implement Section 42(h)(6)(E)(ii) of the Internal Revenue Code. This subordination is being made in consideration of the allocation of tax credits to the Project, absent which the development of the Project would not occur. The Lender further agrees that compliance with the CTCAC Regulatory Agreement income targeting and rent levels requirements will satisfy all affordability requirements called for in the Loan Documents.

8. The terms of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. The Lender agrees to deliver a copy of this Agreement to any transferee of its interests in the Loan Documents.

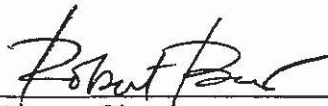
9. Except as modified by this Agreement, the Loan Documents shall remain unmodified and in full force and effect.

10. If any provision of this Agreement is determined to be unenforceable for any reason, it shall be adjusted rather than voided, to the greatest extent possible, to achieve the intent of the parties, and all other provisions shall be deemed valid and enforceable to the greatest extent possible.

11. Attached hereto as Attachment A is a specimen document entitled "Loan Rider." The substantive text of the specimen Loan Rider is acknowledged by the Lender to be the same as the text of a Loan Rider previously executed by the parties to the Loan Documents, and the Lender hereby acknowledges the existence and applicability of its provisions to the Loan. Therefore Attachment A is incorporated herein by this reference and its provisions ratified. To the extent of a conflict between the provisions of the Loan Rider and the provisions of any of the other Loan Documents, the provisions of the Loan Rider shall prevail.

Witnesseth, the Parties to this Agreement have executed it as of the date first set forth above.

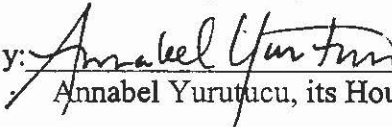
Approved as to Form:



Deputy City Attorney

LENDER:

**The City of Sunnyvale, California, a
California municipal corporation**

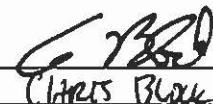
By: 

Annabel Yurutucu, its Housing Officer

BORROWER:

**Homesafe Santa Clara, L.P., a California
limited partnership**

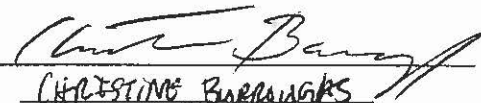
By: **Caritas Housing, a California non
profit public benefit corporation, its
Managing General Partner**

By: 

Chris Block
its Executive Director
195 East San Fernando Street
San Jose, CA 95112

and

**InnVision The Way Home
~~InnVision of Santa Clara Valley~~, a
California non-profit public benefit
corporation, its General Partner**

By: 

CHRISTINE BURROWS
its Executive Director
974 Willow Street
San Jose, CA 95125

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

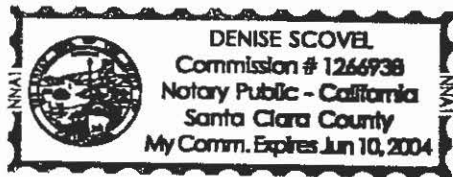
State of California

County of Santa Clara

On March 24, 2002 before me, Denise Scovel
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Christine Burroughs, Chris Block
Name(s) of Signer(s)

personally known to me - OR - 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.



WITNESS my hand and official seal.

Denise Scovel
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Escrow Cert + Agreement (Amended)

Document Date: _____ Number of Pages: 4

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Christine Burroughs

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing:
Davidson



Signer's Name: Chris Block

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing:
Davidson



CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA
COUNTY OF Santa Clara

On March 12, 2002, before me, Katrina L. Ardina, Notary Public

Personally appeared Annabel Yurutucu Personally known to me (or 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.

WITNESS my hand and official seal.

Signature

Katrina L. Ardina

(This area is for official notarial seal.)



ATTACHMENT "A"

[Attach Loan Rider]

LOAN RIDER

This Rider is attached to and made a part of the promissory note, the deed of trust, and loan agreement or other documents evidencing, securing, and governing a loan in the amount of One Hundred Thousand Dollars (\$100,000) (the "Loan") made by the City of Sunnyvale ("Lender") to HOMESAFE SANTA CLARA, L.P. ("Borrower") for the development of the HomeSafe project in Santa Clara, California (the "Project"). The Limited Partnership Agreement forming the Partnership, as it may be amended from time to time, is referred to herein as the "Partnership Agreement".

The parties hereto agree that the following covenants, terms, and conditions shall be part of and shall modify and supplement each of the documents evidencing, securing, or governing the disbursement of the Loan (the "Loan Documents"), and that in the event of any inconsistency or conflict between the covenants, terms, and conditions of the Loan Documents and this Rider, the following covenants, terms, and conditions shall control and prevail:

1. **Nonrecourse Obligation.** The Loan shall be a nonrecourse obligation of Borrower. Neither Borrower nor any of its general and limited partners (or, if Borrower is not the Partnership, the general and limited partners of the Partnership), nor any other party shall have any personal liability for repayment of the Loan. The sole recourse of Lender under the Loan Documents for repayment of the Loan shall be the exercise of its rights against the Project and related security thereunder.

2. **General Partner Change.** The withdrawal, removal, and/or replacement of a general partner of the Partnership pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that any required substitute general partner is reasonably acceptable to Lender and is selected with reasonable promptness.

3. **Monetary Default.** If a monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. Borrower shall have a period of seven (7) days after such notice is given within which to cure the default prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents.

4. **Non-Monetary Default.** If a non-monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in

the Partnership Agreement, simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days or such longer period if so specified, and if Borrower (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Lender. If Borrower fails to take corrective action or to cure the default within a reasonable time, Lender shall give Borrower and each of the general and limited partners of the Partnership written notice thereof, whereupon the limited partner may remove and replace the general partner with a substitute general partner who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall Lender be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given, or such longer period of time as may be specified in the Loan Documents.

5. Casualty, Condemnation, Etc. In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part thereof, Borrower shall have the right to rebuild the project, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to keep the Loan in balance and rebuild the Project in a manner that provides adequate security to Lender for repayment of the Loan or if such proceeds are insufficient then Borrower shall have funded any deficiency, (b) Lender shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the Loan Documents. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Loan in a manner that provides adequate security to Lender for repayment of the remaining balance of the Loan.

6. Project Transfer and Loan Assumption. Lender agrees that Borrower may transfer the Project to either or both general partners of the Partnership or any of the their affiliates (an "Approved Transferee") after the end of the 15-year tax credit compliance period, provided that the Approved Transferee assumes all of Borrower's obligations under the Loan Documents.

7. Subordination. Lender acknowledges that Borrower and the California Tax Credit Allocation Committee intend to enter into an extended use agreement, which constitutes the low-income housing commitment described in Section 42 of the Internal Revenue Code.

**SCHEDULE A
LEGAL DESCRIPTION**

All that certain real property situate in the City of Santa Clara, County of Santa Clara, State of California, described as follows:

Parcel 2, as shown on that Parcel Map filed for record in the office of the Recorder of the County of Santa Clara, State of California on September 24, 1998, in Book 708 of Maps, page(s) 22 and 23.

Excepting therefrom all minerals and mineral rights, interests and royalties, including, without limiting, the generality thereof, oil, gas and other hydrocarbon substances, as well as metallic or other solid minerals, in and under the property, however, grantor or its successors and assigns, shall not have the right for any purpose whatsoever to enter upon, into or through the surface of the property in connection therewith, as reserved by Southern Pacific Transportation Company, a Delaware corporation in Corporation Grant Deed recorded February 28, 1992 in Book M 066 page 1278, Official Records.

ARB No: 230-50-001
APN No: 230-06-053

16

RECORDING REQUESTED BY

CITY OF SUNNYVALE
Record at No Fee per Government
Code Section 6103

ALLIANCE TITLE COMPANY

hereby certifies this is a true and correct

copy of the original RECORDED 12-14-00

under RECORDER'S SERIAL NO. 15496138

AND WHEN RECORDED MAIL TO

Housing Division
City of Sunnyvale
P.O. Box 3707
Sunnyvale, CA 94088-3707


Authorized Signature

_____ SPACE ABOVE THIS LINE FOR RECORDER'S USE _____

APN # 230-06-053

**DEED OF TRUST WITH ASSIGNMENT OF RENTS
Community Development Block Grant Funds**

THIS DEED OF TRUST is made as of December 11, 2000 between HOMESAFE SANTA CLARA, L.P., a California limited partnership ("Trustor"), whose address is 195 East San Fernando Street, San Jose, CA 95112, and the CITY OF SUNNYVALE, a municipal corporation of the State of California ("Trustee" and "Beneficiary"), whose address is 456 West Olive Avenue, P.O. Box 3707, Sunnyvale, California, 94088-3707.

TRUSTOR HEREBY irrevocably grants, transfers and assigns to Trustee City of Sunnyvale in trust, upon the trusts, covenants, conditions and agreements and for the uses and purposes hereinafter contained with power of sale, and right of entry and possession, all of its title and interest in all that certain real property in the City of Santa Clara, County of Santa Clara, State of California, described as follows:

Legal Description of Property is attached hereto as Exhibit A

(hereinafter the "Property"), together with Trustor's interest in all buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Property; and together with the rents, issues and profits thereof; and all buildings and improvements of every kind and description now or hereafter erected or placed thereon, and all fixtures, it being hereby agreed that all such fixtures and furnishings shall to the extent permitted by law be deemed to be permanently affixed to and a part of the realty; and all building materials and equipment now or hereafter delivered to said premises and intended to be installed therein; and all plans, drawings, specifications, etc., and articles of personal property now or hereafter attached to or used in and about the building or buildings now

erected or hereafter to be erected on the Property which are necessary to the completion and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner.

To have and to hold the property hereinbefore described (including the site and all appurtenances), all such property being referred to collectively herein as the "Property", to Trustee, its successors and assigns forever.

A. FOR THE PURPOSE OF SECURING:

1. Payment of indebtedness evidenced by a Promissory Note ("Note") executed by Trustor of even date herewith, in the principal sum of One Hundred Thousand Dollars (\$100,000.00), and any renewal, extension, or modification of the Note, together with all sums due thereunder including interest and other charges;

2. The performance of each agreement of Trustor in this Deed of Trust;

3. The performance of each agreement and covenant of Trustor under that certain "Loan Agreement for the Provision of Community Development Block Grant Funds for the HomeSafe Transitional Housing for Victims of Domestic Violence" for the acquisition of real property and development thereon for the purpose providing transitional housing for very low and low income households at 611 El Camino Real, Santa Clara, California ("Loan Agreement"), by and between Trustor and Beneficiary.

B. TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. Promissory Note. That it will pay the sums due as evidenced by the Promissory Note at the time and in the manner provided therein;

2. Intended Use. That it will not permit or suffer the use of any of the Property for any purpose other than the use for which the same is set forth in the Loan Agreement, and not to convert the dwelling units to condominium ownership or to any other form of cooperative ownership such that rents would not be affordable to lower income households, unless otherwise approved by the City of Sunnyvale;

3. Maintenance and Repair. To keep the Property in good condition and repair; not to remove or demolish any buildings on the property; to complete or restore promptly and in good and workmanlike manner any building that may be constructed, damaged, or destroyed on the Property, subject to a right to contest; to pay when due all claims for labor performed and materials furnished for the Property; to comply with all laws affecting the property including all applicable provisions of the Sunnyvale Municipal Code and relevant ordinances and regulations including those requiring any alterations or

improvements to be made on the Property and, except as expressly set forth to the contrary in the Agreement, to comply with and satisfy all terms and conditions of the Loan Agreement; not to commit or permit waste of the property; not to commit, suffer, or permit any act upon the property in violation of law; and to cultivate, irrigate, fertilize, fumigate, prune, and do all other acts that from the character or use of the Property may be reasonably necessary.

4. Fire Insurance. To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. Notwithstanding anything contained in any of the documents evidencing the loan from Beneficiary to Trustor, unless Beneficiary and Trustor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damages, provided Trustor determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable cure periods. If Trustor determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable cure periods, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Trustor. In the event funds for such work are insufficient, Beneficiary may, at its option, advance such additional funds as may be necessary to allow the Property to be repaired or restored, and may add the amount thereof to the principal balance of the Note hereby secured. If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within 30 days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

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

6. Payment of Liens and Taxes. Trustor covenants that it will not voluntarily create, suffer or permit to be created against the Property, subject to this Deed of Trust, any lien or liens except as authorized by Beneficiary and further that it will keep and maintain the Property free from the claims of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on the Property.

Trustor shall pay, or cause to be paid prior to delinquency, all taxes, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any liabilities contested in accordance with generally accepted accounting principles.

In the event that Trustor shall fail to pay any of the foregoing items required, Beneficiary may (but shall be under no obligation to) pay same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay any such item within seven (7) business days of the earlier of the receipt or mailing of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted under Section 1(2) of Article XV of the California Constitution.

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

7. Reimbursement of Costs. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date of expenditure at the rate specified in the Promissory Note, and to pay any reasonable amount demanded by Beneficiary (up to the maximum allowed by law at the time of the demand) for any statement regarding the obligation secured by this Deed of Trust.

8. Assignment of Rents, Profits and Income. That all rents, profits and income from the Property covered by this Deed of Trust are hereby assigned to Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder, to collect such rents, profits, and income. That upon default hereunder or under the Loan Agreement, and after the expiration of notice and cure periods, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the Property described herein and operate same and collect the rents, profits and income therefrom.

9. Nondiscrimination. That Trustor shall not discriminate against or deny occupancy to any tenant or prospective tenant by reason of their receipt of, or eligibility for, housing assistance.

C. IT IS MUTUALLY AGREED BY THE PARTIES THAT:

1. The proceeds of any award or claim for damages, direct or consequential, in connection with a total condemnation or taking of the Property, shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Trustor, unless Trustor and Beneficiary otherwise agree in writing. In the event of a partial condemnation or taking, the proceeds shall be applied to the restoration or repair of the

Property, provided Trustor determines that such restoration or repair is economically feasible and there is no default continuing after the expiration of all applicable cure periods. If Trustor determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable cure periods, the condemnation proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Trustor. In the event funds for such work are insufficient, Beneficiary may, at its option, advance such additional funds as may be necessary to allow the Property to be repaired or restored, and may add the amount thereof to the principal balance of the Note hereby secured. If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within 30 days from the date notice that the condemning authority intends to settle the condemnation action is mailed by Beneficiary to Trustor, Beneficiary is authorized to collect and apply the condemnation proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

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

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

a. The expenses of such sale, together with the reasonable expenses of this trust including therein reasonable Trustee's fees or attorneys' fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale;

b. The cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on Trustee's deed;

c. All sums expended under the terms hereof, not then repaid, with accrued interest at the rate specified in the Promissory Note;

- d. All other sums then secured hereby; and
- e. The remainder, if any, to the person or persons legally entitled thereto.

5. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Deed of Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

6. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

7. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Promissory Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto";

8. The trust created hereby is irrevocable by Trustor.

9. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term "Beneficiary" shall include not only the original Beneficiary hereunder but also any future owner and holder including pledgee, of the Promissory Note secured hereby. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. All obligations of each Trustor hereunder are joint and several;

10. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made of public record as provided by law. Except as otherwise provided by law, Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee;

11. The undersigned Trustor requests that copies of any notice of default and of any notice of sale hereunder be mailed to it at 195 East San Fernando Street, San Jose, CA 95112.

12. Trustor agrees at any time and from time to time upon receipt of a written request from Beneficiary, to furnish to Beneficiary a detailed statement in writing of income, rents, operating expenses, permitted distributions, and payments of principal and interest on all loans whether superior or inferior to this Deed of Trust. Trustor further agrees that upon default or upon reconveyance of title pursuant to the terms of the Promissory Note secured by this Deed of Trust, Trustor shall furnish a full accounting of the income, rents, and operating expenses of the premises, and the names of the occupants and tenants in possession, together with the expiration dates of their leases and full information regarding all rental and occupancy agreements, and the rents provided for by such leases and rental and occupancy agreements, and such other information regarding the Property and their use as may be requested by Beneficiary.

13. **Transfer of Property by Trustor.** In order to induce Beneficiary to make the loan secured hereby Trustor agrees that, **with the exception of a transfer to InnVision of Santa Clara Valley its affiliate, or Caritas Housing or its affiliate,** in the event of any transfer of the Property without the prior written consent of Beneficiary, Beneficiary shall have the absolute right at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. Beneficiary may grant or deny such consent in its sole discretion and, if consent should be given, any such transfer shall be subject to this Deed of Trust, and any such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein. Such assumption shall not, however, release Trustor or any maker or guarantor of the Promissory Note from any liability thereunder without the prior written consent of Beneficiary. As used herein, "transfer" includes the sale, agreement to sell, transfer or conveyance of the Property, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment land sale contract or similar instrument affecting all or a portion of the Property, or the lease of all or substantially all of the Property. "Transfer" shall also include the transfer, assignment, hypothecation or conveyance of legal or beneficiary ownership of any interest in Trustor or any conversion of Trustor to an entity form other than that of Trustor at the time of execution of the Promissory Note. "Transfer" shall not include the leasing of individual residential units, or other rentable area constructed by Trustor on the Property, so long as Trustor complies with the provisions of the Loan Agreement relating to such leasing activity.

14. In the event that Trustor seeks to refinance all or any part of the outstanding loans, Beneficiary reserves the right to require that Trustor provide an appraisal of the fair market value of the property. Any refinancing or partial refinancing (including any additional financing), by Trustor, without the prior written consent of Beneficiary (which consent Beneficiary may grant or deny in its sole discretion), shall render the entire outstanding balance of the Promissory Note, together with all accrued and unpaid interest, immediately due and payable at the time of the refinancing or partial refinancing.

15. Trustor shall permit Beneficiary and its agents or representatives, to inspect the Property at any and all reasonable times, upon reasonable notice. Inspections shall be conducted so as not to interfere with the tenants' use and enjoyment of the property.

16. The Promissory Note provided for herein shall be subject to the restrictions set forth in the Agreement and Trustor hereby consents to such restrictions and agrees to be bound thereby. Such restrictions shall be in addition to and not in limitation of the rights of Beneficiary expressly set forth in this Deed of Trust.

17. Beneficiary hereby agrees that this Deed of Trust and the Promissory Note shall be subordinate to other encumbrances.

Beneficiary agrees to execute whatever documentation required to evidence this subordination and Beneficiary agrees that it will not unreasonably withhold or delay approval of any documents or agreements, the review of which is necessary to effect subordination of this Deed of Trust and the Note. Beneficiary acknowledges that this subordination clause substantially complies with the requirements of California Civil Code Section 2953.2 and all other requirements of applicable law. Notwithstanding the obligation of Beneficiary to subordinate this Deed of Trust and the Notes, Beneficiary specifically acknowledges and agrees that the liability of Trustor and its successors and assigns for any default or breach under this Deed of Trust or the Note shall be limited to and satisfied out of the Property, and that nothing herein shall create personal liability on the part of Trustor or its successors or assigns hereunder.

18. Among others, the following events after notice and expiration of applicable cure periods shall be an Event of Default:

a. Failure of Trustor to pay, when due, principal and interest and any other sums or charges on the Notes, in accordance with the provisions set forth in the Notes;

b. A substantive violation of the terms, conditions or covenants of the Agreement, or this Deed of Trust.

19. Upon the occurrence of an Event of Default as described in Section 18, Trustor shall be obligated to repay the Notes and Beneficiary may, by action, suit or proceeding at law or in equity, sue for, and enforce payment of any and all amounts due by Trustor pursuant to the terms of the Note and/or sue to enforce the performance of the obligations of Trustor under the Agreement, subject to the terms and conditions of said agreements.

20. The Note secured by this Deed of Trust evidences a non-recourse only obligation of Trustor.

21. All expenses (including reasonable attorneys' fees and costs and allowances) incurred in connection with an action to foreclose, or the exercise of any other remedy provided by this Deed of Trust, including the curing of any Event of Default, shall be the responsibility of Trustor.

22. Each successor owner of an interest in the Property other than through foreclosure or deed in lieu of foreclosure, shall take its interest subject to the Deed of Trust.

IN WITNESS WHEREOF, the TRUSTOR has hereunto executed this deed of trust the day and year first above written.

TRUSTOR: HOMESAFE SANTA CLARA, L.P., a California limited partnership

By: CARITAS HOUSING,
A California nonprofit public benefit corporation

By: 
Executive Director

By: INNVISION OF SANTA CLARA VALLEY,
A California nonprofit public benefit corporation

By: 
Executive Director

STATE OF CALIFORNIA On _____ before me, _____, Notary Public, personally appeared
COUNTY OF SANTA CLARA

personally known to me (or proved to me on the basis of satisfactory evidence) to 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.

WITNESS my hand and official seal.

Signature _____ (Seal)
NOTARY PUBLIC SIGNATURE

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

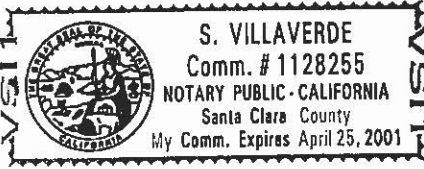
State of California

County of Santa Clara

On December 13, 2000 before me, S. Villaverde, a Notary Public
DATE NAME, TITLE OF OFFICER

personally appeared Christine Burroughs
NAME(S) OF SIGNER(S)

Personally known to me OR 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 acknowledge 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.



WITNESS my hand and official seal

S. Villaverde
SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNED	DESCRIPTION OF ATTACHED DOCUMENT
<input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> CORPORATE OFFICER <hr style="width: 50%; margin-left: 0;"/> <small>TITLE(S)</small>	<hr style="width: 80%; margin-left: 0;"/> <small>TITLE OR TYPE OF DOCUMENT</small>
<input type="checkbox"/> PARTNER(S) <input type="checkbox"/> LIMITED <input type="checkbox"/> GENERAL	<hr style="width: 80%; margin-left: 0;"/> <small>NUMBER OF PAGES</small>
<input type="checkbox"/> ATTORNEY-IN-FACT <input type="checkbox"/> TRUSTEE(S) <input type="checkbox"/> GUARDIAN/CONSERVATOR <input type="checkbox"/> OTHER: _____	<hr style="width: 80%; margin-left: 0;"/> <small>DATE OF DOCUMENT</small>
<hr style="width: 80%; margin-left: 0;"/>	<hr style="width: 80%; margin-left: 0;"/> <small>SIGNER(S) OTHER THAN NAMED ABOVE</small>
<p>SIGNER IS REPRESENTING:</p> <hr style="width: 80%; margin-left: 0;"/> <hr style="width: 80%; margin-left: 0;"/>	

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

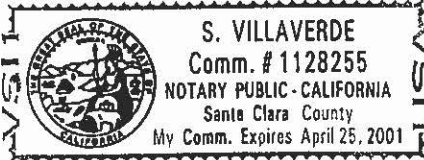
State of California

County of Santa Clara

On December 13, 2000 before me, S. Villaverde, Notary Public
DATE NAME, TITLE OF OFFICER

personally appeared Daniel Wu
NAME(S) OF SIGNER(S)

Personally known to me OR 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 acknowledge 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.



WITNESS my hand and official seal

S. Villaverde
SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNED	DESCRIPTION OF ATTACHED DOCUMENT
<input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> CORPORATE OFFICER <hr/> <input type="checkbox"/> PARTNER(S) <input type="checkbox"/> LIMITED <input type="checkbox"/> GENERAL <input type="checkbox"/> ATTORNEY-IN-FACT <input type="checkbox"/> TRUSTEE(S) <input type="checkbox"/> GUARDIAN/CONSERVATOR <input type="checkbox"/> OTHER: _____	<hr/> <p style="text-align: center;"><small>TITLE OR TYPE OF DOCUMENT</small></p> <hr/> <p style="text-align: center;"><small>NUMBER OF PAGES</small></p> <hr/> <p style="text-align: center;"><small>DATE OF DOCUMENT</small></p> <hr/> <p style="text-align: center;"><small>SIGNER(S) OTHER THAN NAMED ABOVE</small></p>
<p>SIGNER IS REPRESENTING:</p> <hr/> <hr/> <hr/>	

EXHIBIT "A"

LEGAL DESCRIPTION

All that certain real property situate in the City of Santa Clara, County of Santa Clara, State of California, described as follows:

Parcel 2, as shown on that Parcel Map filed for record in the office of the Recorder of the County of Santa Clara, State of California on September 24, 1998, in Book 708 of Maps, page(s) 22 and 23.

Excepting therefrom all minerals and mineral rights, interests and royalties, including, without limiting, the generality thereof, oil, gas and other hydrocarbon substances, as well as metallic or other solid minerals, in and under the property, however, grantor or its successors and assigns, shall not have the right for any purpose whatsoever to enter upon, into or through the surface of the property in connection therewith, as reserved by Southern Pacific Transportation Company, a Delaware corporation in Corporation Grant Deed recorded February 28, 1992 in Book M 066 page 1278, Official Records.

ARB No: 230-50-001

APN No: 230-06-053

RIDER TO DEED OF TRUST

The City of Sunnyvale ("Beneficiary"), agrees that the order of priority of this Deed of Trust will be in conformance and subject to (where applicable) with the documents described below:

1. The Redevelopment Agency of the City of Santa Clara Agreement Containing Affordable Housing Covenants.
2. Heritage Bank of Commerce Deed of Trust in the amount of \$1,720,000.
3. Heritage Bank of Commerce Assignment of Rents.
4. Heritage Bank of Commerce UCC-1 Financing Statement.
5. Heritage Bank of Commerce Hazardous Substance Certificate.
6. Heritage Estoppel Agreement.
7. Heritage Recognition Agreement.
8. City of Santa Clara HOME Deed of Trust in the amount of \$588,463.42.
9. City of San Jose CDBG Deed of Trust in the amount of \$400,000.
10. County of Santa Clara HOME Deed of Trust in the amount of \$196,300.
11. City of Mountain View HOME Loan Agreement.
12. City of Mountain View HOME Deed of Trust in the amount of \$100,000.
13. City of Sunnyvale CDBG Deed of Trust in the amount of \$100,000.
14. County of Santa Clara General Fund Deed of Trust in the amount of \$150,000.

**LOAN AGREEMENT FOR THE PROVISION OF
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS
FOR HOMESAFE TRANSITIONAL HOUSING
FOR VICTIMS OF DOMESTIC VIOLENCE
611 EL. CAMINO REAL, SANTA CLARA**

This Loan Agreement (the "Agreement") is entered into December 11, 2000 by and between the City of Sunnyvale (the "City"), and HOMESAFE SANTA CLARA, L.P., a California limited partnership (hereinafter referred to as the "Borrower"), on the basis of the following representations, terms and conditions of the parties.

RECITALS

A. The City has received Community Development Block Grant (CDBG) (funds from the United States Department of Housing and Urban Development ("HUD")).

B. Borrower has requested a loan from CDBG Funds for the purpose of developing new transitional housing for victims of domestic violence, including Sunnyvale residents, at El Camino Real, City of Santa Clara, County of Santa Clara (the "Property") as set forth in greater detail in the legal description attached hereto as Exhibit "A."

C. On May 4, 1999 the City Council of the City of Sunnyvale approved the 1999/00 Action Plan of Sunnyvale's Consolidated Plan. The approved Action Plan committed \$100,000 in CDBG funds for the Project.

ARTICLE I. LOAN OF CDBG FUNDS

Section 1.01 Loan of funds. Subject to satisfaction of the funding conditions set forth in Section 1.03 below, the City agrees to lend Borrower the amount of One Hundred Thousand Dollars (\$100,000.00) in CDBG funds (known as the "Loan") for purposes of completing the Project in accordance with the Project Description and the Project Budget attached hereto as Exhibits "B" and "C", respectively. Borrower may periodically submit claims for disbursement of undisbursed portions of the Loan proceeds, accompanied by documentation of expenditures for purposes described in the preceding sentence in such form as may be required by the Housing Officer of the City. Borrower shall not claim reimbursement from the City for, or apply sums received from the City with respect to, those portions of any of its obligations, which have been or should be, paid by another source of proceeds, except with the consent of the City.

Borrower shall be additionally liable for repayment of any disbursed Loan proceeds subsequently determined to constitute disallowed costs. Disallowed costs may be identified through audits, monitoring or other sources. The City of Sunnyvale shall make the final determination of disallowed costs subject to provisions of applicable CDBG regulations.

Section 1.02 Loan Repayment.

a. Loan Amount. All amounts disbursed under the Agreement up to One Hundred Thousand Dollars (\$100,000.00) shall be deemed to be part of the Loan Amount. The Loan Amount shall bear simple interest at three percent (3%) per annum on the unpaid principal balance. The Loan Amount and interest shall be deferred for forty years, as indicated in the Promissory Notes (Exhibits D & E) subject to earlier repayment as provided in subsection b. below.

b. Early Repayment. Notwithstanding the provisions of subsection a, 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 the Project or any portion thereof to other than Borrower or to Invision of Santa Clara Valley, its affiliate or Caritas Housing, or its affiliate in accordance with the Memorandum of Understanding by and among the Redevelopment Agency of the City of Santa Clara and Invision of Santa Clara Valley and Caritas Housing, as amended, unless such transfer or other disposition of the Property or the Project has been first approved in writing by the City, as evidenced by the signatures of any two of the following: the Housing Officer, the Director of Finance, the Director of Community Development, or the City Manager, and approved as to form by the City Attorney; or 2) the declaration by the City of a default under this Agreement pursuant to Section 3.02 below (as more fully provided in the Promissory Note), subject to the notice and cure periods set forth in the Deed of Trust and this Agreement.

1.03 Conditions of Funding. The obligation of the City to disburse Loan proceeds under this Agreement is subject to the following conditions:

a. Borrower shall provide to the City a leasehold title insurance policy in the amount of the Loan, \$100,000, which provides that, as of the closing Date of Escrow (defined in subsection b. below), the Property is free of encumbrances and other exceptions to title except those approved in writing by the City. The City of Sunnyvale shall be named as a beneficiary on the leasehold title insurance policy.

b. Escrow instructions (the "Escrow Instructions") acceptable to the parties shall be / have been 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 on the date selected by the parties (the "Closing Date"):

1. The Loan Agreement shall be executed by Borrower and delivered to the City;
2. The Deed of Trust (defined in subsection d below) shall be recorded in the records of the County of Santa Clara;

c. The Promissory Note, substantially in the form set forth in the attached Exhibit D shall be executed by Borrower and delivered in accordance with the Escrow Instructions.

d. The Deed of Trust (the "Deed of Trust"), substantially in the form of the attached Exhibit E, shall be executed and recorded in the official records of the County of Santa Clara.

e. Any approval of this Agreement, the Note, the Deed of Trust, or the encumbrances of the Property contemplated by this Agreement that is required under the Loan documents shall be delivered to the City, and any certification required by the City with respect to the procurement of any such approval shall be delivered by Borrower to the City.

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

g. Borrower shall provide the City with certificates of insurance and bonds, in form and with insurers admitted in California and acceptable to the City, evidencing compliance with the insurance requirements of Section 2.07 on or prior to Close of Escrow, and upon demand by City at any time subsequent. If requested by the City, Borrower shall also provide complete copies of the required insurance policies and bonds.

h. The closing contemplated by this Section 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.

ARTICLE II. DEVELOPMENT AND OPERATION OF THE PROJECT

Section 2.01 Acceptance of Obligations. In consideration of the Loan to be provided hereunder, Borrower agrees to and accepts the restrictions, obligations and conditions contained in this Agreement, the Note, and the Deed of Trust, including without limitation, the occupancy and rent requirements set forth in Section 2.04 below.

Section 2.02 Development and Operation of Project. Borrower shall acquire the Property, develop, construct, operate and maintain the Project thereon as 25 housing units for victims of domestic abuse for low and very low income persons in need of transitional housing and related social services. In one hundred percent of the CDBG - financed units household income shall not exceed the capped amount of the median income for the area as determined by HUD for low income households. Borrower shall at all times maintain in full force and effect all licenses required by the State of California or other applicable licensing authority to operate and manage the Property and the Project.

Section 2.03 CDBG Requirements. Borrower shall comply with all applicable laws and regulations governing the use of CDBG funds, including but not limited to:

- a. Environment and Historic Preservation. 24 CFR Part 58 that prescribes

procedures for compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321-4361) and the additional laws and authorities listed at 24 CFR Section 58.5.

b. Applicability of OMB Circulars. The policies, guidelines, and requirements of OMB Circulars Nos. A-87, A-102, Revised, A-122, and A-133 as they relate to the acceptance and use of CDBG Funds.

c. Lead-Based Paint. The requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846) and implementing regulations at 24 CFR Part 35.

d. Displacement, Relocation and Acquisition. The requirements of the Uniform Relocation Assistance and the requirements of 49 CFR Part 24, Subpart B.

e. Section 504 of the Rehabilitation Act of 1973. The requirements of Section 504 of the Rehabilitation Act of 1973. Section 504 imposes requirements to ensure that "qualified individuals with handicaps" have access to programs and activities that receive federal funds.

f. Affirmative Marketing. The requirements of the City of Sunnyvale's affirmative marketing plan as contained in the City of Sunnyvale's HUD approved Consolidated Plan.

g. Training Opportunities. The requirements of Section 3 of the Housing and Urban Development Act of 1978, as amended, 12 U.S.C. 1701, requiring that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project area and agreements for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the areas of the project. The Borrower agrees to include the following language in all subcontracts executed under this Agreement:

The work to be performed under this agreement is a project assisted under a program providing direct federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended 12 U.S.C. 1701. Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project area and agreements for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the areas of the project.

h. HUD Regulations. Any other HUD regulations present or as may be amended, added, or waived in the future pertaining to the use of CDBG funds, including but not limited to HUD regulations as may be promulgated regarding subrecipients.

In the event HUD formally amends, waives, or repeals any HUD administrative regulation previously applicable to Borrower performance under this Agreement, the City expressly reserves the right to, upon giving notice to HUD and Borrower, require performance of Borrower as though the regulation was not amended, waived or repealed, subject only to written and binding direction or instruction from HUD.

Section 2.04 Occupancy and Rent Requirements.

a. Definitions. For purposes of this Section, the following definition shall apply: "Annual Income" means annual income as determined by 24 CFR Part 92.

b. Occupancy Requirement. Upon initial occupancy of the Project, and at all times during the period of the affordability requirements as set forth in subsection f below, Borrower shall determine, by documentation reasonably necessary to make such determination, that 100% of the occupants' annual incomes meet HUD guidelines to qualify as low income households. Conditions of continued occupancy shall be as provided in applicable CDBG regulations.

c. Rent Requirements. Rents and charges for accommodations and services shall meet CDBG requirements.

d. Records Related to Occupancy and Rental Requirements. Borrower shall maintain (i) all documents used in determining the qualification of occupants as income eligible households, (ii) complete records of rents and other charges billed to and received from all occupants, and (iii) such other documents and records as are necessary to enable the City, as recipient of CDBG funds, to meet the recordkeeping requirements of 24 CFR Part 92 Subpart K 92.508. The records and documents described in the preceding sentence shall be maintained for the periods and in the manner set forth in Section 2.06 below. The City shall have the right to review and audit such documents and records for compliance with the requirements of this Section in the manner provided in Section 2.06 below.

e. Successor Rules. In the event HUD ceases to provide definitions, determinations and calculations under the CDBG Program related to Income Eligible Households or Annual Income, or both, the provisions of this Section shall be performed in accordance with definitions, determinations and calculations related to such matters as established by the City with a view toward establishing such definitions, determinations and calculations in a manner consistent, as nearly as possible, with those formerly promulgated by HUD under the CDBG Program.

f. Affordability. The property must be used for housing for very-low and low income (as defined by the HUD income guidelines for the San Jose Metropolitan Statistical Area) residents for a period of fifty-five years. The period of affordability begins upon receipt of a certificate of occupancy. This affordability requirement is a material element of the consideration of this Loan Agreement. The affordability requirement shall be consistent with the terms required by the Agreement Containing Affordable Housing Covenants between the Redevelopment Agency of the City of Santa Clara and Caritas

Housing and Invision of Santa Clara Valley pertaining to the Property and Project and attached hereto as Exhibit F.

Section 2.05 Legal Status. At all times during the term of this Agreement, Borrower shall maintain its legal existence and shall comply with all provisions of the California Partnership Law. Borrower shall immediately report to the City any changes, subsequent to the date of this agreement, including, without limitations, in Borrower's Limited Partnership Agreement or changes to its partners.

Section 2.06 Records and Audits.

a. Maintenance of Records. Borrower shall maintain all records necessary to meet CDBG requirements, including but not limited to books, financial records, supporting documents, statistical records, personnel, property and all other pertinent records sufficient to reflect properly all expenditures under this Agreement, and all other matters covered by this Agreement.

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 as described in Section 2.04 d. 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.

b. Annual Audit. Each year in which Loan proceeds are received or expended pursuant to this Agreement, Borrower shall cause to be prepared an independent fiscal audit conducted in accordance with generally accepted accounting principles, which audit shall identify Loan proceeds received and expended. Upon completion, Borrower shall provide the City with a copy of each such annual independent fiscal audit.

c. Examination of Records and Facilities. At any time during normal business hours with reasonable notice and as often as may be deemed necessary, Borrower agrees that HUD and the City, or any duly authorized representatives, shall have access to and the right to examine its plants, offices and facilities engaged in performance of this Agreement and all its records with respect to all matter covered by this Agreement. Borrower also agrees that HUD and the City, or any duly authorized representatives, shall have the right to audit, examine and make excerpts or transcripts of and from, such records, and to make audits of all contracts and subcontracts, invoices, payrolls, records of personnel, conditions of employment, materials and all other data relating to matters covered by this Agreement.

d. City Audits. The City may require an independent audit of matters covered by this Agreement. Such audits may cover program compliance as well as fiscal matters. Borrower shall be notified in advance that an audit will be conducted. Borrower shall be

afforded an opportunity to respond to any audit findings, and have the responses included in the final audit report. Cost of such audits shall be borne by the City.

Section 2.07 Insurance.

a. Borrower shall maintain, throughout the term of this Agreement, bonds and insurance issued by an insurance company approved by the City, in amounts as follows:

1. Workers' Compensation Insurance to the extent required by law, including Employers' Liability coverage, with limits not less than \$500,000 each accident and otherwise in accordance with California law;

2. Comprehensive General Liability Insurance with limits not less than \$1,000,000 each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal Injury, Independent Contractors, Broadform Property Damage, Products and Completed Operations;

3. Comprehensive Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for owned, non-owned and hired vehicles, as applicable; provided, however, that if Borrower does not own or lease vehicles in its own name, and does not borrow or hire vehicles for purposes of this Agreement, then no automobile insurance shall be required and both parties to this Agreement shall initial this provision signifying same;

4. Property insurance covering all real and personal (non-expendable) property leased or purchased in whole or in part with Loan Proceeds, in a form appropriate for the nature of such property, covering all risks of loss, excluding earthquake and flood, for one hundred percent (100%) of the replacement value, with deductible, if any, acceptable to the City, naming City as Loss Payee, as its interest may appear; and

5. Blanket Fidelity Bond covering all officers and employees, for loss of Loan proceeds caused by dishonesty, in amount not less than funds advanced pursuant to this Agreement, naming City as Loss Payee, as its interest may appear.

b. Should any of the required insurance be provided under a claims-made form, Borrower shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of the term of this Agreement, to the effect that, should occurrences during the Agreement term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigations or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be two times the occurrence limits specified above.

c. In the event Borrower engages in activities with respect to the Property and the Project not contemplated by this Agreement, prior approval of such activity shall be conditioned upon procuring whatever additional insurance the City deems necessary; provided, however, that acquisition of such insurance does not assure City approval of such new activities.

d. Comprehensive General Liability, Comprehensive Automobile Liability and Property Insurance policies shall be endorsed to name the City of Sunnyvale, its officers, agents, employees and members of the City Council as additional insureds.

e. All policies and bonds shall be endorsed to provide thirty (30) days prior written notice of cancellation, reduction in coverage, or intent not to renew to the address established for notices to the City pursuant to Section 4.01 below.

f. Upon the City's request at any time during the term of this Agreement, Borrower shall provide certificates of insurance and bonds, in form and with insurers acceptable to the City, evidencing compliance with the requirements of this Section, and shall provide complete copies of such insurance policies and bonds upon request.

ARTICLE III. DEFAULT AND REMEDIES

Section 3.01 Event of Default. Failure by either party to timely perform any material term or provision of this Agreement, the Note, or the Deed of Trust (including, without limitation, failure by Borrower to comply with the occupancy and rent requirements of Section 2.04 above) shall be considered an Event of Default by that party under this Agreement.

Section 3.02 Default by Borrower. Upon occurrence of an Event of Default by Borrower, the City shall give written notice thereof to Borrower in the manner provided in section 4.01. If such Event of Default is not corrected to the satisfaction of the City within thirty (30) days after the date such notice is received by Borrower or within such further time as the City determines is necessary to correct the Event of Default, the City may, without further notice, declare this Agreement, secured by the Deeds of Trust, in default, declare all sums due under the Notes immediately due and payable, and proceed with any and all remedies available under the Deed of Trust, or any other remedies available under rules of law or equity. Borrower shall not be required to pay and discharge any such tax, assessment, charge or levy so long as a. the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and b. Borrower maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.02 in accordance with generally accepted accounting principles.

Section 3.03 Default by City. Upon occurrence of any Event of Default by the City, Borrower may give written notice thereof to the City in the manner provided in Section 4.01. If such Event of Default is not corrected to the satisfaction of Borrower within thirty (30) days after such notice is received by the City or within such further time as Borrower determines is necessary to correct the Event of Default, Borrower may,

without further notice, declare this Agreement in default and proceed with any remedies available under rules of law or equity.

Section 3.04 Non-Waiver of Default. Failure or delay in giving notice of any Event of Default shall not constitute a waiver of any Event of Default, nor shall it change the time of such Event or Default. Except as otherwise expressly provided in this Agreement, any failure or delay by either party in asserting any of its rights or remedies as to any Event of Default shall not operate as a waiver of any Event of Default or of any such rights or remedies or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

ARTICLE IV. GENERAL PROVISIONS

Section 4.01 Notices. Any notice, tender, or delivery to be given hereunder by either party to the other may be effected by personal delivery in writing or by first class mail. Mailed notices shall be addressed as set forth below. Each party may change its address by written notice in accordance with this section.

To City: Housing Officer
 Department of Community Development
 City of Sunnyvale
 P.O. Box 3707
 Sunnyvale, CA 94088-3707

To Borrower: Homesafe Santa Clara, L.P.
 c/o Executive Director
 Caritas Housing
 195 East San Fernando Street
 San Jose, CA 95112

Section 4.02 Assignment. Borrower acknowledges and agrees that the Loan is being provided in consideration of the special experience, skill and ability of Borrower to develop, rehabilitate, operate and maintain the Project in a manner that will achieve the City's objective to provide quality affordable housing for lower income households. Consequently, with the exception of the assignment to InnVision of Santa Clara Valley, as described in Exhibit F, Agreement Containing Affordable Housing Covenants and the Loan Rider, attached hereto as Exhibit G, the Borrower shall not permit any voluntary transfer, assignment or encumbrance of this Agreement or Borrower's interest in the Property and the Project, or permit a lease or sublease of all or part of the Property or the Project, other than to occupants of the Project in accordance with the requirements of Section 2.04 above, without first obtaining the City's written consent as evidenced by the signature of any two of the following: City Manager, City Attorney, Director of Finance, Director of Community Development, Housing Officer. Any transfer, assignment, encumbrance, or lease without the City's consent shall be voidable and, at the City's election, shall constitute a breach of this Agreement. No consent to any assignment,

encumbrance or lease shall constitute a further waiver of the provisions of this Section.

Section 4.03 Non-Discrimination. In addition to observing any other CDBG requirements related to non-discrimination, Borrower shall assure, in connection with the performance of this Agreement, that no person shall be subject to discrimination because of race, religion, ethnic background, gender, sexual preference, or handicap status, provided, however, that Borrower shall not be prevented from renting all units to developmentally disabled persons.

Section 4.04 Independent Contractor; No Third Party Beneficiaries.

a. Nothing contained in this Agreement shall be construed as creating the relationship of employer and employee or principal and agent between the City and Borrower or Corporation's agents or employees, and Borrower shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement. Borrower has the right to exercise full control and supervision of the services and the Project and full control of employment, direction, compensation and discharge of all persons assisting it in the performance of services hereunder. Borrower acknowledges and agrees to be solely responsible for all matters relating to payment of its employees, including compliance with Workers Compensation, Social Security, income tax, withholding and all other laws and regulations governing such matters. Borrower shall be solely responsible for its own acts and those of its agents and employees during the term of this Agreement.

b. Nothing contained in this Agreement shall create or justify any claim against the City by any third person with whom Borrower may have employed or contracted or may employ or contract relative to the acquisition of the Property, the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services related to this Agreement.

Section 4.05 Indemnification.

a. Borrower shall take all responsibility for its work, and shall bear all losses and damages directly resulting to it, to any of its contractors or subcontractors, or to the City, its officers, representatives, agents and employees, on account of any act, error or omission of Borrower in the performance of this Agreement.

b. Borrower agrees to indemnify, to assume the defense of (if requested) and to hold harmless the City, its officers, representatives, agents and employees from every claim, loss, damage, injury, expense, including reasonable attorney's fees, judgment and direct or vicarious liability of every kind, nature and description arising in whole or in part from the Borrower's performance of this Agreement, except where such claim, loss, damage, injury, expense, judgment or vicarious liability is caused solely, exclusively and directly by the negligence or willful misconduct of City, its officers, representatives, agents, and employees. The aforementioned indemnity shall extend to, but shall not be

limited to Borrower's breach of contract, faulty workmanship or any negligent or intentional misconduct whatsoever by Borrower. Insurance coverage required under this Agreement does not relieve Borrower or its subcontractors, consultants or both, from liability under this Section.

c. Counsel in the negotiation and execution of this Loan Agreement represented each party to this Loan Agreement. The parties are aware of the provisions set forth in California Civil Code Section 1717 and intend this paragraph of the Loan Agreement to meet said statutory requirements so the reference to attorneys fees herein above and elsewhere herein shall not apply outside of the indemnification context found in this paragraph.

d. The obligation for indemnification in this Section 4.05 is subject to the nonrecourse provision contained in the Notes and Deeds of Trust.

Section 4.06 Covenants Running With Land. The affordability provision in Section 2.04 (f) of this Agreement shall constitute a covenant which shall run with the land for the period specified therein and be binding upon Borrower and Borrower's successors and assigns, and all parties having or acquiring any right, title, interest in whatever form, including but not limited to leasehold interests, in or to any part of the property. Any attempt to transfer title or any interest therein in violation of this covenant shall be void.

Section 4.07 Term. The term of this Agreement shall commence upon the date of this Agreement and shall continue, with the exception of the affordability provision described in sections 4.06 and 2.04(f) of this Agreement, for fifty-five (55) years or the date of final repayment of all principal and interest due under the Note, whichever of these events occurs first.

Section 4.08 Entire Agreement. This Agreement contains the entire agreement between the City and Borrower with respect to the subject matter hereof. No written or oral agreements with any officer, agent or employee of the City prior to execution of this Agreement shall affect or modify any of the terms or obligations contained in any documents comprising this Agreement.

Section 4.09 Amendments. The City and Borrower reserve the right to amend this Agreement by mutual consent. It is understood and agreed that no alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties, and that no oral understandings or agreements not incorporated herein, and no alterations or variations of the terms of this Agreement, unless made in writing between the parties shall be binding on either of the parties.

Section 4.10 Continued Validity. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

Section 4.11 Captions. The captions of this Agreement are for convenience of reference only, and the words contained therein shall in no way be held to explain,

modify, amplify, or aid in the interpretation, construction or meaning of the provisions of this Agreement.

Section 4.12 Approval of Property Management Agent. Approval by the Redevelopment Agency of the City of Santa Clara of the property management agent shall be deemed to be approval by Lender.

Section 4.13 Exhibits. All exhibits attached and referred to in this Agreement are incorporated in this Agreement by this reference as if set forth fully herein. These include:

- Exhibit A: Legal Description of Property
- Exhibit B: Project Description
- Exhibit C: Project Budget
- Exhibit D: Promissory Note
- Exhibit E: Deed of Trust
- Exhibit F: Agreement Containing Affordable Housing Covenants
- Exhibit G: Loan Rider

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CITY OF SUNNYVALE
A California municipal Corporation

Marvin A. Rose
Marvin A. Rose
Community Development Director

HOMESAFE SANTA CLARA, L.P., a California
limited partnership

By: Caritas Housing,
A California nonprofit public benefit
corporation

By: [Signature]
Executive Director

By: InnVision of Santa Clara Valley, a California
nonprofit public benefit corporation

By: [Signature]
Executive Director

APPROVED AS TO FORM:

[Signature]
Deputy City Attorney

ATTEST:

[Signature]
Deputy City Clerk

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

**SCHEDULE C
LEGAL DESCRIPTION**

All that certain real property situate in the City of Santa Clara, County of Santa Clara, State of California, described as follows:

Parcel 2, as shown on that Parcel Map filed for record in the office of the Recorder of the County of Santa Clara, State of California on September 24, 1998, in Book 708 of Maps, page(s) 22 and 23.

Excepting therefrom all minerals and mineral rights, interests and royalties, including, without limiting, the generality thereof, oil, gas and other hydrocarbon substances, as well as metallic or other solid minerals, in and under the property, however, grantor or its successors and assigns, shall not have the right for any purpose whatsoever to enter upon, into or through the surface of the property in connection therewith, as reserved by Southern Pacific Transportation Company, a Delaware corporation in Corporation Grant Deed recorded February 28, 1992 in Book M 066 page 1278, Official Records.

ARB No: 230-50-001
APN No: 230-06-053

EXHIBIT B

PROJECT DESCRIPTION

Project Description

The proposed development consists of 25 units of co-housing for survivors of domestic violence including one manager's unit. The units will be affordable to very low-income households. Co-housing communities respond to the basic needs of today's households (child care, social contact and economic efficiency) by combining the autonomy of private dwellings with the advantages of community living. Each household has a private residence but also shares extensive common facilities with the larger group, such as dining, children's playrooms, study rooms and laundry facilities. Co-housing has been shown to be conducive in giving women and their children both the privacy and the community they need to regain control of their lives when transitioning out of an unhealthy living environment. The architects for the project, McCamant and Durrett, are internationally recognized leaders in the co-housing movement. These units will offer families an affordable living situation, informal community support, child care and centralized access to services specifically for battered women and their children.

The site is ideally located adjacent to a CalTrain station and on a major bus arterial. Its central location places it in proximity to many employment opportunities throughout the valley and the transportation necessary to capitalize upon those opportunities. In addition, its location will give residents access to public services available in the broader community.

EXHIBIT C

PROJECT BUDGET



CHARITIES HOUSING DEVELOPMENT CORPORATION

195 E. San Fernando Street, San Jose, CA 95112 • (408) 282-1125 • Fax (408) 280-1311

MEMORANDUM

Date: October 13, 2000

To: HomeSafe Supporters

From: Berkeley Burbank

Re: HomeSafe Santa Clara

The following shows the use of each source of funding:

Santa Clara HOME	Soft Costs and Hard Construction Costs	600,000
San Jose CDBG	Off-Site work, Grading and other site preparation	400,000
County of Santa Clara HOME	Soft Costs and Hard Construction Costs	196,300
Mountain View HOME	Soft Costs and Hard Construction Costs	100,000
Sunnyvale CDBG	Off-Site work, Grading and other site preparation	100,000
Los Gatos CDBG	Off-Site work, Grading and other site preparation	50,000
Los Altos CDBG	Off-Site work, Grading and other site preparation	45,000
Milpitas CDBG	Soft Costs	27,080
Cupertino CDBG	Off-Site work, Grading and other site preparation	20,000

EXHIBIT D

PROMISSORY NOTE

**CITY OF SUNNYVALE
COMMUNITY DEVELOPMENT BLOCK GRANT
PROMISSORY NOTE
HOMESAFE SANTA CLARA, L.P.
HomeSafe Transitional Housing**

\$100,000.00

December 11, 2000

FOR VALUE RECEIVED, the undersigned, HOMESAFE SANTA CLARA, L.P., a California limited partnership ("Borrower"), promises to pay to the CITY OF SUNNYVALE, a California municipal corporation ("City"), the principal sum of One Hundred Thousand Dollars (\$100,000.00),

This Note for the acquisition and development of certain real property (the "Property") located at 611 El Camino Real, City of Santa Clara, County of Santa Clara, State of California is secured by a Deed of Trust of even date herewith, with Borrower as Trustor, the City as Trustee, and the City as Beneficiary. Borrower has also executed a Loan Agreement dated of even date herewith.

Principal and interest on this Note shall be due and payable over a term of fifty-five (55) years as follows:

1. **Interest**

Interest shall accrue at the simple rate of three percent (3%) per annum beginning on the date of this Note. ("Commencement Date"). Interest shall be calculated on unpaid principal balance and based on the actual number of days in the year.

2. **Term/Payment**

2.1 The term of this Note shall be from the date of this Note until fifty-five (55) years thereafter ("Maturity Date").

2.2 The Note shall be paid as follows:

Payment shall be deferred for fifty-five (55) years. The principal and accrued interest shall be due in full upon the Maturity Date. Notwithstanding anything to the contrary in the Note, interest shall be payable only to the extent of available cash flow or available sale or refinancing proceeds.

3. Acceleration of Obligation

All unpaid principal and interest then outstanding shall, at the option of the City, be immediately due and payable if during the term of this Note there occurs any of the following:

- (a) Default or breach by Borrower of any covenant or provision required under the terms of the Other Loans or any default or breach by Borrower of any covenant required to be performed by Borrower under the terms of the Note, the Loan Agreement or the Deed of Trust, subject to the notice and cure provisions contained in the Deed of Trust and loan Agreement;
- (b) Sale, transfer, hypothecation, assignment or encumbrance by Borrower of the Property, or any interest therein, except as provided under the terms of the Note, the Loan Agreement or the Deed of Trust;

4. Affordability

The property must be used for housing for very low and low income (as defined by the HUD income guidelines for the San Jose Metropolitan Statistical Area) persons who are victims of domestic abuse, as stipulated in the Loan Agreement. The property must be used for this purpose for a minimum of fifty-five (55) years.

5. Prepayment

There is no prepayment penalty.

6. Amendments

This Note may not be modified or amended except by an instrument in writing expressing such intention executed by the parties sought to be bound thereby, which writing must be so firmly attached to this Note so as to become a permanent part thereof.

7. Governing Law

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

8. Conflict

If there is any conflict between the terms of this Note and the Deed of Trust the terms of this Note shall prevail.

9. Nonrecourse Note

This Note shall be nonrecourse against Maker. No judgement, or execution thereof, entered in any action, legal or equitable, on this Note shall be enforced directly against Maker or any employee, officer or director of Maker but shall be enforced only against the collateral described in the Deed of Trust, and such other or further security as, from time to time, may be hypothecated for this Note.

The Borrower understands that one of the conditions of the loan with the City of Sunnyvale is that the project will be monitored yearly by the City of Sunnyvale to certify that it continue to be in compliance with the affordability provision in Section 4 of this Note.

Payment shall be made in lawful money of the United States. Should default be made, and action instituted on this Note, the Borrower promises to pay such sum as the court may fix as attorney's fees. This Note is secured by a Deed of Trust.

Executed by Borrower on 12/11/00 (Date)

Borrower: HOMESAFE SANTA CLARA, L.P., a California limited partnership

Caritas Housing, a California nonprofit public benefit corporation

By: 
Executive Director

InnVision of Santa Clara Valley, a California nonprofit public benefit corporation

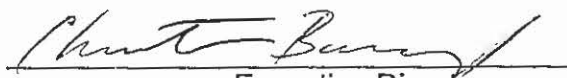
By: 
Executive Director

EXHIBIT E

.DEED OF TRUST

RECORDING REQUESTED BY

CITY OF SUNNYVALE
Record at No Fee per Government
Code Section 6103

AND WHEN RECORDED MAIL TO

Housing Division
City of Sunnyvale
P.O. Box 3707
Sunnyvale, CA 94088-3707

SPACE ABOVE THIS LINE FOR RECORDER'S USE_____

APN # 230-06-053

**DEED OF TRUST WITH ASSIGNMENT OF RENTS
Community Development Block Grant Funds**

THIS DEED OF TRUST is made as of December 11, 2000 between HOMESAFE SANTA CLARA, L.P., a California limited partnership ("Trustor"), whose address is 195 East San Fernando Street, San Jose, CA 95112, and the CITY OF SUNNYVALE, a municipal corporation of the State of California ("Trustee" and "Beneficiary"), whose address is 456 West Olive Avenue, P.O. Box 3707, Sunnyvale, California, 94088-3707.

TRUSTOR HEREBY irrevocably grants, transfers and assigns to Trustee City of Sunnyvale in trust, upon the trusts, covenants, conditions and agreements and for the uses and purposes hereinafter contained with power of sale, and right of entry and possession, all of its title and interest in all that certain real property in the City of Santa Clara, County of Santa Clara, State of California, described as follows:

Legal Description of Property is attached hereto as Exhibit A

(hereinafter the "Property"), together with Trustor's interest in all buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Property; and together with the rents, issues and profits thereof; and all buildings and improvements of every kind and description now or hereafter erected or placed thereon, and all fixtures, it being hereby agreed that all such fixtures and furnishings shall to the extent permitted by law be deemed to be permanently affixed to and a part of the realty; and all building materials and equipment now or hereafter delivered to said premises and intended to be installed therein; and all plans, drawings, specifications, etc., and articles of personal property now or hereafter attached to or used in and about the building or buildings now

erected or hereafter to be erected on the Property which are necessary to the completion and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner.

To have and to hold the property hereinbefore described (including the site and all appurtenances), all such property being referred to collectively herein as the "Property", to Trustee, its successors and assigns forever.

A. FOR THE PURPOSE OF SECURING:

1. Payment of indebtedness evidenced by a Promissory Note ("Note") executed by Trustor of even date herewith, in the principal sum of One Hundred Thousand Dollars (\$100,000.00), and any renewal, extension, or modification of the Note, together with all sums due thereunder including interest and other charges;

2. The performance of each agreement of Trustor in this Deed of Trust;

3. The performance of each agreement and covenant of Trustor under that certain "Loan Agreement for the Provision of Community Development Block Grant Funds for the HomeSafe Transitional Housing for Victims of Domestic Violence" for the acquisition of real property and development thereon for the purpose providing transitional housing for very low and low income households at 611 El Camino Real, Santa Clara, California ("Loan Agreement"), by and between Trustor and Beneficiary.

B. TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. Promissory Note. That it will pay the sums due as evidenced by the Promissory Note at the time and in the manner provided therein;

2. Intended Use. That it will not permit or suffer the use of any of the Property for any purpose other than the use for which the same is set forth in the Loan Agreement, and not to convert the dwelling units to condominium ownership or to any other form of cooperative ownership such that rents would not be affordable to lower income households, unless otherwise approved by the City of Sunnyvale;

3. Maintenance and Repair. To keep the Property in good condition and repair; not to remove or demolish any buildings on the property; to complete or restore promptly and in good and workmanlike manner any building that may be constructed, damaged, or destroyed on the Property, subject to a right to contest; to pay when due all claims for labor performed and materials furnished for the Property; to comply with all laws affecting the property including all applicable provisions of the Sunnyvale Municipal Code and relevant ordinances and regulations including those requiring any alterations or

improvements to be made on the Property and, except as expressly set forth to the contrary in the Agreement, to comply with and satisfy all terms and conditions of the Loan Agreement; not to commit or permit waste of the property; not to commit, suffer, or permit any act upon the property in violation of law; and to cultivate, irrigate, fertilize, fumigate, prune, and do all other acts that from the character or use of the Property may be reasonably necessary.

4. Fire Insurance. To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. Notwithstanding anything contained in any of the documents evidencing the loan from Beneficiary to Trustor, unless Beneficiary and Trustor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damages, provided Trustor determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable cure periods. If Trustor determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable cure periods, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Trustor. In the event funds for such work are insufficient, Beneficiary may, at its option, advance such additional funds as may be necessary to allow the Property to be repaired or restored, and may add the amount thereof to the principal balance of the Note hereby secured. If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within 30 days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

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

6. Payment of Liens and Taxes. Trustor covenants that it will not voluntarily create, suffer or permit to be created against the Property, subject to this Deed of Trust, any lien or liens except as authorized by Beneficiary and further that it will keep and maintain the Property free from the claims of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on the Property.

Trustor shall pay, or cause to be paid prior to delinquency, all taxes, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any liabilities contested in accordance with generally accepted accounting principles.

In the event that Trustor shall fail to pay any of the foregoing items required, Beneficiary may (but shall be under no obligation to) pay same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay any such item within seven (7) business days of the earlier of the receipt or mailing of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted under Section 1(2) of Article XV of the California Constitution.

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

7. Reimbursement of Costs. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date of expenditure at the rate specified in the Promissory Note, and to pay any reasonable amount demanded by Beneficiary (up to the maximum allowed by law at the time of the demand) for any statement regarding the obligation secured by this Deed of Trust.

8. Assignment of Rents, Profits and Income. That all rents, profits and income from the Property covered by this Deed of Trust are hereby assigned to Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder, to collect such rents, profits, and income. That upon default hereunder or under the Loan Agreement, and after the expiration of notice and cure periods, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the Property described herein and operate same and collect the rents, profits and income therefrom.

9. Nondiscrimination. That Trustor shall not discriminate against or deny occupancy to any tenant or prospective tenant by reason of their receipt of, or eligibility for, housing assistance.

C. IT IS MUTUALLY AGREED BY THE PARTIES THAT:

1. The proceeds of any award or claim for damages, direct or consequential, in connection with a total condemnation or taking of the Property, shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Trustor, unless Trustor and Beneficiary otherwise agree in writing. In the event of a partial condemnation or taking, the proceeds shall be applied to the restoration or repair of the

Property, provided Trustor determines that such restoration or repair is economically feasible and there is no default continuing after the expiration of all applicable cure periods. If Trustor determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable cure periods, the condemnation proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Trustor. In the event funds for such work are insufficient, Beneficiary may, at its option, advance such additional funds as may be necessary to allow the Property to be repaired or restored, and may add the amount thereof to the principal balance of the Note hereby secured. If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within 30 days from the date notice that the condemning authority intends to settle the condemnation action is mailed by Beneficiary to Trustor, Beneficiary is authorized to collect and apply the condemnation proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

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

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

a. The expenses of such sale, together with the reasonable expenses of this trust including therein reasonable Trustee's fees or attorneys' fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale;

b. The cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on Trustee's deed;

c. All sums expended under the terms hereof, not then repaid, with accrued interest at the rate specified in the Promissory Note;

- d. All other sums then secured hereby; and
- e. The remainder, if any, to the person or persons legally entitled thereto.

5. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Deed of Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

6. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

7. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Promissory Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto";

8. The trust created hereby is irrevocable by Trustor.

9. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term "Beneficiary" shall include not only the original Beneficiary hereunder but also any future owner and holder including pledgee, of the Promissory Note secured hereby. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. All obligations of each Trustor hereunder are joint and several;

10. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made of public record as provided by law. Except as otherwise provided by law, Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee;

11. The undersigned Trustor requests that copies of any notice of default and of any notice of sale hereunder be mailed to it at 195 East San Fernando Street, San Jose, CA 95112.

12. Trustor agrees at any time and from time to time upon receipt of a written request from Beneficiary, to furnish to Beneficiary a detailed statement in writing of income, rents, operating expenses, permitted distributions, and payments of principal and interest on all loans whether superior or inferior to this Deed of Trust. Trustor further agrees that upon default or upon reconveyance of title pursuant to the terms of the Promissory Note secured by this Deed of Trust, Trustor shall furnish a full accounting of the income, rents, and operating expenses of the premises, and the names of the occupants and tenants in possession, together with the expiration dates of their leases and full information regarding all rental and occupancy agreements, and the rents provided for by such leases and rental and occupancy agreements, and such other information regarding the Property and their use as may be requested by Beneficiary.

13. **Transfer of Property by Trustor.** In order to induce Beneficiary to make the loan secured hereby Trustor agrees that, **with the exception of a transfer to InnVision of Santa Clara Valley its affiliate, or Caritas Housing or its affiliate,** in the event of any transfer of the Property without the prior written consent of Beneficiary, Beneficiary shall have the absolute right at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. Beneficiary may grant or deny such consent in its sole discretion and, if consent should be given, any such transfer shall be subject to this Deed of Trust, and any such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein. Such assumption shall not, however, release Trustor or any maker or guarantor of the Promissory Note from any liability thereunder without the prior written consent of Beneficiary. As used herein, "transfer" includes the sale, agreement to sell, transfer or conveyance of the Property, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment land sale contract or similar instrument affecting all or a portion of the Property, or the lease of all or substantially all of the Property. "Transfer" shall also include the transfer, assignment, hypothecation or conveyance of legal or beneficiary ownership of any interest in Trustor or any conversion of Trustor to an entity form other than that of Trustor at the time of execution of the Promissory Note. "Transfer" shall not include the leasing of individual residential units, or other rentable area constructed by Trustor on the Property, so long as Trustor complies with the provisions of the Loan Agreement relating to such leasing activity.

14. In the event that Trustor seeks to refinance all or any part of the outstanding loans, Beneficiary reserves the right to require that Trustor provide an appraisal of the fair market value of the property. Any refinancing or partial refinancing (including any additional financing), by Trustor, without the prior written consent of Beneficiary (which consent Beneficiary may grant or deny in its sole discretion), shall render the entire outstanding balance of the Promissory Note, together with all accrued and unpaid interest, immediately due and payable at the time of the refinancing or partial refinancing.

15. Trustor shall permit Beneficiary and its agents or representatives, to inspect the Property at any and all reasonable times, upon reasonable notice. Inspections shall be conducted so as not to interfere with the tenants' use and enjoyment of the property.

16. The Promissory Note provided for herein shall be subject to the restrictions set forth in the Agreement and Trustor hereby consents to such restrictions and agrees to be bound thereby. Such restrictions shall be in addition to and not in limitation of the rights of Beneficiary expressly set forth in this Deed of Trust.

17. Beneficiary hereby agrees that this Deed of Trust and the Promissory Note shall be subordinate to other encumbrances. Beneficiary agrees to execute whatever documentation required to evidence this subordination and Beneficiary agrees that it will not unreasonably withhold or delay approval of any documents or agreements, the review of which is necessary to effect subordination of this Deed of Trust and the Note. Beneficiary acknowledges that this subordination clause substantially complies with the requirements of California Civil Code Section 2953.2 and all other requirements of applicable law. Notwithstanding the obligation of Beneficiary to subordinate this Deed of Trust and the Notes, Beneficiary specifically acknowledges and agrees that the liability of Trustor and its successors and assigns for any default or breach under this Deed of Trust or the Note shall be limited to and satisfied out of the Property, and that nothing herein shall create personal liability on the part of Trustor or its successors or assigns hereunder.

18. Among others, the following events after notice and expiration of applicable cure periods shall be an Event of Default:

a. Failure of Trustor to pay, when due, principal and interest and any other sums or charges on the Notes, in accordance with the provisions set forth in the Notes;

b. A substantive violation of the terms, conditions or covenants of the Agreement, or this Deed of Trust.

19. Upon the occurrence of an Event of Default as described in Section 18, Trustor shall be obligated to repay the Notes and Beneficiary may, by action, suit or proceeding at law or in equity, sue for, and enforce payment of any and all amounts due by Trustor pursuant to the terms of the Note and/or sue to enforce the performance of the obligations of Trustor under the Agreement, subject to the terms and conditions of said agreements.

20. The Note secured by this Deed of Trust evidences a non-recourse only obligation of Trustor.

21. All expenses (including reasonable attorneys' fees and costs and allowances) incurred in connection with an action to foreclose, or the exercise of any other remedy provided by this Deed of Trust, including the curing of any Event of Default, shall be the responsibility of Trustor.

22. Each successor owner of an interest in the Property other than through foreclosure or deed in lieu of foreclosure, shall take its interest subject to the Deed of Trust.

IN WITNESS WHEREOF, the TRUSTOR has hereunto executed this deed of trust the day and year first above written.

TRUSTOR: HOMESAFE SANTA CLARA, L.P., a California limited partnership

By: CARITAS HOUSING,
A California nonprofit public benefit corporation

By: _____
Executive Director

By: INNVISION OF SANTA CLARA VALLEY,
A California nonprofit public benefit corporation

By: _____
Executive Director

STATE OF CALIFORNIA On _____ before me, _____, Notary Public, personally appeared
COUNTY OF SANTA CLARA

personally known to me (or proved to me on the basis of satisfactory evidence) to 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.

WITNESS my hand and official seal.

Signature _____ (Seal)
NOTARY PUBLIC SIGNATURE

EXHIBIT F

AGREEMENT CONTAINING AFFORDABLE HOUSING COVENANTS

OFFICIAL BUSINESS

Document entitled to free
recording per Government
Code Section 6103.

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA
Santa Clara City Hall
1500 Warburton Avenue
Santa Clara, California 95050
Attention: Jennifer Sparacino

SPACE ABOVE THIS LINE
FOR RECORDER'S USE

AGREEMENT CONTAINING AFFORDABLE HOUSING COVENANTS

THIS AGREEMENT CONTAINING AFFORDABLE HOUSING COVENANTS (this "Agreement") is made as of _____, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA ("Agency") and HOMESAFE OF SANTA CLARA, L.P. ("Partnership"), with reference to the following facts:

RECITALS

A. Agency and Partnership's predecessors in interest have heretofore entered into that certain Memorandum of Understanding dated as of February 8, 2000, as amended _____, 2000 (the "MOU"). The MOU is incorporated herein by this reference.

B. Concurrently with the execution of this Agreement, the MOU is being assigned to and assumed by Partnership pursuant to that certain Assignment and Assumption Agreement dated on or about the date hereof.

C. Concurrently with the execution of this Agreement, Agency and Partnership have entered into a Lease Agreement (the "Lease"), pursuant to which the Agency is leasing to Partnership that certain real property in the City of Santa Clara, County of Santa Clara, State of California, described in Exhibit "A" attached hereto and made a part hereof. Such real property, along with all improvements of every kind and description now or hereafter erected or placed thereon as the context may require, shall be referred to herein as the "Property."

D. Pursuant to the MOU, Partnership has agreed to construct twenty-five (25) units of transitional housing on the Property (the "Project"), which will be rented exclusively, at an affordable rent, to Low and Very Low Income households, for not less than fifty-five (55) years.

E. The Project is to be financed by a combination of revenues contributed by private parties and public funds made available under a combination of government programs (the "Government Programs") by the following public agencies (the "Government Agencies"):

1. City of Santa Clara (HOME Funds);
2. City of San Jose (CDBG Funds);
3. County of Santa Clara (General Fund);
4. City of Cupertino;
5. City of Los Altos;
6. City of Los Gatos;
7. City of Milpitas;
8. City of Mountain View (HOME Funds);
9. City of Sunnyvale; and
10. County of Santa Clara (HOME Funds).

NOW, THEREFORE, AGENCY AND PARTNERSHIP COVENANT AND AGREE AS FOLLOWS:

1. Uses - General. Partnership and its successors and assigns shall devote the Property (and every part thereof), to the uses specified therefor in the MOU and this Agreement. Any capitalized term not defined herein shall have the same meaning as ascribed to it in the MOU.

2. Affordable Housing Uses. The improvements to be constructed on the Property shall be rented, at affordable rent, exclusively to Low and Very Low Income households, as follows in this Section 2.

a. For so long as the Property is subject to the requirements of the U.S. Department of Housing and Urban Development's HOME Investment Partnerships Program (24 CFR Part 92) (the "HOME Program"), maximum incomes of tenants and the maximum rents which Partnership shall be permitted and entitled to charge shall be governed by the HOME Program regulations (24 CFR Part 92).

b. Except as provided in paragraph a. of this Section 2, maximum income of tenants shall not exceed eighty percent (80%) of the Santa Clara area median income, and Partnership shall not charge or collect from any tenant a monthly rent which (together with a reasonable utility allowance) exceeds the product of 1/12 times 30 percent times 60 percent of the Santa Clara area median income, adjusted for family size. Subsequent rent increases, which may occur not more frequently than annually, shall not cause rents (plus a reasonable utility allowance for utilities to be paid by

tenants) to exceed the product of 30 percent times 60 percent of the Santa Clara area median income adjusted for family size.

c. The area median income, adjusted for family size, shall be based upon the schedules of area median income issued from time to time by the United States Department of Housing and Urban Project ("HUD"). Upon request, Agency shall notify Partnership of the applicable area median income limits.

d. The Agency acknowledges and agrees that the Property will be used initially as 25 units of transitional housing for victims of domestic abuse for Low and Very Low Income persons in need of transitional housing and related social services; provided, Partnership and its successors and assigns shall not evict any tenant solely as the result of such tenant's failure to comply with the transitional housing or social service programs operated by Partnership or such successors or assigns.

3. Preference to Relocates. Subject to paragraph d. of Section 2, above, Partnership and its successors and assigns shall provide preference in the selection of eligible tenants to persons who have been displaced by Agency activities. Partnership and Agency shall cooperate to effectuate this provision prior to the initial renting, or upon occurrence of a vacancy, or the re-renting of any dwelling units. Partnership acknowledges and agrees that this paragraph is intended to comply with Section 33411.3 of the California Health and Safety Code.

4. Annual Report. Partnership covenants and agrees, for itself and its successors and assigns, to submit to the Agency an annual report (the "Annual Report") required by Health and Safety Code Section 33418. The Annual Report shall include for each rental unit the rental rate and the income and family size of the occupants. The income information shall be supplied by the tenant in a certified statement on a form approved by the Agency. Partnership shall submit the Annual Report on or before the end of the first calendar quarter of the year following the year covered by the Annual Report. Partnership shall provide for the submission of such information in its leases with tenants.

5. Management Plan. Partnership and its successors and assigns shall prepare, submit to the Agency and maintain in effect a Management Plan in accordance with the following:

a. Prior to the recordation of this Agreement, Partnership or its general partners submitted to the Agency and the Agency approved a form of Memorandum of Agreement between Partnership's general partners and Women and Their Children's Housing, Inc., a California nonprofit public benefit corporation, that provides for the operation, management and maintenance of the Property (the "Management Plan"). The Management Plan, including such amendments as may be approved in writing by the Agency, shall remain in effect for not less than 55 years. Partnership, its

successors or assigns, shall not amend the Management Plan or any of its components without the prior written consent of the Agency.

b. The Agency shall not unreasonably withhold, condition or delay its approval of any matter for which its approval is required hereunder, and such matter shall be deemed approved unless the Agency provides to Partnership its written disapproval within thirty (30) days after receipt of a request for approval, provided Partnership includes with its request, a written notice, in capital letters, stating as follows:

NOTICE: PURSUANT TO SECTION 5 OF THE AGREEMENT CONTAINING AFFORDABLE HOUSING COVENANTS BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA, Partnership AND HOMESAFE SANTA CLARA, L.P., FAILURE BY THE AGENCY TO APPROVE OR DISAPPROVE THE MATTER SUBMITTED WITH THIS REQUEST WITHIN 30 DAYS SHALL BE DEEMED AN APPROVAL.

Any disapproval shall be in writing and contain the Agency's reasons for disapproval.

c. The Agency shall have the right, at any time and from time to time, to give written notice to Partnership if the Agency determines that the Project is not being managed or maintained in accordance with the Management Plan or is otherwise not in compliance with any applicable code, regulation or law (referred to herein as a "Management Breach"). The Agency may require Partnership to change management practices or to terminate the management contract and retain a different management agent, approved by the Agency. The Agency agrees that prior to requiring Partnership to change its management agent or the management practices, the Agency shall provide written notice to Partnership, specifying the Management Breach and providing Partnership sixty (60) days to change the management agent or practice, as the case may be, except if the Management Breach involves a violation of applicable codes, regulations or laws, in which case the Agency shall provide such notice as may be reasonable under the circumstances. If Partnership fails to do as requested by the Agency in the written notice, the Agency may then require the immediate change of the management practice or agent, as the case may be. The management agreement shall provide that it is subject to termination by Partnership without penalty, upon thirty (30) days prior written notice, at the direction of the Agency. Within ten (10) days following a direction of the Agency to replace the management agent, Partnership shall select another management agent or make other arrangements satisfactory to the Agency for continuing management of the Project. Partnership shall notify the Agency upon learning that there is a voluntary change in the management or control of the management agent, and, if the change is unsatisfactory to the Agency, the Agency shall be entitled to require Partnership to change the management agent in accordance with the terms of this paragraph.

d. Subject to paragraph d. of Section 2, above, following completion of construction, the Property shall be occupied by tenants in accordance with all applicable program requirements of Partnership and the other parties to the Management Agreement.

6. Exterior Maintenance Program. Partnership, its successors and assigns, shall prepare, submit to the Agency and maintain the improvements on the Property in accordance with standards that are reasonably acceptable to Agency (the "Exterior Maintenance Program"). Commencing upon completion of construction and for so long as this Agreement is in effect, Partnership shall maintain the exterior of the improvements in accordance with the Exterior Maintenance Program, as the same may be amended from time to time with written approval of the Executive Director of the Agency. In the event Partnership fails to maintain the exterior of the improvements in accordance with the approved Exterior Maintenance Program, and fails to remedy the matter within thirty (30) days after written notice from the Agency, the Agency or its designee shall have the right, but not the obligation, to enter the Property, correct any violation, and hold Partnership responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Property.

7. Compliance with Laws. Partnership and its successors and assigns shall operate the Property and the Improvements in conformity with all applicable laws and the terms and conditions of all Government Programs (subject to Partnership's right to contest the validity or applicability of laws or regulations), including all federal and state labor standards, maintain the Improvements on the Property, keep the Property and the Improvements thereon free from any accumulation of debris or waste materials, or graffiti and maintain the landscaping in a healthy condition. Partnership further covenants and agrees to obtain the Agency's prior written approval before changing the number of bedrooms in the Improvements, or substantially modifying the exterior of the Improvements on the Property.

8. No Discrimination. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any part thereof, nor shall Partnership or any party or any person claiming under or through such party establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property.

9. Required Nondiscrimination Clauses. Partnership and its successors and assigns shall refrain from restricting the rental, sale or lease of the Property to any person on the basis of race, creed, color, religion, sex, marital status, national origin or ancestry. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry.

(b) In leases: "The lessee herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through it, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee itself, or any person claiming under or through it, 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 land herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person, or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the lessees, subtenants, sublessees or vendees of the land."

10. Term of Covenants. The covenants established in this Agreement Containing Affordable Housing Covenants and any amendments hereto shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agency, the City of Santa Clara and each of the Government Agencies listed in Recital E of this Agreement. The covenants contained in Sections 8 and 9 of this Agreement shall remain in perpetuity. Subject to the next sentence in this Section 10, all other covenants contained in this Agreement shall remain in effect for the longer of the following time periods: (a) the term of the Lease (including any Renewal Term); (b) the longest period of time during which income and rent restrictions apply to the Project pursuant to

any of the Government Programs listed in Recital D of this Agreement; and (c) 55 years. Notwithstanding the foregoing, in the event Partnership or its successor or assign elects to renew the Lease at the end of the initial 55-year term for an additional 44-year renewal term at fair market rent but without any rent or income restrictions applicable to the renewal term, all covenants contained herein (except the covenants against discrimination contained in Sections 8 and 9) shall expire at the end of the initial 55-year term.

11. Enforcement. The Agency and the Government Agencies listed in Recital E of this Agreement are deemed to be the beneficiaries of the terms and provisions of this Agreement and the covenants herein, both for and in their own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit this Agreement and the covenants running with the land have been provided. The Agency, and each such Government Agency, shall have the right if any covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it is entitled.

12. Defaults. Subject to Force Majeure delays, and subject to the further provisions of this Section 12, failure or delay by Partnership or its successors or assigns to perform any term or provision of this Agreement constitutes a default.

a. The Agency shall give written notice of default to the party in default, specifying the default. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

b. Any failures or delays by the Agency in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by the Agency in asserting any of its rights and remedies shall not deprive the Agency of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

c. If a monetary event of default occurs, prior to exercising any remedies hereunder, Agency shall give the party in default written notice of such default. The party in default shall have a period of ten (10) calendar days after such notice is received or deemed received within which to cure the default prior to exercise of remedies by Agency.

d. If a non-monetary event of default occurs, prior to exercising any remedies hereunder, Agency shall give the party in default notice of such default. If the default is reasonably capable of being cured within thirty (30) calendar days after such notice is received or deemed received, the party in default shall

have such period to effect a cure prior to exercise of remedies by the Agency. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and the party in default (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then the party in default shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the Agency. If Partnership fails to take corrective action or cure the default within a reasonable time, the Agency shall give Partnership and, as provided in paragraph e., below, the limited partner of Partnership notice thereof, whereupon the limited partner of Partnership may remove and replace the general partner with a substitute general partner, who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. The Agency agrees to accept cures tendered by the limited partner of Partnership within the cure periods provided in this Agreement or within the time periods provided in Civil Code Section 2924c, whichever is longer. Additionally, in the event the limited partner of Partnership is precluded from curing a non-monetary default due to an inability to remove the general partner as a result of a bankruptcy, injunction, or similar proceeding by or against Developer or its general partner, the Agency agrees to forbear from completing a foreclosure (judicial or nonjudicial) during the period during which the limited partner of Partnership is so precluded from acting, not to exceed 90 days, provided such limited partner is otherwise in compliance with the foregoing provisions. In no event shall the injured party be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given.

e. After Partnership gives written notice to Agency that the investor limited partner has been admitted to the Partnership, Agency shall send to the limited partner a copy of all notices of default and all other notices that Agency sends to Partnership, at the address for the limited partner as provided by written notice to Agency by Partnership.

f. If any default or breach is not cured within the respective period of time provided in this Section, then the Agency shall be entitled to exercise any and all rights or remedies which may be available at law or in equity. Any and all rights or remedies available to the parties shall be cumulative, and not alternative.

g. Mediation. Any controversies between Agency or Partnership regarding the construction or application of this Agreement, and claims arising out of this Agreement or its breach, shall be submitted to mediation within thirty (30) days of the written request by one Party after the written notice of that request on the other Party.

(1) The Parties may agree on one mediator. If they cannot agree on one mediator, the Party demanding mediation shall request that the Superior Court of Santa Clara County appoint a mediator. The mediation meeting shall not exceed one (1) day of eight (8) hours. The Parties may agree to extend the time allowed for mediation under this Agreement.

(2) The costs of mediation shall be borne by the Parties equally.

(3) Mediation under this Section is a condition precedent to filing an action in any court.

IN WITNESS WHEREOF, the Agency and Partnership have executed this Agreement.

REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA, a public body, corporate and politic

By: _____
Jennifer Sparacino
Executive Director

ATTEST:

By: _____
J. E. Boccignone
Secretary

APPROVED AS TO FORM:
MICHAEL R. DOWNEY,
Agency General Counsel

By: _____

KANE, BALLMER & BERKMAN
Agency Special Counsel

By: _____
Glenn F. Wasserman

HOMESAFE OF SANTA CLARA, L.P.,
a California limited partnership

By: INNVISION OF SANTA CLARA COUNTY,
a California nonprofit public
benefit corporation,
general partner

By: _____
Name:
Title:

By: CARITAS HOUSING, a California
nonprofit public benefit
corporation,
general partner

By: _____
Name:
Title:

EXHIBIT G

LOAN RIDER

LOAN RIDER

This Rider is attached to and made a part of the promissory note, the deed of trust, and loan agreement or other documents evidencing, securing, and governing a loan in the amount of One Hundred Thousand Dollars (\$100,000) (the "Loan") made by the City of Sunnyvale ("Lender") to HOMESAFE SANTA CLARA, L.P. ("Borrower") for the development of the HomeSafe project in Santa Clara, California (the "Project"). The Limited Partnership Agreement forming the Partnership, as it may be amended from time to time, is referred to herein as the "Partnership Agreement".

The parties hereto agree that the following covenants, terms, and conditions shall be part of and shall modify and supplement each of the documents evidencing, securing, or governing the disbursement of the Loan (the "Loan Documents"), and that in the event of any inconsistency or conflict between the covenants, terms, and conditions of the Loan Documents and this Rider, the following covenants, terms, and conditions shall control and prevail:

1. **Nonrecourse Obligation.** The Loan shall be a nonrecourse obligation of Borrower. Neither Borrower nor any of its general and limited partners (or, if Borrower is not the Partnership, the general and limited partners of the Partnership), nor any other party shall have any personal liability for repayment of the Loan. The sole recourse of Lender under the Loan Documents for repayment of the Loan shall be the exercise of its rights against the Project and related security thereunder.

2. **General Partner Change.** The withdrawal, removal, and/or replacement of a general partner of the Partnership pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that any required substitute general partner is reasonably acceptable to Lender and is selected with reasonable promptness.

3. **Monetary Default.** If a monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. Borrower shall have a period of seven (7) days after such notice is given within which to cure the default prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents.

4. **Non-Monetary Default.** If a non-monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in

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11/22/00

the Partnership Agreement, simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days or such longer period if so specified, and if Borrower (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Lender. If Borrower fails to take corrective action or to cure the default within a reasonable time, Lender shall give Borrower and each of the general and limited partners of the Partnership written notice thereof, whereupon the limited partner may remove and replace the general partner with a substitute general partner who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall Lender be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given, or such longer period of time as may be specified in the Loan Documents.

5. Casualty, Condemnation, Etc. In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part thereof, Borrower shall have the right to rebuild the project, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to keep the Loan in balance and rebuild the Project in a manner that provides adequate security to Lender for repayment of the Loan or if such proceeds are insufficient then Borrower shall have funded any deficiency, (b) Lender shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the Loan Documents. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Loan in a manner that provides adequate security to Lender for repayment of the remaining balance of the Loan.

6. Project Transfer and Loan Assumption. Lender agrees that Borrower may transfer the Project to either or both general partners of the Partnership or any of the their affiliates (an "Approved Transferee") after the end of the 15-year tax credit compliance period, provided that the Approved Transferee assumes all of Borrower's obligations under the Loan Documents.

7. Subordination. Lender acknowledges that Borrower and the California Tax Credit Allocation Committee intend to enter into an extended use agreement, which constitutes the low-income housing commitment described in Section 42 of the Internal Revenue Code.

**CITY OF SUNNYVALE
COMMUNITY DEVELOPMENT BLOCK GRANT
PROMISSORY NOTE
HOMESAFE SANTA CLARA, L.P.
HomeSafe Transitional Housing**

\$100,000.00

December 11, 2000

FOR VALUE RECEIVED, the undersigned, HOMESAFE SANTA CLARA, L.P., a California limited partnership ("Borrower"), promises to pay to the CITY OF SUNNYVALE, a California municipal corporation ("City"), the principal sum of One Hundred Thousand Dollars (\$100,000.00),

This Note for the acquisition and development of certain real property (the "Property") located at 611 El Camino Real, City of Santa Clara, County of Santa Clara, State of California is secured by a Deed of Trust of even date herewith, with Borrower as Trustor, the City as Trustee, and the City as Beneficiary. Borrower has also executed a Loan Agreement dated of even date herewith.

Principal and interest on this Note shall be due and payable over a term of fifty-five (55) years as follows:

1. Interest

Interest shall accrue at the simple rate of three percent (3%) per annum beginning on the date of this Note. ("Commencement Date"). Interest shall be calculated on unpaid principal balance and based on the actual number of days in the year.

2. Term/Payment

2.1 The term of this Note shall be from the date of this Note until fifty-five (55) years thereafter ("Maturity Date").

2.2 The Note shall be paid as follows:

Payment shall be deferred for fifty-five (55) years. The principal and accrued interest shall be due in full upon the Maturity Date. Notwithstanding anything to the contrary in the Note, interest shall be payable only to the extent of available cash flow or available sale or refinancing proceeds.

3. Acceleration of Obligation

All unpaid principal and interest then outstanding shall, at the option of the City, be immediately due and payable if during the term of this Note there occurs any of the following:

- (a) Default or breach by Borrower of any covenant or provision required under the terms of the Other Loans or any default or breach by Borrower of any covenant required to be performed by Borrower under the terms of the Note, the Loan Agreement or the Deed of Trust, subject to the notice and cure provisions contained in the Deed of Trust and loan Agreement;
- (b) Sale, transfer, hypothecation, assignment or encumbrance by Borrower of the Property, or any interest therein, except as provided under the terms of the Note, the Loan Agreement or the Deed of Trust;

4. Affordability

The property must be used for housing for very low and low income (as defined by the HUD income guidelines for the San Jose Metropolitan Statistical Area) persons who are victims of domestic abuse, as stipulated in the Loan Agreement. The property must be used for this purpose for a minimum of fifty-five (55) years.

5. Prepayment

There is no prepayment penalty.

6. Amendments

This Note may not be modified or amended except by an instrument in writing expressing such intention executed by the parties sought to be bound thereby, which writing must be so firmly attached to this Note so as to become a permanent part thereof.

7. Governing Law

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

8. Conflict

If there is any conflict between the terms of this Note and the Deed of Trust the terms of this Note shall prevail.

9. Nonrecourse Note

This Note shall be nonrecourse against Maker. No judgement, or execution thereof, entered in any action, legal or equitable, on this Note shall be enforced directly against Maker or any employee, officer or director of Maker but shall be enforced only against the collateral described in the Deed of Trust, and such other or further security as, from time to time, may be hypothecated for this Note.


The Borrower understands that one of the conditions of the loan with the City of Sunnyvale is that the project will be monitored yearly by the City of Sunnyvale to certify that it continue to be in compliance with the affordability provision in Section 4 of this Note.

Payment shall be made in lawful money of the United States. Should default be made, and action instituted on this Note, the Borrower promises to pay such sum as the court may fix as attorney's fees. This Note is secured by a Deed of Trust.

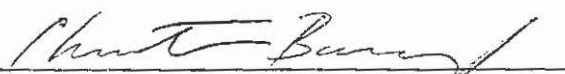
Executed by Borrower on 12/11/00 (Date)

Borrower: HOMESAFE SANTA CLARA, L.P., a California limited partnership

Caritas Housing, a California nonprofit public benefit corporation

By: 
Executive Director

InnVision of Santa Clara Valley, a California nonprofit public benefit corporation

By: 
Executive Director