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City of Sunnyvale
Community Development Department
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Government Code Section 27383

APN: 205-29-014 (Ptn).

CITY OF SUNNYVALE

HOME INVESTMENT PARTNERSHIPS ("HOME") PROGRAM

LOAN AGREEMENT BETWEEN THE CITY OF SUNNYVALE AND MP EAST

MAUDE ASSOCIATES, L.P.

This HOME Loan Agreement (the "Agreement") is made as of June 1st, 2014 by and between City of Sunnyvale, a municipal corporation (the "Lender"), and MP East Maude Associates, LP, a California limited partnership ("Borrower"), and shall be effective as of June 1, 2014 (the "Effective Date").

RECITALS

A. The Borrower intends to develop fifty-eight (58) apartments and parking (the "Project") on that portion of the parcel located at 620 E. Maude Avenue in Sunnyvale leased to Borrower by the City of Sunnyvale pursuant to a Ground Lease dated June 26, 2013 (the "Ground Lease"), as more particularly described in Exhibit A, attached hereto (the "Property"), to provide affordable housing for lower-income households.

B. The Project will consist of fifty-eight (58) apartments (the "Units"). Ten (10) of these Units shall be "Assisted Units", subject to the federal HOME Program regulations and this Agreement. The Assisted Units shall be subject to the HOME Program "Low Rents" and made available and affordable to Very Low-Income Households, as defined herein.

C. The Borrower has applied to the Lender for a loan in the amount of One Million Three Hundred Thousand Dollars (\$1,300,000) (the "Loan") to assist the Borrower in the development of ten (10) Assisted Units in the Project.

D. On May 7, 2013, the City Council of the City of Sunnyvale approved a loan of up to \$1,300,000 in HOME funds to the Borrower, which will be used to assist in the development of the Assisted Units in accordance with the terms of this Agreement, including the Project Budget, Schedule, and Description set forth in Exhibits B – D.

E. The Loan will be provided by the Lender in accordance with federal laws and regulations governing the HOME Program as set forth in the Cranston-Gonzales National Housing Act of 1990, 42 U.S.C. 12741 et seq., and 24 CFR Part 92, all as amended from time to time.

F. As a condition of the Loan, the Borrower will enter into and record a HOME Program regulatory agreement with Lender (the "Regulatory Agreement") which will regulate the Assisted Units to ensure that they are occupied by and affordable to very low-income households for the term of the Loan.

G. The Lender completed its environmental review of the Project pursuant to the National Environmental Policy Act (24 U.S.C. Section 4321 et seq.) and its implementing regulations ("NEPA"), and made a Finding of No Significant Impact for the Project pursuant to 24 CFR 58.43(a). Lender also reviewed the Project pursuant to the California Environmental Quality Act ("CEQA") and has filed a Negative Declaration pursuant to Public Resources Code Section 21080(c).

NOW THEREFORE, IN CONSIDERATION of recitals hereof and other the mutual agreements, obligations, and representations, and in further consideration for the making of the Loan, the Borrower and Lender hereby agree as follows:

**ARTICLE I
AGREEMENT
LOAN TERMS**

1.1 **Loan and Security.** The Lender agrees to loan and the Borrower agrees to borrow an amount not to exceed One Million Three Hundred Thousand Dollars (\$1,300,000) of HOME funds (the "Loan"), subject to the conditions and terms of this Agreement. The Loan shall be evidenced by a promissory note (the "Note") executed by Borrower, and shall be secured by a deed of trust (the "Deed of Trust") and Regulatory Agreement dated concurrently with the Effective Date, and both of which are also recorded against the Property. This Agreement, the Note, Deed of Trust, and Regulatory Agreement shall be collectively referred to as the "HOME Loan Documents".

1.2 **Interest.**

(a) Subject to the provisions of Section 1.2(b) below, the outstanding principal balance of the Loan shall bear an interest rate of zero percent (0%) until Project Completion, evidenced by the issuance of a Certificate of Occupancy for the Project. Commencing on the date of issuance of the Certificate of Occupancy ("Commencement Date"), the principal amount under the Note shall bear simple interest at the rate of three percent (3%) per annum.

(b) In the event of a Default, interest on the Loan shall begin to accrue, as of the date of default and continuing until such time as the Loan funds are repaid in full or the default is cured, at the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law.

1.3 Term of Agreement. The term of this Agreement shall commence upon the Commencement Date and remain in full force and effect and shall apply to the Project through and including the date which is fifty-five (55) years following the Commencement Date, unless terminated earlier pursuant to the terms of this Agreement.

1.4 Loan Repayment.

(a) Loan Principal. The Loan Principal shall consist of all amounts disbursed under this Agreement, not to exceed **One Million Three Hundred Thousand Dollars (\$1,300,000)**, which shall bear simple interest at **three percent (3%)** per annum, beginning upon the Commencement Date. All payments of principal and interest shall be deferred for a period of two years after initial occupancy of the Project. Residual receipts payments shall become due and payable annually thereafter, as described further in the Promissory Note. The balance of any remaining unpaid principal and accrued interest shall be due in full no later than the end of the Term.

(b) Early Repayment. Notwithstanding the provisions of subsection 1.4(a), the unpaid principal balance of the Loan, together with any unpaid interest due thereon, shall be due and payable in full upon the earliest of the following to occur: Any refinancing, sale, transfer or other disposition of the Property or the Project, or any interest therein not permitted under Section 7.21 below ; or declaration by the City of a default under this Agreement pursuant to Section 4.02 below and pursuant to the Promissory Note, which remains uncured after all applicable cure periods. The Borrower may prepay the Loan at any time without premium or penalty, however this Agreement and the Regulatory Agreement shall remain in effect for the entire Loan Term, regardless of any prepayment.

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

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

(b) The Borrower is performing its obligations under the Ground Lease between the City of Sunnyvale as Landlord and MidPen Housing Corporation as Tenant, dated June 26, 2013, which was assigned to Borrower by Tenant on May 30, 2013 (the "Ground Lease");

(c) A title insurer reasonable acceptable to the Lender is unconditionally and irrevocably committed to issuing an LP-1- ALTA Lender's Policy of title insurance insuring the priority of the Deed of Trust in the amount of the Loan, subject only to such exceptions and exclusions as may be reasonably acceptable to the Lender, and containing such endorsements as the Lender may reasonably require.

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

- (1) This Agreement shall be executed by the Borrower and the Lender and recorded in the records of the County of Santa Clara (the "County");
- (2) The Note shall be executed by Borrower and delivered to the Lender;
- (3) The Deed of Trust shall be executed by Borrower and recorded in the records of the County;
- (4) The Regulatory Agreement shall have been executed by Borrower and the Lender and recorded in the records of the County;

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

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

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

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

(i) The Lender has determined that the undisbursed proceeds of the Loan, together with other funds or firm commitments for funds that the Borrower has obtained in connection with the Project, are not less than the amount that is necessary to pay for the Project and to satisfy all of the covenants contained in this Agreement and the Regulatory Agreement.

(j) The Lender has received a written draw request from the Borrower, including certification by the Borrower that the condition set forth in Section 1.5(a) is satisfied, setting forth the expenses previously incurred for which reimbursement is requested in connection with the development costs of the Project, consistent with the Project Budget, the amount of funds needed, and a copy of the bill or invoice covering the applicable cost. The Borrower shall apply all disbursements for the purpose requested.

(k) The Borrower shall submit its Affirmative Marketing Policies and Procedures for the Lender's review and approval.

1.6 Compliance with HOME Program Requirements. The Borrower agrees that at all times its acts regarding the Project and the use of funds provided herein shall be in conformity with all provisions of the HOME Program including the statutes, rules and regulations and such policies and procedures of HUD pertaining to the HOME Program as may be amended from time to time. The Borrower acknowledges that it is familiar with such applicable provisions and has been professionally advised to the extent necessary for the purpose of enabling the Borrower to fully comply with such provisions.

1.7 Use of Funds.

(a) The Borrower shall use the HOME Funds for the reimbursement of eligible costs incurred to develop the Assisted Units, as described in the Project Budget, attached hereto as Exhibit B.

(b) The Borrower agrees that it will not use the HOME Funds pursuant to this Agreement, either directly or indirectly, as a contribution in order to obtain any other federal funds under any other federal program without prior written approval of the Lender.

(c) The Borrower agrees to be additionally liable for repayment of any disbursed Loan proceeds subsequently determined to be disallowed costs. Disallowed costs may be identified through audits, monitoring or other sources. The Lender shall make the final determination of disallowed costs subject to provisions of applicable HOME regulations.

1.8 Regulatory Agreement. In connection herewith, the Borrower shall execute and record a Regulatory Agreement which shall regulate ten (10) Units of the Project as HOME-assisted Very Low-Income Units (the "Assisted Units") to ensure that they are occupied by and affordable to Very Low-Income Households, or if vacant, made available to Very Low-Income households for a term of fifty-five (55) years from the Effective Date. These affordability requirements shall apply without regard to the term or repayment of the Loan or the transfer of ownership, and shall run with the land.

1.9 Subordination. The Deed of Trust and/or Regulatory Agreement may be subordinated to deed(s) of trust securing the loans in the amounts set forth in the Project Budget, (each, a "Senior Loan"), subject to the following conditions:

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

(b) The subordination agreement(s) must be structured to minimize the risk that the Deed of Trust and/or Regulatory Agreement would be extinguished as a result of a foreclosure by the holder of the Senior Loan. To satisfy this requirement, the subordination agreement must provide the Lender with adequate rights to cure any defaults by Borrower, including:

(i) providing the Lender or its successor with copies of any notices of default at the same time and in the same manner as provided to Borrower; and (ii) providing the Lender with a cure period of at least sixty (60) days to cure any default.

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

(d) No subordination may limit the effect of the Deed of Trust and/or Regulatory Agreement before a foreclosure, nor require consent of the holder of the Senior Loan to exercise any remedies by Lender under the Loan Documents.

(e) Upon a determination by the City Manager that the conditions in this Section have been satisfied, the City Manager or his/her designee will be authorized to execute the approved subordination agreement without the necessity of any further action or approval by Council.

ARTICLE II. LOAN REQUIREMENTS

2.1 Hazardous Materials.

(a) Borrower shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of any federal, state or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about the Property including, but not limited to, soil and ground water conditions. Borrower shall not use, generate, manufacture, store or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including without limitation, any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal or state laws or regulations (collectively referred to hereinafter as "Hazardous Materials") except such of the foregoing as may be customarily used in construction of projects like the Project or kept and used in and about property of this type.

(b) Borrower shall immediately advise the Lender in writing if at any time it receives written notice of (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Borrower or the Property pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials, ("Hazardous Materials Law"); (ii) all claims made or threatened by any third party against Borrower or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are hereinafter referred to as "Hazardous Materials Claims"); and (iii) Borrower's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as "border-zone property" under the provision of California Health and Safety Code, Sections 25220 et seq. or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on

the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

(c) The Lender shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Borrower. Borrower shall indemnify and hold harmless the Lender and its council members, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property including without limitation: (a) all foreseeable consequential damages; (b) the costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and (c) all reasonable costs and expenses incurred by the Lender in connection with clauses (a) and (b), including but not limited to reasonable attorneys' fees. This obligation to indemnify shall survive termination of this Agreement.

(d) Without the Lender's prior written consent, which shall not be unreasonably withheld, Borrower shall not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in the Lender's reasonable judgment, impair the value of the Lender's security hereunder; provided, however, that the Lender's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain the Lender's consent before taking such action, provided that in such event Borrower shall notify the Lender as soon as practicable of any action so taken. The Lender agrees not to withhold its consent, where such consent is required hereunder, if either (i) a particular remedial action is ordered by a court of competent jurisdiction, (ii) Borrower will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Borrower establishes to the reasonable satisfaction of the Lender that there is no reasonable alternative to such remedial action which would result in less impairment of the Lender's security hereunder; or (iv) the action has been agreed to by the Lender.

(e) Borrower hereby acknowledges and agrees that (i) this Section is intended as the Lender's written request for information (and Borrower's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Agreement (together with any indemnity obligation applicable to a breach of any such representation and warranty) with respect to the environmental condition of the Property is intended by the Parties to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

(f) In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section

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

2.2 Maintenance and Damage.

(a) During the operation of the Project, Borrower shall maintain the Project and the Property in good repair and in a neat, clean and orderly condition. If there arises a condition in contravention of this requirement, and if Borrower has not cured such condition within thirty (30) days after receiving a Lender notice of such a condition, then in addition to any other rights available to the Lender, the Lender shall have the right to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Property.

(b) Subject to the requirements of Senior Lenders, and if economically feasible in the Lender's reasonable judgment, if any improvement now or in the future on the Property is damaged or destroyed, then Borrower shall, at its cost and expense, diligently undertake to repair or restore such improvement consistent with the plans and specifications approved by the Lender with such changes as have been approved by the Lender. Such work or repair shall be commenced no later than the later of one hundred twenty (120) days after the damage or loss occurs or thirty (30) days following receipt of the insurance proceeds, and shall be completed within one (1) year thereafter. Any insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, then Borrower shall make up the deficiency.

2.3 Fees and Taxes.

Borrower shall be solely responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property or the Project to the extent owned by Borrower, and shall pay such charges prior to delinquency. However, Borrower shall not be required to pay and discharge any such charge so long as (a) the

legality thereof is being contested diligently and in good faith and by appropriate proceedings, and (b) if requested by the Lender, Borrower deposits with the Lender any funds or other forms of assurance that the Lender in good faith from time to time determines appropriate to protect the Lender from the consequences of the contest being unsuccessful.

2.4 Notice of Litigation.

Borrower shall promptly notify the Lender in writing of any litigation materially affecting Borrower or the Property and of any claims or disputes that involve a material risk of such litigation.

2.5 Operation of Project.

(a) Borrower shall operate the Assisted Units within the Project as affordable rental apartments for very low-income households consistent with (i) HUD's requirements for use of the HOME Funds, and (ii) the Regulatory Agreement.

(b) Borrower shall submit its proposed form of lease agreement for the Lender's review and approval. The term of the form of lease agreement shall be for no less than one (1) year, except by mutual agreement between Borrower and the Tenant, and shall not contain any provision which is prohibited by 24 CFR 92.253(b) and any modifications thereto. Any Borrower termination of a lease agreement or refusal to renew must be in conformance with 24 CFR 92.253(c), and must be preceded by not less than thirty (30) days written notice to the tenant by the Borrower specifying the grounds for the action.

(c) The Borrower must determine the eligibility of each prospective Tenant of the Assisted Units pursuant to the Lender's approved tenant certification procedures within sixty (60) days before the prospective Tenant's expected occupancy of one of the Assisted Units. The Borrower shall re-certify the income of each Tenant of the Assisted Units on an annual basis.

(d) The maximum household income of Tenants occupying the Assisted Units in the Project and the total charges for rent, utilities, and related services to each Tenant occupying an Assisted Unit shall not exceed the applicable HOME Program rent and income limits provided in the Regulatory Agreement.

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

2.7 Hazard and Liability Insurance. The Borrower shall at all times cause the Project to be insured against loss by fire, flood (as required pursuant to 24 CFR 92.358), and such other hazards, casualties, liabilities and contingencies, and in such amounts and for such periods as are reasonably acceptable to the Lender. All insurance policies and renewals thereof shall be issued

by a carrier and in a form acceptable to the Lender. Property insurance policies shall name the Lender as an additional insured, as approved by the Lender.

2.8 Hold Harmless. The Borrower and its successors in interest agree to indemnify, defend, and hold harmless the Lender and its agents, employees, volunteers and officers from any and all claims, losses, liabilities or causes of action (including reasonable attorney's fees) arising from or in connection with the Borrower's management, maintenance or operation of the Project; provided, however, the Borrower's obligations to indemnify and hold harmless shall not apply in the event of the Lender's gross negligence or willful misconduct.

2.9 Annual Report. The Borrower shall file with the Lender an annual report, as required by 24 CFR 92, no later than 60 days following the end of each fiscal year. The report shall contain a certification by the Borrower as to such information as the Lender may then require including, but not limited to, the following:

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

(b) The occupancy of the Assisted Units, including:

(1) the verified income of each current tenant; and

(2) the current rent charged each tenant and whether these rents include utilities.

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

(d) Other information reasonably required by the Lender or HUD, including the fiscal condition of the Borrower showing a financial statement for the previous fiscal year that includes a balance sheet and a profit and loss statement indicating any surplus or deficit in operating accounts; a detailed, itemized listing of income and expenses; and the amount of any fiscal reserves. Such financial statement shall be prepared in accordance with the requirements of the Lender and HUD. The Lender may require that the financial statement be audited at the Borrower's expense by an independent certified public accountant acceptable to the Lender or other person designated by the Lender. Such financial statement shall be the basis for determining the Lender's share of any residual receipts generated by the Project and any residual receipts payments due to Lender for the applicable fiscal year, as described in Section 1.4 herein and in the HOME loan documents

2.10 Lender Review and Inspections.

(a) Upon not less than 72 hours' notice to the Borrower, the Lender and HUD may at any time during the term of this Agreement, enter and inspect the physical premises and inspect all accounting records pertaining to the development or operation of the Project. Upon request

by the Lender, the Borrower shall notify occupants of upcoming inspections of their units in accordance with State Law.

(b) The Lender may request any other information that it deems necessary to monitor compliance with requirements set forth in this Agreement. Such information shall be promptly provided by the Borrower.

(c) Borrower shall preserve and make available its records related to receipt and use of Loan proceeds until the expiration of five years from the date of the final disbursement of Loan proceeds, or for such longer period, if any, as is required by law. Borrower shall preserve and make available its records related to occupancy and rent requirements until the expiration of five years from the end of the calendar year to which such records pertain, or for such longer period, if any, as is required by law. If this Agreement is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of five years from the date of any resulting final settlement.

2.11 Restrictions on Sale, Encumbrance, and Other Acts.

(a) The Borrower shall not make any sale, encumbrance, hypothecation, assignment, pledge, conveyance, or transfer in any form of the Project or of any its interest therein, except with the prior written approval of the Lender.

(b) Except for a transfer under 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 Project or any portion thereof to other than the Borrower, unless such disposition of the Project has been first approved in writing by the Lender, as evidenced by the signature of the Lender Manager, and approved as to form by the Lender Attorney; or 2) the declaration by the Lender of a default as described and subject to the cure periods in Article 3 below.

(c) The Borrower shall not permit the use of the Project for any purpose other than that permitted by this Agreement without the prior written approval of the Lender.

(d) The Lender may approve a sale, transfer or conveyance provided that all of the following conditions are met:

- (1) the Borrower is in compliance with the Regulatory Agreement or the sale, transfer or conveyance will result in the cure of any existing violations of the Regulatory Agreement;
- (2) the transferee agrees to assume all obligations of the Borrower pursuant to the Regulatory Agreement and the HOME Program;
- (3) the transferee demonstrates to the Lender's satisfaction that it can own and operate the Project in full compliance with all HOME Program requirements;

- (4) any terms of the sale, transfer or conveyance shall not threaten the Lender's security, repayment of the Loan or the successor's ability to comply with all HOME Program requirements; and
- (5) any transferee demonstrates to the Lender's satisfaction that it has the management and financial capacity to own and operate the Project.

(e) The Lender may grant its approval for a sale, transfer or conveyance subject to such terms and conditions as may be necessary to ensure compliance with HOME Program requirements.

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

ARTICLE III. DEFAULTS AND REMEDIES

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

(a) Failure to Complete Project. Failure of Borrower to complete development of the Project by the date provided in Exhibit C "Project Schedule."

(b) Occupancy of Assisted Units. Failure of Borrower to complete and lease Assisted Units to income-eligible households within 18 months of Project completion.

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

(d) Breach of Covenants. Failure by Borrower to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of the Loan Documents, and such failure having continued uncured for thirty (30) days after receipt of written notice thereof from the Lender to the Borrower or, if the breach cannot be cured within thirty (30) days, the Borrower shall not be in breach so long as Borrower is diligently undertaking to cure such breach and such breach is cured within ninety (90) days; provided, however, that if a different period or notice requirement is specified under any other section of this Article 3, the specific provisions shall control.

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

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

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

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

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

(j) Unauthorized Transfer. Any transfer other than as permitted by Section 2.11.

(k) Representation or Warranty Incorrect. Any Borrower representation or warranty contained in this Agreement, or in any application, financial statement, certificate, or report submitted to the Lender in connection with any of the Loan Documents, proving to have been incorrect in any material respect when made.

3.2 Remedies.

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

(a) Acceleration of Note. The Lender shall have the right to cause all indebtedness of the Borrower to the Lender under this Agreement and the Note, together with any accrued interest thereon, to become immediately due and payable. The Borrower waives all right to presentment, demand, protest or notice of protest or dishonor. The Lender may proceed to

enforce payment of the indebtedness and to exercise any or all rights afforded to the Lender as a creditor and secured party under the law including the Uniform Commercial Code, including foreclosure under the Lender Deed of Trust. The Borrower shall be liable to pay the Lender on demand all reasonable expenses, costs and fees (including, without limitation, reasonable attorney's fees and expenses) paid or incurred by the Lender in connection with the collection of the Loan and the preservation, maintenance, protection, sale, or other disposition of the security given for the Loan.

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

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

3.3 Right of Contest.

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

3.4 Remedies Cumulative.

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

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

3.6 Limited Partner Notice and Cure. The exercise by Lender of its rights and remedies under the HOME Loan Documents shall be subject to the rights of Borrower's limited partner under Section 8(b) of the Note.

ARTICLE IV. HOME PROGRAM REQUIREMENTS

4.1 HOME Laws and Regulations. The Borrower shall comply with all applicable laws and regulations governing the HOME Program and the use of the HOME Loan, as set forth in 24 CFR Part 92 et seq., including (but not limited to) the requirements set forth in the Regulatory Agreement. In the event of any conflict between this Agreement and applicable laws and regulations governing the HOME Program and the use of the Loan proceeds, the applicable HOME Program laws and regulations shall govern. The Borrower agrees to enter into any modification of this Agreement and/or the Regulatory Agreement reasonably required by the Lender to attain compliance with the requirements of the HOME Program. The Borrower acknowledges and agrees that it has received and reviewed a copy of the regulations regarding the HOME Program in effect as of the date of execution of this Agreement.

4.2 Specific Requirements. The laws and regulations governing the HOME Program and the use of the HOME Loan include (but are not limited to) the following, as may be amended from time to time:

(a) Environment and Historic Preservation. Section 104(f) of the Housing and Community Residence Act of 1974 and 24 CFR Part 58, which prescribe 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 C.F.R. 58.5.

(b) Applicable OMB Circulars. The applicable policies, guidelines, and requirements of OMB Circulars Nos. A-87, A-102 (Revised), A-110, A-122, and A-128, or successor regulations..

(c) Architectural Barriers. The requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157).

(d) Lead-Based Paint. The requirements of the Lead-Based Paint Poisoning Prevention Act, as amended (42 U.S.C. 4821 et seq.) and implementing regulations at 24 CFR Part 35.

(e) Relocation. The requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and similar state laws. If and to the extent that development of the Project results in the permanent or temporary displacement of residential tenants, homeowners, or businesses, then the Borrower shall comply with all applicable local, state and federal statutes and regulations with respect to relocation planning, advisory assistance and payment of monetary benefits. The Borrower shall be solely responsible for payment of any relocation benefits to any displaced persons and any other obligations associated with complying with such relocation laws.

(f) Disabled Access. The requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 706), and federal regulations issued pursuant thereto (24 CFR Part 8), which prohibit discrimination against the disabled in any federally assisted program.

(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) Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3601-20 (Public Law 90-284) and implementing regulations at 24 CFR Part 107.

(i) Executive Order 11063 and regulations at 24 CFR Part 107.

(j) Title VI of the Civil Rights Act of 1964 (Public Law 88-352) and regulations at 24 CFR Part 107.

(k) The Age Discrimination Act of 1975, 42 U.S.C. 6101-07, and regulations at 24 CFR Part 146.

(l) Executive Order 12372 and implementing regulations at 24 CFR Part 52, regarding intergovernmental review of federal programs.

(m) Flood Disaster Act of 1973, 42 U.S.C. 4001, et seq.

(n) Drug Free Workplace Act of 1988, P.L. 100-690, Title V, Subtitle D.

(o) Any other Department of Housing and Urban Development regulations currently in effect or as may be amended or added in the future pertaining to the HOME Program.

(p) The Fair Housing Act (42 U.S.C. 3601-3620)(Pub. L. 90-284) as it ensures fair housing practices and prohibits housing discrimination based on race, color, religion, sex, national origin, handicap, or familial status.

(q) Section 109 of the Housing and Community Development Act of 1974, as amended; and the regulations issued pursuant thereto at 24 CFR Section 470.601 as it relates to prohibiting discriminatory actions in activities funded by Community Development Funds.

(r) Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086 and 12107 (Equal Employment Opportunity) and implementing regulations issued at 41 CFR Chapter 60 and Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), as amended and implementing regulations at 24 CFR part 135 as they relate to equal employment opportunities.

(s) Executive Orders 11625 and 12432 (concerning minority business enterprise) and 12138 (concerning women's business enterprise) to encourage the use of women and minority owned businesses to the maximum extent possible.

(t) Use of debarred, suspended, or ineligible contractors or subrecipients is prohibited directly or indirectly as part of this award as set forth in 24 CFR part 5.

(u) No member, officer or employee of the organization, or its designees or agents, no member of the governing body of the locality in which the program is situated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the program during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the loan, and the Borrower shall incorporate, or cause to be incorporated, in all such contracts or subcontracts a provision prohibiting such interest pursuant to the purposes of the certification.

(v) There shall be no religious worship, instruction, or proselytizing as part of, or in connection with the performance of this agreement.

(w) Davis Bacon. All contracts for new construction or rehabilitation projects with 12 or more HOME-assisted units shall comply with HUD requirements and the applicable requirements of the regulations of the Department of Labor under 29 CFR Parts 1, 3, and 5 governing the payment of wages and the ratio of apprentices and trainees to journeypersons.

(x) Affirmative Marketing. The requirements of the City of Sunnyvale's affirmative marketing policies and procedures as contained in the City of Sunnyvale's Consolidated Plan which is in accordance with 24 CFR Part 92.351.

(y) Property Standards. The HOME assisted units must meet all applicable state and local housing quality standards and code requirements.

(z) Affordability. The Assisted Units must conform to 24 CFR Part 92.252 including compliance with the HOME "low" rent limits.

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

(bb) Successor Rules. In the event HUD ceases to provide definitions, determinations and calculations under the HOME 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 Lender 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 HOME Program.

(cc) Verification of Citizenship, Qualified Alien Status and Eligibility Under Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Title IV regulations require that an applicant for public benefits is a qualified alien eligible to receive federal public benefits under the Act. According to Section 401 of PRWORA, a "Federal Public Benefit" includes "any grant, contract, loan, professional license or commercial license" provided to an individual, which includes public or assisted housing.

4.3 Certification Regarding Lobbying. The undersigned certifies, to the best of his or her knowledge and belief, that:

(a) No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

(b) If any funds other than federally appropriated funds have been paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure form to Report Lobbying" in accordance with its instructions.

4.4 Non-Religious Activity. In addition to, and not in substitution for, other provisions of this Agreement regarding the provision of services with funds, pursuant to Title II of the Housing and Community Development Act of 1990, as amended, the Borrower:

(a) Represents that it is not, or may not be deemed to be, a religious or denominational institution or organization or an organization operated for religious purposes which is supervised or controlled by or in connection with a religious or denominational institution or organization; and,

(b) Agrees that, in connection with such services:

- (1) It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion;

- (2) It will not discriminate against any person applying for housing on the basis of religion and will not limit such services or give preference to persons on the basis of religion;
- (3) It will provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing, and exert no other religious influence on or in the Project Property; and,
- (4) The common portion of the Project Property shall contain no sectarian or religious symbols or decorations.

4.5 Disclosure of Confidential Tenant Information. To the extent allowed by law, Lender agrees to maintain the confidentiality of any information regarding Tenants or applicants for residency under this Project, or their immediate families, pursuant to this Agreement, which may be obtained through application forms, interviews, tests, reports, from public agencies or counselors, or any other source. Without the written permission of the applicant, such information shall be divulged only as necessary for purposes related to the performance or evaluation of the services and work to be provided pursuant to this Agreement, and then only to persons having responsibilities under the Agreement, including those furnishing services under the Project through subcontracts.

ARTICLE V. MISCELLANEOUS PROVISIONS

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

5.2 Nondiscrimination. The Borrower shall not discriminate against any prospective tenant in the use, enjoyment, occupancy, conveyance, lease, sublease, or rental of any part of the Project on the basis of race, color, ancestry, national origin, religion, sex, sexual preference, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC), or any other arbitrary basis. The Borrower shall otherwise comply with all applicable local, state, and federal laws concerning discrimination in housing.

5.3 Hold Harmless.

(a) The Borrower hereby agrees to, and shall, hold Lender, its elective and appointive boards, officers, agents and employees, harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for property damage which may arise from the Borrower's operations under this Agreement, whether such operations be by the Borrower or subcontractor, or by any one of more persons directly or indirectly employed by,

or acting as agent for, the Borrower or any subcontractor. The Borrower agrees to, and shall, hold the Lender, its elective and appointive boards, officers, agents and employees harmless from any suits or actions at law or in equity for damages caused, or alleged to have been caused, by reason of any of the aforesaid operations.

(b) The Borrower agrees to provide all costs of any necessary legal defense and all attorney's fees incurred in defending any claim, whether or not actually filed in any court.

5.4 Amendment. This Agreement may be amended only by a writing signed by authorized representatives of the Lender and the Borrower. The City Manager, or designee of the City Manager, shall be authorized to act on behalf of the Lender.

5.5 Notice. Any notice required or authorized under this Agreement shall be effective if, and only if, in writing and if, and only if, mailed, postage prepaid, by registered or certified mail, to the party in question at the address shown below:

Lender: City of Sunnyvale
P. O. Box 3707
Sunnyvale, CA 94088-3707
Attn: Housing Officer

Borrower: MP East Maude Associates, LP
303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Attn: President

With a copy to investor limited partner at the address to be provided by Borrower.

5.6 No Waiver. No failure to enforce or delay in enforcing or exercising any right or remedy available under this Agreement shall impair the exercise of such right or remedy or the exercise of a similar right or remedy on a subsequent occasion.

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

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

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

5.10 Attorneys' Fees. The prevailing party shall be entitled to receive the amount of its legal expenses, including reasonable attorneys' fees, expert legal fees and other legal costs and

expenses, in the event of any legal action brought under or to enforce the provisions of this Agreement.

5.11 No Third Party Beneficiary. Except for the rights of Borrower's limited partner described in Section 3.6, this Agreement shall not be construed or deemed to be an agreement for the benefit of any third party or parties, and no third party or parties shall have any claim or right of action hereunder for any cause whatsoever.

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

5.13 Venue. In the event that suit shall be brought by any Party to this Agreement, the Parties agree that venue shall be exclusively vested in the state courts of the County of Santa Clara, or where otherwise appropriate, exclusively in the United States District Court, Northern District of California, San Jose, California.

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

LENDER:

City of Sunnyvale, a municipal corporation

By: _____

Its: _____

BORROWER:

MP EAST MAUDE ASSOCIATES, L.P.
a California limited partnership

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

By: MID-PENINSULA THE FARM, INC., a
California nonprofit public benefit
corporation, its sole member/manager

By: _____
Its: Assistant Secretary

APPROVED AS TO FORM

City Attorney

STATE OF CALIFORNIA

)
)

COUNTY OF SANTA CLARA)

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

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

WITNESS my hand and official seal.

Notary Public

STATE OF CALIFORNIA)
)
COUNTY OF SANTA CLARA)

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

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

WITNESS my hand and official seal.

Notary Public

EXHIBIT A

Legal Description

MidPen Armory Apartments

Legal Description for a Lease Parcel

The land referred to is situated in the County of Santa Clara, City of Sunnyvale, State of California, and is described as follows:

LEASE AREA 1

(Family Housing – MidPen Development)

BEING PORTIONS OF LOTS 2 AND 3 OF BLOCK 5, AS SHOWN ON THAT CERTAIN MAP ENTITLED “MAP OF THE FAIROAKS ADDITION TO THE TOWN OF SUNNYVALE”, FILED IN BOOK “L” OF MAPS AT PAGE 4, SANTA CLARA COUNTY RECORDS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS;

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 2 AND THENCE ALONG THE LINE DIVIDING LOTS 1 AND 2 OF SAID “MAP OF THE FAIROAKS ADDITION...” NORTH 14° 52’ 00” EAST 313.62 FEET, MORE OR LESS, TO THE SOUTHERLY RIGHT OF WAY OF EAST MAUDE AVENUE;

THENCE ALONG SAID RIGHT OF WAY SOUTH 67° 32’ 00” EAST 184.62 FEET TO A LINE PARALLEL WITH AND DISTANT 183.00 FEET FROM THE WESTERLY LINE OF SAID LOT 2;

THENCE ALONG SAID PARALLEL LINE SOUTH 14° 52’ 00” WEST 289.20 FEET, MORE OR LESS, TO THE SOUTHERLY LINE OF SAID LOT 3 OF SAID MAP;

THENCE ALONG SAID LINE NORTH 75° 08’ 00” WEST 183.00 FEET TO THE POINT OF BEGINNING.

APN: Portion 205-29-014

EXHIBIT B
Project Budget

SOURCES

Source	Amount
Conventional Mortgage	1,391,000
City of Sunnyvale Housing Mitigation Fund Loan	4,100,000
Tax Credit Investor Contributions (9% Federal Tax Credits and CA State Credits)	17,817,531
County Mental Health Services Act (MHSA) Funds	148,000
County of Santa Clara CDBG Funds	254,000
City of Sunnyvale HOME Funds	1,300,000
County of Santa Clara HOME Funds	190,380
Federal Home Loan Bank Affordable Housing Program (AHP) Funds	500,000
Sponsor Equity/Deferred Fee	200,000
TOTAL	\$25,900,911

USES

Use	Amount
Construction and related hard or soft development costs	1,391,000
Acquisition (Lease Payment) and Related Development Expenses (hard or soft development costs)	4,100,000
Construction and related hard or soft development costs	17,817,531
Construction and related hard or soft development costs	148,000
Acquisition costs and/or related soft costs	254,000
Construction, environmental remediation, and other HOME-eligible development costs	1,300,000
Construction and related hard or soft development costs	190,380
Construction and related hard or soft development costs	500,000
	200,000
TOTAL	\$25,900,911

EXHIBIT C
Project Schedule

	Milestone	Date of Completion
1	Provider submits first application for Low Income Housing Tax Credits	March 2014
2	Provider commences construction of Project	December 2014
3	Provider completes construction of Project.	One year following commencement of construction of Project
4	Provider commences operation of Project by placing first homeless housing unit in service.	Upon certification of occupancy for first housing unit.
5	Provider places the last homeless housing unit in service.	Five (5) years from Lease of Armory Property to Providers with additional extensions depending on need, as provided in Section 3 above.

EXHIBIT D

Project Description

The project is located at 620 E. Maude Avenue and consists of constructing on the Leased Parcel fifty-eight (58) units of rental housing and a parking structure containing approximately ninety-three (93) parking spaces to serve the rental housing. The overall development shall consist of one building over a single-story, at-grade podium parking garage. The building consists of 58 residential units, including 27 one-bedroom units, 12 two-bedroom units and 19 three-bedroom units, together with a laundry room, computer room, and outdoor play area.