

**LOAN AGREEMENT WITH  
FAMILY SERVICE AGENCY  
TO ASSIST IN THE PURCHASE OF REAL PROPERTY**

**THIS AGREEMENT**, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2002, by and between the **COUNTY OF SAN MATEO**, a political subdivision of the State of California, ("County"), and **FAMILY SERVICE AGENCY**, a California non-profit Corporation, ("Borrower").

**WITNESSETH**

**WHEREAS**, the County offers a program to assist non-profit health and human service agencies to acquire property for administrative and service delivery space; and

**WHEREAS**, Borrower is a non-profit agency providing a variety of services to low income families in the County of San Mateo; and

**WHEREAS**, Borrower desires to acquire permanent administrative and/or service delivery space that protects them from rapidly rising rent and allows for expansion and consolidation of their services; and

**WHEREAS**, Borrower desires to purchase a building at 18-34 2<sup>nd</sup> Avenue, San Mateo; and

**WHEREAS**, it is estimated that annual real property costs in connection with acquisition of said property, including mortgage, utility, insurance and other occupancy costs, can be significantly reduced with the assistance of a low cost loan from the County; and

**WHEREAS**, the County desires to assist Borrower in their purchase by providing a loan in the amount of \$725,000;

**NOW, THEREFORE**, in consideration of the terms, covenants and agreements herein set forth, the parties do hereby agree as follows:

**1. PROPERTY**

Funds provided under this Agreement shall be applied toward the acquisition of real property located at 18-34 2<sup>nd</sup> Avenue, San Mateo, and more particularly described on Exhibit "A" attached hereto and incorporated herein ("Property"). Said Property consists of an 11,500 square foot lot with an 18,232 square foot, two story building.

**2. FUNDING**

The funding provided under this Agreement is provided to Borrower as a fully amortizing loan with repayment terms and security described as follows:

- a. Borrower represents the purchase price of Property including closing and renovation costs shall be \$5,742,000.
- b. The County loan amount shall be \$725,000.
- c. Prior to any disbursement of funds by County through escrow, Borrower shall execute and deliver a note ("Promissory Note") and Deed of Trust in favor of the County in an amount equal to \$725,000 to secure the performance of all terms and conditions of this Agreement and the Promissory Note. The Deed of Trust shall be secured by the subject Property described in Exhibit A and be recorded in the County of San Mateo Recorder's Office. The term of the Promissory Note and Deed of Trust shall begin from the date of the close of escrow and extend for Fifteen (15) Years beginning from the date of execution of the Deed of Trust unless accelerated under the terms of this Agreement or the Promissory Note. The Promissory Note and Deed of Trust, both of which shall be approved by the County Counsel as to form, shall be executed prior to any disbursement of funds under this Agreement.
- d. Funding provided under this Agreement shall be used solely for real property acquisition, closing costs, and other costs approved in writing by County Office of Housing, associated with the acquisition of the Property. None of the funds under this Agreement shall be used for salary, fringe benefits or other compensation of employees of Borrower and/or its affiliates, or for any other purposes whatsoever.
- e. County shall deposit the loan funds for acquisition of the Property directly into escrow together with enabling escrow instructions. Escrow shall be held by a mutually agreed escrow holder.
- f. In no event shall the financing provided under this Agreement exceed fifty percent (50%) of the total financing for acquisition of the Property.

### **3. USE AND USE RESTRICTIONS**

- a. Borrower shall initially occupy approximately 12,000 sq. ft. of the available building for use as administrative office space and general service delivery space. Approximately 4,300 sq. ft. will be leased out to others in accordance with the County's Real Property Loan Policy for Non-Profit Agencies, approved by the Board of Supervisors on September 11, 2001, by Resolution No. 64721, which terms and conditions are hereby incorporated herein by reference.
- b. Borrower shall, at all times during the term of the loan provided under this Agreement, comply with all terms and conditions of the County's Real Property Loan Policy for Non-Profit Agencies. Any failure to comply with such terms and conditions, after written notice and a 30 day opportunity to cure, shall be grounds to declare a default and accelerate the Promissory Note in accordance with Section 7 of this Agreement.
- c. At least 85% of the space of the Property shall be used for the purposes referred to in Section 3.a. of this Agreement by Borrower and other qualified non-profits agencies providing health and human services in San Mateo County. All leases for space not

occupied by Borrower shall require prior written approval by the County's Director of the Human Services Agency, which approval shall not be unreasonably withheld. Rent for non-profit tenants whose use is consistent with the County's Real Property Loan Policy for Non-Profit Agencies shall be at reasonable rates, which balance market rents with the value of the services provided by the nonprofit. Rent for other non-profits agencies or other tenants shall be at fair market rent. Rental rates for all tenants shall require the approval of the Director, Human Services Agency.

#### **4. REPAYMENT**

Except as otherwise agreed in writing between Borrower and the County, the principal amount under the Promissory Note shall bear an initial interest rate of fifty (50) percent of the annualized net earnings on the County Treasurer's pooled investments for the most recent fiscal quarter ending at the time of loan approval. For the quarter ending December 31, 2001, the annualized net earning on above-referenced County pooled investments was 5.78%, one-half of which is 2.89%. The interest rate will be adjusted annually to an amount equal to 50% of the average return on the same County Treasurer's pooled investments for the prior year, as determined by the County Treasurer.

Repayments shall be made monthly, with monthly payments based on amortization over 360 months, with a balloon payment at the end of 15 years. The first payment shall be due 30 days after execution of Deed of Trust. Based on an interest rate of 2.89%, each payment of Principal & Interest would initially be \$3,013.79. Monthly payments will be adjusted annually to account for interest rate changes, as provided in this section 4 of the Agreement. Payments shall be first applied to interest owed and any accrued interest before principal reduction. If there are any amounts owned upon maturity, these amounts shall be paid in full.

Should the Borrower require a deferral period prior to start of first payment, Borrower and the Director of the Human Services Agency may agree to this arrangement in writing, but in no event shall the deferral period exceed six months after recordation of Deed of Trust. Interest shall accrue and the term of the Promissory Note shall be extended commensurate with the deferral period. The initial Monthly payment shall increase to reflect the accrued interest added to the Principal of the Note.

The Borrower shall also be responsible to pay the costs associated with the County's use of a collection service company. Said fee is currently \$6.50 per month.

#### **5. PREPAYMENT**

Prepayments may be made at any time without penalty.

#### **6. DUE ON SALE, REFINANCE OR TRANSFER OF TITLE**

Borrower shall not sell or refinance the Property or assign its rights under this Agreement without obtaining the prior written approval of the County. In the event of a sale or transfer of the subject Property or any interest therein by Borrower, the entire principal balance of the Promissory Note, including any accumulated interest, shall immediately be due and payable. With the prior written consent of the County, and in the County's sole discretion, the Promissory Note may be assumed or transferred if the purchaser's (new owner) use of the

Property remains consistent with the County's Real Property Loan Policy for Non-Profit Agencies and the new owner agrees to execute a new loan agreement together with executing a new Promissory Note and Deed of Trust.

**7. ACCELERATION OF PROMISSORY NOTE**

In the event Borrower breaches any of the terms and conditions of this Agreement the County after giving Borrower notice of any such breach or default and 30 days to cure said breach or default, may declare the Borrower to be in default of the terms and conditions of the Promissory Note, and the County may demand immediate and full payment of the principal amount of the Promissory Note, and/or may initiate foreclosure proceedings under the Deed of Trust.

County reserves the right to waive any and all breaches of this Agreement, and any such waiver shall not be deemed a waiver of any previous or subsequent breaches. In the event County chooses to waive a particular breach of this Agreement, it may condition same on payment by Borrower of actual damages occasioned by such breach of Agreement and shall make every effort to resolve the same quickly and amicably.

**8. TITLE POLICY**

Borrower shall secure at the close of escrow the issuance of a CLTA policy of title insurance in the amount of \$725,000, showing title clear of any title defects which would prevent Borrower from providing the public services as contemplated by this Agreement. Borrower shall pay all recording fees, escrow fees, the premium for the title insurance policy, all fees and cost for any new financing, and shall pay any applicable transfer taxes.

**9. FIRE AND EXTENDED COVERAGE**

Borrower at its costs shall maintain on the improvements that are on the Property that is the subject of this Agreement a policy of standard fire and extended insurance coverage during the life of the Promissory Note and Deed of Trust securing this Agreement, or any subsequently executed document which replaces the Promissory Note or Deed of Trust, with vandalism and malicious mischief endorsements, to the extent of at least the full replacement value of the improvements which are part of the Property. The insurance policy shall be issued in the names of Borrower and the County as their interests appear. The insurance policy shall contain a lender's loss payable endorsement, providing that any proceeds shall be payable to the County as their interests may appear.

In the event that Borrower shall undertake to restore damaged improvements or to reconstruct destroyed improvements within a period of sixty (60) days, such insurance proceeds received by the County shall be released to Borrower as payments are required for said purposes, and upon completion of such restoration or reconstruction, any balance thereof remaining shall be paid to Borrower forthwith.

In the event that Borrower shall fail to undertake the restoration or reconstruction of such improvements within sixty (60) days following any such damage or destruction, there shall be paid and released to the County from such insurance proceeds a sum equal to the cost of clearing the premises in the event Borrower does not at its own expense clear the premises

within said period. The balance shall be held to compensate the parties to this Agreement as if the premises were sold. Borrower shall also sell the vacant land on the open market and the proceeds of said land sale shall be distributed among the parties as their interests may appear.

#### **10. ALTERATION OF AGREEMENT**

This Agreement contains all the terms and conditions agreed upon by the parties with respect to the Property. No alteration or variation shall be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement shall be binding on the parties hereto.

#### **11. NON-DISCRIMINATION CLAUSE**

Pursuant to Section 504 (Public Law 93-112), Borrower agree that no otherwise qualified disabled individual shall, solely by reason of a disability, be excluded from the participation in, be denied benefits of, or be subject to discrimination in connection with the use of the Property.

Compliance with Section 504 of the Rehabilitation Act of 1973, as amended, requires that all benefits, aids and services are made available to disabled persons on an equivalent basis with those received by non-disabled persons. Borrower agree to be in compliance with Section 504 requirements.

No person shall, on the grounds of age (over 40), ancestry, creed, color, disability, marital status, medical conditions, national origin, political or religious affiliation, race, sex, sexual orientation or any non-job-related criteria be excluded from participation in, be denied the benefits, or be subjected to discrimination under this Agreement.

Borrower ensure equal employment opportunity based on objective standards of recruitment, selection, promotion, classification, compensation, performance evaluations, and management relations, for all employees under this Agreement. The Borrower's equal opportunity employment policies shall be made available to County upon request.

Borrower agree that all tenants occupying the Property shall be required to comply with the above requirements; provisions of this Section shall be included in any lease entered into by Borrower and its tenants.

#### **12. VIOLATION OF THE NON-DISCRIMINATION PROVISIONS.**

Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject the Borrower to penalties, to be determined by the County Manager, including but not limited to:

- i) termination of this Agreement;
- ii) disqualification of the Borrower from bidding on or being awarded a County contract for a period of up to 3 years;
- iii) liquidated damaged of \$2,500 per violation;
- iv) imposition of other appropriate contractual and civil remedies and sanctions, as determined by the County Manager.

To effectuate the provisions of this paragraph, the County Manager shall have the authority to:

- i) examine Borrower's employment records with respect to compliance with this paragraph;
- ii) set off all or any portion of the amount described in this paragraph against amounts due to Borrower under the Agreement or any other Contract between the Contractor and County.

Borrower shall report to the County Manager the filing by any person in any court of any complaint of discrimination of the filing by any person of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission or any other entity charged with the investigation of allegations within 30 days of such filing, provided that within such 30 days such entity has not notified Borrower that such charges are dismissed or otherwise unfounded. Such notification shall include the name of the complainant, a copy of such complaint and a description of the circumstances. Borrower shall provide County with a copy of their response to the Complaint when filed.

### **13. INTERPRETATION AND ENFORCEMENT**

- a. Any notice, request, demand or other communication required or permitted hereunder shall be deemed to be properly given when deposited in the United States mail, postage prepaid, or when deposited with a public telegraph company for transmittal, charges prepaid, addressed:

(1) In the case of County, to:

Steve A. Cervantes, Director, Office of Housing  
262 Harbor Blvd., Bldg A  
Belmont, CA 94002  
(650) 802-5050

(2) In the case of Borrower, to:

Ms. Laurie Wishard, President  
Family Service Agency  
1870 El Camino Real  
Burlingame, CA 94010

- b. Controlling Law. The validity of this Agreement and the interpretation of its terms and provisions, as well as the rights and duties of the parties hereunder, as well as the performance of this Agreement by the parties shall be governed by the laws of the State of California.

WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands.

COUNTY OF SAN MATEO

By: \_\_\_\_\_  
Jerry Hill, President,  
Board of Supervisors

Attest:

\_\_\_\_\_  
Clerk of Said Board

Date: \_\_\_\_\_

FAMILY SERVICE AGENCY

By: LAURIE WISHARD

Print Name & Title

Laurie Wishard

Signature

Date: 1/8/02

Tax ID #: 94-1186169

## EXHIBIT A

Real Property in the City of San Mateo, County of San Mateo, State of California, described as follows:

Lots 21 and 22, as shown on that certain map entitled "Plat of Taylor Addition to San Mateo", which map was filed in the office of the County Recorder of San Mateo County, State of California, on July 20, 1905 in Book 3 of Maps at page 68.

APN: 034-142-020



COUNTY OF SAN MATEO  
MEMORANDUM

DATE: January 8, 2002  
TO: Priscilla Harris Morse, Risk Manager  
FROM: Jack D. Marquis, HCD Specialist III  
SUBJECT: Contract Insurance Approval

FAX 802-5049 PONY HSA 209

CONTRACTOR NAME: Family Services Agency  
DO THEY TRAVEL: no

PERCENT OF THE TIME: n/a

NUMBER OF EMPLOYEES:

DUTIES (SPECIFIC): Acquisition of property for delivery of various human services

COVERAGE:	Amount	Approve	Waive	Modify
Comprehensive General Liability	\$3,000,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Motor Vehicle Liability	\$1,000,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Professional Liability	na	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Worker's Compensation	\$1,000,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS/COMMENTS:

Request approval of insurance as stated above.

*Priscilla Morse*  
SIGNATURE

PONY EPS 163 SUBMIT TO RISK MANAGEMENT OR FAX 363-4864

~ ~ Please Rush ~ ~

# ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE IMM/DD/YY

06/11/2001

**PRODUCER**  
 Talbot Insurance & Fin Services, I  
 1800 Sutter Street, Suite 500  
 P.O. Box 4047  
 Concord, CA 94524-4047  
 925-609-6500 ... fax 925-609-6350

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

### COMPANIES AFFORDING COVERAGE

**INSURED**  
 Family Service Agency of San Mateo Co.  
 1870 El Camino Real  
 Burlingame CA 94010

- COMPANY A North American Specialty Ins
- COMPANY B
- COMPANY C
- COMPANY D

### COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE IMM/DD/YY	POLICY EXPIRATION DATE IMM/DD/YY	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT	AFC000074801	07/01/2001	07/01/2002	GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGS \$ 1,000,000 PERSONAL & ADV INJUR \$ 1,000,000 EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ 50,000 MED EXP (Any one person) \$ 5,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	AFC000074901	07/01/2001	07/01/2002	COMBINED SINGLE LIMIT \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY \$ EACH ACCIDENT \$ AGGREGATE \$
A	EXCESS LIABILITY <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	AFUC00074901	07/01/2001	07/01/2002	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY THE PROPRIETOR, PARTNERS, EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input checked="" type="checkbox"/> EXCL				WC STATE - 10TH \$ EL EACH ACCIDENT \$ EL DISEASE - POLICY LIMIT \$ EL DISEASE - EA EMPLOYEE \$
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS  
 RE: INTEREST AS A FUNDING SOURCE  
 THE COUNTY OF SAN MATEO, ITS OFFICERS, AGENTS AND EMPLOYEES ARE NAMED AS ADDITIONAL INSURED

**CERTIFICATE HOLDER**  
 COUNTY OF SAN MATEO  
 ITS OFFICERS, AGENTS & EMPLOYEES  
 HUMAN SERVICES AGENCY  
 ATTN: MARINA YU  
 262 HARBOR BOULEVARD  
 BELMONT CA 94002

**CANCELLATION**  
 SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.  
 AUTHORIZED REPRESENTATIVE

**STATE  
COMPENSATION  
INSURANCE  
FUND**

P.O. BOX 420807, SAN FRANCISCO, CA 94142-0807

**CERTIFICATE OF WORKERS' COMPENSATION INSURANCE**

DECEMBER 27, 2001

POLICY NUMBER 0446445 - 02  
CERTIFICATE EXPIRES 1-1-03

COUNTY OF SAN MATEO  
HUMAN SERVICES AGENCY  
282 HARBOR BLVD  
BELMONT CA 94002

This is to certify that we have issued a valid Workers' Compensation Insurance policy in a form approved by the California Insurance Commissioner to the employer named below for the policy period indicated.

This policy is not subject to cancellation by the Fund except upon ~~30~~ <sup>35</sup> days' advance written notice to the employer.

We will also give you ~~30~~ <sup>35</sup> days' advance notice should this policy be cancelled prior to its normal expiration.

This certificate of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policies listed herein. Notwithstanding any requirement, term, or condition of any contract or other document with respect to which this certificate of insurance may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.

*Tom Hansen*  
AUTHORIZED REPRESENTATIVE

*K. Bollier*  
PRESIDENT

EMPLOYER'S LIABILITY LIMIT INCLUDING DEFENSE COSTS: \$1,000,000 PER OCCURRENCE.

ENDORSEMENT #0015 ENTITLED ADDITIONAL INSURED EMPLOYER EFFECTIVE 01/01/02 IS ATTACHED TO AND FORMS A PART OF THIS POLICY.  
NAME OF ADDITIONAL INSURED: COUNTY OF SAN MATEO

ENDORSEMENT #2065 ENTITLED CERTIFICATE HOLDERS' NOTICE EFFECTIVE 01/01/02 IS ATTACHED TO AND FORMS A PART OF THIS POLICY.

EMPLOYER

FAMILY SERVICE AGENCY OF SAN MATEO COUNTY  
(A NON PROFIT CORP)  
1870 EL CAMINO REAL  
BURLINGAME CA 94010

**STATE  
COMPENSATION  
INSURANCE  
FUND**

P.O. BOX 807, SAN FRANCISCO, CA 94101-0807

**CERTIFICATE OF WORKERS' COMPENSATION INSURANCE**

ISSUE DATE: 01-01-02

POLICY NUMBER: 0448448 - 02  
CERTIFICATE EXPIRES: 01-01-03

COUNTY OF SAN MATEO  
HUMAN SERVICES AGENCY HOUSING DIVISION  
262 HARBOR BLVD.  
BELMONT CA 94002

This is to certify that we have issued a valid Workers' Compensation insurance policy in a form approved by the California Insurance Commissioner to the employer named below for the policy period indicated.

This policy is not subject to cancellation by the Fund except upon 30 days' advance written notice to the employer.

We will also give you 30 days' advance notice should this policy be cancelled prior to its normal expiration.

This certificate of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policies listed herein. Notwithstanding any requirement, term, or condition of any contract or other document with respect to which this certificate of insurance may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.

*Kenneth C. Bollier*  
PRESIDENT

EMPLOYER'S LIABILITY LIMIT INCLUDING DEFENSE COSTS: \$1,000,000.00 PER OCCURRENCE.

ENDORSEMENT #0016 ENTITLED ADDITIONAL INSURED EMPLOYER EFFECTIVE 01/01/02 IS ATTACHED TO AND FORMS A PART OF THIS POLICY.

NAME OF ADDITIONAL INSURED: COUNTY OF SAN MATEO

ENDORSEMENT #2086 ENTITLED CERTIFICATE HOLDERS' NOTICE EFFECTIVE 01/01/02 IS ATTACHED TO AND FORMS A PART OF THIS POLICY.

EMPLOYER

LEGAL NAME

FAMILY SVC. AGENCY OF SAN MATEO CO  
1870 EL CAMINO REAL  
BURLINGAME CA 94010

FAMILY SERVICE AGENCY OF SAN MATEO CC  
(A NON PROFIT CORP.)