

**FIRST AMENDMENT TO THE AGREEMENT BETWEEN  
COUNTY OF SAN MATEO  
AND  
MENTAL HEALTH ASSOCIATION OF SAN MATEO COUNTY  
For  
Assistance for Development of Affordable Housing**

**For the period of  
9/1/2002 to 6/30/2006**

Contact Person: Marquis, Jack  
Telephone number: (650) 802-5035

**FIRST AMENDMENT TO THE AGREEMENT BETWEEN COUNTY OF SAN MATEO ("COUNTY") AND THE MENTAL HEALTH ASSOCIATION OF SAN MATEO COUNTY ("CONTRACTOR"), TO PROVIDE FUNDS TO ASSIST WITH THE DEVELOPMENT OF AFFORDABLE HOUSING.**

**THIS FIRST AMENDMENT TO THE AGREEMENT** entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_, by and between the County and Contractor as named above.

WITNESSETH

**WHEREAS**, On October 22, 2002, the County and the Contractor entered into an Agreement (the "Original Agreement") to provide CDBG and HOME funds to assist with the development of affordable housing (the "Project");

**WHEREAS**, Contractor has applied for additional funding assistance to assist with the Project; and

**WHEREAS**, On May 6, 2003, the Board of Supervisors approved the CDBG, ESG, and HOME Action Plan for FY 2003-04, which included \$313,750 in additional funding for this activity; and

**WHEREAS**, the AIDS Program Community Development Advisory Board has recommended funding from the Housing Opportunities for People with AIDS (HOPWA) Program in the amount of \$297,000; and

**WHEREAS**, it is now the mutual desire and the intent of the parties hereto to amend and clarify the Original Agreement.

**NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO THAT THE ORIGINAL AGREEMENT IS AMENDED AS FOLLOWS:**

A. Section 4.A. of the Original Agreement is amended to read as follows:

4. Payments

A. Maximum Amount

In full consideration of Contractor's performances of the services described in Exhibit A, the amount that the County shall be obligated to pay under this Agreement, shall not exceed \$1,310,750.

B. Exhibit A of the Original Agreement is replaced in its entirety by Exhibit A1 as attached hereto:

C. All other terms and conditions of the Original Agreement shall remain in full force and effect.

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

COUNTY OF SAN MATEO

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

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

Attest:

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

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

MENTAL HEALTH ASSOCIATION  
OF SAN MATEO COUNTY

By: Melissa Platte, Executive Director  
Print Name & Title

Melissa Platte  
Signature

Date: 5/18/04

## **Exhibit A1**

### **1. Funded Activity**

The funds provided under this Agreement shall be used to assist with the development of an affordable rental housing project ("Project") consisting of approximately 24 units, to be located on that property commonly known as 800 F Street, Belmont, CA and more fully described as:

Parcel 2 as shown on that certain map entitled "Land of Belmont Business Center, LLC of That Certain Real Property Situate In The City Of Belmont, County Of San Mateo, State Of California, as Described In Deed, Document No. 97170154, Recorded December 24, 1997, San Mateo County Records", which map was filed in the Office of the County Recorder of San Mateo County, State of California, on August 12, 1999, in book 71 of Parcel Maps, at Pages 73 and 74, inclusive.

The funds provided under this Agreement are generated from three sources: CDBG, HOME and HOPWA. Eligible uses for this funding includes, but are not limited to, acquisition, architecture and engineering fees, financing fees, appraisals, legal fees, construction period interest, construction period taxes, title and escrow expenses, tax credit application fees, environmental assessments, demolition costs, site preparation, construction of required off-site improvements, unit construction costs, marketing expenses and relocation expenses.

### **2. Definitions**

- a. Low Income Rent is a rental amount that does not exceed 30% of annual income for households at the Low Income limit for San Mateo County, adjusted for family size, minus tenant paid utilities.
- b. High HOME Rent is a rental amount that does not exceed the lesser of (1) the Section 8 Fair Market Rents (FMRs), as established by HUD under 24 CFR Part 888, for existing housing minus tenant paid utilities, or (2) 30% of annual income for households at the HOME income limit for San Mateo County, adjusted for family size, less tenant paid utilities.
- c. Low HOME Rent is a rental amount that does not exceed 30% of annual income for households at the Very Low Income limit for San Mateo County, adjusted for family size, minus tenant paid utilities.
- d. MHP Rent is the rental amount that does not exceed 30% of annual income for households at the MHP Income limit for San Mateo County, adjusted for family size, minus tenant paid utilities.

**NOTE:** For all of the Rental definitions above, if the tenant is paying any utilities, a "Utility Allowance" must be deducted from the calculated rent figures. This allowance is calculated by HUD under 24 CFR Part 880 - 886 and may be obtained by contacting the San Mateo County Housing Authority. All of the Rents defined above are adjusted from time to time based on adjustments to the appropriate income categories.

- e. Very Low Income is the qualifying income with adjustments for family size, for very low income households as established by HUD pursuant to Section 8 of the United States Housing Act of 1937, as amended. These income limits are adjusted from time to time.
- f. HOME Income is income at 120% of the Very Low Income for the area adjusted for family size as calculated by HUD and adjusted from time to time.
- g. Low Income is the qualifying income with adjustments for family size, for low income households as established by HUD pursuant to Section 8 of the United States Housing Act of 1937, as amended. These income limits are adjusted from time to time.
- h. MHP Income Limit is income at 15% of the Area Median Income adjusted for family size as provided by the State of California Housing & Community Development Department (HCD) and adjusted from time to time.
- i. "Person with HIV/AIDS" means any person who has HIV/AIDS, as supported by a physician's letter.

### 3. Rent and Occupancy Restrictions

At least 11 of the units comprising the Project must be occupied by households whose income does not exceed the MHP Income limit as specified above, as such limit may be adjusted by HUD (or any successor agency) from time to time. The rent on said units, including tenant paid utilities, may not exceed the MHP Rent specified above, as such rents may be adjusted by HUD (or any successor agency) from time to time.

Two of the 11 units mentioned above must be occupied by Very Low Income Tenants with HIV/AIDS for a period of 55 years from the date of the Agreement. If one of the two HIV/AIDS units becomes vacant, Borrower must hold the unit vacant and available for a person with HIV/AIDS for a period of 60 days. If no person with HIV/AIDS leases the unit within the 60-day period, Borrower may rent the unit to any household at or below the MHP Income Limit. When the next MHP unit becomes available, Borrower will then offer that unit to an individual with HIV/AIDS. If after a period of at least 10 years, the Borrower provides evidence acceptable to the Agency that either (a) there is no longer sufficient need by persons with HIV/AIDS for housing in the Property, or (b) the Borrower is unable to obtain sufficient funds to operate the HOPWA Units for persons with HIV/AIDS, the County may grant a waiver to the Borrower to rent the Units to any MHP Income person or household, at the rent levels specified above. Income and disabling HIV/AIDS diagnostic determination shall be made at the time of initial occupancy of a unit by a tenant to be followed by an annual recertification of income.

**The remaining units**, exclusive of a manager's unit, must be occupied by households whose income does not exceed the Very Low Income Limit as specified above, as such limit may be adjusted by HUD (or any successor agency) from time to time. The rent on said units, including tenant paid utilities, may not exceed the Very Low Income Rent, as such limit may be adjusted by HUD (or any successor agency) from time to time.

The specific units affected by this agreement shall be "floating" units; that is, there shall be no specifically identified unit for each income category as long as there are a minimum number of units in compliance with the requirements specified above.

The current Income and Rent Limits required can be obtained from the San Mateo County Office of Housing. Any adjustments to the Rent and Income Limits as defined above shall be incorporated into this Agreement.

#### **4. Deed Restriction**

In compliance with the requirements of the HOME and the HOPWA Programs which is providing a portion of the funding for this project, a Deed Restriction shall be recorded against the property comprising the Project. The term of said Deed Restriction shall be 55 years, and shall stand independent of this Agreement. The Deed Restriction shall only affect the 11 HOME/HOPWA units and shall stand in addition to any restriction imposed by this Agreement.

#### **5. Security**

Contractor shall execute and deliver two (2) Promissory Notes in favor of County in the total amount of \$1,310,750, to secure the performance of all terms and conditions of this Agreement. Each Note shall be secured with a Deed of Trust recorded against the Project.

One Promissory Note in the amount of \$1,013,750 (the "First County Note") shall bear interest at the rate of three percent (3%) per annum. The Note and Deed of Trust shall be for a term of fifty-five (55) years from the date of their execution. Annual payments shall be made from a portion of the annual Surplus Cash generated by the Project, and will be due no later than 90 days after the end of the Project's fiscal year. The payments will be first applied to outstanding interest and then to principal until the Note is paid in full. In the event this payment is less than unpaid accumulated interest plus current interest, any unpaid amount shall carry over to the following year. Interest shall not compound on this interest carry-over. The entire outstanding principal balance plus any unpaid accrued interest shall be due and payable fifty-five (55) years from the date of execution of the Note and Deed of Trust.

Surplus Cash shall be defined in accordance with the requirements of the State of California HCD which is providing the majority of the funding for this project.

The terms of repayment of the First County Note may be modified by the Director of the Office of Housing as deemed necessary to ensure the continuing affordability of the Project.

A second Promissory Note (the "Second County Note") in the amount of \$297,000 shall bear no interest and shall be forgiven in its entirety at the end of its term of fifty-five (55) years from the date of its execution.

#### **6. Due on Sale, Refinance or Transfer of Title**

Contractor shall not sell or refinance the Project other than a refinance for a permanent loan to repay any interim loans taken out to complete construction of the Project, or assign its rights

under this Agreement without obtaining prior written consent of the County Director of the Office of Housing. In the event of a sale or transfer of the Project or any interest therein by Contractor without such consent, the entire amount of the two County Notes plus any accrued interest shall be immediately due and payable.

**7. Acceleration of Note**

In the event Contractor breaches any of the terms or conditions of this Agreement after notice and an opportunity to cure, as provided in Paragraph 1 of Exhibit E to this Agreement, the Contractor will be in default of the terms and conditions of the Note, and County may demand immediate and full payment of the principal amount of the two County Notes plus any accrued interest, and/or may initiate foreclosure proceedings under the Deed of Trust.

**8. Title Policy**

Contractor shall open an escrow with a mutually acceptable title company and shall secure at the close of escrow the issuance of a CLTA policy of title insurance in the amount of not less than \$1,310,750, clear of any title defects which would prevent the operation of the proposed project. County shall submit into escrow instructions and documents for execution.

**9. Fire and Extended Coverage**

Contractor at its cost shall maintain on the improvements that are the subject of this Agreement, a policy of standard fire insurance and extended coverage during the life of the two County Notes and Deeds of Trust securing performance of this Agreement, or any subsequently executed documents which replaces the two County Notes and Deeds 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 Project. The insurance policy shall be issued in the names of Contractor and County as their interests appear. The insurance policy shall contain a lender loss payable endorsement, providing that any proceeds shall be payable to the County as its interests appear. A Certificate of Insurance shall be delivered to the County Office of Housing as evidence of such insurance.

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

In the event Contractor 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 costs of clearing the premises in the event Contractor 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. Contractor shall also sell the vacant land on the open market and the proceeds of said land sale shall be distributed to the parties to this Agreement pursuant to the terms hereof.

**SAN MATEO COUNTY  
MEMORANDUM**

**DATE:** February 4, 2004

**TO:** Priscilla Harris Morse FAX: 363-4864 PONY: EPS 163

**FROM:** Lucho Bravo  
FAX: (650) 802-5171 PONY:

*591-3478*  
**SUBJECT:** Contract Insurance Approval

The following is to be completed by the department before submission to Risk Management:

**CONTRACTOR NAME:** Mental Health Association of San Mateo County Evelyn Stanton, Executive Director

**DOES THE CONTRACTOR TRAVEL AS A PART OF THE CONTRACT SERVICES?:**

**NUMBER OF EMPLOYEES WORKING FOR CONTRACTOR:**

**DUTIES TO BE PERFORMED BY CONTRACTOR FOR COUNTY:** to provide funds to assist with the development of affordable housing

The following will be completed by Risk Management:

INSURANCE COVERAGE	Amount	Approve	Waive	Modify
Comprehensive General Liability	1 mil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Motor Vehicle Liability	1 mil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Professional Liability		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Workers' Compensation	1 mil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*RE MAKE  
MORSE  
2/5/04*

**REMARKS/COMMENTS:**

*Julian P. Lyons*  
Risk Management Signature

2-4-04  
Date



**BORING, JOHNDROW, LEVERONI & VREEBURG,  
INC.**

**845 MARSHALL STREET**

**REDWOOD CITY, CA 94063**

PHONE (650)369-2921 FAX (650)369-2929

LICENSE#0A91094

**FACSIMILE TRANSMITTAL SHEET**

TO LUCHO BRAVO

JEANNE BYRNE

SAN MATEO COUNTY OFFICE OF HOUSING

FEBRUARY 4, 2004 3:10

FAX NUMBER  
596-3478

TOTAL NO OF PAGES INCLUDING COVER  
4

Re Our Insured: Mental Health Association of San Mateo County

Lucho,

Attached is the certificate of insurance, additional insured endorsement and WC certificate for the San Mateo County Office of Housing. I will mail the originals to your office.

Please contact me if you need any further information or assistance.

Regards,

Jeanne

Feb. 4, 2004 3:21PM  
**ACORD**™ **CERTIFICATE OF LIABILITY INSURANCE**

No. 4644 | P. 2 (MM/DD/YYYY)  
 02/04/2004

PRODUCER (650)369-2921 FAX (650)369-2929  
 Boring-Johndrow-Leveroni-Vreeburg, Inc.  
 Insurance Services  
 845 Marshall St  
 Redwood City, CA 94063

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.

INSURED Mental Health Association of San Mateo County  
 2686 Spring Street  
 Redwood City, CA 94063

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Great American Ins.	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

**COVERAGES**

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. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Institutional Pro. Liability GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	PAC2254572-05	07/01/2003	07/01/2004	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
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	CAP-653-62-23	07/01/2003	07/01/2004	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
A		EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE \$ RETENTION \$	EXC653-62-62	07/01/2003	07/01/2004	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER				WC STATUTORY LIMITS   OTH-FR E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

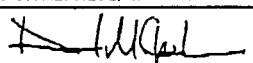
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS  
 The San Mateo County Office of Housing is named Additional Insured per the attached endorsement.

**CERTIFICATE HOLDER**

San Mateo County Office of Housing  
 Attention: Lucho Bravo  
 262 Harbor Boulevard  
 Building A  
 Belmont, CA 94002

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER 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 INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE  
 Daniel Johndrow/JMB 

POLICY NUMBER PAC2254572-05  
Mental Health Association of San Mateo County  
7/1/03 to 7/1/04

COMMERCIAL GENERAL LIABILITY

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ADDITIONAL INSURED - OWNERS, LESSEES OR  
CONTRACTORS (FORM B)**

This endorsement modifies insurance provide under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**Schedule:**

Name of Person or Organization

**Office of Housing, the County of San Mateo, its elective and appointive boards, commissions, officers, agents and employees**

(if no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect arising out of your ongoing operations performed for that insured.

**Such insurance as in afforded by the General Liability policy is primary insurance and no other insurance of the additional insured shall be called upon to contribute to a loss.**

CERTIFICATE HOLDER COPY

**STATE** P.O. BOX 420807, SAN FRANCISCO, CA 94142-0807  
COMPENSATION  
INSURANCE

**FUND** CERTIFICATE OF WORKERS' COMPENSATION INSURANCE

FEBRUARY 4, 2004

GROUP:  
POLICY NUMBER: 1642195-2003  
CERTIFICATE ID: 9  
CERTIFICATE EXPIRES: 07-01-2004  
07-01-2003/07-01-2004

SAN MATEO COUNTY OFFICE OF HOUSING  
ATTENTION: LUCHO BRAVO  
262 HARBOR BOULEVARD, BUILDING A  
BELMONT CA 94002

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

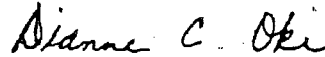
This policy is not subject to cancellation by the Fund except upon 30 days advance written notice to the employer.

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.



AUTHORIZED REPRESENTATIVE



PRESIDENT

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

ENDORSEMENT #2065 ENTITLED CERTIFICATE HOLDERS' NOTICE EFFECTIVE 07-01-2003 IS ATTACHED TO AND FORMS A PART OF THIS POLICY.

EMPLOYER

MENTAL HEALTH ASSOCIATION OF SAN MATEO (A NON-PROFIT ORGANIZATION)  
2636 SPRING ST  
REDWOOD CITY CA 94063