



**SECOND AMENDMENT TO THE AGREEMENT BETWEEN
COUNTY OF SAN MATEO
AND
MENTAL HEALTH ASSOCIATION OF SAN MATEO COUNTY
For
Assistance with the Development of Affordable Housing
For the period of
9/1/2002 to 6/30/2006**

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

SECOND AMENDMENT TO THE AGREEMENT BETWEEN COUNTY OF SAN MATEO AND THE MENTAL HEALTH ASSOCIATION OF SAN MATEO COUNTY

THIS AMENDMENT TO THE AGREEMENT, entered into this _____ day of _____, 20_____, by and between the COUNTY OF SAN MATEO, hereinafter called "County," and Mental Health Association of San Mateo County, herein called "Contractor";

WITNESSETH

WHEREAS, pursuant to Government Code, Section 31000, County may contract with independent contractors for the furnishing of such services to or for County or any Department thereof; and

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 (24 units at the Belmont Apartments) located on F street, (in back of El Camino Real), in Belmont, for adults with mental illness (the "Project"); and

WHEREAS, on June 8, 2004, by Resolution No. 066705, the County authorized execution of a First Amendment to Agreement with Contractor to provide additional HOME funds in the amount of \$313,500 and HOPWA funds in the amount of \$297,000 for a total of \$1,310,750; and

WHEREAS, Contractor has applied for additional funding assistance in the amount of \$227,500 to assist with the Project; and

WHEREAS, On May 4, 2004, the Board of Supervisors approved the CDBG, ESG, and HOME Action Plan for FY 2004-05 which included funding of a Housing Development Reserve to assist new projects or projects needing additional funds; and

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

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO 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 \$1,538,250.

B. Exhibit A1, Clause 5 Security, of the First Amendment to the Agreement is replaced in its entirety to read as follows:

Contractor shall execute and deliver two (2) Promissory Notes in favor of County in the total amount of \$1,538,250, 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 \$1,241,250 (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.

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

IN WITNESS, WHEREOF, the parties to this Second Amendment to the Agreement for Assistance with the Development of Affordable Housing, by their duly authorized representatives, have affixed their hand.

COUNTY OF SAN MATEO

By: _____
Richard Gordon
President, Board of Supervisors, San
Mateo County

Date: _____

Attest:

Clerk of Said Board

Date: _____

MENTAL HEALTH ASSOCIATION
OF SAN MATEO COUNTY

By: _____
Print Name & Title

Signature

Date: _____