

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

Contra Costa County  
Department of Conservation and Development  
30 Muir Road  
Martinez, CA 94553  
Attn: Affordable Housing Program Manager

No fee for recording pursuant to  
Government Code Section 27383 and 27388.1

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REGULATORY AGREEMENT AND  
DECLARATION OF RESTRICTIVE COVENANTS

(Virginia Apartments and West Richmond Apartments)

This Regulatory Agreement and Declaration of Restrictive Covenants ("Agreement") is dated as of \_\_\_\_\_, 2020, and is by and between the County of Contra Costa, a political subdivision of the State of California ("County"), and West County MHSA, LLC, a California limited liability company ("Grantee").

RECITALS

A. In accordance with the MHSA Revocable Grant Agreement of even date herewith between County and Grantee (the "Grant Agreement"), the County is providing a revocable grant to Grantee in the amount of One Million One Hundred Seventy-Five Thousand Dollars (\$1,175,000) (the "Grant") using funds received by the County from the Mental Health Services Act (the "MHSA"), originally through the California Housing Finance Agency, and administered by the County's Health Services Department. Grantee is using the Grant to acquire the real property located at (i) 903-919 Virginia Avenue in the City of Richmond, County of Contra Costa, State of California, as more particularly described in Exhibit A (the "Virginia Property") and (ii) the real property located at 360-366 South 9th Street in the City of Richmond, County of Contra Costa, State of California, as more particularly described in Exhibit B (the "West Richmond Property") (together, the "Property"). The Virginia Property is the site of a six-unit residential building. The West Richmond Property is the site of a four-unit residential building.

B. The County has the authority to provide the Grant to Grantee pursuant to Government Code Section 26227, which authorizes counties to spend county funds for programs that further a county's public purposes. The Grant is also consistent with the County's "Mental Health Services Act Three-Year Program and Expenditure Plan" for fiscal years 2017-2018 through 2019-2020, as such plan is updated.

C. As consideration for the Grant, Grantee has agreed to enter into this Agreement, and the Deed of Trust, which secures Grantee's obligations under this Agreement.

D. The County has agreed to make the Grant to Grantee on the condition that the Units are maintained and operated as rental housing in accordance with restrictions concerning affordability, operation, and maintenance that are specified in this Agreement and the Grant Agreement.

E. Capitalized terms used but not defined in this Agreement have the meanings ascribed to them in the Grant Agreement.

THEREFORE, the County and Grantee hereby agree as follows.

## ARTICLE 1 DEFINITIONS

### 1.1 Definitions

When used in this Agreement, the following terms have the following meanings.

- (a) "Actual Household Size" means the actual number of persons in the applicable household.
- (b) "Adjusted Income" means the total anticipated annual income of all persons in a household as calculated in the manner prescribed pursuant to Title 25, Section 6914 of the California Code of Regulations.
- (c) "Agreement" has the meaning set forth in the first paragraph of this agreement.
- (d) "Assumed Household Size" means, (i) two persons for a one-bedroom Unit, and (ii) three persons for a two-bedroom Unit.
- (e) "County Designee" means a service provider designated by the County in writing as the person or entity qualified to determine MHSA Eligibility for Tenants to reside in the Units.
- (f) "County Grant" shall mean all funds granted to Grantee by the County pursuant to the Grant Agreement.
- (g) "Deed of Trust" means the Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing of even date herewith among Grantee, as trustor, Old Republic Title Company, as trustee, and the County, as beneficiary, that will encumber the Property to secure Grantee's obligations and covenants under this Agreement and the Grant Agreement.
- (h) "DMH" shall mean the California Department of Mental Health.
- (i) "Existing Tenants" means the tenants that occupy the Units on the date of Grantee's acquisition of the Property.

(j) "Grant" has the meaning set forth in paragraph A of the Recitals.

(k) "Grant Agreement" has the meaning set forth in paragraph A of the Recitals.

(l) "HCD" means the California Department of Housing and Community Development.

(m) "Master Lease" has the meaning in Section 2.1(c) below.

(n) "Master Tenant" has the meaning in Section 2.1(c) below.

(o) "Median Income" means the median gross yearly income, adjusted for Actual Household Size or Assumed Household Size as specified herein, in the County of Contra Costa, California, as published from time to time by HCD. In the event that such income determinations are no longer published, or are not updated for a period of at least eighteen (18) months, the County shall provide the Borrower with other income determinations that are reasonably similar with respect to methods of calculation to those previously published by HCD.

(p) "MHSA" has the meaning set forth in paragraph A of the Recitals.

(q) "MHSA Eligible" means a person certified by the County or the County Designee as having a serious mental disorder as defined in Welfare and Institutions Code Section 5600.3(a)(b) and (c), Unserved or Underserved, and eligible to occupy a unit financed with MHSA funds.

(r) "MHSA Eligible Tenant" means a Tenant where one or more members of the household are MHSA Eligible.

(s) "Property" has the meaning set forth in paragraph A of the Recitals.

(t) "Rent" means the total of monthly payments by a Tenant for the following: use and occupancy of a Unit and land and associated facilities, including parking; any separately charged fees or service charges assessed by Grantee that are required of all Tenants, other than security deposits; an allowance for the cost of an adequate level of service for utilities paid by the Tenant, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuel, but not telephone service or cable TV; and any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than Grantee, and paid by the Tenant.

(u) "Tenant" means the household legally occupying a Unit.

(v) "Term" means the term of this Agreement, which commences on the date of this Agreement and continues for fifty-five (55) years.

(w) "Underserved" has the meaning set forth in the California Code of Regulations Title 9, Section 3200.300, or any successor regulation thereto. In the event that DMH no longer publishes the definition of Underserved, the County shall provide Grantee with a definition of Underserved that is reasonably similar to the DMH definition in effect as of the date of this Agreement.

(x) "Unit" means a residential unit on the Property.

(y) "Unserved" has the meaning set forth in the California Code of Regulations Title 9, Section 3200.310. In the event that DMH no longer publishes the definition of Unserved, the County shall provide Grantee with a definition of Unserved that is reasonably similar to the DMH definition in effect as of the date of this Agreement.

(z) "Very Low-Income Rent" means the maximum allowable rent for a Very Low-Income Unit pursuant to Section 2.2(a) below.

(aa) "Very Low-Income Tenant" means a Tenant with an Adjusted Income which does not exceed the maximum income for a very low-income household, adjusted for Actual Household Size, as published by HCD.

(bb) "Very Low-Income Units" means the Units which, pursuant to Section 2.1 below, are required to be occupied by Very Low-Income Tenants.

## ARTICLE 2 AFFORDABILITY AND OCCUPANCY COVENANTS

### 2.1 Occupancy Requirements.

(a) Very Low-Income Units. During the Term, Grantee shall cause all ten (10) Units on the Property to be rented to and occupied by, or, if vacant, available for occupancy by, Very Low-Income Tenants that are MHSA Eligible Tenants.

(b) Existing Tenants. Grantee shall provide the County a written report of the income and rent amount of all Existing Tenants within thirty (30) days of acquisition of the Property. Any Existing Tenant lawfully residing in the Property as of the date of this Agreement is entitled to remain a resident of the Property if such Tenant does not meet the income and other eligibility criteria of this Section 2.1. If and when such non-qualifying Existing Tenant voluntarily vacates the Unit, Borrower shall rent, or cause such Unit to be rented, to a Very Low-Income Household that is MHSA Eligible as necessary to meet the provisions of this Section 2.1.

(c) Master Lease. Grantee has entered into, or intends to enter into, a master lease agreement (the "Master Lease") with a service provider (the "Master Tenant") pursuant to which the Master Tenant will sublease the Units to Very Low-Income Tenants that are MHSA Eligible Tenants. The Master Tenant may be the same entity as the County Designee. Grantee shall ensure that the Master Lease contains such provisions to allow Grantee to comply with the provisions of this Agreement. If the Master Tenant is not the same entity as the County

Designee such Master Tenant and the Master Lease shall be subject to the review and approval of the County. Grantee shall notify the County of any default of the Master Tenant under the Master Lease or termination of the Master Lease.

## 2.2 Allowable Rent

(a) Very Low-Income Rent. Subject to the provisions of Subsection (c) below, the Rent charged by Grantee or the Master Tenant, as applicable, for the Units must be equal to the higher of (i) one-twelfth (1/12<sup>th</sup>) of thirty percent (30%) of fifty percent (50%) of Median Income, adjusted for Assumed Household Size, and (ii) if the household is receiving payments for welfare assistance from a public agency and a part of the payments, adjusted in accordance with the household's actual housing costs, is specifically designated by the agency to meet the household's housing costs, the portion of the payment that is disbursed to the household by the public agency in addition to one-twelfth (1/12<sup>th</sup>) of thirty percent (30%) of the households monthly Adjusted Income.

(b) County Approval of Rents. The initial Rent for all Units must be approved by the County, or the County Designee prior to occupancy. All Rent increases are subject to County, or the County Designee approval. The County, or the County Designee shall provide Grantee with a schedule of maximum permissible Rents for the Units annually.

### (c) Rental Subsidy

(i) It is the intent of the County and Grantee that each Very Low-Income Tenant who is MHSA Eligible is only obligated to pay thirty percent (30%) of such Tenant's actual income in Rent. The County and Grantee further intend that the difference between thirty percent (30%) of Tenant's actual income and the Rent charged by Grantee or the Master Tenant, as applicable, in accordance with Section 2.2(a) above, be paid for with rent subsidies, rent assistance, or other housing assistance received by the Tenant.

(ii) In the event the annual report provided by Grantee pursuant to Section 3.2 demonstrates that the funds in the operating reserve for the Units exceed six (6) months' worth of operating expenses or the funds in the replacement reserves for the Units exceed fifty percent (50%) of the replacement value of the improvements on the Property, the County may, in its discretion, direct Grantee to reduce the Rent charged pursuant to Section 2.2(a). If requested by the County, such Rent reduction will be memorialized in an amendment to this Agreement that is recorded against title to the Property. The County agrees that if it directs Grantee to reduce the Rent that may be charged to Tenants pursuant to Section 2.2(a), the reduction will be limited to an amount that will permit Grantee to pay for the operating expenses reasonably expected to be incurred in the operation of the Units as rental housing.

## 2.3 Increased Income of Tenants

(a) Non-Qualifying Household. If, upon recertification of the income of a Tenant of a Unit, the County or the County Designee determines that a former Very Low-Income Tenant has an Adjusted Income exceeding the maximum qualifying income for a Very Low-Income Tenant (and the Tenant remains MHSA Eligible), such Tenant will be permitted to

continue occupying the Unit and the Rent paid by such Tenant will remain at the level set forth in Section 2.2 above.

(b) Termination of Occupancy. Upon termination of occupancy of a Unit by a Tenant, such Unit will be deemed to be continuously occupied by a Very Low-Income Tenant, who is also MHSA Eligible, until such Unit is reoccupied, at which time the Unit will be rented to a Very Low-Income Tenant, who is also MHSA Eligible. If the Units are not subject to a Master Lease, or the Master Tenant is not the same entity as the County Designee, Grantee shall provide the County Designee notice of any vacancies within ten (10) days of such vacancy.

#### 2.4 MHSA Eligibility.

Each Tenant occupying a Unit must include at least one MHSA Eligible household member and such household member must occupy the Unit at least ten (10) months out of each calendar year. If a Tenant fails to remain certified as MHSA Eligible due to the vacation of the Unit by the only MHSA Eligible household member (including by reason of the death of the only MHSA Eligible household member), the continuing or surviving members of such household will be permitted continued occupancy for a reasonable period of up to one (1) year from the time of the death or vacation of the MHSA Eligible Tenant (the "Grace Period"). Grantee shall cause the Tenant to be provided with notice of the applicable Grace Period and with assistance to obtain information about other available housing assistance programs. The Unit will be considered to be in compliance with the provisions of Section 2.1(a) above during the Grace Period. After the Grace Period or earlier termination of the tenancy by the Tenant, Grantee shall rent, or shall cause the Master Tenant to rent the next available Unit to a Very Low-Income Household that is MHSA Eligible, to comply with the requirements of Section 2.1(a) above.

### ARTICLE 3 MHSA AND INCOME CERTIFICATION AND REPORTING

#### 3.1 Income and MHSA Eligibility Certification.

(a) Grantee acknowledges that the County Designee will income certify Tenants renting any of the Units.

(b) Grantee acknowledges that the County Designee will determine if applicant households for the Units contain at least one member who is MHSA Eligible and will confirm on an annual basis that each Unit is occupied by a Tenant with at least one member who is MHSA Eligible and that such member actually resides in the Unit in accordance with Section 2.4 of this Agreement. Grantee shall maintain copies of such information.

#### 3.2 Annual Report to County.

Grantee shall submit to the County not later than the forty-fifth (45<sup>th</sup>) day after the close of each calendar year, or such other date as may be requested by the County, a statement of the fiscal condition of the operation of the Units as rental housing, including a financial statement indicating surpluses or deficits in operating accounts for the period covered, a detailed itemized

listing of income and expenses, and the amounts of any fiscal reserves. If Master Tenant is not the same entity as the County Designee, Grantee shall cause the Master Tenant to provide the County a statistical report, including income and rent data for all Tenants, setting forth the information called for therein, not later than the forty-fifth (45<sup>th</sup>) day after the close of each calendar year, or such other date as may be requested by the County.

### 3.3 Additional Information.

Grantee shall provide to the County, within fifteen (15) days after receipt of a written request, any other information or completed forms requested by the County in order to comply with reporting requirements of DMH, the State of California, or the County.

Grantee shall also provide any additional information reasonably requested by the County. The County has the right to examine and make copies of all books, records or other documents of Grantee which pertain to the operation of the Units as rental housing.

### 3.4 Records.

Grantee shall maintain complete, accurate and current records pertaining to the operation of the Units as rental housing and shall permit any duly authorized representative of the County to inspect such records. All Tenant lists, applications and waiting lists relating to the Units in Grantee's possession must at all times be kept separate and identifiable from any other business of Grantee and maintained as required by the County, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the County. Grantee shall retain copies of all materials obtained or produced with respect to occupancy of the Units for a period of at least five (5) years.

### 3.5 On-site Inspection.

The County has the right to perform an on-site inspection of the Property at least one (1) time per year after reasonable notice to Grantee including such time as Grantee requires to notice Tenants. Grantee shall cooperate in such inspection.

## ARTICLE 4 OPERATION OF THE PROPERTY

### 4.1 Use of Units.

(a) Grantee shall cause the Units to be operated only as permanent housing for MHSA Eligible Tenants.

(b) Grantee shall ensure that supportive services are provided to the Tenants in compliance with all requirements applicable to the MHSA funds, which services may be provided by the Master Tenant or County Designee. In the event the anticipated operating and service support funds for MHSA Eligible Tenants are terminated by the State of California due to no fault of Grantee, the County and Grantee may amend the Grant Documents to permit Very

Low-Income Tenants (regardless of whether the Very Low-Income Tenants are MHSA Eligible) to reside in one or more of the Units.

#### 4.2 Taxes and Assessments.

Grantee shall pay all real and personal property taxes, assessments and charges and all franchise, income, employment, old age benefit, withholding, sales, and other taxes assessed against it, or payable by it, at such times and in such manner as to prevent any penalty from accruing, or any line or charge from attaching to the Property; provided, however, that Grantee has the right to contest in good faith, any such taxes, assessments, or charges. In the event Grantee exercises its right to contest any tax, assessment, or charge against it, Grantee, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest.

#### 4.3 Property Tax Exemption.

Grantee may not apply for a property tax exemption for the property under any provision of law except California Revenue and Taxation Section 214(g) or Section 214(h), without the prior written consent of the County.

### ARTICLE 5 PROPERTY MANAGEMENT AND MAINTENANCE

#### 5.1 Management Responsibilities.

Grantee is responsible for all management functions with respect to the Units and the Property, including without limitation maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The County has no responsibility for management of the Units or the Property. Grantee shall also be responsible for the selection of tenants, certification and recertification of household size and income, evictions, collection of rents and deposits from Tenants (the "Tenant Responsibilities"), provided that the County acknowledges that at the time of this Agreement the County Designee and or the Master Tenant, will be responsible for the Tenant Responsibilities and Grantee will have no obligation for the Tenant Responsibilities while the County Designee or Master Tenant retains such obligations.

#### 5.2 Management Agent; Periodic Reports.

Grantee shall cause the Units to be managed at all times as rental housing by a professional property management company and an experienced management agent reasonably acceptable to County, with demonstrated ability to operate residential facilities like the Units in a manner that will provide decent, safe, and sanitary housing (as approved, the "Management Agent"). Grantee shall submit for County's approval the identity of any proposed Management Agent. Grantee shall also submit such additional information about the background, experience and financial condition of any proposed management agent as is reasonably necessary for County to determine whether the proposed management agent meets the standard for a qualified management agent set forth above. If the proposed management agent meets the standard for a



qualified management agent set forth above, County shall approve the proposed management agent by notifying Grantee in writing. Unless the proposed management agent is disapproved by County within thirty (30) days, which disapproval shall state with reasonable specificity the basis for disapproval, it shall be deemed approved. As of the date of this Agreement the County approves Grantee as the Management Agent.

### 5.3 Periodic Performance Review – Property Management.

The County reserves the right to conduct an annual (or more frequently, if deemed necessary by the County) review of the management practices and financial status of the operation of the Units. The purpose of each periodic review will be to enable the County to determine if the operation of the Units is being operated and managed in accordance with the requirements and standards of this Agreement. Grantee shall cooperate with the County in such reviews.

### 5.4 Replacement of Management Agent.

If, as a result of a periodic review, the County determines in its reasonable judgment that the Units are not being operated and managed in accordance with any of the material requirements and standards of this Agreement, the County shall deliver notice to Grantee of its intention to require the Management Agent to be replaced, or, if Grantee is managing the Units, to require Grantee to retain an independent Management Agent, and the reasons therefor. Within fifteen (15) days of receipt by Grantee of such written notice, County staff and Grantee shall meet in good faith to consider methods for improving the financial and operating status of the Units, including, without limitation, replacing the Management Agent.

If, after such meeting, County staff recommends in writing the Management Agent be replaced, Grantee shall promptly dismiss the current Management Agent or cease self-management if the Units are managed by Grantee, and appoint as the Management Agent a person or entity meeting the standards for a management agent set forth in Section 5.2 above and approved by the County pursuant to Section 5.2 above.

Any contract for the operation or management of the Units as rental housing entered into by Grantee must include a provision to the effect that the contract can be terminated as set forth above. Failure to remove the Management Agent or to appoint a Management Agent instead of self-managing, in accordance with the provisions of this Section 5.4 will constitute default under this Agreement, and the County may enforce this provision through legal proceedings as specified in Section 6.7, below.

### 5.5 Approval of Management Policies.

Upon request, Grantee shall submit its written management policies with respect to the operation of the Units as rental housing in conformance with this Agreement to the County for its review, and shall amend such policies in any way necessary to ensure that the policies comply with this Agreement.

### 5.6 Property Maintenance.

Grantee agrees, for the entire Term of this Agreement, to maintain all interior and exterior improvements, including landscaping, on the Property in good condition and repair (and, as to landscaping, in a healthy condition) and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials, and in accordance with the following maintenance conditions.

County places prime importance on quality maintenance to protect its investment and to ensure that all County-assisted affordable housing projects within the County are not allowed to deteriorate due to below-average maintenance. Normal wear and tear of the improvements on the Property is acceptable to the County, provided the improvements are maintained in good condition. Grantee shall make all repairs and replacements as necessary to keep the improvements in good condition and repair.

In the event that Grantee breaches any of the covenants contained in this Section 5.6 and such default continues for a period of five (5) days after written notice from the County with respect to graffiti, debris, waste material, and general maintenance or thirty (30) days after written notice from the County with respect to landscaping and building improvements, then the County, in addition to whatever other remedy it may have at law or in equity, has the right to enter upon the Property and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, the County is permitted (but is not required) to enter upon the Property and perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Property, and to attach a lien on the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the County and/or costs of such cure, which amount Grantee shall promptly pay to the County upon demand.

## ARTICLE 6 MISCELLANEOUS

### 6.1 Lease Provisions.

In making the Units available for lease, Grantee shall use, and if the Units are subject to a Master Lease, cause the Master Tenant to use, a form of Tenant lease approved by the County. The form of Tenant lease must, among other matters include a provision for terminating the lease and the Tenant consenting to immediate eviction for Tenant's failure: (1) to provide any information required under this Agreement or reasonably requested by Grantee to establish or recertify the Tenant's qualification, or the qualification of the Tenant for occupancy in the a Unit in accordance with the standards set forth in this Agreement, or (2) to qualify as a Very Low-Income Tenant, or (3) to qualify as a MHSA Eligible Tenant as a result of any material misrepresentation made by such Tenant with respect to the income computation or certification of MHSA Eligible status.

## 6.2 Nondiscrimination.

All Units must be available for occupancy on a continuous basis to members of the general public who are MHSA Eligible and income eligible. Grantee may not give preference to any particular class or group of persons in renting the Units, except to the extent that the Units are required to be leased to income-eligible households and MHSA Eligible Tenants pursuant to this Agreement. No discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, source of income (e.g., SSI), ancestry, or disability, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any Unit is allowed. Neither Grantee nor any person claiming under or through Grantee (including the Master Tenant), may establish or permit any practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of any Unit or in connection with the employment of persons for the operation and management of any Unit.

Grantee shall cause the Property to be operated at all times in compliance with all applicable federal, state, and local disabled persons accessibility requirements including, but not limited to the applicable provisions of: (i) the Unruh Act, (ii) the California Fair Employment and Housing Act, (iii) Section 504 of the Rehabilitation Act of 1973, (iv) the United States Fair Housing Act, as amended, (v) the Americans With Disabilities Act of 1990, and (vi) Chapters 11A and 11B of Title 24 of the California Code of Regulations, which relate to disabled persons access (collectively, the "Accessibility Requirements"). Grantee shall indemnify, protect, hold harmless and defend (with counsel reasonably satisfactory to the County) the County, and its board members, officers and employees, from all suits, actions, claims, causes of action, costs, demands, judgments and liens arising out of Grantee's failure to comply with the Accessibility Requirements. The provisions of this subsection will survive expiration of the Term or other termination of this Regulatory Agreement, and remain in full force and effect.

## 6.3 Term.

The provisions of this Agreement apply to the Property for the entire Term even if the entire Grant is repaid in full prior to the end of the Term. This Agreement binds any successor, heir or assign of Grantee, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by the County. The County makes the Grant on the condition, and in consideration of, this provision, and would not do so otherwise.

## 6.4 Compliance with Grant Agreement and Program Requirements.

(a) Grantee's actions with respect to the Property must at all times be in full conformity with: (i) all requirements of the Grant Agreement; and (ii) all requirements imposed on projects under the Act and the DMH MHSA Regulations located at California Code of Regulations Title 9, Section 3100, et seq.

(b) In the event DMH publishes or causes to be published any regulation or requirement concerning the use of MHSA funds that are applicable to the Grant, and such regulation or requirement is inconsistent with the Grant Documents, upon request of the County,

the parties shall amend the terms of the Grant Documents to comply with such regulations.

#### 6.5 Notice of Expiration of Term.

(a) At least six (6) months prior to the expiration of the Term, Grantee shall provide by first-class mail, postage prepaid, a notice to all Tenants containing (i) the anticipated date of the expiration of the Term, (ii) any anticipated increase in Rent upon the expiration of the Term, (iii) a statement that a copy of such notice will be sent to the County, and (iv) a statement that a public hearing may be held by the County on the issue and that the Tenant will receive notice of the hearing at least fifteen (15) days in advance of any such hearing. Grantee shall also file a copy of the above-described notice with the County's Affordable Housing Program Manager.

(b) In addition to the notice required above, Grantee shall comply with the requirements set forth in California Government Code Sections 65863.10 and 65863.11. Such notice requirements include: (i) a twelve (12) month notice to existing tenants, prospective tenants and Affected Public Agencies (as defined in California Government Code Section 65863.10(a)) prior to the expiration of the Term, (ii) a six (6) month notice requirement to existing tenants, prospective tenants and Affected Public Agencies prior to the expiration of the Term; (iii) a notice of an offer to purchase the Property to "qualified entities" (as defined in California Government Code Section 65863.11(d)), if the Property is to be sold within five (5) years of the end of the Term; (iv) a notice of right of first refusal within the one hundred eighty (180) day period that qualified entities may purchase the Property.

#### 6.6 Covenants to Run with the Land.

The County and Grantee hereby declare their express intent that the covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Property, provided, however, that on the expiration of the Term of this Agreement said covenants and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof, shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the County expressly releases such conveyed portion of the Property from the requirements of this Agreement.

#### 6.7 Enforcement by the County.

If Grantee fails to perform any obligation under this Agreement, and fails to cure the default within thirty (30) days after the County has notified Grantee in writing of the default or, if the default cannot be cured within thirty (30) days, failed to commence to cure within thirty (30) days and thereafter diligently pursue such cure and complete such cure within ninety (90) days, the County shall have the right to enforce this Agreement by any or all of the following actions, or any other remedy provided by law:

(a) Calling the County Grant. The County may declare a default under the Grant Agreement, accelerate the indebtedness evidenced by the Grant Agreement, and proceed with foreclosure under the County Deed of Trust.

(b) Action to Compel Performance or for Damages. The County may bring an action at law or in equity to compel Grantee's performance of its obligations under this Agreement, and/or for damages.

(c) Remedies Provided Under Grant Agreement. The County may exercise any other remedy provided under the Grant Agreement.

6.8 Attorneys' Fees and Costs.

In any action brought to enforce this Agreement, the prevailing party is entitled to all costs and expenses of suit, including attorneys' fees. This Section 6.8 shall be interpreted in accordance with California Civil Code Section 1717 and judicial decisions interpreting that statute.

6.9 Recording and Filing.

The County and Grantee shall cause this Agreement, and all amendments and supplements to it, to be recorded in the Official Records of the County of Contra Costa.

6.10 Governing Law.

This Agreement is governed by the laws of the State of California.

6.11 Waiver of Requirements.

Any of the requirements of this Agreement may be expressly waived by the County in writing, but no waiver by the County of any requirement of this Agreement will, or will be deemed to, extend to or affect any other provision of this Agreement.

6.12 Amendments.

This Agreement may be amended only by a written instrument executed by all the parties hereto or their successors in title, and duly recorded in the real property records of the County of Contra Costa.

6.13 Notices.

Any notice requirement set forth herein shall be deemed to be satisfied three (3) days after mailing of the notice first-class United States certified mail, postage prepaid, addressed to the appropriate party as follows:

Grantee: West County MHSA, LLC  
c/o Housing Consortium of the East Bay  
410 7th Street, Suite 203  
Oakland, CA 94607  
Attn: Executive Director

County: County of Contra Costa  
Department of Conservation and Development  
30 Muir Road  
Martinez, CA 94553  
Attention: Affordable Housing Program Manager

Such addresses may be changed by notice to the other party given in the same manner as provided above.

6.14 Severability.

If any provision of this Agreement is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions of this Agreement will not in any way be affected or impaired thereby.

6.15 Multiple Originals; Counterparts.

This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

*[signatures on following page]*

The Parties are signing this Agreement as of the date first above written.

COUNTY:

COUNTY OF CONTRA COSTA, a political  
subdivision of the State of California

By: \_\_\_\_\_  
Anna Roth  
Health Services Director

GRANTEE:

WEST COUNTY MHSA, LLC,  
a California limited liability company

By: Housing Consortium of the East Bay,  
a California nonprofit public benefit  
corporation, its sole member and  
manager

By: \_\_\_\_\_  
Darin Lounds, Executive Director

APPROVED AS TO FORM:

SHARON L. ANDERSON,  
County Counsel

By: \_\_\_\_\_  
Kathleen M. Andrus,  
Deputy County Counsel

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who 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.

\_\_\_\_\_  
Name: \_\_\_\_\_  
Notary Public



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who 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.

\_\_\_\_\_  
Name: \_\_\_\_\_  
Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF THE VIRGINIA PROPERTY

The land is situated in the State of California, County of Contra Costa, and is described as follows:

Lots 23, 24 and 25 in Block 46, as shown on the map of "Santa Fe", filed March 17, 1900, Map Book E, Page 102, Contra Costa County Records.

APN: 550-310-013

EXHIBIT B

LEGAL DESCRIPTION OF THE WEST RICHMOND PROPERTY

The land is situated in the State of California, County of Contra Costa, and is described as follows:

Lots 21 and 22 in Block 46, as shown on the Map of Santa Fe, filed March 17, 1900 in Book E of Maps, Page 102, in the Office of the County Recorder of Contra Costa County.

APN: 550-310-012