

**FREE RECORDING REQUESTED
PURSUANT TO GOVERNMENT CODE
SECTION 27383**

Recording requested by and
when recorded return to:

CALIFORNIA HOUSING FINANCE AGENCY
Office of General Counsel
500 Capitol Mall, Suite 1400
Sacramento, CA 95814

(space above this line for Recorder's use)

STANDSTILL AGREEMENT

THIS STANDSTILL AGREEMENT dated as of _____ 1, 202__ for informational purposes (the “**Agreement**”), is entered into by and between the County of Contra Costa, a political subdivision of the State of California (“**Locality**”), Alves Lane, L.P., a California limited partnership (“**Borrower**”), and the California Housing Finance Agency (“**CalHFA**”) a public instrumentality and a political subdivision of the State of California in connection with a loan by CalHFA to Borrower to finance a multifamily residential rental housing project on real property located in the City of Bay Point, County of Contra Costa, California and more particularly described on **Exhibit A** attached hereto and incorporated herein by this reference (“**Project**”). Unless otherwise noted, references to instruments recorded in “Official Records” refer to instruments recorded in the Office of the County Recorder of the County of Contra Costa. Capitalized terms not defined herein shall have the meaning as set forth in the Locality Affordability Restrictions (as defined below).

RECITALS

A. WHEREAS, Borrower and the Locality have encumbered the Project with the following document related to the financing and/or development of the Project:

1. That certain “Density Bonus and Inclusionary Housing Developer Agreement (Alves Lane Apartments)” dated as of December 20, 2022 (the “**Locality Affordability Restrictions**”) by and between the Locality and the Borrower and recorded in the Official Records as Instrument No. 2023-0010833.

B. WHEREAS, CalHFA is making, contemporaneously with the making of this Agreement, a first mortgage loan to Borrower (the “**Permanent Loan**”) and a second mortgage subsidy loan (the “**Subsidy Loan**”) (collectively the Permanent Loan and the Subsidy Loan shall be referred to herein as the “**CalHFA Loan**”).

1. The Permanent Loan is evidenced by a loan agreement and a promissory note from the Borrower to CalHFA in the face amount of Twenty Million Three Hundred Fifty-One Thousand and No/100 Dollars (\$20,351,000.00) and a deed of trust securing the obligations of the promissory note for the Permanent Loan and the Permanent Regulatory Agreement, described below. The deed of trust was executed by Borrower, as trustor, to Old Republic Title Company, as trustee, in favor of CalHFA, as beneficiary, and is entitled “California Housing Finance Agency, Permanent Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, CalHFA Development No. 22-007-A/X/N, Permanent Financing, HUD Risk Sharing Program/FFB” dated _____ 1, 202__ (the “**Permanent Deed of Trust**”) to be recorded in the Official Records contemporaneously with this Agreement. The Project shall also be regulated and encumbered by a regulatory agreement executed by Borrower and CalHFA entitled “California Housing Finance Agency, Regulatory Agreement, CalHFA Development No. 22-007-A/X/N, Permanent Financing, HUD Risk Sharing Program/FFB” dated as of _____ 1, 202__ (the “**Permanent Regulatory Agreement**”) to be recorded in the Official Records contemporaneously with this Agreement.

2. The Subsidy Loan is evidenced by a promissory note from the Borrower to CalHFA in the face amount of Seven Million Three Hundred Sixty Thousand Four Hundred Three and No/100 Dollars (\$7,360,403.00) and a deed of trust securing the obligations of the promissory note for the Subsidy Loan and the Subsidy Regulatory Agreement, described below. The deed of trust was executed by Borrower, as trustor, to Old Republic Title Company, as trustee, in favor of CalHFA, as beneficiary, and is entitled “California Housing Finance Agency Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, CalHFA Development No. 22-007-A/X/N, Mixed-Income Program/Residual Receipts” dated _____ 1, 202__ (the “**Subsidy Deed of Trust**”) to be recorded in the Official Records contemporaneously with this Agreement. The Project shall also be regulated and encumbered by a regulatory agreement executed by Borrower and CalHFA entitled “California Housing Finance Agency, Regulatory Agreement, CalHFA Development No. 22-007-A/X/N, Mixed-Income Program/Residual Receipts” dated as of _____ 1, 202__ (the “**Subsidy Regulatory Agreement**”) to be recorded in the Official Records contemporaneously with this Agreement.]

3. In addition, CalHFA has or will be filing a UCC Financing Statement with the Secretary of State evidencing Borrower's granting a security interest in the Project (“**UCC Statement**”). The Permanent Regulatory Agreement, Subsidy Regulatory Agreement, Permanent Deed of Trust, Subsidy Deed of Trust and related documents, and the UCC Statement shall hereafter be collectively referred to herein as the “CalHFA Documents”.

C. WHEREAS, it is a condition precedent to CalHFA making the CalHFA Loan that Locality not exercise certain remedies and/or rights under the Locality Affordability Restrictions against CalHFA during the Standstill Term (as defined below).

D. WHEREAS, it is beneficial to all parties that CalHFA make the CalHFA Loan, and Locality is willing to not exercise certain remedies and/or rights under the Locality Affordability Restrictions for the Standstill Term (as defined below) in order that the CalHFA Loan be made.

NOW THEREFORE, in consideration of the foregoing and other consideration the receipt and sufficiency of which are hereby acknowledged, and in order to induce CalHFA to make the CalHFA Loan, the parties hereto agree as follows:

1. Standstill Agreement.

a. Locality hereby agrees that in the event CalHFA becomes the Owner of the Project pursuant to judicial foreclosure sale, non-judicial foreclosure, deed-in-lieu of foreclosure, or otherwise, and until such time that CalHFA is no longer the Owner of the Project (the “**Standstill Term**”), Locality shall not exercise any of the remedies, requirements and/or rights under the following Locality Affordability Restrictions Sections or Subsections thereof: 3, 7, 11-16, 18, 19, 20, and 25 (the “**Standstill Provisions**”). During any Standstill Term the sole remedy against CalHFA for a violation of the Locality Affordability Restriction’s affordability limitations found in Section 6, 8, 9, 10, and 17, of the Locality Affordability Restrictions (the “**Affordability Limitations**”), shall be Locality’s right to exercise equitable remedies, including specific performance, if the violation remains uncured for ninety (90) days from notice by the Locality, to Borrower or its successor in interest, including CalHFA, of such violation (if the nature of such default reasonably requires more than ninety (90) days, Agency shall not be in default under the Locality Affordability Restrictions if Agency has commenced such cure and is diligently pursuing the same). If CalHFA has become the owner, then upon a sale, conveyance, transfer or otherwise from CalHFA to another entity (“**Successor Entity**”), Locality and CalHFA agree that the Successor Entity shall become the new owner of the Project and shall be subject to all provisions of the Locality Affordability Restrictions, including the Standstill Provisions, for the remaining term of the Locality Affordability Restrictions.

b. Additionally, in the event of a judicial foreclosure sale, non-judicial foreclosure, a deed-in-lieu of foreclosure, or otherwise, under the CalHFA Documents, or loss or reduction of Section 8 rental subsidies, Locality shall, to the extent necessary to achieve financial feasibility for the Project (a minimum debt service coverage ratio of 1.05, unless otherwise agreed by the CalHFA (“**Financial Feasibility**”)), increase the Affordability Limitations for some or all of the Project’s units, and to the maximum extent permitted under the federal or state laws or regulations underlying the Locality Affordability Restrictions, including but not limited to Government Code § 65915(c)(1), to initial income not to exceed 60% of Area Median Income (“AMI”) as defined in Health & Safety Code Section 50093, as amended, at monthly rents not to exceed 1/12th of 30% of 60% AMI, less a reasonable utility allowance, however, if rent increases up to 60% AMI are not necessary for Financial Feasibility, then the percentage AMIs shall be increased to less than 60% AMI. CalHFA agrees to give Locality fifteen (15) days’ notice prior to increasing the Affordability Limitations, in cooperation with the Locality and the Borrower, pursuant to this paragraph and make good faith efforts to minimize displacement of current tenants. Any increase in tenants’ rents shall be subject to Section 7(b) of the CalHFA Regulatory Agreement.

c. Following a judicial foreclosure sale, non-judicial foreclosure, a deed-in-lieu of foreclosure, or otherwise, under the CalHFA Documents, CalHFA or its successors in interest shall cooperate with the Locality in providing any information or approvals to inspect the units that the Locality may reasonably request for the term of the Locality Affordability Restrictions cited above.

d. Locality and Borrower agree to not amend, modify or otherwise alter the Locality Affordability Restrictions without prior written approval of such amendment, modification or alteration from CalHFA.

e. Locality shall provide CalHFA with a copy of all notices of default provided to Borrower under the Locality Affordability Restrictions within five days of sending Borrower such initial notice, and CalHFA shall have the right, but not the obligation, to cure the default(s) under such notice(s).

f. During any Standstill Term, the Agency shall verify that the income of each prospective Eligible Household and rent charged to each Eligible Household do not exceed those authorized under the Locality Affordability Restrictions.

g. During any Standstill Term, Agency shall provide the Locality with an annual occupancy summary report (using income and rent limitations not to exceed those authorized under the Locality Affordability Restrictions) showing the income, rent and size of each Restricted Unit (“*Occupancy Summary Report*”).

h. The Locality acknowledges that nothing in this Agreement or the Locality Affordability Restrictions shall impose on CalHFA the obligations of the Borrower under the Locality Affordability Restrictions or require CalHFA to assume obligations under the Locality Affordability Restrictions unless CalHFA becomes the Owner of the Project, and CalHFA’s obligations under the Locality Affordability Restrictions are limited as noted in this section 1.

i. If CalHFA has become the Owner, upon a sale, conveyance, transfer or otherwise from CalHFA to another entity (“*Successor Entity*”), Locality and CalHFA agree that the Successor Entity shall become the new Owner of the Project and shall be subject to all provisions of the Locality Affordability Restrictions for the remaining term thereof.

j. Locality has read and understands the CalHFA Documents.

k. Nothing in this Agreement is intended to prevent Locality from exercising any of its remedies, rights, and/or obligations under the Locality Affordability Restrictions as they relate to any Owner thereunder, except during the Standstill Term.

2. Representations.

(a) Locality hereby represents and warrants to CalHFA that at the time of execution of this agreement, to the best of Locality’s knowledge, the Borrower is in substantial compliance with its obligations to the Locality under the terms of the Locality Affordability Restrictions, acknowledges that Locality has received the CalHFA Documents and has had an opportunity to review them, and agrees that in the event the Borrower’s obligations to CalHFA conflict with the Borrower’s obligations to the Locality, the Borrower’s obligations to CalHFA shall prevail, provided that this clause shall not relieve the Borrower of its responsibility to the Locality.

(b) Locality and Borrower further represent and warrant to CalHFA that, notwithstanding any provisions contained in the Locality Affordability Restrictions, the restrictions and covenants thereunder are not intended by the parties thereto to either create a lien upon the Project, or grant any right of foreclosure, under the laws of the jurisdiction where the Project is located, to any party thereto or third party beneficiary thereof upon a default of any provision therein, rather they are intended by the parties thereto to constitute a restrictive covenant that is filed of record prior to any instrument or agreement granting a security interest in the Project the enforcement of which is limited to actions for specific performance or injunction.

3. Amendments. Amendments to this Agreement shall be in writing and signed by all the parties hereto.

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

5. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

6. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, it shall not invalidate or render unenforceable any other part of this Agreement.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Signatures follow on the next page

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

LOCALITY:

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

By: _____
Name _____
Title: _____

CalHFA:

**CALIFORNIA HOUSING FINANCE
AGENCY,** a public instrumentality and
political subdivision of the State of California

By: _____
Name _____
Title: _____

BORROWER:

ALVES LANE, L.P., a California
limited partnership

By: **Alves Lane, LLC,** a
California limited liability company
Its: Administrative General Partner

DRAFT – Do Not Execute

By: _____
Name: _____
Title: _____

By: **FFAH V Alves Lane, LLC,** a
California limited liability company
Its: Managing General Partner

By: **Foundation for Affordable
Housing V, Inc.,** a California
nonprofit public benefit
corporation
Its: Sole Member

DRAFT – Do Not Execute

By: _____
Name: _____
Title: _____

ACKNOWLEDGEMENTS

EXHIBIT A

Legal Description

