CITY OF DALY CITY

Regular Meeting - HOUSING DEVELOPMENT FINANCE AGENCY

AGENDA

Monday, July 25, 2022 - 7:00 PM

COVID-19 ANNOUNCEMENT - PUBLIC MEETINGS

Pursuant to Government Code section 54953(e) et seq., members of the Daly City Council and staff will participate in this meeting via a teleconference. Members of the public are encouraged to watch the meeting via livestream on the City's YouTube Channel at https://www.youtube.com/DalyCityVideoMeetings, the City's agenda website at https://www.dalycity.org/agendas or on local Channel 27 (Comcast).

Public Participation:

There are two ways to submit public comment: (1) send written comments by 4:00 pm on meeting day and (2) join to speak at the meeting via Zoom.

To submit a comment in writing, please email **cityclerk@dalycity.org** and write "Public Comment" in the subject line. In the body of the email, include the item number and/or title of the item as well as your comments. All comments received by 4:00 pm will be emailed to the City Council members prior to the meeting. Those comments received after 4:00 pm will be added to the record and shared with the City Council members following the public meeting. Comments are not read aloud into the record.

To speak at the meeting via Zoom, join at **https://bit.ly/dalycityjul25zoom**. Zoom will require an email address and name. The name entered will be visible online and will be used to notify you that it is your turn to speak. You may also join by visiting **https://zoom.us/join**. Enter meeting ID: 825 7087 1904, then enter email address and name. The July 25, 2022 Regular City Council meeting may also be accessed via telephone by dialing +1 669 900 6833 (Local). Enter the meeting ID:825 7087 1904, then press #.

When you would like to speak on an item during the public comment portion of the meeting, you will need to use the "raise hand" feature in Zoom. Public comment is limited to two (2) minutes maximum, and speakers may only comment once per item. You must familiarize yourself with Zoom prior to joining the meeting. The City will not be providing technical support.

If you do not wish to speak, the City requests that you watch the livestream of the meeting on the City's YouTube Channel at **https://www.youtube.com/DalyCityVideoMeetings**, the City's agenda website at **https://www.dalycity.org/agendas** or on local Channel 27 (Comcast).

Persons with disabilities who require auxiliary aids or services in attending or participating in this meeting should call the office of the City Clerk at 991-8078 as soon as possible.

AVAILABILITY OF PUBLIC RECORDS:

All public record to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the City Clerk's Office, City Hall located at 333 90th Street, Daly City, CA during normal business hours, at the same time that the public records are distributed or made available to the legislative body.

CALL TO ORDER:

ROLL CALL:

CHANGE OF OFFICERS:

The Mayor of the City of Daly City is hereby designated as Chairperson and the Vice-Mayor is hereby designated as Vice Chairperson.

APPROVAL OF MINUTES

1. May 20, 2021

CONSENT AGENDA

All items listed on the Consent Agenda are considered to be routine and may be approved by one roll call vote of the City Council. There shall be no separate discussion of the matters on the Consent Agenda unless requested by a member of the City Council. If discussion is required, that item will be removed from the Consent Agenda and will be considered separately at the end of the Agenda.

2. Approval of Transfer of Franciscan Mobile Home Park to Franciscan Residents Advisory Committee (FRAC); Approval of Early Redemption and Defeasance of Daly City Housing Development Finance Agency Mobile Home Park Refunding Revenue Bonds (Franciscan Mobile Home Park Acquisition Project), Series 2007A, 2007B and 2007C and Mobile Home Park Fourth Tier Revenue Bond (Franciscan Mobile Home Park Acquisition Project) Series 2002D; and Approval of Regulatory Agreement

PUBLIC APPEARANCE – ORAL COMMUNICATIONS

ADJOURNMENT:

DALY CITY HOUSING DEVELOPMENT FINANCE AGENCY
MEETING MINUTES
May 10, 2021

The virtual meeting was called to order by Chairperson Manalo at 7:33 P.M. by livestream/teleconference pursuant to Governor Newsom's Executive Order N-29-20.

ROLL CALL: Commissioners Present:

Juslyn Manalo, Chairperson
Rod Daus-Magbual, Vice-Chairperson
Ray Buenaventura
Pamela DiGiovanni
Glenn Sylvester

Staff Present:

Shawnna Maltbie, Executive Secretary/Director
Rose Zimmerman, General Counsel
K. Annette Hipona, Assistant Secretary

MINUTES

Special Meeting of December 14, 2020

It was moved by Commissioner DiGiovanni, seconded by Commissioner Sylvester and carried to approve the Special Meeting minutes of December 14, 2020.

RESOLUTIONS

Authorizing City Manager to sign the Consent of the Assignment and Assumption Agreement for Serramonte Ridge Apartments

It was moved by Commissioner DiGiovanni, seconded by Commissioner Sylvester and carried by unanimous roll call vote adopt the following resolution:

HFA-54, Authorizing City Manager to Sign the Consent of the Assignment and Assumption Agreement for Serramonte Ridge Apartments

PUBLIC APPEARANCE/ORAL COMMUNICATION

Russell Lee asked for the name of the police officer who shot Roger Allen to be made public. He questioned why it took four officers to respond to a flat tire.

Ed Hill asked the Council about starting the Council meeting so late.

ADJOURNMENT

The meeting was adjourned at 7:41 P.M.

____
Assistant Secretary

Approved this ___25th______________day

of ___________July______________2022.

____
Chairperson

Agency Agenda Report

Item # _____

Meeting Date: July 25, 2022

Subject: **Approval of Transfer of Franciscan Mobile Home Park to Franciscan Residents Advisory Committee (FRAC); Approval of Early Redemption and Defeasance of Daly City Housing Development Finance Agency Mobile Home Park Refunding Revenue Bonds (Franciscan Mobile Home Park Acquisition Project), Series 2007A, 2007B and 2007C and Mobile Home Park Fourth Tier Revenue Bond (Franciscan Mobile Home Park Acquisition Project) Series 2002D; and Approval of Regulatory Agreement**

Recommended Actions

Recommend the Board of Directors of the Daly City Housing Development Finance Agency adopt a Resolution approving the transfer of the Franciscan Mobile Home Park to FRAC, the early redemption and defeasance of all outstanding Daly City Housing Development Finance Agency bonds, and the entering into of a new Regulatory Agreement by the City.

Background

The City's housing authority, the Daly City Housing Development Finance Agency (the "Agency") is authorized to issue bonds and loan the proceeds thereof to nonprofit corporations to finance the acquisition of mobile home parks to provide housing for persons of very low-income. In 2002, to assist LINC Franciscan Limited Partnership (the "Original Borrower") in acquiring the Franciscan Mobile Home Park (the "Park") and making certain improvements to the Park, and to further the Agency's desire to provide housing for very low income residents, the Agency issued its Mobile Home Park Revenue Bonds (Franciscan Mobile Home Park Acquisition Project), Series 2002A, 2002A-T, 2002B, 2002C and 2002D (collectively, the "2002 Bonds"), and entered into a regulatory agreement with the Original Borrower. The Series 2002A, 2002A-T, 2002B and 2002C were sold to the public. The Series 2002D Bonds were held by Philip Anthony Hoon and the Kenyon Family Trust. The net proceeds of the 2002 Bonds were loaned to the Original Borrower and the Original Borrower made payments under a loan agreement which payments secured the 2002 Bonds. A Regulatory Agreement and Declaration of Restive Covenants was recorded against the land relating to the tax-exempt 2002 Bonds and the requirement that at least 20% (or 101 spaces) were to be occupied by "Very Low Income Residents" within the meaning of the Regulatory Agreement with monthly rental payments subject to the limitations set forth in the Regulatory Agreement. The covenants ran through 2032.

In 2007, in connection with the transfer of the Park from the Original Borrower to Franciscan Park, LLC (the "Borrower"), the Agency issued its Mobile Home Park Revenue Refunding Bonds (Franciscan Mobile Home Park Acquisition Project), Series 2007A, 2007B and 2007C (the "2007 Bonds"), pursuant to an Amended and Restated Indenture of Trust. Proceeds of the 2007 Bonds were used to redeem and defease the Series 2002A, 2002B and 2002C Bonds by financing the prepayment by the Original Borrower of a portion of their loan. The Original Borrower's ownership interest in the Park was transferred to the Borrower who entered into an Amended and Restated Loan Agreement in which payments made by the Borrower would be used to secure the 2007 Bonds and the 2002D Bonds. The 2002A-T Bonds had matured and were no longer outstanding.

In connection with the issuance of the 2007 Bonds, the Regulatory Agreement was amended and restated and an Administrative and Operations Agreement was entered into in which Rosenow Spevacek Group Inc., was employed as program administrator and oversight agent for the purpose of monitoring compliance of the amended Regulatory Agreement.

In 2012, a lawsuit was brought by plaintiffs Franciscan Resident Advisory Committee, a California non-profit public benefit corporation ("FRAC") (formerly known as Franciscan Mobile Home Owners for Justice), Rosendo Quiniquini, Robert Quinn, Sandra Holman, and Mamie Zhu, on behalf of themselves individually and a purported class of persons against defendants LINC Housing Corporation, Corporate Fund for Housing, Original Borrower, Borrower, Franciscan Housing Corporation, and Hunter L. Johnson, the Agency and David Kenyon. All parties entered into a settlement agreement which contemplated the conveyance of interest in the Park by Borrower to FRAC.

In accordance with the terms of the settlement agreement FRAC has obtained a financing commitment from Wells Fargo Bank, National Association, under the Capital Markets Exclusion (CME) Loan Program from the Federal Home Loan Mortgage Corporation (Freddie Mac), for a loan (the "Wells Fargo/Freddie Loan") to acquire the ownership interests of the Borrower in the Park. The Wells Fargo/Freddie Loan will be used in part to prepay Borrower's loan to the Agency and thereby redeem and defease all of the outstanding 2007 Bonds and the 2002D Bonds (the "Bond Defeasance"). It is intended that the Park and FRAC shall be organized and operated as a limited equity housing cooperative.

In connection with the transfer of the Park to FRAC, a Conversion Impact Report was delivered to Park residents and mobile home owners in April and May of 2021. A Transfer Application was submitted to the City on November 15, 2021, and supplemented with additional information on March 29, 2022, City staff have reviewed the report and all additional relevant information and, taking into account the Conversion Impact Report as a whole and the overall availability of housing within the City, have concluded that the transfer of the Park and its conversion into a limited equity housing cooperative will not result in or materially contribute to a shortage of housing opportunities or choices for low- and moderate-income households within the City. Further, City staff has concluded that FRAC has satisfactorily verified that residents and mobile home owners have been properly notified of the application for the change in use of the Park.

In order to accomplish the transfer of the Park to FRAC and the Bond Defeasance, certain actions on the part of the City and the Agency need to occur simultaneously with the funding of the Wells Fargo/Freddie Loan. In order for the 2007 Bonds and the 2002D Bonds to be defeased and no longer outstanding, funds are required to be deposited into an irrevocable escrow to pay the 2007 Bonds and the 2002D Bonds on their redemption date. A verification agent or CPA will certify the amount of the Wells Fargo/Freddie Loan necessary to be deposited into escrow and bond counsel will deliver an opinion that the such Bonds are defeased. Certain other documents will need to be recorded to release the Park and its rents from security for the 2007 Bonds and the 2002D Bonds. It is also recommended that a new or revised Regulatory Agreement be entered into and recorded extending the restrictive covenants as to the 20% spaces restricted to Very Low-Income Residents through the term of the Wells Fargo/Freddie Loan (2047).

The action today by the City Council and the Board of the Agency is to adopt resolutions to approve the transfer of the Park to FRAC and to approve the Defeasance of all outstanding bonds of the Agency relating to the Park. The Agency will enter into an Escrow Agreement, which provides that certain reserve fund amounts from the 2007 Bonds and the 2002D Bonds, along with funds from the Wells Fargo/Freddie Loan, will be deposited with the trustee for the 2007 Bonds and the 2002D Bonds and used to defease such Bonds by August 31, 2022 (Wells Fargo/Freddie Loan closing) and redeem the Bonds by August 31, 2022. It is drafted by Special Counsel. The Agency will terminate the Administration and Operations Agreement and enter into a termination of the previous Regulatory Agreement, which notices and agreement, along with other required notices under the previous bond documents, were drafted by Special Counsel. The Agency will enter into a revised Regulatory Agreement which is drafted by counsel to the Borrower and reviewed by Special Counsel. Any relevant Wells Fargo/Freddie Loan documents have been reviewed by staff and Special Counsel. More specific details of the Defeasance can be found in the drafts of the documents referenced in the resolutions.

The resolutions also include the retention of Norton Rose Fulbright US LLP as special bond counsel in connection with the Defeasance.

Following the Defeasance, no tax-exempt bonds will be outstanding for the Agency and the City's/Agency's involvement with the Park will be limited to receiving compliance reports from FRAC regarding FRAC's compliance with the Regulatory Agreement and the restriction of Very Low-Income spaces.

Fiscal Impact

The approval of this recommendation will retire all outstanding Agency debt early.

Summary/Conclusion

Recommend the Board of Directors of the Daly City Housing Development Finance Agency adopt a Resolution approving the transfer of the Franciscan Mobile Home Park to FRAC, the early redemption and defeasance of all outstanding Daly City Housing Development Finance Agency bonds, and the entering into of a new Regulatory Agreement.

Staff is available to provide any additional information desired by the Chair and/or Board Members.

Respectfully submitted,

Rose Zimmerman City Attorney	Tatum Mothershead Economic and Community Development Director

Attachments:

Draft Resolution
Draft Regulatory Agreement

RESOLUTION NO.

A RESOLUTION OF THE DALY CITY HOUSING DEVELOPMENT FINANCE AGENCY AUTHORIZING THE EARLY REDEMPTION AND DEFEASANCE OF ITS MOBILE HOME PARK REVENUE REFUNDING BONDS (FRANCISCAN MOBILE HOME PARK ACQUISITION PROJECT), SERIES 2007A, 2007B AND 2007C AND ITS MOBILE HOME PARK FOURTH TIER REVENUE BONDS (FRANCISCAN MOBILE HOME PARK ACQUISITION PROJECT) SERIES 2002D; APPROVING AN ESCROW AGREEMENT AND A REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, AND OTHER DOCUMENTS RELATED THERETO; APPROVING THE TRANSFER OF THE FRANCISCAN MOBILE HOME PARK TO FRANCISCAN RESIDENT ADVISORY COMMITTEE; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Legislature of the State of California enacted Section 34376 and following of the California Health and Safety Code (the “Act”) to authorize housing authorities to issue bonds and loan the proceeds thereof to nonprofit corporations to finance the acquisition of mobile home parks to provide housing for persons of very low-income; and

WHEREAS, the City of Daly City (the “City”), through the Daly City Housing Development Finance Agency (the “Agency”), previously issued $37,135,000 aggregate initial principal amount of its revenue bonds designated “Daly City Housing Development Finance Agency Mobile Home Park Senior Revenue Bonds (Franciscan Mobile Home Park Acquisition Project), Series 2002A (the “2002A Bonds”), $2,865,000 aggregate initial principal amount of its revenue bonds designated “Daly City Housing Development Finance Agency Mobile Home Park Subordinate Revenue Bonds (Franciscan Mobile Home Park Acquisition Project), Series 2002B,” (the “2002B Bonds”), $11,535,000 aggregate initial principal amount of its revenue bonds designated “Daly City Housing Development Finance Agency Mobile Home Park Third Tier Revenue Bonds (Franciscan Mobile Home Park Acquisition Project), Series 2002C,” (the “2002C Bonds” and together with the 2002A Bonds and the 2002B Bonds, the “Refunded Bonds”) and $1,923,000 aggregate initial principal amount of its revenue bonds designated “Daly City Housing Development Finance Agency Mobile Home Park Fourth Tier Revenue Bonds (Franciscan Mobile Home Park Acquisition Project), Series 2002D,” (the “2002D Bonds”, and together with the Refunded Bonds, the “2002 Bonds”) to finance a loan to LINC Franciscan Limited Partnership (“Original Borrower”) to permit the Original Borrower to acquire an interest in the Franciscan Mobile Home Park (the “Park”) and to make certain improvements thereto (the “2002 Project”); and

WHEREAS, in connection with the issuance of the 2002 Bonds, the Agency, the Original Borrower, and Union Bank of California, N.A. (“Union Bank”), entered into the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of April 1, 2002 (the “Original Regulatory Agreement”), which was recorded in the Official Records of the County of San Mateo, State of California, on April 18, 2002 as instrument number 2002-075989; and

WHEREAS, in 2007 the Agency issued its $45,725,000 aggregate initial principal amount of its revenue bonds designated “Daly City Housing Development Finance Agency Mobile Home Park Senior Revenue Refunding Bonds (Franciscan Mobile Home Park Acquisition Project), Series 2007A (the “2007A Bonds”), $5,175,000 aggregate initial principal amount of its revenue bonds designated “Daly City Housing Development Finance Agency Mobile Home Park Subordinate

Revenue Refunding Bonds (Franciscan Mobile Home Park Acquisition Project), Series 2007B," (the "2007B Bonds"), and $8,110,000 aggregate initial principal amount of its revenue bonds designated "Daly City Housing Development Finance Agency Mobile Home Park Third Tier Revenue Refunding Bonds (Franciscan Mobile Home Park Acquisition Project), Series 2007C," (the "2007C Bonds" and together with the 2007A Bonds and the 2007B Bonds, the "2007 Bonds") pursuant to an Amended and Restated Indenture of Trust, dated as of December 1, 2007 (the "Indenture"), by and between the Issuer and Union Bank of California, N.A., as Trustee thereunder (the "Trustee"), to redeem and defease the Refunded Bonds by financing the prepayment by the Original Borrower of a portion of such loan and the transfer of the Original Borrower's ownership interest in the Park to Franciscan Park, LLC (the "Borrower"), and to finance a loan to the Borrower to acquire Original Borrower's ownership interest in the Park; and

WHEREAS, the net proceeds of the 2007 Bonds were loaned to the Borrower pursuant to the terms of an Amended and restated Loan Agreement dated as of December 1, 2007 (the "Loan Agreement") by and among the Agency, the Borrower, the Original Borrower and the Trustee, to acquire the Original Borrower's ownership interest in the Park, which purchase price was used by the Original Borrower to prepay a portion of its loan and thereby redeem and defease the Refunded Bonds; and

WHEREAS, in connection with the issuance of the 2007 Bonds, the Agency, the Original Borrower, the Borrower and Union Bank, entered into the Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants, dated as of December 1, 2007 (the "First Amendment"), which was recorded in the Official Records of the County of San Mateo, State of California, on December 17, 2007 as instrument number 2007-176164; and

WHEREAS, in connection with the issuance of the 2007 Bonds, the Agency, the Original Borrower, the Borrower and Rosenow Spevacek Group Inc., as program administrator and oversight agent (the "Program Administrator"), entered into the Administration and Oversight Agreement, dated as of December 1, 2007 (the "Oversight Agreement") for the purpose of monitoring compliance of the First Amendment; and

WHEREAS, in 2012 Plaintiffs Franciscan Resident Advisory Committee, a California non-profit public benefit corporation ("FRAC") (formerly known as Franciscan Mobile Home Owners for Justice), Rosendo Quiniquini, Robert Quinn, Sandra Holman, and Mamie Zhu, on behalf of themselves individually and a purported class of persons; Defendants LINC Housing Corporation, Corporate Fund for Housing, Original Borrower, Borrower, Franciscan Housing Corporation, and Hunter L. Johnson; Defendant Agency; and Defendant David Kenyon entered into a settlement agreement which contemplated the conveyance of interest in the Park by Borrower to FRAC; and

WHEREAS, Borrower in accordance with the terms of the settlement agreement desires to prepay all its loan to redeem and defease all of the outstanding 2007 Bonds and the 2002D Bonds related thereto (the "Defeasance"), and transfer ownership of its interest in the Park to FRAC; and

WHEREAS, in connection with the transfer of the Park to FRAC, a Conversion Impact Report was delivered to Park residents and mobile home owners in April and May of 2021. A Transfer Application was submitted to the City on November 15, 2021, and supplemented with additional information on March 29, 2022, The City has reviewed the report and all additional relevant information and, taking into account the Conversion Impact Report as a whole and the overall availability of housing within the City, has concluded that the transfer of the Park and its conversion into a limited equity housing cooperative will not result in or materially contribute to a shortage of housing opportunities or choices for low- and moderate-income households within the City. Further, the City has concluded that FRAC has satisfactorily verified that residents and mobile home owners have been properly notified of the application for the change in use of the Park; and

WHEREAS, FRAC has obtained a financing commitment from Wells Fargo Bank, National Association, under the Capital Markets Exclusion (CME) Loan Program from the Federal Home Loan Mortgage Corporation (Freddie Mac), for a loan (the "Wells Fargo/Freddie Loan") to acquire the ownership interests of the Borrower in the Park, which Wells Fargo/Freddie Loan will be used in part to prepay Borrower's loan to the Agency and thereby redeem and defease all of the outstanding 2007 Bonds and the 2002D Bonds; and

WHEREAS, due to sufficient amounts available from the prepayment of the loan by the Borrower for redemption of the 2007 Bonds and the 2002D Bonds on [August _____, 2022], the Agency desires to enter into an escrow agreement to defease all outstanding 2007 Bonds and the 2002D Bonds; and

WHEREAS, pursuant to the First Amendment, the Borrower, Union Bank, and the Agency desire to terminate the First Amendment and will enter into the Termination of the Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants (the "First Amendment Termination"), and the City and FRAC desire to enter into a new Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") to extend the term of certain restrictive covenants to the maturity date of the Wells Fargo/Freddie Loan; and

WHEREAS, pursuant to Section 4.2 of the Oversight Agreement, the Agency desires to terminate the Oversight Agreement by providing notice to the City, the Program Administrator and the Borrower (the "Notice to Terminate Oversight Agreement"); and

WHEREAS, there have been presented to this meeting the proposed forms of the following documents:

a. Escrow Agreement ("Escrow Agreement"), by and among the Borrower, FRAC, the Agency and the Trustee, as Escrow Agent;

b. Notice to Terminate Administration and Oversight Agreement ("Termination Oversight Notice"), by Agency;

c. First Amendment Substitution of Trustee and Deed of Full Reconveyance ("Reconveyance");

d. Release of Recorded Instrument (Assignment and Transfer of Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing) ("Release");

e. First Amendment Termination, by and among the Borrower, Agency and Trustee; and

f. Regulatory Agreement.

WHEREAS, the Board has reviewed the documentation related to the defeasance of the 2007 Bonds and the 2002D Bonds, the termination of the Oversight Agreement, the Regulatory Agreement and the transfer of the Park to FRAC, which documentation is on file with the Secretary of the Agency.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE DALY CITY DEVELOPMENT HOUSING AGENCY HEREBY RESOLVES AS FOLLOWS:

Section 1. The above recitals are true and correct and are incorporated herein by this reference.

Section 2. The Board hereby approves the early redemption and defeasance of the outstanding 2007 Bonds and the 2002D Bonds in accordance with the provisions of the Escrow Agreement.

Section 3. The Board hereby approves the transfer of the Borrower's ownership interest in the Park to FRAC.

Section 4. The Agency hereby approves the Escrow Agreement relating to the early redemption and defeasance of the Bonds, substantially in the form on file with the Secretary of the Agency and incorporated herein by reference with such revisions, amendments and completions as shall be approved by a Responsible Officer with the advice of Special Counsel to the Agency in consultation with the City Attorney as Counsel to the Agency. A Responsible Officer of the Agency shall execute and deliver the Escrow Agreement in the name and on behalf of the Agency, and such execution shall be conclusive evidence of approval of any such changes and additions. A Responsible Officer shall include any of the members of the Agency Board of Directors, the Chair, Vice Chair, Executive Director, or Secretary of the Authority, or any official of the Agency designated by the Executive Director of the Agency as a Responsible Officer.

Section 5. The Agency hereby approves the Termination Oversight Notice, substantially in the form on file with the Secretary of the Agency and incorporated herein by reference with such revisions, amendments and completions as shall be approved by a Responsible Officer with the advice of Special Counsel to the Agency in consultation with the City Attorney as Counsel to the Agency. A Responsible Officer of the Agency shall execute and deliver the Termination Oversight Notice in the name and on behalf of the Agency, and such execution shall be conclusive evidence of approval of any such changes and additions.

Section 6. The Agency hereby approves the Reconveyance and Release, substantially in the forms on file with the Secretary of the Agency and incorporated herein by reference with such revisions, amendments and completions as shall be approved by a Responsible Officer with the advice of Special Counsel to the Agency in consultation with the City Attorney as Counsel to the Agency.

Section 7. The Agency hereby approves the First Amendment Termination, substantially in the form on file with the Secretary of the Agency and incorporated herein by reference with such revisions, amendments and completions as shall be approved by a Responsible Officer with the advice of Special Counsel to the Agency in consultation with the City Attorney as Counsel to the Agency. A Responsible Officer of the Agency shall execute and deliver the First Amendment Termination in the name and on behalf of the Agency, and such execution shall be conclusive evidence of approval of any such changes and additions.

Section 8. The Agency hereby approves the Regulatory Agreement relating to extension of restrictive covenants regarding the Park, substantially in the form on file with the Secretary of the Agency and incorporated herein by reference with such revisions, amendments and completions as shall be approved by a Responsible Officer with the advice of Special Counsel to the Agency in consultation with the City Attorney as Counsel to the Agency. A Responsible Officer of the Agency shall execute and deliver the Regulatory Agreement in the name and on behalf of the Agency, and such execution shall be conclusive evidence of approval of any such changes and additions. The Regulatory Agreement shall remain in full force and effect and continue to require that at least 20% (or 101 spaces) are to be occupied by "Very Low Income Residents" within the meaning of the Regulatory Agreement and with monthly rental payments subject to the limitations set forth in the Regulatory Agreement. Affordability will not be maintained through mandatory relocation or eviction of existing tenants.

Section 9. The Agency hereby appoints Norton Rose Fulbright US LLP, Los Angeles, California, as special bond counsel to assist the Agency and the City with the defeasance of the 2007 Bonds and the 2002D Bonds.

Section 10. The Executive Director of the Agency and each officer of the Agency, and each of them, is hereby authorized and directed, for and in the name and on behalf of the Agency, to do any and all things and take any and all other actions, including the publication of any notices necessary or desirable in connection with the redemption and defeasance of the 2007 Bonds and the 2002D Bonds, and execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance or reconveyance, warrants, escrow instructions and other documents, which they, or any of them, deem necessary or advisable to consummate the transactions herein described.

Section 11. This Resolution shall take effect immediately upon its adoption.

Section 12. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end of the provisions of this Resolution are severable.

Section 13. The Secretary of the Agency shall certify to the adoption of this Resolution.

A RESOLUTION OF THE DALY CITY HOUSING DEVELOPMENT FINANCE AGENCY AUTHORIZING THE EARLY REDEMPTION AND DEFEASANCE OF ITS MOBILE HOME PARK REVENUE REFUNDING BONDS (FRANCISCAN MOBILE HOME PARK ACQUISITION PROJECT), SERIES 2007A, 2007B AND 2007C AND ITS MOBILE HOME PARK FOURTH TIER REVENUE BONDS (FRANCISCAN MOBILE HOME PARK ACQUISITION PROJECT) SERIES 2002D; APPROVING AN ESCROW AGREEMENT AND A REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, AND OTHER DOCUMENTS RELATED THERETO; APPROVING THE TRANSFER OF THE FRANCISCAN MOBILE HOME PARK TO FRANCISCAN RESIDENT ADVISORY COMMITTEE; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

I hereby certify the foregoing to be a true copy of a Resolution adopted by the Board of Directors of the Daly City Housing Development Finance Agency, at a regular/special meeting thereof held on the _______day of ________________, 2022, by the following vote of the members thereof:

AYES, and in favor thereof, Directors: ____

____

NOES, Directors: ____

Absent, Directors: ____

____
SECRETARY OF THE DALY CITY HOUSING
DEVELOPMENT FINANCE AGENCY

APPROVED:

____
CHAIR OF THE DALY CITY HOUSING
DEVELOPMENT FINANCE AGENCY

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

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

REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS

by and between

DALY CITYHOUSING DEVELOPMENT FINANCE AGENCY

and

FRANCISCAN RESIDENT ADVISORY COMMITTEE

Dated as of [MONTH] [DATE], 2022

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REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (the "Regulatory Agreement"), made and entered into as of [MONTH] [DATE], 2022, is by and between the DALY CITY HOUSING DEVELOPMENT FINANCE AGENCY, a California housing authority (the "Agency") and the Franciscan Resident Advisory Committee, a California non-profit public benefit corporation ("FRAC")

RECITALS

WHEREAS, the Legislature of the State of California enacted Section 34376 and following of the California Health and Safety Code (the "Act") to authorize housing authorities to issue bonds and loan the proceeds thereof to nonprofit corporations to finance the acquisition of mobile home parks to provide housing for persons of very low-income; and

WHEREAS, the City of Daly City (the "City"), through the Daly City Housing Development Finance Agency, assisted LINC Franciscan Limited Partnership ("LINC") in its acquisition, ownership, and operation of a fee simple interest in that portion of the Franciscan Mobile Home Park (the "Park") constituting the "Cypress Abbey Parcel" and a leasehold interest in the portion of the Park constituting the "Podesta Parcel" through the issuance of the Mobile Home Park Revenue Bonds (Franciscan Mobile Home Park Acquisition Project), Series 2002A, 2002B, 2002C and 2002D (collectively, the "2002 Bonds") and the loaning of the proceeds thereof to LINC for the acquisition and improvement of the Park, through its cooperation with LINC in acquiring grants and loans for the benefit of the Park, and through the consideration by the City to provide available financial assistance, if needed, in the future to LINC in connection with such acquisition and operation;

WHEREAS, in connection with the issuance of the 2002 Bonds, the Agency, LINC, and Union Bank of California, N.A. ("Union Bank"), entered into the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of April 1, 2002 (the "Original Regulatory Agreement"), which was recorded in the Official Records of the County of San Mateo, State of California, on April 18, 2002 as instrument number 2002-075989; and

WHEREAS, in 2007, interest in the Park was transferred by LINC to Franciscan Limited Partnership ("Franciscan") in connection to the issuance of the by the Agency of its Mobile Home Park Revenue Refunding Bonds (Franciscan Mobile Home Park Acquisition Project), Series 2007A, 2007B and 2007C (collectively, the "2007 Bonds"), to redeem and defease the 2002A, 2002B and 2002C Bonds; and

WHEREAS, in connection with the issuance of the 2007 Bonds, the Agency, the LINC , Franciscan and Union Bank, entered into the Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants, dated as of December 1, 2007 (the "First Amendment"), which was recorded in the Official Records of the County of San Mateo, State of California, on December 17, 2007 as instrument number 2007-176164; and

WHEREAS, in 2012 Plaintiffs FRAC (formerly known as Franciscan Mobile Home Owners for Justice), Rosendo Quiniquini, Robert Quinn, Sandra Holman, and Mamie Zhu, on behalf of themselves individually and a purported class of persons; Defendants LINC Housing Corporation, Corporate Fund for Housing, LINC, Franciscan, Franciscan Housing Corporation, and Hunter L. Johnson; Defendant Agency; and Defendant David Kenyon entered into a settlement agreement which contemplated the conveyance of interest in the Park by Franciscan to FRAC; and

WHEREAS, Franciscan in accordance with the terms of the settlement agreement has prepaid all its loan to redeem and defease all of the outstanding 2007 Bonds and the 2002D Bonds related thereto (the "Defeasance"), and transferred ownership of its interest in the Park to FRAC; and

WHEREAS, FRAC obtained a loan from Wells Fargo Bank, National Association, under the Capital Markets Exclusion loan program with the Federal Home Loan Mortgage Corporation, commonly known as Freddie Mac (the "Wells Fargo/Freddie Loan"), to acquire the ownership interests of Franciscan in the Park; and

WHEREAS, the restrictive covenants agreed to in the Original Regulatory Agreement and the First Amendment run with the land for 30 years starting April 1, 2002; and

WHEREAS, pursuant to the First Amendment, the Franciscan, Union Bank, and the Agency terminated the First Amendment, and the Agency and FRAC desire to enter into this Regulatory Agreement to extend the term of certain restrictive covenants to the maturity date of the Wells Fargo Loan; and

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agency and FRAC hereby agree to as follows:

Section 1. Definitions and Interpretation. In addition to the terms defined in the foregoing recitals, the following terms used in this Regulatory Agreement shall have the respective meanings assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

"*Adjusted Income*" means the adjusted income of a person (together with the adjusted income of all persons the age of 18 years or older who intend to reside with such person in one mobile home on one Space) as calculated in the manner prescribed pursuant to Section 8 of the United States Housing Act of 1937, or, if said Section 8 is terminated, under such program as in effect immediately before such termination.

"*Area*" means the Primary Metropolitan Statistical Area in which the Park is located.

"Certificate of Continuing Program Compliance" means the certificate with respect to the Park to be filed by FRAC with the City which shall be substantially in the form attached hereto as Exhibit C.

"*City*" means the City of Daly City, California.

"*County*" means the County of San Mateo, California.

"*FRAC*" means the Franciscan Resident Advisory Committee, a nonprofit public benefit corporation organized as a limited equity housing cooperative pursuant to Health and Safety Code Section 33007.5, and its successors and assigns to the Development.

"*Income Certification*" means the Income Computation and Certification attached hereto as Exhibit B.

"*Median Income for the Area*" means the median gross income for the Area as determined by the United States Department of Housing and Urban Development consistent with section 8 of the United States Housing Act of 1937, or, if such program is terminated, under such program as in effect immediately before such termination.

"*Parcel*" means the Cypress Abbey Parcel or the Podesta Parcel, as the context requires.

"*Qualified Project Period*" means the period of time commencing on August ___, 2022 until the maturity of the Wells Fargo/Freddie Loan, being ______, 2032 .

"*Qualified Residents*" means Very Low-Income Residents.

"*Qualified Space*" means a Very Low-Income Space.

"*Space*" means a mobile home space within the Park upon which a mobile home may be placed.

"*Very Low-Income Residents*" means individuals or families with an Adjusted Income which does not exceed the amount promulgated by the U.S. Department of Housing and Urban Development for very low-income households for the Area as adjusted for household size as set forth below. In no event, however, will the occupants of a Space be considered to be Very Low-Income Residents if all the occupants are students, as defined in Section 151(c)(4) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 151(c)(4) defines a student as an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof. "Household Size" Adjustment for 1 = 70%; Adjustment for 2 = 80%; Adjustment for 3 = 90%; Adjustment for 4 = 100%; Adjustment for 5 = 108%; Adjustment for 6 = 116%; Adjustment for 7 = 124%; Adjustment for 8 = 132%; and assuming one person will occupy a recreational vehicle, two people will occupy a single-wide mobile home, and three persons will occupy a multi-sectional mobile home. In adjusting rents for household size as described in Section 5(a) herein, it shall be assumed that one person will occupy a studio mobile home, two persons will occupy a one-bedroom mobile home, three persons will occupy a two-bedroom mobile home, four persons will occupy a three-bedroom mobile home and five persons will occupy a four-bedroom mobile home.

"*Very Low-Income Spaces*" means the Spaces in the Park designated for occupancy by Very Low-Income Residents pursuant to Section 5(a) of this Regulatory Agreement.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. Residential Property. FRAC hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Park is being cooperatively owned and operated for the purpose of providing Spaces for owner occupied mobile homes, consisting of one mobile home Space for each household, together with related facilities.

(b) All of the mobile homes in the Park will contain separate facilities for living, sleeping, eating, cooking and sanitation, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) Substantially all of the Spaces will be available for occupancy by members of the general public who become members of the FRAC. FRAC will not give preference to any particular class or group in becoming a member of FRAC, except that Spaces are required to be leased or rented to Qualified Residents.

(d) There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, ancestry, national origin, source of income (e.g. TANF (or its successor program, if any), or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Park nor shall the transferee or any person claiming under or through the transferee, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Park.

(e) The Very Low-Income Spaces shall be intermingled with, and shall be of comparable quality to, all other Spaces in the Park. Residents in all Spaces shall have equal access to and enjoyment of all common facilities of the Park.

(f) FRAC will accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing housing program under Section 8 of the United States Housing Act, or its successor. FRAC shall not apply selection criteria to Section 8 certificate or voucher holders that is more burdensome than criteria applied to all other prospective tenants, nor shall FRAC apply or permit the application of management policies or lease provisions with respect to the Project which have the effect of precluding occupancy of Spaces by such prospective tenants.

Section 3. Additional Program Requirements. The following provisions shall apply during the term of this Agreement.

(a) Any proposed sale of the Park by FRAC shall be noticed to the City no less than 90 days prior to the proposed date of the sale

(b) The City shall have no responsibility over management of the Park. FRAC is responsible for all management functions with respect to the Park including, without limitation, the selection of members as to income qualification for Qualified Space(s) when such issue is required to comply with affordability requirements of this project, certification and recertification of household size and income, evictions, collection of carrying charges and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items and security. In no instance shall FRAC delegate or forego its responsibility to operate the Park in the manner set forth in this Regulatory Agreement.

(c) The Agency, through its Authorized Officer, reserves the right to conduct an annual (or more frequently, if deemed necessary by the Agency) review of the management practices and financial status of the Park. The purpose of each periodic review will be to enable the Park to determine if the Park is being operated and managed in accordance with the requirements and standards of this Regulatory Agreement. FRAC shall cooperate with the Agency in such reviews, including but not limited to, making its books and records regarding the Park available for inspection by the Agency.

(d) With the exception of pre-existing uses of property not owned by the FRAC, FRAC agrees, for the entire term of this Regulatory Agreement, to maintain all common area interior and exterior improvements and common buildings on the Park (exclusive of the mobile homes and tenant spaces), including, without limitation, landscaping at the Park, in good condition and repair, including necessary replacements (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.

(e) FRAC shall apply amounts on deposit in the Rental Assistance Fund to reduce rents on Qualified Spaces occupied by Very Low Income Residents or, in the alternative, to purchase mobile homes for sale within the Project in order to preserve housing for Very Low Income Residents. FRAC shall notify in writing the Agency at least once each calendar year (and in no event later than January 31 of each year commencing January 31, 2023) with respect to the manner in which such funds have been applied during the prior calendar year to reduce such rents. FRAC, with the assistance of the Agency, if applicable, shall use good faith efforts to apply for grants and low interest rate loans that may be available to implement such a program.

Section 4. DRE Exemption.

(a) FRAC and the Agency intend for this Regulatory Agreement to qualify the Development for the Business and Professions Code Section 11003.4(b) exemption from the requirements of Business and Professions Code Division 4, Part 2, Chapter 1. FRAC shall notify the California Department of Real Estate on a form provided by the department, that an exception is claimed under Business and Professions Code Section 11003.4(b).

(b) The Agency confirms, consistent with Business and Professions Code Section 11003.4(b)(4), that i) it has reviewed FRAC's articles of incorporation and bylaws, the form of the occupancy agreement, and the form of membership agreement by which prospective members of FRAC agree to become members of the FRAC, and ii) it is satisfied that these documents provide adequate protection for the rights of members of FRAC.

(c) The Agency acknowledges that it has received a legal opinion from FRAC's attorney that the Cooperative meets the requirements of Business and Professions Code Section 11003.4(b).

(d) FRAC and the Agency acknowledge that: i) the Park's common area improvements and other facilities to be owned by FRAC have been constructed; ii) that the members of FRAC are providing less than twenty percent (20%) of the total development cost of the Park. FRAC shall be organized and operated as a limited equity housing cooperative and shall be operated by the members of FRAC pursuant to the Cooperative's articles of incorporation and bylaws. FRAC's articles of incorporation and bylaws shall at all times provide for i) the organization and operation of FRAC by the members, ii) the transfer value of a membership in the FRAC to be no more than the amount permitted by Civil Code Section 817, and iii) the FRAC's assets to be used only in the manner permitted by Civil Code Section 817.

(e) The ongoing fiscal management of the FRAC, including provisions for an adequate budget, reserves, and maintenance and management of the Park, shall be the responsibility of FRAC in accordance with FRAC's articles of incorporation and bylaws, subject to annual review and approval of the budget by the Agency.

(f) FRAC shall distribute a membership information report to any prospective purchaser of a membership in FRAC, prior to purchase of that membership. The membership information report shall contain full disclosure of the financial obligations and responsibilities of membership in FRAC, the resale of the memberships, FRAC's financing, membership share accounts, occupancy restrictions, management arrangements, and any other information pertinent to the benefits, risks, and obligations of FRAC ownership.

Section 5. Qualified Members. FRAC hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(a) During the Qualified Project Period:

(i) not less than 20% of the Spaces in the Park shall be designated as Very Low-Income Spaces and shall be continuously occupied by Very Low-Income members. The monthly carrying charge for one-half of the Very Low-Income Spaces (i.e., 10% of the Spaces) shall be not greater than the lesser of (x) the monthly rent permitted under any lease then in effect and any restrictions under applicable law or (y) the amount calculated as follows:

(A) Where a Very Low-Income Resident is both the registered and legal owner of the mobile home and is not making mortgage payments for the purchase of that mobile home, the total general carrying charge for occupancy of the Space (excluding special or individual carrying charges) shall not exceed 1/12 of 30% of 50% of Median Income for the Area, adjusted for household size. Calculated as a monthly carrying charge which does not exceed the amount produced by (I) beginning with the Median Income for the Area (which figure, as established by the U.S. Department of Housing and Urban Development assumes a four-person household), (II) establishing the number of persons in the Space for purposes of this calculation using the assumed standard household sizes set forth in definitions, Very Low-Income Residents, (III) multiplying by the relevant Family Size Adjustment Factor, (IV) multiplying by 50%, (V) multiplying by 30%, and (VI) dividing by twelve.)

(B) Where a Very Low-Income Resident is the registered owner of the mobile home and is making mortgage payments for the purchase of that mobile home, the total general carrying charge for occupancy of the Space (excluding special or individual carrying charges), shall not exceed 1/12 of 15% of 50% of Median Income for the Area, as adjusted for household size. Calculated as a monthly carrying charge which does not exceed the amount produced by (I) beginning with the Median Income for the Area (which figure, as established by the U.S. Department of Housing and Urban Development assumes a four-person household), (Il) establishing the number of persons in the Space for purposes of this calculation using the assumed standard household sizes set forth in definitions, Very Low-Income Residents, (III) multiplying by the relevant Family Size Adjustment Factor, (IV) multiplying by 50%, (V) multiplying by 15%, and (VI) dividing by twelve.)

The monthly general carrying charges for the remaining one-half of the Very Low-Income Spaces (i.e., 10% of the Spaces) shall not be greater than as set forth above in clauses (A) and (B); provided however that FRAC shall in all such cases consider only the general carrying charge for the membership (and not any other payments, including, without limitation, rent for the mobile home or any mortgage payments) in determining the maximum monthly general carrying charge to be charged regardless of whether the Very Low-Income Resident is making mortgage payments.

(b) In the event a recertification of such member's income demonstrates that such member no longer qualifies as a Qualified Resident, the Space occupied by such Resident shall continue to be treated as a Qualified Space unless and until any Space in the Park thereafter is occupied by a new member other than a Qualified Resident. Moreover, a Space previously occupied by a Qualified Resident and then vacated shall be considered occupied by a Qualified Resident until reoccupied, other than for a temporary period, at which time the character of the Space shall be redetermined. In no event shall such temporary period exceed 31 days. Notwithstanding anything herein to the contrary, if at any time the number of Qualified Residents falls below the number required by subparagraph (a)(i) of this Section, the next available membership shall be transferred to a Qualified Resident.

(c) Immediately prior to a Qualified Resident's occupancy of a Qualified Space, FRAC will obtain and maintain on file an Income Certification from each Qualified Resident occupying a Qualified Space, dated immediately prior to the initial occupancy of such Qualified Resident in the Park. In addition, FRAC will provide such further information as may be required in the future by the Agency. FRAC shall verify that the income provided by an applicant is accurate by taking one or more of the following steps as a part of the verification process: (i) obtain a federal income tax return for the most recent tax year; (ii) obtain a written verification of income and employment from applicant's current employer; (iii) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income reasonably satisfactory to the Agency; or (iv) such other information as may be reasonably requested by the Agency.

Unless another schedule is authorized by the Agency, within 30 days after the end of each 6-month period during the term of this Regulatory Agreement, starting [MONTH] [DATE], [YEAR], FRAC shall advise the Agency of the status of the occupancy of the Park by delivering to the Agency, a Certificate of Continuing Program Compliance. Copies of the most recent Income Certifications for Qualified Residents commencing or continuing occupancy of a Qualified Space shall be made available to the Agency upon request.

(d) FRAC will maintain complete and accurate records pertaining to the Qualified Spaces and will permit any duly authorized representative of the Agency to inspect during normal business hours and with prior notice the books and records of FRAC pertaining to the Park, including those records pertaining to the occupancy of the Qualified Spaces.

(e) Each occupancy agreement pertaining to a Qualified Space occupied after interest in the Park is transferred to FRAC shall contain a provision to the effect that FRAC has relied on the Income Certification and supporting information supplied by the Qualified Resident in determining qualification for occupancy of the Qualified Space, and that any material misstatement in such certification (whether or not intentional) may be cause for immediate termination of such occupancy agreement. Each occupancy agreement will also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by FRAC will disqualify the Space as a Qualified Space and provide grounds for termination of the occupancy agreement. FRAC agrees to provide to the Agency, a copy of the form of application and lease to be provided to prospective Qualified Residents and any amendments thereto.

(f) In the event, despite FRAC's exercise of best efforts to comply with the provisions of Section 5 of this Regulatory Agreement, FRAC shall have been out of compliance with any of the restrictions of Section 5 hereof relative to Qualified Residents, for a period in excess of six months, then at the sole option of the Agency the term of the Regulatory Agreement shall be automatically extended for the period of noncompliance upon written notice to FRAC, such extension to relate to the Qualified Spaces and Qualified Residents as to which such noncompliance relates.

Section 6. Owner Occupancy Requirements. All members of the FRAC shall be required to own and occupy their mobile home in the Park as their principal place of residency. All members of the FRAC shall be required to sign a certificate stating their intent to own and occupy their mobile home as their principal place of residency prior to execution of an occupancy agreement. The board of directors of FRAC may grant limited exceptions to the owner-occupancy requirement.

FRAC shall obtain owner-occupancy certifications from all residents of the Park on an annual basis, in which each resident certifies under penalty of perjury that he or she owns his or her mobile home (or the mobile home is owned by another resident member of the household) and he or she occupies the mobile home as his or her principal place of residence, and submit copies of such certifications to the Agency with the annual report. For purposes of this Regulatory Agreement, "principal place of residence" shall mean occupancy by the resident for at least ten (10) months out of each calendar year:

Section 7. Occupancy Agreement. FRAC shall include in the occupancy agreements for the Spaces provisions which authorize FRAC to immediately terminate the tenancy of any household in which one or more household members misrepresented any fact material to the household's qualification as a Very Low-Income Household, where any household member misrepresented its intention to occupy the mobile home as his or her principal place of residency, or where any household member fails to occupy its mobile home as the principal place of residency.

Section 8. Indemnification. FRAC shall indemnify, hold harmless and defend the City, the Agency and their respective officers, members, directors, officials and employees (the "indemnified party") against all losses, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature, joint and several (including, without limitation, attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments), directly or indirectly resulting from or arising out of or related to (a) the operation, use, occupancy, maintenance or ownership of the Park (including compliance with laws, ordinances and rules and regulations of public authorities relating thereto); or (b) any written statements or representations with respect to FRAC or the Park; provided, however, FRAC shall not be obligated to indemnify the City and the Agency for damages caused by the negligence or willful misconduct of the City and the Agency or to indemnify the City and the Agency for damages caused by the gross negligence or willful misconduct of the City and the Agency. FRAC also shall pay and discharge and shall indemnify and hold harmless the City and the Agency from any taxes, carrying charges, impositions and other charges in respect of any portion of the Park. If any such claim is asserted, or any such taxes, carrying charges, impositions or other charges, are sought to be imposed, the City or the Agency shall give prompt notice to FRAC, and FRAC shall have the sole right and duty to assume, and will assume, the defense thereof, including the employment of counsel selected by the indemnified party and the payment of all reasonable expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion.

Section 9. Term. This Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect during the Qualified Project Period. Notwithstanding any other provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated upon agreement by the Agency and FRAC.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement, and all and several of the terms hereof, shall terminate and be of no further force and effect in the event of (a) a foreclosure or delivery of a deed in lieu of foreclosure whereby a third party shall take possession of the Park; (b) involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, or requisition; or (c) condemnation or a similar event. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 10. Covenants to Run with the Land. The Agency and FRAC hereby declare their express intent that the covenants and restrictions set forth in this Regulatory Agreement shall run with the land and shall bind all successors in title to the Park until this Regulatory Agreement expires at the end of the Qualified Project Period. Each and every contract, deed or other instrument hereafter executed covering or conveying the Park or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

Section 11. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Park in order to establish and carry out a common plan for the use of the Park.

Section 12. Enforcement. If FRAC fails to perform any obligation under this Regulatory Agreement, and fails to cure any default within thirty (30) days after the Agency has notified FRAC in writing of the default or, if the default cannot be cured within thirty (30) days, fails to commence to cure within thirty (30) days and thereafter diligently pursue such cure, the Agency shall have the right to enforce this Regulatory Agreement by bringing an action at law or in equity to compel FRACs performance of its obligations under this Regulatory Agreement, and/or for damages or any other remedy provided by law.

Section 13. Recording and Filing. FRAC shall cause this Regulatory Agreement and all amendments and supplements hereto, to be recorded and filed in the real property records of the County. FRAC shall pay all fees and charges incurred in connection with any such recording.

[[Section __ Payment of Fees. FRAC will pay on each ________, commencing ________, to the Agency the City Fee, when due.]]

Section 14. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California. Except as expressly provided herein and in the Agreement, the Trustee's rights, duties and obligations hereunder are governed in their entirety by the terms and provisions of the Indenture.

Section 15. Amendments. This Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County. The Agency and FRAC may make such modifications, amendments and changes to the forms of Certificates set forth in Exhibit B and Exhibit C as they may mutually agree to provided that such Certificates shall still meet the requirements imposed by this Regulatory Agreement.

Section 16. Notice. All notices, certificates or other communications shall be in writing and will be sufficiently given and shall be deemed given on the date personally delivered or on the second day following the date on which the same have been mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Agency:

Housing Development Finance AgencyDaly City
333 90th Street
Daly City, CA 94015
Attention: Rose Zimmermann, Esq.

If to FRAC:

Franciscan Resident Advisory Committee
145 Haven Drive
Daly City, CA 94014
Attention: Board President

With Copies to:

Goldfarb and Lipman

c/o Karen Tiedemann
1300 Clay Street, Floor 11
Oakland, CA 94612

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

Section 17. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 18. Multiple Counterparts. This Regulatory Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

IN WITNESS WHEREOF, the Agency and FRAC have executed this Regulatory Agreement by duly authorized representatives, all as of the date first written hereinabove.

DALY CITY HOUSING DEVELOPMENT FINANCE AGENCY, a California housing authority

By: ___________________________________
Name: ___________________________________
Title: ___________________________________

FRANCISCAN RESIDENT ADVISORY COMMITTEE, a California non-profit public benefit corporation

By: ___________________________________
Name: ___________________________________
Title: ___________________________________

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.

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WITNESS my hand and official seal.

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STATE OF CALIFORNIA)
)
COUNTY OF __________________)

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STATE OF CALIFORNIA)
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COUNTY OF __________________)

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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

EXHIBIT B

INCOME COMPUTATION AND CERTIFICATION

EXHIBIT C

CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE