

Attachment # 2



1992 0156854

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Petaluma
11 English Street
Petaluma, CA 94952

OFFICIAL RECORDS OF
SONOMA COUNTY
BERNICE A. PETERSON

AT REQUEST OF

12/16/1992

NORTH AMERICAN TITLE

08:00:00

FEE: \$
TT: \$

.00
.00

PGS:

13

PAID

AFFORDABILITY RESTRICTIONS AGREEMENT

This Affordability Restrictions Agreement (the "Agreement") is made and entered into as of this 11th day of December, 1992, by and between the City of Petaluma, a municipal corporation (the "City") and Petaluma Ecumenical Projects, a California nonprofit public benefit corporation (the "Developer"), with reference to the following facts:

A. The Developer intends to develop forty-five (45) residential rental units on a portion of that certain real property described in Exhibit A attached hereto and incorporated herein (the "Property"), to be made available at rents affordable to low income elderly persons, and more commonly known as Vallejo Street Senior Apartments (the "Project"). The Project shall be located on that portion of the Property referred to herein as the "Developed Parcel", as more particularly described in Exhibit B attached hereto and incorporated herein.

B. The City desires to loan, and the Developer desires to borrow, the sum of Five Hundred Ninety-One Thousand Eight Hundred Dollars (\$591,800) to be applied toward the acquisition of the Property and the development of the Project (the "Loan").

C. The Developer agrees that the covenants and restrictions set forth below shall be recorded against the Project in consideration of the Loan.

THEREFORE, the City and the Developer hereby agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Definitions

When used in this Agreement, the following terms shall have the respective meanings assigned to them in this Article 1.

- a. "Adjusted Income" shall mean the total anticipated annual income of all persons in a household, as adjusted in accordance with Section 8 of the United States Housing Act of 1937. In the event that no such program exists, the City shall provide the Developer with a reasonably similar method of calculation of adjusted income.
- b. "Agreement" shall mean this Affordability Restrictions Agreement.
- c. "Borrower Note" shall mean the promissory note from the Developer to the City evidencing all or any part of the Loan dated as of even date herewith.
- d. "City" shall mean the City of Petaluma, California.
- e. "Closing Date" shall mean the date of recordation of this Agreement.
- f. "Deed of Trust" shall mean the deed of trust executed by the Developer for the benefit of the City recorded against the Property which secures repayment of the Loan and performance of this Agreement.
- g. "Developer" shall mean the Petaluma Ecumenical Projects, a California nonprofit public benefit corporation, and any of its successors, or assigns.
- h. "Eighty Percent of Median Income" shall mean income figures calculated by multiplying the Median Income figures by 0.8.
- i. "Elderly Household" shall mean households of which at least one member is 62 years of age or older.
- j. "Loan" shall mean the principal amount of \$591,800 loaned to Developer by the City, as evidenced by the Borrower Note.

k. "Lower Income Household" shall mean a household with an Adjusted Income which does not exceed 80% of Median Income.

l. "Median Income" shall mean the median gross yearly income adjusted for actual household size, in the County of Sonoma, California, as published from time to time by the State of California. 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 City shall provide the Developer with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by the State.

m. "Project" shall mean the Vallejo Street Senior Apartments, consisting of the Property, and all improvements, landscaping, roads and parking spaces to be developed thereon.

n. "Property" shall mean the real property described in Exhibit A attached hereto and incorporated herein.

o. "Rent" shall mean the total of monthly payments by the tenants of a Unit for the following: use and occupancy of the Unit and land and associated facilities, including parking; any separately charged fees or service charges assessed by Developer which are required of all tenants, other than security deposits; 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; 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 Developer, and paid by the tenant.

p. "Term" shall mean the period of time beginning on the Closing Date and ending sixty (60) years following the Closing Date.

q. "Units" shall mean the forty-five (45) residential rental units to be constructed on the Property.

ARTICLE 2 AFFORDABILITY COVENANTS

2.1 Occupancy Requirement.

All forty-five (45) of the Units shall be rented and occupied by or, if vacant, available for rental and occupancy by, Lower Income Households of which at least one person is 62 years

of age or older; provided, however, that one (1) of the forty-forty-five (45) units may be occupied by a resident manager who does not meet the aforementioned requirements.

2.2 Allowable Rent.

The Rent charged the occupants of the Units shall not exceed one-twelfth of thirty percent (30%) of sixty percent (60%) of Median Income.

2.3 Increased Income of Occupying Households

a. In the event, upon recertification of an occupant household's income, the Developer discovers that a Lower Income Household no longer qualifies as a Lower Income Household, the household shall be required to vacate the Project within six (6) months, and the Unit shall be rented to a Lower Income Household as necessary to meet the requirements of Section 2.1 above.

b. If the Project is subject to State or federal rules governing low income housing tax credits, the provisions of those rules regarding continued occupancy by households whose incomes exceed the eligible income limitations shall apply in place of the provisions set forth in subsection a. above.

2.4 Lease Provisions. The Developer shall include in leases for all Units provisions which authorize Developer to immediately terminate the tenancy of any household one or more of whose members misrepresented any fact material to the household's qualification as a Lower Income Household. Each lease or rental agreement shall also provide that the household is subject to annual certification in accordance with Section 4.1 below, and that, if the household's income increases above the applicable limits for a Lower Income Household, as applicable such household may be required to vacate the Unit.

ARTICLE 3

OPERATION AND MAINTENANCE OF THE PROJECT

3.1 Residential Use. The Project shall be operated only for residential use. No part of the Project shall be operated as transient housing.

3.2 Taxes and Assessments. Developer shall pay or cause to be paid 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 lien or charge from attaching to the Project; provided, however, that Developer shall have the right to contest in good faith, any such taxes, assessments, or charges. In the event Developer exercises the Developer's right to contest any tax, assessment, or charge against them, Developer, 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.

3.3 Maintenance. Developer shall maintain the Project in good repair and working order, and in a neat, clean and orderly condition, including the walkways, driveways, alleyways and landscaping, and from time to time make all necessary and proper repairs, renewals, and replacements.

3.4 Nondiscrimination. All of the Units shall be available for occupancy on a continuous basis to members of the general public who are income and age eligible. Except as provided in Section 2.1 above, the Developer shall 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 Lower Income Households and Elderly Households. There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, sexual orientation, marital status, physical disability, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any Unit nor shall the Developer or any person claiming under or through the Developer, 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, sublessees, subtenants, or vendees of any Unit or in connection with the employment of persons for the operation and management of any Unit.

ARTICLE 4

INCOME CERTIFICATION AND REPORTING

4.1 Income Certification. The Developer will obtain, complete and maintain on file, immediately prior to initial occupancy and annually thereafter, income certifications from Lower Income Households renting any of the Units. The Developer shall make a good faith effort to verify that the income provided by an applicant or occupying household in an income certification is accurate.

4.2 Annual Report to City. Each year the Developer shall submit an annual report to the City, in a form approved by the City. The annual report shall include for each rental Unit covered by this Agreement, the Rent and the income and family size of the household occupying the Unit. The report shall also state the date the tenancy commenced for each rental Unit and such other information as the City may be required by law to obtain.

4.3 Additional Information. The Developer shall provide any additional information reasonably requested by the City. The City shall have the right to examine and make copies of all books, records or other documents of Developer which pertain to any Unit.

4.4 Records. The Developer shall maintain complete, accurate and current records pertaining to the Units, and shall permit any duly authorized representative of the City to inspect records, including records pertaining to income and household size of tenant households.

ARTICLE 5

MISCELLANEOUS

5.1 Term. The provisions of this Agreement shall apply to the Project for the entire Term even if the entire Loan is paid in full prior to the end of the Term. Upon expiration of the original thirty (30) year term of the Borrower Note, the City shall have the option of deferring all payments due under the Borrower Note for an additional ten (10) years at three percent (3%) simple interest, in consideration for which the Developer shall agree to extend the provisions of this Agreement for another thirty (30) years (the "Extension"). This Agreement shall bind any successors, heirs or assigns of both the Developer and the Partnership, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by the City. The City makes the Loan on the condition, and in consideration of, this provision, and would not do so otherwise.

5.2 Lot Split. The Developer will subdivide the Property into two or more parcels, upon one of which the Project will be developed in accordance with the requirements of this Agreement (the "Developed Parcel"), as further described in Exhibit B attached hereto and incorporated herein, and the other(s) of which will not be subject to this Agreement (the "Other

Parcel(s)", as further described in Exhibit C attached hereto and incorporated herein). The City shall release the Other Parcel(s) from this Agreement upon receiving satisfactory evidence from the Developer that the subdivision has occurred, and shall provide any and all documents necessary to evidence such a release in the Official Records of the County of Sonoma.

5.3 Assignment. The City shall permit the Developer to assign this Agreement to a limited partnership in which the general partner is a corporation affiliated with, or other entity controlled by, the Developer. This Agreement shall bind any successors, heirs or assigns of the Developer, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by the City. The City makes the Loan on the condition, and in consideration of, this provision, and would not do so otherwise.

5.4 Subordination. The City shall subordinate this Agreement to all existing liens recorded against the Property and the City shall subordinate this Agreement to future deeds of trust, regulatory agreements, and any other liens, recorded against the Property in connection with the acquisition, construction or permanent financing of, or investment in, the Project to be constructed on the Developed Parcel, upon receipt of satisfactory evidence that the lien documents: i) are not inconsistent with this Agreement; ii) provide the City with the right to receive notice of any defaults thereunder; and, iii) provide the City with a reasonable opportunity to cure any such defaults.

5.5 Covenants to Run With the Land. The City and the Developer 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 Project, provided, however, that on the expiration of the Term of this Agreement said covenants and restrictions shall expire except as provided in Section 5.1 above. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project 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 City expressly releases such conveyed portion of the Project from the requirements of this Agreement.

5.6 Enforcement by the City. If the Developer fails to perform any obligation under this Agreement, and fails to cure the default within 30 days after the City has notified the Developer in writing of the default or, if the default cannot be

cured within 30 days, fails to commence to cure within 30 days and thereafter diligently pursue such cure, the City 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 Loan. The City may declare a default under the Note, accelerate the indebtedness evidenced by the Note, and proceed with foreclosure under the Deed of Trust.

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

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

5.8 Recording and Filing. The City and the Developer shall cause this Agreement, and all amendments and supplements to it, to be recorded in the Official Records of the County of Sonoma.

5.9 Governing Law. This Agreement shall be governed by the laws of the State of California.

5.10 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 Sonoma, California.

5.11 Notice. All notices given or certificates delivered under this Agreement shall be deemed received on the delivery or refusal date shown on the delivery receipt, if: (i) personally delivered by a commercial service which furnishes signed receipts of delivery or (ii) mailed by certified mail, return receipt requested, postage prepaid, addressed as shown on the signature page. Any of the parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or communications shall be sent.

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

IN WITNESS WHEREOF, the City and the Developer have executed this Agreement by duly authorized representatives, all on the date first written above.

Address:

11 English Street
Petaluma, CA 94952

CITY:

CITY OF PETALUMA

By: John L. Schuman

Its: City Manager

Address:

220 Stanley Street
Petaluma, CA 94952

DEVELOPER:

PETALUMA ECUMENICAL PROJECTS

By: Anthony Kelly

Its: President

By: Leona B. Sealton

Its: Treasurer

APPROVED AS TO FORM:

John L. Schuman
City Attorney

ATTEST:

J. Bernard
City Clerk

ACKNOWLEDGEMENT



CC 1181 (7)
STATE OF CALIFORNIA }
COUNTY OF SONOMA } ss

On this 11 day of December, 1992, before me, Patricia E. Bernard, City Clerk, City of Petaluma, personally appeared John L. Schärer personally known to me to be the City Manager of the City of Petaluma and known to me to be the person who executed the within instrument on behalf of the City of Petaluma and acknowledged that the City executed the same.

Patricia E. Bernard #2355
Patricia E. Bernard, City Clerk

STATE OF CALIFORNIA

COUNTY OF SONOMA

On December 11, 1992

before me,

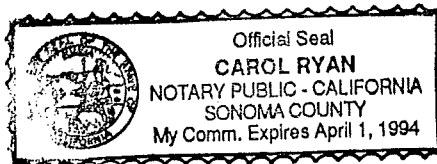
CAROL RYAN
(Notary Name and Title)

personally appeared TIMOTHY KELLGAEN & LEONABGEALTA

personally known to me (or 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.

WITNESS my hand and official seal.

Signature



(Notarial Seal)

EXHIBIT A
Property Description

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SONOMA, CITY OF PETALUMA, AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

BLOCK 18 OF EAST PETALUMA ACCORDING TO MAP RECORDED OCTOBER 20, 1857 IN BOOK 3 OF MAPS, PAGE 28, BOUNDED ON THE NORTH BY PAYRAN STREET, BOUNDED ON THE EAST BY THE WESTERLY LINE OF LOT 209 OF PETALUMA RANCHO, AS PER ROWE SURVEY OF SAID RANCHO, BOUNDED ON THE SOUTH BY VALLEJO STREET AND BOUNDED ON THE WEST BY JEFFERSON STREET, AND BEING A PORTION OF THE SAME PROPERTY CONVEYED TO FRANK J. CORNWELL BY ELIZA CORNWELL BY DEED RECORDED JUNE 14, 1898 IN BOOK 180 OF DEEDS, PAGE 226.

SAVING AND EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE NORTHWESTERN PACIFIC RAILROAD COMPANY BY DEED RECORDED JULY 7, 1915, IN BOOK 332 OF DEEDS, PAGE 254.

A.P. NO. 007-104-01-1 AND 007-104-03-7

PARCEL TWO:

BEGINNING AT A POINT ON THE NORTHEASTERLY LINE OF EDITH STREET, SAID POINT BEING ONE HUNDRED AND NINETY (190) FEET FROM THE SOUTHEASTERLY LINE OF JEFFERSON STREET, RUNNING THENCE NORTHEASTERLY PARALLEL TO AND DISTANT ONE HUNDRED NINETY (190) FEET FROM THE SAID SOUTHEASTERLY LINE OF JEFFERSON STREET, EIGHT HUNDRED EIGHTY-TWO (882) FEET, MORE OR LESS, TO THE NORTHEASTERLY LINE OF PAYRAN STREET; THENCE ON SAID LINE OF PAYRAN STREET, SOUTHEASTERLY FIFTY (50) FEET; THENCE SOUTHWESTERLY, PARALLEL TO AND DISTANT TWO HUNDRED FORTY (240) FEET FROM THE SAID SOUTHEASTERLY LINE OF JEFFERSON STREET, EIGHT HUNDRED EIGHTY-TWO (882) FEET, MORE OR LESS, TO THE NORTHEASTERLY LINE OF EDITH STREET; THENCE ON SAID LINE OF EDITH STREET, NORTHWESTERLY FIFTY (50) FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM THOSE PORTIONS LYING WITHIN BLOCK 19 OF SAID SUBDIVISION, AND THOSE PORTIONS LYING WITHIN VALLEJO STREET AND PAYRAN STREET AS SHOWN ON SAID MAP. BEING A PORTION OF THE LANDS DESCRIBED IN DEED TO NORTHWESTERN PACIFIC RAILROAD COMPANY RECORDED JULY 7, 1915 IN BOOK 332 OF DEEDS, PAGE 254.

A.P. NO. 007-104-04-5

#2355

EXHIBIT B
Developed Parcel Description

Lot 27 of the Judith Court Subdivision map prepared by Fitzgerald & Associates dated July 22, 1992, attached hereto, regarding the property described below.

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SONOMA, CITY OF PETALUMA, AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

BLOCK 18 OF EAST PETALUMA ACCORDING TO MAP RECORDED OCTOBER 20, 1857 IN BOOK 3 OF MAPS, PAGE 28, BOUNDED ON THE NORTH BY PAYRAN STREET, BOUNDED ON THE EAST BY THE WESTERLY LINE OF LOT 209 OF PETALUMA RANCHO, AS PER ROWE SURVEY OF SAID RANCHO, BOUNDED ON THE SOUTH BY VALLEJO STREET AND BOUNDED ON THE WEST BY JEFFERSON STREET, AND BEING A PORTION OF THE SAME PROPERTY CONVEYED TO FRANK J. CORNWELL BY ELIZA CORNWELL BY DEED RECORDED JUNE 14, 1898 IN BOOK 180 OF DEEDS, PAGE 226.

SAVING AND EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE NORTHWESTERN PACIFIC RAILROAD COMPANY BY DEED RECORDED JULY 7, 1915, IN BOOK 332 OF DEEDS, PAGE 254.

A.P. NO. 007-104-01-1 AND 007-104-03-7

PARCEL TWO:

BEGINNING AT A POINT ON THE NORTHEASTERLY LINE OF EDITH STREET, SAID POINT BEING ONE HUNDRED AND NINETY (190) FEET FROM THE SOUTHEASTERLY LINE OF JEFFERSON STREET, RUNNING THENCE NORTHEASTERLY PARALLEL TO AND DISTANT ONE HUNDRED NINETY (190) FEET FROM THE SAID SOUTHEASTERLY LINE OF JEFFERSON STREET, EIGHT HUNDRED EIGHTY-TWO (882) FEET, MORE OR LESS, TO THE NORTHEASTERLY LINE OF PAYRAN STREET; THENCE ON SAID LINE OF PAYRAN STREET, SOUTHEASTERLY FIFTY (50) FEET; THENCE SOUTHWESTERLY, PARALLEL TO AND DISTANT TWO HUNDRED FORTY (240) FEET FROM THE SAID SOUTHEASTERLY LINE OF JEFFERSON STREET, EIGHT HUNDRED EIGHTY-TWO (882) FEET, MORE OR LESS, TO THE NORTHEASTERLY LINE OF EDITH STREET; THENCE ON SAID LINE OF EDITH STREET, NORTHWESTERLY FIFTY (50) FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM THOSE PORTIONS LYING WITHIN BLOCK 19 OF SAID SUBDIVISION, AND THOSE PORTIONS LYING WITHIN VALLEJO STREET AND PAYRAN STREET AS SHOWN ON SAID MAP. BEING A PORTION OF THE LANDS DESCRIBED IN DEED TO NORTHWESTERN PACIFIC RAILROAD COMPANY RECORDED JULY 7, 1915 IN BOOK 332 OF DEEDS, PAGE 254.

A.P. NO. 007-104-04-5

#2355

EXHIBIT C
Other Parcel(s) Description

All of the land described below except for that portion designated as Lot 27 of the Judith Court Subdivision map prepared by Fitzgerald & Associates dated July 22, 1992, attached hereto.

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SONOMA, CITY OF PETALUMA, AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

BLOCK 18 OF EAST PETALUMA ACCORDING TO MAP RECORDED OCTOBER 20, 1857 IN BOOK 3 OF MAPS, PAGE 28, BOUNDED ON THE NORTH BY PAYRAN STREET, BOUNDED ON THE EAST BY THE WESTERLY LINE OF LOT 209 OF PETALUMA RANCHO, AS PER ROWE SURVEY OF SAID RANCHO, BOUNDED ON THE SOUTH BY VALLEJO STREET AND BOUNDED ON THE WEST BY JEFFERSON STREET, AND BEING A PORTION OF THE SAME PROPERTY CONVEYED TO FRANK J. CORNWELL BY ELIZA CORNWELL BY DEED RECORDED JUNE 14, 1898 IN BOOK 180 OF DEEDS, PAGE 226.

SAVING AND EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE NORTHWESTERN PACIFIC RAILROAD COMPANY BY DEED RECORDED JULY 7, 1915, IN BOOK 332 OF DEEDS, PAGE 254.

A.P. NO. 007-104-01-1 AND 007-104-03-7

PARCEL TWO:

BEGINNING AT A POINT ON THE NORTHEASTERLY LINE OF EDITH STREET, SAID POINT BEING ONE HUNDRED AND NINETY (190) FEET FROM THE SOUTHEASTERLY LINE OF JEFFERSON STREET, RUNNING THENCE NORTHEASTERLY PARALLEL TO AND DISTANT ONE HUNDRED NINETY (190) FEET FROM THE SAID SOUTHEASTERLY LINE OF JEFFERSON STREET, EIGHT HUNDRED EIGHTY-TWO (882) FEET, MORE OR LESS, TO THE NORTHEASTERLY LINE OF PAYRAN STREET; THENCE ON SAID LINE OF PAYRAN STREET, SOUTHEASTERLY FIFTY (50) FEET; THENCE SOUTHWESTERLY, PARALLEL TO AND DISTANT TWO HUNDRED FORTY (240) FEET FROM THE SAID SOUTHEASTERLY LINE OF JEFFERSON STREET, EIGHT HUNDRED EIGHTY-TWO (882) FEET, MORE OR LESS, TO THE NORTHEASTERLY LINE OF EDITH STREET; THENCE ON SAID LINE OF EDITH STREET, NORTHWESTERLY FIFTY (50) FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM THOSE PORTIONS LYING WITHIN BLOCK 19 OF SAID SUBDIVISION, AND THOSE PORTIONS LYING WITHIN VALLEJO STREET AND PAYRAN STREET AS SHOWN ON SAID MAP. BEING A PORTION OF THE LANDS DESCRIBED IN DEED TO NORTHWESTERN PACIFIC RAILROAD COMPANY RECORDED JULY 7, 1915 IN BOOK 332 OF DEEDS, PAGE 254.

A.P. NO. 007-104-04-5

2355

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CITY CLERK
CITY OF PETALUMA
P. O. BOX 61
PETALUMA, CA 94953

Free recording requested in accordance
with California Government Code Section 6103

MODIFICATION AGREEMENT

This Modification Agreement (the "Agreement") is made this 6th day of October 1993, by and between 575 Vallejo Street Associates, a California Limited Partnership ("Trustor"), and the City of Petaluma, a municipal corporation (the "Beneficiary").

RECITALS

A. Trustor's predecessor-in-interest, Petaluma Ecumenical Projects, a California nonprofit public benefit corporation ("PEP"), executed that certain Deed of Trust and Security Agreement, dated December 11, 1992, against that certain real property located in the City of Petaluma more particularly described in Exhibit A attached hereto (the "Property"), which was recorded on December 16, 1992 in the Official Records of the County of Sonoma as Document Number 1992-0156853 (the "Deed of Trust"), in favor of Beneficiary under that certain promissory note in the principal amount of Five Hundred Ninety-One Thousand Eight Hundred Dollars (\$591,800) given by PEP to the Beneficiary (the "Note").

B. PEP and the Beneficiary have executed an Affordability Restrictions Agreement dated as of December 11, 1992 regarding the use of the Property (the "Affordability Agreement"), which was recorded as Document Number 1992-0156854 on December 16, 1992 in the Official Records of the County of Sonoma.

C. Immediately prior to execution of this Agreement, PEP, the Beneficiary and Trustor entered into an Assignment Agreement in which PEP assigned and Trustor accepted all of PEP's rights, interests, duties and obligations under the Note, the Deed of Trust and the Affordability Agreement and the Beneficiary consented to such assignment.

D. The parties now desire to modify the Note and the Deed of Trust as set forth in this Agreement.

NOW, THEREFORE, the Trustor and Beneficiary hereby agree as follows:

1. The Note shall be modified as follows:

a. The principal due under the Note shall be Eight Hundred Fifty-One Thousand Eight Hundred Dollars (\$851,800) as of the date of this Modification Agreement with the additional Two Hundred Sixty Thousand Dollars (\$260,000) to be considered an additional advance under the original Deed of Trust.

b. Paragraph 2 of the Note is to be amended in its entirety as follows:

"2. Interest. The principal amount due under this Note shall accrue simple interest at the rate or three percent (3%) per annum. The original principal amount of Five Hundred Ninety-One Thousand Eight Hundred Dollars (\$591,800) shall earn interest commencing with the original date of the Note until paid in full. The additional advance of Two Hundred Sixty Thousand Dollars (\$260,000) shall earn interest commencing at the date of this Agreement until paid in full.

2. The Deed of Trust shall be modified as follows:

a. All reference to the principal amount of the Note shall be amended to read "Eight Hundred Fifty-One Thousand Eight Hundred Dollars (\$851,800)" in lieu of "Five Hundred Ninety-One Thousand Eight Hundred Dollars (\$591,800)".

3. The Affordability Agreement shall be modified as follows:

All reference to the principal amount of the Note shall be amended to read "Eight Hundred Fifty-One Thousand Eight Hundred Dollars (\$851,800)" in lieu of "Five Hundred Ninety-One Thousand Eight Hundred Dollars (\$591,800)".

4. In the event of any conflict between the Note, Deed of Trust, or Affordability Agreement and this Agreement, this Agreement shall prevail. Trustor and Beneficiary jointly affirm and agree that the Note and the

Affordability Agreement, as modified herein, continue to be effective, and the Deed of Trust, as modified herein, secures the full performance of the Note, as modified herein, and continues to be effective as a Deed of Trust on the Property to the full extent of all obligations secured hereby.

In witness whereof, the parties hereto have executed this Modification Agreement as of the 10th day of April 1993.

575 VALLEJO STREET ASSOCIATES, a California Limited Partnership

By: Petaluma Ecumenical Projects, a California nonprofit public benefit corporation, its general partner

By: Matthew Kellgren Leon B. Bealta
Its: Vice-President TREASURER

CITY OF PETALUMA, a municipal corporation

By: John L. Schan
Its: CITY MANAGER

Approved as to Form

Richard Rudnowsky
City Attorney

EXHIBIT A:

LEGAL DESCRIPTION

LOT 27, AS SHOWN AND DESIGNATED ON THE MAP OF JUDITH COURT
SUBDIVISION, RECORDED AUGUST 13, 1993 IN BOOK 514 OF MAPS, PAGES
1 THROUGH 5, SONOMA COUNTY RECORDS.

ACKNOWLEDGEMENT

CC § 1181 (g)

STATE OF CALIFORNIA)

)

COUNTY OF SONOMA)

On this 8th day of October, in the year
1993, before me, Paulette Lyon, Deputy City Clerk, City of Petaluma, personally
appeared John L. Scharer, personally known to me to be (or 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.

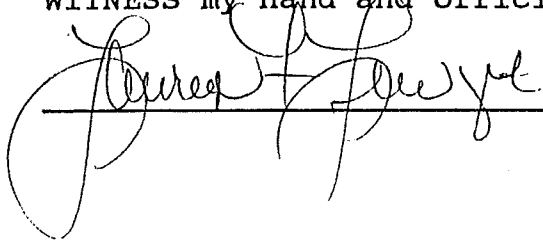
Seal

Paulette Lyon
Paulette Lyon, Deputy City Clerk
City of Petaluma, California

STATE OF CALIFORNIA)
) ss
COUNTY OF SONOMA)

On October 6, 1993, before me, the undersigned personally appeared LEOLA B. GOSSETT personally known to me (or 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.

WITNESS my hand and official seal.





STATE OF CALIFORNIA)
) ss
COUNTY OF SONOMA)

On October 6, 1993, before me, the undersigned, personally appeared Timothy Kellgren, personally known to me (or 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.

WITNESS my hand and official seal.

