

**NO FEE RECORDING PURSUANT
TO GOVERNMENT CODE §27383**

**RECORDING REQUESTED BY AND
AFTER RECORDATION, MAIL TO:**

**City of Novato
Attn: City Clerk
922 Machin Avenue
Novato, CA 94945**

APN 157-970-07

AGREEMENT #__

GROUND LEASE

By and Between

THE CITY OF NOVATO

and

HOMEWARD BOUND OF MARIN

**Homeless Veteran Housing Project
APN 157-970-07**

GROUND LEASE
Homeless Veteran Housing Project
APN 157-970-07

THIS GROUND LEASE (the "Lease") is entered into as of January 27, 2020, 2019, by and between the City of Novato, a municipal corporation (the "Lessor"), and Homeward Bound of Marin, a California nonprofit public benefit corporation (the "Lessee"), with respect to the following facts:

RECITALS

A. Pursuant to the Homeless Facilities Agreement dated as of December 20, 1995, as amended by a First Amendment to Homeless Facilities Agreement dated as of April 9, 1996 and a Second Amendment to Homeless Facilities agreement dated as of October 1, 2005, between the Hamilton Reuse Planning Authority, acting through the City of Novato and the Marin Continuum of Housing and Services (collectively, the "Homeless Facilities Agreement"), the parties agreed that an employment and training center for persons transitioning from homelessness, and certain housing for homeless and transitioning individuals would be made available at Hamilton Army Airfield as part of the reuse process.

B. Consistent with the Homeless Facilities Agreement and pursuant to a Ground Lease entered into on July 5, 2005, a Homeless Facility was constructed by Lessee on property also owned by the City, APN 157-970-05 (the "Homeward Bound Lease"). Said Homeward Bound Lease has been amended from time to time. The initial term of the Homeward Bound Lease expires on July 5, 2040 and may be renewed for a renewal period of thirty (30) years and for a second renewal period of thirty-four (34) years.

C. Thereafter, pursuant to a Ground Lease entered into on July 12, 2005, the Next Key Employment and Training Center was constructed by Lessee on property also owned by the City, APN 157-970-06 (the "Next Key Lease"). Said Next Key Lease has been amended from time to time. The initial term of the Next Key Lease expires on July 12, 2075 and may be renewed for a renewal period of twenty-nine (29) additional years.

D. The Homeless Facilities Agreement provided the possibility for additional homeless-serving facilities to be developed on the property commonly referred to as the HUD Parcel, currently housing Buildings 821, 820 and 816, APN 157-970-07 (the "Subject Property").

E. Lessee desires to lease the Subject Property and to apply to the City to develop additional homeless serving facilities thereon. At the present time, Lessee desires to apply to construct and operate one building with twenty-six (26) one-bedroom apartment units restricted as affordable workforce housing, one building with twenty-four (24) one-bedroom apartments units restricted for housing homeless veterans and a third building with a manufacturing kitchen focused on production of baked goods for enterprise sale, a teaching kitchen space focused on job training for the production kitchen food industry and an event space with a dine-in capacity

of 200 and a complimentary outdoor space and staging area for caterers, which may be constructed in stages.

F. The Lessor and the Lessee desire to enter into this Lease pursuant to which the Subject Property will be leased to Lessee by Lessor for an initial term of fifty-five years (55) years. This Lease may be renewed, by the joint agreement of the parties for a renewal period of thirty (30) additional years pursuant to Section 2.2 of this Lease.

WITH REFERENCE TO THE FACTS RECITED ABOVE, the Lessor and the Lessee (collectively the "Parties") agree as follows:

ARTICLE 1.

DEFINITIONS AND EXHIBITS

Section 1.1 Definitions.

The following terms shall have the following meanings in this Lease:

(a) "Administrative Component" shall mean the office space that may be approved by the City and that, if approved, will comprise a portion of Veterans and Workforce Housing, Employment and Training Center.

(b) "Authorized Officers" shall mean, in the case of the Lessor, the City Manager, and in the case of the Lessee, the Executive Director or President of the Lessee.

(c) "Conditions of Approval" shall mean the City of Novato's conditions of approval, if any, of the Development which may hereafter be approved by the City of Novato pursuant to the normal City entitlement process applicable to the Subject Property (the "Development Entitlements").

(d) "Development" shall mean the Improvements on the Subject Property ultimately approved pursuant to the City's normal development review process and shall include the Lessee's leasehold interest in the Subject Property.

(e) "Development Financing" shall mean loans and/or grants obtained by the Lessee to develop the Improvements, any loan and/or grant refinancing an initial loan and/or grant, or any permanent loan secured by the Development.

(f) "Development Financing Documents" shall mean all documents executed by the Lessee evidencing or securing the Development Financing.

(g) "Dwelling Unit" shall mean any one of the residential housing units which may be ultimately approved as part of the Development.

(h) "Foreclosure Transferee" shall mean a transferee who acquires the Lessee's interest in this Lease and the Development through the exercise of remedies (such as foreclosure or a deed in lieu of foreclosure) pursuant to Development Financing Documents.

(i) "Homeless Facilities Agreement" shall mean the Homeless Facilities Agreement, as amended, discussed in Recital A.

(j) "Homeward Bound" shall mean Homeward Bound of Marin, a California nonprofit public benefit corporation, the Lessee hereunder.

(k) "Improvements" shall mean the buildings, structures, and other improvements, including building fixtures, constructed and owned by Lessee and which may be approved by Lessor and located on the Subject Property from time to time.

(l) "Lease" shall mean this Ground Lease.

(m) "Lease Term" shall mean an initial term of fifty-five (55) years together with any extension thereof in accordance with Section 2.2 below, during which period this Lease shall be in effect (unless earlier terminated in accordance with the provisions of this Lease). At the conclusion of the Lease Term, the Parties may agree to extend the Lease on such terms and conditions as the Parties may agree.

(n) "Lenders and/or Grantors" shall mean all of the lenders and/or grant providers providing the Development Financing to the Lessee.

(o) "Lessee" shall mean Homeward Bound of Marin, a California nonprofit public benefit corporation, and its permitted successors and assigns.

(p) "Lessor" shall mean the City of Novato and its successors and assigns.

(q) "Navy Covenants" shall mean the Quitclaim Deed and Environmental Restriction pursuant to California Civil Code Section 1471, dated September 26, 2001, by and between the United States of America, acting by and through the Department of the Navy, and the City of Novato, recorded on September 28, 2001, in the Official Records of Marin County as Document No. 2001-0063240, in connection with the acquisition of the Subject Property by the City of Novato from the Navy.

(r) "Parties" shall mean the Lessor and the Lessee.

(s) "Performance Standards" shall mean the performance standards for operation of the Improvements as may be approved by the City of Novato prior to or concurrent with the Development Entitlements, as the same may be amended from time to time.

(t) "Residential Component" shall mean the units of housing and appurtenant residential common area that may be approved by the City and which, if approved, will comprise a portion of the Veterans and Workforce Housing, Employment and Training Center.

(u) "Residents" shall mean the residents who are authorized by the Lessee to reside in the Residential Component of the Veterans and Workforce Housing, Employment and Training Center.

(v) "Subject Property" shall mean the land described in the attached Exhibit A, subject to the granting of easements by Lessor to the adjacent real property(ies) for drainage and access purposes as set forth in Section 3.1(a)(2) hereof.

(w) "Training and Event Component" shall mean site improvements that may be approved by the City and, which if approved, will comprise a portion of the Veterans and Workforce Housing, Employment and Training Center, not including the fifty (50) one-bedroom apartment units.

(x) "Veterans and Workforce Housing, Employment and Training Center" shall, if approved by the City, consist of the Training and Event Component, the Administrative Component and the Residential Component to be constructed, owned, and operated by Lessee on the Subject Property.

Section 1.2 Exhibits.

The following exhibits are attached to and made part of this Lease:

EXHIBIT A Description of the Subject Property

EXHIBIT B Title Exceptions

EXHIBIT C Contracts and Assessments Affecting the Subject Property

ARTICLE 2.

LEASE OF THE SUBJECT PROPERTY; PAYMENT OF RENT;
[OWNERSHIP OF IMPROVEMENTS]

Section 2.1 Lease of the Subject Property.

(a) The Lessor leases the Subject Property to the Lessee, and the Lessee leases the Subject Property from the Lessor, pursuant to the terms of this Lease.

(b) The Parties shall cause a memorandum of this Lease to be recorded against the Subject Property in the Official Records of the County of Marin.

(c) As a condition of releasing its signature on this Lease from escrow, the Lessee has obtained title insurance insuring the Lessee's interest in the Subject Property subject only to the exceptions set forth in the attached Exhibit B.

(d) The closing costs associated with execution of this Lease and recordation of a memorandum of this Lease, including recording charges, transfer tax, and the Lessee's title insurance policy, shall be borne by the Lessee. Each Party shall bear its own attorneys' fees and costs.

(e) The Lessee accepts the Subject Property in its "as is" physical condition, and except to the extent of the Lessor's representations in Section 8.2, Lessee acknowledges and agrees that Lessor has not made any express or implied representations, warranties, guaranties, promises, statements of assurances whatsoever as to the condition of the Subject Property, any matter that may concern or affect the Subject Property now, in the past or in the future, or the approval of the Development. Nothing in this Section 2.1(e), however, shall be construed to limit the Lessee's rights with respect to the condition of the Subject Property against any person or party other than Lessor or any other public agency or body created by or affiliated with the City of Novato, and Lessee's acceptance of the Subject Property in "as is" condition shall in no way release the United States government or the United States Navy from its statutory and contractual obligations, if any, to remedy any hazardous materials conditions on the Subject Property.

Section 2.2 Term.

The Lease Term shall commence on the date of this Lease and shall continue for fifty-five (55) years. This Lease shall be renewable for a renewal term of an additional thirty (30) years upon the mutual agreement of the Parties. In the event that Lessee desires to renew this Lease for said additional thirty (30) year period, Lessee shall send a written request to Lessor which must be received by Lessor no earlier than one (1) year prior to the expiration of the current lease term and no later than six (6) months before the expiration of the then current lease term. After the expiration of the Lease Term and any extension thereof, this Lease may be renewed for subsequent terms at the mutual agreement of the Lessor and Lessee.

Section 2.3 Payment of Rent.

The rent for the lease of the Subject Property shall be One Dollar (\$1) per year. At the close of escrow on this Lease, the Lessee shall pay to the Lessor, at 922 Machin Ave, Novato, California 94945, prepaid rent for the entire Term of this Lease in the amount of fifty-five Dollars (\$55). If this lease is terminated prior to the end of the Lease Term, the Lessor shall rebate to Lessee rent paid by Lessee for the period between the date Lessee ceases occupancy of the Subject Property and the remaining Lease Term of the lease.

Section 2.4 Title to Improvements; Modifications.

The Parties intend that the Lessee shall own fee title to any Improvements as and when they are constructed on the Subject Property. Improvements on the Subject Property during the Lease Term shall be and remain the real property of the Lessee; however, the Lessee shall have no right to destroy, demolish or remove the Improvements except as specifically provided for in this Lease or as approved in writing by the Lessor. When the Lease Term expires or when the Lease is otherwise terminated under the terms of this Lease, title to the Improvements shall revert to and vest in the Lessor at no cost to Lessor. It is the intent of the Parties that this Lease shall

create a constructive notice of severance of the Improvements from the Subject Property without the necessity of a deed from the Lessor to the Lessee. The Improvements shall be and remain real property and shall be owned in fee by the Lessee. The Lessee shall execute, at the end of the Lease Term, within ten (10) days of the Lessor's written request, a confirmatory quitclaim deed of the Improvements to be recorded at the Lessor's option and expense, and any other documents that may be reasonably required by the Lessor or the Lessor's title company to provide the Lessor title to the Subject Property and the Improvements free and clear of all monetary liens and monetary encumbrances not caused or agreed to by the Lessor.

Section 2.5 Assignment of Lessee's Leasehold Interest; Transfer of the Development.

(a) The Lessee may assign its interest in this Lease and sell or transfer the Development only with the prior written consent of the Lessor, which consent shall not be unreasonably withheld. However, the following transfers shall not require the consent of the Lessor: (i) leases or subleases of individual rooms, units or spaces in the Residential Component to Residents and to entities providing services to Residents or to Lessee; (ii) leases of space in the Administrative Component to any entity providing employment, administrative or training services in the Training and Event Component provided Lessee provides the City with written notice of such leasing; ; (iii) individual event rentals to third parties of the Training and Event Component; or (iv) any transfer of the Lease or Development to a Foreclosure Transferee provided that the Foreclosure Transferee does not intend to operate the Development on other than an interim basis not to exceed a period of six (6) months and provided that the Foreclosure Transferee agrees in writing to be bound by the terms and conditions of the Lease and all other agreements applicable to the Development or (v) assignment of a security interest in Lessee's interest in the Lease and the Development for financing purposes. Any transfer of a security interest in the Lessee's interest in this Lease and the Development other than those transfers specified above for which Lessor consent is not required shall be subject to Lessor approval. Lessor shall act expeditiously in performing its review of the transfer documents and its approval shall not to be unreasonably withheld. Any transfer of the Lessee's interest in the Lease and the Development from a Foreclosure Transferee shall be subject to Lessor's approval. Lessor shall act expeditiously in performing its review of the transfer documents and its approval shall not be unreasonably withheld provided that such transfer by the Foreclosure Transferee is to an entity which satisfies the criteria specified in Section 9.1(c)(i) and (ii) of this Agreement and such entity agrees in writing to be bound by the terms and conditions of this Lease and all other Agreements affecting the Development. The Lessee may transfer the Development to a nonprofit affiliate of the Lessee or a 501(c)(3) tax exempt nonprofit corporation not affiliated with Lessee and designated by one or more Lenders and/or Grantors, provided that such transfer is approved by Lessor, such approval not to be unreasonably withheld. No one who has not received the consent or approval of the Lessor may operate the Development nor receive the rights of the Lessee hereunder.

(b) The Lessee shall notify the Lessor of the occurrence of a transfer permitted by this Section 2.5 at least thirty (30) days prior to its occurrence, and shall promptly deliver to the Lessor all related documentation reasonably requested by the Lessor, except that

Lessee shall not be required to provide Lessor with notice of the transfers described in subsections 2.5 (a)(i) through 2.5 (a)(v) above.

ARTICLE 3.

CONSTRUCTION OF IMPROVEMENTS

Section 3.1 Development Approval, Preconstruction and Construction Requirements.

(a) **Development Approval and Alteration to the Subject Property.**

(1) After initial approval, Lessee shall not make or suffer to be made any alterations, additions or improvements with respect to the Subject Property without the prior written consent of Lessor. Prior to submitting a complete application for any land use entitlement on the Subject Property, Lessee shall obtain the consent of the Lessor to submit said application. Any alteration to the Subject Property without the prior written consent of Lessor, shall be a breach of this Lease and, at the option of Lessor, shall cause a termination of this Lease.

(2) Any and all improvements proposed to be constructed on the Subject Property shall be subject to all land use, environmental, planning, engineering and other requirements of all applicable federal, state and City of Novato laws, rules and regulations as well as all requirements of any other public agency having jurisdiction over any entitlement or permit requested by the Lessee, including, but not limited to the provisions of the California Environmental Quality Act ("CEQA"). Lessee understands and agrees that nothing in this Lease guarantees the approval of CEQA decision or compliance document, any project or improvement proposed to be constructed on the Subject Property and that Lessor retains full and absolute discretion and all of its police powers to approve, approve with conditions or deny any CEQA compliance document, project or improvement proposed to be constructed on the Subject Property. In the event of a denial, Lessee shall have the right to terminate this Lease. Lessee shall have no recourse whatsoever against Lessor and Lessee shall indemnify, defend and hold harmless Lessor for any claim, damage, action or proceeding relating to the rightful grant or denial of any entitlement or permit requested by the Lessee, including, but not limited to any CEQA decision in accordance with Section 6.4 hereof. Lessee further understands and agrees that the lease of the Subject Property is conditioned upon and subject to, grants of certain easements for drainage and access to adjacent property(ies) in the Lessor's sole discretion. The location and extent of said easements shall be determined by Lessor in Lessor's sole and absolute discretion prior to or concurrent with Development Entitlements, if any, granted for the Development. Lessee understands and agrees that the grant of such easements will affect the development and developability of the Subject Property and may result in changes to the development proposals of Lessee which could increase costs, decrease development potential and/or otherwise affect the feasibility of and any potential development of the Subject Property. Lessee shall have no recourse whatsoever against Lessor and Lessee shall indemnify, defend and hold harmless Lessor for any claim, damage, action or proceeding relating to the grant of such easements or the affect thereof on the development of the Subject Property or the costs thereof in accordance with Section 6.4 hereof. In the event that the City has not granted all required land

use entitlements, including all required compliance with CEQA within eighteen (18) months of the date of this Lease, this lease shall automatically terminate and be of no further force and effect.

(b) **Contractor.** When Lessee has selected a general contractor to construct the Development or phase thereof, Lessee shall execute a construction contract with the selected general contractor (the "Construction Contract"), and deliver a copy to the City, no later than thirty (30) days prior to the application to the City of Novato of a building permit for the Improvements or portion thereof. City shall be named a third party beneficiary to the construction contract, and shall name the City of Novato as an additional insured on all insurance as set forth in section 6.1 hereof. Lessee may change the Contractor at any time, provided the requirements for beneficiary and insurance set forth above are met.

(c) **Financing.** Lessee shall obtain funding and other commitments sufficient to construct the entire Development, or each phase if the Development is to be constructed in phases, prior to commencement of construction of the Development (or applicable phase). Prior to the date Lessee pulls a building permit from the City of Novato, copies of all such commitments shall be submitted to the Lessor, and confirmation by the Lessor that Lessee has commitments for sufficient funding or in-kind assistance to construct the Development or phase thereof pursuant to the Construction Contract.

(d) **Building Permit.** The Lessee shall obtain a building permit from the City of Novato, covering at least the initial phase of the Development, no later than thirty-six (36) months from the date of this Lease. This time shall be extended by the time of any delay by the City of Novato in issuing such building permit.

(e) **Construction.** Lessee shall commence construction of the Improvements (or first phase thereof if the Improvements are phased) no later than one hundred and eighty (180) days following issuance by the City of Novato of a building permit and shall complete construction of the Improvements or first phase thereof and obtain a certificate of occupancy from the City of Novato within eighteen (18) months of the date of commencement of construction. The Improvements shall be constructed in accordance with the terms and conditions of the Development Entitlements, and any and all applicable codes, rules, regulations, permits, approvals and building permits at the time of occupancy. Lessee may, from time to time during the term of the Lease, rehabilitate or modify the Improvements, provided the Lessee has first obtained all permits and approvals required by law. The time for construction shall be extended by the duration of any force majeure conditions such as fires, delays by utilities, etc.

(f) **Extension of Time Periods.** provided, however, that the time requirement for completion of construction may be extended by the Lessor for a reasonable time, up to twelve (12) additional months, upon request of the Lessee for good cause shown.

(g) **Failure to Comply with Time Periods.** The failure of the Lessee to comply with the time limits contained in Sections 3.1(a) through 3.1(e), unless extended in accordance with Section 3.1(f), shall constitute a material breach of this Lease and shall be grounds for termination of this Lease by Lessor, in the sole and absolute judgment of Lessor.

Section 3.2 Equal Opportunity.

During the construction, rehabilitation and/or modification of the Improvements on the Subject Property there shall be no discrimination on the basis of race, color, creed, religion, sex, sexual orientation, age, disability, marital status, national origin, or ancestry in the hiring, firing, promoting, or demoting of any person engaged in the construction work.

Section 3.3 Liens.

Subject to subsection 4.4(d), the Lessee shall promptly pay all sums legally due and payable by the Lessee on account of any labor performed or materials supplied for the Development for which any lien is legally asserted against the Development. In the event any mechanics' or materialmen's lien is filed against the Development, subject to subsection 4.4(d), the Lessee at its expense shall promptly cause such lien to be removed by bonding or otherwise, and the Lessee shall hold the Lessor harmless from any and all such asserted claims or liens

Section 3.4 Permits, Licenses and Easements.

Within ten (10) days after receipt of written request from the Lessee, the Lessor shall (at no expense to it) consent to any and all applications for permits, licenses or other authorizations required by any governmental or other body (other than the City of Novato) claiming jurisdiction in connection with any work that the Lessee may do pursuant to this Lease or the operation of the Development. Lessor shall consider all requests of the Lessee to grants easements for public utilities useful or necessary to the proper construction of the Improvements or the operation of the Development as part of the City's entitlement process.

ARTICLE 4.

USE AND MAINTENANCE OF THE DEVELOPMENT

Section 4.1 Use of Development.

In the event that the Development is ultimately approved by the City of Novato, throughout the Lease Term, the Development shall be used only for the following purposes:

(a) The Lessee shall use or cause the Training and Event Component to be used for employment and vocational training (including culinary and catering training), education, provision of social services, and conference and community space serving homeless people, formerly homeless people, people at immediate risk of becoming homeless, and other community members, in compliance with any and all Conditions of Approval and any and all the Performance Standards.

(b) Lessee shall enter into the City of Novato Affordable Housing Agreement for the Development which shall require, at a minimum, that Lessee shall, with regard to the Residential Component:

(1) Provide to Lessor for Lessor's review and approval a management plan for the Residential Component. The management of the Residential Component shall be provided by a professional housing management company to be approved by the Lessor. In the alternative, Lessee may self-manage the Residential Component. Any material changes to the management plan or to the entity managing the Residential Component shall be subject to Lessor's approval. In the event of a default by Lessee pursuant to Section 9.1(a) of this Lease, which default is related to a failure to properly maintain the Development or to a violation of the Performance Standards, and subject to notice and cure periods contained in Section 9.1(a), the Lessor may require the Lessee to change management companies or to cease self-management of the Development and to enter into a contract with a professional housing management company approved by Lessor upon 60 days written notice from Lessor.

(2) Rental of at least forty-five percent (45%) of the units in the Residential Component shall be restricted to Very Low Income Veterans, earning no more than fifty percent (50%) of Area Median Income (AMI), with rents not exceeding thirty percent (30%) of fifty percent (50%) of AMI or as required by written agreement between Lessee and any funding entity providing funding for the Development, whichever is lowest. Rental of at least fifty-five percent (55%) of the units in the Residential Component shall be restricted to Very Low Income households, earning no more than fifty percent (50%) of AMI with rents not exceeding thirty percent (30%) of fifty percent (50%) of AMI or as required by written agreement between Lessee and any funding entity providing funding for the Development, whichever is lowest.

(3) Lessee shall be required to enter into written leases with the tenants of the Residential Component which incorporate the Performance Standards and any requirements of the Affordable Housing Agreement.

(c) The Administrative Component shall only be used for administrative and office space for Lessee and any other entity under contract with Lessee to provide employment training or other services in the Development.

(d) The Development shall not be used for any other use, program or purpose not set forth above without the written consent of the Lessor. However, without obtaining Lessor's written consent, Lessee may provide for non-profit groups serving the Marin County community, meeting spaces on an occasional basis and classes on an occasional basis.

(e) The Lessee shall comply with all applicable and lawful statutes, rules, orders, ordinances, requirements, and regulations of the United States, the State of California, and any other governmental authority having jurisdiction over the Development, including the Navy Covenants; however, the Lessee may, in good faith and on reasonable grounds, dispute the applicability or the validity of any charge, complaint, or action taken pursuant to or under color of any statute, rule, order, ordinance, requirement, or regulation, defend against the same, and in

good faith diligently conduct any necessary proceedings to prevent and avoid any adverse consequence of the same. The Lessee agrees that any such contest shall be prosecuted to a final conclusion as speedily as reasonably possible. The Lessee shall defend and hold the Lessor, and Lessor's elective and appointive officers, employees, agents, volunteers, agents and contractors, free and harmless from any violation by Lessee of applicable law or from any proceeding through which the Lessee may contest or dispute the applicability of such law, including the outcome thereof. This indemnification shall not apply to any proceeding through which the Lessee contests or disputes a law enacted by the Lessor provided that Lessee prevails in such proceeding and such law is either found invalid or Lessee is found not to have violated such law. In the case of proceedings involving a law enacted by Lessor, the Lessor shall not be obligated to indemnify or hold Lessee harmless, or to reimburse Lessee's costs, expenses and attorney fees even if Lessee prevails in the proceeding, such law is found invalid and/or Lessee is found not to have violated such law.

(f) The Lessor will, jointly with Lessee and prior to or concurrent with any approval for the Development, adopt Performance Standards for the operation of the Improvements. All proposed modifications thereafter are to be reviewed by the City Council. The City Council shall consider proposed modifications at a public hearing, notice of which shall be provided to Lessee, to the community and to all interested parties in the manner determined by the City Council. At the public hearing, the City Council shall hear testimony from the Lessee, the public and all interested parties concerning the proposed modifications. At the close of the public hearing, the City Council shall determine whether or not to modify the Performance Standards. The decision of the City Council shall be final.

If Lessee reasonably believes that a City Council modification to the Performance Standards violates State or Federal Fair Housing Laws, Lessee shall notify Lessor of the legal standards which support Lessee's contention and any citations and authorities in support thereof. If Lessor disputes Lessee's contentions, the Lessor and Lessee agree that the question of whether the modification at issue violates Fair Housing laws shall be submitted to arbitration before an arbitrator agreed to by the parties. The arbitration costs shall be shared equally by Lessor and Lessee. The City Council shall receive a copy of the arbitrator decision at the conclusion of the arbitration process. If the arbitrator agrees with Lessee that the modification at issue violates Fair Housing laws, the City Council shall then consider whether to revise the Performance Standards based on the arbitrator's decision.

Section 4.2 Maintenance of the Development.

During the term of this Lease, the Lessee shall perform, or cause to be performed, all maintenance and repairs necessary to maintain the Development in good repair and tenantable condition, and Lessee's annual budget for the Development shall include line items for reasonable maintenance and repair costs. In determining what constitutes good repair and tenantable condition, Section 19.31.030 of the Novato Municipal Code, as amended, is hereby incorporated by reference. Pursuant to the Affordable Housing Agreement and any and all Conditions of Approval for the Development, Lessee shall provide the City with a written plan providing for ongoing maintenance of the facility in compliance with Section 19.31.30 of the Novato Municipal Code. Lessee shall be in violation of this Lease if the Property is maintained

by Lessee in such a manner as to result in any of the conditions presently identified in Section 19.31.030 or as such section may later be amended by action of the Novato City Council

Section 4.3 Utilities.

The Lessee shall be responsible for the cost of all utilities, including water, heat, gas, electricity, waste removal, sewers, and other utilities or services supplied to the Development, and (subject to Section 4.4(d)) the Lessee shall pay or cause utility costs to be paid currently and as due.

Section 4.4 Taxes and Assessments.

(a) Payment of Taxes and Assessments. The Lessee shall, during the entire Lease Term, at its own cost and expense, and except as to exemptions granted pursuant to State law as of the date this Agreement is executed, unless such exemptions are later repealed, pay the public officers charged with their collection, as the same become due and payable and before any fine, penalty, interest, or other charge may be added to them for nonpayment, all taxes and assessments of any nature, including all real estate taxes, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature, made, assessed, levied, or imposed upon, or due and payable in connection with, or which become an lien upon, the Subject Property, the Improvements, or any part of the Subject Property or Improvements, or upon the Lessee's leasehold interest in the Subject Property pursuant to this Lease, as well as assessments or Mello-Roos special taxes for which Lessee is responsible pursuant to Government Code Section 53340.1 or otherwise, for sidewalks, streets, sewers, water, or any other public improvements and any other improvements or benefits which shall, during the Lease Term, be made, assessed, levied, or imposed upon or become due and payable in connection with, or a lien upon, the Subject Property, the Improvements, or any part of the Subject Property or Improvements, or upon the Lessee's leasehold interest in the Subject Property pursuant to this Lease.

(b) Payment of Fees. During the entire Lease Term, the Lessee shall pay, at its own cost and expense, before any fine, penalty, interest, or other charge may be added for nonpayment, all license and permit fees, charges for public utilities, and governmental charges relating to the use or occupancy of the Improvements. Pursuant to California Revenue and Taxation Code Section 107.6, Lessee is advised that Lessee's interest in this Lease and the Development may constitute a possessory property interest subject to property taxation and Lessee may be subject to the payment of property taxes levied on that interest. Furthermore, any such possessory property interest tax shall be paid by Lessee pursuant to the terms of this Lease.

(c) Copies of Notices to Lessee. The Lessor shall promptly send to the Lessee copies of any and all notices received by it in respect to any taxes, assessments, charges, or fees for which the Lessee is liable pursuant to this Section 4.4.

(d) Lessee's Right to Contest. If the Lessee disputes any amount or validity of any liens, taxes, assessments, charges, penalties, or claims, including liens or claims of materialmen, mechanics, or laborers, upon the Subject Property or the Improvements, the Lessee

may contest and defend against the same at its cost, and in good faith diligently conduct any necessary proceedings in connection therewith to prevent and avoid the same; however, such contest shall be prosecuted to a final conclusion as speedily as possible. During any such contest, the Lessee shall (by the payment of such disputed taxes, assessments, or charges, if necessary) prevent any advertisement of tax sale, foreclosure, or divesting of the title to the Subject Property and Improvements. The Lessee shall hold the Lessor, the City of Novato, the Redevelopment Agency of the City of Novato, their respective elective and appointive officers, employees, agents and contractors, free and harmless in any such contest or proceeding, including the outcome thereof.

Section 4.5 Hazardous Materials.

(a) Definitions. The following special definitions shall apply for the purposes of this Section 4.5 and Section 6.4:

(1) "Hazardous Materials" shall mean:

(A) any "hazardous substance" as defined in Section 101(14) of CERCLA (42 U.S.C. Section 9601(14)) or Section 25281(d) or 25316 of the California Health and Safety Code, as amended from time to time;

(B) any "hazardous waste," "infectious waste" or "hazardous material" as defined in Section 25117, 25117.5 or 25501(j) of the California Health and Safety Code, as amended from time to time;

(C) any other waste, substance or material designated or regulated in any way as "toxic" or "hazardous" in the RCRA (42 U.S.C. Section 6901 et seq.), CERCLA Federal Water Pollution Control Act (33 U.S.C. Section 1521 et seq.), Safe Drinking Water Act (42 U.S.C. Section 3000 (f) et seq.), Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), Clean Air Act (42 U.S.C. Section 7401 et seq.), California Health and Safety Code (Section 25100 et seq., Section 3900 et seq.), or California Water Code (Section 1300 et seq.), as amended from time to time; and

(D) any additional wastes, substances or material which at such time are classified, considered or regulated as hazardous or toxic under any other present or future environmental or other similar laws relating to the Development.

(E) Notwithstanding the foregoing, the term "Hazardous Materials" shall not include the following: construction materials in reasonable quantities for lawful use in the construction or rehabilitation of the Improvements; reasonable quantities of gardening materials, household products, office supply products or janitorial supply products of the type customarily used in the construction, maintenance, rehabilitation, or associated with buildings and grounds, or typically used in household activities, in a manner typical of other residential housing developments which are comparable to the Improvements; and certain substances which may contain chemicals listed by the State of California pursuant to Health and Safety Code Sections 25249.8 et seq., which substances are commonly used in

reasonable quantities and in a lawful manner by a significant portion of the population living within the region of the Development, including (but not limited to) alcoholic beverages, aspirin, tobacco products, nutrasweet, prescription medications, and saccharine.

(2) "Hazardous Materials Laws" means all federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials in, on or under the Development or any portion thereof.

(b) Certain Covenants and Agreements.

(1) The Lessee shall not knowingly permit the Development or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Project.

(2) The Lessee shall keep and maintain the Development and each portion thereof in compliance with, and shall not cause or permit the Development or any portion thereof to be in violation of, any Hazardous Materials Laws.

(3) Upon receiving actual knowledge of the following, the Lessee shall immediately advise the Lessor in writing of: (A) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Lessee or the Development pursuant to any applicable Hazardous Materials Laws; (B) any and all claims made or threatened by any third party against the Lessee or the Development relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (A) and this clause (B) are hereinafter referred to as "Hazardous Materials Claims"); (C) the presence of any Hazardous Materials in, on or under the Development; or (D) the Lessee's discovery of any Hazardous Materials on any real property adjoining or in the vicinity of the Development, which Lessee reasonably believes may impact the Development. If the Lessor reasonably believes that the Lessee is not acting prudently and with diligence, or if the Lessor otherwise reasonably believes that its interests are not adequately protected, then the Lessor shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims.

(4) Without the Lessor's prior written consent, which shall not be unreasonably withheld, the Lessee shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Development (other than in emergency situations or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

Section 4.6 Non-Discrimination.

The Lessee shall not, in the selection or approval of Residents for the Residential Component, nor in the operations of the Veterans and Workforce Housing, Employment and

Training Center or provision of services at or from the Development, or in any other manner or matter, unlawfully discriminate against any person or group of persons on the grounds of sex, race, color, religion, ancestry, national origin, disability, medical condition, genetic information, marital status, sexual orientation, citizenship, primary language, or immigration status or any other basis prohibited by Section 51 of the California Civil Code or any subsequent, Federal, State, or local law, rule or regulation.

Section 4.7 Reporting.

The Lessee shall submit to the Lessor not later than one hundred twenty (120) days after the close of each fiscal year a copy of the Lessee's most recent annual report. The Lessee may seek an extension of this requirement if the most recent annual report has not been completed within this one hundred twenty (120) - day period. The Lessee shall also submit to Lessor not later than said one hundred twenty (120) days, a statistical report on the operation of the Development over the past fiscal year, including the following information: (a) the number of employment training participants utilizing the Development during the year; (b) the number of individuals and veterans residing in the Residential Component during the year, the income levels of all Residents, the length of stay for each Resident, and the apprenticeship or job training program in which the Resident is presently enrolled, if any; (c) the services and programs provided at the Development (d) a copy of the annual financial report for the Lessee; (e) the number of Residents who have moved out of the Development, (f) the number of Residents working full and part time and not working, the number of Residents engaged in employment training and the number of persons placed in full or part-time employment; (g) the amount of space, if any, in the Administrative Component leased to persons or entities providing employment training in the Training and Event Component; (h) copies of complaints filed by any person not a resident of the Development regarding the operation of the Development or alleging a violation of the Performance Standards; (i) copies of correspondence between the Lessee and those persons filing such complaints and the manner in which each such complaint was resolved; (j) the number of community meetings hosted during the past year as well as the number of veterans and senior citizens served at the Development; (k) the number of Resident complaints received; and (l) as the information is available, the number and percentage of Residents and Training and Event Component trainees who are employed.

ARTICLE 5.

CONSTRUCTION LOANS AND GRANTS

Section 5.1 Liens and Encumbrances Against Lessee's Interest in the Leasehold Estate.

(a) Lessee shall have the right to encumber, with the consent of Lessor, the leasehold estate created by this Lease and Lessee's fee interest in the Improvements with deeds of trust or comparable documents securing the Development Financing and by regulatory agreements or other restrictive covenants associated with such financing. Lessee shall provide

Lessor with written notice of all such encumbrances at least thirty (30) days prior to the execution of any encumbrance documents.

(b) The Lessee shall not have the right under any circumstances without the advance written consent of Lessor, in the Lessor's sole and absolute discretion, to encumber the Lessor's interest in the Subject Property or the Improvements. If the Lessor so consents, then the encumbrance documents must state that the Lessor's liability is limited to the real property security for the loan or grant, and that the Lessor is not liable for repayment of such loan or grant or any other borrower obligation, and that the Lessor shall have the notice and cure rights described in Section 5.5.

(c) For as long as there is any lien securing any Development Financing:

(1) Any Lender or Grantor which has an outstanding Development financing loan or grant shall have the right, but not the obligation, at any time to pay any or all of the rent due pursuant to the terms of this Lease, and do any other act or thing required of the Lessee by the terms of this Lease, to prevent termination of this Lease. However, this right shall not extend the time to cure the default beyond that time provided for in the written notices to Lessee as specified in Section 9.1(a) of this Lease. All payments so made and all things so done shall be as effective to prevent a termination of this Lease as the same would have been if made and performed by the Lessee instead of by the Lender(s) and Grantor(s).

(2) Any default under this Lease which by its nature cannot be remedied by any Lender or Grantor within the notice period provided to Lessee pursuant to Section 9.1(a) of this Lease, shall be deemed to be remedied if, (A) within this notice period, any Lender or Grantor has acquired the Lessee's leasehold estate or commenced foreclosure or other appropriate proceedings, (B) the Lender or Grantor diligently prosecutes any such proceedings to completion, (C) the Lender or Grantor has fully cured any default in the payment of any monetary obligations of Lessee, and (D) after gaining possession of the Development, the Lender or Grantor performs all other obligations of Lessee hereunder when the obligations are due.

(3) The Lessor shall mail or deliver to any Lenders and/or Grantors which have outstanding Development Financing loans or grants a duplicate copy of all notices which the Lessor may from time to time give to the Lessee pursuant to this Lease provided that Lessee has provided Lessor with the names and addresses of such Lenders and/or Grantors. Failure of the Lessor to provide such notices shall in no way invalidate or constitute a defense to any action taken by Lessor in connection with such notice.

(4) In the event any Foreclosure Transferee becomes the Lessee under this Lease by means of foreclosure or deed in lieu of foreclosure or pursuant to any new lease as set forth below, that Foreclosure Transferee shall be personally liable under this Lease or such new lease only for the period of time that the Foreclosure Transferee remains the lessee.

(5) If a Foreclosure Transferee becomes the legal owner of the leasehold estate, and upon written request by the Foreclosure Transferee within sixty (60) days after becoming the legal owner of the leasehold estate, the Lessor shall enter into a new lease of the

Subject Property with the Foreclosure Transferee for the remainder of the Lease Term with the same agreements, covenants, reversionary interests, and conditions (except for any requirements which have been fulfilled by the Lessee prior to termination) as are contained in this Lease and with priority equal to this Lease, so long as the Foreclosure Transferee promptly cures any and all defaults by the Lessee.

(6) If the Lease is terminated by a bankruptcy proceeding, foreclosure, or by other operation of law, then the Lessor shall, upon request by a Lender or Grantor, execute a new lease of the Subject Property to the Lender or Grantor, on the same terms and conditions as this Lease, except that the term will commence on the date of the new lease and will continue for the remaining unexpired term of this Lease. If the Lessor receives conflicting requests for a new lease of the Subject Property, then the Lessor shall execute a new lease of the Subject Property with the requesting Lender or Grantor having the most senior deed of trust. Any transfer of the lease to a transferee of the Lender or Grantor shall be subject to the Lessor's consent requirement contained in Section 2.5(a) of this lease and the indemnification and hold harmless provisions in Section 6.4.

(7) The Lessor shall reasonably cooperate in including in this Lease by suitable amendment from time to time any provision which may reasonably be requested by any proposed Lender or Grantor for the sole purpose of implementing the mortgagee-protection provisions contained in this Lease and allowing such Lender or Grantor reasonable means to protect or preserve the lien of its leasehold mortgage or lien and the value of its security at no expense or risk to Lessor. The Lessor shall execute and deliver (and to acknowledge, if necessary, for recording purposes) any agreement necessary to effect any such amendment, so long as such amendment does not in any way affect the Lease Term or rent under this Lease or otherwise in any material respect adversely affect any rights of the Lessor under this Lease.

Section 5.2 Cost of Development Financing to be Paid by Lessee.

The Lessee shall bear all of the costs and expenses in connection with (a) the preparation and securing of the Development Financing, (b) the preparation, execution, and delivery of any instruments and documents and their filing and recording, if required, and (c) preparation, execution, and all taxes and charges payable in connection with the Development Financing.

Section 5.3 Proceeds of Development Financing.

All Loan and Grant proceeds shall be paid to and become the property of the Lessee, and the Lessor shall have no right to receive any such Loan and Grant proceeds, unless the parties to the Loan or Grant agree to the contrary.

Section 5.4 Notice and Right to Cure Defaults Under Development Financing.

In the event of default by the Lessee under a Loan or Grant, notice shall be given to the Lessor at the same time given to the Lessee, and the Lessor shall have the right, but not the obligation, to cure the default with the same cure period provided to the Lessee under the applicable Loan or Grant Document. Any payments made by the Lessor to cure a default shall

be treated as rent due from the Lessee, which shall be paid within sixty (60) days of the date on which the payment was made by the Lessor. Failure by the Lessee to pay such amount in full within this 60-day period, shall constitute an event of default pursuant to Section 9.1 of this lease and entitle the Lessor to recover possession of the Subject Property. Any monies not paid in full to Lessor within this 60-day period shall accrue interest at the rate of 5 percent per annum from the date the default occurred until paid.

ARTICLE 6.

INSURANCE

Section 6.1 Required Insurance Coverage.

(a) Commercial Property Coverage. The Lessee shall keep the Subject Property and Development insured against loss or damage by a standard commercial property special form policy in amounts not less than the replacement value of the Development, or should insurance in such amount not be reasonably and commercially available, such lesser amount as may be acceptable to both the Lessor and Lenders and/or Grantors. The amount of such insurance shall be adjusted by reappraisal of the Improvements by the insurer or its designee at least once every five (5) years during the Lease Term, if requested by the Lessor. If a special form policy insuring the full replacement value of the Development is not reasonably and commercially available, then the Lessee shall obtain and maintain an extended coverage endorsement that ensures the full replacement value of the Development as soon as such coverage becomes commercially and reasonably available. The property policy shall provide for losses to be payable to the Lessor and Lessee (and Lenders and/or Grantors) as their interests may occur and that the insurer shall not have rights of recovery against the Lessor and Lessee.

(b) Liability and Property Damage Insurance. The Lessee shall at all times during the terms of this Lease keep in full force and effect a policy or policies of commercial general liability insurance against liability for bodily injury to or death of any person or property damage arising out of or in any way related to the operation, use, occupancy, or development or construction upon the Subject Property and on any occurrence on or about the Development. The insurance shall be written on an occurrence basis and the limits of such insurance shall be not less than Four Million Dollars (\$4,000,000) combined single limit for bodily injury and property damage. The limits of the insurance shall be adjusted once every five (5) years if and as reasonably required by the Lessor.

(c) Workers' Compensation Insurance. The Lessee shall carry or cause to be carried workers' compensation insurance, with statutory limits as required by the California Labor Code, covering all persons employed by the Lessee in connection with the Subject Property/and or Development which shall provide for a waiver of subrogation in favor of the Lessor. Such coverage shall include a waiver of subrogation endorsement in favor of Lessor

(d) Builders' Risk Insurance. During the course of any alteration, construction or reconstruction, the cost of which exceeds Fifty Thousand Dollars (\$50,000), the Lessee shall

require any contractor to provide builders' risk insurance for one hundred percent (100%) completed value on the insurable part of the Subject Property and Development. The builder's risk policy shall provide for losses to be payable to the Lessor and Lessee as their interests may occur and that the insurer shall not have rights of recovery against the Lessor and Lessee.

(e) Contractor Insurance. All contractors employed by Lessee to perform construction work on the Development, regardless of the value of such construction, shall carry commercial general liability insurance, worker's compensation insurance and automobile insurance as required pursuant to this Section 6.1 and 6.2 and shall name Lessor and Lessee as additional insureds with endorsements in a form acceptable to Lessor.

(f) Automobile Insurance. If the Lessee and its contractors and agents own, use, or lease vehicles, then the Lessee shall carry or caused to be carried comprehensive automobile liability insurance with limits not less than One Hundred Thousand Dollars (\$100,000) per occurrence/Three Hundred Thousand Dollars (\$300,000) aggregate for bodily injury and property damage, including coverages for owned, non-owned and hired vehicles, as applicable.

Section 6.2 Insurance Policies and Premiums.

(a) All liability policies required by this Lease or any Development Financing Document, including without limitation all policies obtained by Lessee's contractors pursuant to Section 6.1(e) above, shall name the Lessor and Lessor's elected and appointed officials, officers, employees, agents, volunteers, guests, invitees and contractors as additional insureds, and shall provide cross liability among insureds, and state that as to claims related to the work performed, the insurance shall be primary as to the additional insureds under this Lease, so that any other policies held by the Lessor, if any, shall not contribute to any loss under the insurance. Coverage shall be at least as broad as coverage set forth in ISO 20 10 11 85 endorsement.

(b) Insurance shall be placed with insurers with a current Best Rating of no less than A:VII. If at any time the Best Rating of Lessee's insurer falls below A:VII, the Lessee shall have 30 days to secure a new insurer who satisfies a Best Rating of A:VII. Any deductible or self-insured retention shall be disclosed to and approved, in writing, by the Lessor.

(c) Upon execution of this Lease, the Lessee shall furnish the Lessor with certificates and original endorsements effecting the required coverage in a form acceptable to Lessor. Thereafter, such evidence shall be provided annually, or if and when there are changes of insurance, and, in any event, promptly upon request. The endorsements shall be signed by persons authorized by the insurer to bind coverage on its behalf. The endorsements shall be on forms provided by the Lessor or as approved by the Lessor. If the Lessee does not keep all required insurance policies in full force and effect, or such insurance does not satisfy the terms and conditions of this Lease, then the Lessor may, in addition to other remedies under this Lease, take out the necessary insurance, and the Lessee shall pay the cost of such insurance within ten (10) days of invoice from Lessor. All insurance required by this section shall provide for severability of interests and shall provide that an act or omission of one of the named insureds shall not reduce or avoid coverage to the other named insureds.

(d) Each policy of insurance required pursuant to this Lease shall provide that it may not be cancelled, reduced in amount of coverage or otherwise materially modified without notice, in writing, delivered to Lessee and the Lessor at their respective principal offices at least thirty (30) days before the effective date of change or cancellation.

Section 6.3 Proceeds of Insurance.

(a) In the event of damage or destruction to the Development, all commercial property insurance (including builder's risk) proceeds shall be applied to the payment of the costs of repairing or rebuilding that part of the Subject Property and Development damaged or destroyed if (i) the Lessee agrees in writing within ninety (90) days after payment of the proceeds of insurance that such repair or rebuilding is economically feasible, and (ii) each Lender or Grantor with outstanding Development Financing permits such repairing or rebuilding, provided that the extent of Lessee's obligation to restore the Development shall be limited to the amount of the insurance proceeds. Lessee agrees to utilize best efforts to obtain the agreement of Lenders and/or Grantors to the utilization of insurance proceeds for rebuilding of the Development. If the Development is not repaired or rebuilt, all such proceeds shall be applied in a manner consistent with the terms of the Development Financing, with any conflicts resolved in accordance with the relative priority of their respective deeds of trust.

(b) If no Development Financing is outstanding, then all insurance proceeds received under the policies set forth in this Article 6 shall be paid to the parties hereto in proportion to their interests, provided that the Lessee shall apply such proceeds, to the extent possible, to reconstruction or repair in a manner consistent with the provisions of Section 7.2.

(c) If the Development is damaged or destroyed and is not rebuilt or repaired within three (3) years of the date of damage or destruction, the Lessor may terminate this Lease with respect to the portion of the Subject Property on which the unrepaired portion of the Development is located. This three-year period may be extended for up to three additional six month periods if Lessee demonstrates to Lessor's satisfaction that the additional time is necessary to rebuild the Development, the reasons why the Development cannot be rebuilt without the extension, and that Lessee will be able to rebuild the Development upon the granting of the additional extension. The Lessee may further seek to extend this period for an additional six-month period but the decision of whether or not to provide for this additional six-month period shall rest with the sole and absolute discretion of the Lessor.

Section 6.4 Indemnification.

(a) The Lessee shall indemnify, defend and hold harmless the Lessor and Lessor's elective and appointive officials, officers, employees, agents, volunteers, guests, invitees and contractors ("Lessor Indemnitees") from and against any and all third party claims, actions, demands, judgments, settlements, costs, expenses and attorney's fees arising out of, attributable to, or otherwise occasioned, in whole or in part, by (i) any act or omission of the Lessee, any officer, partner, agent, employee, contractor, tenant, guest, or invitee of the Lessee; (ii) the Lessee's design, construction, use or operation of the Development or any part thereof and any approval or denial of any application, permit or entitlement relating to the Development

by Lessor; (iii) any activity, work, or other thing done, permitted or suffered by the Lessee in or about the Subject Property, adjacent property and/or the Development; (iv) any claim arising after the date of execution of this Lease from the prevailing wage laws of the State of California and/or the federal government; and (v) any breach or default in the performance of any obligation on the Lessee's part to be performed under the terms of this Lease, and in any case, any action or proceeding brought against the Lessor Indemnitees by reason of any such claim, the Lessee upon notice from the Lessor shall defend any and all Lessor Indemnitees at the Lessee's expense by counsel reasonably satisfactory to the Lessor. The Lessor or Lessor Indemnitees shall not be liable for any damage to property entrusted to the Lessee's employees, nor for loss or damage to any property by theft or otherwise, not for any injury to or damage to persons or property resulting from the Lessee's operation or occupancy of the Subject Property or the Development.

(b) Any contractor retained by Lessee to perform construction work on or relating to, the Subject Property and/or Development, and any other entity under contract with Lessee to provide employment training or other services in the Development, shall agree in writing to release and hold harmless the Lessor Indemnitees in the same manner as set forth above for Lessee in connection with the work or services performed by the contractor or the entity.

(c) The Lessee agrees that it has not, and will not, use, generate, store or dispose of any Hazardous Material (as defined in Section 4.5(a) above) on, under, about or within the Property in violation of any law or regulation and the Lessee shall indemnify and hold harmless Lessor Indemnitees from and against any and all losses, liabilities, claims and/or costs and expenses (including, without limitation, any fines, penalties, judgments, litigation costs, attorney's fees, remediation costs, and consulting, engineering and construction costs) arising from or as a result of a breach of this warranty and representation or as a result of the disposal, storage, generation or release on the Development at any time during the term of this Lease of any Hazardous Materials, except to the extent caused by the gross negligence or willful misconduct of any Lessor Indemnitee regardless of whether such liability, cost or expense arises during or after the Lease Term. Should any discharge, leakage, spillage, emission, or pollution or any type occur upon or from the Development due to the Lessee's operation, use and/or occupancy thereof, the Lessee, at the Lessee's expense, shall clean all property affected thereby to the satisfaction of the Lessor and any governmental body having jurisdiction thereover.

(d) The Lessee acknowledges that the Lessee is not looking to or relying upon the Lessor to disclose any matters which the Lessor might be required to disclose under California Health and Safety Code Section 25359.7 and that all such matters have been investigated by the Lessee to the Lessee's satisfaction. In this regard, the Lessee specifically waives any and all rights it may have pursuant to the provisions of California Health and Safety Code Section 25359.7.

(e) The indemnifications provided pursuant to this Section 6.4 shall survive the termination of this Lease.

ARTICLE 7.

**CONDEMNATION, DAMAGE OR DESTRUCTION
OF THE DEVELOPMENT**

Section 7.1 Condemnation.

If the Development or the Subject Property or any part thereof is taken or condemned, for any public or quasi-public purpose or use by any competent entity in appropriate proceedings, or by any right of eminent domain, then the Lessor and Lessee shall utilize best efforts to continue to operate the Development in compliance with this Lease. The Lessor and Lessee shall request that awards and other payments on account of a taking of the Development and the Subject Property (less costs, fees and expenses incurred by the Lessor and Lessee in connection with the collection thereof) be divided by the presiding court between loss of value of the fee interest in the Subject Property and loss of value of the Development. In any case, subject to the rights of Lenders and/or Grantors under the Development Financing Documents (with any conflicts resolved in accordance with the relative priority of their respective deeds of trust), such awards and payments shall be applied as follows:

(a) Net awards and payments received on account of a partial taking of the Development, other than a taking for a temporary use not exceeding one (1) year, shall be allocated and paid in the following order of priority:

(i) If the Lessee reasonably believes restoration on the remainder of the site is economically feasible, and will result in a viable and safe operation, and unless the Lessee is then in default and the opportunity to cure has expired under the Development Financing Documents, first, to pay the cost of restoration of the Development, provided that the extent of the Lessee's obligations to restore the Development shall be limited to the amount of the net award and payment received on account of the taking. The Lessee shall furnish to the Lessor evidence reasonably satisfactory to the Lessor of the total cost of the restoration of the Development and the cost to ensure a viable and safe operation. In such event, the condemnation proceeds shall be paid into the Construction Fund described in Section 7.2 below, subject to the rights of Lenders and/or Grantors to collect and disburse such funds.

(ii) Second, or first if (i) the Lessee does not reasonably believe that restoration is economically feasible or that restoration will not result in a viable and safe operation, or (ii) the Lessee is in default and the opportunity to cure has expired under the Development Financing Documents, to any Lenders and/or Grantors (in the order of their respective lien priority, if there is more than one Lender or Grantor) in an amount equal to the decrease (if any) in the value of the security for their respective Development Financing as a result of the partial taking (calculated as set forth below in this subsection 7.1(a)(ii)), less amounts

payable to or recovered by the Lender or Grantor pursuant to such taking, but not to exceed the unpaid balance of their Development Financing. For purposes of this subsection 7.1(a)(ii), the amount of decrease in the value of the security for a loan or grant shall be the amount, if any, necessary to reduce the outstanding principal of the loan or grant such that the Loan to Value Ratio (as defined below) of the loan or grant immediately following the taking is equal to the Loan to Value Ratio of the loan or grant immediately preceding the taking. Loan to Value Ratio shall mean that fraction the numerator of which is the sum of the principal amount of the loan or grant plus the principal amounts of all Development Financing higher in lien priority to the loan or grant either immediately following the taking (after taking into account any paydown pursuant to this subsection of any loans of higher priority) or immediately preceding the taking, as applicable, and the denominator of which is the appraised value of the Development immediately following the taking or immediately preceding the taking, as applicable. The values of the Development immediately preceding the taking and immediately following the taking shall be determined by an MAI or SRI appraiser selected by the Lessee and who is reasonably satisfactory to the Lessor.

(iii) The balance, if any, shall be divided between the Lessor and the Lessee in the manner specified in subparagraph (e) below; however, if the taking has no effect on the value of the Lessor's fee interest in the Subject Property and to the reversionary interest in the Improvements, then the balance shall be paid exclusively to the Lessee.

(b) Net awards and payments received on account of a partial or total taking of only the Lessor's fee interest in the Subject Property or the reversionary interest in the Improvements (that is, a taking of the Lessor's fee interest in the Subject Property or the Lessor's reversionary interest in the Improvements that has no effect on the value of the Lessee's leasehold interest in the Subject Property or the Lessee's fee interest in the Improvements), including severance damages, shall be paid to the Lessor, subject to the rights of any Lenders and/or Grantors to which the Lessor has encumbered its fee interest in the Subject Property (in the order of their respective lien priority, if there is more than one such Lender or Grantor), which amount shall be free and clear of any claims of the Lessee, or any other persons claiming rights to the Subject Property through or under the Lessee, other than Lenders and/or Grantors to which the Lessor has encumbered its interest in the Subject Property.

(c) Net awards and payments received on account of a taking for temporary use not exceeding one (1) year and relating to a period during the Lease Term shall be paid to the Lessee; however, if such taking for temporary use has resulted in any damage to or destruction of the Development, then such net awards and payments shall be first applied to pay the cost of restoration if the Lessee determines that restoration is economically feasible, viable, and safe. Net awards and payments received on account of a taking for temporary use not exceeding one (1) year and relating to a period beyond the Lease Term shall be paid to the Lessor.

(d) Net awards and payments received on account of a total taking of the Development shall be allocated and paid in the following order of priority:

(i) First, to any Lenders and/or Grantors with then-outstanding Development Financing secured by the Development (in the order of their respective lien priority, if there is more than one Lender or Grantor), an amount equal to the unpaid balance secured by their respective Development Financing to the extent there are sufficient funds to make such payments;

(ii) Second to the Lessor up to the total value of the fee interest of the Subject Property.

(iii) the balance, if any, shall be divided between the Lessor and the Lessee in the manner specified in subparagraph (e) below; however, if the taking has no effect on the value of the Lessor's fee interest in the Subject Property and to its reversionary interest in the Improvements, then the balance shall be paid exclusively to the Lessee.

(e) For purposes of subsections (a)(iii) and (d)(iii) above, first the Lessee shall receive reimbursement for any funds it has reasonably expended for repair and/or reconstruction of the Development (other than funds received from Lenders and/or Grantors). Second, the Lessor shall receive that portion of the remaining sum equal to such remaining sum, multiplied by a fraction the numerator of which is the number of years elapsed from the date of the Lease to the date of the taking, and the denominator of which is fifty-five (55). Third, the Lessee shall receive all remaining sums.

(f) The Lessee shall receive any award granted for or allocated to trade fixtures, moving expenses or loss of business.

(g) If the Development is taken or condemned during the last five (5) years of the Lease Term under circumstances described in subparagraph (a) above, then the Lessee may elect to terminate the Lease and proceeds of any payment or award shall be distributed in accordance with the provisions of subparagraphs (d) and (e) above.

Section 7.2 Administration of Construction Fund in the Event of Condemnation, or Damage or Destruction of Development.

If the Development or any part of it is to be repaired or reconstructed after damage or destruction or condemnation, then all proceeds collected under any and all policies of insurance referred to in Article 6 supra, covering such damage or destruction, or all compensation received for such taking by the exercise of the power of eminent domain, shall be paid into a special trust fund to be created and held by the Lessee and to be designated as the Construction Fund, during such repairing or reconstructing. Any surplus of such insurance or condemnation proceeds

remaining after the completion of all payments for such repairing or reconstructing shall be held or applied by the Lessee in a manner consistent with the applicable provision of this Article 7.

Section 7.3 Lessee, Lessor, Lenders and/or Grantors to be Made Parties in Legal Proceedings.

(a) In the event proceedings shall be instituted (i) for the exercise of the power of eminent domain, or (ii) as a result of any damage to or destruction of the Development, the resulting proceeds shall be paid to the Lenders and/or Grantors for application or disbursement in accordance with the Development Financing Documents (in the order of their respective lien priority, if there is more than one such Lender or Grantor). The Lessee, Lessor, and, as necessary, any Lender or Grantor with then-outstanding Development Financing shall be made parties to those proceedings, and if not made parties by the petitioning party, shall be brought into the proceedings by appropriate proceedings of other parties so that adjudication may be made of the damages, if any, to be paid to the Lessee, Lessor and Lenders and/or Grantors as compensation for loss of their rights in the Improvements or the Subject Property, or for damage to or destruction of the Development. Should the Lessor or Lessee receive notice of institution of any proceedings subject to Section 7.1, the Party receiving such notice shall notify the other Party not later than thirty (30) days after receiving such notice.

(b) The Lessor and the Lessee shall cooperate and consult with each other in all matters pertaining to the settlement, compromise, arbitration, or adjustment of any and all claims and demands for damages on account of damage to or destruction of the Development, or for damages on account of the taking or condemnation of the Improvements or the Subject Property.

Section 7.4 Termination.

In the event of a total taking or in the event of damage, destruction, or a partial taking, other than a temporary taking of the Development, which the Lessee reasonably determines renders continued operation of the Development infeasible both as a whole and in substantial part, and if the Lessee does not elect to rebuild the Development in accordance with the terms of this Lease, the Lessee shall terminate this Lease, and in such event any proceeds shall be allocated pursuant to Section 6.3 or Article 7, as appropriate. In the event of a partial taking that does not result in termination pursuant to this Section 7.4, this Lease shall remain in full force and effect as to the portion of the Development remaining.

ARTICLE 8.

REPRESENTATIONS AND ASSURANCES

Section 8.1 Lessor to Give Peaceful Possession.

Subject to the terms and conditions of this Lease, Lessee shall have, hold, and enjoy, during the Lease Term, peaceful, quiet, and undisputed possession of the Subject Property

without hindrance or molestation by or from Lessor so long as the Lessee is not in default under this Lease following the expiration of all applicable notice and cure periods.

Section 8.2 Lessor Representations.

The Lessor represents, as of the date of this Lease, as follows:

(a) it is unaware of any exceptions to title to the Subject Property except as set forth in the attached *Exhibit B* and as set forth herein;

(b) it has not received any notice of any special assessments or public improvements being contemplated, except as described in *Exhibit C*;

(c) there is no pending, or, to the best of its knowledge, threatened condemnation or similar proceeding affecting the Subject Property, nor does the Lessor have any knowledge that any such action is contemplated;

(d) to the best of Lessor's knowledge, there are no legal actions or other legal proceedings pending or, to the best of the Lessor's knowledge, threatened against or affecting the Subject Property, or the Lessor's title to the Subject Property, including any zoning, land use or environmental matters, and there is no action, proceeding or investigation pending or, to the best of the Lessor's knowledge, threatened which questions, directly or indirectly, the validity or enforceability of this Lease or which individually, or in the aggregate, might adversely affect the construction, use, or occupancy of the Subject Property;

(e) there are no contracts to which the Lessor is a party or may be bound affecting the Subject Property, except those contracts listed on *Exhibit C*, and to the best of the Lessor's knowledge, neither the Lessor nor any other party to such contracts is in default in the performance or observance of any of their provisions;

(f) all requisite action has been taken by the Lessor in connection with entering into this Lease and the consummation of the transactions contemplated by this Lease, and this Lease has been duly executed and delivered by the Lessor and constitutes the legally valid and binding obligation of the Lessor, enforceable against the Lessor in accordance with its terms except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws, or by legal or equitable principles relating to or limiting the rights of contracting parties generally; and

(g) to the best of Lessor's knowledge, the execution of this Lease, the incurrence of the obligations set forth in this Lease, and the consummation of the transactions contemplated by this Lease do not violate any order or ruling of any court binding on the Lessor or any provision of any indenture, agreement, or other instrument to which the Lessor is a party or may be bound and to the best of the Lessor's knowledge, neither the entry into nor the performance of this Lease or the other documents contemplated in this Lease, has resulted or will result in any violation of, or conflict with, or invalidate, cancel or make inoperative, or result in the creation of any lien, encumbrance or any other charge upon the Subject Property pursuant to,

or constitute a default under, any charter, bylaw, partnership agreement, trust agreement, mortgage, deed of trust, indenture, contract, credit agreement, franchise, permit, judgment, decree, order, easement, restriction or other charge, right or interest applicable to the Lessor or the Development.

(h) where Lessor's representations are made based on Lessor's knowledge or to the best of Lessor's knowledge, or words of similar effect, said representations are based solely on the actual knowledge of Adam McGill, City Manager of the Lessor, without his having conducted any investigation or inquiry whatsoever. And the fact that such representations and warranties are made here by the Lessor shall not imply or indicate that any investigation or inquiry was performed by the Lessor in making same, and further, the fact that Lessor may not have conducted any such inquiry or investigation may not be relied upon by the Lessee as implying that no such investigation or inquiry should be made by the Lessee.

Section 8.3 Lessee Representations.

The Lessee represents, as of the date of this Lease, as follows:

(a) it is a nonprofit public benefit corporation duly organized, validly existing, and in good standing under the laws of the State of California;

(b) all requisite action has been taken by it in connection with entering into this Lease and the consummation of the transactions contemplated by this Lease, and this Lease has been duly executed and delivered by the Lessee and constitutes the legally valid and binding obligation of the Lessee, enforceable against the Lessee in accordance with its terms except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws, or by legal or equitable principles relating to or limiting the rights of contracting parties generally;

(c) the execution of this Lease, the incurrence of the obligations set forth in this Lease, and the consummation of the transactions contemplated by this Lease do not violate any order or ruling of any court binding on the Lessee or any provision of any indenture, agreement or other instrument to which the Lessee is a party or may be bound, and neither the entry into nor the performance of this Lease or the other documents contemplated in this Lease has resulted or will result in the violation of, or conflict with, or invalidate, cancel or make inoperative, or constitute a default under, any charter, bylaw, partnership agreement, trust agreement, mortgage, deed of trust, indenture, contract, credit agreement, franchise, permit, judgment, decree, order, easement, restriction or other charge, right or interest applicable to the Lessee; and

(d) it has not employed or retained any real estate broker to solicit or secure this Lease, and it has not paid or agreed to pay any real estate broker any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making this Lease.

(e) The Lessee acknowledges that the Lessee is not looking to or relying upon the Lessor to disclose any matters which the Lessor might be required to disclose under

California Health and Safety Code Section 25359.7 and that all such matters have been investigated by the Lessee to the Lessee's satisfaction. In this regard, the Lessee specifically waives any and all rights it may have pursuant to the provisions of California Health and Safety Code Section 25359.7.

Section 8.4 Release of Lessor.

The Lessor may sell, assign, transfer or convey all or any part of Lessor's interest in the Subject Property, reversionary interest in the Improvements, or this Lease without obtaining the Lessee's consent, as long as the purchaser, assignee, or transferee: (i) expressly assumes all of the obligations of the Lessor under this Lease by a written instrument in a form reasonably satisfactory to Lessee and recordable in the Official Records of the County of Marin; and (ii) executes necessary documentation to effect continued encumbrance of the fee interest in the Subject Property to Lenders and/or Grantors who have required encumbrance pursuant to Section 5.2 (b) above (to which encumbrance the Lessee has consented). In the event the Lessor intends to sell all or any part of the Subject Property, the Lessor shall notify the Lessee of such intention in writing not later than thirty (30) days before close of escrow. In the event of a sale, assignment, transfer or conveyance by the Lessor of the Subject Property or its rights under this Lease, the same shall operate to release the Lessor from any future liability upon any of the covenants or conditions of this Lease, expressed or implied, in favor of the Lessee, and in such event the Lessee shall look solely to the successor in interest of the Lessor in and to the Subject Property or this Lease. This Lease shall not be affected by any such sale or transfer, and the Lessee agrees to attorn to any such purchaser or assignee.

Section 8.5 Encumbrance by Lessor.

The Lessor shall not encumber or hypothecate its interest in the Subject Property or any part thereof with any mortgage, deed of trust, or other form of security interest, except as provided in Section 5.1(b) above with respect to Development Financing.

ARTICLE 9.

DEFAULTS AND REMEDIES

Section 9.1 Events of Default; Remedy for Default by Lessee.

- Default":
- (a) Any one or more of the following events shall constitute an "Event of Default":
 - (i) Failure to make any payment required hereunder, and continuance of such failure for a period of sixty (60) days after receipt by the Lessee of written notice specifying the nonpayment; or
 - (ii) Failure of the Lessee to observe and perform any other covenant, condition or agreement hereunder on its part to be performed (including, without limitation, the Performance Standards and compliance with

Section 4.1(a)), and continuance of such failure for a period of sixty (60) days after receipt by the Lessee of written notice specifying the nature of such default. If Lessee reasonably believes that more than sixty (60) days are required to remedy the violation, Lessee shall provide Lessor with a written notice stating the action proposed to remedy the violation and the reason why such remedy will require more than sixty (60) days. The Lessee shall also include in this written notice the soonest reasonable date by which the violation will be remedied. The Lessor shall not unreasonably withhold an additional period of up to sixty (60) additional days for Lessee to remedy the violation at issue. The Lessee may further seek to extend this period for an additional sixty (60) days, but the decision of whether or not to provide this additional sixty (60) days shall rest with the sole and absolute discretion of Lessor; or

(iii) The Lessee or its designee ceases to operate the Residential Component, the Training and Event Component or the Administrative Component for a continuous period of one hundred and eighty (180) days, subject to extension pursuant to the force majeure provisions of Section 10.4 below. For purposes of this section, Lessee shall be deemed to have ceased operating the Residential Component if the Lessee has less than 90% occupancy of the Residential Component of the Development for a one hundred eighty (180) day period subject to extensions of time for force majeure conditions. For purposes of this section, Lessee shall be deemed to have ceased operating the Training and Event Component if it is providing employment and job training services to an average of less than fifty (50) percent of the number of job training participants who received such services during an average month during the third year after a certificate of occupancy was issued by the City of Novato for the Development. For purposes of this section, Lessee shall be deemed to have ceased operating the Administrative Component if Lessee or its permitted subtenants are utilizing less than 50 percent of the square footage of the Administrative Component for administrative and office space for Lessee's operations. If the Lessee ceases to operate the Residential Component, the Training and Event Component or the Administrative Component as stated herein, the Lessor may terminate the Lease only as to the component of the Development that Lessee is deemed to have ceased operations. The Lessor and the Lessee shall then enter into a revised Lease for only those components still operated by Lessee. The Lessor may seek a new tenant for the component which Lessee has ceased to operate and/or operate the component on its own and/or take other actions regarding the component as the Lessor deems appropriate, consistent with the obligations included in Section 9.1 (e)below; or

(iv) A general assignment by the Lessee for the benefit of creditors; or

(v) The filing of a voluntary petition by the Lessee, or the filing of an involuntary petition by any of the Lessee's creditors, seeking the rehabilitation, liquidation or reorganization of the Lessee under any law relating to bankruptcy, insolvency or other relief of debtors, provided that in the case of an involuntary petition Lessee shall have sixty (60) days to cause such petition to be withdrawn or dismissed; or

(vi) The appointment of a receiver or other custodian to take possession of substantially all of the Lessee's assets or of this leasehold, which appointment is not withdrawn or dismissed within sixty (60) days, excluding any receivership initiated by a Lender or Grantor which shall not constitute an Event of Default; or

(vii) The Lessee becomes insolvent or declares in writing it is unwilling to pay its debts as they become due; or any court enters a decree or order directing the winding up or liquidation of the Lessee or of substantially all of its assets; or the Lessee takes any action toward the dissolution or winding up of its affairs or the cessation or suspension of its use of the Development; or

(viii) Attachment, execution or other judicial seizure of substantially all of the Lessee's assets or this leasehold, which is not dismissed, bonded, or stayed within sixty (60) days; or

(ix) Lessee's failure to comply with and/or violations of the City Conditions of Approval and continuance of such failure for a period of sixty (60) days after receipt by the Lessee of a written notice specifying the nature of such default; or

(x) Lessee's provision of written notice to Lessor that it has, or will, abandon the Property and cease to utilize the Property as veterans and workforce housing, employment and training.

(b) Whenever any default has occurred and is continuing following expiration of any applicable cure periods, and subject to the cure rights of Lenders and/or Grantors, an Event of Default shall exist, and the Lessor may take whatever action at law or equity as may appear reasonably necessary to enforce performance or observance of this Lease, including without limitation, termination of this Lease. In the event of an Event of Default, Lessor's remedies shall be cumulative, and no remedy expressly provided for in this section shall be deemed to exclude any other remedy allowed by law. Prior to any termination of this Lease due to an uncured Event of Default, Lessor shall consider consenting to an assignment of this Lease to a successor to the Lessee's interest in this Lease and to the rights and obligations conferred hereby selected in accordance with the terms of subsection 9.1(c) below, which consent shall not be unreasonably withheld. If a successor entity is selected pursuant to subsection 9.1(c) below, the Lessor shall not terminate the Lease, and shall instead consent to assignment of the Lease to the approved successor Lessee, and shall afford such successor Lessee a reasonable opportunity

to cure all curable Events of Default under the Lease. At Lessor's sole option and discretion, in the event a successor entity for the Residential Component and the Training and Event Component which meets the criteria contained in subsection 9.1(c) cannot be secured, Lessor may enter into a lease with one entity to operate the Residential Component and a separate lease with another entity to operate the Training and Event Component. The lease with each entity may contain such portion of the Administrative Component as the Lessor deems necessary for each entity to administer its component. Any portion of the Administrative Component not leased by Lessor to a successor entity shall be utilized by Lessor in any manner the Lessor deems appropriate.

(c) In evaluating any successor entity, nonprofit agencies meeting the following criteria shall be deemed eligible for priority consideration as a candidate for succession, provided that the nonprofit agency:

(i) Has substantial experience (preferably at least three (3) years) in operating and managing an affordable housing project, service enriched housing, or employment and training programs in the Bay Area. Alternatively, a nonprofit agency may provide a professional property management company to satisfy requirements for experience in operation of affordable housing and services pursuant to this section.

(ii) Is deemed to be fiscally sound (i.e. having sufficient committed financial resources to meet its current and projected obligations and having such financial reserves as deemed customary for nonprofit agencies with similar operations in Marin County), following a review of the nonprofit agency's audited financial statements for the last two (2) years, its financial statements for the then current fiscal year.

(d) In the event Lessor evicts Lessee for any of the reasons specified herein, upon obtaining possession of the Property, Lessor shall take appropriate action and utilize best efforts to select another operator, or operators, of the Development, to succeed to the rights and obligations contained in this Lease, in order to ensure the continued use of the Property as a veterans and workforce housing, employment and training center for the remainder of the Lease Term. If the Lessor is unable to secure another operator or operators to use the Property as a veterans and workforce housing, employment and training center, Lessor shall utilize the Property to provide other homeless services until such time as the need no longer exists or funding is no longer available.

Section 9.2 Remedy for Default by Lessor.

If the Lessor defaults under this Lease, then the Lessee shall give the Lessor and the Lenders and/or Grantors written notice requiring that the default be remedied by the Lessor. If the default is not cured within the time set forth by the Lessee (which shall be a reasonable time for curing the default and shall in any event be at least sixty (60) days), then the Lessee and Lenders and/or Grantors may take any action as may be necessary to protect their respective interests.

Section 9.3 Informal Mediation of Disputes.

(a) With respect to any alleged violation of the Performance Standards or any alleged violation of the requirements of this Lease by the Lessee or Lessor, either the Lessee or the Lessor may request that the matter be submitted to informal mediation with the Marin County Mediation Service (or, if either party objects, then to the mediation service of Sonoma County or another agreed county). At the request of either party, any third party complainant shall be asked to join the informal mediation and all parties shall use best efforts to cause the third party complainant to participate in the informal mediation. The informal mediation shall be conducted pursuant to the standard procedures of the mediation service and as directed by the mediator. The specific mediator shall be selected in the manner described in Section 9.4(b) below, with the administrator of the informal mediation service serving as the Administrator. The fees and cost of the informal mediation shall conform to the then-current fee schedule of the mediation service and, in the absence of an agreement to the contrary, will be borne equally by the parties.

(b) The informal mediation shall be completed within ninety (90) days of the request therefor unless the time is extended by written agreement of the Lessee and Lessor. If informal mediation has not been concluded within this ninety (90) day period, or such extended period agreed to by Lessor and Lessee, the informal mediation shall be deemed terminated and either the Lessor or the Lessee may seek the rights and remedies it believes itself entitled to pursuant to Section 9.1 of this Lease.

Section 9.4 Formal Mediation of Disputes.

(a) If informal mediation pursuant to Section 9.3 above does not resolve the dispute between Lessor and Lessee, either party, by providing written notice to the other within five (5) business days of the unsuccessful conclusion of the informal mediation, may initiate formal mediation before a retired judge or justice or through any other formal mediation process or service the parties may desire.

(b) Upon the initiation of formal mediation, the parties shall have ten (10) business days to select a mediator. If they are unable to do so, they shall mutually select a mediation service and the Administrator of such service will submit a list of three mediators and their resumes. Each party may then strike one name and the Administrator will designate the mediator from the list of remaining names. The fees and costs of the mediation will be borne equally by the parties.

(c) Mediation shall commence as expeditiously as possible and shall be completed within fifty (50) days of the date mediation, or thirty (30) days of the date a mediator is selected by the Parties pursuant to paragraph (b) above, whichever comes first. If mediation is not completed within the time specified herein, either party may terminate the mediation process upon written notice to the other and either the Lessor or the Lessee may then seek the rights and remedies it believes itself entitled to pursuant to Section 9.1 of this Lease.

(d) The mediation process is to be considered settlement negotiation for the purpose of all state and federal rules protecting disclosures made during such conferences from the later discovery or use in evidence. The parties hereto agree that the provisions of California Evidence Code Section 1152.5 shall apply to any mediation conducted hereunder.

ARTICLE 10.

MISCELLANEOUS

Section 10.1 Instrument Is Entire Agreement.

This Lease constitutes the entire agreement between the Parties with respect to the lease of the Subject Property. This Lease completely supersedes all prior understandings or agreements, both written and oral, between the Parties relating to the lease of the Subject Property.

Section 10.2 Notices.

(a) All notices hereunder shall be in writing signed by the Authorized Officer(s) and shall be sufficient if sent by United States first class, certified mail, postage prepaid, or express delivery service with a receipt showing the date of delivery, addressed

if to the Lessor: City of Novato
 922 Machin Ave
 Novato, CA 94945
 Attention: City Manager

with a copy to: City Attorney of the City of Novato
 670 W. Napa Street
 Suite F
 Sonoma, CA 95476

if to the Lessee: Homeward Bound of Marin
 1385 N. Hamilton Parkway
 Novato, CA 94949
 Attention: Executive Director

or any other address as either Party may have furnished to the other in writing pursuant to the requirements of this Section 10.2 as a place for service of notice. Any notice so mailed shall be deemed to have been given on the delivery date or the date that delivery is refused by the addressee, as shown on the return receipt, or within three business days of the date the notice was mailed, whichever is earlier. If notice is given by personal service, it shall be deemed to have been given on the date served on the person or entity identified in Section 10.2(a) of this lease.

(b) A copy of each notice of default sent under Section 10.2(a) shall also be sent, in the manner described in Section 10.2(a), to the Lenders and/or Grantors with an outstanding Loan which have been identified in writing to Lessor by Lessee.

Section 10.3 Non-Liability of Officials, Employees and Agents.

No member, official, officer, employee, agent, contractor, or volunteer of any party shall be personally liable to the other, or any successor in interest.

Section 10.4 Force Majeure.

Performance by either Party shall not be deemed to be in default where defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; power outages; quarantine restrictions; freight embargoes; governmental restrictions or priority; weather or soils conditions which, in the reasonable opinion of the Lessee's contractor, will necessitate delays; reasonable inability to secure necessary labor, reasonable materials or tools; or any other causes (other than the Lessee's inability to obtain financing for the Development) beyond the control or without the fault of the Party claiming an extension of time to perform. Times of performance under this Lease may also be extended in writing by the Lessor and the Lessee.

Section 10.5 Non-Waiver of Breach.

Neither the failure of a Party to insist upon strict performance of any of the covenants and agreements of this Lease nor the failure by the Party to exercise any rights or remedies granted to such Party under the terms of this Lease shall be deemed a waiver or relinquishment (a) of any covenant herein contained or of any of the rights or remedies of the applicable Party, (b) of the right in the future of the applicable Party to insist upon and to enforce by any appropriate legal remedy a strict compliance with all of the covenants and conditions thereof, or (c) the right of the Lessor to recover possession of the Subject Property upon occurrence of a default and the expiration of applicable notice and cure periods or the expiration of the Lease Term.

Section 10.6 Counterparts.

This Lease may be executed in counterparts and multiple originals, each of which shall be an original and all of which shall constitute the same instrument.

Section 10.7 Lease Binding on Successors.

This Lease shall inure to the benefit of, and shall be binding upon, the Lessor, the Lessee, and their respective permitted successors and assigns.

Section 10.8 Relationship of Parties.

Nothing contained in this Lease shall be deemed or construed by the Parties or by any third party to create the relationship of principal or agent; partnership; joint venture; association;

or buyer and seller. Neither the computation of any payments and other charges under the terms of this Lease nor any other provisions contained in this Lease, nor any act of the Parties, shall be deemed to create any relationship between the Parties other than the relationship of landlord and tenant.

Section 10.9 No Merger.

There shall be no merger of this Lease, or any interest in this Lease or of the leasehold estate created hereby, with the fee estate in the Subject Property by reason of the fact that this Lease or such interest may be directly or indirectly held by or for the account of any person who shall hold the fee estate in the Subject Property, or any interest in such fee estate; nor shall there be such a merger by reason of the fact that all or any part of the leasehold estate created hereby may be conveyed or mortgaged in a leasehold mortgage to a leasehold mortgagee who holds the fee estate in the Subject Property or any interest of the Lessor under this Lease.

Section 10.10 Titles.

Any titles of the sections or subsections of this Lease are inserted for convenience of reference only and shall be disregarded in interpreting any of its provisions.

Section 10.11 Severability.

If any provision of this Lease or the application of any provision to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

Section 10.12 Applicable Law.

This Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 10.13 Approvals.

(a) Unless expressly stated otherwise, whenever this Lease calls for a Party's approval, consent, or waiver, the written approval, consent, or waiver of the Party's Authorized Officer(s) shall constitute the approval, consent, or waiver of the Party, without further authorization required from the Party's board. The Parties hereby authorize their Authorized Officers to deliver such approvals or consents as are required by this Lease, or to waive requirements under this Lease, on behalf of them (including, in the case of the Lessor, to encumber the fee in the Subject Property pursuant to Section 5.2(b)).

(b) All approvals under this Lease shall be subject to a reasonableness standard, except where a sole discretion standard is specifically provided.

Section 10.14 Inspection of Books and Records.


The Lessor has the right at all reasonable times to inspect and copy the non-confidential books, records and all other documentation of the Lessee pertaining to its obligations under this Lease. The Lessee also has the right at all reasonable times to inspect and copy the books, records and all other documentation of the Lessor pertaining to its obligations under this Lease. Each Party shall maintain adequate records for a period of at least three (3) years after the end of the operating year in which the records were created.

Section 10.15 Recitals.

The recitals set forth above are hereby incorporated by this reference as though fully set forth herein.

BY SIGNING BELOW, the Parties confirm their agreement to the terms of this Lease as of the date first written above.

ATTEST:



City Clerk

LESSOR:

City of Novato

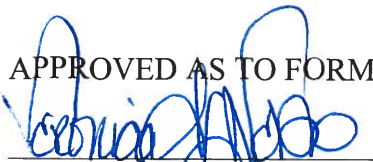
By:



Its:

City MANAGER

APPROVED AS TO FORM:

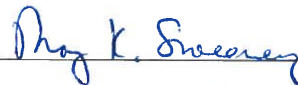


City Attorney

LESSEE:

Homeward Bound of Marin, a California nonprofit public benefit corporation


By:



Its:

Executive Director

APPROVED AS TO FORM:



Lessee's Attorney

See loose Acknowledgment certificate attached

NOTE: ALL SIGNATURES MUST BE NOTARIZED FOR RECORATION PURPOSES

CALIFORNIA ACKNOWLEDGMENT FORM

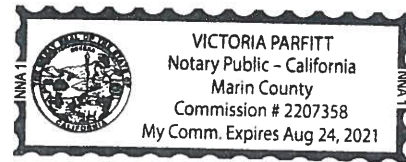
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy or validity of that document.

State of California)
County of Marin) SS.

On January 27, 2020 before me, Victoria Parfitt, Notary Public, personally appeared Adam McGill, who proved to me on the basis of satisfactory evidence to be the person whose name/s subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature 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.



[SEAL]

SIGNATURE Victoria Parfitt

ACKNOWLEDGMENT

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 Marin)

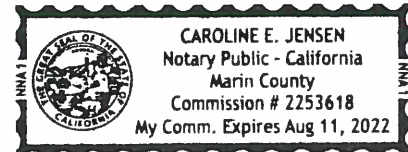
On January 10, 2020 before me, Caroline E. Jensen, notary public,
(insert name and title of the officer)

personally appeared Mary K. Sweeney,
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.

Signature  (Seal)



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.

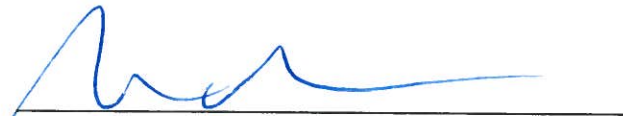
STATE OF CALIFORNIA

COUNTY OF MARIN

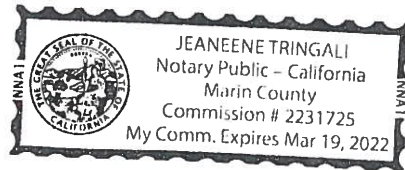
On Jan. 16, 2020, before me, Jeaneene Tringali,
notary public, personally appeared Gary T. Ragghanti,
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their 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.



Signature



(Seal)

CALIFORNIA ACKNOWLEDGMENT FORM

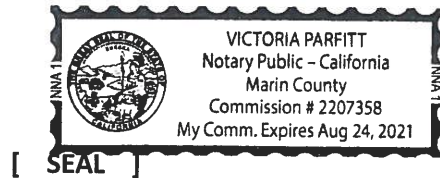
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy or validity of that document.

State of California)
County of Marin) SS.

On January 27, 2020 before me, Victoria Parfitt, Notary Public, personally appeared Veronica Nebb, who proved to me on the basis of satisfactory evidence to be the person whose name/s subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature 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.



SIGNATURE Victoria Parfitt

EXHIBIT A

DESCRIPTION OF THE SUBJECT PROPERTY

The land referred to is situated in the County of Marin, City of Novato, State of California, and is described as follows:

PARCEL ONE:

Beginning at the most Northerly corner of Lot 4 as shown on the Parcel Map of Hamilton Field - Phase Two, Stage 1, recorded November 3, 1997 in Book 26 of Parcel Maps at Page 39, Marin County Records; thence along the Easterly line of said Lot 4, South 05° 08' 16" West, 377.65 feet; thence leaving said Easterly line of said Lot 4, South 67° 31' 12" East, 81.00 feet; thence in a curve to the right, tangent to the preceding course, having a radius of 15.00 feet, through a central angle of 70° 47' 32", an arc length of 18.53 feet; thence South 03° 16' 20" West, 184.69 feet; thence South 84° 52' 00" East, 526.68 feet; thence South 05° 08' 00" West, 24.60 feet; thence South 84° 52' 00" East, 38.15 feet, thence South 05° 08' 00" West, 69.61 feet; thence South 84° 52' East, 245.46 feet; thence North 42° 01' 16" East, 47.80 feet to the Southwesterly line of the Parcel conveyed to Golden Gate Bridge, Highway and Transportation District described in the Deed recorded June 29, 1990 in Document No. 90-38197, Marin County Records; thence along said Southwesterly line of Golden Gate Bridge, Highway and Transportation District Parcel, North 47° 58' 44" West, 1166.25 feet to the Easterly line of North Hamilton Parkway, as shown on said Parcel Map of Hamilton Field - Phase Two, Stage 1 (26 P.M. 39); thence leaving said Southwesterly line of Golden Gate Bridge Highway and Transportation District Parcel, and along said Easterly line of North Hamilton Parkway, South 05° 08' 16" West, 43.85 feet to the point of beginning.

EXCEPTING THEREFROM that portion described as follows:

Beginning at the most Northerly corner of Lot 4 as shown on that certain Map entitled, "Parcel Map of Hamilton Field - Phase Two, Stage One", recorded November 3, 1997 in Book 26 of Parcel Maps at Page 39, Marin County Records; thence along the Easterly line of said Lot 4, South 05° 08' 16" West, 377.64 feet; thence leaving said Easterly line of said Lot 4, South 67° 31' 12" East, a distance of 81.00 feet; thence North 22° 28' 48" East, a distance of 34.33 feet; thence South 88° 25' 05" East, a distance of 74.65 feet; thence South 01° 34' 55" West, a distance of 14.50 feet; thence South 88° 25' 05" East, a distance of 102.19 feet; thence North 05° 08' 16" East, a distance of 113.56 feet; thence North 42° 01' 16" East, a distance of 83.20 feet to the Westerly line of the Lands of the Golden Gate Bridge, Highway and Transportation District (GGBH&TD), as described in Instrument No. 90 38197, Marin County Records; thence along said Westerly line of the Lands of GGBH&TD, North 47° 58' 44" West, a distance of 354.69 feet; thence leaving said Westerly line of the Lands of GGBH&TD from a tangent that bears South 65° 59' 11" West, along a non-tangent curve to the left, said curve having a radius of 261.00 feet, through a central angle of 08° 11' 38", for an arc length of 37.33 feet to the point of beginning.

ALSO EXCEPTING THEREFROM that portion described as follows:

Beginning at the most Northerly corner of Lot 4 as shown on that certain Map entitled, "Parcel Map of Hamilton Field - Phase Two, Stage One", filed for Record November 3, 1997 in Book 26

of Parcel Maps at Page 39, Marin County Records; thence along the Easterly line of said Lot 4, South 05° 08' 16" West, 377.64 feet; thence leaving said Easterly line of said Lot 4, South 67° 31' 12" East, a distance of 81.00 feet to the true point of beginning; thence from the true point of beginning along a tangent curve to the right; said curve having a radius of 15.00 feet; through a central angle of 70° 47' 32", for an arc length of 18.53 feet; thence South 03° 16' 20" West, a distance of 75.57 feet; thence South 84° 51' 44" East, a distance of 381.60 feet; thence North 42° 01' 16" East, a distance of 144.70 feet to the Westerly line of the Lands of the Golden Gate Bridge, Highway and Transportation District (GGBH&TD), as described in Instrument No. 90-38197, Marin County Records; thence along said Westerly line of the GGBH&TD, North 47° 58' 44" West, a distance of 304.88 feet; thence leaving said Westerly line of GGBH&TD, South 42° 01' 16" West, a distance of 83.20 feet; thence South 05° 08' 16" West, a distance of 113.56 feet; thence North 88° 25' 05" West, a distance of 102.19 feet; thence North 01° 34' 55" East, a distance of 14.50 feet; thence North 88° 25' 05" West, a distance of 74.65 feet; thence South 22° 28' 48" West, a distance of 34.33 feet to the point of beginning.

PARCEL TWO:

A Non-Exclusive Easement for the purpose of Vehicular access lying 12.50 feet on each side of the following described centerline:

Beginning at the most Northerly corner of Lot 4 as shown on that certain Map entitled, "Parcel Map of Hamilton Field - Phase Two, Stage One", recorded November 3, 1997 in Book 26 of Parcel Maps at Page 39, Marin County Records; thence along the Easterly line of said Lot 4, South 05° 08' 16" West, a distance of 6.87 feet, to the true point of beginning; thence from said true point of beginning leaving said Easterly line of said Lot 4 from a tangent that bears South 47° 39' 26" East, along a non-tangent curve to the right, said curve having a radius of 60.00 feet; through a central angle of 52° 47' 42", for an arc length of 55.29 feet; thence South 05° 08' 16" West, a distance of 255.99 feet; thence along a curve to the left; said curve having a radius of 60.00 feet, through a central angle of 64° 51' 05", for an arc length of 67.91 feet; thence South 59° 42' 49" East, a distance of 29.48 feet to a point on the Southerly line of Parcel One herein described; said point lies North 22° 28' 48" East, a distance of 24.45 feet from the most Southerly corner of said Parcel One and the terminus of the Easement herein being described.

PARCEL THREE:

A 25.00 foot Non-Exclusive Easement for the purpose of Vehicle access lying 12.50 feet on each side of the following described centerline:

Beginning at a point which bears North 22° 28' 48" West, a distance of 24.45 feet from the true point of beginning of the parcel herein described; thence from a tangent that bears South 59° 42' 49" East, along a non-tangent curve to the right, said curve having a radius of 40.00 feet; through a central angle of 18° 48' 22", for an arc length of 131.3 feet; thence South 40° 54' 27" East, a distance of 40.98 feet; thence along a curve to the left; said curve having a radius of 40.00 feet, through a central angle of 44° 13' 15", for an arc length of 30.87 feet; thence South 85° 07' 42" East, a distance of 262.04 feet; thence along a curve to the right; said curve having a radius of 40.00 feet, through a central angle of 41° 09' 19", for an arc length of 28.73 feet; thence South 43° 58' 23" East, a distance of 59.27 feet to a point on the Southeasterly line of Parcel One herein described; said point lying North 42° 01' 16" East, a

distance of 24.05 feet from the most Southerly corner of said Parcel One and the terminus of the Easement herein being described.

APN: 157-970-07

EXHIBIT C

CONTRACTS AND ASSESSMENTS AFFECTING THE SUBJECT PROPERTY

1. Contracts
 - a. City Ventures Purchase and Sale Agreement executed June 30, 2019.
 - b. Downtown Streets Team License Agreement for Use of City Property Between the City of Novato and the Downtown Streets Team Hamilton HUD Parcel APN 157-970-07 executed on November 26, 2019.
2. Existing Uses
 - a. Storage use of Buildings 820, 821 and/or 816 by the Lessor.
 - b. Storage use of Buildings 820, 821 and/or 816 by Novato Theatre Company.
3. Current and Anticipated Assessments Affecting the Subject Property



BEFORE THE BOARD OF DIRECTORS OF HOMEWARD BOUND OF MARIN

IN THE MATTER OF: VETERAN HOUSING, HUD PARCEL, FORMER HAMILTON ARMY AIRFIELD, NOVATO, CA

RESOLUTION NO. 2

AUTHORIZATION TO APPLY FOR MARIN COUNTY IN-LIEU HOUSING TRUST FUNDS AND ENTER INTO A FUNDING AGREEMENT WITH THE COUNTY OF MARIN FOR DEVELOPMENT OF AFFORDABLE HOUSING FOR LOW AND VERY-LOW INCOME HOUSEHOLDS IN MARIN COUNTY

All of the directors of Homeward Bound of Marin, a California nonprofit corporation (the "Homeward Bound"), hereby consent to, adopt and ratify the following Resolution:

WHEREAS, the County of Marin ("County") has established the Marin County In-Lieu Housing Trust Fund ("Trust Fund") and accepts applications for funding on an ongoing basis; and

WHEREAS, Homeward Bound is authorized to do business in the State of California and is empowered to apply for and enter into a funding agreement to receive Trust Funds for the development affordable housing for low and very-low income households in Marin County; and

WHEREAS, Homeward Bound wishes to obtain a funding award of Trust Funds from the County for the development of Veteran Housing ("Project"), located on the HUD Parcel in the former Hamilton Army Airfield in the Novato, California; and

WHEREAS, Homeward Bound is an eligible applicant pursuant to the criteria set forth in the Trust Fund Application for Funding, and related materials.

NOW, THEREFORE, IT IS RESOLVED: That Homeward Bound is hereby authorized to submit an application for a funding award in an amount not to exceed **\$500,000** for the Project pursuant to the Trust Fund Application for Funding, and related materials.

RESOLVED FURTHER: If the application is approved, Homeward Bound is hereby authorized to enter into, execute, and deliver an appropriate funding agreement with the County, and to provide any and all other documents required or deemed necessary or to carry into effect the full intent and purpose of this Resolution.

RESOLVED FURTHER: Homeward Bound is further authorized to request amendments, including increases in amounts up to amounts approved by the County, and to execute any and all documents required by the County relating to these amendments.

RESOLVED FURTHER: That Mary Kay Sweeney as the Executive Director of Homeward Bound, or her written designee, are each separate, individually, and independently hereby authorized to execute an application for a County funding award pursuant to the Trust Fund requirements, an appropriate funding agreement and, and any amendment or modifications thereto, on behalf of Homeward Bound.

RESOLVED FURTHER: That this Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED: this 28th day of July, 2021, by the following vote:

AYES: 14 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Signature of Attesting Officer: Robert D Puett

Printed Name and Title of Attesting Officer: **Robert D. Puett, President**

CERTIFICATE OF THE SECRETARY

The undersigned, Secretary of Homeward Bound does hereby attest and certify that the foregoing Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of said corporation which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

DATE: 7-28-21 SIGNATURE: Sonia Seeman

Printed Name and Title of Secretary: **Sonia Seeman, Secretary**

Affirmative Fair Housing Marketing (AFHM) Plan-Multifamily Housing



COMMUNITY DEVELOPMENT AGENCY
HOUSING AND FEDERAL GRANTS DIVISION

1a. Applicant's Name, Address (Including City, State & Zip Code) & Phone Number

1b. Number of Units

1c. Census Tract

can be found here: <https://geo.map.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx>

1d. Managing Agent Name, Address (Including City, County, State & Zip Code), Telephone Number & Email Address

1e. Application/Owner/Developer Name, Address (Including City, County, State & Zip Code), Telephone Number & Email Address

1f. Entity Responsible for Marketing (check all that apply)

Owner Agent Other (specify)

Position Name, Address (Including City, County, State & Zip Code), Telephone Number & Email Address

1g. To whom should approval and other correspondence concerning this AFHMP be sent? Indicate Name, Address (Including City, State & Zip Code), Telephone Number & Email Address

2a. Affirmative Fair Housing Marketing Plan

Plan Type:

Date of the First Approved AFHMP:

Reasons for Current Update:

2b. Occupancy of the Project (check all that apply)

Elderly Family Mixed (Elderly/Disabled) Disabled

2c. Date of Initial Occupancy:

2d. Advertising Start Date

Advertising must begin at least 90 days prior to initial or renewed occupancy for new construction and substantial rehabilitation projects.

Date advertising began or will begin:

For existing projects, select below the reason advertising will be used:

To fill existing unit vacancies
To place applicants on a waiting list which currently has individuals
To reopen a closed waiting list which currently has individuals

3a. Demographics of Project and Housing Market Area
Complete and submit Worksheet 1.

3b. Targeted Marketing Activity Based on your completed Worksheet 1, indicate which demographic group(s) in the housing market area is/are least likely to apply for the housing without special outreach efforts. (check all that apply)

White American Indian or Alaskan Native Persons With Disabilities
 Black or African American Asian Families with Children
 Hispanic or Latino Native Hawaiian or Other Pacific Islander
 Other _____
(e.g. specific ethnic group, religion, etc.)

4a. Proposed Marketing Activities: Community Contacts Complete and submit Worksheet 2 to describe your use of community contacts to market the project to those least likely to apply.

4b. Proposed Marketing Activities: Methods of Advertising Complete and submit Worksheet 3 to describe your proposed methods of advertising that will be used to market to those least likely to apply. Attach copies of advertisements, radio and television scripts, Internet advertisements, websites, and brochures, etc.

4c. Marketing Program: Brochures, Signs, and HUD's Fair Housing Poster

(1) Will brochures, letters, or handouts be used to advertise? Yes No If "Yes", attach a copy or submit when available.

(2) For development site sign, indicate sign size _____ x _____; Logo type size _____ x _____. Attach a photograph of sign or submit when available.

(3) HUD's Fair Housing Poster must be conspicuously displayed wherever sales/rentals and showings take place. Fair Housing Posters will be displayed in the:

Sales Office Real Estate Office Model Unit Other (specify)

5. Evaluation of Marketing Activities

Explain the evaluation process you will use to determine whether your marketing activities have been successful in attracting individuals least likely to apply, how often you will make this determination, and how you will make decisions about future marketing based on the evaluation process.

6a. Marketing Staff

What staff positions are/will be responsible for affirmative marketing?

6b. Staff Training and Assessment: AFHMP

(1) Has staff been trained on the AFHMP? Yes No

(2) Has staff been instructed in writing and orally on nondiscrimination and fair housing policies as required by 24 CFR 200.620(c)? Yes No

(3) If yes, who provides instruction on the AFHMP and Fair Housing Act, and how frequently?

(4) Do you periodically assess staff skills on the use of the AFHMP and the application of the Fair Housing Act?
 Yes No

(5) If yes, how and how often?

6c. Tenant Selection Training/Staff

(1) Has staff been trained on tenant selection in accordance with the project's occupancy policy?
 Yes No

(2) What staff positions are/will be responsible for tenant selection?

7. Additional Considerations:

Is there anything else you would like to tell us about your AFHMP to help ensure that your program is marketed to those least likely to apply for housing in your project? Please attach additional sheets, as needed.

8. Review and Update

By signing this form, the applicant/respondent agrees to implement its AFHMP, and to review and update its AFHMP in accordance with the instructions to item 9 of this form in order to ensure continued compliance with HUD's Affirmative Fair Housing Marketing Regulations (see 24 CFR Part 200, Subpart M). I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (See 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

LaSaunda Tate

8/10/2021

Signature of person submitting this Plan & Date of Submission (mm/dd/yyyy)

Name (type or print)

Title & Name of Company

For Housing and Federal Grants Use Only

Reviewing Official:

Signature & Date (mm/dd/yyyy)

Name (type or print)

Title

INSTRUCTIONS:

Send completed form and worksheets to Leelee Thomas, Planning Manager: lthomas@marincounty.org

Part 1: Applicant/Respondent and Project Identification. Blocks 1a, 1b, 1e, 1f, and 1g are self-explanatory.

Block 1c- Respondents may obtain the Census tract number from the U.S. Census Bureau when completing Worksheet One. The Census tract number can be found here: https://geo_map.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx

Block 1d- The applicant should complete this block only if a Managing Agent (the agent cannot be the applicant) is implementing the AFHMP.

Part 2: Type of AFHMP

Block 2a- Respondents should indicate the status of the AFHMP, i.e., initial or updated, as well as the date of the first approved AFHMP. Respondents should also provide the reason (s) for the current update, whether the update is based on the five-year review or due to significant changes in project or local demographics (See instructions for Part 9).

Block 2b- Respondents should identify all groups HUD has approved for occupancy in the subject project, in accordance with the contract, grant, etc.

Block 2c- Respondents should specify the date the project was/will be first occupied.

Block 2d- For new construction and substantial rehabilitation projects, advertising must begin at least 90 days prior to initial occupancy. In the case of existing projects, respondents should indicate whether the advertising will be used to fill existing vacancies, to place individuals on the project's waiting list, or to re-open a closed waiting list. Please indicate how many people are on the waiting list when advertising begins.

Part 3 Demographics and Marketing Area.

"Least likely to apply" means that there is an identifiable presence of a specific demographic group in the housing market area, but members of that group are not likely to apply for the housing without targeted outreach, including marketing materials in other languages for limited English proficient individuals, and alternative formats for persons with disabilities. Reasons for not applying may include, but are not limited to, insufficient information about housing opportunities, language barriers, or transportation impediments.

Block 3a - Using Worksheet 1, the respondent should indicate the demographic composition of the project's residents, current project applicant data, census tract, housing market area, and expanded housing market area. The applicable housing market area and expanded housing market area should be indicated in Block 1e. Compare groups within rows/across columns on Worksheet 1 to identify any under-represented group(s) relative to the surrounding housing market area and expanded housing market area, i.e., those group(s) "least likely to apply" for the housing without targeted outreach and marketing. If there is a particular group or subgroup with members of a protected class that has an identifiable presence in the housing market area, but is not included in Worksheet 1, please specify under "Other."

Respondents should use the most current demographic data from the U.S. Census or another official source such as a local government planning office.

Block 3b - Using the information from the completed Worksheet 1, respondents should identify the demographic group(s) least likely to apply for the housing without special outreach efforts by checking all that

apply.

Part 4 - Marketing Program and Residency Preference (if any).

Block 4a - Using Worksheet 2, respondents should describe their use of community contacts to help market the project to those least likely to apply. This table should include the name of a contact person, his/her address, telephone number, previous experience working with the target population(s), the approximate date contact was/will be initiated, and the specific role the community contact will play in assisting with affirmative fair housing marketing or outreach.

Block 4b - Using Worksheet 3, respondents should describe their proposed method(s) of advertising to market to those least likely to apply. This table should identify each media option, the reason for choosing this media, and the language of the advertisement. Alternative format(s) that will be used to reach persons with disabilities, and logo(s) that will appear on the various materials (as well as their size) should be described.

Please attach a copy of the advertising or marketing material.

Part 5 – Availability of the Fair Housing Poster, AFHMP, and Project Site Sign.

Block 5a - The Fair Housing Poster must be prominently displayed in all offices in which sale or rental activity takes place (24 CFR 200.620(e)). Respondents should indicate all locations where the Fair Housing Poster will be displayed.

Block 5a continued -The AFHMP must be available for public inspection at the sales or rental office (24 CFR 200.625). Check all of the locations where the AFHMP will be available.

Project Site Sign must display in a conspicuous position the HUD-approved Equal Housing Opportunity logo, slogan, or statement (24 CFR 200.620(f)). Respondents should indicate where the Project Site Sign will be displayed, as well as the size of the Sign and the size of the logo, slogan, or statement. **Please submit photographs of project site signs.**

Part 6 - Evaluation of Marketing Activities.

Respondents should explain the evaluation process to be used to determine if they have been successful in attracting those individuals identified as least likely to apply. Respondents should also explain how they will make decisions about future marketing activities based on the evaluations.

Part 7- Marketing Staff and Training.

Block 7a -Respondents should identify staff positions that are/will be responsible for affirmative marketing.

Block 7b - Respondents should indicate whether staff has been trained on the AFHMP and Fair Housing Act. Please indicate who provides the training and how frequently.

In addition, respondents should specify whether they periodically assess staff members' skills in using the AFHMP and in applying the Fair Housing Act. They should state how often they assess employee skills and how they conduct the assessment.

Block 7c - Respondents should indicate whether staff has been trained on tenant selection in accordance with the project's occupancy policy, including residency preferences (if any). Respondents should also identify those staff positions that are/will be responsible for tenant selection.

Part 8 - Additional Considerations.

Respondents should describe their efforts not previously mentioned that were/are planned to attract those

individuals least likely to apply for the subject housing.

Part 9 - Review and Update.

By signing the respondent assumes responsibility for implementing the AFHMP. Respondents must review their AFHMP every five years or when the local Community Development jurisdiction's Consolidated Plan is updated, or when there are significant changes in the demographics of the project or the local housing market area. When reviewing the plan, the respondent should consider the current demographics of the housing market area to determine if there have been demographic changes in the population in terms of race, color, national origin, religion, sex, familial status, or disability. The respondent will then determine if the population least likely to apply for the housing is still the population identified in the AFHMP, whether the advertising and publicity cited in the current AFHMP are still appropriate, or whether advertising sources should be modified or expanded. Even if the demographics of the housing market area have not changed, the respondent should determine if the outreach currently being performed is reaching those it is intended to reach as measured by project occupancy and applicant data. If not, the AFHMP should be updated. The revised AFHMP must be submitted to HUD for approval. Staff may review whether the affirmative marketing is actually being performed in accordance with the AFHMP. If based on their review, respondents determine the AFHMP does not need to be revised, they should maintain a file documenting what was reviewed, what was found as a result of the review, and why no changes were required. Staff may review this documentation.

Worksheet 1: Determining Demographic Groups Least Likely to Apply for Housing Opportunities (See AFHMP, Block 3b)

In the respective columns below, indicate the percentage of demographic groups among the project's residents, current project applicant data, census tract, housing market area, and expanded housing market area. If you are a new construction or substantial rehabilitation project and do not have residents or project applicant data, only report information for census tract, housing market area, and expanded market area. The purpose of this information is to identify any under-representation of certain demographic groups in terms of race, color, national origin, religion, sex, familial status, or disability. If there is significant under-representation of any demographic group among project residents or current applicants in relation to the housing/expanded housing market area, then targeted outreach and marketing should be directed towards these individuals least likely to apply. Please indicate under-represented groups in Block 3b of the AFHMP. **Please attach maps showing both the housing market area and the expanded housing market area.**

Demographic Characteristics	Project's Residents	Project's Applicant Data	Census Tract
% White			
% Black or African American			
%Hispanic or Latino			
% Asian			
% American Indian or Alaskan Native			
% Native Hawaiian or Pacific Islander			
% Persons with Disabilities			
% Families with Children under the age of 18			
Other (specify)			

Worksheet 2: Proposed Marketing Activities –Community Contacts (See AFHMP, Block 4a)

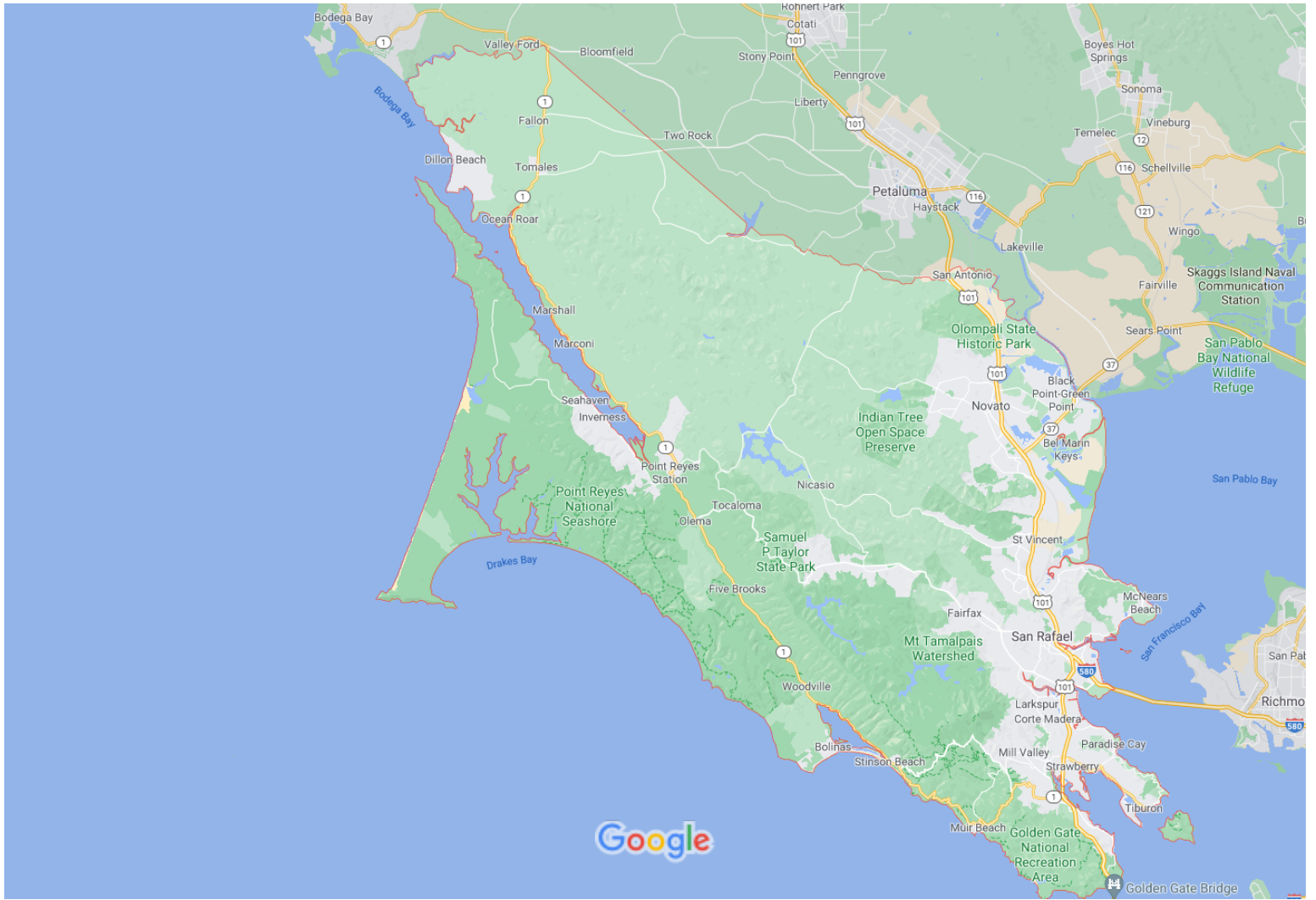
For each targeted marketing population designated as least likely to apply in Block 3b, identify at least one community contact organization you will use to facilitate outreach to the particular population group. This could be a social service agency, religious body, advocacy group, community center, etc. State the names of contact persons, their addresses, their telephone numbers, their previous experience working with the target population, the approximate date contact was/will be initiated, and the specific role they will play in assisting with the affirmative fair housing marketing. Please attach additional pages if necessary.

Targeted Population(s)	Community Contact(s), including required information noted above.

Worksheet 3: Proposed Marketing Activities – Methods of Advertising (See AFHMP, Block 4b)

Complete the following table by identifying your targeted marketing population(s), as indicated in Block 3b, as well as the methods of advertising that will be used to market to that population. For each targeted population, state the means of advertising that you will use as applicable to that group and the reason for choosing this media. In each block, in addition to specifying the media that will be used (e.g., name of newspaper, television station, website, location of bulletin board, etc.) state any language(s) in which the material will be provided, identify any alternative format(s) to be used (e.g. Braille, large print, etc.), and specify the logo(s) (as well as size) that will appear on the various materials. Attach additional pages, if necessary, for further explanation. Please attach a copy of the advertising or marketing material.

Targeted Population(s) → Methods of Advertising ↓	Targeted Population:	Targeted Population:	Targeted Population:
Newspaper(s)			
Radio Station(s)			
TV Station(s)			
Electronic Media			
Bulletin Boards			
Brochures, Notices, Flyers			
Others (Specify)			

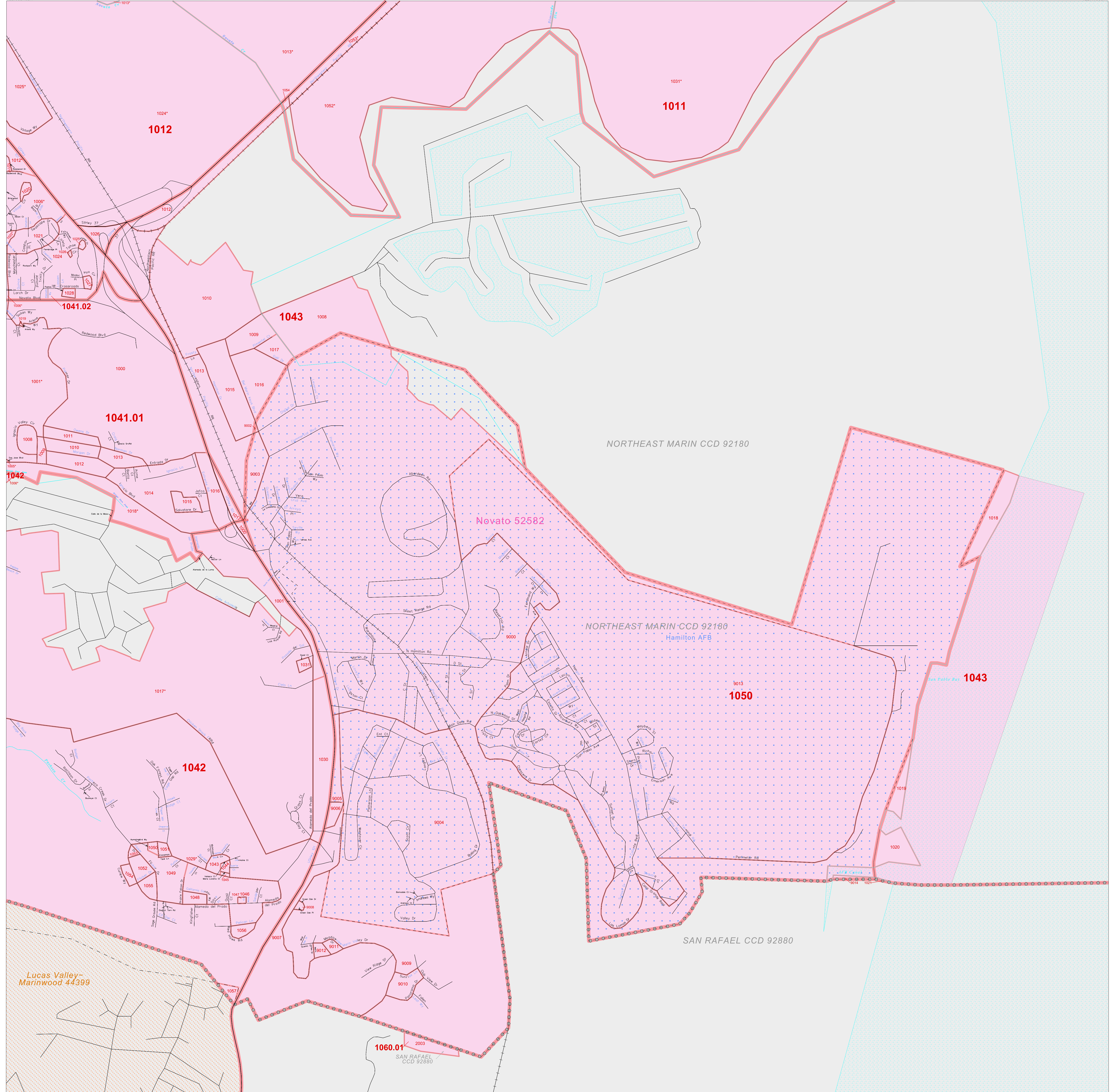


Map data ©2021 Google 2 mi

CENSUS 2000 BLOCK MAP: NOVATO City

38 093120N
122 552432W

38 093120N
122 479667W



LEGEND

SYMBOL	NAME STYLE
*****	INTERNATIONAL
*****	AIR (FEDERAL)
*****	Trust Land / Home Land
*****	OTSA / TDSA / ANVSA
*****	AMERICAN INDIAN TRIBAL SUBDIVISION
*****	AIR (State)
*****	SDAISA
*****	ANRC
*****	STATE (or statistically equivalent entity)
*****	COUNTY (or statistically equivalent entity)
*****	MINOR CIVIL DIV. / CCD ¹
*****	Consolidated City
*****	Place within Subject Entity
*****	Incorporated Place / CDP ¹
*****	Place outside of Subject Entity
*****	Incorporated Place / CDP ¹
*****	Corporate Offset Boundary
*****	Census Tract
*****	Block²

ABBREVIATION REFERENCE: AIR = American Indian Reservation; Trust Land = Off-Reservation Trust Land; Home Land = Hawaiian Home Land; OTSA = Oklahoma Tribal Statistical Area; TDSA = Tribal Designated Statistical Area; ANVSA = Alaska Native Village Statistical Area; SDAISA = State Designated American Indian Statistical Area; ANRC = Alaska Native Regional Corporation; CDP = Census Designated Place; Minor Civil Div. (MCD) = Minor Civil Division; CCD = Census County Division

FEATURES

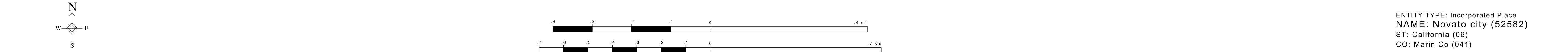
Highway	Pipe/Power Line	Stream/Shoreline
Secondary Road	Ridge/Physical Feature	Intermittent Stream
Leap Trail/Highway/Ferry	Property/Fence Line	River/Lake
Railroad	Nonvisible Boundary	Glacier

Where international, state, and/or county boundaries coincide, the map shows the boundary symbol for only the highest-ranking of these boundaries.
¹ A " " following a place name indicates that the place is coterminous with a MCD. A " " indicates that the place is also a false MCD; the false MCD name is not shown.
² A " " following a block number indicates that the block number is repeated elsewhere in the block.

Inset **Out Area**

38 093120N
122 552432W

38 093120N
122 479667W



All legal boundaries and names are as of January 1, 2000. The boundaries shown on this map are for Census Bureau statistical data collection and tabulation purposes only; their depiction and designation for statistical purposes does not constitute a determination of jurisdictional authority or rights of ownership or entitlement. Source: U.S. Census Bureau's TIGER database (Census 2000) Projection: State-based Albers' Equal Area U.S. DEPARTMENT OF COMMERCE Economics and Statistics Administration U.S. Census Bureau

ENTITY TYPE: Incorporated Place
 NAME: Novato city (52582)
 ST: California (08)
 CO: Marin Co (041)



Key to Adjacent Sheets

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Sheet Location within Entity

SHEET 4 OF 4 PARENT SHEETS
 TOTAL SHEETS: 5 (Index 1; Parent 4; Inset 0)