



REGULAR MEETING AGENDA

Date: 11/5/2025
Time: 6:30 p.m.
Location: [Zoom.us/join](https://zoom.us/join) – ID# 865 4847 4804 and
Arrillaga Recreation Center, Oak Room
700 Alma St., Menlo Park, CA 94025

Members of the public can listen to the meeting and participate using the following methods.

How to participate in the meeting

- Access the meeting, in-person, at the Arrillaga Recreation Center, Oak Room
- Access the meeting real-time online at:
[Zoom.us/join](https://zoom.us/join) –Meeting ID# 865 4847 4804
- Access the meeting real-time via telephone at:
(669) 900-6833
Meeting ID# 865 4847 4804
Press *9 to raise hand to speak

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Regular Session

A. Call To Order

B. Roll Call

C. Public Comment

Under “Public Comment,” the public may address the Commission on any subject not listed on the agenda. Each speaker may address the Commission once under public comment for a limit of three minutes. You are not required to provide your name or City of residence, but it is helpful. The Commission cannot act on items not listed on the agenda and, therefore, the Commission cannot respond to non-agenda issues brought up under public comment other than to provide general information.

D. Regular Business

- D1. Approve the Housing Commission meeting minutes for October 1, 2025 ([Attachment](#))

- D2. Consider and make a recommendation to the Planning Commission to approve a Below Market Rate Housing Agreement with 68 Willow Owners, LLC for a 50-unit housing development project at 68 Willow Rd. ([Attachment](#))

E. Reports and Announcements

- E1. Commissioner updates
- E2. Community Engagement Ad Hoc Subcommittee report out
- E3. Future agenda items
- E4. Staff updates and announcements
- E5. Receive and file the 2025-2026 Housing Commission work plan ([Attachment](#))

F. Adjournment

At every Regular Meeting of the Commission, in addition to the Public Comment period where the public shall have the right to address the Commission on any matters of public interest not listed on the agenda, members of the public have the right to directly address the Commission on any item listed on the agenda at a time designated by the Chair, either before or during the Commission's consideration of the item.

At every Special Meeting of the Commission, members of the public have the right to directly address the Commission on any item listed on the agenda at a time designated by the Chair, either before or during consideration of the item.

For appeal hearings, appellant and applicant shall each have 10 minutes for presentations.

If you challenge any of the items listed on this agenda in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City of Menlo Park at, or prior to, the public hearing.

Any writing that is distributed to a majority of the Commission by any person in connection with an agenda item is a public record (subject to any exemption under the Public Records Act) and is available by request by emailing the city clerk at jaherren@menlopark.gov. Persons with disabilities, who require auxiliary aids or services in attending or participating in Commission meetings, may call the City Clerk's Office at 650-330-6620.

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REGULAR MEETING MINUTES – DRAFT

Date: 10/1/2025
Time: 6:30 p.m.
Location: Teleconference and
Arrillaga Recreation Center, Oak Room
700 Alma St., Menlo Park, CA 94025

A. Call To Order

Chair Switzer called the meeting to order at 6:31 p.m.

B. Roll Call

Present: Chapa, Dumont, Kranen, Oursler, Switzer, Wong (Remote – AB 2449 Just Cause)
Absent: Beeli
Staff: Housing Manager Tim Wong, Management Analyst Arianna Milton

C. Public Comment

None.

D. Presentations and Proclamations

D1. Presentation: Introduction to the Below Market Rate guidelines

Management Analyst Arianna Milton made the presentation (Attachment).

The Housing Commission received clarification on the Below Market Rate (BMR) Legacy list process, how the BMR income limits are updated and requirements for residing in a BMR unit.

E. Regular Business

E1. Approve the Housing Commission meeting minutes for August 6, 2025 and September 3, 2025 (Attachment)

ACTION: Motion and second (Switzer /Dumont), to approve the Housing Commission meeting minutes for August 6, 2025, passed 5-0-1-1 (Chapa abstaining, Beeli absent).

ACTION: Motion and second (Chapa/ Switzer), to approve the Housing Commission meeting minutes for September 3, 2025, with an update to item E1, passed 6-0-1 (Beeli absent).

E2. Consider and make a recommendation to the City Council on proposed revisions to the Below Market Rate Housing Program Guidelines (Attachment)

Housing Manager Tim Wong made the presentation (Attachment).

The Housing Commission received clarification on proposed changes to maximum occupancy, impacts to existing projects by the proposed revisions and how the ongoing Nexus study may affect future housing requirements and commercial in-lieu fees.

The Commission discussed the proposed and potential future revisions.

ACTION: Motion and second (Oursler/ Kranen), to recommend approval to the City Council on proposed revisions to the Below Market Rate Housing Program Guidelines, passed 6-0-1 (Beeli absent).

F. Reports and Announcements

F1. Commissioner updates

The Commission discussed the Sept. 27 Public Works Open House and Sept. 9 Housing Commission report out to the City Council.

F2. Community Engagement Ad Hoc Committee report out

The Subcommittee reported out on prioritizing brainstormers for Affordable Housing Month next May.

F3. Future agenda items

Staff reported out on a BMR agreement for ownership units at the November Commission meeting and a tentative review of the anti-displacement plan in December.

Staff reported out on potentially having the December Housing Commission meeting at the Belle Haven Community Campus.

F4. Staff updates and announcement

Staff provided an update on the anti-displacement plan recommendations to City Council and the Parkline project approval.

G. Adjournment

Chair Switzer adjourned the meeting at 7:51 p.m.

Management Analyst I Arianna Milton

Introduction to the BMR Guidelines

October 1, 2025

BMR Program

- BMR stands for “Below Market Rate” or is referred to as “Affordable Housing”
- Section 1.1: Goal to increase affordable housing
- Section 3.4: This can be done by either:
 - Requiring a percentage of housing units be BMR units in proposed development
 - Payment of commercial in-lieu fees
 - Land acquisition
 - Rehabilitation of existing units

San Mateo County Income Limits

- The Department of Housing and Community Development (HCD) establishes income limits based on the Area Median Income (AMI) for each county in each state

Number of Persons in Household:		1	2	3	4	5	6	7	8
San Mateo County Area Median Income: \$186,600	Acutely Low	19600	22400	25200	28000	30250	32500	34700	36950
	Extremely Low	41150	47000	52900	58750	63450	68150	72850	77550
	Very Low Income	68550	78350	88150	97900	105750	113600	121400	129250
	Low Income	109700	125350	141000	156650	169200	181750	194250	206800
	Median Income	130600	149300	167950	186600	201550	216450	231400	246300
	Moderate Income	156750	179100	201500	223900	241800	259700	277650	295550

BMR Unit Contribution Requirements

■ Section 3.4:

BMR UNIT CONTRIBUTION REQUIREMENTS		
Rental Units		
# of Units	Affordability level	Quantity
1-4 units	N/A	0
5-9 units	Low, very low or moderate	1
10-19 units	Low, very low or moderate	10%
20+ units	Low, very low or moderate	15%
Ownership Units		
# of Units	Affordability level	Quantity
1-4 units	Moderate	0
5-9 units	Moderate	1
10-19 units	Moderate	10%
20+ units	Moderate	15%

BMR Rental Standards

- Section 11.1.2: BMR units may be rented for monthly amounts **not** exceeding thirty percent (30%) of the income limit for **extremely low, very low, subsidized low, or low** households adjusted for occupancy.
- BMR units cannot exceed 75% of the market rate rents
- BMR unit must be comparable to market rate unit
- Live/Work preference given

BMR Rent Calculation

- Maximum affordable rent is based on **an assumed** household's monthly income and utilities.
- Maximum BMR rents are calculated as 30% of the income category adjusted for household size
- Assumed household is based 1.5 persons per bedroom

2 Bedroom at Low Income Level Example

- 2 BD unit x 1.5 persons= 3 person assumed HH size
- \$141,000 (3 person assumed household size)
- \$141,000 x 30%= \$42,300
- \$42,300/ 12 months= **\$3,525** (Max BMR rent payment)

Other Requirements

- Section 11.1.8-Annual tenant recertification
- Section 11.1.7- Over income tenants

BMR Ownership

- Must be deed restricted w/ a 55-year condition for City to purchase
- Post purchase restrictions include:
 - Appreciation
 - City right to purchase
 - Live primarily in the unit
- Any sale or transfer requires City consent

2 Bedroom at Moderate Income Level Example

- 2 BD unit x 1.5 persons = 3 person assumed HH size
- \$201,500 (3 person assumed household size)
- $\$201,500 / 12 = \$16,791$
- $\$16,791 \times 30\% = \text{\textcolor{red}{\$5,037}}$ (Max BMR household payment)
- $5,037 - \$1,250$ (estimated HOA, utilities, tax/insurance) = \$3,787 available for mortgage
- 6.3% average interest rate resulting in \$550-800

BMR Ownership- Monitoring

- By July 1st, all BMR owners must verify unit is their primary residence
- Monitoring certification form is sent out to each owner
- Requires verification in form of
 - Insurance
 - Utility bill

BMR Ownership- Legacy List

- City no longer makes updates to the BMR Purchase waiting list
- Annually, the City will request the updated information from each household on the list
- Failure to respond will result in removal from the list

Non-Residential In-Lieu Fees

- Fees paid go into the BMR Housing Fund
- Organizations can apply to access funds for future development by submitting a Notice of Funding Availability (NOFA) application
- Fund is used to finance 100% affordable housing projects
- Eligible projects include:
 - Preservation of existing affordable housing
 - Acquisition or new construction
 - Ownership housing for low-income households

Thank You

Utility Allowance

- Set by the U.S. Department of Housing and Urban Development and used as a reference for Menlo Park's BMR Program
- Can also include anything that the landlord dictates like rental insurance, etc.
- Utilities are either paid by the landlord or must be subtracted from the **maximum** rental amount.

Utility Allowance	Studio	1 Bedroom	2 Bedroom	3 Bedroom
	\$ 205.00	\$ 223.00	\$ 281.00	\$ 341.00

BMR Housing Guidelines - Proposed Revisions

October 1, 2025

BMR Guidelines Overview

- The BMR Guidelines:
 - Implement the City's BMR Housing Program
 - Govern administrative practices, such as:
 - Compliance requirements for different development types
 - Calculating BMR rents and sales prices
 - Establishing commercial linkage fees
 - BMR tenant selection
 - Help implement certain Housing Element programs

Revisions Overview

- Minimum of two rounds of planned revisions
- Round 1 (current)
 - Administrative clarifications
 - BMR unit delivery expectations
- Round 2 (future)
 - More substantial program changes expected

Proposed Revisions

- Parking
 - Included as a utility (section 4.1.2)
 - Requires proportional ratio (section 5.1)
- Size and location of BMR units
 - Separates requirements into subsections and clarifies through examples (section 5.1)
- Design and materials in BMR units
 - Separates requirements into subsections (section 5.2)
- Tenant selection and certifications procedures
 - Prohibits onsite property managers from occupying BMR units onsite (section 11.1.3)

Proposed Revisions Continued

- Table A: BMR Household Income Limits
 - Updated with 2025 data
- Table B: Maximum Affordable Rent Payment
 - Updated with 2025 data
 - Assumed household size calculation method reflected in section 4.1.2
- Table C: Occupancy Standards
 - Updated maximum occupancy limit to two persons per bedroom, plus one
 - Removed provision that is now inconsistent with updated standards
- Table D: Commercial In-Lieu Fees
 - Updated with 2025 data

Future Revisions

- Second round of revisions anticipated near the end of 2026
- Dependent on a County-wide Grand Nexus Study and expected to address:
 - BMR inclusionary percentage requirement
 - Commercial linkage fee
 - Area Median Income (AMI) percentage at which rents are set
- Other revisions being evaluated include clarifying the process for changes to title on ownership units and the requirements for 100% affordable residential projects

Staff Recommendation

- Staff recommends that the Housing Commission consider the proposed revisions to the BMR guidelines and recommend approval to the City Council

Thank You

Community Development



STAFF REPORT

City Council

Meeting Date:

11/5/2025

Staff Report Number:

25-013-HC

Regular Business:

Consider and make a recommendation to the Planning Commission to approve a Below Market Rate Housing Agreement with 68 Willow Owners, LLC for a 50-unit housing development project at 68 Willow Rd.

Recommendation

Staff recommends that the Housing Commission recommend approval of the draft Below Market Rate (BMR) Housing Agreement ("Agreement") to the Planning Commission for eight on-site, for-sale, moderate-income BMR units as part of a proposed 50-unit townhouse development at 68 Willow Rd., as described in the draft Agreement (Attachment A).

Policy Issues

The Housing Commission should consider whether the draft BMR Housing proposal are in compliance with the BMR Housing Program Guidelines (BMR Guidelines) and Chapter 16.96 (BMR Housing Program) the "BMR Housing Ordinance."

Background

Site location

The project site consists of one parcel, approximately 2.5 acres in size, in the C-1 (Administrative and Professional, Restrictive) zoning district. The project site currently contains an existing office building of approximately 23,500 square feet of gross floor area (GFA) and associated site improvements. As an implementing action of the 2023-2031 Housing Element Update, the C-1 district was amended in 2023 to allow for residential developments of up to 30 dwelling units per acre where previously only commercial uses were allowed.

For the purposes of this staff report, Willow Road is considered to have an east-west orientation, and all compass directions referenced will use this orientation. The project site is located at the southeast corner of Willow Road and Willow Place.. The parcels to the east, west, and south of the project site are also located in the C-1 district and are developed with existing office buildings. Properties across Willow Road are located in the R-3 (Apartment) and R-3-(X) (Apartment, Conditional Development Combining Designation) zoning districts and are developed with single-family and multifamily residential developments. The project site borders San Francisquito Creek and Palo Alto to the southeast. A location map is provided as Attachment B.

Analysis

Project description

The applicant is proposing to demolish the existing office building and construct eight new three-story townhouse buildings consisting of either six or seven residential units each, for a total of 50 new townhouse units. The units would be three- and four-bedroom units, each with either a one- or two-car garage on the first floor. The project site would be accessed from Willow Place and would not have direct access from Willow Road. There would be five different unit types of varying sizes and bedroom counts. A breakdown of the number and type of units that would be included in the project is included in Table 1. The applicant has submitted a tentative subdivision map to subdivide the development into condominium units that would be sold separately.

Table 1: Project unit types			
Unit type	Bedroom count	Unit size (sf, excluding garage)	Number of units
Unit 1	3	1,569	5
Unit 2	3	1,736	5
Unit 3	3	1,918	13
Unit 4	4	1,996	11
Unit 5	4	2,225	16
Total			50

The proposal includes a request for a use permit for construction of a residential project, which is a conditional use in the C-1 district, architectural control for the design of the residential buildings, major subdivision, and a heritage tree removal permit to remove 23 on-site heritage trees. The applicant's BMR proposal letter and select sheets from the project plans are included as Attachments C and D, respectively. The Planning Commission will take final action on all requested entitlements for the proposed project except for the major subdivision, where the City Council is the deciding body.

BMR Housing Program & related requirements

Since the project includes five or more residential units, the applicant is required to comply with Chapter 16.96 of City's Municipal Code ("BMR Ordinance"), and with the BMR Housing Program Guidelines adopted by the City Council ("BMR Guidelines") to implement the BMR Ordinance. In accordance with the City's BMR Guidelines, projects with 20 or more residential units are required to provide 15% of the units at below market rates. The BMR Ordinance requires the applicant to submit a Below Market Rate Housing proposal for review by the Housing Commission. The draft BMR agreement governs the operation of the units as BMR units and includes details including the term that the units need to remain affordable, the process by which an eligible buyer is selected, how the sale price is established, and the process for resale of the units. In addition, the Agreement has been revised with some additional requirements to provide further protections to maintain their affordability. At this time, the Housing Commission should review the applicant's proposal and the draft Agreement and provide guidance to staff, the applicant, and the Planning Commission. The draft Agreement would subsequently be reviewed and acted upon by the

Planning Commission.

The applicant is proposing to satisfy the project's BMR obligation through providing eight of the 50 units as BMR units. The project is required to provide 7.5 units (15% of 50); however the applicant proposes to include an eighth on-site unit instead of paying the remaining .5 unit as an equivalent in-lieu fee. Based on previous comments by the Housing Commission, staff understands that the creation of new BMR on-site units (as opposed to payment of an in-lieu fee for a partial unit) is preferred, and that provision of such units, especially units capable of accommodating families, is also generally desired.

As previously mentioned, the applicant intends to subdivide the development into condominium units to be sold separately. The BMR Guidelines state that for-sale BMR units can be affordable to moderate-income households (those making up to 120% of the area median income) to meet the City's BMR Ordinance requirements. In addition to the designated affordability level, the maximum sales price is set based on several factors, including the minimum qualifying household size, current interest rates, an assumed 3% downpayment and other applicable fees (e.g., insurance, taxes, homeowner's association dues). The total monthly housing costs shall not exceed 30% of the household income. An initial maximum sales price is set approximately 90 days prior to final Building inspection and may be adjusted prior to occupancy to account for interest rate changes. Further, the BMR Guidelines state that the BMR unit be equivalent and indistinguishable from the market-rate units. The proposed BMR units would include a mix of the five unit types, and one BMR unit would be in each of the eight proposed buildings. Table 2 details the unit type and location of the proposed BMR units. Sheet A02.2 from the project plans identifies the proposed BMR units on the site plan and is included in Attachment D.

Table 2: Proposed BMR units		
Unit type	Number of proposed BMR units	Location
Unit 1	1	Building 3
Unit 2	1	Building 7
Unit 3	2	Building 2, Building 4
Unit 4	2	Building 5, Building 6
Unit 5	2	Building 1, Building 8

There would be at least one of each unit type represented in the BMR unit mix with four BMR units being three-bedroom units and four being four-bedroom units. All units have attached garages that would function as two-car garages despite some being considered one-car garages for Planning purposes since they do not meet the minimum stall dimensions for a standard two-car garage. The Applicant has requested a State Density Bonus Law waiver to modify the required parking stall dimensions for a standard two-car garage (effectively reducing the on-site parking ratio) and for a concession to exceed the maximum parking ratio in the C-1 district. Staff is evaluating the applicability of the concession based on the waiver request. Each BMR unit will have an attached garage that is identical to the attached garage style of the market-rate units of the same unit type. Each of the eight proposed buildings would have one BMR unit which would be indistinguishable from the market-rate units within the buildings. Select plan

sheets that include the location of each proposed BMR unit, floor plans, and elevation drawings of one of the building types are provided in Attachment D. Since the BMR units would be a mix of the unit types that are identical to the market-rate units, staff believes that the requirements for BMR unit characteristics, including the size, location, design, and materials as identified in the BMR Guidelines are met by the proposed project.

Correspondence

At the time of the preparation of this staff report, staff has not received any correspondence regarding the draft BMR Housing Agreement.

Conclusion

Staff believes that the applicant's proposal of eight on-site BMR units meets the requirements of the BMR Ordinance and BMR Guidelines. Further, the size and location of the BMR units supports the City's goal of producing family-oriented for-sale BMR units. Staff recommends that the Housing Commission recommend to the Planning Commission approval of the eight on-site for-sale BMR units under the terms stated in the draft BMR Agreement.

Impact on City Resources

The project sponsor is required to pay Planning, Building, and Public Works permit fees, based on the City's Master Fee Schedule, to fully cover the cost of staff time spent on the review of the project.

Environmental Review

The proposed project is being evaluated with respect to compliance with the California Environmental Quality Act (CEQA) as part of the Planning Commission final action. BMR direction is not a project under CEQA, so environmental review is not required by the Housing Commission.

Public Notice

Public Notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Draft BMR Agreement
- B. Location Map
- C. 68 Willow Rd. BMR Proposal
- D. Excerpts of Project Plans

Report prepared by:
Chris Turner, Senior Planner

Staff Report #: 25-013-HC

Report reviewed by:
Tim Wong, Housing Manager

This document is recorded for the benefit of the City of Menlo Park and is entitled to be recorded free of charge in accordance with Sections 6103 and 27383 of the Government Code.

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

City of Menlo Park
Attn: City Clerk
701 Laurel Street
Menlo Park, CA 94025

**AGREEMENT AND DEED RESTRICTIONS
REGARDING RESALE CONTROLS
FOR BELOW MARKET RATE HOME**

This Agreement and Deed Restrictions Regarding Resale Controls for Below Market Rate Home is junior and subordinate to a first Deed of Trust in favor of _____ in the amount of \$_____.

NOTICE: THIS DOCUMENT IS A LEGALLY BINDING AGREEMENT WHICH IMPOSES SEVERAL OBLIGATIONS AND RESTRICTIONS REGARDING THE USE AND TRANSFER OF YOUR HOME.

READ IT CAREFULLY.

This Agreement and Deed Restrictions Regarding Resale Controls for Below Market Rate Home ("**Agreement**") is entered into as of this _____ day of _____, 202_, by and between the City of Menlo Park, a municipal corporation ("**City**"), and _____ ("**Owner**"). City and Owner may be referred to individually as a "**Party**" or collectively as the "**Parties**" in this Agreement.

RECITALS

A. The City adopted a Below Market Rate Housing Program ("**Program**"), codified in the Menlo Park Municipal Code at Chapters 16.96 and 15.36, as such may be amended and revised from time to time ("**BMR Ordinance**"), and governed by the Below Market Rate Housing Program Guidelines, as such may be amended and revised from time to time ("**Guidelines**"), to provide housing opportunities to persons with low or moderate incomes to purchase homes at prices which are below market rates prevailing in the community.

B. Pursuant to the terms of that certain Below Market Rate Housing Agreement and Declaration of Restrictive Covenants ("**Restrictive Covenant**"), recorded on _____ as Document No. _____ in the Official Records of San Mateo County ("**Official Records**"), that certain home described in Exhibit A attached hereto and incorporated into this Agreement ("**Home**"), was designated as a below market rate unit ("**BMR Unit**"), as described in the Restrictive Covenant. Terms not otherwise defined in this Agreement will have the meaning given to them in the Restrictive Covenant.

C. Each BMR Unit is to be made available for sale only to Moderate Income Households at a price not to exceed a Moderate Income Housing Cost for a period of fifty-five (55) years.

D. Owner is a Moderate Income Household and is purchasing the Home. As a condition of purchasing the Home, and in exchange for having the opportunity to acquire the Home at the Purchase Price, Owner is required to enter into this Agreement to ensure the continued affordability of the Home, consistent with the Restrictive Covenant.

E. This Agreement also provides City with a purchase option to purchase the Home, as further described in this Agreement, in consideration of the economic benefits to Owner resulting from the purchase of the Home at a price not to exceed the Purchase Price.

F. The intent of City is to preserve the number and availability of affordable homes in the City's Program for persons with low or moderate incomes for as long as possible.

NOW, THEREFORE, in consideration of the foregoing, which are incorporated herein by references, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows.

1. Home. As a BMR Unit, the Home shall be subject to the terms and conditions set forth in this Agreement, as well in the BMR Ordinance and Guidelines.

2. Definitions and Exhibits.

A. Definitions. Unless otherwise specified in this Agreement, the following capitalized terms shall have the meanings set forth below:

(i) **"Actual Household Size"** means the actual number of persons in the applicable household, calculated in accordance with the BMR Ordinance and Guidelines.

(ii) **"Additional Financing"**, if obtained by Owner, is defined in Section 4.

(iii) **"Agreement"** is defined in the opening paragraph.

(iv) **"Area Median Income"** shall mean the median income for San Mateo County, California, as determined by the U.S. Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937, and as published from time to time by the California Department of Housing and Community Development in Section 6932 of Title 25 of the California Code of Regulations or successor provision published pursuant to California Health and Safety Code Section 50079.5(c), adjusted for Actual Household Size.

(v) **"City"** is defined in the opening paragraph.

(vi) **"City Deed of Trust"** shall mean the deed of trust, the form of which is attached hereto as Exhibit C, executed by Owner for the benefit of City and securing the City Note.

(vii) **"City Note"** shall mean the promissory note, the form of which is attached hereto as Exhibit B, executed by Owner securing Owner's payment of Excess Sales Proceeds, as well as all other sums paid or advanced by Owner in connection with the Home.

(viii) **"City Purchase Option"** is defined in Section. 5.D.(ii).

(ix) **"Default"** is defined in Section 9.B.

(x) **"Eligible Capital Improvements"** means improvements that meet all of the following criteria: (a) they are made or installed by Owner following issuance of all required permits and in conformity with applicable building codes at the time of installation; (b) they are approved in writing in advance by City or its designee; (c) they are not a replacement of existing improvements needed as part of routine maintenance of the Home; and (d) in the aggregate, such improvements total more than one percent (1%) of the original purchase price paid by Owner. The value of Eligible Capital Improvements shall be limited to appraised increases in value to the Home as a result of the improvements as documented in an appraisal approved by City. The appraisal shall include an evaluation of the value of any substantial structural or permanent fixed improvements which Owner has made to the Home after purchase of the Home, including any depreciation in value of the capital improvements since the time of installation.

(xi) **"Excess Sales Proceeds"** shall mean the amount by which the gross sales proceeds of the Home received by Owner from a Transfer of the Home exceeds the maximum Purchase Price minus the amount of any Eligible Capital Improvements.

(xii) **"Fair Market Value"** means the value of the Home as determined by an appraisal obtained by City prepared by a certified Member of the Appraisal Institute (MAI) chosen by Owner with experience appraising residential properties in San Mateo County.

(xiii) **"First Lender Loan"** is defined in Section 5.A.

(xiv) **"Home"** is defined in Recital B.

(xv) **"Inheriting Owner"** is defined in Section 5.C.(i).

(xvi) **"Listing Agreement"** is defined in Section 5.D.(vi).

(xvii) **"Moderate Income Household"** means a household whose Gross Income does not exceed the qualifying limit for moderate income households as established and amended from time to time by the U.S. Department of Housing and Urban Development ("HUD") pursuant to Section 8 of the United States Housing Act of 1937 and published by the California Department of Housing and Community Development ("HCD") pursuant to Section 50079.5 of the California Health and Safety Code, adjusted for Actual Household Size.

(xviii) **"Moderate Income Housing Cost"** shall mean a sales price of the Home calculated to result in a monthly obligation to pay mortgage payments (principal and interest), property taxes, property insurance, mortgage insurance, utilities, and homeowners' association dues (if applicable) in an aggregate amount not greater than one-twelfth of thirty-three percent (33%) of one hundred twenty percent (120%) of Area Median Income, assuming

a fixed 30-year mortgage at then-current prevailing interest rates and an assumed down payment of three percent (3%) of the sales price.

(xix) "**Official Records**" is defined in Recital A.

(xx) "**Owner**" is defined in the opening paragraph.

(xxi) "**Owner's Notice of Intent to Sell**" is defined in Section 5.D.

(xxii) "**Permitted Transfer**" is defined in Section 5.A.

(xxiii) "**Proposed Purchaser**" is defined in Section 5.D.(vi).

(xxiv) "**Purchase Agreement**" is defined in Section 5.D.(ii).

(xxv) "**Program**" is defined in Recital A.

(xxvi) "**Purchase Price**" of the Home shall be the lower of the following:

(1) Fair Market Value where City shall have an appraisal made by an appraiser of its choice to establish the fair market value. Owner, at his or her own expense, may also have an appraisal made by a qualified appraiser of Owner's choice to establish the market value. If Owner elects to obtain its own appraisal, the time period during which City may exercise the City Purchase Option shall be tolled for the period of time between the time City obtains an appraisal and Owner submits a separate appraisal. If an agreement cannot be reached as to the fair market value, the average of the two (2) appraisals shall be deemed the market price, unless the difference between the two appraisals is greater than ten (10) percent of the amount of the higher appraisal, in which case City has the option to request a third appraisal (to be paid for by Owner) be conducted by a qualified appraiser agreed upon by City and Owner, who will make an independent appraisal without knowledge of the results of the first two appraisals. The amount of the first two (2) appraisals which is closer to the amount determined by the third appraiser shall be deemed the fair market value for purposes of this Agreement, or (2) a re-sales price for the BMR Unit computed based on the original selling price of the Home, plus an amount, if any, to compensate for any increase in the cost of living during Owner's ownership of the Home as measured by one-third (1/3) of the Consumer Price Index, All Urban Consumers, for the San Francisco-Oakland-San Jose area, published by the US Department of Labor, Bureau of Labor Statistics ("Index"). The Index prevailing on the date Owner purchased the Home (i.e., the date the grant deed was recorded) shall be compared with the Index available on the date of receipt by City of Owner's Notice of Intent to Sell. One-third (1/3) of the percentage increase in the Index during Owner's ownership of the Home, if any, shall be computed and the base price shall be increased by that percentage; provided, however, that the Purchase Price shall in no event be lower than the purchase price paid by Owner when it purchased the Home. The Purchase Price shall be adjusted to include the amount of any Eligible Capital Improvement, minus costs necessary to bring the Home into a saleable condition and in conformance with the BMR Ordinance and the Guidelines. In establishing the Purchase Price under either method, City shall also consider an owners' dues, insurance and taxes., and conform with the requirements of the BMR Ordinance and the Guidelines.

(xxvii) "**Restrictive Covenant**" is defined in Recital A.

(xxviii) "**saleable condition**" is defined in Section 5.D.(iii).

(xxix) "**Spouse**" shall mean, (i) an individual legally married to Owner; (ii) a registered domestic partner of Owner, pursuant to California Family Code Section 297, et seq.; or (iii) a registered domestic partner of Owner pursuant to any local domestic partner registry created by any city, county, or city and county in California.

(xxx) "**Transfer**" is defined in Section 5.A., and does not include a Permitted Transfer.

B. Exhibits. The following exhibits are attached to this Agreement, and are incorporated by this reference:

Exhibit A: Legal Description of the Home

Exhibit B: Form of City Note

Exhibit C: Form of City Deed of Trust

C. Supersedes. This Agreement shall supersede any and all resale agreements, deed restrictions and other similar conditions and/or restrictions previously imposed on the Home whether or not such previous agreements or restrictions were recorded.

3. Misrepresentation of Fact. Owner certifies that the financial and other information previously provided by Owner to qualify to purchase the Home was true and correct as of the date first delivered to City and as of the date first written above.

4. Approved Financing; Lien Priority; Occupancy; Maintenance and Insurance.

A. Approved Financing. City acknowledges that Owner is acquiring the Home, in part, with a first purchase money loan ("**First Lender Loan**"). [If applicable - City further acknowledges that Owner is acquiring the Home with the following additional financing, which has been approved in advance by City ("**Additional Financing**"): .

B. Lien Priority. This Agreement is accompanied by the City Note from Owner to City pursuant to which Owner agrees to pay any Excess Sales Proceeds to City, in addition to any other sums described in this Agreement. The City Note is secured by the City Deed of Trust. The City Deed of Trust is subordinate to this Agreement and the First Lender Loan. However, this Agreement shall be superior to and have lien priority over the lien of the First Lender Loan, Additional Financing, if any, and any other lien, mortgage or deed of trust encumbering the Home.

C. Occupancy. Owner must occupy the Home as its primary residence and remain in residence for the entire term of this Agreement of fifty-five (55) years. Occupy shall mean residing in the Home for at least ten (10) months in every twelve (12) month period. Owner may not allow the Home to be occupied by a relative, friend, tenant or any other party.

D. Maintenance.

(i) Owner shall maintain the Home and all landscaping in good repair and in a neat, clean, sanitary, and orderly condition, in accordance with all applicable laws, so

as not to cause any nuisance. Owner agrees not to commit any waste or to permit deterioration of the Home, and shall make reasonable and appropriate repairs to the Home as necessary to maintain the Home in the above described condition.

(ii) Owner shall pay all any homeowners association assessments (if an) levied against the Home on or before the due date of the assessment, and shall perform all obligations required in any declaration of covenants, conditions, and restrictions recorded against the Home.

(iii) Upon the written request of City, Owner shall bear the expense of providing to City a written report of inspection by a licensed structural pest control company. All work recommended in such report to repair damage caused by infestation or infection of wood-destroying pests or organisms and all work to correct conditions that caused such infestation or infection shall be performed at the expense of Owner.

E. Insurance. Owner shall maintain a standard all risk property insurance policy equal to the replacement value of the Home. Additional insurance requirements are set forth in the City Deed of Trust. Owner shall provide City with evidence of required insurance coverage at the closing on the Home and upon request. If the Home is damaged or destroyed and Owner elects not to rebuild or repair the Home, Owner shall pay City the portion of any insurance proceeds received by Owner for such destruction or damage that is in excess of a Moderate Income Housing Cost.

5. Resale or Transfer.

A. Transfer. Any Transfer of the Home will be subject to the provisions of this Agreement including, without limitation, the exercise of the City Purchase Option. Any Transfer without satisfaction of the provisions of this Agreement shall constitute a Default. For purposes of this Agreement, "**Transfer**" means any sale, assignment or transfer, voluntary or involuntary, of any interest in the Home, including, but not limited to, a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest, an interest evidenced by a land contract by which possession of the Home is transferred and Owner retains title, any lien, mortgage or a deed of trust, including any refinancing of the First Lender Loan or the Additional Financing, if any, and of any other lien, mortgage or deed of trust. A Transfer shall not include a Transfer of any of the following, which are each a "**Permitted Transfer**":

- (i) To an existing Spouse;
- (ii) By Owner to a Spouse where Spouse becomes the co-owner of the Home;
- (iii) Between Spouses as part of a dissolution proceeding;
- (iv) To an existing Spouse by devise or inheritance following the death of Owner;
- (v) To an existing joint tenant with the right of survivorship upon the death of Owner, provided the joint tenant(s) are listed as parties to this Agreement as of the date of this Agreement; or

(vi) By Owner to an inter vivos revocable trust or living trust for purposes of estate planning in which Owner is the beneficiary, trustor and trustee.

B. Notice of Permitted Transfer; Other Conditions. Owner shall provide written notice of all Permitted Transfers to City within thirty (30) days of the date of the Permitted Transfer; and Owner shall continue to occupy the Home as his, her, their principal place of residence, except where the Permitted Transfer occurs because of Owner's death, in which event the transferee shall owner-occupy the Home and affirmatively assume Owner's obligations under this Agreement, the City Note and the City Deed of Trust.

C. Inheritance. In the event a Transfer occurs by devise or inheritance due to the death of Owner, the administrator of Owner's estate or the person inheriting the Home shall provide written notice to City of Owner's death within sixty (60) days of the date of death.

(i) Prior to taking title to the Home, the person inheriting the Home ("**Inheriting Owner**") shall provide City with income information, to be verified by City, so that City may determine if Inheriting Owner is a Moderate Income Household. If Inheriting Owner fails to provide required financial information and/or documentation, he, she, they shall be deemed not to qualify as a Moderate Income Household. If Inheriting Owner qualifies as a Moderate Income Household, he, she, they shall succeed to Owner's interest and obligations under this Agreement, the City Note, and the City Deed of Trust, and new documents acceptable to City shall be executed between Inheriting Owner and City and recorded against the Home, and the documents with Inheriting Owner shall have a remaining term of fifty-five (55) years.

(ii) If Inheriting Owner fails to qualify as a Moderate Income Household, he, she, they shall be required to Transfer the Home as set forth in Section 5.D. Inheriting Owner may own and occupy the Home for up to twelve (12) months prior to providing to City an Owner's Notice of Intent to Sell and must remain in compliance with the requirements of this Agreement, the City Note and the City Deed of Trust. Inheriting Owner shall not be required to occupy the Home during this twelve (12)-month time period but shall not rent the Home.

(iii) If Inheriting Owner is a minor child, such Inheriting Owner and his, her, their legal guardian may occupy the Home for the time period prescribed in California Probate Code Section 6500 without City determining that the legal guardian qualifies as a Moderate Income Household.

D. Sale of the Home; City Purchase Option.

(i) If Owner intends to Transfer or vacate the Home at any time during the term of this Agreement, Owner shall promptly give City written notice of such intent ("**Owner's Notice of Intent to Sell**"). Owner shall give Owner's Notice of Intent to Sell prior to taking any affirmative steps to sell the Home, such as listing the Home on the Multiple Listing Service. Owner's Notice of Intent to Sell shall include: (i) the address of the Home; (ii) the date on which Owner intends to vacate the Home; (iii) the date the Home will be placed on the market; and (iv) Owner's daytime phone number.

(ii) Commencing on the date Owner delivers to City Owner's Notice of Intent to Sell, City or its designee, including another Moderate Income Household (collectively

referred to in this Section 5.D as “**City**”), shall have the right (“**City Purchase Option**”) for a period of ninety (90) days (“**Option Exercise Period**”) to purchase the Home at the lesser of (i) the Fair Market Value, or (ii) the Purchase Price. The exercise of the City Purchase Option shall be in City's sole and absolute discretion, and City shall have no obligation to Owner, a successor in interest to Owner, or any other person to exercise the same. City or its designee shall exercise the City Purchase Option by delivering notice of the same to Owner, together with City's calculation of the Purchase Price and a Purchase Agreement and Joint Escrow Instructions acceptable in form and substance by City (“**Purchase Agreement**”), which has been executed by City. Owner shall countersign the Purchase Agreement and promptly return a fully executed copy thereof to City within five (5) days of receipt. Within sixty (60) days of the date of the Purchase Agreement, City shall complete the purchase of the Home, bearing all customary closing costs for buyers in San Mateo County with Owner paying the balance of such costs. Owner shall execute any and all documents, instruments and instructions as may reasonably be required by City or escrow to complete the sale of the Home to City or its designee. Upon close of escrow and recordation of the deed to the Home, this Agreement shall be released from the Home.

(iii) Exercise of the City Purchase Option during the Option Exercise Period shall be in writing and state the Purchase Price. The notice shall be sent via certified mail through USPS to Owner at the Home. The Home shall be sold to City in “**saleable condition**” as defined in the Guidelines following an inspection by City, which inspection Owner shall allow to occur in advance of City's exercise of the City Purchase Option. Owner's Notice of Intent to Sell delivered to City shall be deemed an offer to sell and City's acceptance of Owner's Notice of Intent to Sell shall be deemed an acceptance of such offer and shall collectively constitute a legally binding contract to transfer title to the Home from Owner to City that may not be withdrawn without the written consent of City,

(iv) Within five (5) days of City's exercise of the City Purchase Option and full execution by City of the Purchase Agreement, an escrow account shall be opened by City at a title company selected by City. Closing shall occur within sixty (60) days of opening escrow. At closing, the title insurance company shall issue to City a CLTA owner's title insurance policy, in a form reasonably approved by City and subject only to such title exceptions as reasonably approved by City. Taxes and assessments shall be prorated as of the date of closing. Taxes must be paid current as of the closing date and all liens must be satisfied and removed from title unless City expressly agrees otherwise in writing. City or designee shall pay the cost of the title insurance. The title company shall utilize the form of escrow agreement customarily used for residential transactions with Menlo Park, modified to the extent necessary to conform to the transaction and otherwise acceptable to City. If the Home is sold to a Moderate Income Household, then prior to closing, City and the Moderate Income Household shall deliver executed documents acceptable to City in form and substance to replace this Agreement, the City Note and the City Deed of Trust, which City Deed of Trust shall be recorded at closing. The Moderate Income Household must also certify at closing that he, she, they will occupy the Home as his, her, their primary residence. At closing, Owner shall convey title to City by grant deed and otherwise in conformance with this Agreement, the Guidelines and BMR Ordinance.

(v) In addition to the foregoing, City shall also have the right to exercise the City Purchase Option upon the occurrence of any of the following: (a) a notice of default or notice of sale is recorded against the Home by any lienholder (subject to any rights

of Owner to cure the underlying default); (b) a Transfer occurs (excluding a Permitted Transfer) and continues in effect beyond any applicable cure period; (c) Owner fails to occupy the Home as Owner's principal residence in violation of the terms of this Agreement; or (d) the occurrence of any other Default under this Agreement. City may, in its sole discretion, assign this purchase right to another designee, including a Moderate Income Household, and may reassign such rights to another Moderate Income Household if the initial or any subsequent Moderate Income Household fails or is unable to complete a purchase and sale transaction, and in such event, applicable timelines and deadlines shall be extended, as reasonably determined by City. City's right to exercise the City Purchase Option shall survive any transfer of the Home for the duration of the City Purchase Option.

(vi) If City does not exercise the City Purchase Option and close on the Home, Owner shall retain a real estate agent, real estate broker or similar professional to assist Owner with the sale of the Home and the identification of a Moderate Income Household qualified to purchase the Home ("**Proposed Purchaser**"). Any commission or other charge of a real estate agent, real estate broker or similar professional retained by Owner shall be Owner's exclusive obligation, and City shall not be liable for any such cost. Owner shall use bona fide good faith efforts to sell and shall be required to sell the Home in compliance with this Agreement, which shall include listing the Home on the Multiple Listing Service, keeping the Home in an orderly condition, making it available to show agents and Proposed Purchasers, and providing Proposed Purchasers with eligible purchaser requirements, including income qualifications. Owner shall provide to City a fully executed and dated copy of the agreement ("**Listing Agreement**") between Owner and the real estate agent, real estate broker or similar professional engaged by Owner to assist with the sale of the Home within five (5) days of its execution. Any Proposed Purchaser of the Home shall be a Moderate Income Household. Closing costs paid by the Proposed Purchaser shall be reasonable and customary in San Mateo County.

(vii) City shall verify that the sale of the Home to the Proposed Purchaser fully complies with this Section 5.D. As a condition of City's approval of any sale of the Home, Proposed Purchaser shall execute documents acceptable to City in form and substance to replace this Agreement, the City Note and the City Deed of Trust, which City Deed of Trust shall be recorded at closing. If escrow closes without the foregoing documents being executed by Proposed Purchaser and recorded as part of the escrow, Owner shall be in Default of this Agreement. Further, certified copies of all of the foregoing documents shall be delivered to City within three (3) days of the close of escrow, together with all other information and documentation relating to the escrow that the City may request.

(viii) If Owner does not sell and close (as evidenced by recordation of a grant deed from Owner to a third-party purchaser) on the Home pursuant to the Listing Agreement within one hundred eighty (180) days of the date of the Listing Agreement, Owner shall deliver to City a written notice advising City that a sale and closing have not occurred. Upon City's receipt of such notice, the City Purchase Option and the Option Exercise Period related thereto, shall become effective again in accordance with the terms and conditions of this Section 5.D, except that the Option Exercise Period shall commence on the date City receives the notice from Owner that no sale or closing has occurred. If Owner fails to timely deliver the above described notice to City, Owner shall not be entitled to take any other affirmative steps to sell the Home, including, extending the Listing Agreement, entering into another listing agreement or listing the Home on the Multiple Listing Service.

E. City Approval of Proposed Sale by Owner.

(i) Owner and any Proposed Purchaser shall provide the following information and documents to City within ten (10) days of an offer from Proposed Purchaser:

(a) The name, address and telephone number in writing of Proposed Purchaser.

(b) A signed financial statement of Proposed Purchaser in a form acceptable to City and any other supporting documentation requested by City. Owner acknowledges that City may request the following documentation, (i) pay stubs for the most recent pay periods; (ii) income tax returns for the three (3) most recent tax years; (iii) an income verification form from Proposed Purchaser's current employer; (iv) an income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies; and/or (v) if Proposed Purchaser is unemployed and has no such tax return, another form of independent verification of income. The financial information shall be used by City to determine the income eligibility of Proposed Purchaser.

(ii) The proposed sales contract and all other related documents which shall set forth all the terms of the sale of the Home, including a HUD-1 Settlement Statement.

(iii) Within fifteen (15) days of receipt of the documentation and information described in subsections (i) and (ii) of this Section 5.E., City shall approve or disapprove Proposed Purchaser and the terms of sale. Within ten (10) days of City's approval, Owner and Proposed Purchaser shall notify City of the name of the title company escrow holder for the sale of the Home, the escrow number, and name, address and phone number of the escrow officer.

F. Payment of Excess Sales Proceeds. Owner agrees that it is obligated under this Agreement to execute the City Note and City Deed of Trust and pay any Excess Sales Proceeds to City upon any Transfer of the Home. This amount constitutes a debt of Owner to City, further evidenced by the City Note and secured by the City Deed of Trust. Owner acknowledges that City shall have no obligation to cause termination of this Agreement or reconveyance of the City Deed of Trust until any Excess Sales Proceeds due to City are paid. City shall use such proceeds for the Program.

G. Refinance and Subordinate Loans.

(i) Any refinancing of the First Lender Loan, the Additional Financing (if any), and other subordinate loans shall require City's advance written approval.

(ii) Subordinate loans, including second or junior loans and equity lines of credit, are not permitted except as approved in advance and in writing by City.

H. Prohibition on Leasing. Owner may not lease or rent the Home, or enter into any contract transferring physical possession of the Home, for any period of time without the prior, written consent of City, and such transfer shall be subject to such further conditions as may be necessary to ensure compliance with the purpose and intent of the Program. Any prospective tenant approved by City shall execute a rental agreement or lease in form and

substance acceptable to City under the terms of which the tenant shall assume all of the obligations and duties and agree to be bound by the restrictions of this Agreement, provided that Owner shall not be released from all or any of such obligations and duties herein. Notwithstanding the foregoing, Owner may not lease or rent the Home on a short term basis, including through a rental platform such as Airbnb, VRBO or comparable platform.

6. Advances by City. If City advances any amounts for the payment of mortgages, including, without limitation, the curing of defaults on or the payment in full of the First Lender Loan or any Additional Financing, or cures a default on or pays off any other liens, loans, home equity lines of credit, taxes, assessments, insurance premiums, homeowner's fees, late fees, costs, interest, attorneys' fees, pest inspections, resale inspections and other expenses related to the Home, which Owner failed to pay, permitted to become delinquent or allowed to encumber title to the Home in violation of this Agreement, City shall be entitled to a lien against the Home in the amount of all costs and expenses incurred by City, and such sums shall be added to the principal amount of the City Note, shall be secured by the City Deed of Trust and City may deduct such sums from the proceeds of any sale of the Home.

7. Covenant Running with the Land. The terms and conditions in this Agreement are intended to run with the land and shall bind Owner and all successors, heirs, grantees and assigns, unless and until expressly superseded by subsequently recorded agreements. The terms and conditions contained in this Agreement shall be made part of each deed subsequently recorded and shall bind each successor in interest until the earlier of (a) fifty-five (55) years from the date of recordation, or (b) the recordation of a subsequent and superseding agreement. This Agreement and the covenants contained herein shall survive any Transfer of the Home.

8. Non-Liability of City.

A. Nonliability for Negligence, Loss, or Damage. Owner acknowledges and agrees that the relationship between Owner and City is solely that of an owner and an administrator of the City Program, and City does not undertake or assume any responsibility for, or duty to, Owner, to select, review, inspect, supervise, pass judgment on or inform Owner of the quality, adequacy, or suitability of the Home or any other matter. City owes no duty of care to protect Owner against negligent, faulty, inadequate, or defective building or construction or any condition of the Home, and Owner agrees that neither Owner, or Owner's heirs, successors, or assigns, shall ever claim or have or assert any right or action against City for any loss, damage, or other matter arising out of, or resulting from, any condition of the Home, and will hold City harmless from any liability, loss, or damage for these things.

B. Indemnity. Owner agrees to defend, indemnify, and hold City and its employees, agents, officers and elected and appointed officials harmless from any and all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorneys' fees City may incur as a direct or indirect consequence of: (a) any Default by Owner; (b) the failure at any time of any of Owner's representations to City to be true and correct; or (c) Owner's purchase, ownership, use or possession of the Home.

C. Survival. Owner agrees on behalf of itself and its heirs, successors, and assigns, that the provisions of Section 10 A. and B. shall survive the expiration or termination of this Agreement.

9. Security; Default; Remedies.

A. Security. As security for the performance of this Agreement, Owner has executed and delivered to City the City Note dated _____ and the City Deed of Trust dated _____, which City Deed of Trust shall be recorded immediately following recordation of this Agreement.

B. Default. The following events shall constitute a default ("**Default**") by Owner under this Agreement:

(i) Any material misrepresentation by Owner to obtain the benefits of the purchase of the Home or in connection with any of Owner's obligations under this Agreement;

(ii) Owner fails to occupy the Home as required under Section 4.C., and such failure continues uncured sixty (60) days following written notice by City;

(iii) Owner rents or leases the Home in violation of Section 5.H.;

(iv) Owner fails to provide information to City required under this Agreement necessary to determine Owner's compliance with the Agreement;

(v) Owner makes any Transfer in violation of this Agreement, including any refinancing of the First Lender Loan, Additional Financing, if any, and any other lien, mortgage or deed of trust in violation of Section 5;

(vi) A notice of default or a notice of sale is issued under the First Lender Loan, any Additional Financing or any other financing, lien or debt secured by the Home;

(vii) A lien is recorded against the Home other than as a result of a Transfer approved in writing by City, and Owner fails to discharge the lien within thirty (30) days of its recordation; provided, however, that nothing herein requires Owner to pay any claims for labor, materials or services which Owner in good faith disputes and is diligently contesting provided that Owner shall, within thirty (30) days after the filing of any claim of lien, record in the Official Records, a surety bond in an amount 1 1/2 times the amount of such claim item to protect against a claim of lien;

(viii) Owner defaults on the City Note or the City Deed of Trust, subject to any notice and cure provision in such documents;

(ix) Owner declares bankruptcy or makes an assignment of assets for the benefit of creditors; and

(x) Owner otherwise commits a material default of this Agreement, and such default remains uncured thirty (30) days following written notice by City, provided that, if the default cannot reasonably be cured within thirty (30) days, Owner shall commence a cure within thirty (30) days, and shall effectuate a cure as soon as reasonably practicable thereafter.

C. Remedies. Upon a Default, City may exercise every remedy available at law, in equity, or under this Agreement (no such remedy being exclusive of any other available

remedy), including by declaring Excess Sales Proceeds immediately due and payable, and, without further demand, accelerating payments due under the City Note and exercise the City's power of sale under the City Deed of Trust.

D. Notice of Default.

(i) Owner covenants to cause to be filed for record in the Office of the Recorder a request for City to receive a copy of any notice of default and notice of sale under any deed of trust or mortgage with power of sale encumbering the Home pursuant to Section 2924(b) of the Civil Code of California. Such request shall specify that any such notice shall be mailed to the City of Menlo Park, Attn: Community Development Director, 701 Laurel Street, Menlo Park, CA 94025. If Owner fails to file such request for notice, City's Purchase Option shall commence on the date City obtains actual knowledge of a Transfer or proposed sale. City or its designee shall have the right to cure any notice of default. If the sale is not consummated and Owner retains ownership of the Home, City or its designee shall be entitled to recover its costs directly from Owner.

(ii) If City elects not to exercise City's Purchase Option upon a Default, any surplus to which Owner may be entitled pursuant to Code of Civil Procedure Section 727 shall be paid as follows: (a) to Owner - that portion of surplus, if any, up to but not exceeding the amount that Owner would have received after payment in full of all encumbrances on the Home and calculation of the Purchase Price as of the date of the foreclosure sale in accordance with this Agreement, and (b) to City - the balance, if any, to compensate City for the loss of the Home and to preserve the purposes of the City's Program.

10. Entirety of Agreement. This Agreement comprises the entire agreement between the Parties, and no other terms or conditions shall be deemed to apply, unless by a mutually executed, written amendment, modification or superseding agreement which references this Agreement and is recorded in the Official Records. Owner covenants that he, she, they have not, and will not execute any other agreement with provisions contradictory to or in opposition to the provisions hereof, and that in any event, Owner understands and agrees that this Agreement shall control the rights and obligations between and among the Parties and respective successors.

11. Controlling Law and Venue. The terms of the Agreement shall be interpreted under the laws of the State of California without regard to principles of conflict of laws. The Agreement was entered into and is to be performed in San Mateo County, which is the exclusive venue for any action or dispute arising out of the Agreement.

12. Severability. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provisions shall be deemed severable from the remaining provisions contained in this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision(s) had never been contained herein.

13. Distribution of Insurance and Condemnation Proceeds. In the event the Home is condemned or destroyed (or in the event the Home is a unit in a condominium project and the condominium project is destroyed and insurance proceeds are distributed to Owner instead of being used to rebuild), if proceeds are distributed to Owner; or in the event of termination of the condominium, liquidation of the association and distribution of the assets of the association

to the members thereof, including Owner, any surplus of proceeds so distributed remaining after payment of encumbrances on the Home shall be distributed as follows: (a) to Owner - that portion of surplus, if any, up to but not exceeding the amount that Owner would have received after payment in full of all encumbrances on the Home and calculation of the Purchase Price as of the date of the destruction, condemnation valuation date or liquidation in accordance with this Agreement, and (b) to City - the balance, if any, to compensate City for the loss of the Home and to preserve the purposes of the City's Program.

14. Non-waiver. Any waiver of any term or provision of this Agreement must be in writing. The failure of City to take an action to enforce a right or to seek a remedy under the terms and conditions of this Agreement shall not be deemed to be a waiver by City to take such action or enforce any rights it may otherwise have pursuant to this Agreement.

15. Compliance with the Menlo Park Municipal Code. It is the purpose and intent of this Agreement to fulfill and be consistent with the requirements set forth in the BMR Ordinance and the Guidelines, which are incorporated herein by reference, as such may be amended from time to time hereafter. In the event of a discrepancy or conflict between a particular provision of this Agreement and any provision of the BMR Ordinance and/or the Guidelines, the provisions of the BMR Ordinance and/or the Guidelines, shall control.

16. Notices. All notices required herein shall be sent to the following addresses:

CITY:

Community Development Director
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

OWNER:

Menlo Park, CA 94025

DATED: _____

Menlo Park, CA 94025

City of Menlo Park
Justin I.C. Murphy, City Manager

APPROVED AS TO FORM:

City Attorney

ATTEST:

City Clerk

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 SAN MATEO }

On _____ before me, _____, Notary Public,
personally appeared Justin Murphy 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 Section 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 SAN MATEO }

On _____ before me, _____,
Notary Public, personally
appeared _____, who proved to me
on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s)
on the instrument the person(s), or the entity upon behalf of which the person(s) acted,
executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing Section is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A
Legal Description

ALL THAT REAL HOME SITUATED IN THE CITY OF MENLO
PARK, COUNTY OF SAN MATEO, STATE OF CALIFORNIA,
DESCRIBED AS FOLLOWS:

EXHIBIT B
City Note

NOTICE TO OWNER: THIS DOCUMENT CONTAINS PROVISIONS RESTRICTING
RESALES AND ASSUMPTIONS.

PROMISSORY NOTE
SECURED BY DEED OF TRUST

(City of Menlo Park Below Market Rate Housing Unit)

Menlo Park, California

[Date]

For valuable consideration, pursuant to this Promissory Note Secured by Deed of Trust ("**Note**"), the undersigned, _____ ("**Owner**"), promises to pay the City of Menlo Park, a California municipal corporation ("**City**"), at _____, Menlo Park, California, Attn: _____, or such other place as City may designate in writing, all Excess Sales Proceeds and any other advances and sums paid by City pursuant to the Resale Restriction Agreement.

1. Purpose of Note. Owner is purchasing the residential unit located at _____ in the City of Menlo Park ("**Home**") pursuant to the City of Menlo Park's affordable housing program, which provides for the purchase of homes by low income households at affordable prices. Because the Purchase Price has been calculated to accommodate a low income buyer, as described in the Resale Restriction Agreement, Owner has agreed, on the date of any Transfer of the Home, to pay to City any Excess Sales Proceeds, as well as any other advances and sums paid by City. This Note evidences the obligation of Owner to pay to City upon any Transfer of the Home any Excess Sales Proceeds, plus any other sums advanced or paid by City in connection with the Home.

2. Definitions. The terms set forth in this section shall have the following meanings in this Note.

- (a) "**City**" shall have the meaning set forth in the opening paragraph.
- (b) "**Deed of Trust**" shall have the meaning set forth in Section 4.
- (c) "**Excess Sales Proceeds**" shall have the meaning set forth in the Resale Restriction Agreement.
- (d) "**Home**" shall have the meaning set out in Section 1.
- (e) "**Note**" shall have the meaning set forth the opening paragraph.
- (f) "**Owner**" shall have the meaning set forth in the opening paragraph.

(g) **"Purchase Price"** shall have the meaning set forth in the Resale Restriction Agreement.

(h) **"Resale Restriction Agreement"** shall mean that certain Agreement and Deed Restrictions Regarding Resale Controls for Below Market Rate Home executed by Owner and City and recorded on _____, in the Official Records of San Mateo County as Instrument No. _____, in connection with the Owner's purchase of the Home.

(i) **"Term"** shall mean the term of this Note, which shall be the same as the term of the Resale Restriction Agreement.

(j) **"Transfer"** shall have the meaning set forth in the Resale Restriction Agreement.

3. Payments. In the event any Excess Sales Proceeds and/or other sums become due and payable under the Resale Restriction Agreement, such amounts shall be immediately due and payable hereunder. Failure to declare such amounts due shall not constitute a waiver on the part of City to declare them due in the event of a Transfer.

4. Security. This Note is secured by that certain Deed of Trust and Security Agreement dated the same date as this Note, executed by Owner and City and recorded on _____, in the Official Records of San Mateo County as Instrument No. _____ (**"Deed of Trust"**).

5. Due on Transfer. Any amounts due under this Note shall be due and payable in full on the date of any Transfer of the Home.

6. Default and Acceleration. Owner shall be in default under this Note if he, she, they are in default under the Resale Restriction Agreement. Upon the occurrence of a default under this Note, the full amount of any Excess Sales Proceeds and other sums due under the Resale Agreement shall be immediately due and payable.

7. Nondiscrimination. Owner covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, age, disability, gender or gender identification, sex, sexual orientation, family or marital status, ancestry, veteran status, or national origin in the sale, transfer, use, occupancy, tenure or enjoyment of the Home, nor shall Owner or any person claiming under or through Owner establish or permit any such practice or practices of discrimination or segregation with reference to the use, occupancy, or transfer of the Home.

8. Indemnity. Owner agrees to defend, indemnify and hold City and its employees, agents, officers and elected and appointed officials harmless from all losses, damages, liabilities, claims, actions, judgments, costs and reasonable attorney's fees that City may incur as a direct or indirect consequence of Owner's failure to perform any obligations as and when required by this Note, the Deed of Trust or the Resale Restriction Agreement.

9. No Waiver by City. Any failure by City to pursue its legal and equitable remedies upon default shall not constitute a waiver of City's right to declare a default and exercise all of its rights under this Note, the Resale Restriction Agreement and/or the Deed of Trust. Nor shall acceptance by City of any payment provided for herein constitute a waiver of City's right to require prompt payment of any remaining payments owed.

10. Attorney's Fees and Costs. Owner agrees that if any amounts due under this Note are not paid when due, Owner shall pay, in addition to principal and accrued interest, all costs and expenses of collection and reasonable attorney fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

11. Joint and Several Obligations. This Note is the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns.

12. No Offset. Owner hereby waives any rights of offset it now has or may hereafter have against City, its successors and assigns, and agrees to make the payments called for herein in accordance with the terms of this Note.

13. Waiver. Owner, any endorsers or guarantors of this Note, for themselves, their heirs, legal representatives, successors and assigns, respectively, severally waive diligence, presentment, protest, and demand, and notice of protest, notice of dishonor and notice of non-payment of this Note, and expressly waive any rights to be released by reason of any extension of time or change in terms of payment, or change, alteration or release of any security given for the payments hereof, and expressly waive the right to plead any and all statutes of limitations as a defense to any demand on this Note or agreement to pay the same, and jointly and severally agree to pay all costs of collection when incurred, including reasonable attorneys' fees.

14. Notices. All notices required in this Note shall be sent by certified mail, return receipt requested, or express delivery service with a delivery receipt, or personally delivered with a delivery receipt obtained and shall be deemed to be effective as of the date shown on the delivery receipt as the date of delivery, the date delivery was refused, or the date the notice was returned as undeliverable as follows:

To Owner:

At the address of the Home.

To City:

City of Menlo Park
701 Laurel Street
Menlo Park, California 94025-3483
Attention: City Manager

The parties may subsequently change addresses by providing written notice of the change in address to the other parties in accordance with this Section.

15. Controlling Law. This Note shall be construed in accordance with and be governed by the laws of the State of California.

16. Assignment by City. City may assign its right to receive the proceeds under this Note to any person and upon notice to Owner by City all payments shall be made to the assignee.

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

18. Entire Agreement. This Note (along with the Resale Restriction Agreement and Deed of Trust) sets forth the entire understanding and agreement of City and Owner and any amendment, alteration or interpretation of this Note must be in writing signed by both City and Owner.

OWNER:

By: _____
Name: _____

By: _____

N

EXHIBIT C
City Deed of Trust

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Menlo Park
Attn: City Clerk
701 Laurel Street
Menlo Park, CA 94025

APN: _____

Exempt From Recording Fee Per _____ *(Space above for Recorder's Use)*
Government Code Section 27383 and Building Homes & Jobs Trust Fund Fee Per
Government Code Section 27388.1(a)(2)(D)

DEED OF TRUST
AND SECURITY AGREEMENT
(*[Insert Home Address]*)

This Deed of Trust and Security Agreement ("**Deed of Trust**") is made as of _____, 20__, by and among _____ ("**Owner**"), as trustor, whose address is _____, _____, as trustee ("**Trustee**"), and the City of Menlo Park, a California municipal corporation ("**City**"), as beneficiary.

Owner, in consideration of valuable consideration and the terms and conditions contained herein, irrevocably grants, transfers, conveys and assigns to Trustee, in trust, with power of sale, the following property located in San Mateo County, California: _____, Menlo Park, California, as described in Exhibit A attached hereto and incorporated herein ("**Home**").

TOGETHER with all the improvements now or hereafter erected on or about the Home, and all easements, rights, appurtenances, and all fixtures now or hereafter attached to the Home, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the Home and its property and are covered by this Deed of Trust; and

TOGETHER with all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the property on which the Home sits, which are necessary to the complete and comfortable use and occupancy of such Home, building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating the Home or a building, or the activities conducted therein, similar to the one herein described and

referred to, and all renewals or replacements thereof or articles in substitution therefore, whether or not the same are, or shall be attached to said Home, building or buildings in any manner; and all of the foregoing, together with the Home and its property, is herein referred to as the "**Security**";

To have and to hold the Security together with acquittances to Trustee, its successors and assigns forever;

TO SECURE to City the performance of the covenants, conditions and agreements of Owner contained in that certain Agreement and Deed Restrictions Regarding Resale Controls For Below Market Rate Home executed by and between Owner and City of even date herewith ("**Resale Restriction Agreement**");

TO SECURE to City the payment of Excess Sales Proceeds, plus other sums advanced or paid by City in connection with the Home, as described in the Resale Restriction Agreement, that may become due from Owner to City, which payment obligation is further evidenced by that certain Promissory Note Secured by Deed of Trust executed by Owner in favor of City dated of even date herewith ("**Note**"); and

TO SECURE the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust; and the performance of the covenants, conditions and agreements of Owner herein contained.

OWNER AND CITY COVENANT AND AGREE AS FOLLOWS:

Owner's Estate. Owner is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Security, that other than this Deed of Trust, the Security is encumbered only by: (a) that deed of trust executed by Owner in connection with a first purchase money loan made to Owner by _____ ("**First Lender**"), securing a promissory note executed by Owner in favor of First Lender ("**First Lender Note**") to assist in the purchase of the Home; (b) the Resale Restriction Agreement, and (c) *[add Additional Financing described in the Resale Restriction Agreement, if any]*. Owner agrees to warrant and defend generally title to the Security against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring City's interest in the Security. As used in this Deed of Trust, the term "First Lender" shall include all successors and assigns of First Lender.

Payment of Excess Sales Proceeds. Owner will promptly pay to City, when and if due pursuant to the Resale Restriction Agreement, the Excess Sales Proceeds (as defined in the Resale Restriction Agreement), plus any other advances and sums paid by City and due and owing to City under the Resale Restriction Agreement.

Resale Restriction Agreement. Owner will observe and perform all of the covenants and agreements of the Resale Restriction Agreement, the Note, and this Deed of Trust.

Charges; Liens. Owner will pay all taxes, assessments and other charges, fines and impositions attributable to the Security which may attain a priority over this Deed of Trust, by Owner making any payment, when due, directly to the payee thereof. Upon request by City, Owner will promptly furnish to City all notices of amounts due under this paragraph. In the event Owner makes payment directly, Owner will promptly discharge any lien which has priority over this Deed of Trust; provided, that Owner will not be required to discharge the lien of the deed of trust securing the First Lender Note ("**First Lender Deed of Trust**") [and - *add Additional Financing described in the Resale Restriction Agreement, if any*], so long as Owner will agree in writing to the payment of the obligation(s) secured by such lien(s) in a manner acceptable to City, or will, in good faith, contest such lien(s) by, or defend enforcement of such lien(s) in, legal proceedings which operate to prevent the enforcement of the lien(s) or forfeiture of the Security or any part thereof.

Hazard Insurance. Owner will keep the Security insured by a standard all risk property insurance policy equal to the replacement value of the Security (adjusted every five (5) years by appraisal, if requested by City). If the Security is located in a flood plain, Owner shall also obtain flood insurance.

The insurance carrier providing this insurance shall be licensed to do business in the State of California and be chosen by Owner subject to approval by City.

All insurance policies and renewals thereof will be in a form acceptable to City and will include a standard mortgagee clause with standard lender's endorsement in favor of the holder of the First Lender Note [*add Additional Financing described in the Resale Restriction Agreement, if any*] and City as their interests may appear and in a form acceptable to City. City shall have the right to hold, or cause its designated agent to hold, the policies and renewals thereof, and Owner shall promptly furnish to City, or its designated agent, the original insurance policies or certificates of insurance, all renewal notices and all receipts of paid premiums. In the event of loss, Owner will give prompt notice to the insurance carrier and City or its designated agent. City, or its designated agent, may make proof of loss if not made promptly by Owner. City shall receive thirty (30) days advance written notice of cancellation of any insurance policies required under this Section 5.

Unless City and Owner otherwise agree in writing, insurance proceeds, subject to the rights of the First Lender, will be applied to restoration or repair of the Security damaged, provided such restoration or repair is economically feasible and the security of this Deed of Trust is not thereby impaired. If such restoration or repair is not economically feasible or if the security of this Deed of Trust would be impaired, the insurance proceeds will be used to repay any amounts due under the Resale Restriction Agreement, with the excess, if any, paid to Owner. If the Security is abandoned by

Owner, or if Owner fails to respond to City, or its designated agent, within thirty (30) days from the date notice is mailed by either of them to Owner that the insurance carrier offers to settle a claim for insurance benefits, City, or its designated agent, is authorized to collect and apply the insurance proceeds at City's option either to restoration or repair of the Security or to pay amounts due under the Resale Restriction Agreement.

If the Security is acquired by City, all right, title and interest of Owner in and to any insurance policy and in and to the proceeds thereof resulting from damage to the Security prior to the sale or acquisition will automatically pass to City to the extent of the sums secured by this Deed of Trust immediately prior to such sale or acquisition, subject to the rights of the First Lender.

Preservation and Maintenance of Security. Owner will keep the Security in good repair and in a neat, clean, and orderly condition and will not commit waste or permit impairment or deterioration of the Security. If there arises a condition in contravention of this Section 6, and if Owner has not cured such condition within thirty (30) days after receiving a notice of such a condition from City, then in addition to any other rights available to City, City shall have the right (but not the obligation) to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Security to recover its cost of curing.

Protection of the City's Security. If Owner fails to perform the covenants and agreements contained in this Deed of Trust or if any action or proceeding is commenced which materially affects City's interest in the Security, including, but not limited to, default under the First Lender Deed of Trust, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then City, at City's option, upon notice to Owner, may make such appearances, disburse such sums and take such action as it determines necessary to protect City's interest, including but not limited to, disbursement of reasonable attorney's fees and entry upon the Security to make repairs.

Any amounts disbursed, paid or advanced by City pursuant to this Deed of Trust, with interest thereon, shall be added to the principal balance of the Note and will become an indebtedness of Owner secured by this Deed of Trust. Unless Owner and City agree to other terms of payment, such amount will be payable upon notice from the City to Owner requesting payment thereof, and will bear interest from the date of disbursement at the lesser of (i) ten percent (10%); or (ii) the highest rate permissible under applicable law. Nothing contained in this Deed of Trust will require City to incur any expense or take any action hereunder. Notwithstanding anything to the contrary, the original principal amount shall bear no interest, and the only interest payable will be interest incurred as a result of the application of this Section 7.

Inspection. City may make or cause to be made reasonable entries upon and inspections of the Security; provided that City will give Owner reasonable notice of inspection.

Forbearance by the City Not a Waiver. Any forbearance by City in exercising any right or remedy will not be a waiver of the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by City will not be a waiver of City's right to require payment of any amounts secured by this Deed of Trust.

Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust, the Note, the Resale Restriction Agreement or any other document, or afforded by law or equity, and may be exercised concurrently, independently or successively.

Successors and Assigns Bound. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of City and Owner subject to the provisions of this Deed of Trust.

Joint and Several Liability. All covenants and agreements of Owner shall be joint and several.

Notice. Except for any notice required under applicable law to be given in another manner, wherever this Deed of Trust requires any notice from either party, the notice shall be sent by certified mail, return receipt requested, or express delivery service with a delivery receipt, and shall be deemed effective as of the date received or the date delivery was refused as indicated in a return receipt. Unless otherwise provided by either party by written notice to the other party, notice to Owner shall be to the address of the Home, and notice to City shall be to the attention of the City Manager to the then current address of City Hall.

Governing Law. This Deed of Trust shall be governed by the laws of the State of California.

Severability. In the event that any provision or clause of this Deed of Trust, the Note or the Resale Restriction Agreement conflicts with applicable law, such conflict will not affect other provisions of this Deed of Trust, the Note or the Resale Restriction Agreement which can be given effect without the conflicting provision, and to that end the provisions of the Deed of Trust, the Note and the Resale Restriction Agreement are declared to be severable.

Captions. The captions and headings in this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

Nondiscrimination. Owner covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, age, disability, gender or gender identification, sex, sexual orientation, family or marital status, ancestry, veteran status, or national origin in the sale, transfer, use, occupancy, tenure or enjoyment of the Security, nor shall Owner or any person claiming under or through Owner establish

or permit any such practice or practices of discrimination or segregation with reference to the use, occupancy, or transfer of the Security. The foregoing covenant shall run with the land.

Nonliability for Negligence, Loss, or Damage. Owner acknowledges, understands and agrees that the relationship between Owner and City is solely that of an owner and an administrator of a City affordable housing program, and that City neither undertakes nor assumes any responsibility for or duty to Owner to select, review, inspect, supervise, pass judgment on, or inform Owner of the quality, adequacy or suitability of the Security or any other matter. City owes no duty of care to protect Owner against negligent, faulty, inadequate or defective building or construction or any condition of the Security and Owner agrees that neither Owner, or Owner's heirs, successors or assigns shall ever claim, have or assert any right or action against City for any loss, damage or other matter arising out of or resulting from any condition of the Security and will hold City harmless from any liability, loss or damage for these things.

Indemnity. Owner agrees to defend, indemnify and hold City and its employees, agents, officers and elected and appointed officials harmless from all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorney's fees that City may incur as a direct or indirect consequence of:

Owner's failure to perform any obligations as and when required by the Resale Restriction Agreement, this Deed of Trust or the Note; or

the failure at any time of any of Owner's representations or warranties to be true and correct.

Acceleration; Remedies. Upon Owner's breach of any covenant or agreement of Owner in this Deed of Trust, including, but not limited to, the covenants to pay, when due, any sums secured by this Deed of Trust, City, prior to acceleration, will mail by express delivery, return receipt requested notice to Owner specifying: (a) the breach; (b) the action required to cure such breach; (c) a date, not less than thirty (30) days from the date the notice is received by Owner as shown on the return receipt, by which such breach is to be cured; and (d) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust, a declaration of default under this Deed of Trust and sale of the Security. The notice will also inform Owner of Owner's right to reinstate after acceleration or declaration of default and the right to bring a court action to assert the nonexistence of default or any other defense of Owner to acceleration and sale. If the breach is not cured on or before the date specified in the notice, City, at the City's option, may: (1) declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by California law; and (2) either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession thereof (or any part thereof) and of any of the Security, in its own name or in

the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Home and the Security, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any breach hereunder or invalidate any act done in response to such breach and, notwithstanding the continuance in possession of the Security, City shall be entitled to exercise every right provided for in this Deed of Trust, the Note, the Resale Restriction Agreement or by law upon occurrence of any uncured breach, including the right to: (A) exercise the power of sale; (B) commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof; (C) deliver to Trustee a written declaration of default and demand for sale, pursuant to the provisions for notice of sale found at California Civil Code Sections 2924, et seq., as amended from time to time; or (D) exercise all other rights and remedies provided herein, in the instruments by which Owner acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or securing all or any portion of the obligations secured hereby, or provided by law.

City shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorney's fees.

Owner's Right to Reinstate. Notwithstanding City's acceleration of the sums secured by this Deed of Trust, Owner will have the right to have any proceedings begun by City to enforce this Deed of Trust discontinued at any time prior to five (5) days before sale of the Security pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if: (a) Owner pays City all sums which would be then due under this Deed of Trust and no acceleration under this Deed of Trust, the Note or the Resale Restriction Agreement has occurred; (b) Owner cures all breaches of any other covenants or agreements of Owner contained in the Resale Restriction Agreement, the Note or this Deed of Trust; (c) Owner pays all reasonable expenses incurred by City and Trustee in enforcing the covenants and agreements of Owner contained in the Resale Restriction Agreement, the Note or this Deed of Trust, and in enforcing the City's and Trustee's remedies, including, but not limited to, reasonable attorney's fees; and (d) Owner takes such action as City may reasonably require to assure that the lien of this Deed of Trust, City's interest in the Security and Owner's obligation to comply with the Resale Restriction Agreement and Note secured by this Deed of Trust and to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Owner, this Deed of Trust and the obligations secured hereby will remain in full force and effect as if no acceleration had occurred.

Due on Transfer of the Home. Upon a Transfer (as defined in the Resale Restriction Agreement) of the Home or any interest in it, City shall require immediate payment in full of all sums secured by this Deed of Trust or due and owing under the Note or Resale Restriction Agreement.

Reconveyance. Upon performance of all obligations of the Resale Restriction Agreement and expiration of its term and upon payment of all sums secured by this Deed of Trust, City will request Trustee to reconvey the Security and will surrender this Deed of Trust, the Note and the Resale Restriction Agreement to Trustee. Trustee will reconvey the Security without warranty and without charge to the person or persons legally entitled thereto. Such person or persons will pay all costs of recordation, if any.

Substitute Trustee. City, at City's option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. The successor trustee will succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

Superiority of First Lender Loan Documents. *[add Additional Financing described in the Resale Restriction Agreement, if any]* Notwithstanding any provision herein, this Deed of Trust shall not diminish or affect the rights of the First Lender under the First Lender Deed of Trust or any subsequent First Lender deeds of trust hereafter recorded against the Security in compliance with the Resale Restriction Agreement.

Notwithstanding any other provision hereof, the provisions of this Deed of Trust shall be subordinate to the lien of the First Lender Deed of Trust and shall not impair the rights of the First Lender, or such lender's assignee or successor in interest, to exercise its remedies under the First Lender Deed of Trust in the event of default by Owner under the First Lender Deed of Trust. Such remedies under the First Lender Deed of Trust include the right of foreclosure or acceptance of a deed or assignment in lieu of foreclosure. After such foreclosure or acceptance of a deed in lieu of foreclosure, this Deed of Trust shall be forever terminated and shall have no further effect as to the Home and the Security; provided, however, if the holder of such First Lender Deed of Trust acquires title to the Home pursuant to a deed or assignment in lieu of foreclosure and notice of default was recorded against the Home in connection therewith, this Deed of Trust shall automatically terminate upon such acquisition of title, provided that: (a) City has been given written notice of default under such First Lender Deed of Trust with a sixty (60)-day cure period, and (b) City shall not have cured or commenced to cure the default within such sixty (60)-day period or commenced to cure and given its firm commitment to complete the cure in form and substance acceptable to the First Lender.

[signatures on following page]

Request for Notice. Owner requests that copies of the notice of default and notice of sale be sent to City in the manner set forth in Section 13.

IN WITNESS WHEREOF, Owner has executed this Deed of Trust as of the date first written above.

Owner

By: _____

Name: _____

By: _____

Name: _____

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____,
Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____,
Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

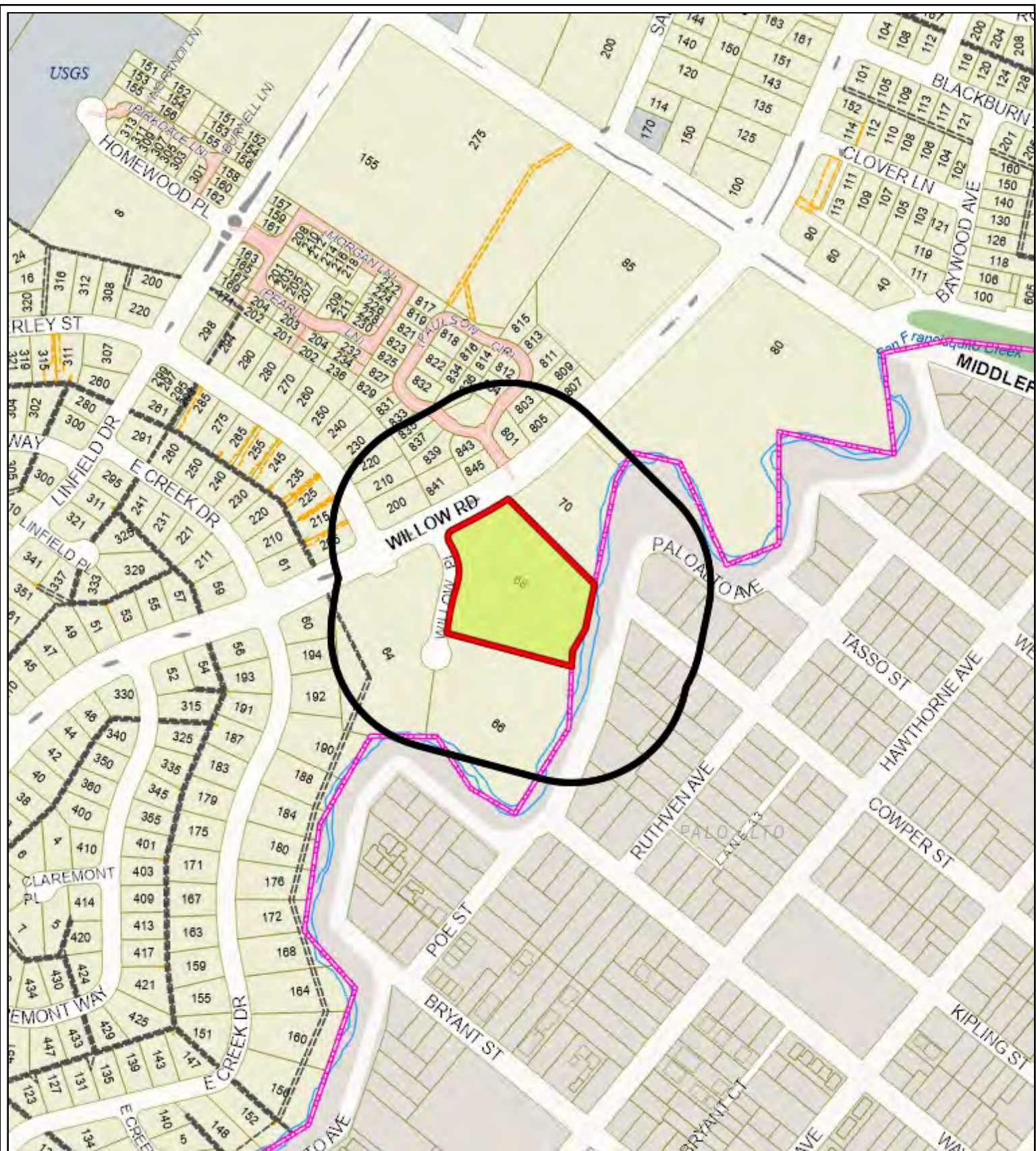
EXHIBIT A

Legal Description of the Home

The land is situated in the State of California, County of San Mateo, City of Menlo Park, and is described as follows:

[Insert Legal Description Here.]

APN: _____



City of Menlo Park
Location Map
68 WILLOW ROAD



Scale: 1:4,000

Drawn By: CRT

Checked By: TW

Date: 11/5/2025

Sheet: 1



August 18, 2025

Tim Wong
Housing and Neighborhood Services Manager
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

Re: 68 Willow Rd. – Below Market Rate Housing Proposal [Updated August 18, 2025]

Dear Tim:

On behalf of 68 Willow Owner, LLC, I am pleased to provide this Below Market Rate Housing Proposal for the 68 Willow Rd. Project. With 50 for-sale townhomes designed in a modern farmhouse aesthetic replacing a modest commercial building, the project is intended to help satisfy the demand for new for-sale units and contribute towards the City's ability to comply with State housing laws.

Consistent with the City's BMR Housing Regulations and Guidelines, we are setting aside 15% of the total units as income-restricted affordable housing to moderate-income households. As shown on Sheet A02.2 of the plans and outlined below, each of the eight buildings will have one BMR unit:

- Building 1 – One Unit Type 5
- Building 2 – One Unit Type 3
- Building 3 – One Unit Type 1
- Building 4 – One Unit Type 3
- Building 5 – One Unit Type 4
- Building 6 – One Unit Type 4
- Building 7 – One Unit Type 2
- Building 8 – One Unit Type 5

Our proposal will result in one of each Unit Types 1 and 2, and three of each Unit Types 3, 4, and 5. The mix and distribution comply with Section 5.1 of the BMR Guidelines because they will (1) generally have the same proportions as the market-rate units, (2) be distributed throughout the project, and (3) be indistinguishable from the exterior, as the design and materials will be comparable to the market-rate units.

Further details about the project are outlined in our project description / density bonus letter and accompanying SB 330 application materials. The density bonus is intended to provide relief from certain development

standards due to site constraints that would otherwise preclude us from pursuing a feasible project and providing these affordable units; additional density is not being requested.

We look forward to further discussions with the City and community as our project continues through the development and environmental review phases. In the meantime, please let us know of any questions or comments.

Sincerely,

Chase Rapp

A handwritten signature in dark ink, consisting of a stylized 'C' followed by a series of loops and a horizontal line extending to the right.



APPLICANT
 68 WILLOW OWNER, LLC
 205 LYTTON AVE, SUITE 303
 PALO ALTO, CA 94301
 ATTN: CHASE RAPP
 PH: (650) 815-6060

ARCHITECT
 SDG ARCHITECTS, INC.
 3301 WALNUT BLVD., SUITE 120
 BRENTWOOD, CA 94513
 ATTN: JEFF POTTS
 PH: (925) 834-7000

CIVIL ENGINEER
 CARLSON BARBEE & GIBSON
 2633 CAMINO RAMON, SUITE 350
 SAN RAMON, CA 94583
 ATTN: RYAN HANSEN
 PH: (925) 322-7084

LANDSCAPE ARCHITECT
 ENVIRONMENTAL FORESIGHT, INC.
 2065 N. BROADWAY, SUITE 203
 WALNUT CREEK, CA 94596
 ATTN: KEVIN PROCTOR
 PH: (510) 283-8552

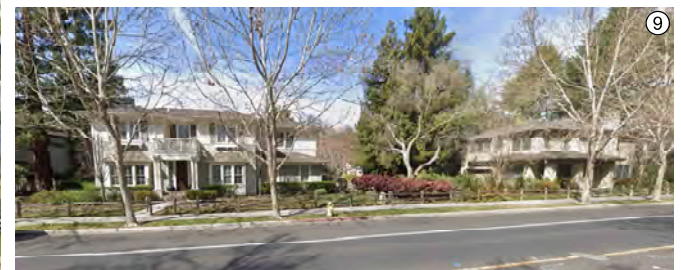
399,264 68 Willow
 Menlo Park, CA
 August 28, 2025

68 Willow Owner, LLC

COVER SHEET
 A00

SDG Architects, Inc.
 3301 Walnut Blvd., Suite 120
 Brentwood, CA 94513
 925.834.7000 | sdgarchitects.com





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August 28, 2025
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EXISTING SITE & SURROUNDING CONTEXT
A01.1

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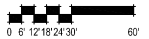
68 Willow Owner, LLC



NOTE:

1. Refer to Civil sheets for all property lines, easements, site dimensions, accessible unit locations, etc.
2. Refer to project data sheet A00.2 for all site summary info
3. Refer to Landscape sheets for landscape design, dimensions and detailed information

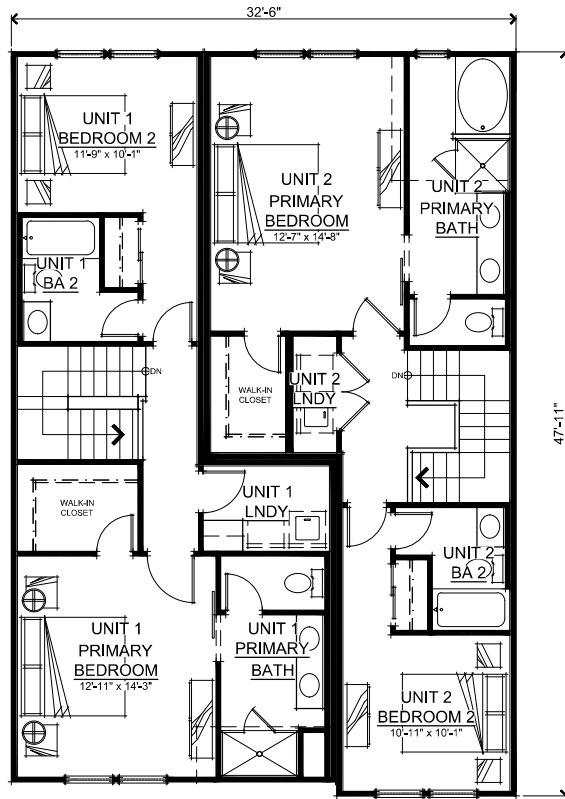
SITE KEY:	
BMR	- BELOW-MARKET RATE UNIT
UNIT 1	- UNIT 1
UNIT 2	- UNIT 2
UNIT 3	- UNIT 3
UNIT 4	- UNIT 4
UNIT 5	- UNIT 5



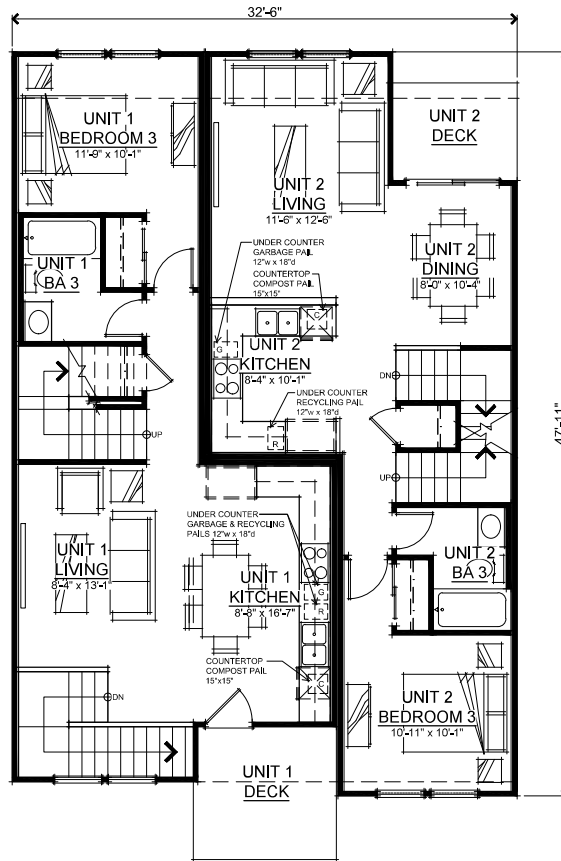
BMR UNIT LOCATIONS
A02.2

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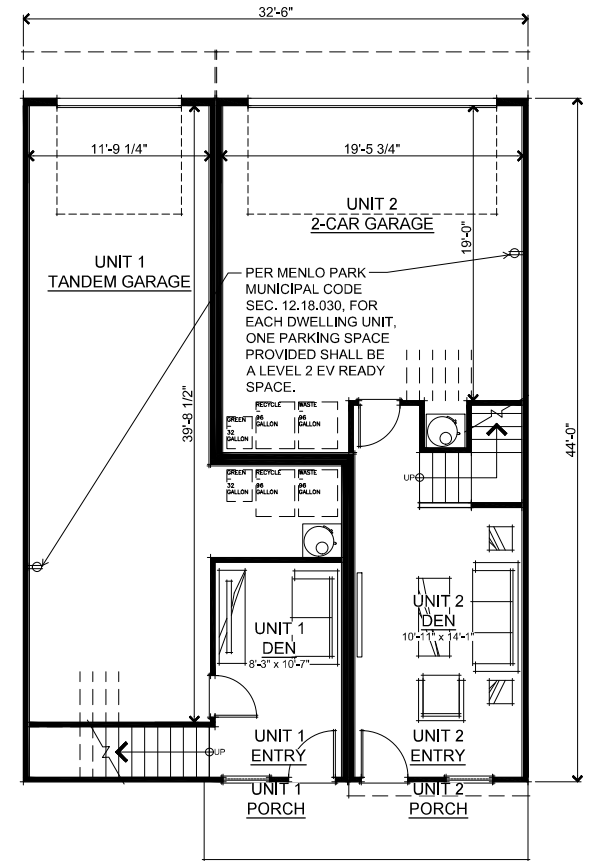




THIRD FLOOR PLAN



SECOND FLOOR PLAN



FIRST FLOOR PLAN

UNIT 2 SQUARE FOOTAGES	
FIRST FLOOR	277 SQ. FT.
SECOND FLOOR	714 SQ. FT.
THIRD FLOOR	745 SQ. FT.
TOTAL LIVING	1736 SQ. FT.
2-CAR GARAGE	433 SQ. FT.
PORCH	58 SQ. FT.
DECK	67 SQ. FT.

UNIT 1 SQUARE FOOTAGES	
FIRST FLOOR	174 SQ. FT.
SECOND FLOOR	686 SQ. FT.
THIRD FLOOR	709 SQ. FT.
TOTAL LIVING	1569 SQ. FT.
TANDEM GARAGE	550 SQ. FT.
PORCH	46 SQ. FT.
DECK	78 SQ. FT.

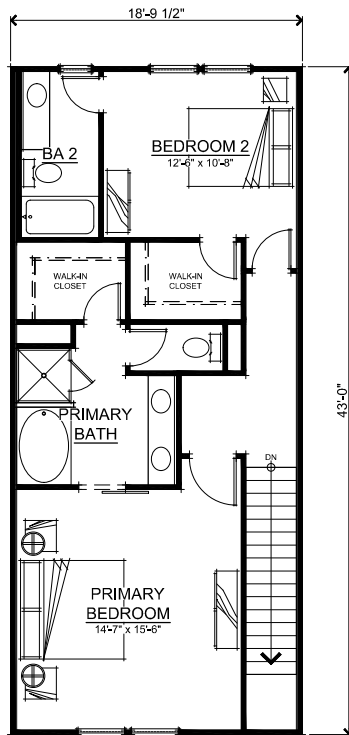
399.264 68 Willow
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August 28, 2025

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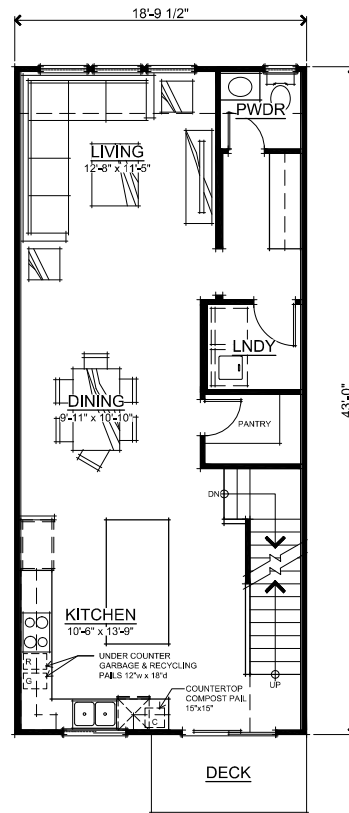
UNIT 1 & 2 FLOOR PLANS
A05

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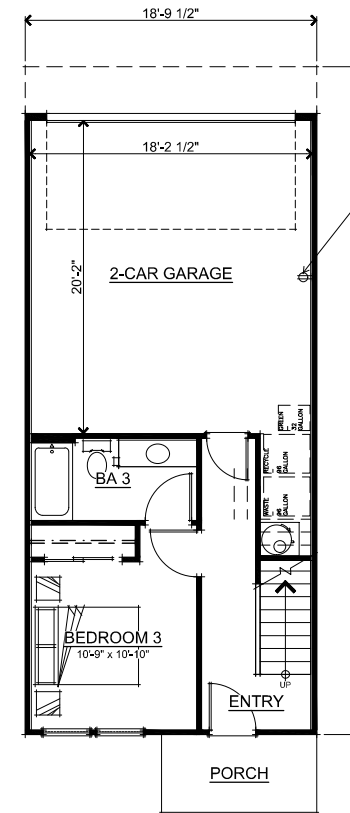




THIRD FLOOR PLAN



SECOND FLOOR PLAN



FIRST FLOOR PLAN

PER MENLO PARK MUNICIPAL CODE SEC. 12.18.030, FOR EACH DWELLING UNIT, ONE PARKING SPACE PROVIDED SHALL BE A LEVEL 2 EV READY SPACE.

SQUARE FOOTAGES	
FIRST FLOOR	337 SQ. FT.
SECOND FLOOR	812 SQ. FT.
THIRD FLOOR	769 SQ. FT.
TOTAL LIVING	1918 SQ. FT.
2-CAR GARAGE	418 SQ. FT.

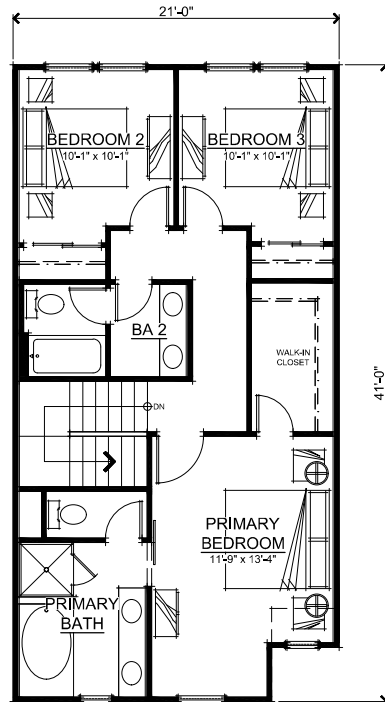
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August 28, 2025

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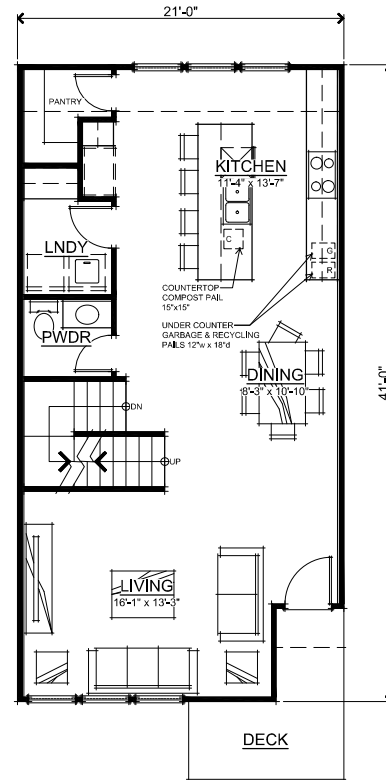
0 1' 2' 3' 4' 5'
UNIT 3 FLOOR PLANS
A06

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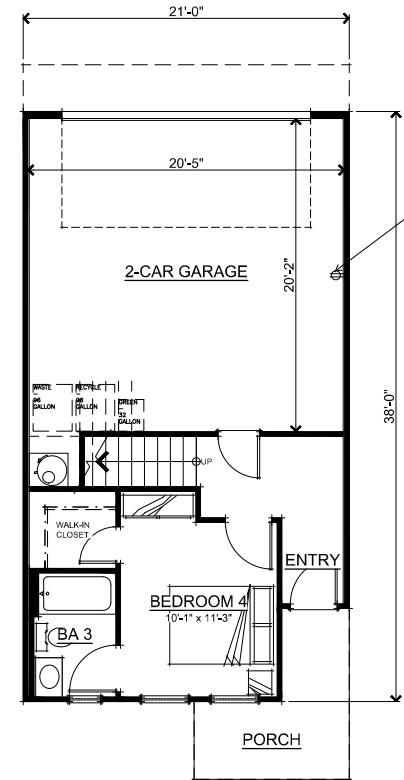




THIRD FLOOR PLAN



SECOND FLOOR PLAN



FIRST FLOOR PLAN

SQUARE FOOTAGES	
FIRST FLOOR	327 SQ. FT.
SECOND FLOOR	838 SQ. FT.
THIRD FLOOR	831 SQ. FT.
TOTAL LIVING	1996 SQ. FT.
2-CAR GARAGE	448 SQ. FT.

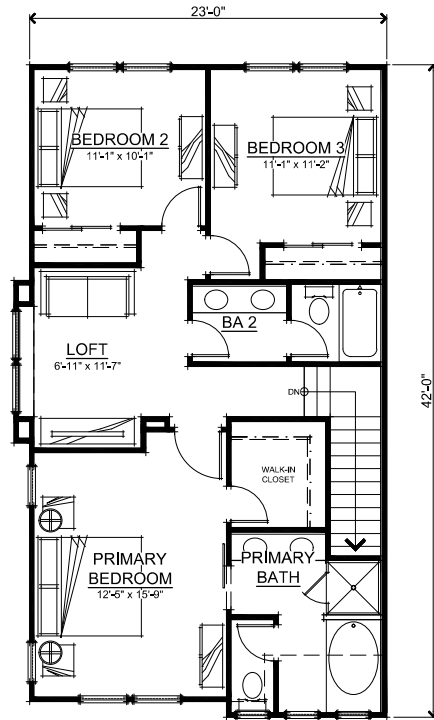
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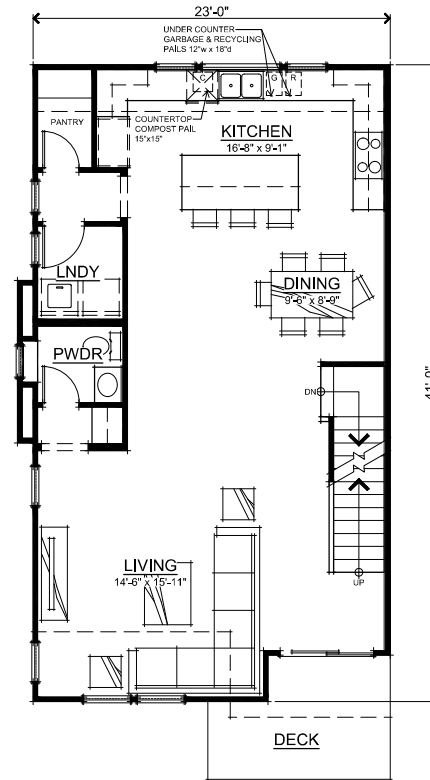
0 1' 2' 3' 4' 5'
UNIT 4 FLOOR PLANS
A07

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Brentwood, CA 94513
925.634.7000 | sdgarchitects.com

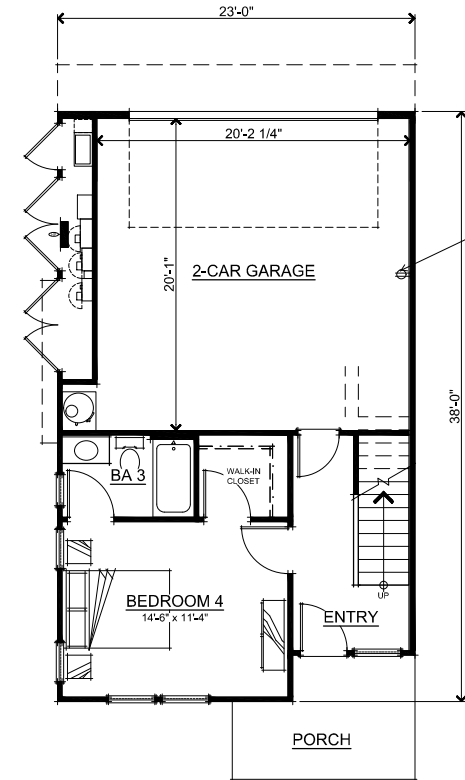




THIRD FLOOR PLAN



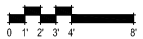
SECOND FLOOR PLAN



FIRST FLOOR PLAN

SQUARE FOOTAGES	
FIRST FLOOR	379 SQ. FT.
SECOND FLOOR	921 SQ. FT.
THIRD FLOOR	925 SQ. FT.
TOTAL LIVING	2225 SQ. FT.
2-CAR GARAGE	435 SQ. FT.

PER MENLO PARK MUNICIPAL CODE SEC. 12.18.030, FOR EACH DWELLING UNIT, ONE PARKING SPACE PROVIDED SHALL BE A LEVEL 2 EV READY SPACE.



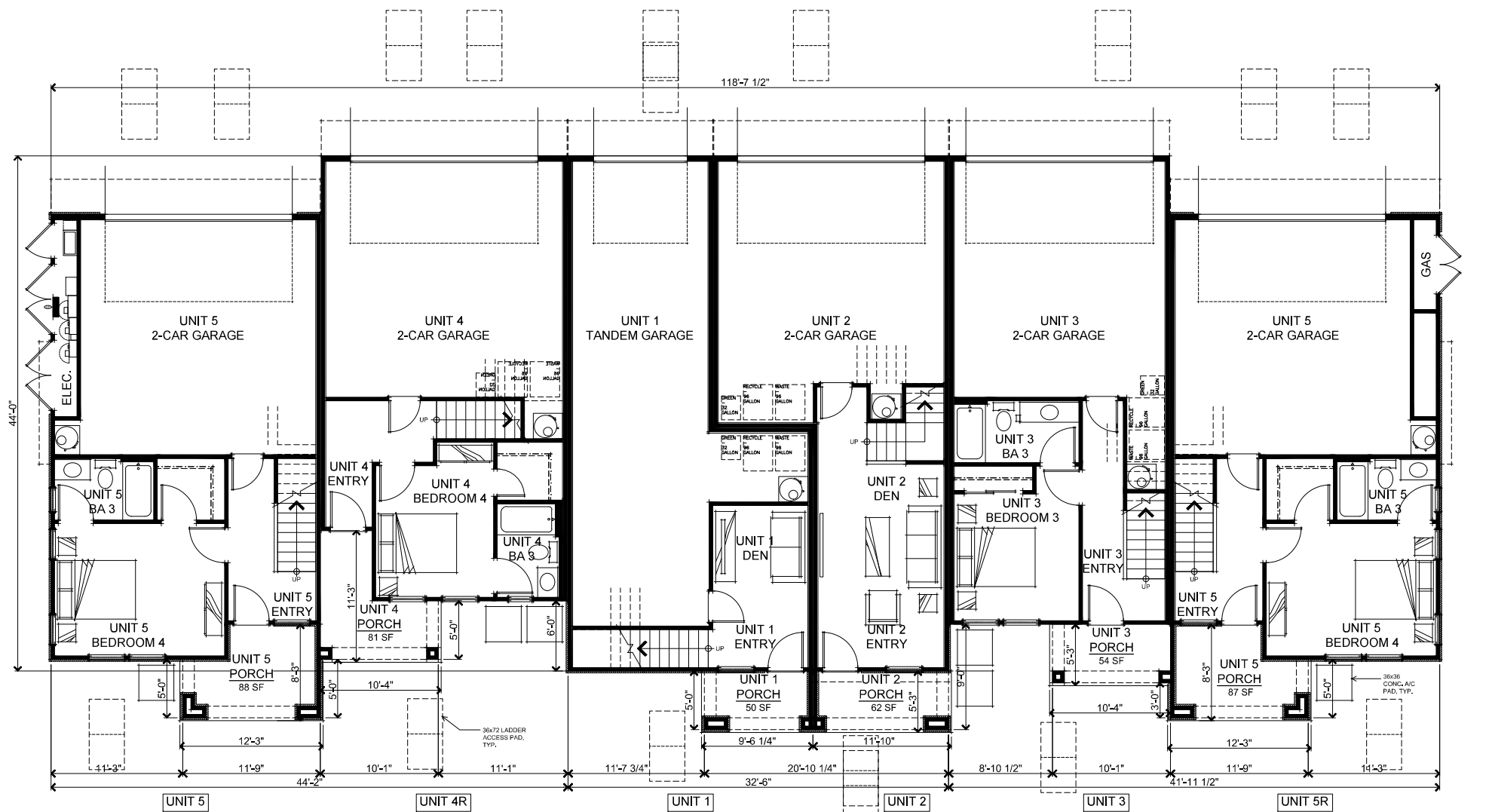
UNIT 5 FLOOR PLANS
A08

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Menlo Park, CA
August 28, 2025

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BUILDING FACADE MODULATION COMPLY WITH
16.30.040.2.A AND 16.30.040.2.B

FIRST FLOOR PLAN



BLDG TYPE 6A FIRST FLOOR PLAN
A09

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August 28, 2025

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BUILDING FACADE MODULATION COMPLY WITH
16.30.040.2.A AND 16.30.040.2.B

SECOND FLOOR PLAN

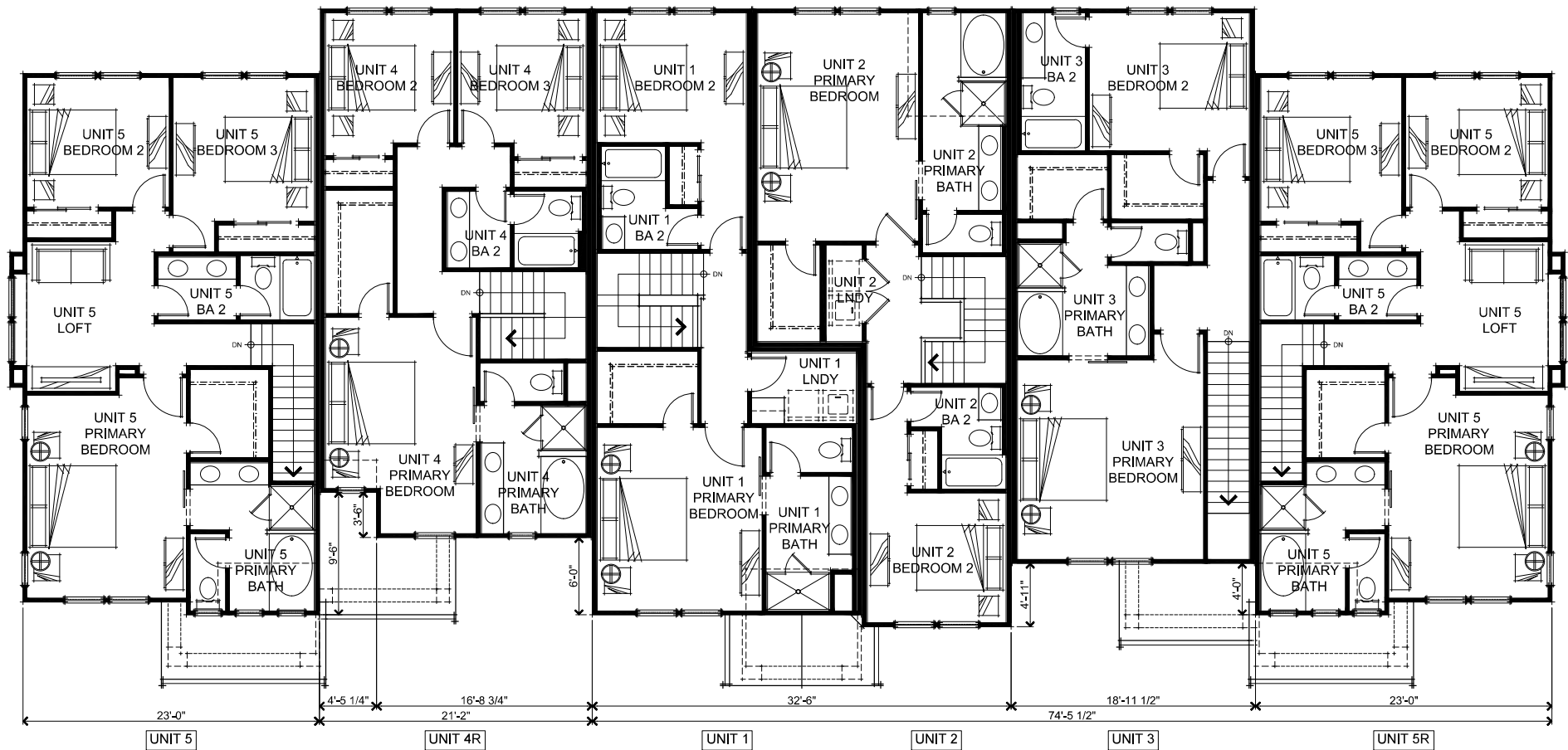
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BLDG TYPE 6A SECOND FLOOR PLAN
A09.1

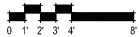
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THIRD FLOOR PLAN

BUILDING FACADE MODULATION COMPLY WITH
16.30.040.2.A AND 16.30.040.2.B



BLDG TYPE 6A THIRD FLOOR PLAN
A09.2

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August 28, 2025

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BLDG TYPE 6A FRONT ELEVATION
A09.4

SDG Architects, Inc.
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Berkeley, CA 94613
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Housing Commission work plan

Community Development Department
701 Laurel Street, Menlo Park CA 94025
Approved September 30, 2025



Work plan goals

1. Housing Development: Encourage development of affordable housing, aiming to exceed the targeted unit yield outlined in the 2023-2031 Housing Element. Support existing housing commitments. Review Below Market Rate (BMR) policy and make recommendations to support future housing stock.

Beneficial impacts: Improve and maintain Housing Stock. Ensure housing policies and programs are effective.

Timeline: On-going

Measure of success: Issuance of recommendations for housing development throughout the City.

High priority:

- Support Housing on downtown parking lots.
- Review and recommend to the City Council BMR policy / agreements.

Low priority:

- Encourage developers to exceed the targeted unit yields as outlined in the Housing Element

Related efforts:

- Housing Element Program H4.G
- City Council Work Plan Priority:
 - Pursue affordable housing development on City-owned downtown parking lots
 - Finalize NOFA funding agreement for 320 Sheridan Dr. and 123 Independence Dr. for BMR funds
 - Initiate second phase of BMR Guidelines update
 - Process funding & development application for 100% affordable, for-sale units at 335 Pierce Rd.
 - Process Parkline master plan

2. Community Engagement: Provide public resources and communication regarding tenant rights and protections and available legal resources. Increase quantity and diversity of community participation, including multi-lingual input.

Beneficial impacts: Increased participation to better inform housing policy and community attitudes about housing.

Timeline: Goal 2 to begin in the first quarter of 2025-26 fiscal year (FY) and continue throughout the 2025-26 FY.

Measure of success: Hold one (1) community event in the City and one (1) Housing Commission meeting at Belle Haven Community Campus. City Website with links to information resources.

High priority:

- Hold one (1) community event in the City
- Hold one (1) Housing Commission Meeting at Belle Haven Community Campus

Low priority:

- Hold additional community meetings and events.
- Create community resources (See Goal 3)

Related efforts:

City Council Work Plan:

- Enhance information sharing about current development projects and regulations

3. Anti-Displacement: Review and recommend anti-displacement policy and programs. Develop resources and information to support current residents. Aim to better monitor and quantify the causes and impacts of displacement.

Beneficial impacts: Reduced displacement, program and policy recommendations. Communicate the impacts of displacement.

Timeline: Work with staff to propose specific code language for City Council adoption by the end of FY 2025-26.

Measure of success: Issuance of recommendations on anti-displacement policy.

High priority:

- Review and support Staff Anti-Displacement study.
- Review and Recommend Policies to Quantify Displacement.

Low priority:

- Create a collection of personal accounts to demonstrate the impacts of displacement.

Related efforts:

- Housing Element Program H2.E
- City Council Work Plan:
 - Create anti-displacement strategy
 - Implement homeownership preservation program with Habitat for Humanity

Work plan history

Action	Date	Notes
Work plan recommended to HC	August 6, 2025	Commission approved
Work plan recommended to City Council	September 30, 2025	City Council approved