

**AMENDMENT NUMBER 1 TO PROJECT AGREEMENT
BETWEEN THE COUNTY OF SANTA CRUZ AND CFSC, Inc.
FOR THE FREEDOM HOUSE HOMEKEY PROJECT**

THIS AMENDMENT NUMBER 1 TO THE PROJECT AGREEMENT (hereinafter “Amendment No. 1”) FOR THE HOMEKEY PROGRAM is by and between the COUNTY OF SANTA CRUZ, a political subdivision of the State of California (herein “**County**”) and CFSC, Inc, a registered California public benefit nonprofit organization (herein “**Developer**”). The County and Developer may each be referred to individually as a “**Party**” and/or collectively as “**Parties**” in this Amendment No. 1.

RECITALS

WHEREAS, the Parties signed an official State of California Department of Housing and Community Development (hereinafter “HCD”) Homekey Standard Agreement in September 2024 in the amount of \$3,577,362 for the rehabilitation of the Freedom House Homekey Project (the “Standard Agreement”), and HCD has committed to disbursing the Homekey Funds to the County in accordance with the requirements as outlined in said Standard Agreement, with the County responsible for disbursing the Homekey award funds to the Developer for the Project; and

WHEREAS, on January 7, 2025, the Parties entered into the Project Agreement to describe their respective roles and responsibilities in utilizing the Homekey funds for the Freedom House Homekey Project in compliance with the Project Homekey NOFA, the Joint Application, the Standard Agreement, and any other requirements or agreements established by the State of California; and

WHEREAS, a requirement of the Standard Agreement is that a 30-year affordability covenant be recorded against the real property on which the Freedom House Homekey Project is situated which the Parties intend to satisfy by recording a 55-year affordability covenant in anticipation that the Project will be approved as a permanent supportive housing project; and

WHEREAS, the Standard Agreement requires that prior to recording the 55-year affordability covenant, the Parties are required to submit a draft covenant or regulatory agreement to HCD for its review and approval; and

WHEREAS, after finalizing the Project Agreement, the draft of the regulatory agreement (the “Draft Regulatory Agreement”) containing the affordability covenant was finalized and submitted to HCD for its review and approval; and

WHEREAS, the Project Agreement refers to the Freedom House Homekey Project using the terms “Freedom House”, “Property”, or “Project” without distinguishing between the Freedom House Homekey Project and the real property on which the Freedom House Homekey Project is situated; and

WHEREAS, the real property on which the Freedom House Homekey Project is situated includes other improvements that are unrelated to the Freedom House Homekey Project, including

a 7-unit affordable rental project which was previously subsidized by County and federal housing funds, beginning in 1998; and

WHEREAS, the Parties desire to amend the Project Agreement to distinguish between the Freedom House Homekey Project and the real property on which the Freedom House Homekey Project is situated to make this distinction clear and align the description of the Freedom House Homekey Project and the real property with the descriptions contained in the Regulatory Agreement; and

WHEREAS, the Project Agreement provides that all interest earned from the deposit of disbursed Homekey funds shall only be used for Eligible Expenses; and

WHEREAS, the Parties wish to amend the Project Agreement to clarify their intent that the County shall have exclusive authority to determine which Eligible Uses such interest shall be used to fund; and

WHEREAS, the County desires to commit additional funds for capital expenditures to assist in the completion of construction of the Project.

AMENDMENT NO. 1

NOW, THEREFORE, in consideration of the recitals and mutual covenants and conditions contained in this Amendment, incorporated herein, the Parties agree to amend the Project Agreement as follows.

I. The text beginning on Page 1 with the word “RECITALS” through Page 2 and the words “Developer for the Project; and” is deleted and replaced with the following:

“RECITALS

WHEREAS, on March 29, 2023, the State of California Department of Housing and Community Development (herein “HCD” or the “Department”) issued a Notice of Funding Availability for the Homekey 3.0 2023 Program (herein “NOFA” and/or “Round 3”); and

WHEREAS, the Homekey Program required a public agency co-applicant, and the Parties collaboratively applied for Homekey funds in July 2023 to support the development of the Freedom House Homekey Project (herein referred to as “Freedom House,” or the “Project”) which is situated on the Property (defined below) as a Transitional Aged Youth transitional housing site; and the Parties received an official Homekey Program Award Letter for the amount of \$3,577,362 on December 19, 2023 (the “Homekey Program Award Letter”); and

WHEREAS, the Parties executed Contract No. 2023-PLHA-01 by which the County agreed to pay the Developer an amount not to exceed \$101,871.40 to assist the Developer with certain studies, design, permitting, environmental review, and other predevelopment activities necessary for purposes of determining the feasibility of the Developer developing the Project, and thereafter operating the Project.

WHEREAS, the Parties further collaborated with one another to support this Homekey

Project by executing Contract No. 24W4162 by which County agreed to pay Developer an amount not to exceed \$99,500, to prepare a written general and initial transitional housing and supportive services office space and design plan for the Project, a Physical Needs Assessment for the Project, and an environmental survey inspection and formal report for the Project, and architectural design consultation and construction cost estimates for the Project; and

WHEREAS, the Parties have further worked together to support this Homekey Project by executing Contract No. 25W4274 by which County agreed to pay Developer an amount not to exceed \$199,500, to obtain any additional site-based assessments or reports necessary to finalize site construction plans and regulatory agency or public utility approval for Project; secure final review and approval of construction plans for the Project and pay required inspection, permitting, and service initiation fees to regulatory agencies and public utilities involved in review and approval of final construction plans; and provide Project and construction management oversight of the Project in accordance with federal, state, and local regulations and Homekey requirements as outlined in the Homekey Standard Agreement; and

WHEREAS, the Parties signed an official HCD Homekey Standard Agreement in September 2024 in the amount of \$3,577,362 for the rehabilitation of the Project (the “Standard Agreement”), and HCD has committed to disbursing the Homekey Funds to the County in accordance with the requirements as outlined in said Standard Agreement, with the County responsible for disbursing the Homekey award funds to the Developer for the Project.

II. Section 2, titled “The Property”, beginning on page 2 with the words “For the purposes of this Agreement” and ending on page 3 with the words “cost to construct the manager's unit.” shall be deleted and replaced with the following text:

For the purposes of this Agreement, the “Property” is located at 2716-2718 Freedom Blvd., Watsonville, CA 95076 and is owned by the Developer. The Property is assigned Assessor Parcel Number (APN) 050-081-01 and is more particularly described as set forth below in Attachment A.

The Property is improved with (i) a vacant 10-bedroom, 7-bath structure commonly known as “Freedom House” (the Project), which was previously used as a 20-bed residential care facility, (ii) seven (7) occupied rental cottages (the “Cottages”), and (iii) a functioning administrative building (the “Administrative Building”). The Freedom House, Cottages and Administrative Building are collectively referred to as the “Property Improvements.”

Developer will rehabilitate and remodel Freedom House into 11 studio units each with its own bathroom and kitchenette. The construction will also include converting the existing office space into five smaller office spaces as well as installing new flooring, upgrading the septic system, converting existing space under the stairs into a communal laundry room, upgrading plumbing and electrical, possibly installing a half basketball court in the rear yard, and remodeling common bathrooms and the main kitchen. The rehabilitation of the Freedom House structure will bring the building into code compliance and will meet and exceed the County’s accessibility requirements. There will be a ramp leading to the front entrance of the Freedom House building for easy accessibility. On the first floor of the building, there will be four studio units for easy accessibility. Existing common areas will include the lounge, dining room, and the main kitchen. The rehabilitation of the house will also ensure that it meets A.D.A. guidelines. In addition, the second

floor of the adjacent Administrative Building will be converted into a property manager's unit, which is described further below.

A. Attachment A: Legal Description contains a description of the Property as filed with the County Recorder of Santa Cruz County, as of June 2022, and is hereby incorporated by reference.

B. Revised Attachment B: Site Plan and Summary of Proposed Site Improvements containing a rendering of the proposed Project, as awarded by the State, and is hereby incorporated by reference.

In addition, on April 1, 2025, HCD gave its tentative approval to amend the Standard Agreement to provide that the Project will include a conversion of the second floor of the Administrative Building (approximately 1,000 square feet) into the manager's unit. Upon execution of an amendment of the Standard Agreement that incorporates a revised Project description including the manager's unit, the Developer will ensure that the Project is constructed in accordance with that revised Project Description."

III. Revised Attachment B: Attachment B shall be deleted and replaced with "Revised Attachment B," which is attached hereto and incorporated herein by reference.

IV. Section 4, titled "Joint Roles and Responsibilities", Subsection B.2 on page 5, beginning with "2. Provide a written Construction Report" and ending with the words "as necessary." shall be deleted and replaced with the following text:

"2. Provide a written Construction Report detailing the progress of the work, including but not limited to, physical, redesign, renovation, and conversion, to complete the Project when requested by the County."

V. Section 4, titled "Joint Roles and Responsibilities", Subsection F.5, on page 7, beginning with the words "5. Project Operating Account" and ending with the words "used for Eligible Expenses." shall be deleted and replaced with the following text:

"5. Project Operating Account: As required under Exhibit B of the Standard Agreement, all Homekey funds shall be held with a financial institution whose deposits are insured by the federal or state government. All interest earned from the deposit of disbursed Homekey funds shall only be used for Eligible Uses. County shall maintain sole authority to decide which Eligible Uses will be funded by such interest."

VI. Section 4, titled "Joint Roles and Responsibilities", Subsection G.2, on page 7, beginning with the words "2. Capital Expenditures" and ending with the words "rehabilitation of the Property" shall be deleted and replaced with the following text:

"2. Capital Expenditures: Developer shall utilize \$3,025,000 from the Homekey award amount and up to \$500,000 from additional County funding sources for the specific purpose of the construction work (hard and soft costs) necessary to complete the Project."

VII. Section 4, titled "Joint Roles and Responsibilities", Subsection H, on page 8, beginning

with the words “H. Properly record and encumber projects:” and ending with the words “disbursement of funds by the State.” shall be deleted and replaced with the following text:

“H. Properly record and encumber projects: As required under Section 208 of the NOFA and Exhibits D and E of the Standard Agreement, the Property associated with this Agreement and on which the Project is situated shall be duly encumbered.

1. Prior to the Milestone Completion Date in Exhibit E, the County and Developer shall prepare and encumber the Property with a 55-year Regulatory Agreement. The Regulatory Agreement shall:

- a. Have express written approval from HCD prior to recordation;
- b. Include a provision which provides that notwithstanding that the 55-year Regulatory Agreement will be recorded later in time than each other security interests held by the County (collectively, the “Existing County Liens”), the 55-year Regulatory Agreement shall (a) have a prior lien position than the Existing County Liens, and (b) will survive a foreclosure or deed in lieu of foreclosure of the Existing County Liens.”;
- c. Restrict the use, operation, occupancy, accessibility, and affordability of the Project in accordance with all applicable requirements as outlined in the Standard Agreement, NOFA, and all other program requirements;
- d. Duly name HCD as a third-party beneficiary with right and privilege, but not the obligation, of enforcement thereof;
- e. Is otherwise acceptable to HCD in form and substance; and
- f. Be recorded no later than 30 days from the disbursement of funds by the State.”

VIII. Section 7, titled “Supportive Services”, beginning on page 12 with the words “As requested under Article III” through page 13 with the words “approval of the County.” shall be deleted and replaced with the following text:

“As required under Article III, Section 300(iii) of the NOFA and as awarded under the Standard Agreement, Developer shall select the property management provider and co-select the supportive services partner for this Homekey Project with the County. Upon the award of Homekey Program grant funds, the Developer will work with selected providers and the County to develop the supportive services plan that will be implemented at the Project, including but not limited to, case management services, behavioral health services, physical health services, public benefits assistance, and other education and employment services assistance for residents of this Project. This plan shall also include a description of the on-site staffing plan to deliver these services.

This Supportive Services plan shall be developed in partnership with the County and shall be completed prior to any tenants moving into the Project, in accordance with the Lease and Occupancy Schedule. As referenced in Section 13 below, any agreement between the Developer and a selected property manager to replace or reassign the supportive services to another agency requires the approval of the County.”

IX. Approval by the Board of Supervisors: This Amendment Number 1 shall be enforceable, final, and binding once approved by the Santa Cruz County Board of Supervisors.

X. Except as expressly amended herein, all other terms, conditions, and provisions of the Project Agreement shall remain unchanged, unaffected, and in full force and effect.

XI. This Amendment Number 1 may be executed in counterparts, each of which shall be deemed original, and all of which together shall constitute one and the same instrument. Signatures may be affixed manually or electronically, in accordance with all applicable local, state, and federal laws, regulations, and standards, and shall be treated as original signatures for all purposes. A signed copy of this Amendment Number 1 transmitted via email or other electronic means shall have the same legal effect as delivery of an original executed document.

XII. The signatories to this Amendment Number 1 warrant and represent that each is authorized to execute this instrument and that their respective signatures serve to legally obligate their respective representatives, agents, successors and assigns to comply with the provisions of this Amendment Number 1.

All other provisions of the Project Agreement remain unchanged and in full force and effect.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURES APPEAR ON FOLLOWING PAGE]

SIGNATURE PAGE

AMENDMENT NO. 1 OF FREEDOM HOUSE PROJECT HOMEKEY AGREEMENT

This Amendment may be executed in one or more counterparts, either by physical or electronic signature, each of which shall for all purposes be deemed to be an original, and which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed below and effective upon the date of the final signature.

“Developer”

CFSC Inc, a California nonprofit corporation

By:

DocuSigned by:

Steve LaBerge

5/23/2025

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Board Chair

Approved by Division Director

DS

RR

5/28/2025

“County”

**COUNTY OF SANTA CRUZ,
a political subdivision of the State of
California**

By:

Director, Human Services Department

APPROVED AS TO INSURANCE:

Signed by:

Gina Borasi

5/23/2025

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Risk Management

APPROVED AS TO FORM:

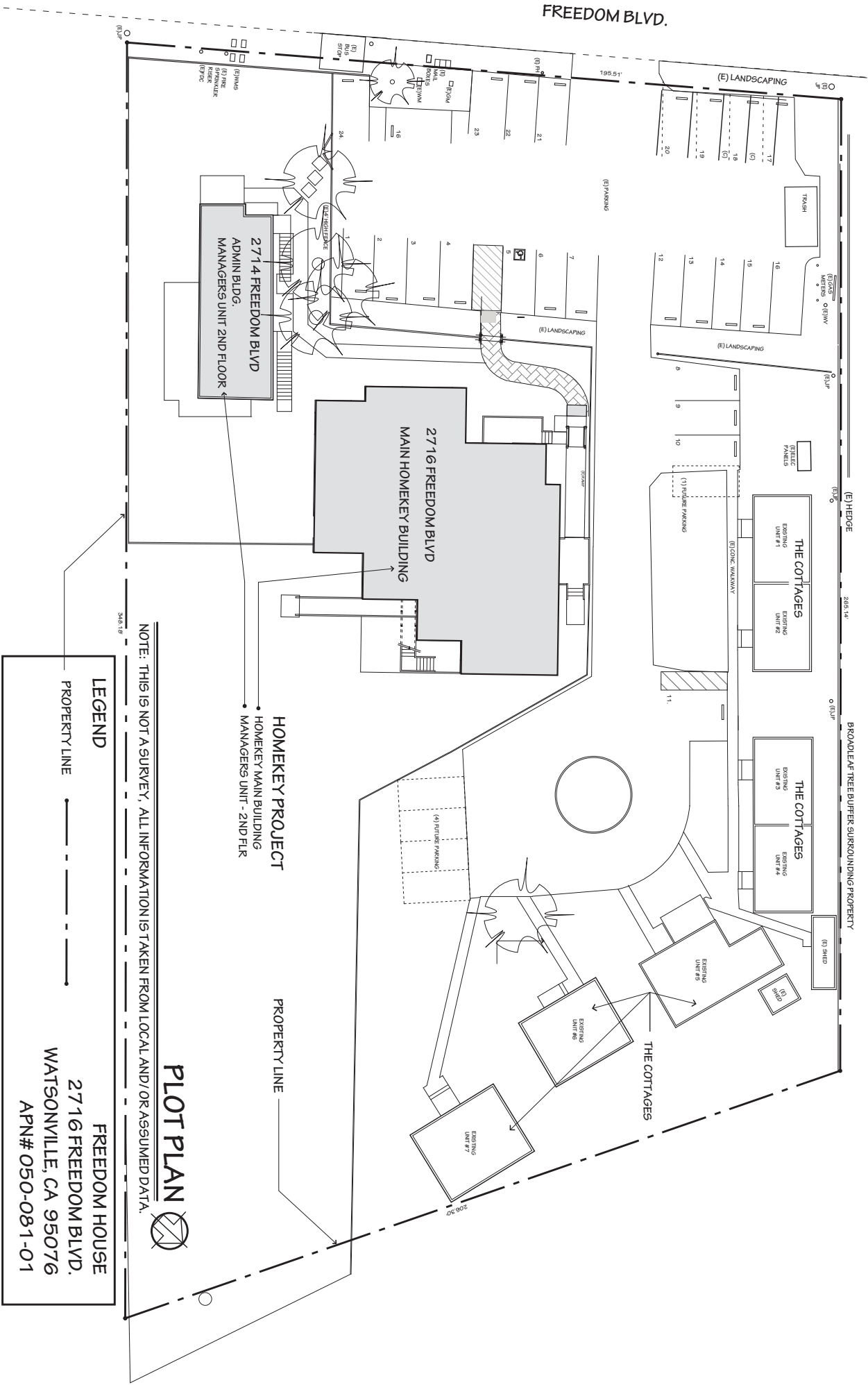
Signed by:

Arthur G Wille

5/23/2025

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Office of the County Counsel,
County of Santa Cruz



Certificate Of Completion

Envelope Id: 5429F0EF-9B77-4440-B125-A4578734D284

Status: Completed

Subject: Complete with Docusign:Amendment 1 Freedom House Homekey Project Agreement-AMS#25-1711, 6/10/25.pdf

Source Envelope:

Document Pages: 8

Signatures: 3

Envelope Originator:

Certificate Pages: 5

Initials: 1

HSD CCU

AutoNav: Enabled

701 Ocean Street

Envelopeld Stamping: Enabled

Santa Cruz, CA 95060

Time Zone: (UTC-08:00) Pacific Time (US & Canada)

hsdccc@santacruzcountyca.gov

IP Address: 2600:6c52:763f:

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hsdccc@santacruzcountyca.gov

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Pool: County of Santa Cruz

Location: Docusign

Signer Events

Signature

Timestamp

Arthur G Wille

arthur.wille@santacruzcountyca.gov

County of Santa Cruz

Assistant County Counsel

Security Level: Email, Account Authentication
(None)

Signed by:

Arthur G Wille
FD318C222C994D0...

Sent: 5/22/2025 3:53:30 PM

Viewed: 5/23/2025 6:59:42 AM

Signed: 5/23/2025 7:14:25 AM

Signature Adoption: Pre-selected Style

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Electronic Record and Signature Disclosure:

Accepted: 5/23/2025 6:59:42 AM

ID: 17b3aa0d-1b49-467e-9d7e-210e3531ce6d

Gina Borasi

Gina.Borasi@santacruzcountyca.gov

Risk Manager

County of Santa Cruz

Security Level: Email, Account Authentication
(None)

Signed by:

Gina Borasi
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Electronic Record and Signature Disclosure:

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ID: 5f1392e5-7eb7-47e8-b6a6-baa8d5c3b8c6

Steve LaBerge

slaberg@sbcglobal.net

Security Level: Email, Account Authentication
(None)

DocuSigned by:

Steve LaBerge
37F73963248245E...

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ID: f9d1f5f9-912f-4f36-b39d-0950fffd476e

Robert Ratner

Robert.Ratner@santacruzcountyca.gov

Housing for Health Div. Director

Security Level: Email, Account Authentication
(None)

DS

RR

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Signed: 5/28/2025 9:42:57 AM

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Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
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Notary Events	Signature	Timestamp
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Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

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If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

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Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

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You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

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To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to nada.algharib@santacruzcounty.us and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

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To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

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- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify County of Santa Cruz as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by County of Santa Cruz during the course of your relationship with County of Santa Cruz.