Participation Agreement

Local Government Special Needs Housing Program
(COSR ONLY)

This Participation Agreement ("***Agreement***") for the Local Government Special Needs Housing Program ("***SNHP***" or "***Program***") is entered into and effective as of May 6, 2025, by and between Napa County Health and Human Services ("***Participant***") and the California Housing Finance Agency ("***CalHFA***" or "***Agency***") (each a "***Party***", and collectively the "***Parties***").

RECITALS

A. In 2004, the people of the State of California passed Proposition 63, which established the Mental Health Services Act ("***MHSA***" or the "***Act***"), as subsequently amended. The Act creates the Mental Health Services Fund ("***MHSF***") within the State Treasury for the purposes of funding programs authorized under the Act.

B. Through a joint effort among the State Department of Mental Health ("***DMH***"), CalHFA, and the County Mental Health Directors Association, the MHSA housing program was created in 2008 as a limited term program to administer Four Hundred Million and No/100s Dollars ($400,000,000.00) of MHSA funds set aside to finance permanent supportive housing for individuals with mental illness (the "***MHSA Housing Program***").

C. Safe, affordable, decent and stable housing is a critical element for wellness, recovery and resiliency for persons with mental illness. The Participant has determined that funds from the MHSF may be used to provide for such housing for persons qualified for services under the Act.

D. CalHFA is the state's affordable housing lender, with expertise in developing and administering real estate lending programs and products benefiting persons of low and moderate income. CalHFA is authorized to enter into contracts to create and administer housing and real estate lending programs for the benefit of other governmental entities in the State of California.

E. The purpose of this Program is to provide an option, subsequent to termination of approvals of new financing under the MHSA Housing Program, for Participants to continue partnering with CalHFA in the development of supportive housing for MHSA-eligible persons, and to more fully utilize MHSA funds for housing purposes.

F. The Participant and CalHFA enter into this Agreement for the purpose of authorizing Participant to provide funding to CalHFA to provide housing development expertise and real estate services to the Participant for the creation or supplementation of Capitalized Operating Subsidy Reserve funds related to Developments previously funded under the MHSA Housing Program, that are currently in CalHFA's portfolio as of the date of this Agreement.

AGREEMENT

1. Definitions.

"**Act**" is defined in Recital A.

"**Agreement**" means this Participation Agreement.

"**Area Median Income**" ("**AMI**") means the median gross income of the area in which the Development is located as determined by the Secretary of the Treasury of the United States for the purposes of Section 42 of the Internal Revenue Code of 1986, adjusted for family size in accordance with 26 USC 42(g)(2)(c)(ii).

"**Assignment Agreement**" is defined in Section 4.1.

"**Borrower**" means the party, or parties, to whom a Loan is made under this Program or under the MHSA Housing Program.

"**CalHFA**" means the California Housing Finance Agency, a public instrumentality and political subdivision of the State of California.

"**Capitalized Operating Subsidy Reserve** ("**COSR**")" means a capitalized operating subsidy reserve held by CalHFA to cover deficits in operating expenses attributable to a portion or all of the COSR Regulated Units, as further defined in Section 2.8. The COSR will be subject to the terms of a Capitalized Operating Subsidy Reserve Agreement between the Borrower and CalHFA.

"**COSRA**" or "**COSR Agreement**" means the agreement, and any amendments, between the Borrower and CalHFA governing the COSR.

"**COSR-Assisted Unit**" is defined in Section 2.8.

"**COSR Servicing Fee**" is defined in Section 4.6.5.

"**CTCAC**" means the California Tax Credit Allocation Committee, which approves the competitive allocation of state and federal tax credits to eligible developments.

"**Development**" means a housing development for which funds were previously provided under the MHSA Housing Program.

"**Eligible Clients**" means a person (including Veterans) who is Homeless or at Risk of Homelessness and who has a mental illness in accordance with California Welfare & Institutions Code Section 5600.3(a) and/or California Welfare & Institutions Code Section 5600.3(b).

"**Eligible Development**" means a Development eligible for a COSR under this Program, as described in Section 2.5.

"**Financial Analysis**" means the comparison of the Development's sources of funds to the development costs, and an income and expense analysis based on rents, utility allowances, vacancy assumptions, rental subsidies, operating expenses, debt service. This analysis allows CalHFA to determine the projected COSR funding levels needed to subsidize the MHSA COSR Assisted Units, and any subsidy, operating or replacement reserves needed to ensure the financial viability of the Development for the term requested by Participant.

"**Homeless or at Risk of Homelessness**" means living on the streets or lacking a fixed and regular night-time residence. This includes living in a shelter, motel or other temporary living situation in which the individual has no tenant rights. "At Risk of Homelessness" may be due to one of the following situations: (a) transition age youth exiting the child welfare or juvenile justice systems; (b) discharge from crisis and transitional residential settings, a hospital, including acute psychiatric hospitals, psychiatric health facilities, skilled nursing facilities with a certified special treatment program for the mentally disordered, and mental health rehabilitation centers; (c) release from city or county jails, but not a parolee from state prison; (d) temporary placement in a residential care facility upon discharge from (b) or (c) above; and (e) individuals who have been assessed and are receiving services from the County Mental Health Department and who have been deemed to be at imminent risk of homelessness, as certified by the County Mental Health Director.

"**Loan**" means a secured loan financed with MHSA funds under the terms of the MHSA Housing Program to provide financing for a Development.

"**MHSA Housing Program**" is defined in Recital B. The MHSA Housing Program is governed by an Interagency Agreement solely between CalHFA and the State Department of Health Care Services ("***DHCS***") (the successor to DMH), with continuing obligations of CalHFA and DHCS. Housing financed under the MHSA Housing Program remains subject to the terms thereof.

"**MHSF**" is defined in Recital A.

"**Participant**" means a county, two or more counties acting jointly, or a city receiving funds pursuant to Welfare and Institutions Code Section 5701.5, and which is a Party to this Agreement.

"**Participant Funds**" means MHSA or other funds transferred from the Participant to CalHFA for use per the terms of the Program and this Agreement, and may include residual receipt loan payments received by CalHFA for repayment of MHSA Housing Program loans that the Participant approves for transfer to CalHFA for use per the terms of the Program and this Agreement.

"**Participant's Account**" means an account established at CalHFA for the purpose of holding Participant Funds transferred to CalHFA under the terms of the Program and this Agreement, which may include sub-accounts. The Participant's Account includes quarterly interest earnings, disencumbered COSR funds, and may include residual receipt loan payments authorized by Participant to be deposited therein.

"**Party**" and "**Parties**" are defined in the first paragraph of this Agreement.

"**Program**" or "**SNHP**" shall mean the Local Government Special Needs Housing Program administered by CalHFA in accordance with this Agreement.

"**Program Funds**" shall mean Participant Funds transferred to CalHFA, plus accrued interest, to be used to finance COSR's for Eligible Developments or such other purposes agreed upon by the Parties.

"**Program Participation Fee**" or "**PPF**" is defined in Section 4.5.

"**Regulated Unit**" means a rent and occupancy-restricted bedroom or unit in a Development reserved for Eligible Clients under the Program.

"**Regulatory Agreement**" means a Development-specific regulatory agreement previously made for a Development under the MHSA Housing Program, and any amendments, that restricts occupancy of a specific number of units/bedrooms reserved for Eligible Clients. The Regulatory Agreement: (a) identifies the number, size (number of bedrooms), and use or occupancy restrictions of the Regulated Units; (b) specifies the maximum rents for the regulated units; and (c) is recorded senior to the Loan deed of trust.

"**Rental Housing Development**" means an apartment building or buildings with five or more apartments. Individual apartments or bedrooms within an apartment may be rented to Eligible Clients as Shared Housing Units. A Rental Housing Development shall not include a Development which is subject to any State of California licensure requirements.

"**Request**" means a request sent to CalHFA, from Participant and the Borrower, to add a COSR, or to replenish or increase COSR funds on a Development previously funded under the MHSA Housing Program.

"**Servicing**" is defined in Section 6.2.

"**Servicing Fee**" is defined in the Development's Regulatory Agreement.

"**Shared Housing Development**" means a residential building having less than five apartments (a single family home, duplex, tri-plex or four-plex), with each bedroom rented to an Eligible Client and is not subject to any State of California licensure requirements. Each bedroom within a Shared Housing Development is a Regulated Unit and considered a "**Shared Housing Unit**".

"**Shared Housing Unit"** means a bedroom that is leased to an Eligible Client living in a Shared Housing Development or a Rental Housing Development.

"**SNHP**" or "**Program**" means the Local Government Special Needs Housing Program developed and administered by CalHFA in accordance with this Agreement.

"**Unit**" means: (a) a traditional apartment residence containing at least one (1) bathroom and a kitchen in the case of Rental Housing Developments; or (b) a separate lockable bedroom in the case of Shared Housing Developments, with each bedroom being subject to a separate individual rental agreement.

2. General Program Description

2.1 Purpose. The purpose of the Program is to allow local government recipients of MHSA funds to partner with and utilize CalHFA's expertise to jointly provide supportive housing and housing assistance for Eligible Clients (and their families) by creating or supplementing COSR funds related to Developments previously funded under the MHSA Housing Program, currently in CalHFA's portfolio as of the date of this Agreement. No new Loans will be made under this Program. This Program is separate and independent from the MHSA Housing Program. This Program shall not affect the rights and obligations of any party under the MHSA Housing Program, and the MHSA Housing Program shall not affect the rights and obligations of any party under this Program, except for CalHFA's right to assign its rights and obligations under the MHSA Housing Program found in Sections 11 and 12 below.

2.2 Participant's Role. Eligible Participants include local governments that provide MHSA and/or other funds (collectively, the ***"Program Funds"***) to CalHFA for the purpose of providing financial assistance in accordance with this Agreement. Participant shall be responsible for those items listed in Section 3.1.

2.3 Eligible Use of Program Funds. Program Funds may be used to provide operating subsidies for some, or all of the rental housing units reserved for Eligible Clients of housing developments financed under the MHSA Housing Program.

2.4 Eligible Borrowers. The Borrower must be legally organized as a single-asset entity, or entity that holds title only to MHSA or SNHP Developments, or as otherwise approved by Participant.

2.5 Eligible Developments. Eligible Developments include Developments funded under the MHSA Housing Program that have a Regulatory Agreement encumbering the Development.

2.6 *Intentionally Omitted*.

2.7 Regulated Units. A Regulatory Agreement must be recorded against the Development, restricting the Development and the Regulated Units.

2.8 Capitalized Operating Subsidy Reserve. The Participant may elect to provide a capitalized operating subsidy reserve (the "***COSR***") funded with Program Funds to subsidize the rents of some or all of the Regulated Units (the "***COSR-Assisted Units***") by approving a maximum COSR as part of the Request.

2.8.1 COSR funds shall be held by CalHFA in a Development-specific reserve account subject to the terms of the COSR Agreement.

2.8.2 Except as otherwise approved by Participant, the rents for COSR-Assisted Units shall not exceed the greater of: (a) thirty percent (30%) of the current SSI/SSP grant amount for a single individual living independently (less CTCAC utility expenses and other mandatory fees); or (b) thirty percent (30%) of total household income (less CTCAC utility expense and other mandatory fees), whichever is higher (up to thirty percent (30%) of thirty percent (30%) of AMI adjusted for family size and determined annually by CTCAC).

2.8.3 CalHFA is responsible for advising the Participant of the continuing need for the COSR if a Development receives new operating or rental subsidies for the COSR-Assisted Units. If the COSR is no longer needed, the COSR funds shall be disencumbered and returned to Participant's Account.

2.9 MHSA Housing Program Development Assistance. As a convenience to Participants with housing developments financed under the MHSA Housing Program, CalHFA will permit a Participant to request that Program Funds in Participant's Account be transferred to and used to provide financial assistance for housing developments financed under the MHSA Housing Program. The use of Program Funds for such purpose shall be subject to CalHFA approval and to such conditions deemed necessary or advisable by CalHFA, or as otherwise required under the MHSA Housing Program.

2.9.1 Requests under this Section 2.9 shall be in written form acceptable to CalHFA and signed by an authorized representative of Participant.

2.9.2 Program Funds transferred under this Section 2.9 may be used for any purpose that benefits the development or the MHSA tenants, including without limitation providing additional funds for operating subsidy reserves, paying costs and expenses in connection with ensuring the continued availability of the MHSA units, and protecting or preserving the security interest in the MHSA Housing Program development.

2.9.3 Program Funds transferred to or used for MHSA Housing Program developments shall thereafter be subject to the terms of the MHSA Housing Program.

2.10 *Intentionally Omitted*.

2.11 Program Funds. Program Funds being used under this Program are being provided by the Participant and are being used in accordance with the Participant's direction. All Program Funds shall be deposited in the Participant's Account unless otherwise directed by Participant. Because CalHFA shall be administering Program Funds in accordance with this Agreement, the Loan documents shall be in the name of CalHFA, solely for ease of administration. CalHFA's obligations and responsibilities in this regard shall be limited as prescribed herein.

2.12 Collaborative Effort. As a jointly created and administered Program, the Parties shall continue to work together to address and resolve issues that may arise with respect to the Program or a particular Development.

3. General Responsibilities of the Parties

The general responsibilities of the Parties concerning the operation and implementation of the Program are listed below, subject to any specific requirements provided elsewhere in this Agreement, in statute and/or in regulation.

3.1 Participant Responsibilities. Participant shall be responsible for each of the following general matters with respect to the Program:

3.1.1 The interpretation and implementation of the terms of the Act with respect to matters relating to mental health programs and services contemplated by the Act, including the definition of persons qualifying for services under the Act, as such may affect the Program.

3.1.2 Determination of the qualification for and delivery of the mental health and supportive services under the Program and the Eligible Client population.

3.1.3 All agreements, contracts, consents, public notices, and approvals by or with local agencies, or other entities that may be required by the Act, or otherwise needed to implement the Program.

3.1.4 All matters related to Participant Funds (whether from MHSA or another source) provided to CalHFA for the Program, including approvals that may be required prior to the transfer of any such monies to the possession and control of CalHFA under the Program, and all matters relating to accounting, transfer and distribution of such Program Funds.

3.1.5 Determination of the following: (a) maximum COSR amount per Regulated Unit; and (b) term of the COSR; (c) .

3.1.6 All matters relating to Participant approvals and agreements regarding tenant selection and supportive services to be provided to Eligible Clients residing in Regulated Units, including supportive services plans, staffing ratios and budget appropriations, monitoring and implementation of services plans and tenant mental health outcomes reporting as required by Participant, the State Department of Health Care Services ("***DHCS***"), the County Behavioral Health Directors Association ("***CBHDA***") or any other oversight committee or agency.

3.1.7 *Intentionally Omitted*.

3.1.8 Reporting to CalHFA on matters listed in Section 8 of this Agreement.

3.2 CalHFA Responsibilities. CalHFA shall be responsible for each of the following general Program matters:

3.2.1 *Intentionally Omitted*.

3.2.2 Representation of Participant in negotiations with developers, borrowers, investors, other lenders, local governments, service providers and property management firms with regard to this Program.

3.2.3 Preparation of a Financial Analysis to determine the anticipated COSR needed to subsidize the COSR-Assisted Units for the term requested by Participant.

3.2.4 All matters related to the handling, investment and disbursement of Program Funds provided to CalHFA.

3.2.5 Reporting to Participant on matters listed in Section 7.

3.2.6 The Servicing responsibilities described in Section 6.2.

4. <u>Financial Provisions</u>

4.1 Participant shall obtain all consents, approvals or agreements necessary to transfer Program Funds to CalHFA for purposes of operating the Program. Transfers of such monies shall be made pursuant to a written assignment agreement (the "***Assignment Agreement***") submitted to and accepted by CalHFA.

4.2 Participant's assigned Program Funds shall be transferred to, and deposited with, CalHFA and held in the Participant's Account.

4.3 All monies transferred to CalHFA shall be considered expended for their intended purpose upon the date of receipt by CalHFA.

4.4 During the term of this Agreement, CalHFA shall have control of, and shall administer, all Program Funds on behalf of Participant. These funds shall be held by CalHFA for the exclusive purposes of the Program. Program Funds held by CalHFA shall be considered assets of CalHFA until such time as transferred to a Development or returned to Participant. CalHFA shall be responsible for the investment of all Program Funds. Interest earnings upon such investments shall be added to the Participant's Account for the purposes of the Program.

4.5 Participant shall pay CalHFA a program participation fee equal to five percent (5%) of the amount of Program Funds transferred from the Participant to CalHFA (the "***Program Participation Fee***" or "***PPF***"). The PPF is due and payable upon receipt of Program Funds and shall be deducted from the Program Funds by CalHFA upon receipt, prior to deposit of the balance of the Program Funds into the Participant's Account.

4.6 Borrower shall pay fees as follows:

4.6.1 *Intentionally Omitted*.

4.6.2 *Intentionally Omitted*.

4.6.3 *Intentionally Omitted*.

4.6.4 *Intentionally Omitted*.

4.6.5 <u>COSR Servicing Fee</u>. Borrower shall pay CalHFA an annual COSR servicing fee (the "***COSR Servicing Fee***") for so long as a COSR exists and CalHFA is providing Servicing. The COSR Servicing Fee shall be Five Thousand and No/100s Dollars ($5,000.00).

The COSR Servicing Fee may be increased, in CalHFA's sole discretion, as necessary to cover CalHFA's costs upon a refinancing, restructuring, or other event requiring changes to the Loan documents. The COSR Servicing Fee shall be described in the Capitalized Operating Subsidy Reserve Agreement, shall be an approved Development operating expense, and shall be paid in advance annually from Development income. Failure to pay the COSR Servicing Fee, or any servicing fee required under the Loan documents, shall be considered an event of default under the Development loan documents.

4.7 <u>Other Costs/Responsibilities</u>

4.7.1 Participant shall be responsible for and shall pay the cost of any litigation, action or proceeding relating to: (a) the consistency of the Program with the terms of the Act or other provision of applicable law; (b) the authority of Participant to implement the Program or the validity, legality, applicability or interpretation of any regulation or programmatic requirement of Participant with respect to the Program; (c) the allocation, reallocation, distribution, return or transfer of Program Funds by Participant in connection with the Program; (d) the legal challenge concerning the legality of any use or occupancy restriction associated with the Program or Regulated Units; and (e) any other matters related to the terms or requirements of the Act as it may affect the Program. Participant shall indemnify, defend and hold harmless CalHFA, its officers, agents and employees for any and all claims and costs with respect to the above.

4.7.2 Participant shall be responsible for and shall pay for costs associated with enforcement of Development Loan documents, and for services outside the scope of this Agreement, as more fully described in Section 6.1.7. Such costs may be paid from Participant's Account upon Participant's approval.

4.7.3 CalHFA shall be responsible for and shall pay for costs related to actions due to CalHFA's gross negligence or willful misconduct in processing COSR disbursements.

4.7.4 If Program Funds in the Participant's Account are insufficient to pay any fees or costs payable therefrom, CalHFA shall have no obligation to contribute or advance any CalHFA funds to such accounts, nor shall CalHFA be required to take any action which would have been otherwise required if such funds were available.

5. <u>Relationship of the Parties in the Application and Development Process</u>

5.1 Participant shall be responsible for the following:

5.1.1 Completing a local review process to determine eligible Developments to receive Program Funds in the form of a new or replenished COSR;

5.1.2 *Intentionally Omitted*.

5.1.3 Preparing and submitting, jointly with the Borrower, a Request to CalHFA to include the number of COSR Assisted Units and the maximum COSR funding to be allocated to the Development from Program Funds, and the maximum COSR subsidy term for the COSR Assisted Units;

5.1.4 *Intentionally Omitted*.

5.1.5 *Intentionally Omitted*.

5.1.6 *Intentionally Omitted*.

5.1.7 *Intentionally Omitted*.

5.1.8 Reviewing CalHFA's recommended COSR amounts for each Development, and providing written acceptance or alternative amounts;

5.1.9 Participant shall be responsible for coordinating with Borrowers and property managers to ensure adequate numbers of Eligible Clients are referred to Developments to fill vacancies in a timely manner; and

5.1.10 To ensure the financial success of each Development, Participant shall ensure that the MOU, as defined in the Regulatory Agreement, for each Development identifies which party is responsible for working with Eligible Clients to assist them in getting qualified for SSI or assists Borrower in locating alternative subsidies to cover the Eligible Client's minimum required rent payment. Participant shall provide a copy of the MOU to CalHFA.

5.2 <u>CalHFA Responsibilities</u>

5.2.1 The COSR funds will be held by CalHFA in a Development-specific account along with any Development-specific reserve accounts funded by the Borrower and held by CalHFA.

6. <u>Relationship of the Parties After Transfer of Participant Funds</u>

The Parties shall have the following responsibilities after CalHFA acknowledges receipt of the Participant Funds.

6.1 <u>Participant Responsibilities</u>

6.1.1 *Intentionally Omitted*;

6.1.2 *Intentionally Omitted*;

6.1.3 Monitoring outcome reporting data collection and compilation, as it deems necessary in order to meet all local and state MHSA reporting requirements, as applicable, and providing such information to local and state entities, if required;

6.1.4 Providing financial and other information as requested by CalHFA with respect to the Program or Development(s);

6.1.5 *Intentionally Omitted*;

6.1.6 *Intentionally Omitted*;

6.1.7 Additional services beyond those specified in Section 6.2, including without limitation: (a) specific enforcement; (b) judicial or non-judicial foreclosure; (c) receivership; (d) legal fees; (e) Loan document changes related to a default, or potential default, under the Loan documents; (f) title insurance claims; and (g) advancement of funds to pay insurance and taxes (or as otherwise necessary to preserve the security interest in the Development) shall be the responsibility of Participant, including all associated costs. CalHFA will advise Participant with respect to real estate lending issues related to the foregoing. Subject to a separate agreement between the Parties, CalHFA may agree to assist Participant with the foregoing. Such costs may be paid from Participant's Account upon Participant's approval; and

6.1.8 Advising CalHFA of changes, or proposed changes, to: (a) the number of COSR-Assisted Units; and (b) other changes to a Development.

6.2 <u>CalHFA Responsibilities</u>. CalHFA shall provide the asset management services described below ("***Servicing***") for COSR funds administered under this Program, subject to the COSR Servicing Fee described in Section 4.6.5. The Servicing shall include the following:

6.2.1 Review and approval of the following required Borrower submittals (which Borrower must also submit to Participant), including COSR draw requests;

6.2.2 Hold, control and approve disbursements of Development COSR;

6.2.3 Determine appropriate investment vehicles for the Agency-held Program Funds and deposit interest earnings into the applicable Participant or Development account;

6.2.4 Perform periodic reviews regarding the adequacy, use, disbursements, and need for COSR on any given Development, and annually provide the results of such reviews to Participant. Subject to Participant consent, the COSR may be reduced or eliminated and the funds reallocated as directed by Participant;

6.2.5 *Intentionally Omitted*;

6.2.6 Provide concurrently to Participant and the Borrower any statutory notices of default under the COSR agreement or other Loan documents related to a Development receiving COSR funds under this Program;

6.2.7 *Intentionally Omitted*;

6.2.8 Failure to pay the Servicing Fee or COSR Servicing Fee shall be considered an event of default under the Development COSR Agreement and loan documents. If the Borrower fails to pay the Servicing Fee or COSR Servicing Fee, CalHFA may, at its option: (a) deduct the fees from any CalHFA-held Development reserve account, and withhold future COSR disbursements (if applicable) until payment is received; or (b) deduct the fee from the Participant's Account following Participant notification;

6.2.9 *Intentionally Omitted*; and

6.2.10 Subject to a separate agreement between the Parties if deemed necessary by CalHFA, CalHFA may agree to assist Participant with the services described in Section 6.1.7, as well as changes to the COSR Agreement. Costs for such services will not exceed the amount necessary to cover CalHFA's costs as determined by CalHFA and may be paid from Participant's Account upon Participant's approval.

7. **CalHFA Reporting Requirements**

7.1 CalHFA shall keep such books and records of the operation of the Program and the Developments, pursuant to common accounting principles, practices and state laws.

7.2 CalHFA shall prepare annual reports to Participant that include key results and funding for the costs associated with Participant Developments. CalHFA shall provide such reports to Participant no later than March 31st of each year.

7.3 CalHFA shall provide to Participant an accounting of Program Funds to include: (a) the amount of funds held by CalHFA at the beginning of the reporting term; (b) the amount of new funds received from Participant; (c) the amount of unused COSR deposits to the Participant's Account; (d) the amount of interest earned on Program Funds by date posted; (e) the amount in the Participant's Account at the end of the reporting term; and (e) a report on the total amount of committed and uncommitted Participant Funds by Development.

8. **Participant Reporting Requirements**

8.1 Transfers of Program Funds may be made periodically, subject to the PPF and an Assignment Agreement submitted to and accepted by CalHFA.

8.2 Participant shall provide all reports and other information to such parties as may be required under the Act, or as requested by CalHFA from time to time.

9. **Return of Program Funds**

Participant may request the return of any unencumbered Program Funds remaining in Participant's Account by providing sixty (60) days written notice to CalHFA.

10. Miscellaneous

10.1 No Third Party Beneficiaries. This Agreement is for the exclusive benefit of the parties hereto and no rights of third party beneficiaries are created herein. This Agreement shall not benefit or create any implied or expressed rights of any third person or entity, including but not limited to the California Department of Health Care Services, the Borrower, Development sponsor, Development owner, service provider, or any tenant or applicant for tenancy of a Development.

10.2 Entirety, Amendments, Construction. This Agreement supersedes any and all other agreements, oral or in writing, between the parties hereto with respect to the subject matter hereof and contains all of the covenants and agreements between the parties with respect thereto. Each Party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any Party, or anyone acting on behalf of any Party, which are not embodied or referred to herein, and that no other agreement, statement, or promise not contained or referred to in this Agreement shall be valid or binding. No amendment or modification of the provisions of this Agreement shall be valid unless made in writing and signed by the parties hereto.

This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if both of the parties had prepared it.

10.3 Survival. The terms, conditions, and warranties contained in the Agreement that by their sense and context are intended to survive the performance hereof by the parties hereunder shall so survive the termination of the Agreement, whether by completion of the performance, cancellation, or otherwise.

10.4 Potential Conflict of Interest. If CalHFA provides a separate loan secured by a Development, it may create a perceived or actual conflict of interest. Participant hereby waives any such conflict of interest and agrees to execute any additional document as deemed reasonable or necessary by CalHFA. By executing this Agreement, Participant and CalHFA agree that CalHFA is not assuming any obligations beyond those required under California law applicable to senior lenders, unless expressly set forth herein.

11. Termination

11.1 Either Party may terminate this Agreement with or without cause by providing sixty (60) days written notice to the other Party. Upon termination of this Agreement: (a) CalHFA will no longer accept new Program Funds for the creation or supplementation of COSR related to Developments; (b) CalHFA shall retain responsibility for the Servicing of Developments for which it is providing such services, subject to Section 11.2; and (c) all uncommitted/unencumbered Program Funds held by CalHFA shall be returned to Participant. Upon termination of this Agreement, Participant's responsibilities under Sections 3.1, 4.7.1, and 4.7.2 and any responsibilities with respect to existing Developments shall remain in full force and effect.

11.2 Termination of Servicing

11.2.1 Participant may terminate CalHFA as the Servicer for all, but not less than all, of Participant's Developments under the Program and the MHSA Housing Program by providing CalHFA with one hundred eighty (180) days written notice. Upon such termination, CalHFA shall assign and Participant shall assume all Loans in accordance with Section 12, and CalHFA shall transfer to Participant all files and records related to the Developments, after which CalHFA shall have no further responsibilities and obligations with respect to the Developments, the Program, and the MHSA Housing Program. Participant agrees that in the event of such termination, Participant shall provide CalHFA with any ongoing information requested by CalHFA for reporting purposes under the Act.

11.2.2 CalHFA may terminate Servicing for one or more of Participant's Developments under the Program and or the MHSA Housing Program by providing Participant with one hundred and eighty (180) days written notice. Upon such termination, CalHFA shall assign and Participant shall assume the loan(s) and COSRAs in accordance with Section 12, and CalHFA shall transfer to Participant all files and records related to the Development(s), after which CalHFA shall have no further responsibilities and obligations with respect to the Developments and the Program.

12. Assignments of Program Loans

12.1 In addition to any other assignment provision hereunder, if, with respect to a particular Development, Participant does not meet its obligations under this Agreement, the MHSA Housing Program, or otherwise breaches the terms of this Agreement or the MHSA Housing Program, CalHFA may assign, and Participant agrees to assume, the Loan, the COSRA, and all related Development loan documents and associated responsibilities and obligations (including the Servicing). Upon any assignment of a Loan under this Agreement, CalHFA's responsibilities and obligations with respect to such Loan and Development shall cease. The Parties agree to take such steps as necessary to effect such assignment.

12.2 Upon ninety (90) days notice to Participant, CalHFA may assign all of its rights and obligations under the MHSA Housing Program and this Program to another California state agency or department ("***Assignment Notice***"). CalHFA hereby grants to Participant a right of first refusal to be assigned all of CalHFA's rights and obligations under the MHSA Housing Program and this Program in the event CalHFA issues an Assignment Notice to Participant. Participant shall have a period of sixty (60) days from the date of receipt of an Assignment Notice to elect to exercise its right of first refusal by delivering written notice to CalHFA of its election to do so. The Parties agree to take such steps as necessary to effect any assignment made under this Subsection 12.2.

13. Notice

Any notice, tender, or delivery to be given hereunder by either Party to the other may be effected by personal delivery, in writing, by facsimile transmission, by e-mail or by mail, postage prepaid, and shall be deemed communicated as of the date of actual receipt. Mailed notices shall be addressed as set forth below, but each Party may change its address by written notice in accordance with this paragraph.

Participant Contact Information:

Felix A. Bedolla
Project Manager/Ethnic Services Manager
Behavioral Health Division
Napa County Health and Human Services
2751 Napa Valley Corporate Drive, Bldg. A
Napa, California 94558

(707) 299-1759 telephone
(707) 299-2199 fax

CalHFA Contact Information:

Housing Finance Chief – Multifamily Programs
California Housing Finance Agency
500 Capitol Mall, Suite 1400
Sacramento, California 95814

With copy to:
General Counsel
California Housing Finance Agency
500 Capital Mall, Suite 1400, MS 1440
Sacramento, California 95814

DOCUMENT CONTINUES ON THE NEXT PAGE

WHEREFORE, the parties hereto have executed this Agreement as of the date set forth above, and by their signatures acknowledge their understanding of and agreement to all of its provisions.

Participant

NAPA COUNTY HEALTH AND HUMAN SERVICES

By: ______________________________
Name: ____________________________
Title: _____________________________

Approved as to Form:

By: ______________________________
Name: ____________________________
Title: _____________________________

Signatures continue on the next page

APPROVED AS TO FORM
Office of County Counsel
By: Rachel L Ross
Date: 7-24-2025

CalHFA

CALIFORNIA HOUSING FINANCE AGENCY,
a public instrumentality and political subdivision of
the State of California

By: ________________________________
Name: ______________________________
Title: _______________________________

Local Government Special Needs Housing Program

ASSIGNMENT AGREEMENT

LOCAL GOVERNMENT NAME: NAPA COUNTY HEALTH AND HUMAN SERVICES
Pursuant to that certain Participation Agreement – Local Government Special Needs Housing Program (the "*Participation Agreement*") by and between the above named Local Government ("*Local Government*") and the California Housing Finance Agency ("CalHFA"), dated _____________________, Local Government hereby agrees to assign and transfer to CalHFA one million two hundred sixty-four thousand dollars and NO/100ths ($1,264,000.00) to be used in accordance with and subject to the terms of the Participation Agreement. Local Government warrants that such funds are from Local Government's Mental Health Services Act ("MHSA") funds under its Community Services and Supports component of the MHSA Three-Year Program and Expenditure Plan, or from other Local Government funds, and Local Government has authority to transfer such funds to CalHFA for the purposes set forth in the Participation Agreement. This assignment and transfer is funded by:

$___$1,264,000____ in MHSA funds; and
$_____$0_________ in local funds

CalHFA agrees that it will hold these funds in a Local Government specific account, invest the funds in an appropriate investment vehicle as determined by CalHFA, and credit the Local Government's account with interest received on the investment, all in accordance with the Participation Agreement.

Local Government acknowledges and agrees that CalHFA is not assuming any obligations, responsibilities, or liabilities beyond those set forth in the Participation Agreement by accepting such funds.

Additional Instructions (if any): CalHFA shall manage the Capitalized Operating Subsidy Reserve for Progress Foundation's Hartle Court Supported Living Complex.

Date: _____________________

LOCAL GOVERNMENT:
NAPA COUNTY HEALTH AND HUMAN SERVICES

By:_________________________
Name: _______________________
Title: _______________________

CalHFA:
CALIFORNIA HOUSING FINANCE AGENCY,
a public instrumentality and political subdivision of the State of California

By: _________________________
Name: _______________________
Title: _______________________

APPROVED AS TO FORM
Office of County Counsel
By: Rachel L Ross
Date: 7-24-2025