

RECORDING REQUESTED BY:

County of San Benito

WHEN RECORDED MAIL TO:

County of San Benito

Resource Management Agency

2301 Technology Parkway

Hollister, CA. 95023

THIS SPACE FOR RECORDER'S USE ONLY

REAL PROPERTY OPTION AGREEMENT

THIS AGREEMENT is made and entered into, in duplicate, on the date hereafter set forth, by and between the COUNTY OF SAN BENITO, a political subdivision of the State of California, hereinafter referred to as "COSB," and the COMMUNITY SERVICES DEVELOPMENT CORPORATION, a California non-profit corporation, hereinafter referred to as "CSDC".

R E C I T A L S:

A. COSB is the owner of full fee title to that certain real property situated in the unincorporated area of the County of San Benito, State of California, located at 3100 Southside Road, Hollister, CA, San Benito County Assessor's Parcel number 020-320-032, which real property is more particularly described in Exhibit "A" attached hereto and by this reference incorporated herein. Said real property is hereinafter referred to as "the property." COSB wishes to sell and CSDC wishes to purchase the property under the terms of this Option Agreement.

B. The parties hereto agree that the property is in need of environmental remediation, demolition and cleanup. Grant funds from the California Environmental Protection Agency are available to assist in the said environmental cleanup. Since only property owners may apply for such funds, CSDC will need to acquire the property before applying for these cleanup funds.

C. If granted, the EPA funds would serve as a contribution to the overall costs of the environmental cleanup of the property and would assist CSDC in converting the property into a suitable building site for the development of affordable housing.

D. COSB is willing to transfer ownership of the property to CSDC in exchange for CSDC's performance of environmental remediation, demolition and cleanup of the property, and for the purpose of constructing an affordable housing development for low and very low income households.

E. CSDC desires to acquire an option to purchase the property, without becoming obligated to purchase it, for an agreed consideration and under specified terms and conditions.

F. The parties hereto have entered into a Memorandum of Understanding (MOU)

dated January 24, 2017, which sets forth the duties of the parties pertaining to the sale and purchase of the property, which MOU is attached hereto as Exhibit B and incorporated herein by reference. If there is any conflict between the terms of the MOU and this Agreement, this Agreement shall prevail.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the parties hereto agree as follows:

1. GRANT OF OPTION/MEMORANDUM.

COSB hereby grants to CSDC, and CSDC accepts from COSB, the exclusive option to purchase the property on the terms and conditions hereafter set forth. The parties hereto shall execute and acknowledge a Memorandum of Option to Purchase in the form attached hereto. Both said Memorandum, and this agreement, shall be recorded. COSB also grants an exclusive option to purchase adjacent land, including a portion of Assessor Parcel No. 020-320-029, which property is further depicted in Exhibit C, attached hereto and incorporated herein by reference; provided, however, the option to purchase the adjacent parcel can only be exercised if CSDC has exercised the option to purchase the 3100 Southside Road property.

2. OPTION CONSIDERATION.

In consideration of One (1) Dollar, together with CSDC's performance of environmental remediation, demolition and cleanup of the property, COSB hereby grants CSDC this option.

3. TERM OF OPTION.

The term of this option shall commence on the date of execution of this Agreement. The option shall be exercised by CSDC within the following time limits:

- (a) Within one year of the date that both parties have signed this Agreement;
- (b) For one additional year if the property hasn't been transferred and CSDC has demonstrated reasonable due diligence in obtaining the needed funding to remediate the site and construct the planned affordable housing project on the property. CSDC must request the one year extension in writing, and it will not be unreasonably denied by COSB.

4. EXERCISE OF OPTION.

The option given herein may be exercised solely by CSDC giving COSB written notice of exercise on or before the expiration of the term of this option as set forth in Paragraph 3. above.

5. FAILURE TO EXERCISE OPTION.

If CSDC fails to exercise the option granted hereunder in accordance with the provisions of this agreement and within the term of the option or any extension of said term, then all options and rights of CSDC under this agreement shall immediately and automatically terminate without

notice and, except as hereinafter set forth in this paragraph, the parties shall have no further obligation to each other under this agreement.

6. DOCUMENTS ON TERMINATION OF OPTION.

If this option is terminated other than by purchase of the property, CSDC agrees to execute, acknowledge, and deliver a quitclaim deed to COSB within thirty (30) days after termination, and to execute, acknowledge, and deliver any other documents required by any title company to remove the cloud of this option from the property.

7. RIGHT OF ENTRY.

During the option term, CSDC and CSDC's designated agents and independent contractors shall have the right to enter on the property at any reasonable time to the extent necessary for the purposes of making surveys and inspections, and conducting soil tests, engineering studies, and other studies.

CSDC shall give COSB ten (10) days written notice before commencement of any work (including survey) which will give rise to a mechanic's lien, so that notices of non-responsibility may be posted by COSB. CSDC shall indemnify, defend, and hold COSB harmless from any and all claims, expenses, (including reasonable attorney's fees and costs), damages, losses, liabilities or actions arising out of entry and work or studies or tests done in connection with such entry, or any acts of CSDC, its employees, agents or representatives, and CSDC shall keep the property free and clear of liens on account of inspections, surveys, tests, and other work done on the property by CSDC or CSDC's employee's agents, or representatives.

8. REPRESENTATIONS AND WARRANTIES.

COSB warrants that COSB is the owner of the property and has insurable fee simple title to the same. COSB covenants and agrees that during the option term and until the property is conveyed to CSDC in the event this option is exercised, COSB will not encumber the property in any way or grant any property or contract right relating to the property without the prior written consent of CSDC.

9. ASSIGNMENT OF OPTION.

Neither party may assign this Agreement or the rights and duties hereunder without the prior written consent of the other party.

10. TERMS OF SALE AND ESCROW INSTRUCTIONS.

The parties shall, within fifteen (15) days after the date notice of exercise of the option is given, open an escrow account at First American Title Company, 260 Tres Pinos Road, Hollister, California 95023 ("Escrow Holder"). The escrow shall be scheduled to close within thirty (30) days following the date of notice of exercise of the option.

Concurrent with the opening of the escrow, COSB and CSDC shall sign and deliver to the Escrow Holder escrow instructions on the Escrow Holder's standard form of Purchase and Sale Escrow Instructions. The instructions shall set forth the agreement of the parties as to the purchase and sale of the property which agreement is as follows:

(a) Title: On the close of escrow, COSB shall convey the property to CSDC by Grant Deed, subject only to those exceptions which affected such property upon the date of this option agreement.

COSB shall cause to be delivered to CSDC upon close of escrow, a CLTA standard coverage policy of title insurance on the property issued by the Escrow Holder and insuring title in the condition as set forth above, vested in CSDC.

(b) Purchase Price: The total purchase price shall be One (1) Dollar, together with CSDC's performance of environmental remediation, demolition and cleanup of the property.

(c) Prorations: Taxes and insurance, if any, shall be prorated to close of escrow on the basis of a thirty (30) day month.

(d) Closing Costs and Fees: Title insurance premiums, escrow fees, documentary stamp tax, recording fees, and other costs of a similar nature shall be borne in equal shares by COSB and CSDC.

(e) Conditions to Close of Escrow: The close of escrow and the obligation of the parties to purchase and sell the real property is expressly subject to the following conditions precedent:

(1) The completion of environmental review under the California Environmental Quality Act, CEQA Guidelines and County's Implementing Guidelines for CEQA, and all appropriate findings, determinations and actions by the Board of Supervisors, as required under CEQA and the CEQA Guidelines.

(2) The conveyance to CSDC of good and marketable title to the property, subject only to the lien of current real property taxes not delinquent, if any, and only those other exceptions to title approved by CSDC, as evidenced by a standard form CLTA title insurance policy issued by Escrow Holder.

(f) Tax Withholding. CSDC agrees to provide COSB at close of escrow with an affidavit under penalty of perjury that CSDC is not a "foreign person" in order to establish CSDC's exemption from tax withholding under the Foreign Investment and Real Property Tax Act.

11. BROKER.

The parties hereto each represent and warrant to the other that they have not had dealings

with any person, firm, broker or finder, in connection with the negotiation of this option agreement and/or the consummation of the purchase and sale contemplated herein and no broker or other person, firm or entity is entitled to any commission or finder's fee in connection with this transaction as a result of any dealings or acts of such party. The parties do hereby agree to indemnify and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, finder or other similar party by reason of any dealings or act of the indemnifying party.

12. ATTORNEY'S FEES.

If either party files any action or brings any proceeding against the other arising out of this agreement, or is made a party to any action or proceeding brought by a third party, then, as between COSB and CSDC, the prevailing party shall be entitled to recover as an element of its costs of suit, and not as damages, reasonable attorney's fees to be fixed by the court. The "prevailing party" shall be the party who is entitled to recover its costs of suit, whether or not suit proceeds to final judgment. A party not entitled to recover its costs shall not recover attorney's fees. No sum for attorney's fees shall be counted in calculating the amount of a judgment for purposes of determining whether a party is entitled to its costs or attorney's fees.

13. NOTICES.

Any notices to be given hereunder to either party or to the Escrow Holder shall be given either by personal delivery or by depositing such notice in the United States Mail in the State of California, duly registered or certified, with postage prepaid, and addressed as follows:

To COSB:

Adam Goldstone
Capital Program Manager
San Benito County Resource Management Agency
2301 Technology Parkway
Hollister, CA 95023

and

To CSDC:

Sonny Flores
Executive Director, CSDC
1101 San Felipe Road
Hollister, CA 95023-2819

Notices, demands, requests and exercises served in the above manner shall be considered sufficiently given or served for all purposes under this option at the time the notice, demand or request is hand delivered or postmarked to the addresses shown above.

Either party hereto may change the address to which notices are to be sent by notice to

the other party, given in accordance with the provisions of this paragraph.

14. TIME OF THE ESSENCE.

Time is of the essence of this Agreement. However, the parties may agree in writing to extend the time for the performance of any act required to be done by either party under the terms of this Agreement.

15. BINDING EFFECT/AMENDMENT.

This agreement shall inure to the benefit of and be binding upon the heirs, successors and personal representatives of the parties hereto. Any change, amendment or modification of this agreement must be in writing signed by all of the parties affected thereby.

16. ENTIRE AGREEMENT.

This agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof, and all prior and contemporaneous agreements, representations, negotiations and understandings of the parties hereto, oral or written, are hereby superseded and merged herein.

17. COUNTERPARTS.

This agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

COUNTY OF SAN BENITO:

By

Dated: _____

Jaime De La Cruz, Chair
Board of Supervisors

APPROVED AS TO LEGAL FORM:
SAN BENITO COUNTY COUNSEL'S OFFICE

Dated: Jan. 17, 2017

Shirley L. Murphy
Shirley L. Murphy, Deputy County Counsel

COMMUNITY SERVICES
DEVELOPMENT CORPORATION:

By

Dated: _____

Sonny Flores, Executive Director

APPROVED AS TO LEGAL FORM:

Dated: _____

**REAL PROPERTY OPTION AGREEMENT
EXHIBIT A**

PARCEL 1

BEING A PORTION of that certain Parcel 3 as described in the Grant Deed from the County of San Benito to the County of San Benito recorded April 24, 2013 at Instrument Number 2013-0004124 San Benito County Records, bounded by a line more particularly described as follows:

BEGINNING at the most northerly corner of the above said parcel of land conveyed to the county of San Benito at a point in the westerly line of Southside Road; thence running along said westerly line South 3° 00' 00" West 156.36 feet; thence South 27° 47' 00" East 272.25 feet; thence South 48° 02' 00" East 259.22 feet; thence leaving said westerly line of Southside Road and running along an existing chain link fence South 61° 06' 18" West 114.05 feet; thence South 31° 36' 57" West 75.28 feet; thence South 28° 27' 07" East 86.81 feet; thence South 73° 08' 38" West 41.99 feet to the southeasterly corner of an existing shed; thence along the southerly and westerly lines thereof South 60° 25' 18" West 50.33 feet; thence North 29° 34' 42" West 20.00 feet to a chain link fence; thence running along said chain link fence and its southwesterly prolongation South 60° 36' 27" West 141.38 feet to a point in the westerly line of the above said parcel conveyed to the county; thence along said westerly line North 21° 21' 42" West 405.24 feet; thence North 5° 06' 11" East 73.52 feet; thence North 19° 42' 01" East 429.22 feet to the point of beginning.

**REAL PROPERTY OPTION AGREEMENT
EXHIBIT B**

RECORDING REQUESTED BY:
County of San Benito

WHEN RECORDED MAIL TO:
County of San Benito
Resource Management Agency
2301 Technology Parkway
Hollister, CA. 95023

THIS SPACE FOR RECORDER'S USE ONLY

Memorandum of Understanding

This Memorandum of Understanding (MOU) is made this 24th day of January, 2017 by and between the following parties: the County of San Benito (COSB), a political subdivision of the State of California, and the Community Services Development Corporation (CSDC), a California nonprofit corporation.

WHEREAS, COSB is the owner of real property commonly known as the "abandoned hospital site" located at 3100 Southside Road, Hollister, CA 95023, Assessor's Parcel No. 020-320-032 (the Subject Property), which real property is more particularly described in Exhibit "A" attached hereto and by this reference incorporated herein, as well as the adjacent parcel located at 3220 Southside Road, Hollister, CA 95023, Assessor's Parcel No. 020-320-029 (the Adjacent Parcel), which real property is more particularly described in Exhibit "B" attached hereto and by this reference incorporated herein; and

WHEREAS, COSB, through its Board of Supervisors, has taken previous official action to conduct a Request for Proposals (RFP) from interested bidders for the sale of the subject property; and

WHEREAS, the Board of Supervisors did rank CSDC as the preferred bidder; and

WHEREAS, COSB and CSDC desire to have the subject property undergo an environmental remediation, demolition and cleanup; and

WHEREAS, CSDC intends to purchase the property and conduct the needed environmental remediation, demolition and cleanup; and

WHEREAS, CSDC intends to apply for cleanup funds from the California EPA, and needs to be the legal owner of the property in order to do so; and

WHEREAS, CSDC intends to complete the needed remediation, demolition and cleanup in order to render the property suitable as a building site for development of affordable housing for low and very low income households by CSDC; and

WHEREAS, CSDC also would like to acquire a portion of the adjacent parcel located at 3220 Southside Road, Hollister, CA 95023, Assessor's Parcel No. 020-320-029, as depicted in Exhibit "C" attached hereto and by this reference incorporated herein; and

WHEREAS, COSB is willing to transfer ownership of the subject property and a portion of the adjacent parcel to CSDC for CSDC's environmental remediation, demolition and cleanup of the subject property, and for the purpose of building affordable housing for low and very low income households on both the subject property and the portion of the adjacent parcel depicted in Exhibit C.

NOW THEREFORE BE IT RESOLVED AND UNDERSTOOD that the parties shall engage in activities as set forth below that are directed towards accomplishing the transfer of the subject property and a portion of the adjacent parcel. The responsibilities and activities of the Parties are set forth below:

ACTIVITIES AND RESPONSIBILITIES OF COSB:

1. Enter into a working partnership with CSDC in order to fulfill the understandings of this MOU.
2. Assign a COSB staff person to work cooperatively with CSDC. The COSB representative will have responsibility to coordinate the sale of the property to CSDC.
3. COSB understands and is willing to execute an Option to Purchase Agreement granting CSDC the exclusive right to purchase the property for one (1) dollar, together with CSDC's performance of environmental remediation, demolition and cleanup of the subject property. The option will be good for one year from the date of signature by both parties. The COSB shall grant a one year extension if requested by CSDC, as long as CSDC is demonstrating reasonable due diligence in obtaining the needed funding to remediate the site and construct the planned affordable housing project on the property.
4. COSB also is willing to include in this purchase additional land that is adjacent to the subject property in order to support the economic feasibility of the CSDC affordable housing project plans. The additional land will include a portion of APN 020-320-029 as depicted in Attachment C to this MOU. The purchase of this additional property will be included in the \$1 sales price, together with CSDC's performance of environmental remediation, demolition and cleanup of the subject property.
5. COSB has relied on professionally completed environmental assessment reports to accurately identify the contamination on the subject property. In the event that new contamination is discovered that was not previously identified in the subject reports, then the COSB shall be responsible for the added costs to address any additional remediation required, and shall indemnify CSDC against any such cost of unforeseen and additional contamination.

6. COSB shall provide any future grant funds awarded to the COSB for remediation, demolition and/or clean-up costs on the subject property to CSDC to contribute to the payment of such costs.

ACTIVITIES AND RESPONSIBILITIES OF CSDC:

1. Enter into a working partnership with COSB in order to fulfill the understandings of this MOU.
2. Proceed with due diligence to obtain needed project funding for environmental remediation, demolition, and cleanup of the subject property and development of an affordable housing project for low and very-low income households.
3. Sign the Option to Purchase Agreement with the COSB and complete the purchase of the property.
4. Coordinate all activity necessary to implement the environmental remediation, demolition and cleanup after the Property has been transferred to CSDC.
5. Pay for the cost of environmental remediation demolition and cleanup, as identified in:
 - a. Phase I Environmental Site Assessment (01-DTSC-011) by The Source Group, Inc. dated 2/1/2016
 - b. Targeted Site Investigation Report (01-DTSC-011) by The Source Group, Inc. dated 4/28/2016

ADDITIONAL PROVISIONS TO THIS MOU:

- A. California Environmental Quality Act: The obligation of the parties to purchase and sell the real property is expressly subject to the condition precedent that environmental review be completed under the California Environmental Quality Act, CEQA Guidelines and County's Implementing Guidelines for CEQA, and that the Board of Supervisors make all appropriate findings, determinations and take all appropriate actions, as required under CEQA and the CEQA Guidelines.
- B. Liability: No liability will arise or be assumed between the Parties as a result of this MOU.
- C. Term: The terms of this MOU shall remain in place from the date that this MOU is fully executed until the property has been transferred to CSDC and all environmental remediation, demolition and cleanup is completed.
- D. Governing Law: This MOU shall be governed in accordance with the laws of the State California and applicable federal law.
- E. Assignment: Neither party may assign, transfer or amend the responsibilities or agreements made herein without the prior written consent of the non-assigning party, which approval shall not be unreasonably withheld.
- F. Prior Understandings, whether oral or written, are superseded by this MOU.

The follow individuals through their signatures represent the parties to this MOU and by their signatures support the goals and activities in this MOU:

Signatories:

County of San Benito:

By: _____
Jamie De La Cruz, Chair
Board of Supervisors

Date: _____, 2017

APPROVED AS TO LEGAL FORM:
SAN BENITO COUNTY COUNSEL'S OFFICE

By: Shirley L. Murphy
Shirley L. Murphy, Deputy County Counsel

Date: Jan. 17, 2017

Community Services Development Corporation (CSDC):

By: _____
Sonny Flores, Executive Director

Date: _____, 2017

APPROVED AS TO LEGAL FORM:

By: _____

Date: _____, 2017

**MEMORANDUM OF UNDERSTANDING
EXHIBIT A**

PARCEL 1

BEING A PORTION of that certain Parcel 3 as described in the Grant Deed from the County of San Benito to the County of San Benito recorded April 24, 2013 at Instrument Number 2013-0004124 San Benito County Records, bounded by a line more particularly described as follows:

BEGINNING at the most northerly corner of the above said parcel of land conveyed to the county of San Benito at a point in the westerly line of Southside Road; thence running along said westerly line South 3° 00' 00" West 156.36 feet; thence South 27° 47' 00" East 272.25 feet; thence South 48° 02' 00" East 259.22 feet; thence leaving said westerly line of Southside Road and running along an existing chain link fence South 61° 06' 18" West 114.05 feet; thence South 31° 36' 57" West 75.28 feet; thence South 28° 27' 07" East 86.81 feet; thence South 73° 08' 38" West 41.99 feet to the southeasterly corner of an existing shed; thence along the southerly and westerly lines thereof South 60° 25' 18" West 50.33 feet; thence North 29° 34' 42" West 20.00 feet to a chain link fence; thence running along said chain link fence and its southwesterly prolongation South 60° 36' 27" West 141.38 feet to a point in the westerly line of the above said parcel conveyed to the county; thence along said westerly line North 21° 21' 42" West 405.24 feet; thence North 5° 06' 11" East 73.52 feet; thence North 19° 42' 01" East 429.22 feet to the point of beginning.

**MEMORANDUM OF UNDERSTANDING
EXHIBIT B**

PARCEL 2

BEING A PORTION of that certain Parcel 3 conveyed by the County of San Benito by Grant Deed to the County of San Benito, recorded April 24, 2013 at Instrument Number 2013-0004124, San Benito County Records and all of that certain parcel of land conveyed by Grant Deed from the County of San Benito to the County of San Benito recorded January 28, 1999 at Instrument Number 9901202, San Benito County Records, bounded by a line more particularly described as follows:

BEGINNING at the southeasterly corner of the Riverview Estates Subdivision according to the map thereof recorded May 4, 2000 in Book 13 of Maps, page 22, San Benito County Records at an angle point in the westerly line of the above said parcel conveyed to the county of San Benito at Instrument Number 9901202; thence along the westerly line thereof and the easterly line of said Riverview Estates North 21° 21' 42" West 23.28 to the northerly corner of Instrument Number 9901202 at an angle point in the westerly line of the above said Parcel 3; thence along the westerly line thereof and the easterly line of said Riverview Estates North 21° 21' 42" West 171.48 feet to a point; thence leaving said lines and running North 60° 36' 27" East 141.38 feet along an existing chain link fence and its westerly prolongation to the northwesterly corner of an existing shed; thence along the westerly and southerly walls thereof South 29° 34' 42" East 20.00 feet; thence North 60° 25' 18" East 50.33 feet; thence leaving said shed and running along an existing chain link fence North 73° 08' 38" East 41.99 feet; thence North 28° 27' 07" West 86.81 feet; thence North 31° 36' 57" East 75.28 feet; thence North 61° 06' 18" East 114.05 feet to a point in the westerly line of Southside Road and the easterly line of the said Parcel 3; thence along said easterly line and the said westerly line of Southside Road South 48° 02' 00" East 332.23 feet; thence South 33° 11' 00" East 353.46 feet; thence South 19° 23' 00" East 384.44 feet; thence South 32° 30' 00" East 382.42 feet, more or less, to a point in the line common to the westerly line of that certain parcel of land conveyed to the County of San Benito recorded May 5, 1896, in Book 17 of Deeds, page 350, San Benito County Records, and the easterly line of that certain parcel of land conveyed to the County of San Benito and recorded October 24, 1907 in Book 40 of Deeds, page 16, San Benito County Records; thence along said common line North 52° 25' 28" West 815.67 feet, more or less, to the most easterly corner of the above said parcel conveyed to the County of San Benito and recorded at Instrument Number 9901202; thence along the southeasterly line thereof South 19° 00' 00" West 488.37 feet to the most southerly corner thereof; thence along the southwesterly line North 43° 30' 09" West 776.16 feet to the most westerly corner thereof, said corner also being a point on the southeasterly line of the above said Riverview Estates Subdivision; thence along said southeasterly line North 66° 43' 20" East 350.72 feet to the point of beginning.

EXEPTING therefrom that portion thereof conveyed to Eugene J. Corotto et al, by Deed from the County of San Benito, recorded in Volume 213 of Official Records, at page 558, San Benito County Records, being more particularly described as follows:

BEGINNING at an iron pipe in the line common to Lots 13 and 45 distant thereon North 43° 30' West 447.65 feet from the corner common to Lots 13, 14, and 45 as shown on Record of Survey Map filed in Book 5 of Maps, at page 47, San Benito County Records, and running thence along the line common to Lots 13 and 45 North 43° 30' West 420.82 feet to an iron pipe; thence leaving said Lot Line North 7° 55' West 594.76 feet to an iron pipe; thence South 48° 34' 20" East 929.98 feet to an iron pipe from which a Railroad Spike in the centerline of the Southside Road bears North 49° 25' East 162.04 feet; thence South 49° 25' West 428.87 feet to the point of beginning.

MEMORANDUM OF UNDERSTANDING EXHIBIT C

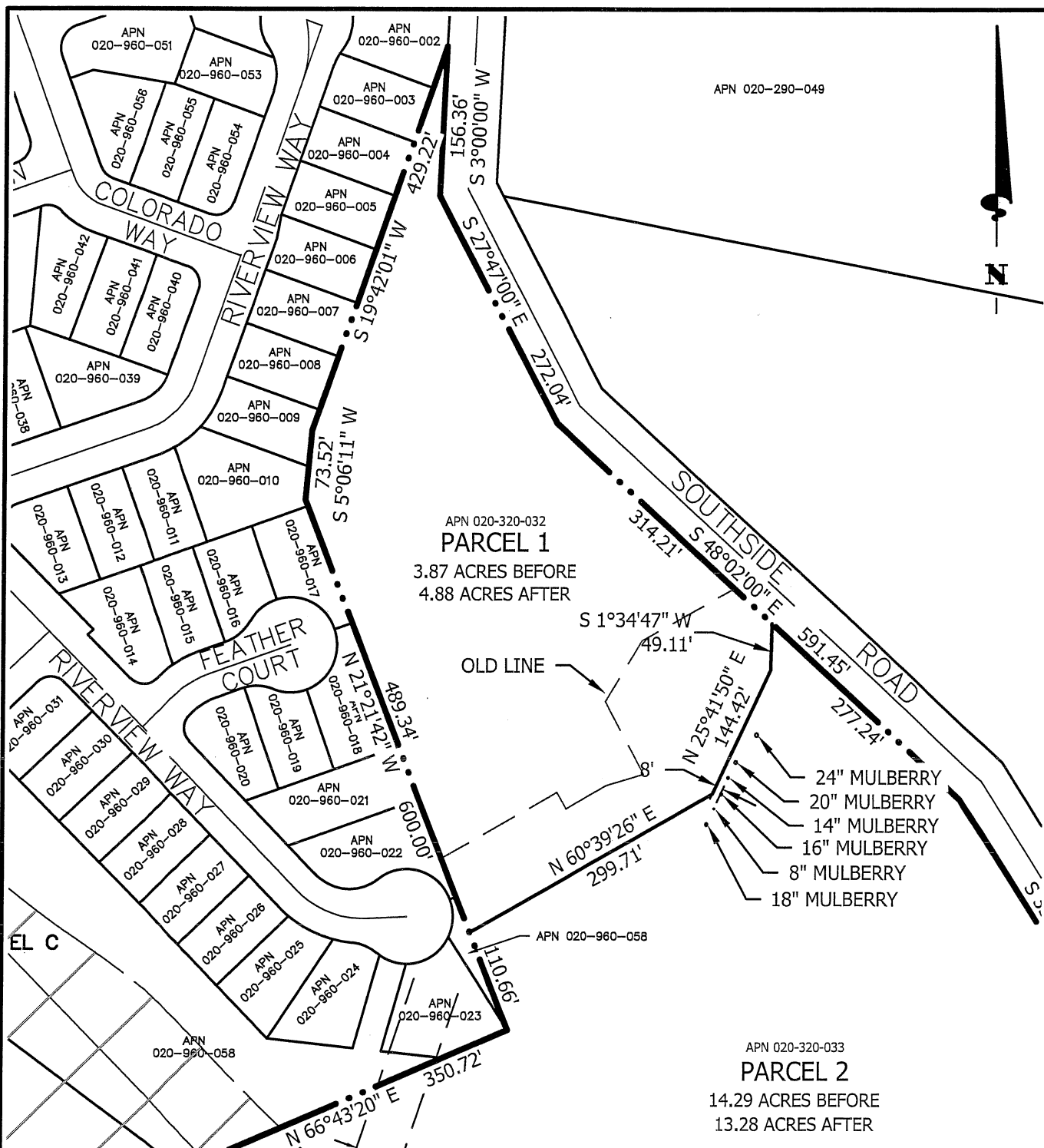


EXHIBIT MAP

APN 020-320-032 & 033

JANUARY, 2017 SCALE 1" = 150'
SAN BENITO ENGINEERING & SURVEYING, INC.
502 MONTEREY STREET
HOLLISTER, CA 95023
831-637-2763

EXHIBIT C



JANUARY, 2017 SCALE 1" = 150'
SAN BENITO ENGINEERING & SURVEYING, INC.
502 MONTEREY STREET
HOLLISTER, CA 95023
831-637-2763