



City of Santa Monica  
Housing Division  
1901 Main Street, 1<sup>st</sup> Floor, Suite A  
Santa Monica, CA 90405  
Phone: (310) 458-8702

City of  
**Santa Monica**

October 29, 2018

Tara Barauskas, Executive Director  
Community Corporation of Santa Monica  
1423 Second Street, Suite B  
Santa Monica, CA 90401

RE: 2120 Lincoln Boulevard Commitment to Provide Acquisition and Predevelopment Financing

Dear Ms. Barauskas:

We are pleased to inform you that the City of Santa Monica (City) has preliminarily approved an acquisition and predevelopment loan request from Community Corporation of Santa Monica (Borrower) in the amount of \$7,419,140 for the acquisition and predevelopment of 2120 Lincoln Boulevard (Project) for the purpose of developing affordable housing targeting low-income, large family households. This loan will be funded from the Citywide Housing Trust Fund (CHTF). The City loan is subject to the Borrower's execution of final documents to be approved by the City Attorney and prepared under the following general terms and conditions:

**LOAN AMOUNTS:** \$7,419,140, of which \$5,250,000 is for acquisition of the property commonly known as 2120 Lincoln Boulevard, and \$2,169,140 is for closing and predevelopment costs.

**LOAN RATE:** 0%

**TERM OF LOAN:** Two (2) years, with a first option to extend for eighteen (18) months, and a second option to extend for twelve (12) months; payments are deferred during the loan term, which includes any extension. The loan is due and payable at the end of the loan term.

**SECURITY:** City First Trust Deed.

**DISBURSEMENT:** Acquisition loan proceeds shall be disbursed in a lump sum at the acquisition closing. Pre-development loan proceeds shall be disbursed on a reimbursement basis, commencing at the closing of purchase escrow.

CONDITIONS FOR ACQUISITION PORTION OF LOAN:

1. City review and approval of a fully executed purchase agreement for the Property (received and approved).
2. City review and approval of a "as-is" appraisal of the land commissioned by the City (received and approved).
3. City receipt and approval of a Phase I and II Environmental Site Assessment acceptable to the City in its sole discretion (received and approved).
4. City receipt and approval of a preliminary Geotechnical Report acceptable to the City in its sole discretion (received and approved).
5. Updated preliminary title report (no more than 30 days old). City receipt of an ALTA Lender's Title Insurance Policy in the amount of the City loan. Title must be free and clear of all exceptions, subject only to exceptions approved by the City in its sole discretion.
6. Evidence that Borrower has obtained insurance as required by the City's Risk Manager, including, but not limited to, *Liability insurance* of at least \$1,000,000. The insurance certificate must indicate the City as an additional insured.
7. City receipt of a Relocation Plan that identifies the number of potential eligible tenants and former tenants, estimates the cost of relocation (including if Federal relocation is triggered) provides a timeline for relocation and project development and describes the Borrower's plan for the property's disposition from purchase through construction start (City approval of the Relocation Plan is at the City Council level and will be sought at a later date).
8. City receipt and approval of an exact duplicate set of general and tenant relocation files from Borrower's relocation consultant (including GINs, Move-In Notices and Tenant Estoppels) and a letter stating that Borrower will provide monthly hard copy updates for these files. Files are to be provided in both hard copy and soft copy formats.

CONDITIONS FOR PREDEVELOPMENT PORTION OF LOAN:

1. Confirmed closure of the service station by 2018.
2. City receipt and approval of a Lead & Asbestos Survey Report acceptable to the City in its sole discretion.
3. City receipt and approval of draw requests.
4. Good faith effort to mainstream proposed service provider with existing City services.
5. Good faith effort to implement local preference with targeted marketing.
6. Good faith effort to provide credit counseling / repair to prospective tenants.

OTHER CONDITIONS:

1. Borrower's execution and delivery of City standard loan documents (including, an Acquisition and Predevelopment Loan Agreement, Purchase Option Agreement, Promissory Note secured by a Deed of Trust, Memorandum of Agreement, Assignment of Contract) and compliance with all covenants and conditions set forth in the loan documents or as City or its counsel may determine based on a review of Borrower's submissions as required by this commitment letter.
2. Title must be free and clear of all exceptions, subject only to exceptions approved by the City in its sole discretion.
3. City reserves the right at any time during the term of this loan to sell, assign, or otherwise transfer its interest and rights in the promissory note and security for this loan.
4. Borrower's assurances, as City deems necessary, that the property condition and Borrower financing condition remain substantially the same as represented at the time of commitment.
5. City reserves the right to cancel this commitment and terminate its obligations hereunder, upon the occurrence of any of the following events:
  - a. Borrower's failure or inability to comply with the terms of this commitment;
  - b. The filing by or against Borrower or any Guarantor of a petition in bankruptcy or insolvency or for reorganization or the appointment of a receiver or trustee, or the making by Borrower or any Guarantor of an assignment for the benefit of creditors, or the filing of a petition for arrangement by Borrower or Guarantor;
  - c. The disclosure of any information which in the opinion of City would materially impair the ability of Borrower or any Guarantor to perform under the terms of this commitment or the loan or of the Development to meet City's underwriting standards; or
  - d. The failure of Borrower to disclose to City all information material to the loan or the Development, or the misrepresentation by Borrower of any material fact relating to the loan, the Development, or the financial condition of Borrower or any Guarantor.
6. Funding is subject to compliance with NEPA/CEQA, if applicable.
7. Prior to finalizing design drawings for submittal to review by the Planning and Community Development Department, Borrower will conduct a minimum of two public workshops with neighbors residing within 500 feet of the proposed development. At these workshops, the Borrower will describe the amount and type of development that is allowed by right on the site; present one or more schematic design options for the affordable housing development; and, elicit public input on the design options. To the extent feasible, Borrower shall incorporate comments from these workshops into the development design.
8. This proposed affordable housing development must follow the City's local preference guidelines in accordance with the revised Housing Trust Fund Guidelines.

9. In accordance with the revised Housing Trust Fund Guidelines, the Borrower shall conduct a public meeting for the proposed development within 30 days of the delivery of the loan commitment letter. The Borrower must provide a written notice which provides the date, time and location of the public meeting to the Housing Division at least 15 days prior to the public meeting date.

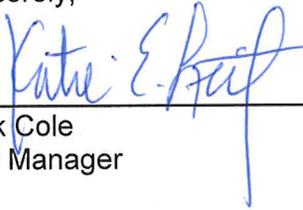
Borrower is expected to be adequately represented by its own legal counsel. Conditions stated herein may be changed only by the prior written consent of both of the parties to this commitment letter.

**The City of Santa Monica's commitment contained herein expires on December 31, 2018 or at the close of escrow, whichever occurs first.**

Please sign below and return this letter to us by November 1, 2018, to acknowledge acceptance of the terms and conditions contained in this letter.

Please call Ava Lee, Senior Development Analyst, at 310.458.4938 with any questions or comments. We look forward to assisting you with this affordable housing development.

Sincerely,



*RC*  
Rick Cole  
City Manager

Approved by:



Andy Agle  
Director of Housing and Economic  
Development

Approved as to form:



Lane Dilg  
City Attorney



Barbara Collins  
Housing Manager

ACKNOWLEDGED AND ACCEPTED:

Community Corporation of Santa Monica:



Tara Barauskas  
Executive Director

10-30-18

Date