

**FIRST AMENDMENT TO
NSP2 CONSORTIUM FUNDING AGREEMENT**

THIS FIRST AMENDMENT TO THE **NSP2 CONSORTIUM FUNDING AGREEMENT** ("First Amendment") is made and entered into as of this 17th day of October, 2011, by and between the **CITY OF SAN JOSE**, a municipal corporation ("City" or "Consortium Member1"), and the Housing Trust of Santa Clara County, a California nonprofit public benefit corporation ("HTSCC" or "Lead Member").

RECITALS

WHEREAS, in July 2009, the City, along with the Housing Trust of Santa Clara County ("HTSCC") and Neighborhood Housing Services Silicon Valley ("NHSSV"), entered into a consortium agreement to form the the San José NSP2 Consortium ("Consortium") and the Consortium, with HTSCC as the lead member, submitted a \$25 million request for Neighborhood Stabilization Program 2 ("NSP2") funds under the San José NSP2 Consortium ("Consortium") with HTSCC as the lead member; and

WHEREAS, on January 14, 2010, the United States Department of Housing and Urban Development ("HUD") announced that San José was one of 56 recipients of NSP2 funding, and the Consortium was awarded \$25 million to implement various NSP2 activities; and

WHEREAS, on April 6, 2010, the City Council accepted the grant funds and authorized the Director of Housing to negotiate and enter into the a Consortium Funding Agreement ("Agreement") with HTSCC to provide the City with NSP2 funding for NSP2 eligible projects which Agreement was executed on April 8, 2010; and

WHEREAS, City and HTSCC desire to amend the Agreement as set forth below.

AGREEMENT

1. Section C.1 of Attachment I to the Agreement is amended to read as follows:

"C. **Reporting and Payment Procedures**

1. **Program Income**

Consortium Member1 shall report no less frequently than monthly all program income (as defined in the NSP2 NOFA) generated by activities carried out with NSP2 funds made available under this contract. The use of program income by Consortium Member1 shall comply with the applicable requirements set forth in the NOFA. Consortium Member 1

will remain in control of NSP2 funds as detailed above, or other NSP2 assets, including program income during the contract period for activities permitted under this contract. Consortium Member1 shall reduce requests for additional funds by the amount of any such program income balances on hand. All program income shall be used for NSP2 eligible activities, including up to 10% for program administration. At the end of the contract period, all unexpended program income shall be returned to the Lead Member unless specified otherwise by the Lead Member. Any interest earned on cash advances from the U.S. Treasury and from funds held in a revolving fund account is not program income and shall be remitted promptly to the Lead Member. Notwithstanding the above, Consortium Member1 may capitalize the accrued unpaid interest on a NSP2 construction loan made for an NSP2 rental project, and if such capitalization is considered by HUD to be a use of program income, it will be deemed an approved use of program income hereunder.”

2. This First Amendment was approved by HUD.
3. This First Amendment may be signed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same amendment.
4. Except as otherwise modified by this First Amendment, the terms of the Agreement shall remain in full force and effect.
5. This First Amendment is governed by and construed in accordance with the laws of the State of California.

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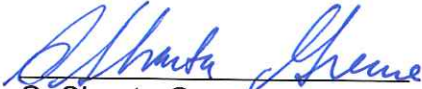
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IN WITNESS WHEREOF, the parties have executed this First Amendment as of the date first written above.

CITY:

Approved as to Form

CITY OF SAN JOSE, a municipal corporation

By: 
S. Shasta Greene
Deputy City Attorney

By: 
Leslye Corsiglia
Director of Housing

HTSCC:

HOUSING TRUST OF SANTA CLARA COUNTY, a California nonprofit public benefit corporation

By: 
Kevin Zwick
Executive Director