



City of Foster City Request for Proposals
Below Market Rate Accessory Dwelling Unit Loan Program
“Foster City Affordable ADU Program”

RFP Schedule:

Release Date: December 23, 2025

Deadline for Questions/Comments: February 13, 2026

Proposals Due: February 20, 2026

Please send questions, comments, and proposals via email to:

njabba@fostercity.org Nori Jabba, Housing and Sustainability Manager

OFFICIAL CONTACT:

Nori Jabba
City of Foster City
Community Development
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City of Foster City Request for Proposals (RFP)
Below Market Rate Accessory Dwelling Unit Loan Program
("Foster City Affordable ADU Program")

1. SUMMARY

The City of Foster City is requesting proposals from qualified firms interested in administering and delivering the City's Below Market Rate (BMR) Accessory Dwelling Unit (ADU) Loan Program known as the "Affordable ADU Program" ("Program"). Through this program, eligible homeowners can access interest-free financing in exchange for renting their ADUs to low-income households for ten years. The City's goal is to help build eight (8) deed-restricted ADUs that support the [2023–2031 Housing Element, Program H-D-4-b ADU/JADU Financial Incentive Program](#) (page HE-94):

Provide or partner with another organization to provide a financial incentive program for single-family homeowners to construct an ADU/JADU that is restricted for lower-income households for 10-15 years, with an additional incentive amount for units subject to a preference for identified categories of special needs people who would benefit from coordinated onsite services, including but not limited to people with developmental disabilities.

The City of Foster City is seeking to engage with a selected entity that responds to this RFP ("Contractor") to administer the program in one of the following types of programs ("Program Type"):

- a) **Loan Administration Only:** Contractor will provide and manage financing only – homeowners find their own ADU general contractor/provider.
- b) **Loan Administration and ADU Construction Services:** Contractor will serve as both the general contractor for custom-built ADUs and provide and manager of financing of the ADUs for the homeowners. Contractor may partner with general contractor, and/or financing entity to form a team for this RFP.
- c) **Loan Administration and ADU Sales and Installation:** Contractor will serve as the seller for pre-manufactured or pre-fabricated ADUs, manager of installation, and manager of the financing of the ADUs for the homeowners. Contractor may partner with general contractor, and/or financing entity to form a team for this RFP.

Management of financing includes underwriting and administering payment-deferred, no-interest loans issued by Contractor using funds received from the City under the agreement the Contractor enters into with the City. The Contractor will act as lender and the City will not be party to the loan agreements with borrowers. Management of the construction/installation process includes oversight of design, construction, and/or installation of the ADUs, management of the permitting process, and collaborating with City staff to ensure the Program's requirements are met. Respondents may select (a), (b), or (c) as listed above to administer the program, depending on the Respondent's entity type and areas of expertise.

Respondents must agree to hold a City of Foster City business license during the term of the contract.

Respondents applying for program type (b) or (c) must also hold a valid California General Contractor's License

The initial contract term with the selected Contractor for this program is three years to launch the program, with the option for one additional three-year extension at the City's discretion. The intent is to issue at least eight (8) loans during the initial three-year contract period, with at least and additional eight (8) during the three-year extension period, if the City exercises its option to extend. Prior to termination of the Agreement, the City will execute a separate agreement with the selected contractor for continuing loan administration services for existing loans only once after all loans have been issued.

Homeowners qualifying for the Program may receive up to \$125,000 in payment-deferred, zero interest City financing for their ADU if they commit to renting the ADU as part of the City of Foster City's Below Market Rate (BMR) Rental Housing Program for 10 years, or up to \$150,000 for ADUs rented with a preference for households needing supportive-housing. Homeowners participating in the Program also benefit from accelerated permitting using pre-approved ADU plans. The City will work with the selected contractor to pre-review the Contractor's designs for the program.

All ADUs must comply with [Foster City Municipal Code Chapter 17.78](#) and the City's Below Market Rate (BMR) Housing Program requirements. This relationship between the City and the Contractor aims to expand affordable housing opportunities for low-income and special-needs residents through high-quality, code-compliant ADUs.

2. ATTACHMENTS

- **Attachment A: Sample Agreement for Professional Services ("Agreement")**
A sample agreement is provided for review. Proposers should carefully review all terms as well as Exhibit A (Scope of Work), Exhibit B (Fee Schedule), and Exhibit C (Insurance Requirements), and indicate any exceptions in their proposal, noting page numbers of RFP.
- **Attachment B: Draft Affordable ADU Program and Loan Underwriting Guidelines ("Program Guidelines")**
Proposers should carefully review the Guidelines and indicate any requested changes or exceptions or in their proposal, noting page numbers. The City anticipates that the scope of work for the Agreement will incorporate the Program Guidelines by reference into the contract.

3. BACKGROUND

Foster City, incorporated in 1971, is a master-planned community located in San Mateo County.

The City covers approximately four square miles and lies between San Francisco and Silicon Valley, with close access to both Highway 101 and Highway 92. Home to roughly 33,000 residents, Foster City is known for its diverse population, planned neighborhoods, and limited remaining space for new development. The community is protected by an eight-mile levee system along the bayfront and a lagoon system that provides flood storage and drainage.

4. GENERAL PROVISIONS AND CONDITIONS

The City reserves the right to:

1. Reject any and all responses.
2. Negotiate with more than one consultant.
3. Waive minor irregularities in a response.
4. Cancel, revise, or extend this solicitation.
5. Revise the Agreement and/or Program Guidelines prior to final approval.
6. Request additional information on any response beyond that required by this RFP.
7. Modify the selection process outlined in this RFP upon written notification to all respondents who have not been rejected at the time of modification.
8. Request substitution of sub-consultants.

Should discrepancies or omissions be found in this RFP, or should there be a need for clarification, questions, or comments regarding this RFP, they must be received by deadline listed below and should be sent to **Nori Jabba, Housing and Sustainability Manager, at njabba@fostercity.org**.

5. PROPOSED TENTATIVE TIMELINE

The tentative RFP timeline is provided for the convenience of the Proposers but may be subject to change at any time by the City. Any such changes will be stated in an addendum to this RFP. The tentative RFP timeline is as follows:

RFP ACTION	DATE
RFP Issued	December 23, 2025
Pre-Proposal Meeting	None
Deadline for questions and clarifications	February 13, 2026
Proposals Due	February 20, 2026
Finalist Identified	March 2026
Consultant Interviews	March 2026
Consultant selection & contract preparation	Estimated to be within 60 days of RFP deadline

Contract awarded	Estimated to be within 90 days of RFP deadline
Work commences	Estimated to be within 120 days of RFP deadline

6. RELATED DOCUMENTS/LINKS

[Foster City Housing Element](#)

Foster City’s 2023–2031 Housing Element establishes a framework for meeting local housing needs and complying with State housing laws. The Housing Element identifies community needs and establishes goals and programs that ensure Foster City grows in an equitable, climate-resilient, and consistent manner with the City’s long-range plans. The ADU Loan Program is one of the implementation tools identified in the Housing Element to support the production of affordable units.

7. SCOPE OF WORK

The following eight (8) tasks are associated with this RFP:

Task 1: Project Initiation and Project Management

At the start of the project, the consultant will participate in a kick-off meeting with City staff to review objectives, roles, communication procedures, and reporting expectations. The Contractor will work with staff to refine and confirm the project timeline. Ongoing project management responsibilities include regular check-ins, progress updates, coordination, budget tracking, and responsive communication.

Task 2: Program Administration and Homeowner Intake

The Contractor will manage all Program administration tasks, including homeowner intake, and selection of eligible applicants on a first-come, first-served basis. The Contractor shall schedule feasibility consultations, prepare feasibility reports, and assist homeowners in selecting an eligible ADU model, as applicable. The Contractor is responsible for developing and maintaining all loan applications, coordinating documentation, and managing the applicant process from initial inquiry through project completion.

Task 3: Loan Origination, Underwriting, and Servicing

The Contractor will originate, underwrite, and administer no-interest loans. The Contractor will use funds received from City pursuant to the Contractor’s agreement with City to fund the loans. The Contractor will provide or secure supplemental private financing as needed for each project and must manage the loan documentation and processing in accordance with Program guidelines. The Contractor will establish and manage a loan re-use account, collect payments from homeowners, enforce repayment using commercially reasonable practices up to and including foreclosure, and track repayment events. At the conclusion of an initial three-year term, during which at least eight (8) Affordable ADU loans will be made, the City will have the

option to renew the parties' existing agreement for an additional three-year term, during which at least an additional eight (8) ADU loans would be made.

Task 4: Compliance and Reporting

The Contractor will either a) ensure that all homeowners and ADU projects comply with the Program's requirements regarding eligibility, affordability, occupancy, and rental restrictions and include a cost for this service in their proposal, or b) request that the City provide compliance services. The Contractor will also support the City's compliance monitoring process by maintaining accurate records, providing annual reporting, and assisting with income verification and rental-rate compliance. The Contractor must coordinate with City staff to address any issues of non-compliance and enforcement of the Program's affordability requirements.

Task 5: Reporting and Records Management

The Contractor will maintain accurate and complete records of all Program activities, including loan servicing, homeowner eligibility determinations, project budgets, construction schedules, and compliance documentation. The Contractor will provide the City with annual reports summarizing Program activity and loan administration. All reporting must comply with local, state, and federal regulatory requirements, as well as the City's contract terms.

The following Tasks Related to Programs (b) and (c) only:

Task 6: ADU Product Delivery and Construction

If applicable, based on the services the Contractor includes in their proposal, the Contractor will provide quality eligible ADU products that meet all City and State requirements, including detached or garage-conversion ADUs. The Contractor should offer a range of standardized ADU models and ensure that all products comply with Foster City Municipal Code Chapter 17.78. City staff will pre-review plans provided by the Contractor to allow for accelerated permitting. The Contractor is responsible for all aspects of ADU delivery, including site preparation, foundation work, utility connections, installation, project management, and providing a minimum one-year warranty for parts, materials, and labor.

Task 7: Permitting and Coordination

If applicable, the Contractor will prepare and submit all required plans, permit applications, and supporting documentation through the City's TRAKiT system. The Contractor will obtain all necessary permits and approvals. They should coordinate inspections and serve as the primary point of contact throughout the permitting and construction phases. The Contractor is responsible for ensuring that each project progresses efficiently and is completed within the timelines required by the Program.

Task 8: Technical Assistance and Homeowner Support

If applicable, the Contractor will provide ongoing technical assistance to homeowners throughout the ADU development process. This includes no-cost office hours, project consultations, design support, financial counseling related to Program financing, and

responsive customer service. The Contractor must provide clear, accessible communication to homeowners regarding project status, timelines, and Program requirements.

8. PROPOSAL REQUIREMENTS

Consultants interested in submitting a proposal should respond to this RFP with a written proposal that provides all requested information. The proposal will be considered complete only if it includes all the items listed under the Proposal Requirements.

A. Title Page

Include the RFP title; firm name; primary contact person; mailing address; phone number; email address; contractor's license number, if applicable, and submission date.

B. Cover Letter of Interest

Provide a brief letter introducing the firm, summarizing its interest in the project, and outlining key qualifications. Include the type of business entity (corporation, LLC, partnership, joint venture, etc.), and indicating which Type of Program the Respondent is interested in providing:

- a. Financing Only - Contractor will manage financing only; homeowners will be expected find their own ADU contractor/provider.
- b. Financing Plus ADU Construction Services - Contractor will serve as the general contractor for custom-built ADUs and provide and managing the financing Program.
- c. Financing Plus ADU Installation - Contractor will serve as the general contractor and seller for pre-manufactured or pre-fabricated ADUs and provide and manage the financing Program.

C. Company Background and Experience

Describe the firm's history, areas of expertise, and experience providing services similar to those requested. Include years in business, relevant licenses, and experience with ADU development, modular or manufactured housing, construction, loan underwriting, and public-sector programs. Provide references for at least three comparable projects, including contact names, phone numbers, and email addresses.

D. Project Team and Key Personnel

Identify the individuals who will work on the project, their roles, and relevant qualifications. Include resumes or biographies for staff responsible for project management, construction oversight, underwriting, compliance, and customer service. Project teams can be comprised of a main Contractor and sub-contractor firms/agencies.

E. Conflicts of Interest

Disclose any actual or potential conflicts of interest related to the firm or its staff. If there are no conflicts, state this in the cover letter. Include the most recent annual report and audited financial statements, information about funding sources, and any sample occupancy or service agreements.

F. Acknowledgement of Business License Requirement

Proposers must acknowledge that they will maintain a Foster City business license during the contract term.

G. Acknowledgment of Attachment A, Agreement

Confirm that the firm can enter into the City's standard Professional Services Agreement, including Exhibits A, B, and C, or list any requested exceptions. Please reference page number of RFP for all exceptions and recommended changes.

H. Acknowledgement of Attachment B, Program Guidelines

List any recommended changes and/or exceptions to the Program Guidelines. Please reference page number of RFP for all exceptions and recommended changes.

I. Acknowledgement of Additional Requirements

Include a statement of acknowledgement of the following additional requirements.

- a. Maintain a filing system that meets the funding sources' requirements.
- b. Participate in any program reviews or audits.
- c. Maintain accounting of available project funds and process clients based on funding availability.
- d. Provide data for any required quarterly and annual funding reports.
- e. Manage program workflow to ensure the timely completion of work.
- f. Confer with the City to review any proposed revisions of program guidelines as necessary.

J. Scope of Work

Provide a detailed description of how the firm will complete each task in the Scope of Work. The Scope of Work will be used to develop Exhibit A of the Agreement. See Item 7 of this RFP for additional details on tasks. Note that the Program Guidelines should be incorporated by reference into the Scope of Work. Please cover the following items in the Proposed Scope of Work:

○ **Task 1: Project Initiation and Project Management**

Present a proposed schedule showing milestones and timelines for all phases of work over the contract period. For example: plan pre-review period, marketing, selection of applicants, loan issuance, construction of ADUs. ADUs may be built/installed concurrently or sequentially.

○ **Task 2: Program Administration and Homeowner Intake**

To the extent applicable, outline the firm's approach to homeowner intake, feasibility review, and, as applicable to the program type, permitting, installation, project communication, and support. Identify platforms or systems used to manage applications and communications.

○ **Task 3: Loan Origination, Underwriting, and Servicing**

Explain how private financing and City-funded loans will be administered, including underwriting criteria, loan servicing, documentation, and management of the loan re-use account.

- **Task 4: Affordability Compliance and Reporting**
Explain how the firm will ensure tenant income qualification, rent-limit compliance, annual reporting, and adherence to BMR Guidelines, or if the proposal includes a request for compliance services to be provided separately by the City or its designated agent .
- **Task 5: Reporting and Records Management**
Explain the records management approach and communication with City staff.

The following Tasks Related to Programs (b) and (c) only:

- **Task 6: ADU Product Delivery and Construction**
Include ADU Products and Construction Approach, if applicable: Describe proposed available ADU models, floor plans, materials, energy efficiency and sustainability features, supply chain logistics, warranties, and timelines. Identify any pre-reviewed plan sets and explain how ADUs will meet State and City building requirements, including [Foster City Municipal Code Chapter 17.78](#).
- **Task 7: Permitting and Coordination**
Include acknowledgement that Contractor will use the City's TRAKiT permitting platform and work with City staff during the pre-review process.
- **Task 8: Technical Assistance and Homeowner Support**
Explain how your firm will provide ongoing technical assistance to homeowners throughout the ADU development process.

K. Cost Proposal

Provide a detailed cost proposal that includes all Contractor fees as applicable for the type of program for which Respondent is apply, including administration, ADU construction/installation, project management, technical assistance, loan servicing, and compliance services (if applicable) that are not passed on to the homeowner as part of each ADU project. Disclose interest rates and terms for any Contractor-financed loans. Also disclose costs you will charge to the homeowner as part of the ADU project and your pricing structure for the ADUs. See Exhibit B of Attachment A for assumptions for the total loan fund. The cost proposal will be used to develop Exhibit B of the Agreement.

L. Contract Exceptions

Note any exceptions to the Sample Agreement and Program Guidelines. Provide redlines showing proposed changes. Explain the basis for each exception.

9. CONTRACTOR SELECTION CRITERIA AND PROCEDURE

Responding consultant firms and/or teams will be evaluated based on the following 11 criteria:

1. Demonstrates understanding of the requested work and responsiveness to the scope of services; and
2. Quality, feasibility, and completeness of the proposal; and

3. Additional costs to the City; and
4. Quality of construction products, associated warranties, energy efficiency and sustainability features, supply chain logistics, and customer service for homeowners.
5. Experience: a) related experience in the Bay Area and California in building or selling/installing, ADUs, if applicable for the type of program for which Responder is apply; b) related experience partnering with municipalities to implement residential building/financing programs; c) related experience in providing financing products for residential construction projects; d) expertise and experience of the project team members and in-house expertise; and
6. Agency financial stability; and
7. Impact of proposal on cost and timeline; and
8. Impact of/feasibility of exceptions/changes to the Program Guidelines; and
9. Acceptance of the City's Standard Agreement for Professional Services and insurance requirements, including any proposed changes to the agreement or insurance coverages (See Attachment); and
10. References and portfolio review; and
11. Portion of City funds to be spent on Proposer's administrative costs or other Proposer fees rather than on loans to borrowers.

Top-ranked firms may be invited to an interview. Following interviews, staff will recommend the highest-ranked firm to the Foster City's City Council for contract award.

10. GENERAL PROVISIONS AND CONDITIONS

The City reserves the right to:

1. Reject any and all responses.
2. Negotiate with more than one consultant.
3. Waive minor irregularities.
4. Cancel, revise, or extend this solicitation.
5. Request additional information on any response beyond that required by this RFP.
6. Modify the selection process outlined in this RFP upon written notification to all respondents who have not been rejected at the time of modification.
7. Request substitution of sub-consultants.

By submitting a proposal, each Proposer represents and warrants that its proposal is genuine and not made in the interest of or on behalf of any person not named therein and that the Proposer has not in any manner sought collusion to secure any improper advantage over any other person submitting a proposal.

Attachment A

Sample Agreement for Professional Services

SAMPLE PROFESSIONAL SERVICES AGREEMENT
FOR
CONTRACTOR SERVICES

This Agreement is made and entered into as of the ____ day of _____, 20__ by and between the City of Foster City hereinafter called "CITY" and _____ hereinafter called "CONTRACTOR".

RECITALS

This Agreement is entered into with reference to the following facts and circumstances:

WHEREAS, CITY desires to engage CONTRACTOR to provide professional services in the CITY;

WHEREAS, CONTRACTOR is qualified to provide such services to the CITY and;

NOW, THEREFORE, in consideration of the mutual promises, covenants, terms and conditions hereinafter contained, the parties hereby agree as follows:

TERMS AND CONDITIONS

1. Services. The services to be performed by CONTRACTOR under this Agreement shall include those services set forth in Exhibit A, which is, by this reference, incorporated herein and made a part hereof as though it were fully set forth herein.

Performance of the work specified in said Exhibit A is hereby made an obligation of CONTRACTOR under this Agreement, subject to any changes that may be made subsequently hereto upon the mutual written agreement of the said parties.

Where in conflict, the terms of this Agreement supersede and prevail over any terms set forth in Exhibit A.

2. Term; Termination. (a) The term of this Agreement shall commence **July 1, 2026 and shall expire on June 30, 2029, with an option to renew the contractor for one (1) additional three (3)-year term at the City's sole discretion.** (b) Notwithstanding the provisions of (a) above, CITY may with or without cause, direct CONTRACTOR to suspend, delay or interrupt Services, in whole or in part without cause of time as CITY may determine in its sole discretion. (c) CITY may terminate performance of the Services under this Agreement in whole, or from time to time in part, for default, should CONTRACTOR commit a material breach of this Agreement, or part thereof, and not cure such breach within ten (10) calendar days of the date of CITY's written notice to CONTRACTOR demanding such cure, in which case CONTRACTOR shall be

liable to CITY for all loss, cost, expense, damage and liability resulting from such breach and termination. (d) CITY may terminate performance of the Services under this Agreement in whole, or from time to time in part, for convenience, whenever CITY determines that such termination is in CITY's best interests, in which case CONTRACTOR shall be entitled to recover its costs expended up to the termination date plus reasonable profit thereon to the termination date as this Agreement would otherwise provide, but may recover no other cost, damage or expense. CONTRACTOR shall continue its work throughout the course of any dispute, and CONTRACTOR's failure to continue work during a dispute shall be a material breach of this Agreement.

Should City elect to exercise its option to renew the Agreement for a second three-year term, CONTRACTOR will perform the Services with respect to an additional eight projects during the second three-year period. CONTRACTOR's compensation during the second three-year period shall be the same as set forth below in Section 3 below, subject only to an adjustment for inflation (or deflation, if applicable) based on changes in the consumer price index for the San Francisco-Oakland-Hayward region during the initial three-year term.

3. Compensation; Expenses; Payment. CITY shall compensate CONTRACTOR for all services performed by CONTRACTOR hereunder within 30 days of receipt of an invoice in an amount as set forth in Exhibit "B" hereof, attached hereto, for which services hereunder shall be diligently performed as set forth in Exhibit "A" hereof, attached hereto and by this reference incorporated herein.

Notwithstanding the foregoing, the combined total of compensation and reimbursement of costs payable hereunder shall not exceed the sum _____ (\$_____) for loans and administrative fees as set forth in Exhibit "B". Invoices for amounts in excess of _____ (\$_____) shall not be paid unless the performance of services and/or reimbursement of costs and expenses in excess of said amounts have been approved in advance of performing such services or incurring such costs and expenses by the City Manager (for contracts less than \$50,000) or City Council (for contracts \$50,000 or more) evidenced by motion duly made and carried and a written contract amendment having been executed.

CITY shall not be liable for, and CONTRACTOR shall not be entitled to, any payment for Services performed before this Agreement's execution.

4. Additional Services. In the event CITY desires the performance of additional services not otherwise included within the services described in Exhibit A, such services shall be authorized in advance of the performance thereof by the City Manager (for contracts less than \$50,000) or City Council (for contracts \$50,000 or more) by motion duly made and carried. Such amendment to this Agreement shall include a description of the services to be performed thereunder, the maximum compensation and reimbursement of costs and expenses payable therefor, the time of performance thereof, and such other matters as the parties deem appropriate for the accomplishment of such services. Except to the extent modified by written amendment, all other terms and conditions of this Agreement shall be

deemed incorporated in each such amendment.

5. Records. CONTRACTOR shall keep and maintain accurate records of all time expended and costs and expenses incurred relating to services to be performed by CONTRACTOR hereunder. Said records shall be available to CITY for review and copying during regular business hours at CONTRACTOR's place of business or as otherwise agreed upon by the parties.
6. Authorization. This Agreement becomes effective when endorsed by both parties in the space provided below.
7. Reliance on Professional Skill of CONTRACTOR. CONTRACTOR represents that it has the necessary professional skills to perform the services required and the CITY shall rely on such skills of the CONTRACTOR to do and perform the work. In performing services hereunder CONTRACTOR shall adhere to the standards generally prevailing for the performance of expert consulting services similar to those to be performed by CONTRACTOR hereunder.

CONTRACTOR represents that it has reviewed Exhibit A and that in its professional judgment the Services to be performed under this Agreement can be performed for a fee within the maximum amount set forth in the Compensation Schedule established in Exhibit A and within the times specified for each individual Project.

CONTRACTOR represents that it possesses all necessary training, licenses and permits to perform the Services and that its performance of the Services will conform to the standards of practice of a professional having experience and expertise in performing professional services of like nature and complexity of the Services working on similar, successfully completed projects.

The granting of any progress payment by CITY, or the receipt thereof by CONTRACTOR, or any inspection, review, approval or oral statement by any representative of CITY or any other governmental entity, shall in no way waive or limit the obligations in this Paragraph 7 or lessen the liability of CONTRACTOR for unsatisfactory Services, including but not limited to cases where the defective or below standard Services may not have been apparent or detected at the time of such payment, inspection, review or approval.

8. Documents. All documents, plans, drawings, renderings, and other papers, or copies thereof, as finally rendered, prepared by CONTRACTOR pursuant to the terms of this Agreement, shall, upon preparation and delivery to CITY, become the property of CITY.
9. Relationship of Parties. CONTRACTOR is an independent Contractor and does not act as City's agent in any capacity, whatsoever. CONTRACTOR is not entitled to any benefits that CITY provides to CITY employees, including, without limitation, worker's compensation benefits or payments, pension benefits, health benefits or insurance benefits. Terms within this Agreement regarding direction apply to and concern the result of the CONTRACTOR's provision of Services, not the means, methods, or scheduling of the CONTRACTOR's work.

CONTRACTOR shall be solely responsible for the means, methods, techniques, sequences and procedures with respect to its provision of Services under this Agreement. CONTRACTOR shall pay all payroll taxes imposed by any governmental entity and shall pay all other taxes not specifically identified in this Agreement as CITY's responsibility.

10. Schedule. CONTRACTOR shall adhere to the schedule set forth in Exhibit A; provided, that CITY shall grant reasonable extensions of time for the performance of such services occasioned by governmental reviews of CONTRACTOR's work product or other unavoidable delays; provided, further, that such unavoidable delay shall not include strikes, lockouts, work stoppages, or other labor disturbances conducted by, or on behalf of, CONTRACTOR's officers or employees.

CONTRACTOR acknowledges the importance to CITY of CITY's Project schedule and agrees to put forth its best professional efforts to perform its services under this Agreement in a manner consistent with that schedule.

11. Compliance with Laws; Prevailing Wage. CONTRACTOR shall carry out, and shall use its best efforts to ensure that its employees, volunteers, contractors and subcontractors carry out, the design and construction of all Project activities funded hereunder in conformity with all applicable State of California Labor Code requirements; the City zoning and development standards; building, plumbing, mechanical and electrical codes; all other provisions of the City of Foster City Municipal Code ("Code"); all applicable disabled and handicapped access requirements, including the Americans With Disabilities Act, 42 U.S.C. Section 12101, et seq., Government Code Section 4450, et seq., Government Code Section 11135, et seq., and the Unruh Civil Rights Act, Civil Code Section 51, et seq.; that all contractors or subcontractors hired by CONTRACTOR are licensed in the State of California; and that all activities funded hereunder are only performed on property located within the CITY's corporate limits.

In the performance of its obligations set forth in this Agreement, CONTRACTOR shall have the status of an independent contractor and shall not be deemed to be an employee, agent or officer of the CITY. To the extent State prevailing wage laws apply to the Project, CONTRACTOR shall ensure that it complies with prevailing wage requirements in connection with the design, construction, and/or installation contemplated hereunder (the "Work"), that no less than the general prevailing rate of per diem wages, and not less than the general prevailing rate of per diem wages for holidays and overtime work, for each craft, classification or type of worker needed to execute the Work shall be paid to all workers, laborers and mechanics employed in the execution of the Work by CONTRACTOR, contractors and subcontractors doing or contracting to do any part of the Work. Copies of such prevailing rate of per diem wages are available at: <https://www.dir.ca.gov/OPRL/DPreWageDetermination.htm>.

To the extent applicable, CONTRACTOR, its contractors and subcontractors, shall comply with all requirements of the California Labor Code, including but not limited to, Labor Code sections: 1773.2 (regarding posting wage determinations at each job site); section 1776 (regarding the certification, maintenance, and availability for inspection of payroll records); section 1777.5 (regarding employment of apprentices); section 1810 (regarding a legal day's work as 8 hours of labor); and section 1775 (regarding penalties for violations).

CONTRACTOR shall defend, with counsel reasonably acceptable to CITY, indemnify and hold harmless Indemnitees from and against any Claims arising out of CONTRACTOR's failure to comply with State of California Labor Code requirements pertaining to the design and construction of the Work. Further, CONTRACTOR shall indemnify and hold harmless the Indemnitees with respect to all final judgments or settlements in actions brought by any "contractor" in which City is (i) determined to be an "awarding body" and (ii) damages are awarded, pursuant to Labor Code sections 1726 or 1781. CONTRACTOR's defense, indemnity and hold harmless obligations under this section shall survive expiration or termination of this Agreement.

CONTRACTOR hereby waives, releases and discharges the Indemnitees from any and all present and future Claims arising out of or in any way connected with CONTRACTOR's obligation to comply with all State of California Labor Code requirements pertaining to the design and construction of the Work. This release applies to all potential future claims by CONTRACTOR on behalf of itself and its agents, representatives, assigns, heirs, spouses, successors-in-interest, executors, administrators, employees, contractors, subcontractors, material suppliers and vendors ("Releasers"), agrees to waive any and all rights pursuant to Section 1542 of the California Civil Code, which reads as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

CONTRACTOR shall include within each of its contracts, subcontracts, and within any other agreements with Releasers involved in the Work, a release in favor of the Indemnitees substantially identical to this Section 11.

12. Indemnity. To the fullest extent allowed by law, CONTRACTOR hereby agrees to defend, indemnify, and save harmless CITY, its Council, boards, commissions, officers, employees, directors, volunteers and agents, from and against any and all claims, suits, actions liability, loss, damage, expense, injury (including, without limitation, economic harm, injury to or death of any person, including an employee of CONTRACTOR or its Subconsultants), cost (including, without limitation, costs and fees of litigation) of every nature, kind or description, at law or equity, which may be brought against, or suffered or sustained by, City of Foster City, its Council, boards, commissions, officers, employees, directors, volunteers or agents that arise out of, pertain to, or relate to any negligence, recklessness, or willful misconduct of CONTRACTOR, any Subconsultant, anyone directly or indirectly employed or retained by them, or anyone that they control. In the event one or more defendants is unable to pay its share of defense costs due to bankruptcy or dissolution of the business, the CONTRACTOR shall meet and confer with other parties regarding unpaid defense costs.

The duty of CONTRACTOR to indemnify and save harmless, as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code; provided, however, that nothing herein contained shall be construed to require CONTRACTOR to indemnify City

of Foster City, its Council, boards, commissions, officers, employees and agents against any responsibility or liability in contravention of Section 2782 of the California Civil Code.

CONTRACTOR's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law.

The defense and indemnification obligations of this agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained within this Agreement.

If CONTRACTOR is a "design professional," as defined in California Civil Code Section 2782.8(c), CONTRACTOR shall indemnify, defend, and hold the Indemnitees harmless against Liability only to the extent such Liability arises out of, pertains to, or relates to CONTRACTOR's negligence, recklessness, or willful misconduct. In such an event, the cost to defend charged to CONTRACTOR shall not exceed CONTRACTOR's proportionate percentage of fault.

13. Insurance. Prior to execution of this Agreement, CONTRACTOR shall furnish to CITY Certificates of Insurance showing satisfactory proof that it maintains the insurance required by this Contract as set forth in EXHIBIT C, Insurance, which are attached and made a part of this Agreement. CONTRACTOR shall maintain all required insurance throughout the term of this Agreement and as otherwise provided in EXHIBIT C. In the event CONTRACTOR fails to maintain any required insurance, and notwithstanding Paragraph 3 above, CITY may (but is not obligated to) purchase such insurance and deduct or retain premium amounts from any sums due CONTRACTOR under this Agreement (or CONTRACTOR shall promptly reimburse CITY for such expense).

CONTRACTOR shall maintain insurance as required by this Agreement to the fullest amount allowed by law and shall maintain insurance for a minimum of five (5) years following completion of this project or service. In the event CONTRACTOR fails to obtain or maintain completed operations coverage as required by this Agreement, the CITY at its sole discretion may purchase the coverage required and the cost will be paid by CONTRACTOR.

14. WORKERS' COMPENSATION. CONTRACTOR certifies that it is aware of the provisions of the Labor Code of the State of California which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and CONTRACTOR certifies that it will comply with such provisions before commencing the performance of the work of this agreement.
15. NON-DISCRIMINATION. The CONTRACTOR will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed and the employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, advancement, demotion, transfer, recruitment, or recruitment advertising, layoff or

termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The CONTRACTOR shall at all times be in compliance with the requirements of the Federal Americans With Disabilities Act (Public Law 101-336) which prohibits discrimination on the basis of disability by public entities. The CONTRACTOR agrees to post in conspicuous places available to employees and applicants for employment any notices provided by the CITY setting forth the provisions of this non-discrimination clause.

16. Notice. All notices required by this Agreement shall be given to the CITY and CONTRACTOR in writing, by first class mail, postage prepaid, addressed as follows:

CITY: City of Foster City
610 Foster City Boulevard
Foster City, CA 94404-2299
Attention: _____

CONTRACTOR:

Fill in CONTRACTOR Name, Address, Phone Number, Project Manager and Email
Address for CONTRACTOR)

17. Non-Assignment. CONTRACTOR may not assign its rights or obligations under this Agreement without the express written consent of the City, which may be granted or denied in its sole discretion. Subject to the foregoing restrictions on assignment, all of the terms, covenants and conditions of this Agreement shall be binding upon CITY and CONTRACTOR and their respective permitted successors and assigns.
18. Amendments. This Agreement may be amended or modified only by written agreement signed by both parties.
19. Validity. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
20. Governing Law. This Agreement shall be deemed to have been executed in the County of San Mateo, California. The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California, excluding its conflict of laws rules. Any suit or action initiated by either party shall be brought in the County of San Mateo, California unless the parties agree otherwise in a written amendment to this Agreement. In the event of litigation between the parties hereto to enforce any provision of the Agreement, the unsuccessful party will pay the reasonable attorney's fees and expenses of litigation of the successful party.
21. Mediation. Should any dispute arise out of this Agreement, the parties shall meet in mediation

and attempt to reach a resolution with the assistance of a mutually acceptable mediator. Neither party shall be permitted to file legal action without first meeting in mediation and making a good faith attempt to reach a mediated resolution. The costs of the mediator, if any, shall be paid equally by the parties. If a mediated settlement is reached neither party shall be deemed the prevailing party for purposes of the settlement and each party shall bear its own legal costs.

22. Conflict of Interest. CONTRACTOR represents and warrants that it presently has no interest, and shall not have any interest, direct or indirect, which would conflict in any manner with the performance of work and services required under this Agreement. Without limitation, CONTRACTOR represents to and agrees with CITY that CONTRACTOR has disclosed any potential conflict of interest, and will have no future conflict of interest, in providing CITY services hereunder, including but not limited to, any interest (financial, share ownership, shared management, shared directors, or reporting responsibilities) CONTRACTOR may presently have, or will have in the future, with respect to any other person or entity (including but not limited to potential suppliers, vendors, consultants, contractors, or regulatory agency) which may have an interest in the subject matter of the Services.
23. Liability of CITY. Except as provided in Exhibit A, Services to be Provided by CONTRACTOR and Exhibit C, Insurance, CITY's obligations under this Agreement shall be limited to the payment of the compensation provided for in Paragraphs 1, 3, and 4 of this Agreement,

Notwithstanding any other provision of this Agreement, in no event shall CITY be liable, regardless of whether any claim is based on contract, tort or otherwise, for any special, consequential, indirect or incidental damages, lost profits or revenue, arising out of or in connection with this Agreement, the Services, or the Project.

CITY shall not be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by CONTRACTOR, or by any of its employees, even though such equipment be furnished, rented or loaned to CONTRACTOR by CITY. The acceptance or use of such equipment by CONTRACTOR or any of its employees shall be construed to mean that CONTRACTOR accepts full responsibility for and shall exonerate, indemnify, defend and save harmless CITY from and against any and all claims for any damage or injury of any type, including attorneys' fees, arising from the use, misuse or failure of such equipment, whether such damage be to the CONTRACTOR, its employees, CITY employees or third parties, or to property belonging to any of the above.

Nothing in this Agreement shall constitute a waiver or limitation of any right or remedy, whether in equity or at law, which CITY or CONTRACTOR may have under this Agreement or any applicable law. All rights and remedies of CITY or CONTRACTOR, whether under this Agreement or other applicable law, shall be cumulative.

24. Waiver of Default. Waiver of any default by either party to this Agreement shall not be deemed to be waiver of any subsequent default. Waiver or breach of any provision of this Agreement

shall not be deemed to be a waiver of any other or subsequent breach, and shall not be construed to be a modification of the terms of this Agreement unless this Agreement is modified as provided below.

25. Force Majeure. Except for defaults of subconsultants at any tier, neither party shall be liable for any excess costs if the party's failure to perform the Agreement arises from causes beyond the party's control and without the fault or negligence of the party who failed to perform, including without limitation failure to reasonably mitigate any adverse impacts (Force Majeure), provided the other party receives written notice of such force majeure event no later than five (5) calendar days after commencement of such force majeure event. Force majeure events include the following:

Acts of God, fires, floods, earthquake, other natural disasters, epidemics and pandemics (other than COVID-19 or variants), wars, abnormal weather conditions, nuclear accidents, strikes, lockouts, freight embargos, interruptions in service by a regulated utility, or governmental statutes or regulations enacted or imposed after the fact (together, "force majeure events"). The spread or effects of Covid-19, and any variants thereof, can be reasonably anticipated and do not constitute a force majeure event. Tariffs imposed by the US government, and any resulting supply disruptions do not constitute a force majeure event.

Any force majeure event with a duration in excess of 30 days entitles either party to terminate this Agreement with written notice to the other party, without further penalty or compensation.

No Third-Party Beneficiary. It is the intention of the parties that under no circumstances are any rights created for persons or entities who are not parties to this Agreement under a third- party beneficiary theory or under any other theory of law.

27. Attorney's Fees. In the event of litigation between the parties hereto to enforce any provision of the Agreement, the unsuccessful party will pay the reasonable attorney's fees and expenses of litigation of the successful party.
28. Authority. The parties each represent that the signatory has the authority to bind each respective entity, and assents to each and every term contained within this Agreement.
29. No Joint Venture. It is expressly understood and agreed that neither party shall become as a result of this Agreement a partner of the other nor a joint venturer with the other party in the conduct of such party's business or otherwise. This Agreement is not intended, and shall not be construed, to create the relationship of principal and agent, partnership, joint venture, or association as between CITY and CONTRACTOR.
30. Severability. Should any provision of any of this Agreement be found invalid by a court or other body of competent jurisdiction, said invalidity or ineffectiveness shall not affect the validity of the remaining provisions of this Agreement which shall remain in force to the maximum extent

possible.

31. Further Assurances. From and after the Effective Date of this Agreement, the parties agree to do such things, perform such acts, and make, execute, acknowledge and deliver such documents as may be reasonably necessary or proper and usual to timely complete the actions contemplated by this Agreement.
32. Interpretation. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement and that the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any document executed and delivered by either party in connection with this Agreement. The captions in this Agreement are for convenience of reference only and shall not be used to interpret such Agreement. The defined terms in this Agreement shall apply equally to both the singular and the plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include" and "including" shall be deemed to be followed by the phrase "without limitation." The words "approval," "consent" and "notice" shall be deemed to be preceded by the word "written."
33. Entire Agreement. This Agreement, including Exhibits A, B, and C, comprises the entire Agreement.
34. Counterparts. This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first above written by their respective officers duly authorized in that behalf.

CITY OF FOSTER CITY

Dated: _____

Art Kiesel, Mayor

ATTEST:

Dated: _____

Priscilla Schaus, City Clerk

APPROVED AS TO FORM

Dated: _____

Benjamin Stock, City Attorney

CONTRACTOR

Dated: _____

Type Name & Title and email of CONTRACTOR
Authorized to Sign

EXHIBIT A

SERVICES TO BE PROVIDED, PAYMENTS, PROJECTS AND SCHEDULE, AND DELIVERABLES FOR

Foster City Affordable ADU Program

Scope of work will include elements from the Proposer's Proposal and will also incorporate the final Program Guidelines.

EXHIBIT B

FEE SCHEDULE
Foster City Affordable ADU Program

Yellow boxes to be completed by proposers

Homeowner Loans	\$1,100,000 (assumes four loans at \$125,000 and four loans at \$150,000)
Contractor Fees	
Loan Servicing Fees	
Compliance Service Fees (if your proposal excludes compliance services and you wish the City to provide this service, check here <input type="checkbox"/> and enter \$0 in the yellow box.)	
Total	

EXHIBIT C

SAMPLE INSURANCE REQUIREMENTS

CONTRACTOR shall provide, in addition to the Certificates of Insurance, original Endorsement affecting the coverages specified in herein on the attached form. No substitute form will be accepted.

This is an Exhibit to, and made a part of and incorporated by reference to the Agreement dated [Date of Agreement](#), by and between [Consultant Name](#), hereinafter referred to as "**Consultant**", and the City of Foster City, hereinafter referred to as "**City**", providing for professional services.

1. **Consultant's Duty to Show Proof of Insurance.** Consultant, in order to protect City and its Council members, officials, agents, officers, and employees against all claims and liability for death, injury, loss and damage as a result of Consultant's acts, errors, or omissions in connection with the performance of Consultant's obligations, as required in this Agreement, shall secure and maintain insurance as described below. Consultant shall not perform any work under this Agreement until Consultant has obtained all insurance required under this section and the required certificates of insurance and all required endorsements have been filed with the City's authorized insurance representative, insurance Tracking Services Inc. (ITS). Receipt of evidence of insurance that does not comply with all applicable insurance requirements shall not constitute a waiver of the insurance requirements set forth herein. The required documents must be signed by the authorized representative of the insurance company shown on the certificate. Upon request, Consultant shall supply proof that such person is an authorized representative thereof, and is authorized to bind the named underwriter(s) and their company to the coverage, limits and termination provisions shown thereon, Consultant shall promptly deliver to ITS a certificate of insurance, and all required endorsements, with respect to each renewal policy, as necessary to demonstrate the maintenance of the required insurance coverage for the term specified herein. Such certificates and endorsements shall be delivered to ITS prior to the expiration date of any policy and bear a notation evidencing payment of the premium thereof if so requested. Consultant shall immediately pay any deductibles and self-insured retentions under all required insurance policies upon the submission of any claim by Consultant or City as an additional insured.

1.1 Insurance Requirements

Commercial General Liability Insurance

Commercial General Liability Insurance including, but not limited to, Contractual Liability Insurance (specifically concerning the indemnity provisions of this Agreement with the City), Products-Completed Operations Hazard, liability for slander, false arrest and invasion of privacy arising out of professional services rendered hereunder, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of Consultant's performance of services under this Agreement. The Commercial General Liability insurance shall contain no exclusions or limitation for independent contractors working on the behalf of the named insured. Consultant shall maintain the Products-Completed Operations Hazard coverage for the longest period allowed by law following

termination of this Agreement. The amount of said insurance coverage required by this Agreement shall be the policy limits, which shall be at least two million dollars (\$2,000,000) each occurrence and five million dollars (\$5,000,000) aggregate.

*Please note, the City will require a separate additional insured endorsement for the Commercial General Liability policy, listing the “City of Foster City, its Council members, officials, agents, officers, and employees”.

☒ Business Automobile Liability Insurance

Automobile Liability Insurance against claims of Personal Injury (including bodily injury and death) and Property Damage covering any vehicle and/or all owned, leased, hired and non-owned vehicles used in the performance of Services pursuant to this Agreement with coverage equal to the policy limits, which shall be at least two million dollars (\$2,000,000) each occurrence.

☒ Workers' Compensation Insurance

Consultant shall submit written proof that Consultant is insured against liability for workers' compensation in accordance with the provisions of section 3700 of the California Labor Code. Consultant shall require any Subconsultants to provide workers' compensation for all of the Subconsultants' employees, unless the Subconsultants' employees are covered by the insurance afforded by Consultant. If any class of employees engaged in work or services performed under this Agreement is not covered by California Labor Code section 3700, Consultant shall provide and/or require each Subconsultant to provide adequate insurance for the coverage of employees not otherwise covered. Consultant shall also maintain employer's liability insurance with limits of one million dollars (\$1,000,000) for bodily injury or disease.

☒ Professional Liability Insurance

Professional Liability (Errors and Omissions) Insurance, for liability arising out of, or in connection with, all negligent acts, errors or omissions in connection with services to be provided under this Agreement, with no exclusion for claims of one insured against another insured, with coverage equal to the policy limits, which shall not be less than five million dollars (\$5,000,000) per occurrence and five million dollars (\$5,000,000) aggregate.

☒ Installation Floater

Installation Floater, covering the work performed under this Contract, against all risks of direct physical loss. The policy shall cover the Contractor's labor, materials and equipment, including materials and equipment in transit or away from the project site, to be installed in the existing structure(s). The coverage shall be written for an amount equal to the initial contract amount plus the value of any subsequent change orders, subject to

a deductible of not more than [\$10,000] payable by Contractor.

☐ Cyber Liability Insurance

Cyber Liability Insurance, covering network risk and cyber liability (including coverage for unauthorized access, failure of security, breach of privacy perils, as well as notification costs and regulatory defense) in an amount of not less than \$1,000,000. Such insurance shall be maintained in force at all times during the term of the Contract and for a period of two years thereafter for services completed during the term of the Contract.

1.2 Self-Insured Retention

Any self-insured retentions in excess of \$100,000 must be declared on the Certificate of insurance or other documentation provided to City and must be approved by the City Risk Manager.

1.3 Claims-Made Basis Coverage

If any of the insurance coverages required under this Agreement is written on a claims-made basis, Consultant, at Consultant's option, shall either (i) maintain said coverage for at least five (5) years following the termination of this Agreement with coverage extending back to the effective date of this Agreement; (ii) purchase an extended reporting period of not less than five (5) years following the termination of this Agreement; or (iii) acquire a full prior acts provision on any renewal or replacement policy.

2. **City as Additional Insured**

On Consultant's Commercial General Liability and Automobile policies, the City, its Council members, officers, directors, agents, employees, and volunteers, shall be named as additional insured's, but only with respect to liability arising out of the activities of the named insured. Any endorsement shall be provided using one of the following three options: (i) on ISO form CG 20 10 1 1 85; or (ii) on ISO form CG 20 37 10 01 plus either ISO form CG 20 10 10 01 or CG 20 33 10 01; or (iii) on such other forms which provide coverage at least equal to or better than form CG 20 10 1 1 85.

3. **Insurance terms and conditions:**

3.1 Cancellation of Insurance

The above stated insurance coverages required to be maintained by Consultant shall be maintained until the completion of all of Consultant's obligations under this Agreement except as otherwise indicated herein. Each insurance policy supplied by Consultant shall not be suspended, voided, cancelled or reduced in coverage or in limits except after ten (10) days written notice by Consultant in the case of non-payment of premiums, or thirty (30) days written notice in all other cases. This notice requirement does not waive the insurance

requirements stated herein. Consultant shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits have been exhausted or upon insolvency of the insurer that issued the policy.

3.2 All insurance shall be issued by a company or companies admitted to do business in California and listed in the current "Best's Key Rating Guide" publication with a minimum rating of A-; VII Any exception to these requirements must be approved by the City Risk Manager.

3.3 If Consultant is, or becomes during the term of this Agreement, self-insured or a member of a self-insurance pool, Consultant shall provide coverage equivalent to the insurance coverages and endorsements required above. The City will not accept such coverage unless the City determines, in its sole discretion and by written acceptance, that the coverage proposed to be provided by Consultant is equivalent to the above-required coverages.

3.4 For any claims related to the Agreement, the Consultant's insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

3.5 Insurance coverages in the minimum amounts set forth herein shall not be construed to relieve Consultant for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall it preclude the City from taking such other actions as are available to it under any other provision of this Agreement or otherwise in law.

3.6 Failure by Consultant to maintain all such insurance in effect at all times required by this Agreement shall be a material breach of this Agreement by Consultant. City, at its sole option, may terminate this Agreement and obtain damages from Consultant resulting from said breach. Alternatively, City may purchase such required insurance coverage, and without further notice to Consultant, City shall deduct from sums due to Consultant any premiums and associated costs advanced or paid by City for such insurance. If the balance of monies obligated to Consultant pursuant to this Agreement are insufficient to reimburse City for the premiums and any associated costs, Consultant agrees to reimburse City for the premiums and pay for all costs associated with the purchase of said insurance. Any failure by City to take this alternative action shall not relieve Consultant of its obligation to obtain and maintain the insurance coverages required by this Agreement.

3.7 Should any of the required insurance (other than errors and omissions insurance) be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defenses costs be included in such general aggregate limit,

such general annual aggregate limit shall be double the occurrence or claims limit specified above.

3.8 City may (but is under no obligation to) secure project-specific insurance, wrap-up insurance, or administer an owner controlled insurance program ("OCIP"), in which case Consultant and its subconsultants shall communicate this fact to their insurance carriers and request that the risk of this project be excluded from their practice policies. Consultant's fees under this Agreement (and the fee of its subconsultants under subconsultant agreements) shall be reduced by the amount of insurance premiums that may be avoided by Consultant and its subconsultants by virtue of the City's obtaining the project-specific insurance, wrap-up insurance or administering an OCIP, and the exclusion of this project from coverage of Consultant's and subconsultants policies. Construction Manager and its subconsultants shall afford City access to their books and records and cooperate with City in verifying the amount of savings realized.

ATTACHED

1. Insurance Coverage Form

This **INSURANCE COVERAGE FORM** modifies or documents insurance provided under the following:

Named Insured: _____ Effective Work Date(s): _____

Description of Work/Locations/Vehicles: _____

ADDITIONAL INSURED: **City of Foster City (CITY)**
610 Foster City Boulevard, Foster City, CA 94404
Attention: _____
Contract Administrator

Endorsement and Certificates of Insurance Required		Insurer	Policy No.
The Additional Insured, its elected or appointed officers, officials, employees and volunteers are included as insureds with regard to damages and defense of claims arising from: (Check all that apply)			
<input type="checkbox"/>	General Liability: (a) activities performed by or on behalf of the Named Insured, (b) products and completed operations of the Named Insured, (c) premises owned, leased occupied or used by the Named Insured, and/or (d) permits issued for operations performed by the Named Insured. {Note: MEETS OR EXCEEDS ISO Form # CG 20 10 11 85}		
<input type="checkbox"/>	Auto Liability: the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Named Insured, regardless of whether liability is attributable to the Named Insured or a combination of the Named Insured and the Additional Insured, its elected or appointed officers, officials, employees or volunteers.		
<input type="checkbox"/>	Other: [Cyber Liability, Installation Floater, etc.]		
Certificates of Insurance Required (no endorsement needed) (Check all that apply)		Insurer	Policy No.
<input type="checkbox"/>	Workers Compensation: work performed by employees of the Named Insured while those employees are engaged in work under the simultaneous directions and control of the Named Insured and the Additional Insured.		
<input type="checkbox"/>	Professional Liability:		

PRIMARY/NON-CONTRIBUTORY: This insurance is primary and is not additional to or contributing with any other insurance carried by or for the benefit of Additional Insureds.

SEVERABILITY OF INTEREST: The insurance afforded by this policy applies separately to each insured who is seeking coverage or against whom a claim is made or a suit is brought, except with respect to the insurer's limit of liability.

PROVISIONS REGARDING THE INSURED'S DUTIES AFTER ACCIDENT OR LOSS: Any failure to comply with reporting provisions of the policy shall not affect coverage provided to the Additional Insured, its elected or appointed officers, officials, employees, or volunteers.

CANCELLATION NOTICE. The insurance afforded by this policy shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days' prior written notice (ten (10) days if canceled due to non-payment) by regular mail return receipt requested has been given to the Additional Insured. Such notice shall be addressed as shown above.

WAIVER OF SUBROGATION: The insurer(s) named above agree to waive all rights of subrogation against the CITY, its elected or appointed officers, officials, agents, volunteers and employees for losses paid under the terms of this policy which arise from work performed by the Named Insured for the CITY.

Nothing herein contained shall vary, alter or extend any provision or condition of the Policy other than as above stated.

SIGNATURE OF INSURER OR AUTHORIZED REPRESENTATIVE OF THE INSURER

I, _____ (print/type name), warrant that I have authority to bind the above-named insurance company and by my signature hereon do so bind this company.

SIGNATURE OF AUTHORIZED REPRESENTATIVE (original signature required)

ORGANIZATION: _____ **TITLE:** _____

ADDRESS: _____

TELEPHONE: () _____ **DATE ISSUED:** _____

ATTACHMENT B

DRAFT PROGRAM GUIDELINES

CITY OF FOSTER City of Foster City
BELOW MARKET RATE ACCESSORY DWELLING UNIT LOAN PROGRAM
“FOSTER CITY AFFORDABLE ADU PROGRAM”
DRAFT PROGRAM AND LOAN UNDERWRITING GUIDELINES

PROGRAM SUMMARY

The City of Foster City’s (“City”) Below Market Rate Accessory Dwelling Unit Loan Program, known as the Affordable ADU Program (“Program”) provides financial incentives for Foster City Homeowners to build an affordable Accessory Dwelling Unit on their property if they agree to rent the ADU at below market rates to lower income households for a period of 10 years.¹

The City will enter into an agreement with a third-party contractor (“Contractor”) pursuant to which the City will provide a portion of financing for a minimum of eight (8) ADU projects at no interest to the homeowner for eligible projects within Foster City. Eligible homeowners will be selected on a first-come, first-served basis.

The Contractor will serve in one of the following roles:

- A. Provide and manage financing only – homeowners find their own ADU general contractor/provider (“Program A”)
- B. Contractor will serve as both the general contractor for custom-built ADUs and provide and manager of financing of the ADUs for the homeowners (“Program B”), or
- C. Contractor will serve as the seller for pre-manufactured or prefabricated ADUs, manager of installation, and manager of the financing of the ADUs for the homeowners (“Program C”).

If Contractor provides both management of financing and serving as the general contractor for the ADU project, Contractor may construct custom-built or pre-manufactured ADUs through its sales division or general contracting division or have or will have an agreement with an ADU builder or manufacturer to construct/install ADUs.

Eligible projects include single story detached or garage conversion accessory dwelling units (ADUs) on the homeowner’s property purchased through the Contractor. Junior (interior) ADUs are not eligible for the program at this time.



Figure 1. Example of a pre-manufactured ADU for illustrative purposes only

Through this Program, the City provides funding to the Contractor, subject to oversight provisions and other terms and conditions specified in the Agreement, that the Contractor will then use to issue no-interest interest loans for terms up to 20 years for up to \$125,000 at no interest to Foster City Homeowners toward the cost of building/installing the ADU. The City financing incentive increases to \$150,000 if the Homeowner agrees to rent their ADU with a preference for those with special needs (as defined in the

¹ See program rules. ADU may be rented to Homeowner’s family member(s) or may be owner-occupied provided the occupants of the ADU are income qualified. Lower income is defined as earning less than 80% of Area Median Income.

program guidelines). In addition, the program provides expedited permitting and reduced permit fees. The applicant will be able to select from a variety of quality ADU designs available from the Contractor. The selected Contractor's ADU designs for this program will be pre-reviewed by the City to accelerate permitting.

In return for the no-cost financing and accelerated permitting, participating homeowners must agree to rent their ADU at below market rates to income-qualified occupants or for a period of 10 consecutive years and agree to Program terms and conditions². Low-income homeowners have the option of occupying their ADU and renting out their home.

The program is provided to implement the City's [2023-2031 Housing Element](#), Program H-D-4-b, ADU/JADU Financial Incentive Program (page HE-94), which calls for the City to provide or partner with another organization to provide a financial incentive program for single-family homeowners to construct ADUs that are restricted for lower-income households for 10-15 years, with an additional incentive amount for units subject to a preference for identified categories of special needs people who would benefit from coordinated onsite services, including but not limited to people with developmental disabilities

PROGRAM GOAL

The goal of the Program is to facilitate financing of a minimum of eight (8) affordable ADUs to support the City's 2023-2031 Housing Element Program H-D-4-b, which calls for eight (8) income-restricted ADU units to be financed by 2031 as part of the City's goal of 24 ADUs constructed by 2031.

From the [2023-2031 Housing Element](#), page HE-94: H-D-4-b ADU/JADU Financial Incentive Program. *Provide or partner with another organization to provide a financial incentive program for single-family homeowners to construct an ADU/JADU that is restricted for lower-income households for 10-15 years, with an additional incentive amount for units subject to a preference for identified categories of special needs people who would benefit from coordinated onsite services, including but not limited to people with developmental disabilities.*

PROGRAM PARTICIPANTS

- **Contractor:** For programs A, B, and C, the Contractor manages the applicant selection and approval process, prepares loan documents, underwrites loans, issues and manages loans and manages the projects Contractor finances the project through their own financing Program using funds received from the City. For program B and C, the Contractor also provides construction of custom or installation of manufactured ADUs. Contractor team may consist of a team including but not limited to a) a licensed contractor and sub-contractors, b) a manufactured ADU manufacturer and/or seller, c) a loan servicing and/or loan underwriting service provider, d) a financing entity that provides loans. The type(s) of ADUs provided may be more limited than as specified in these Program Guidelines.

² The homeowner may occupy the ADU themselves for any period of time during the 10-year periods, provided their household income is below the low-income limit. No rent is required for owner-occupied units.

- City of Foster City – issues funds for the Program; conducts oversight; provides annual ADU compliance services to ensure ADU occupants meet low-income requirements and rent of the ADU is set at affordable rates for the 10-year period through a third-party or City staff.
- Homeowner – agrees to lease ADU at below market rental rates to income-qualified occupants for 10 years. Occupants may include family members or the homeowner provided they are income qualified. Homeowners must qualify as stated in the underwriting guidelines below and agree to Program terms and conditions.

PROGRAM INCENTIVES

- Incentive 1: Approved Foster City Homeowners (“Homeowner” or “Applicant”) commit to renting their ADU to qualified low-income tenant(s) for a period of 10 years at below market rental rates. In exchange, the homeowner receives a no-interest loan to finance up to \$125,000 of the cost to purchase and install their ADU.
- Incentive 2: Eligible Homeowners who agree to rent their ADU with a preference for identified categories of special needs people who would benefit from coordinated onsite services, including but not limited to people with developmental disabilities, will receive a no-interest loan to finance up to \$150,000 of purchase and installation costs of their ADU. This additional incentive is provided to support the City’s approved 2023-2031 Housing Element, Program H-D-4-b.
- Incentive 3: The city provides accelerated permit processing and for the building permit through the pre-reviewed plans.

PROGRAM AND LOAN UNDERWRITING GUIDELINES

1. HOMEOWNER APPLICANT QUALIFICATIONS

- Applicant must be an owner or be a trustee of a trust which owns the property for which applicant is applying.
- Only one loan per Applicant through the Program.

SAMPLE \$300,000 PRE-FABRICATED ADU PROJECT

City Financing: \$125,000, 0% interest, loan term up to 20 years. Payments may be deferred up to 10 years.

Contractor Financing: \$175,000, 6% financing, 20 years.

Homeowner buys ADU from Contractor.

Contractor prepares foundation, manages permits, and installs ADU.

Homeowner agrees to rent ADU only to qualified, low-income renters for 10 years.

Tenants can be family members or owner-occupied as long as the occupant income qualifies.

ADU Rent must be under the maximum chargeable rent for a low-income unit.

The City regulates the unit under the City’s Below Market Rate Housing Program.

- Applicant understands that the Program is limited to eight (8) loans in total unless funds remain available for additional loans.
- Applicants must commit to renting at below market rental rates for 10 years.
- Applicants must commit to using Contractor to purchase and install or build the ADU, if the City's program combines the City's financing and ADU general contractor services.
- Applicants must agree to complete Fair Housing training prior to completion of construction of the ADU.
- Applicants must comply with Foster City's Anti-Displacement Strategy and Municipal Code Section 17.90 once the ADU is constructed and rented.
- Applicants must not have any liens or levies on title (court ordered judgements, tax liens, credit card, medical debt, etc.) of the Property.
- Before reviewing if the Applicant meets the qualifications for the Program, a preliminary title report will be obtained to confirm ownership of the Property, identify any relevant encumbrances, and confirm and there is no lien or levy from creditors or other parties on the Property. If the preliminary title report shows any liens or levies from creditors, or encumbrances which would interfere with the project or create added risks for lender, the application filed by the Applicant will be denied. However, they will be invited to re-apply if the Applicant satisfactorily resolves the issue and funds are still available.
- Homeowner agrees to comply with the following ADU occupancy requirements:
 - Homeowner must submit a report to the City annually by June 30 through the City's BMR Rental Registry providing information on the unit, including rental rate, rental rate increase, occupancy, and lease terms.
 - Homeowner must rent to an income qualified renter and enter into a 12-month initial lease.
 - Homeowner must rent the unit for a minimum of \$100 per month (except for owner-occupied units) and a maximum of the published rate as issued by the City of Foster City annually.
 - Rental rates of occupied units are limited to a 5% rental rate increase per 12-month period. Vacant units are not subject to the 5% rate increase cap.
 - All occupants of a rented ADU must be on the lease.
 - Occupants of the ADU are subject to the City's occupancy standards as specified in the [BMR Guidelines](#).
 - Units cannot be vacant for more than 90 days in a calendar year unless owner can demonstrate a continuous good faith effort to rent the unit during the vacancy period.
 - ADUs in the Program can be owner-occupied if the owner is income-qualified to occupy the unit.
 - For rented ADUs, Homeowner must agree to comply with the City's minimum and maximum rental rates issued annually and effective July 1 of each year.
 - Homeowner must comply with the City's [BMR Guidelines](#).
 - Homeowner may rent the unit to an income-qualified family member or friend provided a lease is issued and all requirements are complied with.
 - For Homeowners agreeing to rent the unit with a preference for a household member with special needs, special needs is defined as supportive housing as stated in the [City's Municipal Code, Chapter 17.04.020](#):

Municipal Code, Chapter 17.04.020

“Supportive housing” means housing with no limit on length of stay, that is occupied by the target population as defined in Section [65582](#) of the California Government Code, and that is linked to on- or off-site services that assist the supportive housing residents in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.

Target population, as defined in Section 65582 (p) as follows:

“Target population” means persons with low incomes who have one or more disabilities, including mental illness, HIV or AIDS, substance abuse, or other chronic health condition, or individuals eligible for services provided pursuant to the Lanterman Developmental Disabilities Services Act (Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code) and may include, among other populations, adults, emancipated minors, families with children, elderly persons, young adults aging out of the foster care system, individuals exiting from institutional settings, veterans, and homeless people.

Additional information about supportive housing is available from the City.

2. ADU PROJECT ELIGIBILITY

a) Eligible Properties

- Single dwelling unit or duplex property located in Foster City where an ADU can be constructed and comply with the requirements of City Municipal Code section 17.78 (“Property”).
- The homeowner’s property shall not have more than two other loans (including a mortgage) and a loan-to-value that is no higher than 90% for all loans, excluding the ADU.
- Property must meet Contractor’s eligibility requirements for the property and the project.

b) Eligible Uses of Loan Funds

- Loan funds may be used for construction, purchase, and/or installation of the ADU, site preparation, foundation construction, associated materials, demolition, installation, site work and labor of a new legal and feasible ADUs, including lot maximums, zoning, permitting, and any other requirements in Foster City Municipal Code section 17.78 for the Project (up to a maximum amount of \$150,000 for the City’s loan for the project). This amount includes any applicable building permit fees or other fees charged by a public agency or utility as a result of the Project.
- Construction may be a prefabricated studio, one, or two-bedroom detached ADU that meets all City and State requirements and building codes and complies with the City’s zoning code. See [Foster City Municipal Code Chapter 17.78, Accessory Dwelling Units](#).
- Eligible costs include:
 - Purchase cost of the ADU
 - Construction materials and labor

- Project management
- Demolition necessary for the construction of the foundation for the ADU
- Site work, such as water/sewer/septic connections, utility improvements, or site leveling as is necessary for the construction of an ADU
- Installation of the ADU
- Other hard or soft costs approved at the discretion of the City

c) Ineligible Projects/Uses of Funds

- Legalization of an existing ADU, JADU or conversion ADU.
- Installation of an ADU not associated with the Contractor.
- Interior home ADU (called a JADU) such as conversion of a bedroom to an ADU.

3. PROJECT REQUIREMENTS

a) Project Size

- ADU size shall be limited to requirements as stated in [Foster City Municipal Code Chapter 17.78](#).

b) Design

- ADU must conform to any homeowner association (HOA) requirements, if applicable.
- Applicant shall agree to Contractor's design parameters, with the ability to select from a limited range of choices for certain aspects of the project such as floor plans, paint colors and interior and exterior finishes.
- ADU must meet all building codes comply with [Foster City Municipal Code Chapter 17.78](#).
- All permits and approvals are required.
- Project must be submitted through the Foster City Planning Department's TRAKiT Program.

c) Rent Restriction

- Rent of the ADU unit shall be restricted to households earning less than 80% of AMI, using income limits established by the State of California Department of Housing and Community Development (HCD) adjusted for household size as follows: studio: 1 person, one-bedroom: 2 people; two bedroom: 3 people. The rental restriction shall be for a minimum of 10 consecutive years after the issuance of the temporary occupancy certificate.
- Rent increases limited to 5% per year and cannot occur more than once in a 12-month period.
- Rent charged by Homeowner cannot exceed the maximum amount established by the City and issued annually by July 1. Rental amount, if any, shall be determined by the Applicant, subject to the maximum rental rate issued by the City.
- Minimum rent is \$100 per month, except for owner-occupied units.

d) Lease Requirements

- Minimum lease term is 12 months for initial lease.

- The lease form must comply with all applicable local, state, and federal regulations and other requirements as specified in the City's BMR Guidelines, available online at [Landlord/Property Manager Resources | Foster City California](#). The City must approve the lease form.
- The lease must include an affordable housing addendum explaining the provisions of the Program and obligations regarding occupancy standards and rental rate restrictions. The lease addendum must state that the unit is a below market rate unit regulated by the City of Foster City and include length of the affordability restriction, ongoing tenant obligations, occupancy standards, and other provisions as specified in the City's BMR Guidelines.

e) Applicant/Homeowner Obligations

- Applicant must acknowledge that Contractor and/or the City shall have the right to audit tenant files and complete annual unit inspections subject to state notice regulations.
- Applicant must acknowledge the unit is a regulated below market rate (BMR) unit regulated by the City and subject to Municipal Code 17.90 and the City's BMR Guidelines. This includes submittal of an annual report in the City's BMR Rental Registry by June 30 annually. The City provides training for using the rental registry software.
- Applicant agrees to notify City through the BMR Rental Registry of any of the following occurs:
 - New tenant
 - Lease renewal or new lease with current tenant
 - New rental rate as approved by the Housing Authority
 - Tenant notification to move out
 - Notice to pay or quit or eviction notice issued to tenant
 - Change in tenant's voucher status, if applicable
 - Changes in property management providers and/or homeowner contact information
 - Tenant/occupant that no longer qualifies for eligibility due to being over the income limit
- Applicant must enter into a loan agreement with the lender and repay the loan per the payment schedule with any accrued interest at the time of a qualifying repayment event or upon Applicant's decision to exit the Program.
- Applicant must maintain hazard insurance that names City as loss payee annually for the term of the loan.
- Applicant shall keep all buildings located on the Property insured against loss by fire.
- Subject to the rights of any senior lienholder, the proceeds collected under any insurance policy may be applied by Beneficiary to any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary, the entire amount so collected or any part thereof may be released to Borrower; provided however, if Borrower is not in default under the Loan Documents, the proceeds shall be released to Borrower to repair or rebuild the Improvements provided that sufficient additional sources of financing to complete such repair or rebuilding are available to complete such work. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.
- Applicant must adhere to Fair Housing regulations and complete Fair Housing training prior to execution of the first lease and every three (3) years thereafter. The City will post links to

Fair Housing Training on the City's website. Training is available at no cost through the State of California Civil Rights Department or through the City's Fair Housing Workshop held annually.

- Applicant understands that a vacant ADU unit cannot be vacant for more than 90 days and must be rented to an income-qualified tenant to remain in the Program. Exceptions are granted by the City for documented repair and maintenance work or other reasons on a case-by-case basis.
- Homeowner is responsible for managing the Tenant-Landlord relationship and enforcing the Lease Terms. City and Contractor will not be parties to the lease, and will not be responsible for selecting a tenant, or enforcing the lease terms. These are the sole obligation of Applicant. For example, if a tenant moves in and does not pay rent, it will be Applicant's sole responsibility to address the situation at Applicant's own expense.
- Homeowner is responsible for reviewing the City's Municipal Code, BMR Guidelines, and related ordinances.

f) Tenant Household Obligations to be included in the Lease

- If Tenant is a voucher holder, Tenant must agree to Housing Authority terms of their voucher.
- Tenant household size must comply with the City's standard occupancy standards. Tenants that do not meet occupancy standards will be given 90 days' notice to vacate.
- Family members are allowed to occupy the ADU if they are otherwise qualified and added to the lease.
- Tenants found to be over the income limit upon annual income recertification will have 90 days to vacate the unit.
- Tenant must comply with the terms of their lease in order to remain in the unit.

g) General Contractor's Obligations for ADU Projects, if applicable

- Must follow all local, state, and federal laws, including but not limited to lending, building, licensing, and prevailing wage laws, as applicable.
- Must obtain all required local approvals, permits, and entitlements for the Project.
- Must use construction materials, finishes and fixtures shall be of good quality and manufacture and design.
- Must hold the City harmless throughout the contract term, and for construction defects during and after the contract term.
- Contractor must provide a construction warranty of a minimum of ten years for materials, parts, and labor for each ADU.
- Must maintain records per local, state and federal laws.
- Must hold a valid general contractor's license in the State of California.
- Must hold a valid business license with the City of Foster City during the term of the project.

h) Contractor's Obligations for Loan Administration

- Must provide the City with annual reports on loan administration.
- Must make payments to the City as required by the executed Agreement with the City to repay the City-funded portion of the loans.
- Must maintain records per local, state and federal laws.

- Must hold a valid business license with the City of Foster City during the term of the project.

4. LOAN PROVISIONS AND TERMS

a) Affordability Restriction Term

- 10 years
- Affordability is included in a recorded covenant that runs with the property until the end of the affordability restriction term.

b) Loan Terms for City Financing

- Loan of up to \$125,000 per Project (\$150,000 for homeowners who agree to rent the ADU with a preference for supportive housing).
- Loan term: up to 20 years.
- No downpayment required.
- No interest (0%).
- Interest payments, if applicable, may be waived, and principal payments deferred, during the 10-year affordability restriction period, at the election of the Borrower.
- Payment schedule shall be determined by Contractor and specified in loan documents.
- Contractor shall collect payments for City-funded portion of loan and repay City on a schedule as agreed to in executed Agreement with Contractor, accounting for deferred payments during the affordability restriction period, if elected by Borrower. During the term of the Agreement with the Contractor, loan payments from homeowners shall be paid into a re-use account established by the Contractor.
- Upon termination of the Agreement with the Contractor any funds remaining in the re-use account shall be reimbursed to the City within 30 days. The City may elect to transfer loans still in effect to a loan servicing provider.
- The lump sum of the balance due on the loan is due to the City upon a qualifying Repayment Event.

c) Qualifying Repayment Events

- Change in Property title.
- Expiration of the loan term.
- The lot is split.
- The ADU is no longer approved for occupancy.
- The ADU is vacant or no longer rented to a Qualified Tenant for 90 or more days (exceptions for repairs or lack of qualified candidates provided by homeowner).
- Borrower's breach of any other provisions of the Loan Documents that remains uncured for more than 60 days.
- Homeowner fails to comply with Municipal Code 17.90 or the BMR Guidelines.
- Tenant is no longer qualified, and Homeowner allows tenant to remain in the BMR ADU during the 10-year affordability restriction period of the loan term.
- Homeowner performs unpermitted work on the Property, and the City issues a Stop Work Order on the property after the Project is completed.
- Homeowner files for bankruptcy.

- A mortgage holder repossesses the property for auction.

d) Subordination

- Subordination to the property's primary mortgage and home equity loan/line of credit is acceptable. Other situations are subject to written approval by the City. However, in the event of bankruptcy or foreclosure by the senior lender(s), the affordability requirements built into the deed of Trust between the Homeowner and Contractor will not survive and the unit will be removed from the City's Affordable ADU Program. The lien would be on the whole property, not just the ADU.

e) Completion of Project

- Construction of the Project is required to be completed within 12 months following loan approval.
- ADU is complete upon issuance of the Certificate of Occupancy by the City. The Homeowner may begin the process of leasing the unit at that time.

f) Funding Process

- City will pay the Contractor engaged by the City to administer the Affordable ADU Program the lump sum of the contractor amount within 30 days of receipt of an invoice.
- The Contractor will establish the loan fund and re-use account to disburse payments for issuing loans and for administration and lending fees.

APPLICATION AND SELECTION PROCESS

1. Application Process

- Any Foster City homeowner can apply for the program through the Contractor as a Loan Applicant. ("Loan Applicant"). Contractor determines methods for application and selection of applicants and issuing loans.
- The City shall promote the program on its website, at City Hall, through the City's electronic newsletter, and through the Foster City Islander.
- Contractor shall issue loans to qualified Loan Applicants on a first-come, first-served basis.

2. Pre-Loan Application Steps

After a Loan Applicant is notified by Contractor that they have been selected from the waitlist:

1. Contractor shall schedule a Feasibility Consultation with Loan Applicant. During this consultation, Loan Applicant will meet with Contractor to determine feasibility and initial cost estimate of the project. Initial consultation may be virtually or by phone, but Contractor must visit the property before approving a feasibility report. Consultation is provided at no cost to homeowners.
2. Contractor, in its sole discretion, shall determine the feasibility and estimated cost of the project and notify the Loan Applicant. Projects that are not feasible will be denied.

3. Application Steps

Upon completion of an approved feasibility report and cost estimate, Loan Applicant shall:

1. Submit a complete loan application to Contractor. Loan application materials shall be developed by Contractor.
2. Execute an intent to commit to a ten-year affordability covenant on the ADU.
3. Upload a signed feasibility report and project budget.
4. Contractor staff will review and provide pre-approval authorization, reserving available Loan funds for the individual project for a period of 90 days.
5. During the 90-day Pre-Approval period, Contractor shall confirm feasibility, approve the final project budget, and conduct underwriting of the Loan Application. Underwriting shall include review of a title report for applicant's property.
6. Homeowners will also have access to no-cost "office hours" with a Contractor Technical Assistance advisor to answer any questions about their ADU project.

4. Review and Consideration of Applications

1. Contractor shall manage the application process to select eligible Applicants.

END OF DOCUMENT