

Attachment A

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APN: 139-281-044

RECORDING REQUESTED BY
Old Republic Title Company

Escrow No: 0721024812

WHEN RECORDED MAIL TO

County of Monterey
Department of Housing and Redevelopment
168 West Alisal Street, 3rd Floor
Salinas CA 93901
Attn: Program Manager

Stephen L. Vagnini
Monterey County Recorder
Recorded at the request of
Old Republic Title

CRMELISSA
11/08/2010
8:00:00

DOCUMENT: **2010065583**

Titles: 2/ Pages: 34



Fees....

Taxes...

Other... _____

AMT PAID _____

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Buyers Occupancy and Resale Restriction Agreement with Option to Purchase

Re-recorded to Correct Recording Sequence

CML/ml

ORT 0121024812-cm
RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Monterey
Department of Housing and Redevelopment
168 West Alisal Street, 3rd Floor
Salinas, CA 93901
Attn: Program Manager

Stephen L. Vagnini
Monterey County Recorder
Recorded at the request of
Old Republic Title

CRMARIA
10/06/2010
8:00:00

DOCUMENT: 2010056626	Titles: 2/ Pages: 33
	Fees.....
	Taxes....
	Other....
	AMT PAID _____

No fee for recording pursuant to
Government Code Section 27383

(Space above for Recorder's Use)

BUYER'S OCCUPANCY AND RESALE RESTRICTION AGREEMENT
WITH OPTION TO PURCHASE

MONTEREY COUNTY INCLUSIONARY HOUSING PROGRAM
Las Palmas Ranch Inclusionary Housing Subdivision, Phase I

Owner: Jeannette Warzycki, an un-
Married woman

Address of Home: 21100 Country Park Rd
Salinas, CA 93908

Income Category of Buyer
(Very Low Income, Lower Income or
Moderate Income): Income,
120% of Median Income

Sales Price at Original Purchase (Owner's
Base Price): \$ 217,123.00

This Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase (the "Agreement") is entered into as of this 1st day of OCTOBER, 2010 by and between the County of Monterey (the "County") and (the "Owner"), **Jeannette Warzycki**.

RECITALS

A. Pursuant to the Monterey County Inclusionary Housing Ordinance, Chapter 18.40 Monterey County Code, a portion of all new housing constructed in Monterey County is required to be affordable to low- and moderate-income households.

B. On September 6, 1988, the Monterey County Board of Supervisors approved PC-5623A (and PC-07424), Resolution number 88-451, which required 65 Moderate Units, 36 Low Income Rental Units and 54 Very Low Income Rental Units pertaining to the fulfillment of Inclusionary Housing requirements.

C. On March 6, 1990, Las Palmas Ranch Development Company, Inc. a California Corporation, the "Developer" of Las Palmas Ranch, Phase I (the "Development"), entered into an Inclusionary Housing Agreement (Master Developer-For Sale Units) with the County of Monterey dated. Pursuant to the Inclusionary Housing Agreement, the Developer agreed to sell certain homes in the Development or offsite of the Development to low and Moderate Income households at affordable prices (the "Affordable Units").

D. Owner intends to purchase the property located at in the County of Monterey and more particularly described in Exhibit A attached hereto and incorporated herein (the "Home"). The Home is one of the Affordable Units. The Home has been designated by the County and the Developer as a Moderate Income Home, and this Agreement restricts future sales of the Home to persons who qualify as Moderate Income Households ("Income Eligible Households").

E. Pursuant to the Inclusionary Housing Ordinance #04185 and the Inclusionary Housing Agreement, the Developer and the County are required to ensure the continued affordability of the Home as an Affordable Unit, and the County therefore requires the Owner to execute this Agreement as a condition of the Owner's purchase of the Home. The Owner has agreed to execute and comply with this Agreement in consideration of the Developer's agreement to sell the Home to the Owner at an affordable price below the fair market value of the Home.

F. Pursuant to Health and Safety Code Section 33413 (b)(2)(A)(i), specified percentages of all new and substantially rehabilitated dwelling units developed in redevelopment project areas in the County shall be available at affordable housing cost to persons and families of low or moderate income and to very low income households, and such requirements shall be set forth in recorded covenants running with the land, enforceable by the County or the Redevelopment Agency of the County. This Agreement is intended to implement this requirement of law, and to cause the Home to be eligible for redevelopment housing production credit pursuant to Section 33413(b)(2)(A)(i).

G. The purpose of this Agreement is to place resale controls on the Home and to require the payment of any excess proceeds of sale or excess rental proceeds to the County. This Agreement also provides the County an option to purchase the Home at a restricted price, given in consideration of the economic benefits to the Owner resulting from purchase of the Home at a below market price under the County's Inclusionary Housing Program. This Agreement is accompanied by a promissory note from the Owner to the County (the "County Note") pursuant to which the Owner agrees to pay any excess proceeds of sale or excess rental proceeds to the County.

H. The County has adopted an administrative manual in connection with the Inclusionary Housing Ordinance, prepared pursuant to 18.40.110 H of the Monterey County

Code (the "Administrative Manual"). The Administrative Manual, as it may be amended from time to time, is utilized to implement the provisions of this Agreement.

I. The Owner is receiving a first mortgage loan (the "First Mortgage Loan") from **W. J. Bradley Mortgage Capital Corporation** (the "First Lender"). The First Mortgage Loan is secured by a deed of trust dated September 23, 2010, executed by the Owner in favor of First Lender and recorded in the County of Monterey on 10/16, 2010, and assigned Recorder's Serial No. 2010056625 (the "First Mortgage Deed of Trust").

J. This Agreement and the accompanying County Note shall be secured by a deed of trust on the Home (the "County Deed of Trust"). This Agreement and the County Deed of Trust shall be subordinate to the lien of the First Mortgage Deed of Trust.

NOW, THEREFORE, in consideration of the benefits received by the Owner and the County hereunder, the Owner and the County agree, as follows:

1. DEFINITIONS AND EXHIBITS

A. The following terms are specially defined for this Agreement and their definitions can be found in the sections indicated below:

- (1) "Administrative Manual" – Recital G
- (2) "Affordable Price" – Section 11A (3)
- (3) "Affordable Rent" – Section 4
- (4) "Agreement" - First sentence of the Agreement on page 1
- (5) "County" - First sentence of the Agreement on page 1
- (6) "County Deed of Trust" - Recital H
- (7) "County Note" - Recital F
- (8) "County Option" - Section 10
- (9) "County Response Notice" - Section 8
- (10) "Eligible Purchaser" - Section 12B
- (11) "Excess Rental Proceeds" – Section 4
- (12) "Excess Sales Proceeds" - Section 13

- (13) "Fair Market Value" - Section 11B
- (14) "First Lender" - Recital G
- (15) "First Mortgage Deed of Trust" - Recital G
- (16) "First Mortgage Loan" - Recital G
- (17) "Home" - Recital C and Section 2
- (18) "Inclusionary Housing Ordinance" – Recital A
- (19) "Income Eligible Households" – Recital C
- (20) "Indexed Value" – Section 11A
- (21) "Inheriting Child – Section 6B
- (22) "Inheriting Owner" – Section 6B
- (23) "Maximum Restricted Resale Price" - Section 11
- (24) "Median Income" – Section 11A
- (25) "Owner" - First sentence of the Agreement on Page 1
- (26) "Owner's Base Price" - Section 11A
- (27) "Owner's Notice of Intent to Sell" - Section 7
- (28) "Transfer" - Section 6A

B. The following exhibits are attached to this Agreement:

- (1) Exhibit A: Legal Description of the Home
- (2) Exhibit B: Form of Owner Occupancy Certification
- (3) Exhibit C: Form of Owner's Notice of Intent to Transfer
- (4) Exhibit D: Form of Owner Acknowledgement of County Response Notice

- (5) Exhibit E: Form of Owner Request for County Subordination to Refinance First Mortgage Loan

2. DESCRIPTION OF PROPERTY

This Agreement concerns the real property in the County of Monterey, State of California with the street address set forth on page 1 of this Agreement, which is more fully described in Exhibit A attached hereto and incorporated in this Agreement by reference (the "Home").

3. OWNER CERTIFICATIONS; OWNER OCCUPANCY REQUIREMENT

A. The Owner certifies that the financial and other information previously provided in order to qualify to purchase the Home is true and correct as of the date first written above.

B. The Owner shall occupy the Home as the Owner's principal place of residence. The Owner shall be considered as occupying the Home if the Owner is living in the unit for at least ten (10) months out of each calendar year. On or before February 1 of each calendar year, the Owner shall provide an annual written certification to the County in the form shown in Exhibit B that the Owner is occupying the Home as his or her principal place of residence, and that Owner is not renting the Home to another party.

4. NO RENTING OR LEASING OF HOME

The Owner shall not rent or lease the Home to another party, unless such rental or lease is first approved, in writing, by the County. The County shall approve the renting or leasing of the Home only if all of the following conditions are met: (1) the term of the rental or lease is not greater than twelve (12) months and cannot be extended without County approval; (2) the Owner demonstrates to the County's reasonable satisfaction that the Owner will incur substantial hardship if he or she is not permitted to rent or lease the Home to a third party; (3) the tenant qualifies as an Income Eligible Household, as certified to the County, and (4) the rent for the Home does not exceed rent determined by the County to be affordable to an Income Eligible Household, in accordance with standards set forth in the Administrative Manual (the "Affordable Rent"). Any rental or lease of the Home in violation of this Agreement is prohibited, and shall be a default under this Agreement and the County Deed of Trust. The Owner further agrees that, in the event the Owner rents or leases the Home to a third party in violation of this Section 4, any excess rents ("Excess Rental Proceeds") paid to the Owner by the lessee over the "Affordable Rent" shall be due and payable to the County immediately upon receipt thereof by the Owner. Such Excess Rental Proceeds shall be considered a recourse debt of the Owner to the County, as evidenced by the Note, which the County may collect by legal action against the Owner, including by foreclosure under the County Deed of Trust.

5. MAINTENANCE AND INSURANCE REQUIREMENTS

A. Maintenance.

(1) The Owner shall maintain the Home, including landscaping, in good repair and in a neat, clean and orderly condition (and, as to landscaping, in a healthy condition) and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials, Owner will not commit waste or permit deterioration of the Home, and shall make all repairs and replacements necessary to keep the Home in good condition and repair. Failure by the Owner to maintain the Home shall constitute a default under this Agreement for which the County may exercise the County Option to purchase the Home pursuant to Section 16 below.

(2) In the event that the Owner breaches any of the covenants contained in this section and such default continues for a period of ten (10) days after written notice from the County with respect to graffiti, debris, waste material, and general maintenance or thirty (30) days after written notice from the County with respect to landscaping and building improvements, then the County, in addition to whatever other remedy it may have at law or in equity, shall have the right to enter the Home and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, the County shall be permitted (but is not required) to enter the Home and perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas, and to attach a lien on the Home, or to assess the Home, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the County and/or costs of such cure, which amount shall be promptly paid by the Owner to the County, plus an administrative charge equal to fifteen percent (15%) of the cost of such work upon demand.

B. Insurance. The Owner shall maintain a standard all risk property insurance policy equal to the replacement value of the Home (adjusted every five (5) years by appraisal, if requested by County), naming the County as an additional insured. Additional insurance requirements are set forth in Section 5 of the County Deed of Trust. The Owner shall provide the County with evidence of required insurance coverage upon request of the County.

6. RESTRICTIONS ON RESALE OR TRANSFER OF THE HOME

A. Transfer. Any Transfer of the Home will be subject to the provisions of this Agreement including, without limitation, the County Option described in Section 10 below. Transfer means any sale, assignment or transfer, voluntary or involuntary, of any interest in the Home, including, but not limited to, a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest, an interest evidenced by a land contract by which possession of the Home is transferred and Owner retains title, or a deed of trust. Any Transfer without satisfaction of the provisions of this Agreement is prohibited and shall constitute a default by Owner for which the County may exercise the County Option pursuant to Section 16 below. A Transfer shall not include a transfer: (i) to an existing spouse or domestic partner; (ii) by a Owner to a spouse or

domestic partner where the spouse or domestic partner becomes the co-owner of the Home; (iii) between spouses as part of a marriage dissolution proceeding; (iv) to an existing spouse or domestic partner of Owner by devise or inheritance following the death of Owner; (v) by Owner into an inter vivos trust in which Owner is the beneficiary; or (vi) refinance of the First Mortgage meeting the requirements of Section 23 of the Resale Restriction Agreement; provided, however, that Owner shall provide written notice of all such transfers to County; and Owner shall continue to occupy the Home as his or her principal place of residence (except where the transfer occurs pursuant to subsection (iii) or (iv) above, in which event the transferee shall owner-occupy the Home and affirmatively assume Owner's obligations under this Agreement, the County Note, and the County Deed of Trust). All other Transfers shall require written notice to the County pursuant to Section 7 below, shall be to Income Eligible Households, and consideration received by the Owner for such Transfer shall not exceed the Maximum Restricted Resale Price defined in Section 11 below. For purposes of this section, "domestic partner" shall mean shall mean two unmarried people, at least eighteen (18) years of age, who have lived together continuously for at least one (1) year and who are jointly responsible for basic living expenses incurred during their domestic partnership. Domestic partners may not be persons related to each other by blood or adoption such that their marriage would be barred in the state of California. For purposes of this section, an individual shall be considered a domestic partner of Owner upon presentation by Owner of an affidavit or other evidence acceptable to the County.

B. Inheritance. In the event a Transfer occurs by devise or inheritance due to death of the Owner, the administrator of the Owner's estate or the person inheriting the Home shall provide written notice to the County of the Owner's death within thirty (30) days of the date of death and the following procedures shall apply:

(1) If the person inheriting the Home (the "Inheriting Owner") is the child or stepchild of the deceased Owner (an "Inheriting Child"), he or she shall provide the County with documentation that he or she is the child or stepchild of the deceased Owner and with income information, to be verified by the County, so that the County may determine if the Inheriting Child is an Income Eligible Household. If the Inheriting Child fails to provide required documentation of his or her relationship to the Owner, or financial information, he or she shall be deemed not to qualify as an Inheriting Child and/or Income Eligible Household, as applicable. If the Inheriting Child qualifies as an Income Eligible Household, he or she shall succeed to the Owner's interest and obligations under this Agreement, the County Note, and the County Deed of Trust and new documents shall be executed between the Inheriting Owner and the County and recorded against the Home. If the Inheriting Child fails to qualify as an Income Eligible Household, he or she shall be required to Transfer the Home to an Eligible Purchaser at a price not exceeding the Maximum Restricted Resale Price, pursuant to the procedures set forth in Sections 7 through 13 below and the County may exercise the County Option pursuant to Section 10 below; provided, however that the Inheriting Child may own and occupy the Home for up to twelve (12) months prior to providing an Owner's Notice of Intent to Sell to the County pursuant to Section 7 below, and provided further that the Inheriting Child remains in compliance with the requirements of this Agreement and the County Deed of Trust; the Inheriting Child shall not be required to occupy the Home during this twelve (12)-month time period, but shall not rent the Home except as provided in Section 4 above.

(2) If the Inheriting Owner is not the child or stepchild of the deceased Owner, he or she shall Transfer the Home to an Eligible Purchaser at a price not exceeding the Maximum Restricted Resale Price, pursuant to the procedures set forth in Sections 7 through 13 below and the County may exercise the County Option pursuant to Section 10 below. In this event, the Inheriting Owner shall provide the County with an Owner's Notice of Intent to Sell within sixty (60) days of the date of death of the Owner.

(3) Failure of an Inheriting Owner to follow the procedures and file the notices described in this Section 6 shall constitute a Default under this Agreement and the County may then exercise any of the remedies set forth in Section 14 below, including, without limitation, exercise of the County Purchase Option upon Default.

7. NOTICE OF INTENDED TRANSFER; PREPARATION OF HOME FOR SALE

A. In the event the Owner intends to Transfer or vacate the Home, the Owner shall promptly give the County written notice of such intent (the "Owner's Notice of Intent to Sell") in the form shown in Exhibit C attached to this Agreement. The Owner's Notice of Intent to Sell shall be sent to the County by certified mail, return receipt requested at the address provided in Section 31 of this Agreement. The Owner's Notice of Intent to Sell shall include the information necessary for the County to determine the Maximum Restricted Resale Price of the Home, including the following information:

- (1) the address of the Home;
- (2) the date of purchase of the Home by the Owner;
- (3) the purchase price of the Home paid by the Owner at the time of his/her purchase;
- (4) a copy of the HUD-1 Settlement Statement or equivalent document from the close of escrow on the Owner's purchase of the Home;
- (5) if Owner believes the Home is in good repair, qualifying for ten percent (10%) adjustment to Base Price pursuant to Section 11A(1), a request for such credit;
- (6) if the Owner has added a bedroom to the Home that he/she wishes to include in the calculation of Maximum Restricted Resale Price, documentation that the bedroom has been added during the time the Owner has owned the Home.
- (7) the date on which the Owner intends to vacate Home;
- (8) the date Home will be placed on the market; and
- (9) the name and phone number of the person to contact to schedule inspection of the Home by the County.

B. The Owner may not wish to contract with a real estate broker to sell the Home until the Owner has received the County Response Notice pursuant to Section 8 below, as the services of a broker will not be required if the County exercises the County Option to purchase the Home pursuant to Sections 8 and 10 below.

C. Following delivery to the County of the Owner's Notice of Intent to Sell, the Owner shall prepare the Home for sale, as follows:

(1) within thirty (30) days of delivery of the Owner's Notice of Intent to Sell, the Owner shall obtain and deliver to the County a current written report of inspection of the Home by a licensed structural pest control operator;

(2) within the sooner of (a) sixty (60) days from the date of delivery of the Owner's Notice of Intent to Sell, or (b) prior to close of escrow on the Transfer, the Owner shall repair all damage noted in the pest report including damage caused by infestation or infection by wood-destroying pests;

(3) within thirty (30) days of the date of the Owner's Notice of Intent to Sell, the Owner shall allow the County, or its designee, to inspect the Home to determine its physical condition and, if requested by the County, following such inspection, the Owner shall obtain and deliver to the County a home inspection report prepared by a licensed home inspector; and

(4) if the Home is vacant, the Owner shall maintain utility connections until the close of escrow on the Transfer.

8. COUNTY RESPONSE TO OWNER'S NOTICE OF INTENT TO SELL

The County shall respond in writing (the "County Response Notice") to the Owner's Notice of Intent to Sell within thirty (30) days of County receipt of a complete Owner's Notice of Intent to Sell that includes all information required under Section 7 above, including County receipt of the pest control report and home inspection report (if any) required pursuant to Section 7C above. The County Response Notice shall inform the Owner of the County's election to proceed under one of the following two alternatives:

A. County Exercise of County Purchase Option. The County Response Notice may notify the Owner that the County or its assignee elects to exercise the County Option to purchase the Home, as granted in Section 10 below, and shall include the County's calculation of the Maximum Restricted Resale Price to be paid by the County or its assignee pursuant to Section 11 below and the Transaction Fee to be paid by the Owner pursuant to Section 10 below.

B. Owner Sale at Restricted Sale Price to Eligible Purchaser. Alternatively, the County Response Notice may notify the Owner that the County will not at this time exercise the County Option to purchase the Home and that the Owner may proceed to sell the Home to an Eligible Purchaser at a price not to exceed the Maximum Restricted Resale Price, pursuant to the

procedure set forth in Section 12 below. In this event, the County Response Notice shall include the following information: (1) the maximum qualifying income for an Eligible Purchaser; (2) the certifications required of an Eligible Purchaser; and (3) the Maximum Restricted Resale Price the Owner may receive for the Home, calculated by the County pursuant to Section 11 below. The Owner may then proceed to request referrals from the County pursuant to Section 12A below.

9. OWNER ACKNOWLEDGMENT OF COUNTY RESPONSE NOTICE

No later than twelve (12) days following the date of the County Response Notice, the Owner shall acknowledge in writing to the County, in the form shown in Exhibit D attached to this Agreement, that he/she has received the County Response Notice and still intends to Transfer the Home.

10. COUNTY PURCHASE OPTION

The Owner agrees that the County shall have the option to purchase the Home (the "County Option") for the Maximum Restricted Resale Price, calculated pursuant to Section 11 of this Agreement. The County may, instead of purchasing the Home itself, assign its right to purchase the Home pursuant to the County Option to another public agency, a nonprofit corporation, or to an Eligible Purchaser. If the County assigns its purchase option, the assignee shall sign the County Response Notice and shall thereby be bound to purchase the Home pursuant to the terms of the County Option as set forth in this Agreement. The Owner may be required to pay the County a transaction fee equal to six percent (6%) of the sales price if the County (or its assignee) exercises the County Option and purchases the Home. The County Option may be exercised by the County or its assignee in the County Response Notice, as described in Section 8 above, to be sent by the County to the Owner within thirty (30) days of the County's receipt of a complete Owner's Notice of Intent to Transfer. If the County Response Notice notifies the Owner that the County or its assignee will exercise the County Option to purchase, the County or its assignee shall purchase the Home within ninety (90) days of the date of the County Response Notice. In the event of exercise of the County Option and purchase of the Home by the County or its assignee, the Owner shall permit a final walk-through of the Home by the County or its assignee in the final three (3) days prior to close of escrow on the Transfer. The County acknowledges and agrees that the County Option shall only be exercised by the County or its assignee for the purposes of retaining the Home as an inclusionary housing unit pursuant to the Inclusionary Housing Ordinance and that the Home may only be resold by the County or its assignee as an inclusionary housing unit in compliance with the Inclusionary Housing Ordinance.

11. DETERMINATION OF MAXIMUM SALES PRICE FOR COUNTY PURCHASE OR RESTRICTED SALE

If the County (or its assignee) exercises the County Option, or if Owner sells to an Eligible Purchaser, the maximum sales price (the "Maximum Restricted Resale Price") that the

Owner shall receive from the County or the Eligible Purchaser for purchase of the Home shall be the lesser of (i) the Indexed Value of the Home; or (ii) the Fair Market Value of the Home.

A. Indexed Value. The Indexed Value of the Home means the sales price of the Home at the time of purchase by the Owner, as set forth on page 1 of this Agreement (the "Owner's Base Price"), increased by the percentage of increase in the Median Income from the date of the original purchase of the Home by the Owner to the date of receipt by the County of the Owner's Notice of Intent to Transfer, and, where applicable, adjusted pursuant to subsection (1) below to reflect a credit for good condition maintained by the Owner, and/or adjusted pursuant to subsection (2) below to reflect Owner's addition of one or more bedrooms to the Home. "Median Income" shall refer to the median yearly income, adjusted for a household size of four, in the Salinas Metropolitan Statistical Area, as published by the United States Department of Housing and Urban Development ("HUD"), or, in the event such income determination is no longer published by HUD, or has not been updated for a period of at least eighteen (18) months, the County may use or develop such other reasonable method as it may choose in order to determine the annual median income in Monterey County.

(1) Credit for Good Condition. If the Home has been maintained in good condition, a credit equal to ten percent (10%) of the Owner's Base Price shall be added to the Indexed Value, subject to the Affordability Cap in subsection 11A(3) below. Borrower acknowledges that this ten percent (10%) credit is to account for any capital improvements the Owner may have made to the Home, except as provided in subsection (2) below. The ten percent (10%) credit shall be decreased or eliminated in an amount necessary to repair any violations of applicable building, plumbing, electric, fire or housing codes or any other provisions of the Monterey County Building Code, as well as to perform any other repairs needed to put the Home into a "sellable condition". Items necessary to put a Home into sellable condition shall be determined by the County or its designee, and may include landscaping, cleaning, painting and making needed structural, mechanical, electrical, plumbing and fixed appliance repairs and other deferred maintenance repairs.

(2) Bedroom Additions. If a bedroom has been added by Owner to the Home (following issuance of all required building permits), the Indexed Value will be increased based on an assumed household size corresponding to the total number of bedrooms in the Home, including the added bedroom, pursuant to the bedroom addition formula set forth in the Administrative Manual in effect at the time of the County's calculation of the Maximum Restricted Resale Price, and subject to the Affordability Cap in subsection 11A(3) below. If the Maximum Restricted Resale Price is being calculated for purposes of a refinance of the Home, and refinance proceeds are planned to be utilized to finance a bedroom addition, the restricted price will be adjusted to reflect the planned bedroom addition only if the requirements of Section 23C below are met.

(3) Affordability Cap. The adjustments for good condition and for bedroom additions set forth in subsections (1) and (2) above of this Section 11A shall only be made to the extent they do not cause the Indexed Price to exceed the Affordable Price of the Home. The "Affordable Price" of the Home means a purchase price that is affordable to an Income Eligible Household as such price is calculated by the County using the maximum affordability standards set forth in the Administrative Manual in effect at the time of the calculation.

B. Fair Market Value. In certain circumstances it may be necessary to determine the fair market value of the Home (the "Fair Market Value"). These circumstances include: (1) where the parties wish to determine if the Indexed Value exceeds the Fair Market Value in order to determine the Maximum Restricted Resale Price pursuant to this Section 11; and (2) where the Owner wishes to refinance the First Mortgage Loan as described in Section 23 below. If it is necessary to determine the Fair Market Value of the Home, it shall be determined by a qualified real estate appraiser approved in advance by the County. If possible, the appraisal shall be based upon the sales prices of comparable properties sold in the market area during the preceding three (3) month period. The cost of the appraisal shall be shared equally by the County and the Owner, unless the appraisal is obtained from a new purchaser, or unless the appraisal is necessary because the Owner wishes to refinance the First Mortgage Loan pursuant to Section 23 below, in which event the Owner shall pay the cost of the appraisal. Nothing in this section shall preclude the Owner and the County from establishing the Fair Market Value of the Home by mutual agreement in lieu of an appraisal pursuant to this section.

12. SALE OF HOME BY OWNER IF COUNTY DOES NOT EXERCISE OPTION TO PURCHASE

In the event the County Response Notice notifies the Owner to proceed to sell the Home to an Eligible Purchaser at a price not exceeding the Maximum Restricted Resale Price, the Owner may proceed to sell the Home in compliance with the following requirements:

A. Marketing. Immediately following receipt of a County Response Notice informing the Owner that the County will not exercise the County Option, the Owner shall request the County to refer Eligible Purchasers from the County's Inclusionary Housing Eligibility Waiting List to them. The Owner shall make every effort to sell the Home to Eligible Purchasers referred by the County. At the Owner's option, the Owner may also list the Home on the Multiple Listing Service (MLS). The Owner shall use bona fide good faith efforts to sell the Home to an Eligible Purchaser in compliance with this Section 12, including keeping the Home in an orderly condition, making the Home available to show to agents and prospective buyers, and providing buyers with Eligible Purchaser requirements, including income qualifications and the County's form of disclosure statement summarizing the terms of the buyer's occupancy and resale restriction agreement with option to purchase. A proposed purchaser ("Proposed Purchaser") who the Owner believes will qualify as an Eligible Purchaser shall be referred to the County for an eligibility determination.

B. Eligible Purchaser. A Proposed Purchaser shall qualify as an "Eligible Purchaser" if he or she meets the following requirements, as determined by the County:

(1) Intent to Owner Occupy. The Proposed Purchaser shall certify that he or she will occupy the Home as his or her principal place of residence throughout his or her ownership.

(2) Agreement to Sign Buyer's Resale Agreement and to Cooperate with County. The Proposed Purchaser shall agree to sign a buyer's occupancy and resale restriction agreement with option to purchase restricting future resale of the Home in the form provided by the County and shall agree to cooperate fully with the County in promptly providing all information requested by the County to assist the County in monitoring the Proposed Purchaser's compliance with the buyer's occupancy and resale agreement with option to purchase.

(3) Income Eligibility. The combined maximum income for all household members of the Proposed Purchaser shall not exceed the income level designated by the County in the County Response Notice.

C. Maximize Sales Price and Closing Costs. The purchase price for the sale of the Home by the Owner to the Eligible Purchaser shall not exceed the Maximum Restricted Resale Price calculated by the County pursuant to Section 10.40.110B.2 of the Inclusionary Housing Ordinance and Section 11 above, as set forth in the County Response Notice. The Maximum Restricted Resale Price shall not include closing costs paid by the Eligible Purchaser. The closing costs paid by the Eligible Purchaser shall not exceed reasonable and customary buyers' closing costs in the County of Monterey.

D. Disclosure and Submittals. The Owner and the Proposed Purchaser shall provide the following information and documents to the County:

(1) The name, address and telephone number in writing of the Proposed Purchaser.

(2) A signed financial statement of the Proposed Purchaser in a form acceptable to the County and any other supporting documentation requested by the County. The financial information shall be used by the County to determine the income eligibility of the Proposed Purchaser.

(3) The proposed sales contract and all other related documents which shall set forth all the terms of the sale of the Home. Said documents shall include at least the following terms: (a) the sales price; and (b) the price to be paid by the Proposed Purchaser for the Owner's personal property, if any, for the services of the Owner, if any, and any credits, allowances or other consideration, if any.

(4) A written certification from the Owner and the Proposed Purchaser in a form acceptable to the County that the sale shall be closed in accordance with the terms of the sales contract and other documents submitted to and approved by the County. The certification shall also provide that the Proposed Purchaser or any other party has not paid and will not pay to the Owner, and the Owner has not received and will not receive from the Proposed Purchaser or any other party, money or other consideration, including personal property, in addition to what is set forth in the sales contract and documents submitted to the County. The written certification shall also include a provision that in the event a Transfer is made in violation of the terms of this Agreement or false or misleading statements are made in any documents or certification submitted to the County, the County shall have the right to foreclose on the Home or file an

action at law or in equity as may be appropriate. In any event, any costs, liabilities or obligations incurred by the Owner and the Proposed Purchaser for the return of any moneys paid or received in violation of this Agreement or for any of the Owner's and/or the Proposed Purchaser's costs and legal expenses, shall be borne by the Owner and/or the Proposed Purchaser and they shall hold the County and its designee harmless and reimburse the County's and its designee's expenses, legal fees and costs for any action they reasonably take in good faith in enforcing the terms of this Agreement.

(5) An executed buyer's occupancy and resale restriction agreement and option to purchase, an executed promissory note to the County, and an executed deed of trust from the Proposed Purchaser, all in forms provided by the County. The recordation of the new deed of trust and buyer's occupancy and resale restriction agreement with option to purchase shall be a condition of the County's approval of the proposed sale.

(6) The name of the title company escrow holder for the sale of the Home, the escrow number, and name, address, and phone number of the escrow officer.

(7) Upon the close of the proposed sale, certified copies of the recorded County deed of trust and buyer's resale agreement, a copy of the final sales contract, settlement statement, escrow instructions, and any other documents which the County may reasonably request.

13. PAYMENT TO COUNTY OF EXCESS SALES PROCEEDS

If the Owner makes a Transfer in violation of this Agreement, the Owner shall pay the Excess Sales Proceeds to the County. For purposes of this Agreement, "Excess Sales Proceeds" shall mean the amount by which the gross sales proceeds received by the Owner from the new purchaser exceed the Maximum Restricted Resale Price for the Home (in the amount that was stated in the County Response Notice). This amount shall be a debt of the Owner to the County, further evidenced by the County Note, and secured by the County Deed of Trust. The Owner acknowledges that the County shall have no obligation to cause reconveyance of this Agreement or of the County Deed of Trust until the Excess Sales Proceeds are paid to the County. The County shall utilize the Excess Sales Proceeds for County affordable housing programs. The Owner and the County acknowledge that the formula for calculation of the amount of Excess Sales Proceeds due from the Owner to the County is intended to cause the Owner to receive the same or fewer net sales proceeds from sale of the Home at an unrestricted price to a market purchaser (in violation of this Agreement) as the Owner would receive from sale of the Home to the County or to an Eligible Purchaser at the Maximum Restricted Resale Price.

14. DEFAULTS

A. The following events shall constitute a Default by the Owner under this Agreement:

(1) The County determines that the Owner has made a misrepresentation to obtain the benefits of purchase of the Home or in connection with its obligations under this Agreement;

(2) The Owner fails to owner occupy the Home, as required pursuant to Section 3 above, and such failure continues following written notice by the County and sixty (60) days opportunity to cure following the date of such notice.

(3) The Owner rents the Home in violation of Section 4 above, and such failure continues following written notice by the County and sixty (60) days opportunity to cure.

(4) The Owner fails to provide information to the County necessary to determine Owner's compliance with the requirements of this Agreement.

(5) The Owner makes a Transfer in violation of this Agreement;

(6) The Owner otherwise fails to comply with the requirements of this Agreement and such violation is not corrected to the satisfaction of the County within thirty (30) days after the date of written notice by the County to the Owner of such violation; or

(7) A notice of default is issued under First Mortgage Loan or other financing secured by the Home.

(8) A lien is recorded against the Home other than the lien of a bone fide mortgage loan.

(9) Owner places a mortgage on the Home in violation of Section 23 below.

(10) Owner declares bankruptcy or makes an assignment of assets for the benefit of creditors.

B. Upon a declaration of Default by the County under this Agreement, the County may exercise any remedies at law or in equity, including without limitation, any or all of the following, none of which shall be an exclusive remedy:

(1) Declare all Excess Sales Proceeds and/or Excess Rental Proceeds immediately due and payable without further demand, accelerate payments due under the County Note;

(2) Invoke the power of sale under the County Deed of Trust;

(3) Apply to a court of competent jurisdiction for such relief at law or in equity as may be appropriate;

(4) Take such enforcement action as is authorized under the Monterey County Code;

(5) Declare a Default under the County Note and the County Deed of Trust and pursue all County remedies under the County Note and the County Deed of Trust; and

(6) Enter the Home to correct maintenance failures, and place a lien upon the Property to collect County costs to remedy maintenance failures, pursuant to Section 5(a)(2) above.

(7) Exercise the County Purchase Option Upon Default as described in Section 16 below.

15. NOTICE OF DEFAULT AND FORECLOSURE

A request for notice of default and any notice of sale under any deed of trust or mortgage with power of sale encumbering the Home shall be recorded by the County in the Office of the Recorder of the County of Monterey. The County may declare a Default under this Agreement upon receipt of any notice given to the County pursuant to Civil Code Section 2924b, and may exercise its rights as provided in Sections 14 and 16.

In the event of default and foreclosure, the County shall have the same right as the Owner to cure defaults and redeem the Home prior to the foreclosure sale. Nothing herein shall be construed as creating any obligation of the County to cure any such default, nor shall this right to cure and redeem operate to extend any time limitations in the default provisions of the underlying deed of trust or mortgage.

If the County failed to file the request for notice of default, the County's right to purchase the Home shall commence from the date a notice of default is given by the County to the Owner.

16. PURCHASE OPTION UPON DEFAULT

Notwithstanding, and in addition to, the remedies provided the County in Section 14, and the County Option provided to the County in Section 10, the Owner hereby grants to the County the option to purchase the Home following written notice by the County to the Owner of the declaration of a Default by the County under this Agreement. This option to purchase is given in consideration of the economic benefits received by the Owner resulting from ownership of the Home made possible by the County's Inclusionary Housing Program.

The County shall have thirty (30) days after a Default is declared to notify the Owner and the First Lender of its decision to exercise its option to purchase under this Section 16. Not later than ninety (90) days after the notice is given by the County to the Owner of the County's intent to exercise its option under this Section 16, the County shall purchase the Home for the Maximum Restricted Resale Price calculated in the manner set forth in Section 11.

The County acknowledges and agrees that the County Option shall only be exercised by the County for the purposes of retaining the Home as an inclusionary housing unit pursuant to the

Inclusionary Housing Ordinance and that the Home may only be resold by the County as an inclusionary housing unit in compliance with the Inclusionary Housing Ordinance.

17. NONLIABILITY OF THE COUNTY

A. No Obligation to Exercise Option. The County shall have no obligation to exercise any option granted it under this Agreement. In no event shall the County become in any way liable or obligated to the Owner or any successor-in-interest to the Owner by reason of its option to purchase under Sections 10 and 16 nor shall the County be in any way obligated or liable to the Owner or any successor-in-interest to the Owner for any failure to exercise its option to purchase.

B. Non-liability for Negligence, Loss, or Damage. Owner acknowledges, understands and agrees that the relationship between Owner and the County is solely that of an owner and an administrator of a County affordable housing program, and that the County does not undertake or assume any responsibility for or duty to Owner to select, review, inspect, supervise, pass judgment on, or inform Owner of the quality, adequacy or suitability of the Home or any other matter. The County owes no duty of care to protect Owner against negligent, faulty, inadequate or defective building or construction or any condition of the Home and Owner agrees that neither Owner, or Owner's heirs, successors or assigns shall ever claim, have or assert any right or action against the County for any loss, damage or other matter arising out of or resulting from any condition of the Home and will hold the County harmless from any liability, loss or damage for these things.

C. Indemnity. Owner agrees to defend, indemnify, and hold the County harmless from all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorneys fees that the County may incur as a direct or indirect consequence of: (1) Owner's default, performance, or failure to perform any obligations as and when required by this Agreement or the Deed of Trust; (2) the failure at any time of any of Owner's representations to the County to be true and correct; or (3) Owner's purchase or ownership of the Home.

18. RESTRICTIONS ON FORECLOSURE PROCEEDS

If a creditor acquires title to the Home through a deed in lieu of foreclosure, a trustee's deed upon sale, or otherwise, the Owner shall not be entitled to the proceeds of sale to the extent that such proceeds otherwise payable to the Owner when added to the proceeds paid or credited to the creditor exceed the Maximum Restricted Resale Price. The Owner shall instruct the holder of such excess proceeds to pay such proceeds to the County in consideration of the benefits received by the Owner through purchase of the Home under the County's Inclusionary Housing Ordinance.

19. RESTRICTION ON INSURANCE PROCEEDS

If the Home is damaged or destroyed and the Owner elects not to rebuild or repair the Home, the Owner shall pay the County the portion of any insurance proceeds received by the Owner for such destruction or damage in excess of the Maximum Restricted Resale Price calculated pursuant to Section 11 above.

20. TERM OF AGREEMENT

All the provisions of this Agreement, including the benefits and burdens, run with the land and the Home and this Agreement shall bind, and the benefit hereof shall inure to, the Owner, his or her heirs, legal representatives, executors, successors in interest and assigns, and to the County and its successors in perpetuity; provided, however, if the Home is destroyed or demolished by forces of nature without action by Owner (or irreparably damaged by forces of nature and then demolished by Owner) and such destruction or demolition occurs at least fifty-five (55) years following the date of this Agreement, this Agreement shall terminate upon such destruction or demolition.

21. SUPERIORITY OF AGREEMENT

The Owner covenants that he or she has not, and will not, execute any other agreement with provisions contradictory to or in opposition to the provisions hereof, and that, in any event, this Agreement is controlling as to the rights and obligations between and among the Owner, the County and their respective successors.

22. SUBORDINATION

Notwithstanding any provision herein, this Agreement shall not diminish or affect the rights of the First Lender under the First Lender Deed of Trust or any subsequent First Lender deeds of trust hereafter recorded against the Home in compliance with Section 23 of this Agreement.

Notwithstanding any other provision hereof, the provisions of this Agreement and the County Deed of Trust shall be subordinate to the lien of the First Lender Deed of Trust and shall not impair the rights of the First Lender, or such lender's assignee or successor in interest, to exercise its remedies under the First Lender Deed of Trust in the event of default under the First Lender Deed of Trust by the Owner. Such remedies under the First Lender Deed of Trust include the right of foreclosure or acceptance of a deed or assignment in lieu of foreclosure. After such foreclosure or acceptance of a deed in lieu of foreclosure, this Agreement and the County Deed of Trust shall be forever terminated and shall have no further effect as to the Home or any transferee thereafter; provided, however, if the holder of such First Lender Deed of Trust acquires title to the Home pursuant to a deed or assignment in lieu of foreclosure, this Agreement and the County Deed of Trust shall automatically terminate upon such acquisition of title, only if

(i) the County has been given written notice of default under such First Lender Deed of Trust with a sixty (60)-day cure period and (ii) the County shall not have cured the default within such sixty (60)-day period or commenced to cure and given its firm commitment to complete the cure in form and substance acceptable to the First Lender, or (iii) the County shall not have exercised its option to purchase the Home pursuant to Section 16 above within such sixty (60)-day period and then proceeded diligently to cure the default within sixty (60) days of acquiring title to the Home.

23. REFINANCE OF FIRST MORTGAGE LOAN; FURTHER ENCUMBRANCE OF HOME

A. Refinancing. Refinancing may include the refinancing of the first mortgage on the Home and/or adding a second mortgage on the Home. Owner may refinance so long as the total outstanding balance of principal and any accrued interest on all loans secured by the Home do not exceed the Maximum Restricted Resale Price, calculated by the County pursuant to Section 11 of this Agreement. The County and the Owner agree that the requirements of this Section 23A are necessary to ensure the continued affordability of the Home to Owner and to minimize the risk of loss of the Home by Owner through default and foreclosure of mortgage loans. Owner further acknowledges that violation of the provisions of this Section 23A shall constitute a Default under this Agreement. In no case shall the County Deed of Trust and this Agreement be in lower than third lien position on the Home. Any subordination agreement to be executed by the County shall include notice and cure rights for the County regarding any defaults in the mortgage to which the County is subordinating. A form for use by the Owner in requesting County subordination to a refinanced first mortgage loan is attached as Exhibit E to this Agreement.

B. Cash Out. Owner may take "cash out" from the refinancing proceeds so long as the refinancing requirements set forth in subsection (a) above are met.

C. Bedroom Additions. If Owner intends to use refinancing proceeds to finance a bedroom addition, and requests the County to include such bedroom addition in the calculation of Maximum Restricted Resale Price pursuant to Section 11 of this Agreement, Owner shall, as a condition of County approval, provide the County with a copy of the final building permit for the bedroom addition and deposit into an escrow account the amount of refinance proceeds equal to the proposed bedroom addition adjustment amount (pursuant to the Maximum Restricted Resale Price calculation) with the County listed as an additional co-signer to authorize any disbursement from the escrow account. The funds in the escrow account shall only be disbursed to pay the costs of construction of the bedroom addition(s). Owner may request County to approve an alternative disbursement mechanism reasonably calculated to provide assurance to the County that the bedroom addition funds are actually used to finance the addition of a bedroom to the Home.

24. NONDISCRIMINATION

The Owner covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, age, disability, sex, sexual orientation, marital status, ancestry or national origin in the sale, transfer, use, occupancy, tenure or enjoyment of the Home, nor shall the Owner or any person claiming under or through the Owner establish or permit any such practice or practices of discrimination or segregation with reference to the use, occupancy, or transfer of the Home. The foregoing covenant shall run with the land.

25. MONITORING AND INSPECTION BY COUNTY

A. The County (or its designee) may enter the Home for inspection following two (2) business days advance written notice.

B. The Owner shall retain all records related to compliance with obligations under this Agreement for a period of not less than five (5) years, and shall make such records available to the County or its designee for inspection and copying upon five (5) business days advance written notice.

C. The County shall monitor Owner's compliance with the requirements of this Agreement, the Administrative Manual, and the Inclusionary Ordinance on an annual basis. Owner shall cooperate with County monitoring and provide required certifications and other information required by the County to determine compliance within ten (10) days of receipt of a written request by the County.

26. RIGHTS OF BENEFICIARIES UNDER DEEDS OF TRUSTS

This Agreement shall not diminish or affect the rights of the County under the County Deed of Trust.

Notwithstanding any other provision in this Agreement to the contrary, this Agreement shall not diminish or affect the rights of the California Housing Finance Agency ("CalHFA"), United States Department of Housing and Urban Development ("HUD"), the Federal National Mortgage Association ("FNMA"), or the Veterans Administration ("VA") under the First Mortgage Deed of Trust or any subsequent First Lender deeds of trust hereafter recorded against the Home in compliance with Section 23 above.

Notwithstanding any other provisions in this Agreement to the contrary, all of the provisions of this Agreement shall terminate and have no further force and effect upon the occurrence of one of the following events:

A. Title is acquired by CalHFA, HUD, FNMA, VA, the First Lender or another party upon foreclosure of a deed of trust to the First Lender or CalHFA, or a deed of trust insured by HUD or guaranteed by VA.

B. Title is acquired by another party by a deed in lieu of foreclosure of the First Lender, CalHFA, or FNMA deed of trust.

27. HUD FORBEARANCE RELIEF

Notwithstanding other provisions of this Agreement, the County Option on Default pursuant to Section 16 above shall not be exercised by the County when a deed of trust insured by HUD is secured by the Home, and: (i) the Owner is undergoing consideration by HUD for assignment forbearance relief; or (ii) the Owner is undergoing consideration for relief under HUD's Temporary Mortgage Assistance Payment (TMAP) program.

28. INVALID PROVISIONS

If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

29. CONTROLLING LAW

The terms of this Agreement shall be interpreted under the laws of the State of California. The venue for any legal action pertaining to this Agreement shall be Monterey County, California.

30. NO WAIVER

No delay or omission in the exercise of any right or remedy of County upon any default by Owner shall impair such right or remedy or be construed as a waiver. The County's failure to insist in any one or more instance upon the strict observance of the terms of this Agreement shall not be considered a waiver of the County's right thereafter to enforce the provisions of the Agreement. The County shall not waive its rights to enforce any provision of this Agreement unless it does so in writing, signed by an authorized agent of the County.

31. NOTICES

All notices required herein shall be sent by certified mail, return receipt requested or express delivery service with a delivery receipt and shall be deemed to be effective as of the date received or the date delivery was refused as indicated on the return receipt as follows:

Jeannette Warzycki:
21100 Country Park Road, Salinas, CA 93908

Redevelopment and Housing Office:
County of Monterey
168 W. Alisal Street, 3rd Floor
Salinas, CA 93901
Attn: Housing Program Manager

The parties may subsequently change addresses by providing written notice of the change in address to the other parties in accordance with this section.

32. INTERPRETATION OF AGREEMENT

The terms of this Agreement shall be interpreted so as to avoid speculation on the Home and to ensure to the extent possible that its sales price and mortgage payments remain affordable to Income Eligible Households.

33. COVENANTS RUNNING WITH THE LAND

A. Owner hereby subjects the Home to the covenants and restrictions set forth in this Agreement. Owner hereby declares its express intent that the covenants and restrictions set forth herein shall be deemed covenants running with the land in perpetuity and shall pass to and be binding upon all parties having any interest in the Home throughout the term of this Agreement set forth in Section 20. Each and every contract, deed, lease or other instrument covering, conveying or otherwise transferring the Home or any interest therein, as the case may be, shall conclusively be held to have been executed, delivered and accepted subject to this Agreement regardless of whether the other party or parties to such contract have actual knowledge of this Agreement.

B. The Owner and the County hereby declare their understanding and intent that: (i) the covenants and restrictions contained in this Agreement shall be construed as covenants running with the land pursuant to California Civil Code Section 1468 and not as conditions which might result in forfeiture of title by Owner; (ii) the burden of the covenants and restrictions set forth in this Agreement touch and concern the Home in that the Owner's legal interest in the Home may be rendered less valuable thereby; and (iii) the benefit of the covenants and restrictions set forth in this Agreement touch and concern the land by enhancing and increasing the enjoyment and use of the Home by Eligible Purchasers, the intended beneficiaries of such covenants and restrictions.

C. All covenants and restrictions contained herein without regard to technical classification or designation shall be binding upon Owner for the benefit of the County and Eligible Purchasers and such covenants and restrictions shall run in favor of such parties for the entire period during which such covenants and restrictions shall be in force and effect, without regard to whether the County is an owner of any land or interest therein to which such covenants and restrictions relate.

34. OWNER'S ACKNOWLEDGEMENT OF RESALE RESTRICTION

Owner hereby acknowledges and agrees that:

A. Owner hereby subjects the Home to certain restrictions, and limits the price for which Owner may sell the Home and the persons to whom Owner may sell the Home. The resale price limitation and other provisions contained in this Agreement restrict the full benefits of owning the Home. Owner may not enjoy the same economic or other benefits from owning the Home that Owner would enjoy if this Agreement did not exist.

B. Absent the provisions of the Inclusionary Housing Ordinance and the provisions of this Agreement, the Home could not be made available to Eligible Purchasers at an affordable price, including Owner.

C. Owner understands all of the provisions of this Agreement. In recognition of the acknowledgments and agreements stated in this Section 34, Owner accepts and agrees to the provisions of this Agreement with the understanding that this Agreement will remain in full force and effect as to the Home following any Transfer of the Home throughout the term of this Agreement.

D. OWNER UNDERSTANDS THAT THE DETERMINATION OF THE MAXIMUM RESTRICTED RESALE PRICE OF THE HOME TO AN ELIGIBLE PURCHASER CAN BE MADE ONLY AT THE TIME OF THE PROPOSED TRANSFER, TAKING INTO CONSIDERATION INCREASES IN MEDIAN INCOME, MORTGAGE INTEREST RATES, PROPERTY TAXES AND OTHER FACTORS THAT CANNOT BE ACCURATELY PREDICTED AND THAT THE SALES PRICE PERMITTED HEREUNDER MAY NOT INCREASE OR DECREASE IN THE SAME MANNER AS OTHER SIMILAR REAL PROPERTY WHICH IS NOT ENCUMBERED BY THIS AGREEMENT. OWNER FURTHER ACKNOWLEDGES THAT AT ALL TIMES IN SETTING THE SALES PRICE OF THE HOME THE PRIMARY OBJECTIVE OF THE COUNTY AND THIS AGREEMENT IS TO PROVIDE HOUSING TO ELIGIBLE PURCHASERS AT AFFORDABLE HOUSING COST. THE MAXIMUM RESTRICTED RESALE PRICE WILL ALMOST CERTAINLY BE LESS THAN OTHER SIMILAR PROPERTIES THAT HAVE NO RESTRICTIONS.

gw N/A
[Initialed by Owner(s)]

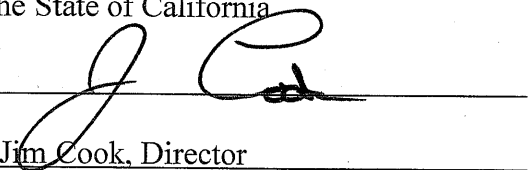
IN WITNESS WHEREOF, the parties have executed this Agreement on or as of the date first written above.

COUNTY:

OWNER:

County of Monterey, a political subdivision
of the State of California

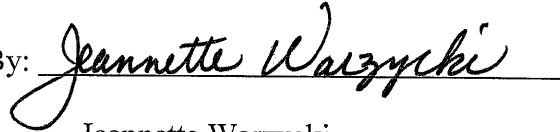
By:



Its: Jim Cook, Director

Redevelopment and Housing Office

By:



Jeannette Warzycki

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF MONTEREY) SS.

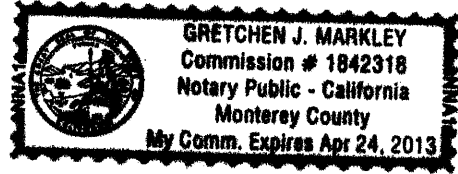
On OCTOBER 1, 2010 before me, GRETCHEN J. MARKLEY,
Notary Public, personally appeared JEANETTE WARCZYCKI

who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Gretchen Markley



(Seal)

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF MONTEREY) SS.

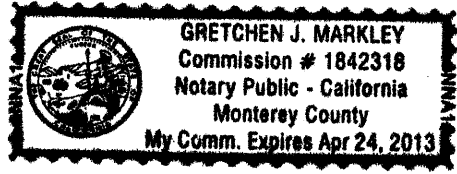
On OCTOBER 1, 2010 before me, GRETCHEN J. MARKLEY,
Notary Public, personally appeared Jim Cook

who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Gretchen Markley



(Seal)

EXHIBIT A

Property Description

PARCEL I:

Lot 44, of amended Map of Las Palmas Ranch Corey Housing Area/Unit 5 Tract No. 1090 A according to Map thereof in Volume 16 of Cities and Towns at Page 74 of Maps, filed in the Office of the County Recorder of Monterey County, California, on June 15, 1989.

PARCEL II:

A non-exclusive easement on and over the "common area" as defined in the Declaration of Covenants, Conditions and Restrictions filed in the Office of the County Recorder of Monterey County, California, on June 16, 1989, in Reel 2377, Page 261, for use, occupancy and enjoyment of, and ingress and egress to, the amenities located thereon, subject to the terms and provisions of the Declaration of Covenants, Conditions and Restrictions. This easement is appurtenant to Parcel 1 above described and shall become effective as to each Lot within the Common Area upon the later to occur of (1) the recordation of this deed, or (ii) the conveyance of record of the Common Area to the Association.

APN: 139-281-044-000

EXHIBIT B

Form of Owner Occupancy Certification

To: Monterey County ("County")

From: _____ [name of owner(s)] ("Owner(s)")

Address of Home: _____ ("Home")

Date: _____

By signature below, I _____ [insert name or names of Owner] hereby certify to the County under penalty of perjury that I/we occupy the home located at _____ [insert address] (the "Home") as my/our principal place of residence and that I/we have occupied the Home for _____ () [insert number] months of the calendar year _____ [insert previous calendar year]. Attached to this letter is a copy of _____ [insert utility bill or driver's license] showing my place of residence.

I also certify that I have not leased part or all of the Home to a third party, except _____. (Note: prior written approval of County required for any rental of the Home)

This Owner Occupancy Certification is signed on _____, 20__, under penalty of perjury.

By: _____
Owner [type name]

By: _____
Owner [type name]

Due Date: February 1 of each calendar year.

Attach copy of utility bill or driver's license showing address of Home and proof of property insurance (hazard).

Number of Bedrooms: _____

EXHIBIT C

Form of Owner's Notice of Intent to Transfer

To: Monterey County ("County")

From: _____ [name of owner(s)] ("Owner(s)")

Address of Home: _____ ("Home")

Date: _____

Please be notified pursuant to Section 7 of the Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase between Owner and County dated _____ (the "Resale Agreement"), that the Owner intends to transfer the Home listed above.

A. The following information is provided to the County pursuant to Section 7 of the Resale Agreement:

1. Address of Home: _____
2. Date Owner purchased Home: _____
3. Purchase Price paid by Owner when Home was purchased: _____
4. Date Owner intends to vacate Home: _____
5. Date Home will be placed on market: _____
6. Name and phone number of person for County to contact to schedule inspection:
_____ and _____
(name) (phone number)

B. As required by Section 7 of the Resale Agreement, the following documents are attached to this Notice:

1. Copy of HUD-1 Settlement Statement from Owner's purchase of the Home
2. If Owner believes Home is in good condition making Owner eligible for ten percent (10%) increase to Owner's Base Price, check box below:

Yes, I believe the Home is in good condition and eligible for the ten percent (10%) increase to the Owner's Base Price pursuant to Section 11A(1) of the Resale Agreement. I hereby authorize the County or its designee to enter and inspect the Home to verify eligibility.

3. If Owner has added bedrooms to the Home that Owner wishes to include in the County's calculation of Maximum Restricted Resale Price, check box below

Yes, I have added a bedroom to the Home pursuant to Section 11A(2) of the Resale Agreement. The bedroom addition was completed on _____ [insert date]. I attach the following documents to this letter:

- a. Copy of building permit for bedroom addition;
- b. Documentation that bedroom was added;

C. I have not yet listed the Home for sale with a multiple listing service, or contacted a real estate broker or financial institution. I agree to prepare the Home for sale by:

1. obtaining a pest control report within thirty (30) days of the date of this notice,
2. repairing all damage noted in the pest report within the sooner of: (i) sixty (60) days from the date of this notice, or (ii) two (2) weeks prior to close of escrow or the transfer of the Home ,
3. allowing the County or its designee to inspect the Home within thirty (30) days of this notice,
4. if requested by the County following the County's inspection, I will obtain a home inspection report from a licensed home inspector,
5. maintaining utility connections until the Home is transferred,
6. permitting a walk through by the County prior to close of escrow or the transfer.

This Owner's Notice of Intent to Transfer is certified by Owner to be true and correct and is signed on _____ [insert date] under penalty of perjury.

By: _____
Owner

By: _____
Owner

EXHIBIT D

Form of Owner Acknowledgement of County Response Notice

Name: _____

Address of Home: _____

Date: _____

I, _____ (insert name) hereby acknowledge that I received the County Response Notice (as described in Section 9 of the Resale Agreement on _____ (insert date).

By: _____

EXHIBIT E

Form of Owner Request for County Subordination
to Refinanced First Mortgage Loan

To: Monterey County ("County")
From: _____ ("Owner")
Property Address: _____ ("Home")
Date: _____

The Owner hereby requests the County to approve the Owner's refinance of the existing first mortgage on the Home. The Owner provides the following information, which it certifies to be true and correct:

1. Original Purchase Price of Home: \$ _____
2. Original Principal Balance of exiting First Mortgage Loan \$ _____
3. Interest Rate of Existing First Mortgage Loan: \$ _____
4. Outstanding Principal and Interest on existing First Mortgage Loan (as of date of this Request) \$ _____
5. Outstanding Principal and Interest due on all other mortgage loans on the Home. \$ _____
 - (a) \$ _____
 - (b) \$ _____
6. Principal Amount of Proposed New First Mortgage Loan: \$ _____
7. Interest Rate of Proposed New First Mortgage Loan: \$ _____

Yes, I have added a bedroom to the Home on _____ [insert date].

Original number of bedrooms (before addition): _____

Number of bedrooms after addition: _____

The Owner hereby certifies the above information is true and correct and this Owner Request is executed under penalty of perjury on _____ [insert date].

By: _____
Owner

By: _____
Owner

END OF DOCUMENT