

Attachment H

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RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Monterey
Resource Management Agency
168 West Alisal Street, 3rd Floor
Salinas, CA 93901
Attn: Redevelopment and Housing Director

No fee for recording pursuant to
Government Code Section 27383

(Space above for Recorder's Use)

INCLUSIONARY HOUSING AGREEMENT

(Master Developer - Inclusionary Units)
[Country Lake Estates PLN040103]

This INCLUSIONARY HOUSING AGREEMENT ("Agreement") is entered into as of this _____ day of _____, 2016, by and between the COUNTY OF MONTEREY, a political subdivision of the State of California (the "County"), the James E. Hansen Family Trust dated December 31, 2008 (the "Developer"), with reference to the following facts:

A. The County has adopted an Inclusionary Housing Ordinance (ordinance #04185), codified at Monterey County Code Chapter 18.40, ("Chapter 18.40" or the "Ordinance") which requires that twenty percent (20%) of all new residential units developed in the unincorporated portions of the County be affordable to very low income, low income and moderate income households and allows, under specified circumstances, the developer to elect alternative means of compliance. The Ordinance is administered by the Redevelopment and Housing Office.

B. Developer is the owner of certain real property in the County of Monterey, California described in Exhibit A attached hereto and incorporated herein by this reference (the "Property").

C. For the purposes of this Agreement Developer has applied for a Standard Subdivision known as "Country Lake Estates Subdivision" (hereinafter referred to as the "Master Development") on the Property (File #PLN040103). The Master Development will result in a total of eleven (57) lots of which five (5) are zoned Heavy Commercial and fifty two (52) are zoned Residential. Pursuant to the Chapter 18.40, Developer is required to execute this Agreement as a condition of the First Approval of the Master Development by the County. The Standard Subdivision, PLN040103 (the "Permit") for the Property was approved by the County on December 4, 2007 (Board of Supervisors

Inclusionary Housing Agreement
Country Lake Estates PLN040103

09-24-16

Resolution #07-405). The Permit approval included as Condition #66 the requirement that the Developer execute this Inclusionary Agreement in compliance with the County's Inclusionary Ordinance (#04185). The inclusionary obligation for the entire subdivision is calculated as follows: 57 lots minus 5 commercial lots minus 4 existing units equals 48 new residential lots at 20% inclusionary equals 9.6 inclusionary units,

D. Developer intends to meet the inclusionary housing requirements of the Ordinance by (i) constructing, or causing to be constructed, at least two (2) on-site Inclusionary for-sale housing units as further described in Sections 4 through 6 below (the "Inclusionary Units") and selling both to a moderate income household at affordable purchase prices as described in Sections 7 through 10 below and paying an In-Lieu fee based on the fee schedule that was in effect in 2006 when the application was deemed complete by the County, for the remaining Inclusionary unit requirements as described in Section 12.

E. This Agreement is executed in conjunction with the First Approval for up to a total of fifty (50) market rate housing lots in the Master Development (the "Market Rate Units") and for at least two (2) Inclusionary Units in the Master Development.

F. Developer intends to file multiple final maps ("Phase(s)"). Phase 1 of the Country Lake Estates subdivision consists of nine residential lots and five commercial lot for a total of 14 lots numbered C1-C5, 1-3, 4, 7, and 11-14. The inclusionary obligation for phase 1 is calculated as follows: 14 lots minus 5 commercial lot minus 4 existing units for a total of 5 new residential lots at 20% inclusionary equals 1 inclusionary unit. The obligation for individual future Phases will be calculated at the time the final map for a particular Phase is filed and the Developer will satisfy those obligations by amending this agreement at that time. Developer will satisfy the inclusionary obligation for Phase 1 by constructing for sale to one moderate income household (110% of median income) at affordable purchase prices pursuant to condition 66 of Board Of supervisors Resolution #07-405 and Section 2 below.

G. Developer is required by Chapter 18.40 to enter into an Inclusionary Housing Agreement as required and with the content specified by Chapter 18.40, on terms acceptable to the Redevelopment and Housing Director. This Agreement is an Inclusionary Housing Agreement pursuant to Section 18.40.100 of the Ordinance, and shall be executed and recorded against the Property prior to the recordation of the parcel map or the final map in the case of subdivision of the Property, or prior to issuance of building permits for the Property in the case of all other land use permits.

NOW, THEREFORE, it is mutually agreed by and between the undersigned parties as follows:

Section 1. Definitions. In addition to those terms defined in the Recitals to this Agreement the following terms have the following meanings in this Agreement:

(a) "Administrative Manual" means the manual prepared pursuant to

subsection 18.40110H of the Ordinance.

(b) "Affordable" means average monthly housing payments, including mortgage loan principal and interest, any associated loan insurance fees, property taxes and assessments, an allowance for property maintenance and repairs established by the County based on the initial cost and size of the home, homeowners insurance, a reasonable allowance for utilities, land rent (if the home is on rented land) and homeowners association dues, if any, which during the first (1st) calendar year of a household's occupancy, are equal to or less than: (i) for Very Low Income Inclusionary Units, one-twelfth (1/12th) of thirty percent (30%) of fifty percent (50%) of Median Income, adjusted by household size based on the number of bedrooms in the unit; (ii) for Low Income Inclusionary Units, one-twelfth (1/12th) of thirty percent (30%) of seventy percent (70%) of Median Income, adjusted for household size based on the number of bedrooms in the unit;; and (iii) for Moderate Income Inclusionary Units, one-twelfth (1/12th) of thirty-five percent (35%) of one hundred ten percent (110%) of Median Income, adjusted for household size based on the number of bedrooms in the unit

Adjustments for household sized based on the number of bedrooms in the unit and amounts utilized for utility allowances and other monthly housing cost factors, including assumed mortgage interest rates, loan insurance fees, maintenance and repair allowances, homeowners' insurance, property tax and assessment costs, and homeowners association dues, shall be as provided by the County in the Administrative Manual.

(c) "Approval" means any planned unit development or planned community development approval, subdivision approval, use permit, building permit or combined development permit for a residential development.

(d) "Eligible Buyer" means a Very Low Income Household, Low Income Household or Moderate Income Household who has been determined by the County to be income and asset eligible to purchase an Inclusionary Unit.

(e) "First Approval" means the first Approval to occur with respect to the Master Development

(f) "Homebuyer/County Deed of Trust" means the deed of trust in the form provided by the County, executed by each buyer of an Inclusionary Unit at the time of purchase of the Inclusionary Unit that secures the buyer's performance under the Resale Agreement and the Homebuyer/County Note.

(g) "Homebuyer/County Note" means the promissory note, in the form provided by the County, executed by each buyer of an Inclusionary Unit at the time of purchase of the Inclusionary Unit.

(h) "Inclusionary Unit Property" means the legal parcels) of land on which the Inclusionary Units will be constructed together with any Inclusionary Units and appurtenant improvements constructed on such land.

(i) "In-lieu Fee" means the in lieu fee due from Developer to the County to satisfy a fractional inclusionary unit obligation due pursuant to Section 13 below.

(j) "Low Income Household" means a household including a Very Low Income Household, with an annual income which does not exceed HUD's annual determination for low income households with incomes of approximately eighty percent (80%) of the Median Income, adjusted for household size, and with household assets which do not exceed the maximum asset limitation for purchasers of inclusionary units set forth in the Administrative Manual.

(k) "Low Income Inclusionary Unit" means an inclusionary unit reserved for occupancy by Low Income Households at an Affordable sales price.

(l) "Maximum Initial Sales Price" means the purchase price for Inclusionary Units that are Affordable to Moderate Income Households, Low Income Households and Very Low Income Households, determined pursuant to the formula specified in the Administrative Manual for each income level.

(m) "Median Income" means the median household income as determined periodically by HUD for the Salinas Metropolitan Statistical Area and updated on an annual basis.

(n) "Moderate Income Household" means a household, including a Low Income Household and a Very Low Income Household, with an annual income which does not exceed one hundred twenty percent (120%) of the Median Income, adjusted for household size, and with household assets which do not exceed the maximum asset limitation for purchasers of inclusionary units set forth in the Administrative Manual.

(o) "Moderate Income Inclusionary Unit" means an inclusionary unit reserved for occupancy by Moderate Income Households at an Affordable sales price.

(p) "Referral List" shall mean the list of Eligible Buyers of the Inclusionary Units provided by the County to the Developer pursuant to Section 7 below.

(q) "Resale Restriction" means a Buyer's Occupancy and Resale Restriction Agreement in the form provided by the County, to be executed by each buyer of an Inclusionary Unit and recorded against the Inclusionary Unit at the time of purchase by the buyer.

(r) "Very Low Income Household" means a household with an annual income which does not exceed HUD's annual determination for very low income households with incomes of approximately fifty percent (50%) of Median Income, adjusted for household size, and with household assets which do not exceed the maximum asset limitation for purchasers of inclusionary units set forth in the Administrative Manual.

(s) "Very Low Income Inclusionary Unit" means an inclusionary unit reserved for occupancy by Very Low Income Households at an Affordable sales price.

Section 2. To the extent that any provision in Condition 66 of Board Of Supervisors Resolution #07-405 is inconsistent with any other provision in this agreement, the provision in Condition 66 of Board of Supervisors Resolution #07-405 shall prevail. Condition 66 is incorporated herein and states:

(a) HSGSP01 - NON-STANDARD CONDITION

Prior to the recordation of the Final Map the Applicant shall comply with the County's Inclusionary Housing Ordinance #04183 by executing an Inclusionary Housing Agreement with the County, in a form acceptable to the County, that provides for two (2) on site moderate income inclusionary units and payment of an in-lieu fee for the remaining 7.6 unit obligation. The in-lieu fee shall be based on the adopted fee schedule in place at the time that the application was deemed complete by the County. The agreement shall be in substantial conformance with the County's Inclusionary program, with the following refinements and modifications:

(i) Require that the two (2) Inclusionary units be constructed prior to building permits being issued for the last two market rate lots within the project or within five years after the final map is recorded which ever comes first.

(ii) The applicant will pay an in-lieu fee for the remaining obligation of 7.6 inclusionary units based on the fee schedule in place at the time that the project application was deemed complete by the County.

(iii) The County will be responsible for marketing the two units to qualified buyers, and insuring that the sales of the Inclusionary units are consistent with the adopted Inclusionary Program. The unit pricing shall be based on 110% of median income consistent with the Inclusionary Program provisions.

(iv) The applicant's obligation to actually construct an inclusionary unit shall not be triggered until the County notifies applicant that a qualified buyer has been identified.

(v) Applicant's construction obligation shall not be triggered unless the total cost to build a completed unit does not exceed (including all permits fees) 2/3 of what the total restricted sales price of a unit would be at the date the construction obligation

is otherwise triggered. The County shall have the right to review applicant's construction cost estimates and bids.

(vi) If escrow on the sale of the Inclusionary unit does not close with the buyer within three months after construction of the unit is complete, the County shall have the first right to purchase the unit at the then applicable restricted price then, if the County does not elect to purchase the unit, at the applicant's option either a) the County shall purchase the unit; or b) the unit shall be released from all inclusionary restrictions so applicant can sell it as a market rate unit. If the County fails to identify a buyer so as to trigger applicant's construction obligation within 5 Years after the project final map is recorded then: a) the County shall have the first right to purchase the lot designated by applicant for 1/3 of what the total restricted sales price of a unit would be at that time, then if the County does not elect to purchase the lot, at applicant's option either a) the County shall purchase the lot; or b) the lot shall be released from all inclusionary restrictions so applicant can sell it as a market rate lot.

(vii) If, in accordance with the above, the unit or lot is released from the inclusionary restrictions, the applicant shall, at the time of release, pay the in lieu fee for said unit or lot based on the fee schedule in place at the time the project application was deemed complete by the County. (Redevelopment and Housing Division).

Section 3. Satisfaction of Inclusionary Housing Obligation and Conditions of Approval. The Inclusionary Housing condition of the First Approval and the requirements of Chapter 18.40 shall be satisfied with respect to the Property if the following conditions are met: (a) Developer constructs or causes to be constructed the Inclusionary Units meeting the requirements of Sections 4 through 6 below, in compliance with the schedule set forth in Section 7 below and the Inclusionary Units are sold to homebuyers in compliance with Sections 8 through 10 below; and (b) Developer pays an in lieu fee to meet its obligation to provide & fractional inclusionary unit in compliance with Section 13 below. An amendment to this Agreement will be required to receive final subdivision map or other County approval for additional housing units on the Property above the requested total of nine (50) Market Rate Units identified by Developer in the First Approval application, to make any changes to the Inclusionary Units as they are described in Sections 4 through 6 of this Agreement or to otherwise-change the terms of this Agreement.

Section 4. Number of Inclusionary Units. As a condition to the satisfaction of Developer's inclusionary housing requirements for the Master Development, Developer shall construct, or cause to be constructed, at least two (2) Moderate Income Inclusionary Units as specified in the project approval.

Section 5. Location of Inclusionary Units. The Inclusionary Units shall be constructed on the Property on Lots 11 and 12 as described in Exhibit B. The legal parcel(s) of land on which the Inclusionary Units will be constructed, together with any Inclusionary

Units and appurtenant improvements constructed on such land, is referred to herein as the "Inclusionary Unit Property."

Section 6. Appearance Size and Bedroom Count. The Inclusionary Units shall be detached single-family three bedroom homes. If the Inclusionary Units are to be constructed onsite with the Market Rate Units, they shall be of the same general design and appearance as the Market Rate Units with the same average number of bedrooms per unit as the Market Rate Units. The Inclusionary Units shall include three bedroom units in the numbers and with the square footage indicated in Exhibit C to this Agreement

Section 7. Schedule for Developing inclusionary Units. Developer shall provide the Inclusionary Units pursuant to the following schedule and as described in Exhibit D:

(a) Prior to recordation of the final map this Agreement shall be duly executed by the County and the Developer. This Agreement shall be recorded against the Property immediately after the final map.

(b) If Developer contracts with an affordable housing developer to develop the Inclusionary Units, Developer shall obtain prior County approval of the developer and proposed development agreement for the units ("Affordable Housing Development Agreement"), which approval shall not be unreasonably withheld. The Affordable Housing Development Agreement shall describe with particularity the financial arrangements for the construction of the Inclusionary Units, the restrictions applicable to sale of the Inclusionary Units and the record keeping obligations for the marketing and sale of the units.

(c) Upon satisfying the applicable conditions stated in Section 7(a)-(b) above, as well as satisfaction of all other requirements for issuance of building permits, building permits may be released by the County for a total of eight (8) Market Rate Units on the Property and for the one (1) Inclusionary Unit all within the Phase 1 map.

Section 8. Sale by Developer to Eligible Buyers; Country Inclusionary Homebuyer Waiting List. In Phase 1 and following completion of construction, the Developer shall sell one(1) Inclusionary Unit to a Moderate Income Household at an affordable purchase price as described in Section 9 below. The County shall determine buyer income eligibility, utilizing County Median Income figures, definitions of gross income, and asset test standards set forth in the Administrative Manual. No later than sixty (60) days preceding the anticipated date of issuance of a certificate of occupancy for an Inclusionary Unit the Developer shall provide the County with written notice of the availability of the Inclusionary Unit for sale, including the type (detached or attached), size (square footage and number of bedrooms), location, and required income level of the unit, with specific reference to this Agreement by date and name of the Developer who executed

the Agreement and location of the Property described in Exhibit A of this Agreement. No later than fifteen (15) business days of receipt of such notice, the County shall provide to Developer a Referral List with the names, addresses, and telephone numbers of at least five (5) households from the County's Inclusionary Homebuyer Eligibility Waiting List, with income and asset eligibility to purchase the Inclusionary Unit verified by the County. Developer shall conduct all additional screening and selection of applicants. The Developer shall contact the persons on the Referral List and offer the Inclusionary Unit to such persons in the order provided in the Referral List. Developer shall market the Inclusionary Units only to the households referred by the County and shall select an eligible Buyer for the Inclusionary Unit from the list of households provided by the County. Developer may at any time contact the County to request additional referrals if necessary. Selected applicants shall be responsible for obtaining their own financing for the Inclusionary Units. Developer shall comply with applicable fair housing laws in the marketing and sale of the Inclusionary Units, and Developer shall conduct marketing efforts in both English and Spanish. Purchase contracts between Developer and Eligible Buyers shall include requirements that buyers execute documents for the benefit of the County described in Section 10 below.

Section 9. Affordable Purchase Prices. Pursuant to Section 18.40.110.B of the Ordinance, the Inclusionary Units shall be sold to an Eligible Buyer at a price that does not exceed Maximum Initial Sales Prices calculated pursuant to the formula specified in the Administrative Manual for each income category. Maximum Initial Sales Prices for the Inclusionary Units, in effect for the first twelve (12) months following the date of this Agreement (and subject to change thereafter) are shown in Exhibit E attached hereto and incorporated herein. Developer shall notify the Department thirty (30) days prior to offering an Inclusionary Unit for sale to allow the County adequate time to calculate and notify the Developer of the Maximum Initial Sales Prices currently applicable to such units. Developer acknowledges and agrees that Maximum Initial Sales Prices are determined based on current income levels in the County, changes to which are published annually by the United States Department of Housing and Urban Development, the number of bedrooms in the Inclusionary Unit, and the County's determination of prevailing mortgage interest rates, homeowners' association dues, property taxes and assessments, and insurance costs, all of which are subject to change from time to time. Developer agrees that the Maximum Initial Sales Prices of the Inclusionary Units shall be calculated by the County in its reasonable exercise of discretion in interpreting the requirements of the Ordinance and that the County's calculation of Maximum Initial Sales Prices shall be determinative and binding upon Developer. The Maximum Initial Sales Price established for each Inclusionary Unit by the County shall be the absolute maximum price that the Developer may charge for the Inclusionary Unit or may receive as compensation for the Inclusionary Unit. The Developer may not charge or receive any additional amount for an Inclusionary Unit regardless of whether the additional amount is (a) for options, upgrades or additional improvements to the unit (b) paid through escrow or outside of escrow, (c) paid prior to, after or as part of the purchase escrow or (d) paid in cash or in kind.

Section 10. Homebuyer Documents and Security Instruments. Prior to the sale of each Inclusionary Unit, Developer shall ensure that:

(a) The Eligible Buyer and the County execute a Resale Restriction. The Resale Restriction shall be recorded against the Inclusionary Unit Property at close of escrow on the Sale to the Eligible Buyer. The Resale Restriction shall be recorded junior only to the lien of the deed of trust securing the Eligible Buyer's first mortgage loan, unless otherwise approved in writing by the County.

(b) The Eligible Buyer signs a Homebuyer/County Note that obligates the Eligible Buyer to pay the County any excess sales proceeds or excess rents received by the Eligible Buyer if the Eligible Buyer fails to comply with the Resale Restriction on rental or resale of the Inclusionary Unit.

(c) The Eligible Buyer signs a Homebuyer/County Deed of Trust to secure performance of the Buyer's covenants under the Resale Restriction and payment of the amounts due under the Homebuyer/County Note if the Eligible Buyer fails to comply with the terms of the Resale Restriction. The Homebuyer/County Deed of Trust shall be recorded against the Inclusionary Unit subordinate only to the Resale Restrictions and the lien for the first mortgage loan obtained by the homebuyer to finance the purchase of the Inclusionary Unit (and second mortgage loan if such loan is provided by a public agency which requires such subordination).

Section 11. County Approval of Documents. The following documents, to be approved in writing by the County, shall be used in connection with the development and sale of the Inclusionary Units. Approval of the following documents by the County shall be required prior to the issuance of building permits for the Inclusionary Units.

(a) A management and marketing plan consistent with the terms of this Agreement and County marketing requirements as established in the Administrative Manual.

(b) A schedule of Maximum Initial Sales Prices for the Inclusionary Units, subject to adjustment to reflect published changes in County income levels and County administrative procedures (to be prepared by the County, following Developer's request)

(c) Form of Purchase and Sale Agreements for sale of the Inclusionary Units (to be prepared by Developer and submitted to the County).

(d) Form of Resale Restriction, Homebuyer/County promissory note, and Homebuyer/County Deed of Trust (to be prepared by the County, following Developer's request).

(e) The preliminary Department of Real Estate public report for the Master Development including the Inclusionary Units, if any (to be obtained by the Developer and submitted to the County).

Section 12. Compliance Reports, Inspections, Monitoring. Following completion of construction of any of the Inclusionary Units, a Compliance Report meeting the requirements of the Administrative Manual, verifying compliance by Developer with the terms of this Agreement and certified as correct by the Developer under penalty of perjury, shall be submitted monthly to the Department on the first (1st) calendar day of each month, commencing thirty (30) days following the date of issuance of a final certificate of occupancy for the first Inclusionary Unit to be completed and continuing until all Inclusionary Units have been sold to Eligible Buyers. Developer shall retain all records related to compliance with obligations under this Agreement and Chapter 18.40 for a period not less than five (5) years from the date of sale of all units in the Master Development and make them available to County employees or others designated by the County for inspection and copying on five (5) business days' written notice. Developer shall permit County employees or others designated by the County to inspect the Property to monitor compliance with this Agreement following two (2) business days' written notice to Developer. The County shall be further entitled to monitor compliance with this Agreement and Chapter 18.40 as provided in the Administrative Manual, and the Developer shall cooperate fully in such monitoring.

Section 13. In-lieu Fee for Fractional Inclusionary Unit Obligation. Developer has a six tenths (.6%) fractional inclusionary housing unit obligation in the Master Development. Pursuant to Ordinance Section 18.40.090, Developer shall pay an In-lieu Fee in the amount of thirteen thousand seven hundred and seventy dollars (\$13,770.00) to satisfy this fractional unit obligation. The In-lieu Fee has been calculated based on the fee schedule in effect and set forth in the Administrative Manual as of the date the subdivision application for the Master Development was deemed complete by the County for a subdivision of the Property or on date of first building permit issuance for the Master Development if there is no subdivision of the Property. The In-lieu Fee shall be due in full prior to the date of recordation of the last Phase of the parcel map or final subdivision map for a subdivision of the Property.

Section 14. Release of Property From Agreement. The covenants and conditions herein contained shall apply to and bind during their respective periods of fee ownership, Developer and its heirs, executors, administrators, successors, transferees, and assignees having or acquiring any right title or interest in or to any part of the Property and shall run with and burden such portions of the Property until terminated in accordance with this Section 14. Until portions of the Property are released from the burdens of this Agreement pursuant to this Section 14, the owners of fee title to the Property shall expressly make the conditions and covenants contained in this Agreement a part of any deed or other

instrument conveying any interest in such property. Upon issuance of final certificates of occupancy for one hundred percent (100%) of the Inclusionary Units or the payment of 100% of the in-lieu fees, the Property, except for the Inclusionary Unit Property, shall be released from the burdens of this Agreement. As Inclusionary Units are sold to Eligible Buyers in compliance with this Agreement and Resale Restrictions and Homebuyer/County Deeds of Trust are recorded against the Inclusionary Units, the portions of the Inclusionary Unit Property sold to Eligible Buyers shall be released from the burdens of this Agreement.

Section 15. Amendment to Agreement for Optional Compliance. The developer may request an amendment to this agreement to allow, with all necessary land use approvals and permits granted by the County, the developer to construct or cause to construct both Inclusionary Units required on a single lot, with one of the Inclusionary Units being an Inclusionary Rental Unit. The amendment would provide for release of the restrictions on the lot that would not contain the Inclusionary Units once the Certificates of Occupancy or equivalent is issued for both inclusionary Units and the execution of an Inclusionary Rental Agreement by the owner of the Inclusionary Unit lot. The amendment would specify that both the Inclusionary Rental Unit and the Inclusionary For Sale Unit would be permanently restricted for affordability consistent with Inclusionary Ordinance #04185.

Section 16. Default and Remedies. Failure of the Developer to cure any default in the Developer's obligations under the terms of this Agreement within thirty (30) days after the delivery of a notice of default from the County will constitute a default under this Agreement and a failure to satisfy the conditions of Approval with respect to the Property and the requirements of the Ordinance and, in addition to remedies for breach of this Agreement, the County may exercise any and all remedies available to it under the Subdivision Map Act, Chapter 18.40, or otherwise, with respect to the Developer's failure to satisfy the conditions of Approval and the requirements of Chapter 18.40, including but not limited to:

(a) withholding, conditioning, suspending or revoking any permit license, subdivision approval or map, or other entitlement for the Master Development including without limitation final inspections for occupancy and/or certificates of occupancy;

(b) instituting against the Developer, or other parties, a civil action for declaratory relief, injunction or any other equitable relief, or relief at law, including without limitation an action to rescind a transaction and/or to require repayment of any funds received in connection with such a violation;

(c) where one or more persons have received financial benefit as a result of violation of this Agreement or of any requirement imposed under Chapter 18.40, the County may assess, and institute legal action to recover as necessary, a penalty in any amount up to and including the amount of financial benefit received, in addition to recovery of the benefit received;

(d) prosecuting a misdemeanor against any person who has sold a residential unit at a price exceeding the maximum allowed under this Agreement or to a household not qualified under this Agreement, or who has otherwise violated Chapter 18.40, or any other agreement restriction or requirement authorized or imposed under Chapter 18.40; or

(e) any other means authorized under the Monterey County Code.

Section 17. Remedies Cumulative. No right, power, or remedy given to the County by the terms of this Agreement or Chapter 18.40 is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right power, or remedy given to the County by the terms of any such document, Chapter 18.40, or by any statute or otherwise against Developer and any other person. Neither the failure nor any delay on the part of the County to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the County of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

Section 18. Attorneys Fees and Costs. The County shall be entitled to receive from the Developer if the developer violates this agreement, or any person violating the requirements of this Agreement in addition to any remedy otherwise available under this Agreement or at law or equity, whether or not litigation is instituted, the costs of enforcing this Agreement including without limitation reasonable attorneys' fees and the costs of County staff time.

Section 19. Appointment of Other Agencies. At its sole discretion, the County may designate, appoint or contract with any other public agency, for-profit or nonprofit organization to perform some or all of the County's obligations under this Agreement.

Section 20. Hold Harmless. Developer will indemnify and hold harmless (without limit as to amount) County and its elected officials, officers, employees and agents in their official capacity (hereinafter collectively referred to as "Indemnities",) and any of them, from and against all loss, all risk of loss and all damage (including expense) sustained or incurred because of or by reason of any and all claims, demands, suits, actions, judgments and executions for damages of any and every kind and by whomever and whenever made or obtained, allegedly caused by, arising out of or relating in any manner to the Master Development, the Inclusionary Units, or Developer's performance or non-performance under this Agreement and shall protect and defend Indemnities, and any of them with respect thereto, except to the extent arising from the sole negligence or willful misconduct of the County. The provisions of this section shall survive expiration or other termination of this Agreement or any release of part or all of the Property from the burdens of this Agreement and the provisions of this section shall remain in full force and effect.

Section 21. Insurance Requirements. Until the sale of Inclusionary Units to Eligible Buyers in compliance with this Agreement Developer and its successors and assigns acquiring title to the Inclusionary Unit Property shall obtain at their expense, comprehensive general liability insurance for development of the Inclusionary Units, naming Indemnitees as additional named insureds with aggregate limits of not less than Five Million Dollars (\$5,000,000), for bodily injury and death and property damage, including coverages for contractual liability and products and completed operations, purchased by Developer or its successors or assigns from an insurance company duly licensed to engage in the business of issuing such insurance in the State, with a current Best's Key Rating of not less than A-V, such insurance to be evidenced by an endorsement which so provides and delivered to the Department prior to the issuance of any building permit for the Inclusionary Units.

Section 22. Notices. All notices required pursuant to this Agreement shall be in writing and may be given by personal delivery or by registered or certified mail, return receipt requested, to the party to receive such notice at the addressed set forth below:

TO THE COUNTY:

County of Monterey Resource Management Agency
Redevelopment and Housing Office
168 West Alisal Street, 3rd Floor
Salinas, CA 93901
Attn: Redevelopment and Housing Director

With a copy to:

County of Monterey
Office of County Counsel
168 West Alisal Street, 3rd Floor Salinas,
CA 93901

TO THE DEVELOPER:

James E. Hansen Family Trust
9895 Bluegill Drive
Paso Robles, CA 93446

Any party may change the address to which notices are to be sent by notifying the other parties of the new address, in the manner set forth above.

Section 23. Integrated Agreement. This Agreement constitutes the entire Agreement between the parties and no modification hereof shall be binding unless reduced to writing and signed by the parties hereto.

Section 24. Duration and Amendment of Agreement. This Agreement shall remain in effect for so long as the Property is subject to inclusionary housing obligations pursuant to the Ordinance. This Agreement and any section, subsection, or covenant contained herein, may be amended only upon the written consent of the Assistant County Officer for Environmental Resource Policy of the County Administrative Office, who shall have authority to approve or disapprove minor or technical amendments on behalf of the County. If the amendment makes a substantive or material change to this Agreement it shall be effective only following approval of the governmental authority that gave the First Approval for the Master Development.

Section 25. No Claims. Nothing contained in this Agreement shall create or justify any claim against the County by any person that Developer may have employed or with whom Developer may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Property or the construction of the Master Development.

Section 26. Applicable Law. This Agreement shall be governed by California law.

Section 27. Waivers. Any waiver by the County of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the County to take action on any breach or default of Developer or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Developer to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the County to any act or omission by Developer shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the County's written consent to future waivers.

Section 28. Title of Parts and Sections. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of the Agreement's provisions.

Section 29. Multiple Originals: Counterpart. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

Section 30. Recording of Agreement. The Developer shall cause this Agreement to be recorded against the Property and the Inclusionary Unit Property (if Inclusionary Units are to be constructed off site,) in the Official Records of the County of Monterey.

Section 31. Severability. In the event any limitation, condition, restriction, covenant, or provision contained in this Agreement is to be held invalid void or

unenforceable by any court of competent jurisdiction, the remaining portions of this Agreement shall nevertheless, be and remain in full force and effect.

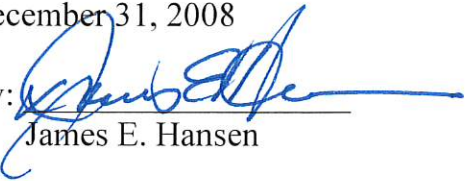
Section 31. Exhibits. The following exhibits are attached to this Agreement:

- | | |
|-----------|---|
| Exhibit A | Legal Description of the Property |
| Exhibit B | Location of Inclusionary Units |
| Exhibit C | Income Level, Size and Bedroom Count |
| Exhibit D | Building Permit Phasing Plans |
| Exhibit E | Maximum Initial Sales Prices for Inclusionary Units and
Maximum Income Level of Homebuyer. |

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

DEVELOPER:

James E. Hansen Family Trust dated
December 31, 2008

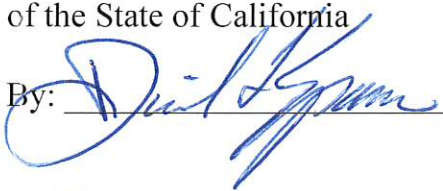
By: 

James E. Hansen

Its: Trustee

COUNTY

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

By: 

Its: 

APPROVED AS TO FORM:

By: 

Deputy County Counsel

ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this Certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of San Luis Obispo } SS.

On September 24 2016, before me, Rudi Lasslett, Notary Public,

personally appeared James E Hansen, 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.

Rudi Lasslett

NOTARY'S SIGNATURE

PLACE NOTARY SEAL IN ABOVE SPACE

OPTIONAL INFORMATION

The information below is optional. However, it may prove valuable and could prevent fraudulent attachment of this form to an unauthorized document.

CAPACITY CLAIMED BY SIGNER (PRINCIPAL)

- ☐ INDIVIDUAL
☐ CORPORATE OFFICER _____ TITLE(S)
☐ PARTNER(S)
☐ ATTORNEY-IN-FACT
☐ GUARDIAN/CONSERVATOR
☐ SUBSCRIBING WITNESS
☐ OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

Inclusionary Housing Agreement
TITLE OR TYPE OF DOCUMENT

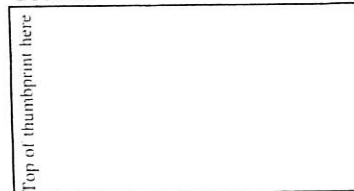
20 pgs Plus Attachment
NUMBER OF PAGES

9-24-16
DATE OF DOCUMENT

SIGNER (PRINCIPAL) IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

RIGHT
THUMBPRINT
OF
SIGNER

OTHER



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

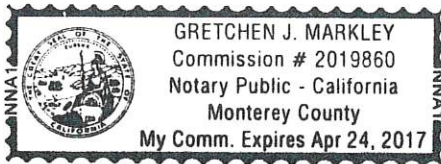
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
 County of MONTEREY)
 On Nov. 7, 2016 before me, GRETCHEN J. MARKLEY, Notary,
 Date Here Insert Name and Title of the Officer
 personally appeared DAVID L. SPAUR
 Name(s) of Signer(s)

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
 Signature of Notary Public
 Comm. # 2019860
 EXPIRES APRIL 24, 2017

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: INCLUSIONARY HOUSING AGREEMENT Document Date: DATE OF PLANNING COMM.
 Number of Pages: 20 Signer(s) Other Than Named Above: JAMES E. HANSEN APPROVAL

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
 Signer Is Representing: _____

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
 Signer Is Representing: _____

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

That property situated in Monterey County, in the unincorporated area, State of California, described as follows:

That Certain Subdivision Map entitled _____ Recorded on _____ 2016, in Volume _____ of Maps, "Cities and Towns," at Page _____, official records of Monterey County, California.

EXHIBIT B

LOCATION OF INCLUSIONARY UNITS

That property situated in Monterey County, in the unincorporated area, State of California, described as follows:

Lots 11 of that Certain Subdivision Map entitled _____ Recorded on _____ 2016, in Volume _____ of Maps, "Cities and Towns," at Page _____, official records of Monterey County, California.

EXHIBIT C

INCOME LEVEL, SIZE AND BEDROOM COUNT
OF INCLUSIONARY UNIT
PHASE 1

INCOME LEVEL	TYPE OF UNIT (townhouse or detached)	NUMBER OF UNITS	<u>NUMBER OF BEDROOMS</u>	<u>SQUARE FOOTAGE</u>
Moderate Income (110%)	Detached SFR	Two (2)	Three (3)	1200 SF min

EXHIBIT D

BUILDING PERMIT PHASING PLAN
PHASE 1

Action Required/ Phasing	# Building/Occupancy	Comments
	Permits May Be Released for:	
1. Recordation of Final Subdivision Map	Eight (8) market rate units Building permits	Final map allowed for a total of fifty two (52) residential lots. Phase 1 final map allowed nine (9) residential lots. A total of eight (8) residential lots could be issued after the Final Phase 1 Map and Inclusionary Housing Agreement are recorded. Commercial lots are unrestricted.
2. Recordation of final Inclusionary Housing Master Developer Agreement	One (1) Inclusionary unit building permits	
Future Phases	To be determined at the time future Phase Maps and Amendment to Inclusionary Housing Master Developer Agreement are filed.	To be determined at the time future Phase Maps and Amendment Inclusionary Housing Master Developer Agreement are filed.
Total	52 Residential Units	Project allows for up to 50 market rate units with the remainder of the 52 total units being inclusionary.

EXHIBIT E

**MAXIMUM INITIAL SALES PRICES FOR INCLUSIONARY UNITS AND
MAXIMUM INCOME LEVEL OF HOMEBUYER (2016)**

**(effective only for twelve (12) months from date of Agreement – subject to change
thereafter pursuant to Administrative Manual)**

- A. Maximum Initial Sales Price.
1. Moderate Income Unit (3 bedroom):
 \$ _____
- B. Maximum Income
 of Homebuyers (4 person household)
1. Moderate Income \$

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