

Attachment A

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Order No.
Escrow No. 164475SA
Loan No.

Bruce A. Reeves
Monterey County Recorder
Recorded at the request of

CROLIE
11/06/1998
15:28:09

First American Title

DOCUMENT: **9877580**



0009877580

Titles: 2 / Pages: 15

Fees... 58.00

Taxes...

Other...

AMT PAID 58.00

WHEN RECORDED MAIL TO:

COUNTY OF MONTEREY
COUNTY COURTHOUSE
SALINAS, CA 93901
ATTN: DAVID LUTES

SPACE ABOVE THIS LINE FOR RECORDER'S USE

030-052-028

DEED OF TRUST WITH ASSIGNMENT OF RENTS

(This Deed of Trust contains an acceleration clause)

This DEED OF TRUST, made October 29, 1998

, between

Carmen Reynoso, a married woman as her sole and separate property

herein called TRUSTOR,

whose address is **10531 Blevins Way , Castroville, Ca 95012**

FIRST AMERICAN TITLE INSURANCE COMPANY,

a California corporation, herein called TRUSTEE, and

THE COUNTY OF MONTEREY, A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA AND OR ITS ASSIGNS

, herein called BENEFICIARY

WITNESSETH: That Trustor grants to Trustee in Trust, with Power of Sale, that property in the

City of Castroville

County of

Monterey

, State of California, described as:

SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits, for the purpose of securing (1) payment of the sum of **(TO SECURE PERFORMANCE OF THAT AGREEMENT DATED OCTOBER 29, 1998)** with interest thereon according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof, (2) the performance of each agreement of Trustor incorporated by reference or contained herein and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17, 1964, and in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said

(continued on reverse side)

property is located, noted below _____ ite the name of such county, namely.

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	SERIES 5 Book 1964, Page 149774				

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties, and printed on Pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

If the trustor shall sell, convey or alienate said property, or any part thereof, or any interest therein, or shall be divested of his title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the written consent of the beneficiary being first had and obtained, beneficiary shall have the right, at its option, except as prohibited by law, to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any note evidencing the same, immediately due and payable.

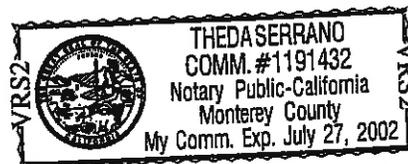
The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

STATE OF CALIFORNIA)
COUNTY OF Monterey) ss.
On October 29, 1998
before me, The Undersigned, personally
appeared Carmen Reynoso

personally known to me (or 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.
WITNESS my hand and official seal.

Signature [Handwritten Signature]

Signature of Trustor
Carmen Reynoso
Carmen Reynoso



(This area for official notarial seal)

(continued on next page)

Recording Requested By
and

When Recorded Return To:
County of Monterey
Department of Planning and Building Inspection
240 Church Street, Salinas CA 93901
Attn. Frank Brunings, Housing Coordinator

This Agreement shall supersede the Agreement between Max P. Perez Jr. and Dina R. Ruiz, husband and wife, as joint tenants, and the County of Monterey, recorded March 21st, 1995 in Volume 3210 at Page 728 of the Official Records at the Office of the Recorder, Monterey County.

INCLUSIONARY HOUSING AGREEMENT
(Option to Purchase Real Property)

THIS INCLUSIONARY HOUSING AGREEMENT is entered into at Monterey County, California, as of November 6, 1998 between Carmen Reynoso, an unmarried woman ("Owner"), and the COUNTY OF MONTEREY, a political subdivision of the State of California ("County"),

RECITALS:

- A. Owner is the owner of the real property located in the County of Monterey, California, at 10531 Blevins Way, (APN 030-052-028-000), within the Final Maps (as defined in the California Subdivision Map Act) for Tract No 1220, which has been filed of record with the Office of the County Recorder of Monterey County, California known as Tankersley Subdivision ("Development") as described in Exhibit "A" attached to this Agreement.
- B. The development of the Tankersley Subdivision has resulted in the construction and sale to the public of single-family dwellings.
- C. County has designated the following lot within Development to be an "Inclusionary Unit" as defined in Subsection 18.40.030 of the COUNTY CODE:

Lot No.

Tract No.

28

1220

This Lot, which is an Inclusionary Unit, is hereinafter referred to as a "Unit".

- D. In full satisfaction of the requirements of COUNTY CODE Chapter 18.40 with respect to Tract 1220, Owner has agreed to sell the Unit at a price effectively restricted by County to make the Unit "affordable" in accordance with the provisions of Chapter 18.40 of the COUNTY CODE.
- E. In return for and in consideration of the opportunity for Owner to sell the Unit and purchasers to purchase the Unit at "affordable prices" and in consideration of and for other good and valuable consideration, Owner, on behalf of himself and with the express intent to bind all those defined as "Owner" in Paragraph 2(e) below, hereby grant to County the option to purchase the Unit ("Option") on the following terms and conditions.

1. **Good Faith Effort To Sell The Units.** Owner shall make a good faith effort to sell the Units to purchasers who meet the eligibility requirements of Chapter 18.40 of the Monterey County Code. Good faith effort shall constitute the following:
 - (a) Sell the units to persons having an annual income no greater than 80% of the median income for Monterey County as defined by the U.S. Department of Housing and Urban Development (H.U.D.) as adjusted for family size.
 - (b) Inform the Housing Authority and the Department of Planning and Building Inspection of intent to sell inclusionary units by mailing a "Notice of Intent to Sell Inclusionary Units."
 - (c) To perform any preliminary verification of households selected to purchase inclusionary units from owner. Preliminary verification includes review of prequalification statement from a lender and income tax statements to determine the household's income eligibility with county median income guidelines.
 - (d) To pay the Housing Authority for the services rendered in verifying and certifying eligible households. The fee for such services shall not exceed \$300 for each household submitted for verification.
 - (e) To deliver a copy of this Agreement to any household certified as an eligible household by the Housing Authority.
 - (f) Request, if necessary, a sixty (60) day extension of the marketing period and a sixty (60) day extension of the escrow period pursuant to Paragraph E.3. (a) (ii) of this Agreement,
 - (g) Notwithstanding the foregoing, if Owner requests a Hardship Waiver in writing from the obligation to seek to sell the Property as described hereinabove, and the County grants said Hardship Waiver, the sixty (60) day period set forth in 3. (a) (i.) below shall commence upon the County's receipt of the Owner's request for Hardship Waiver. A Hardship Waiver shall include job loss, death in Borrower's immediate family, divorce or other event or circumstance which the County reasonably believes warrants a Hardship Waiver.
2. **Exercise and Administration of Option.**
 - (a) County may administer and/or exercise the Option itself.
 - (b) County may from time to time designate another entity, person or organization to administer and/or exercise the Option ("Designee").
 - (c) County or its Designee may assign the Option to an individual private buyer who meets the eligibility requirements of, and is approved by, County.

- (d) After the exercise of the Option by County, its Designee or any assignee of County or its Designee in the manner prescribed in this Agreement, County or its Designee may assign or reassign the right to purchase the Unit to any substitute individual private buyer who meets the eligibility requirements of, and is approved by County; provided, however, that any such subsequent assignment shall not extend any time limits contained in this Agreement.
- (e) The Option may not be exercised against the unit while owned or possessed by Developer or any or all successors, transferees, assigns, heirs, executors or administrators of Developer. The Option contained in this Agreement shall not apply to the first purchaser owner nor to any subsequent sale to a purchaser owner who meets the eligibility requirements for a low or moderate income buyer under Chapter 18.40 of the Monterey County Code or to the transfer of a Unit by the Owner if the transfer is a permitted transfer described in Paragraph 11 of this Agreement or to the sale of a Unit by a purchase money trust deed holder (as defined by California law) who acquired title to the Unit by foreclosure or deed in lieu of foreclosure.

3. **Method of Exercising Option.**

- (a) Notice to Sell and Notice of Acceptance.
 - (i) Except for permitted transfers of a Unit as set forth in Paragraph 11 below and sale of a unit by a purchase money trust deed holder who acquired title by foreclosure or deed in lieu of foreclosure, if Owner wishes to sell or otherwise dispose of a Unit, Owner shall notify County in writing ("Notice to Sell"). The Notice to Sell shall state the street address of the Unit and Owner's full name(s), and shall be personally delivered or deposited in the United States mail, postage prepaid, first class, certified return receipt requested, addressed to Housing Coordinator, County of Monterey, Post Office Box 1208, Salinas, California 93902 and to the County Housing Authority of the County of Monterey addressed to: 123 Rico Street, Salinas, CA 93907. County, its Designee or any assignee of County or its Designee shall then have the right to exercise the Option by delivery of written notice ("Notice of Acceptance") by personal delivery or upon deposit into the United States mail, postage prepaid, first class certified mail, to Owner at the address of the Unit at any time within sixty (60) days following the actual receipt by County of the Notice to Sell.
 - (ii) In the event that County abandons or fails to exercise the Option within sixty (60) days after it actually receives the Notice to Sell, the Option shall terminate and County shall cause to be recorded in the Office of the Recorder of County, a notice of intent not to exercise the Option with respect to the Unit, declaring that the provisions of this Agreement and the Option are no longer applicable to the Unit with respect to the Option, and shall deliver

a copy of the notice to Owner addressed to the street address of the Unit. The notice shall be recorded within fifteen (15) days following County's decision not to exercise its Option, but not later than sixty (60) days after County receives the Notice to Sell. In the event that County fails to record the Notice, the sole remedy of Owner shall be to obtain a judicial order instructing the recordation and Owner shall have no right to damages against County for failure promptly to record the notice.

- (b) **Notice of Default Under Deed of Trust.** Owner covenants to cause to be filed for record in the Office of the Recorder of County, a request for a copy of any notice of default and of any notice of sale under any deed of trust encumbering the Unit. The request shall specify that any such notice shall be mailed to the Housing Coordinator, County of Monterey, Post Office Box 1208, Salinas, California 93902 and to the County Housing Authority of the County of Monterey addressed to 123 Rico St., Salinas, CA 93907. County shall have the right but not the obligation to cure any default under any deed of trust encumbering a Unit. In the event Owner encumbers a Unit with a non-purchase money deed of trust or mortgage, an act which is in violation of this Agreement, any notice of sale under the non-purchase money deed of trust or mortgage given pursuant to CIVIL CODE SUBSECTION 2924(f) may, at the election of County, constitute a Notice to Sell pursuant to Paragraph 3(a) and the option to purchase shall take priority over any trustee's sale or foreclosure of a non-purchase money deed of trust. In the event Owner fails to file such request for notice, County's option to purchase shall, at its election, run from the date County obtains actual knowledge of sale or proposed sale. County shall exercise its election as provided in the previous two sentences only after (i) County has reasonably determined that Owner either does not intend to or is not in a financial position to cure the default or defaults under the deed of trust; and (ii) depositing in the United States mail, first class certified, postage prepaid, written notice of its election, addressed to the owner at the street address of the Unit and to the beneficiary under the deed of trust, if the deed of trust is in default. In the event County elects not to exercise its option upon default, any surplus to which Owner may be entitled shall be paid as follows: that portion of surplus, if any, up to but not to exceed the net amount that Grantee would have received under the formula in Paragraphs 6 and 7 had County exercised its option to purchase the Unit on the date of the foreclosure sale, shall be paid to Owner on the date of the foreclosure sale; the balance of surplus, if any, shall be paid to County. Anything contained in this Agreement to the contrary notwithstanding, the provisions of this Agreement and the Option granted to County, shall be subordinate to any purchase money deed of trust encumbering a Unit, but County shall have the right to cure any default under a deed of trust encumbering a Unit.

- (c) **Sale, Transfer or Conveyance of Interest in Unit Without Notice to Sell.** If Owner fails to provide County with a properly delivered Notice to Sell pursuant to Paragraph 3(a) and County learns of (i) a pending sale, transfer or conveyance of the Unit; or (ii) the actual transfer, sale or

conveyance of the Unit, County shall **AT ANY TIME THEREAFTER AT ITS ELECTION** have the right to exercise the Option pursuant to the terms of this Agreement. Owner expressly understands and agrees that only a properly delivered Notice to Sell shall result in the period for exercise of the Option being limited initially to sixty (60) days pursuant to Paragraph 3(a)(i).

4. **Escrow.**

- (a) **Opening of Escrow.** If and in the event that County, its Designee or any assignee of County or its Designee exercises the Option, close of escrow for the purchase of the Unit shall be on or before sixty (60) days following receipt by Owner of the Notice of Acceptance, or such later date as may be mutually agreed upon by Owner and County, County's Designee or assignee. The escrow shall be opened upon delivery to Owner of the Notice of Acceptance or as soon thereafter as possible, or at such later time as may be mutually agreed upon by Owner and County, County's Designee or assignee.
- (b) **Payment From Escrow.** At the close of escrow for the sale of the Unit, Owner shall pay through escrow to County or its Designee a resale fee for administration of the resale program in an amount determined by County, which in no event may exceed seven percent (7%) of the actual purchase price for the Unit, as computed pursuant to Paragraphs 6 and 7 below, and any prepayment fee charged by the holder of a trust deed encumbering the Unit.

5. **Terms of Purchase.**

- (a) **Cash.** The purchase price shall be paid in cash at the close of escrow, or as otherwise provided by mutual agreement of Owner and County, County's Designee or assignee. Owner acknowledges and agrees that the percentage amount of any deposit required pending close of escrow shall not exceed that customarily required for the purchase of single-family residences in County at the time of the escrow opening. Closing costs shall be allocated between the buyer and seller according to the customary practices in Monterey County. If Inclusionary Owner sells the unit, he or she is required to certify eligibility of potential buyer and obtain certification of physical condition and correction of any deficiencies in property through the County or the County's designee and agree to pay the Monterey County Housing Authority for such services.
- (b) **Assumption of Financing.** Owner agrees to cooperate with County, its Designee or assignee in permitting the purchaser of the Unit purchasing pursuant to the Option, to assume any deed of trust encumbering the Unit, if the purchaser so requests and otherwise is eligible to assume. In the event County purchases a Unit pursuant to the Option and if eligible to do so, takes subject to or assumes an existing deed of trust encumbering the Unit, County shall make the payments on the note secured by the deed of trust and waives any defense to payment based upon the doctrine of

sovereign immunity.

- (c) **Conditions to Close of Escrow.** The escrow instructions may provide for conditions or contingencies of the type and nature commonly included within residential purchase escrows (including, but not limited to, financing contingencies, inspection rights and preliminary title report approvals) to the obligation of the purchaser to purchase the Unit from the then Owner, provided that any such conditions or contingencies (other than the status of title to the Unit at the time of conveyance and other conditions which by their nature cannot be satisfied prior to closing) must be satisfied or waived on or before sixty (60) days following receipt by Owner of the Notice of Acceptance.

6. **Purchase Price.** The purchase price of the Unit (\$118,000) shall, prior to adjustment as provided in Paragraph 7 below, be the lower of:

- (a) The purchase price as agreed upon between Owner and County, its Designee or assignee;
- (b) The Owner's purchase price of the Unit, regardless of when purchased (hereinafter, "Base Price"), plus an amount, if any, equal to (A) the Base Price multiplied by (B) the percentage increase in the median household income published by the United States Department of Housing & Urban Development ("HUD") for the Monterey County Standard Metropolitan Statistical Area for a family of four (4), from that published for the date nearest the date of purchase of the Unit by Owner over that published nearest the date of receipt by Owner of the Notice of Acceptance. In the event that HUD no longer establishes median income levels at the time of the giving of the Notice to Sell, County may use any other recognized method of computing median income for computing the percentage increase.

In no event, however, shall the purchase price be below the Base Price or below the outstanding balance owing on the note(s) secured by a purchase money deed(s) of trust encumbering the Unit.

7. **Adjustment to Purchase Price.** The purchase price as determined under Paragraph 6 above shall then be adjusted as follows:

- (a) If the Unit is sold, the purchase price shall be:
 - (i) Increased by the actual cost, evidenced by receipts, of any single capital improvement which has a value in excess of one percent (1%) of the Base Price to the Unit made since Owner's acquisition of the Unit which have a useful life of greater than five (5) years subsequent to the conveyance by Owner pursuant to the Option and which were made with all required building and other governmental approvals and with the approval of the relevant homeowners association if such approvals are required (provided, however, the one percent (1%) limitation shall not apply where the

expenditure was made pursuant to a mandatory assessment levied by the homeowners association for the development of which the Unit is a part, whether levied for improvements or maintenance to the Unit, the common area or related purposes, or where the expenditure was made for replacement of appliances, fixtures or equipment which was originally acquired as part of the Unit by Owner but in no event shall the purchase price be increased in excess of five percent (5%) of the Base Price); and

- (ii) Decreased by the amount necessary to repair any damages and to put the Unit into salable condition as reasonably determined by County, including, but not limited to, cleaning, painting, cleaning or replacing worn carpeting and draperies, and making needed structural, mechanical, electrical, plumbing and fixed appliances repairs. County shall provide Owner with a schedule describing "salable condition" upon purchase of the Unit by Owner and again upon receipt from Owner of the Notice to Sell. In the event Owner disputes the amount determined by County Housing Coordinator to be necessary to repair damage to put the Unit in salable condition, Owner shall have the right to obtain an independent estimate of the amount. County shall reconsider its determination taking into consideration the estimate obtained by Owner. However, the reconsidered determination by County shall be binding upon Owner.

- (b) In the event that Owner sells the Unit after a default under a deed of trust, but prior to a trustee's sale or foreclosure sale, Owner shall pay all expenses actually incurred by the beneficiary under the deed of trust incurred due to Owner's default, including, but not limited to, trustee's fees, attorney's fees, costs of sale and debt service on the debt secured by the deed of trust.

8. **Limits on Liability.** Neither County nor its Designee shall become liable to Owner or become obligated in any manner to owner by reason of its assignment of the Option, nor shall County be in any way obligated or liable to owner for any failure of any designee to consummate a purchase of the Unit or to comply with the terms of any agreement or escrow for the sale of the Unit. Only the purchaser executing a purchase agreement or escrow instructions shall be liable to owner pursuant to the terms of any such agreement of escrow.

9. **Indemnification.** Nothing in this Agreement shall be construed by County, by Owner or by any Third Party to create the relationship of principal and agent, or of partnership, joint venture or association with one another. Owner agrees to indemnify, defend, and hold harmless the County, its officers, agents, and employees from any and all claims, demands, liability, costs, and expenses of whatever nature, including but not limited to, court costs, damages and counsel fees accruing or resulting to any and all contractors, subcontractors, material providers, laborers, and any other person, firm, or corporation furnishing or supplying work in connection with this Agreement, and from any and all claims and losses accruing or resulting to any person, firm, or corporation who may be injured or damaged by Owner in the performance of this Agreement.

10. **Transfers and Conveyances While Option is Operative.** Except as otherwise provided in Paragraph 11 below, until such time as the Option is exercised, waived or expires, the Unit and any interest in title thereto shall not be sold, leased, rented, assigned or otherwise transferred to any person or entity except with the express written consent of County or its Designee, which consent shall be granted only if consistent with County's goal of creating, preserving, maintaining and protecting low and moderate priced housing in Monterey County. Any such sale, lease, assignment or other transfer which has not been consented to by County shall result in County having the RIGHT AT ITS ELECTION TO EXERCISE AT ANY TIME THEREAFTER THE OPTION PURSUANT TO PARAGRAPH 3(c) ABOVE.
11. **Permitted Transfers.** The Option contained in this Agreement shall not apply to:
- (a) a transfer of title of a Unit by gift, devise or inheritance to Owner's spouse, to a surviving joint tenant, to a spouse as a party to a divorce or marital dissolution proceeding or to a spouse in conjunction with marriage; or
 - (b) a transfer of title of a Unit to a transferee if:
 - (i) the transferee occupies the Unit,
 - (ii) the transferee earns no more than eighty percent (80 %) of the then current County median income as defined by HUD,
 - (iii) the transferee resides in County prior to the transfer,
 - (iv) the purchase price paid to Owner by the transferee is not more than the "purchase price" for the Unit as computed pursuant to the provisions of Paragraphs 6 and 7 above, and
 - (v) County certifies that the facts required by subclauses (i), (ii), (iii) and (iv) are correct and Owner pays to County the costs incurred by County to conduct an investigation to enable County to make the certification; or
 - (c) a transfer of title of a Unit authorized by resolution of the Board of Supervisors of County as being consistent with the goals and purposes of the provisions of Chapter 18.40 of the MONTEREY COUNTY CODE.

The covenants made by, restrictions imposed upon, and Option granted by this Agreement shall continue to encumber and run with the title to the Unit following a transfer permitted by this Paragraph 11. Owner shall notify County in writing at least fifteen (15) working days before a transfer of the Unit and the transferee must, in writing, assume the obligations and duties and agree to be bound by the restrictions of this Agreement.

12. **Permitted Encumbrances.** This Agreement and the Option granted to County shall not prohibit Owner from encumbering the Unit for the purpose of securing financing for purposes of purchasing the Unit or securing financing to refinance the original purchase price of the Unit, and shall not supersede or in any way reduce the security or affect the validity of any purchase money deed of trust or

mortgage. If a Unit is acquired at a foreclosure sale under any purchase money deed of trust or mortgage encumbering the Unit, or by deed in lieu of foreclosure sale, title to the Unit shall be taken free and clear of the covenants, restrictions and terms of this Agreement and the Option granted to County and the purchase money trust deed holder and any subsequent transferee may sell the Unit without regard to this Agreement or the Option granted to County. Owner shall not encumber a Unit with a deed of trust which is not a purchase money deed of trust as defined by California law. To the extent permitted by law, any deed of trust encumbering a Unit shall require the impounding of amounts for taxes, insurance and homeowners association fees.

13. **Duration of Option.** The Option and the provisions set forth in this Agreement shall terminate and become void automatically as to the Unit thirty (30) years following the later to occur of (a) any sale of the Unit or any transfer of the Unit permitted pursuant to Paragraph 11(b) or 11(c), or (b) the date of recordation of this Agreement. Except as provided by the terms herein, the provisions set forth in this Agreement shall constitute covenants which shall run with the Unit, shall further and independently constitute an Option encumbering each Unit and shall be binding upon Owner, Owner's heirs, executors, administrators, successors, transferees and assignees, and all parties having or acquiring any right, title or interest in or to any part of a Unit. As long as the Option has not terminated as to a Unit, any attempt to transfer title to any interest in the Unit in violation of this Agreement shall be voidable at the election of County.
14. **Insurance Proceeds.** Notwithstanding the provisions of Paragraph 13, in the event that the Unit is destroyed and insurance proceeds are distributed to Owner instead of being used to rebuild the improvements on the Unit or, in the event of condemnation, if proceeds thereof are distributed to Owner, any surplus of proceeds so distributed remaining after payment of encumbrances of the Unit shall be distributed as follows: that portion of the surplus up to but not exceeding the net amount that Owner would have received under the formula set forth in Paragraphs 6 and 7 above had County exercised the Option on the date of the destruction or condemnation valuation date, shall be distributed to Owner, the balance of such surplus, if any, shall be distributed to County. County shall be named as an additional insured on the fire and casualty insurance policy issued to the Owner insuring loss to the Unit.
15. **Acceptance of Terms by Owner.** By acceptance of the Deed to which this Agreement is attached, Owner accepts and agrees to be bound by the covenants, restrictions and Option contained in this Agreement, and further acknowledges receipt of and agrees to be bound by the covenants, restrictions and Option contained in this Agreement, and further acknowledges receipt of and agrees to be bound by the provisions of this Agreement.
16. **Miscellaneous Provisions.**
 - (a) **Independent and Severable Provisions.** In the event that any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable or invalid, such holding shall not render unenforceable any other provision hereof, each provision hereof being expressly severable

and independently enforceable to the fullest extent permitted by law.

- (b) **Further Assurances and Recordation.** The undersigned covenant that upon the request of County or its Designee, they will execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments and agreements and do such further acts as may be necessary, desirable or proper to carry out more effectively the purpose of this Agreement and other instruments required hereunder, including, but not limited to, (i) immediately executing and acknowledging a Memorandum and Reaffirmation of Grant of Option to Purchase to the County of Monterey; and (ii) upon the sale or other transfer of an interest in the Unit, the undersigned Owner causing the purchaser or transferee to execute and acknowledge an Agreement to Grant Deed in form acceptable to County which shall be attached to the Grant Deed by which the undersigned conveys title to the Unit.
- (c) **Captions and Paragraph Headings.** Captions and paragraph headings used herein are for convenience only and shall not be used in construing this Agreement.
- (d) **Waiver.** No waiver by County or its Designee of the right to exercise the Option or of any breach by Owner of any covenant, restriction or condition herein contained shall be effective unless such waiver is in writing signed by County or its Designee and delivered to the undersigned. The waiver by County or its Designee of any such breach or breaches, or the failure by County or its Designee to exercise any right to remedy with respect to any such breach or breaches, shall not constitute a waiver or relinquishment for the future of any such covenant or condition or bar any right or remedy of County or its Designee with respect to any such subsequent breach.
- (e) **Amendment.** The parties agree that this instrument contains all of the provisions of the Agreement between the parties hereto. No alteration or variation of the terms of this Agreement shall be valid unless made in writing in the form of an amendment and signed by the parties hereto. No oral understanding or Agreement not incorporated herein shall be binding on any of the parties hereto.

IN WITNESS WHEREOF, the undersigned has caused this Agreement to be executed as of the date first set forth above.

OWNER

By 
Carmen Reynoso

COUNTY OF MONTEREY

By *William L. Phillips*
William L. Phillips
Director of Planning and
Building Inspection

Approved as to form:
Douglas C. Holland
County Counsel

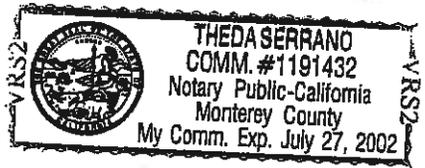
By: *[Signature]*
Deputy County Counsel

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

* STATE OF CALIFORNIA) *
* COUNTY OF MONTEREY) *
*
* On Oct. 29 1998 before me, Theda Serrano, Notary *
* Public, personally appeared Carmen Reinoso *
* _____, personally known to me *
* (or 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. *

* WITNESS my hand and official seal. *

* Signature Theda Serrano (Seal) *



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

* STATE OF CALIFORNIA) *
* COUNTY OF MONTEREY) *
*
* On November 6, 1998 before me, Bertha Gonzalez, Notary *
* Public, personally appeared Dale Ellis, Zoning *
* Administrator _____, personally known to me *
* (or 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. *

* WITNESS my hand and official seal. *

* Signature Bertha Gonzalez (Seal) *



NOTARY PUBLIC - CALIFORNIA
MONTEREY COUNTY
COMMISSION # 1175677
EXPIRES MAR 21, 2002

EXHIBIT A

PARCEL I:

Lot 28, as shown on the map entitled, "Tract No. 1220, Tankersley Subdivision", which map was filed for record in the Monterey County Recorders Office on September 21, 1994 in Volume 18 of "Cities and Towns", at page 46. Amended by Certificate of Correction recorded July 12, 1995 in Reel 3249, page 707, Official Records.

PARCEL II:

A non-exclusive right of way appurtenant to Parcel I above to deed recorded September 25, 1969, in Reel 622, page 529, Official Records, for all purposes of a road over, upon and across a strip of land 30 feet wide lying along, contiguous to and northeasterly from that certain course numbered "(15)" in said deed.

APN: 030-052-028

END OF DOCUMENT

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

(1) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(4) That upon written request of beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

(5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(6) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale

(continued on reverse side)

having been given as then required by Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(9) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

TO FIRST AMERICAN TITLE INSURANCE COMPANY, TRUSTEE:

The undersigned is the legal owner and holder of the note or notes, and of all other indebtedness secured by the foregoing Deed of Trust. Said note or notes, together with all other indebtedness secured by said Deed of Trust, have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note or notes above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated _____

Please mail Deed of Trust,
Note and Reconveyance to _____

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

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