

Attachment A

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Recording Requested By and
When Recorded, Return to:

County of Monterey
Housing and Redevelopment Division
29 Bishop Street, Suite 203
Pajaro, CA 95076

Attention: Jim Cook

No Fee for Recording Pursuant to
Government Code Section 27383

DECLARATION OF AFFORDABILITY COVENANTS

This Declaration of Affordability Covenants ("Affordability Covenants") is made as of this 7th day of June, 2005, by Interim, Inc. , a California nonprofit public benefit corporation ("Developer"), and the County of Monterey, a political subdivision of the State of California ("County"), with reference to the following facts:

A. The County has adopted an inclusionary housing ordinance, codified in Chapter 18.40 of the Monterey County Code (the "Inclusionary Ordinance").

B. The Inclusionary Ordinance provides for the collection of in-lieu fees, which are to be used for the purpose of providing low income housing ("Inclusionary Funds").

C. Developer owns that certain real property which is described in Exhibit A attached hereto and incorporated herein (the "Property").

D. The County and Developer are entering into a Loan Agreement of even date herewith (the "Agreement"). Under the Agreement, the County agrees to loan Inclusionary Funds to the Developer (the "County Loan") for construction costs associated with the development of thirty-six (36) bedrooms on the Property to be occupied by very low-income homeless persons with mental disabilities.

E. The following covenants and restrictions are recorded against the Property in consideration of the County's agreement to make the County Loan to Developer.

NOW, THEREFORE, the County and Developer hereby declare that the following express covenants are to be taken and construed as running with the Property and, except as set forth below, shall pass to and be binding upon Developer and its successors, assigns, heirs, grantees or lessees to the Property or any part thereof from the date of recordation of these Affordability Covenants and shall continue in effect until such time as the Units are sold by Developer pursuant to the Agreement. Each and every contract, deed, lease or other instrument covering or conveying the Property or any portion thereof shall be held conclusively to have

been executed, delivered and accepted subject to covenants and restrictions regardless of whether such covenants and restrictions are set forth in such contract, deed, lease or other instruments.

Section 1. Definitions

The following definitions shall apply in this Declaration:

- (a) "Adjusted Income" shall mean the total anticipated annual income of all persons in a household as calculated in accordance with 24 CFR 5.611 or any successor regulation issued by HUD, or if such regulation is no longer in existence, any substitute reasonably acceptable to the parties.
- (b) "Affordability Covenants" shall mean this Declaration of Affordability Covenants between County and Developer.
- (c) "Agreement" shall mean the Loan Agreement by and between the County and Developer, of ever date herewith, and any successor agreement between the County and Developer concerning the Development.
- (d) "Area Median Income" shall mean the median gross yearly income for households in Monterey County, California, as adjusted for household size, as published periodically by HUD. In the event such income determinations are no longer published by HUD, or are not updated for a period of at least eighteen (18) months, the County shall provide the Borrower with other income determinations which are reasonably similar with respect to method of calculation to those previously published by HUD.
- (e) "County" shall mean the County of Monterey, a political subdivision of the State of California.
- (f) "County-Assisted Bedrooms" shall mean the thirty-six (36) bedrooms to be renovated for very low-income homeless persons with mental disabilities pursuant to the Agreement.
- (g) "Developer" shall mean Interim, Inc., a California nonprofit public benefit corporation, or its successor, assignee or transferee approved by the County in accordance with Section 3.15 of the Agreement.
- (h) "HUD" shall mean the United States Department of Housing and Urban Development.
- (i) "Property" shall mean the real property on which the County-Assisted Bedrooms will be constructed, as more particularly described in Exhibit A.
- (j) "Rent" shall mean the total of monthly payments by the occupant of a Bedroom for use and occupancy of the Bedroom and associated common areas and facilities, including parking; any separately charged fees or service charges assessed by the Developer which are required of all tenants, other than security deposits or fees associated with social services provided to the tenants; the cost of an adequate level of service for utilities paid by the

tenant, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuel, but not telephone service or any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than the Developer and paid by the tenant.

(k) "Very Low Income Household" shall mean a household with an Adjusted Income upon initial occupancy of the Development that does not exceed fifty percent (50%) of the Area Median Income.

Section 2. Occupancy Requirements. All thirty-six (36) of the County-Assisted Bedrooms shall be rented to and occupied by or, if vacant, be available for occupancy by Very Low Income Households with mental disabilities who are homeless or at risk of homelessness. Preference in occupancy of the County Assisted Bedrooms shall be granted to homeless very low income households living in Monterey County

Section 3. Allowable Rent. Subject to the provisions of Section 4 below, the Rent (including utility allowance) charged to a tenant of one of the County-Assisted Bedrooms shall not exceed thirty percent (30%) of the tenant's Adjusted Income.

Section 4. Increased Income of Tenants. If, upon recertification of the income of a tenant of one of the County-Assisted Bedrooms, Developer determines that a former Very Low Income Household has an Adjusted Income exceeding the maximum qualifying income for a Very Low Income Household, Developer may permit such tenant to continue to occupy the bedroom, provided that the next available bedroom unit shall be rented to a Very Low Income Household living in Monterey County and shall be operated as a replacement County-Assisted Bedroom subject to these Affordability Covenants at Rent allowed by Section 3 above.

Section 5. Term of Affordability Covenants. These term of these Affordability Covenants shall be thirty-three (33) years from the date of execution.

IN WITNESS WHEREOF, Developer and the County have executed this Declaration of Affordability Restrictions as of the date first above written.

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

By: J. Cad
Its: Program Manager

APPROVED AS TO FORM:

DEVELOPER:
Interim, Inc., a California
nonprofit public benefit
corporation

By: Barbara J. Mitchell
Its: Exec. Director

By: _____

Its: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

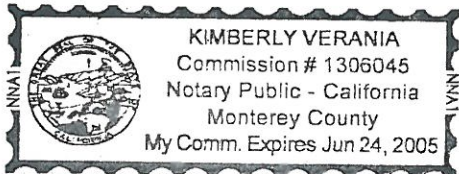
County of Monterey

On June 7, 2005 before me, Kimberly Verania, Notary Public
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared Barbara L. Mitchell
NAME(S) OF SIGNER(S)

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.



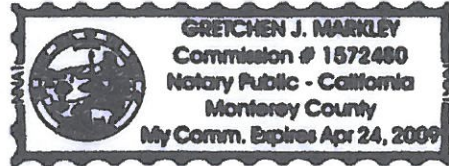
[Signature]
SIGNATURE OF NOTARY

STATE OF CALIFORNIA)
) ss
COUNTY OF MONTEREY)

On JUNE 17, 2005, before me, GRETCHEN J. MARKLEY, personally appeared JIM COOK, 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.

Gretchen Markley



STATE OF CALIFORNIA)
) ss
COUNTY OF MONTEREY)

On _____, 2005, before me, _____, personally appeared _____, 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.

EXHIBIT A
LAND DESCRIPTION

LEGAL DESCRIPTION

Order No.: 55102593

The land referred to herein is situated in the State of California, County of Monterey, City of Marina described as follows:

PARCEL 1 AS SHOWN ON THE RECORD OF SURVEY MAP FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF MONTEREY, STATE OF CALIFORNIA, ON NOVEMBER 9, 1995 IN VOLUME 19 OF SURVEY MAPS AT PAGE 116.

A. P. N.: 031-081-005

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