

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

City of Brentwood
150 City Park Way
Brentwood, California 94513
Attn: Housing Manager

(Space Above This Line for Recorder's Use Only)
[Exempt from recording fee per Gov. Code § 27383]

AFFORDABLE HOUSING AGREEMENT

THIS AFFORDABLE HOUSING AGREEMENT (the "Agreement") is entered into as of _____ (the "Effective Date"), by and between SHEA HOMES L.P., a limited partnership ("Developer") and THE CITY OF BRENTWOOD, a municipal corporation (the "City"). Developer and City agree as follows, with reference to the following facts:

RECITALS

- A. Defined terms used but not defined in these recitals are as defined in Article 1 of this Agreement.
- B. Developer owns that certain real property located in the vicinity east of Adams Lane, north of the intersection of Lone Oak Road and Gracie Lane (Subdivision 9535) and identified as the Orchard Grove property, Assessor's Parcel Number 016-040-005, as more particularly described in the attached Exhibit A ("Site").
- C. On September 13, 2022 pursuant to Resolution No. 2022-115, the Brentwood City Council approved Developer's application for a vesting tentative subdivision map, including a density bonus (VTSM 9535) and pursuant to Resolution No. 2022-116 the Brentwood City Council approved Developer's application for a design review permit for forty-five (45) market rate units and six (6) affordable duet units (DR No. 20-003), and pursuant to Resolution No. 2022-114, the Brentwood City Council adopted the related Mitigated Negative Declaration, prepared in accordance with Public Resource Code Section 21000 et seq. (collectively, the "Project Approvals").
- D. Developer will construct fifty-one (51) units, including forty-five (45) single family detached homes and six (6) duets, ("Units") and appurtenant landscaping and on-site improvements on the Site (hereinafter referred to as the "Project"). As part of the Project and the Project Approvals, Developer has agreed to restrict the duets as affordable Units, including five (5) Units (ten percent (10%) of the Units) to be affordable and sold to Moderate Income Households (the "Moderate Income

Units”) and one (1) Unit (two percent (2%) of the Units) to be affordable and sold to Low Income Households (the “Low Income Units”). The Moderate Income Units and Low Income Units will also be referred to as “Restricted Units.” The remaining forty-five (45) Units shall be referred to as the “Non-Restricted Units.”

- E. City Council adopted Ordinance 909 on November 13, 2012 (Brentwood Municipal Code Chapter 17.725) (the “Ordinance”). The Ordinance and any implementing regulations are collectively the “City Inclusionary Housing Requirements.” The Ordinance codifies the requirement that developers of residential developments of twenty-five or more lots or dwelling units fulfill an affordable housing obligation of two percent (2%) of the total number of dwelling units as Low Income Units (the “Two Percent Affordability Requirement”). To satisfy this requirement, Developer will provide one (1) Low Income Unit.

- F. Pursuant to Government Code Section 65915-65918 (collectively “Density Bonus Law”), a project that restricts 10% of the units Moderate Income Households eligible for a 5% increase in density, one concession, and unlimited waivers. Developer will provide five (5) Moderate Income Units (ten percent (10%) of the Units) and one (1) Low Income Unit (two percent (2%) of the Units), and thus applied for and received the following development incentive as part of the project:
 - 1. A 2% increase in density (3.03 units per acre).
 - 2. Nine waivers including: (i) a reduction in minimum lot size for the Non-Restricted Units to 8,000 square feet; (ii) a reduction in minimum lot size for Restricted Units to 3,750 square feet; (iii) a reduction in minimum lot width for Non-Restricted Units to 80 feet wide as measured at the rear lot line; (iv) a reduction in minimum lot width for Restricted Units to 40 feet wide as measured at the rear lot line; (v) a reduction in front yard setbacks 15 feet to any living space that may project forward of the garage; (vi) side yard setback reduced to 7 feet and 20 feet in aggregate; (vii) a zero foot setback on the lot line defining the common wall between duets; (viii) a reduction in the rear yard setback to 15 feet; (ix) a waiver of the General Plan density transition policy LU-2a.
 - 3. One concession: the waiver of the General Plan public benefit policy for projects exceeding the mid-point of the General Plan density range.

- G. A Restricted Unit may satisfy the requirements of the Density Bonus Law, the City Inclusionary Housing Requirements, and the Project Approvals so long as it meets the most restrictive requirement of each of the programs it satisfies.

- H. The Ordinance requires the City to ensure the continued affordability of the Restricted Units for forty-five (45) years. To ensure the Restricted Units’ continued affordability and to comply with Density Bonus Law, the Ordinance, and the Project Approval, this Agreement shall be executed and recorded against the Site

prior to the recordation of any parcel map or final subdivision map or issuance of building permits for the Project, whichever occurs first.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, Developer and the City hereby agree as follows:

ARTICLE 1. SALE OF RESTRICTED UNITS

1.1 Defined Terms. The following terms shall have the meanings set forth in this Section 1.1:

A. "Affordable Housing Cost" shall mean the maximum purchase price that will be affordable to a Low-Income Household or a Moderate-Income Household, based on a reasonable down payment and monthly housing payments, including property taxes, homeowner's insurance, homeowner's association dues, if any, mortgage loan principal and interest, mortgage insurance, and a reasonable allowance for utilities (as provided by the City) which are equal to or less than:

(i) one-twelfth (1/12th) of thirty percent (30%) seventy percent (70%) of Median Income adjusted for household size based on the number of bedrooms in the unit for Low-Income Households; and

(ii) 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 for Moderate-Income Households.

(iii) The Affordable Housing Cost is determined by the City in accordance with the procedure set forth in Exhibit E.

B. "Actual Household Size" shall mean the actual number of persons in the applicable household.

C. "Assumed Household Size" shall mean the number of persons assumed to occupy a Unit based on the number of bedrooms, which is used for the purposes of calculating Affordable Housing Cost. The assumption is the number of persons in a household equals the number of bedrooms plus one.

D. "Eligible Household" shall mean and include a person or household (i) meeting the definition of "Low Income Household" or "Moderate Income Household" under this Section 1.1; (ii) meeting the definition of a First Time Homebuyer; and (iii) who otherwise meets standard criteria for determining eligibility for occupancy, which may include an evaluation of the applicant's ability to pay mortgage, employment status, and credit history.

E. "First Time Homebuyer" shall mean and include a person or household, no member of which has had any of the following interests in real property in his or her primary residence in the three years preceding the date of purchase of the Unit: fee simple, joint tenancy, tenancy in common, life estate, shareholder in a cooperative, or interest held in trust that would continue on to ownership if held.

F. "Homebuyer/City Deed of Trust" shall mean the deed of trust, in the form provided by the City, executed by each buyer of a Restricted Unit at the time of purchase of the Restricted Unit, securing the buyer's performance under the Limitation Agreement (Exhibit C).

G. "Household Income" shall mean the combined adjusted gross income for all adult persons living in a unit, as calculated using the guidelines provided in Exhibit D.

H. "Limitation Agreement" shall mean a Resale and Refinance Limitation Agreement and Option to Purchase in the form provided by the City, to be executed by each buyer of a Restricted Unit and recorded against the Restricted Unit at the time of purchase by the buyer.

I. "Low Income Household" shall mean a person or household whose Household Income does not exceed 80% (which percentage shall be adjusted as provided in Title 25, Section 6932 of California Code of Regulations) of the Median Income (as defined below).

J. "Moderate Income Household" shall mean a person or household whose Household Income does not exceed 120% (which percentage shall be adjusted as provided in Title 25, Section 6932 of California Code of Regulations) of the Median Income (as defined below).

K. "Median Income" is the area-wide median gross yearly income in Contra Costa County, adjusted for household size, as published from time to time in Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the State of California Department of Housing and Community Development ("HCD"). If such income determinations are no longer published, or not updated for a period of at least 18 months, the City shall provide Developer with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by HCD.

L. "Term" means 45 years from the Effective Date.

1.2 Affordability Requirements and Restrictions.

A. In order to satisfy Developer's affordable housing requirements for the Project and Project Approvals, the Developer shall construct, or cause to be constructed six (6) Restricted Units in the Development, including one (1) Low Income Unit and five (5) Moderate Income Units.

B. All Restricted Units within the Project must be comparable to the Non-Restricted Units in exterior design, quality, materials, architectural elements and overall construction quality, as well as number and proportion of bedroom types all as shown in the DR

20-003 duet architecture sheets. However, in comparison to the Non-Restricted Units, the Restricted Units will include reduced front, side and backyard landscaping and will be duet-style products, as approved by the City in Resolutions Nos. 2022-115 and 2022-116. Restricted Units shall otherwise be comparable to the Non-Restricted Units. In addition, all Restricted Units shall include the same or similar interior amenities offered for Non-Restricted Units within Project.

C. Consistent with VTSM 9535 Condition of Approval 22, the Restricted Units shall be constructed in the location and in accordance with the schedule of construction set forth in Exhibit B which reflects the Master Plotting Plan referenced in DR 20-003 Condition of Approval 5. All Restricted Units in the Project shall be constructed prior to or concurrently with Non-Restricted Units, as set forth, and in the location specified, in a schedule of construction approved by the City and set forth in this Agreement. The building permits for the last ten percent of the Non-Restricted Units shall not be issued until the last Restricted Unit has been issued a building permit and construction of the last Restricted Unit has begun.

D. Developer shall make a written designation to City, at the time the final subdivision map for the Site is recorded, of those Units that shall be Restricted Units, which designation shall be consistent with the terms of this Agreement, including without limitation Exhibit B. The total number of Restricted Units being offered for sale shall be as required by Section 1.2.A. above. During the Term of this Agreement, the Restricted Units shall be subject to all of the requirements of this Agreement, including without limitation the following additional restrictions and requirements:

1. The Low Income Unit shall only be sold to and be occupied by a Low Income Household at a price that does not exceed the Affordable Housing Cost for Low Income Households. The Moderate Income Units shall only be sold to and be occupied by Moderate Income Households, as applicable, at a price that does not exceed the Affordable Housing Cost for Moderate Income Households. Pursuant to Brentwood Municipal Code Section 17.725.010, if the sales price for a Restricted Unit exceeds the Affordable Housing Cost, this will be an Event of Default and the Developer will be charged a five hundred dollar (\$500) fine per month from the date of non-compliance until the Restricted Unit is in compliance with this Agreement.

2. The Restricted Units shall only be sold to Eligible Households approved by City in accordance with this Agreement, the Density Bonus Law, and the City Inclusionary Housing Requirements. Developer shall work with City to obtain names of Eligible Households certified and/or maintained by City in accordance with City's Affordable Housing Program. In the event City no longer certifies or maintains a list of Eligible Households, at least thirty (30) calendar days prior to any proposed sale or other transfer of any Restricted Unit during the Term, Developer shall submit to City: (a) a copy of the written agreement of purchase and sale; (b) the prospective purchaser's/transferee's income certification, evidence of the purchaser's/transferee's status as an Eligible Household, a list of all assets owned by the prospective purchaser/transferee and any information reasonably necessary to enable City to determine compliance with the terms of this Agreement, in a form reasonably approved by the City; and (c) the income certification to be provided to any lender making a loan on the Restricted

Unit. The City may require documentation reasonably evidencing and supporting the income and other financial information contained in the certifications, including the prospective purchaser's/transferee's income most recent income tax return. Within thirty (30) calendar days from receipt of the documentation, City shall render a decision of eligibility or noneligibility. If the prospective purchaser/transferee qualifies as an Eligible Household, the purchase price of the Restricted Unit is within the definition of Affordable Housing Cost and the sale or transfer complies with this Agreement, the Density Bonus Law, and the City Inclusionary Housing Requirements, the City shall so certify in writing within such thirty (30) calendar days, and upon request shall execute a certificate, in recordable form, confirming that the proposed transaction complies with the requirements of this Article 1. If the prospective purchaser/transferee does not qualify as an Eligible Household, the purchase price of the Restricted Unit is not within the definition of Affordable Housing Cost or the sale or transfer does not comply with this Agreement, the Density Bonus Law, and the City Inclusionary Housing Requirements, the City shall so notify the Developer in writing, within such thirty (30) calendar days, stating the basis for its determination in reasonable detail and the Developer shall not sell the Restricted Unit to such non-Eligible Household.

3. THERE SHALL BE NO SALE OR OTHER TRANSFER OF THE RESTRICTED UNIT WITHOUT THE WRITTEN CERTIFICATION BY CITY THAT THE PURCHASER / TRANSFEREE IS AN ELIGIBLE HOUSEHOLD, THE PURCHASE PRICE OF THE RESTRICTED UNIT IS WITHIN THE DEFINITION OF AFFORDABLE HOUSING COST AND THE SALE OR TRANSFER COMPLIES WITH THIS AGREEMENT, THE DENSITY BONUS LAW, AND THE CITY'S INCLUSIONARY HOUSING REQUIREMENTS. ANY SALE OR OTHER TRANSFER OF THE RESTRICTED UNIT IN VIOLATION OF THIS AGREEMENT SHALL BE AN EVENT OF DEFAULT.

4. EACH PURCHASER OF AN OWNER-OCCUPIED RESTRICTED UNIT FROM DEVELOPER SHALL ENTER INTO AND RECORD AT THE CLOSE OF ESCROW A REFINANCE AND RESALE LIMITATION AGREEMENT AND OPTION TO PURCHASE ("LIMITATION AGREEMENT"), IN A FORM SIMILAR TO EXHIBIT C, ATTACHED HERETO, SUPPLIED BY AND APPROVED BY CITY, AND FOR THE BENEFIT OF CITY. UPON RECORDATION OF THE LIMITATION AGREEMENT: (A) THIS AGREEMENT SHALL HAVE NO FURTHER FORCE OR EFFECT AS AN ENCUMBRANCE AGAINST THE RESTRICTED UNIT ENCUMBERED BY THE LIMITATION AGREEMENT; AND (B) DEVELOPER SHALL HAVE NO FURTHER OBLIGATIONS OR LIABILITIES WITH RESPECT TO THE RESTRICTED UNIT, ENCUMBERED BY THE LIMITATION AGREEMENT, INCLUDING WITHOUT LIMITATION ANY RESPONSIBILITY FOR COMPLIANCE BY THE BUYER OR ITS SUCCESSORS WITH THE TERMS AND CONDITIONS OF THE LIMITATION AGREEMENT SIGNED BY PURCHASER, PROVIDED THAT DEVELOPER HAS COMPLIED WITH THE TERMS OF THIS AGREEMENT.

E. Developer's execution of this Agreement and compliance with the terms and conditions herein, shall be deemed full and final satisfaction of the requirements under the Density Bonus Law and the City Inclusionary Housing Requirements applicable to the Project.

ARTICLE 2.
ELIGIBLE HOUSEHOLDS, AFFORDABLE HOUSING COSTS, AND SALES

2.1 Eligible Household and Affordable Housing Costs.

A. At least ninety (90) days prior to the intended sale or transfer of a Restricted Unit to an Eligible Household, Developer shall provide City written notice that the Restricted Unit is available for sale to allow the City adequate time to select an Eligible Household from the City's waitlist to purchase the Restricted Unit. The Developer shall not enter into a binding agreement with an Eligible Household for the purchase of the Restricted Unit unless the Eligible Household was selected by the City from the City's waitlist or unless otherwise approved by the City. Purchase contracts between Developer and Eligible Household shall include requirements that buyers execute documents for the benefit of the City described in Section 2.2 below.

B. The Restricted Units will be sold to an Eligible Household for no more than the Affordable Housing Costs for the Restricted Units, which is based on the calculation shown in Exhibit E attached hereto and incorporated herein. After the Developer provides the ninety (90) day notice of intent to sell or transfer of a Restricted Unit to an Eligible Household, the City will calculate and notify the Developer of the Affordable Housing Costs approved by Resolution by the City Council of the City of Brentwood. Developer acknowledges and agrees that Affordable Housing Costs are determined periodically by the City based on current income levels in Contra Costa County, changes to which are published annually by HCD, the number of bedrooms in the Unit, prevailing mortgage interest rates, and other housing cost factors required to be considered under the City Inclusionary Housing Requirements, all of which are subject to change from time to time. Developer agrees that Affordable Housing Costs are set by the City in its reasonable exercise of discretion in interpreting the requirements of the City Inclusionary Housing Requirements. The Affordable Housing Cost for a Restricted Unit shall be the absolute maximum price that the Developer or any other person may charge for or receive as compensation for the Restricted Unit. The Developer or other seller may not charge or receive any additional amount for a Restricted Unit regardless of whether the additional amount is (a) for options, upgrades, or additional improvements to the Restricted 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.

2.2 Homebuyer Documents and Security Instruments.

A. The Eligible Household and the City shall execute a Limitation Agreement. The Limitation Agreement shall be recorded against the Restricted Unit at close of escrow for the sale to the Eligible Household. The Limitation Agreement shall be recorded in a senior lien position to the deed of trust securing the Eligible Household's first mortgage loan, unless otherwise approved in writing by the City.

B. The Eligible Household shall sign a Homebuyer/City Deed of Trust to secure performance of the Eligible Household's covenants under the Limitation Agreement if the Eligible Household fails to comply with the terms of the Limitation Agreement. The Homebuyer/City Deed of Trust shall be recorded against the Restricted Unit, subordinate only to the Limitation Agreement (which shall be in first lien position unless otherwise approved by the

City) and the lien for the first mortgage loan obtained by the homebuyer to finance the purchase of the Restricted Unit. The Homebuyer/City Deed of Trust may also be subordinate to a second mortgage loan if such loan is provided by a public agency which requires such subordination or if such loan is provided by the same lender of the first mortgage loan and the City has approved, in its sole discretion, the terms of such second mortgage loan.

2.3 City Approval of Documents. The following documents shall be used in connection with the development and sale of the Restricted Units and shall be approved by the City prior to the issuance of first building permit for the Restricted Units.

A. A schedule of then applicable Affordable Housing Costs for the Restricted Units, subject to adjustment to reflect published changes in Contra Costa County income levels and changes in other housing costs (to be prepared by the City, following Developer's request).

B. Form of Purchase and Sale Agreements and Escrow Instructions for the sale of the Restricted Units (to be prepared by Developer and submitted to the City).

C. Form of Limitation Agreement, Homebuyer/City Deed of Trust, City Request for Notice of Default, and Homebuyer Disclosure Statement (to be prepared by the City).

D. The preliminary Department of Real Estate public report for the Development, including the Restricted Units, if any (to be obtained by the Developer and submitted to the City).

2.4 Compliance Reports, Inspections, Monitoring.

A. Within five (5) days following the sale of any Restricted Unit by the Developer to a homebuyer, Developer shall forward to the City copies of the buyer's and seller's settlement statement and all closing documents, including Limitation Agreement, Homebuyer/City Deed of Trust, and Homebuyer Disclosure executed in connection with the sale. The Developer shall retain all records related to compliance with obligations under this Agreement, the City Inclusionary Housing Requirements, and the Density Bonus Law for a period not less than two (2) years from the date of sale of all units in the Development, and make them available to City employees or others designated by the City for inspection and copying on five (5) business days' written notice.

2.5 Release of Property from Agreement.

A. 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 Site and shall run with and burden such portions of the Site until this Agreement is terminated. Until the Site, or a portion of the Site, is released from the burdens of this Agreement, the owners of fee title to the Site 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.

B. This Agreement shall be released from title of the Non-Restricted Units upon (i) issuance by the City of certificates of occupancy for all Restricted Units; and (ii) all six (6) Restricted Units have been sold to Eligible Households and Limitation Agreements and Homebuyer/City Deeds of Trust are recorded on title.

C. As Restricted Units are sold to Eligible Households in compliance with this Agreement, and Limitation Agreements and Homebuyer/City Deeds of Trust are recorded against the Restricted Units, the Restricted Units sold to Eligible Households shall be released from the burdens of this Agreement. The form of release for the Non-Restricted Units and the Restricted Units is attached as Exhibit F, incorporated herein by this reference, and may be signed by the City Manager or the City Manager's designee.

**ARTICLE 3.
MAINTENANCE AND MANAGEMENT**

3.1 Maintenance and Management. During the Term of this Agreement, Developer agrees to maintain the improvements and landscaping including backyards, side yards and front yards on the Restricted Units in a clean and orderly condition and in good condition and repair and to keep the Restricted Units free from accumulation of debris and waste materials.

3.2 Effect of Article 3. This Article 3 shall terminate and be of no further force and effect upon the first to occur of: (a) the last day of the Term; or (b) the closing of the sale by Developer of, and/or the transfer of title to, the last Restricted Unit pursuant to Article 1 above.

**ARTICLE 4.
GENERAL PROVISIONS**

4.1 Conditions of Approval. This Agreement shall not supersede any conditions of approval for the Development pursuant to the Density Bonus Law or City Inclusionary Housing Requirements, but is intended to be consistent with the Density Bonus Law and City Inclusionary Housing Requirements. In the event of any conflict between this Agreement and the Density Bonus Law and/or City Inclusionary Housing Requirements, the Density Bonus Law and/or City Inclusionary Housing Requirements shall prevail.

4.2 Notices. Notices required to be given to City or to Developer shall be given by hand delivery, recognized overnight courier (such as UPS, DHL or FedEx) or certified mail, return receipt requested, to the following addresses, or to such other address(es) as a party may designate from time to time by written notice to the other:

To City:
City of Brentwood
Housing Division
150 City Park Way
Brentwood, CA 94513

To Developer:
Shea Homes, Northern California
2630 Shea Center Drive
Livermore, CA 94551
Attn: David Best

4.3 Duration. The covenants set forth herein on the Restricted Units shall be covenants running with the land and shall inure to the benefit of the City and its successors and assigns, and subject to any shorter time limitations specifically set forth herein, shall be enforceable by the City and its successors and assigns, for the Term. The parties agree that for the Term, all future deeds or transfers of interest shall show or reference the applicable restrictions of this Agreement. Upon recordation of a Limitation Agreement, this Agreement shall have no further force or effect as an encumbrance against the Restricted Unit to which such Limitation Agreement pertains, and Developer shall have no further obligations or liabilities with respect to such Restricted Unit, including without limitation any responsibility for compliance by the buyer or its successors with the terms and conditions of the Limitation Agreement, provided that Developer has complied with the terms of this Agreement.

4.4 No Discrimination. Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, or genetic information in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Restricted Units, nor shall the Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of the Restricted Units.

4.5 Amendment. This Agreement may be amended only in writing by City and Developer.

4.6 No Impairment of Lien. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument; provided, however, that any successor of Developer to the Site shall be bound by such covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

4.7 Successors and Assigns.

A. Binding Effect; Covenants Run with Land. The covenants contained in this Agreement shall inure to the benefit of the City and its successors and assigns and shall be binding upon Developer and any successor in interest as owner of fee title to the Site, or any part thereof. Upon the transfer by Developer of all its interest in the Site, all references in this Agreement to Developer thereafter shall mean and refer to such successor in interest of Developer as may then be the owner of the Site. Except as set forth in Section 4.9, if Developer transfers the Site to more than one successor in interest, all successors in interest shall be collectively required to comply with the provisions of this Agreement and shall be jointly and severally liable for any breach or failure to comply, unless each successor and City enter into an agreement outlining the specific obligations of each successor for compliance with this Agreement. The covenants shall run in favor of City and its successors and assigns for the entire period during which such covenants shall be in force and effect. City, and its successors and assigns, in the event of any breach of any such

covenants, shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings, to enforce the curing of such breach.

B. Transfer by Developer of Site. Except as expressly permitted by this Section 4.7.B, Developer shall not sell, transfer, convey, assign or ground lease the Site or any part thereof or interest therein (a "Transfer") during the period between the date of recordation of this Agreement and the closing date for the sale or transfer of the last Restricted Unit to be sold or transferred pursuant to Article 1 above without prior written approval of the City. The City's approval shall not be unreasonably withheld or delayed. This restriction shall not apply to (i) any Transfer of a Unit to an individual homebuyer or City, (ii) any Transfer of Developer's interest in the Site to any trust, partnership, corporation, limited liability company or other entity that is managed and controlled by Developer whether through any trust, partnership, corporation, limited liability company or other entity, or (iii) any Transfer after the closing date for the last Restricted Unit sold pursuant to Article 1 above. This restriction on Transfer shall not be deemed to limit or restrict the making of dedications or granting of easements or permits to facilitate the development of the Site, or to limit or restrict the sale of any individual Units. This restriction on Transfer shall also not be deemed to prohibit, limit, or restrict the assignment or granting of any security interests in the Site for the purpose of securing loans or funds to be used for financing the construction of the improvements on the Site, or the exercise by any lenders of their rights and remedies, including without limitation foreclosure, under the agreements and instruments evidencing or securing any such financing.

4.8 No Third-Party Beneficiaries. Notwithstanding anything in this Agreement to the contrary, there are no third-party beneficiaries of this Agreement.

4.9 Effect of Agreement. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement shall have any force or effect on any buyer of a single Unit or its right, title, or interest in or to such Unit, except that buyers of Restricted Units shall execute and be subject to the Limitation Agreement attached hereto as Exhibit C. The foregoing exemption and release shall be self-executing and require no further instruments or assurances to be effective.

4.10 Event of Default and Remedies.

A. Any failure by Developer to perform any term or provision of this Agreement shall constitute an "Event of Default" (1) if Developer does not cure such failure within thirty (30) days following written notice of default from City, or (2) if such failure is not of a nature which cannot reasonably be cured within such thirty (30) day period, Developer does not within such thirty (30) day period commence substantial efforts to cure such failure or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure.

B. Any notice of default given hereunder shall specify in detail the nature of the failure in performance alleged by City and the manner in which such failure of performance may be satisfactorily cured in accordance with the terms and conditions of this Agreement. During the time periods herein specified for cure of a failure to perform, Developer shall not be considered to be in default of this Agreement for any purposes.

C. Any failure or delay by City in asserting any of its rights or remedies as to any Event of Default shall not operate as a waiver of any Event of Default or of any such rights or remedies or deprive City of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

D. In the event of an Event of Default under this Agreement, City shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other remedy proceedings to cure, correct or remedy such Event of Default, including but not limited to:

1. withholding, conditioning, suspending, or revoking any permit, license, subdivision approval or map, or other entitlement for the Project, including without limitation final inspections for occupancy and/or certificates of occupancy;

2. 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;

3. where one or more persons have received financial benefit as a result of violation of this Agreement or of any requirement imposed under this Agreement, City Inclusionary Housing Requirements, or Density Bonus Law, the City 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; or

4. any other means authorized under the City's Municipal Code.

4.11 Hold Harmless. Developer agrees to indemnify and hold harmless (without limit as to amount) the City and its elected officials, officers, employees and agents in their official capacities (hereinafter collectively referred to as "Indemnitees"), 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 Project, the Restricted Units, or Developer's performance or non-performance under this Agreement, and shall protect and defend Indemnitees, and any of them with respect thereto, except to the extent arising from the gross negligence or willful misconduct of the City. The provisions of this section shall survive expiration or other termination of this Agreement or any release of part or all of the Site from the burdens of this Agreement, and the provisions of this section shall remain in full force and effect.

4.12 Insurance Requirements. Until the sale of the Restricted Units to Eligible Households in compliance with this Agreement, the Developer and its successors and assigns acquiring title to the Site (excluding homebuyers of the Non-Restricted Units) shall obtain, at their expense, comprehensive general liability insurance for development of the Restricted 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 acceptable to the City; such insurance to be evidenced by an endorsement which so provides and delivered to the City prior to the issuance of any building permit for the Restricted Unit.

4.13 California Law. This Agreement shall be construed in accordance with and be governed by the laws of the State of California.

4.14 Severability. Should any provision of this Agreement be found invalid or unenforceable by a court or other body of competent jurisdiction, said invalidity, unenforceability or ineffectiveness shall not affect the validity of the remaining provisions which shall remain in force to the maximum extent possible.

4.15 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4.16 Exhibits. The following exhibits are attached to this Agreement and incorporated into this Agreement by this reference:

- Exhibit A Legal Description
- Exhibit B Schedule of Construction and Location of Units
- Exhibit C Limitation Agreement
- Exhibit D Household Income
- Exhibit E Affordable Housing Cost
- Exhibit F Form of Release

[Signature Page Follows]

IN WITNESS WHEREOF, City and Developer have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized.

CITY:
THE CITY OF BRENTWOOD

DEVELOPER:
SHEA HOMES, L.P., a limited partnership:

By: _____
Name: Tim Y. Ogden
Its: City Manager

By: _____
Name: _____
Its: _____

Date: _____

Date: _____

ATTEST:

By: _____
Name: Margaret Wimberly
Its: City Clerk

APPROVED AS TO FORM:

By: _____
Name: Damien Brower
Its: City Attorney

SIGNATURES MUST BE NOTARIZED

EXHIBIT A

Legal Description

EXHIBIT A

LEGAL DESCRIPTION

LOTS 1, 2, 14, 15, 22 & 27, SUBDIVISION 9535

REAL PROPERTY SITUATE IN THE CITY OF BRENTWOOD, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

BEING ALL OF LOTS 1, 2, 14, 15, 22 & 27 AS SHOWN AND SO DESIGNATED ON THE MAP OF SUBDIVISION 9535, RECORDED _____, 2024 AND FILED IN BOOK _____ OF MAPS, AT PAGE _____, IN THE OFFICE OF THE COUNTY RECORDER OF CONTRA COSTA COUNTY.

END OF DESCRIPTION

EXHIBIT B

Schedule of Construction
and Location of Restricted Units

EXHIBIT C

Refinance and Resale Limitation Agreement and Option to Purchase

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

City of Brentwood
150 City Park Way
Brentwood, California 94513
Attn: Housing Manager

(Space Above This Line for Recorder's Use Only)
[Exempt from recording fee per Gov. Code § 27383]

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

City of Brentwood
150 City Park Way
Brentwood, California 94513
Attn: Housing Division

(Space Above This Line for Recorder's Use Only)
[Exempt from recording fee per Gov. Code § 27383]

**REFINANCE AND RESALE LIMITATION AGREEMENT
AND OPTION TO PURCHASE**

For valuable consideration, the receipt of which is hereby acknowledged, _____ (individually or collectively, "Owner"), and THE CITY OF BRENTWOOD (collectively defined herein as "City") agree as follows, with reference to the following facts:

RECITALS

- A. Owner owns that certain real property located at _____, Brentwood, California and more particularly described in Attachment 1 attached hereto and incorporated herein. The real property, which includes the land, the residence and all other improvements thereon, and all membership and other rights appurtenant thereto, is referred to in this Agreement as the "Restricted Unit." The Restricted Unit is part of a ____-unit residential community referred to herein as the "Project."
- B. City has acted to enforce the inclusionary housing requirements set forth in Chapter 17.725 of the Brentwood Municipal Code and any implementing regulations ("City Inclusionary Housing Requirements") by establishing an affordable housing program for the City of Brentwood. As part of the affordable housing program, City has procured assurances that the Restricted Unit will be sold, owned and occupied only by members of an Eligible Household (as defined below), and will be sold only for a price that does not exceed the Affordable Housing Cost (as defined below).
- C. Owner has received the benefit of these assurances in purchasing the Restricted Unit, and is providing the same assurances for the benefit of the City by entering into this Agreement. Owner and City therefore agree that the Restricted Unit shall be subject to the terms, conditions and restrictions, and the rights of City, as specified in this Agreement.

NOW, THEREFORE, in this factual context, for good and valuable consideration, Owner and City agree as follows:

1. Principal Residence. Owner shall occupy the Restricted Unit as his or her principal and legal residence. Upon request by the City, the Owner shall submit an affidavit to the City certifying that the Restricted Unit is the Owner's principal and legal residence.
2. Documentation. Concurrently with execution of this Agreement, Owner shall execute a Disclosure Statement in the form of Attachment 2, attached hereto, and shall execute an acknowledge a Deed of Trust securing its obligations under this Agreement in the form of Attachment 3, attached hereto. The Deed of Trust shall be recorded in the Official Records of Contra Costa County. City may execute and record a Request for Notice of Default in the form attached hereto as Attachment 4.
3. Debt and Refinance Limitations. Without the City's prior written consent, Owner shall not obtain or refinance any loan in connection with the Restricted Unit (a "Loan") that causes Owner's indebtedness (i.e. the total amount borrowed by Owner) in connection with the Restricted Unit to exceed the Affordable Housing Cost (as defined in Section 5(a) below).
4. Submission of Loan or Refinance Information to City. Not less than forty-five (45) days prior to obtaining or refinancing a Loan that requires City's approval, Owner shall submit to City a copy of the proposed loan's terms together with any and all other information reasonably requested by City, including without limitation a copy of the loan application and Good Faith Estimate. Within fifteen (15) business days from receipt of the information, City shall render a decision. If City does not approve the Loan, City shall so notify Owner in writing within such fifteen (15) business days, stating the basis for its determination in reasonable detail.
5. Resale Limitations. Except as otherwise provided in this Agreement during the Term (as defined in section 18 below), the Restricted Unit shall only be sold to an Eligible Household approved by City in accordance with the terms of the Agreement, the City Inclusionary Housing Requirements and the City's Affordable Housing Program for an amount that does not exceed the Affordable Housing Cost. As used in this Agreement:
 - a. "Affordable Housing Cost" shall be as defined in Health and Safety Code Section 50052.5 or any successor statute thereto. If the statute is no longer in effect and no successor statute is enacted, the City shall establish the Affordable Housing Cost for purposes of this Agreement. For purposes of determining the Affordable Housing Cost: (i) the purchase price for a 2 bedroom Restricted Unit shall be established using the assumption that the Eligible Household purchasing the Unit is comprised of three persons; (ii) the purchase price for a 3 bedroom Restricted Unit shall be established using the assumption that the Eligible Household purchasing the Unit is comprised of four persons; and (iii) the purchase price for a 4 bedroom Restricted Unit shall be established using the assumption that the Eligible Household purchasing the Unit is comprised of five persons.
 - b. "Eligible Household" shall mean and include a person or household (i) whose annual gross income does not exceed **50% (Very Low Income) / 80% (Low**

Income)/ 110% (Moderate Income) of the Median Income, as defined below (which percentage shall

be adjusted as provided in Title 25, Section 6932 of California Code of Regulations); and (ii) who meets the definition of a First Time Homebuyer.

- c. "First Time Homebuyer" shall mean and include a person or household, no member of which has had any of the following interests in real property in his or her primary residence in the three years preceding the date of purchase of the Unit: fee simple, joint tenancy, tenancy in common, life estate, shareholder in a cooperative or interest held in trust that would continue on to ownership if held.
- d. "Median Income" shall mean the area-wide median gross yearly income in Contra Costa County, adjusted for household size, as established from time to time by the U.S. Department of Housing and Urban Development ("HUD"), or, by the California Department of Housing and Community Development ("HCD") if HUD ceases to establish such income standards. In the event that neither HUD nor HCD are establishing such income standards, the City shall provide Owner with income standards which are determined in a manner reasonably similar to the methods of calculation previously used by HUD or HCD.

6. Submission of Resale Information to City. Not less than forty-five (45) days prior to any proposed sale or other transfer of the Restricted Unit during the Term, Owner shall submit to City: (a) a Notice of Intent to Transfer in the form attached hereto as Attachment 5, (b) a copy of the written agreement of purchase and sale, (c) the prospective purchaser's/transferee's income certification, evidence of the purchaser's/transferee's status as an Eligible Household, a list of all assets owned by the prospective purchaser/transferee and any information reasonably necessary to enable City to determine compliance with the terms of this Agreement, in a form reasonably approved by the City, and (d) the income certification to be provided to any lender making a loan on the Restricted Unit. City may require documentation reasonably evidencing and supporting the income and other financial information contained in the certifications, including the prospective purchaser's/transferee's income most recent income tax return. Within thirty (30) calendar days from receipt of the documentation, City shall render a decision of eligibility or noneligibility. If the prospective purchaser/transferee qualifies as an Eligible Household, the purchase price of the Restricted Unit is within the definition of Affordable Housing Cost and the sale or transfer complies with the City Inclusionary Housing Requirements, the City shall so certify in writing within such thirty (30) calendar days, and upon request shall execute a certificate, in recordable form, confirming that the proposed transaction complies with the requirements of this Agreement. If the prospective purchaser/transferee does not qualify as an Eligible Household, the purchase price of the Restricted Unit is not within the definition of Affordable Housing Cost or the sale or transfer does not comply with the City Inclusionary Housing Requirements, the City shall so notify Owner in writing, within such thirty (30) calendar days, stating the basis for its determination in reasonable detail and Owner shall not sell the Restricted Unit to such non-Eligible Household.

7. Ineligible Transfers. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, THERE SHALL BE NO SALE OR OTHER TRANSFER OF THE RESTRICTED UNIT WITHOUT THE WRITTEN CERTIFICATION BY THE CITY THAT THE PURCHASER / TRANSFEREE IS AN ELIGIBLE HOUSEHOLD, THE PURCHASE PRICE OF THE RESTRICTED UNIT IS WITHIN THE DEFINITION OF AFFORDABLE HOUSING COST AND THE SALE OR TRANSFER COMPLIES WITH THE CITY INCLUSIONARY HOUSING REQUIREMENTS. ANY SALE OR OTHER TRANSFER OF THE RESTRICTED UNIT IN VIOLATION OF THIS AGREEMENT SHALL BE VOID.
8. Permissible Transfers. The following transfers of title to a Restricted Unit or any interest therein are not subject to the City's prior written approval so long as the transferee's household (i.e., the persons or persons acquiring ownership of the Restricted Unit) qualifies as an Eligible Household and occupies the Restricted Unit in compliance with the terms of this Agreement: (a) transfer by gift, devise or inheritance to the spouse, issue or adopted child of the Owner; (b) transfer resulting from death of an Owner when the transfer is to a co-Owner or joint tenant; (c) transfer by an Owner to any person who becomes a co-Owner of the Restricted Unit provided (i) the Owner retains at least a 33% interest in the Restricted Unit, (ii) the co-Owner and Owner together qualify as an Eligible Household, and (iii) co-owner agrees to be bound by this Agreement by signing a copy of this Agreement and delivering it to the City; (d) transfer of title to a spouse resulting from divorce; (e) decree of dissolution or legal separation or from a property settlement agreement incidental to such a decree in which one of the Owners becomes the sole owner; (f) acquisition of title to the Restricted Unit or interest therein in conjunction with marriage; or (g) a transfer between co-Owners or a transfer by Owner into an inter vivos trust in which Owner is a beneficiary and Owner continues to occupy the Restricted Unit.
9. Effect of Sale. THE PURCHASER OF THE RESTRICTED UNIT FROM OWNER SHALL ENTER INTO AND RECORD AT THE CLOSE OF ESCROW A NEW REFINANCE AND RESALE LIMITATION AGREEMENT AND OPTION TO PURCHASE, IN A FORM SIMILAR TO THIS AGREEMENT, SUPPLIED AND APPROVED BY THE CITY, AND FOR THE BENEFIT OF THE CITY. IF THE PURCHASER FAILS TO EXECUTE A NEW AGREEMENT, PURCHASER WILL REMAIN SUBJECT TO THIS AGREEMENT. UPON THE CLOSING, AND RECORDATION OF THE NEW REFINANCE AND RESALE LIMITATION AGREEMENT AND OPTION TO PURCHASE, OWNER SHALL HAVE NO FURTHER OBLIGATIONS OR LIABILITIES TO THE CITY WITH RESPECT TO THE RESTRICTED UNIT, INCLUDING WITHOUT LIMITATION ANY RESPONSIBILITY FOR COMPLIANCE BY THE PURCHASER OR ITS SUCCESSORS WITH THE TERMS AND CONDITIONS OF THE NEW REFINANCE AND RESALE LIMITATION AGREEMENT AND OPTION TO PURCHASE.
10. City's Option to Purchase.
 - a. Option Notice. If Owner cannot in good faith, and despite using best commercially reasonable efforts, locate an Eligible Household to purchase the

Restricted Unit at an Affordable Housing Cost, Owner shall have the right, but not the obligation, to give the City written notice of such circumstances (the "Option Notice"). However, the Owner shall not sell the Restricted Unit for a price that exceeds the Affordable Housing Cost or to a non-Eligible Household without first giving the City an Option Notice so that the City has the opportunity to exercise the option granted by this Section 10.

- b. Option. In the event Owner gives City an Option Notice or Owner is in default under Section 16 below, the City may purchase the Restricted Unit at a price equal to the lesser of (i) the fair market value of the Restricted Unit (as determined by agreement of the parties or in the absence of an agreement, by an appraisal acceptable to the City), or (ii) the Affordable Housing Cost, using the maximum housing cost for the Eligible Household, as adjusted for the applicable unit size as defined in Health and Safety Code Section 50052 or any successor thereto. This option shall be exercised by the City giving the Owner notice, no later than forty-five (45) days following City's receipt of the Option Notice or Owner's Default, of the City's intent to purchase the Restricted Unit (the "Exercise Notice"). The City may designate another governmental entity, a nonprofit organization or an Eligible Household to purchase the Restricted Unit. If City or its designee does not exercise the option to purchase the Restricted Unit, then the terms of Section 12 below shall apply.

11. Escrow. If the City exercises its rights under Section 10 above, the closing of the purchase and sale of the Restricted Unit to the City or its designee shall be effectuated in accordance with the following provisions:

- a. Close of Escrow. Close of escrow shall occur no later than one hundred twenty (120) days following the receipt by Owner of the Exercise Notice. If escrow is required to close on a Saturday, Sunday or Holiday, it shall close on the next business day following the Saturday, Sunday or Holiday.
- b. Prorations and Costs. All title insurance premiums, transfer taxes and escrow fees shall be paid according to customary practice in Contra Costa County.
- c. Escrow Instructions. The parties shall execute all escrow instructions which the Escrow Holder reasonably requires within fifteen (15) days after the request thereof. All escrow instructions shall be consistent with the provisions of this Agreement.
- d. Proceeds of Escrow; Removal of Exceptions to Title. Owner shall convey the Restricted Unit to City free and clear of all liens other than the lien for current, unpaid, non-delinquent taxes. All amounts deposited into escrow by City shall be applied first to the payment of liens recorded against the Restricted Unit in order of lien priority, and thereafter to the Owner's share of escrow fees and closing costs. The balance of the Option purchase price remaining after payment of liens and Owner's share of escrow fees and closing costs, if any, shall be paid to Owner upon the close of escrow.

12. Owner's Right to Sell Free of Restrictions. In the event City does not exercise the purchase option provided pursuant to Section 10, or City does exercise the option but fails to close the transaction as provided in Section 11 above for any reason other than a default by Owner, Owner shall have the right, for a period of 180 days after the date City's option expired or City failed to close, as the case may be, to sell the Restricted Unit for a market sales price to any buyer, regardless of income, without any obligation on the part of the buyer to enter into and record a new Refinance and Resale Limitation Agreement and Option to Purchase at closing. In the event of such a sale, this Agreement shall have no force or effect as an encumbrance against the Restricted Unit on and after the closing date. If Owner or the buyer requests, the City shall provide a recordable quitclaim deed at closing in accordance with Section 18 below. If Owner does not close on the sale of the Restricted Unit within the 180 day-period provided herein, the requirements of this Agreement shall again apply to any proposed sale of the Restricted Unit, including without limitation, the City option rights.
13. Distribution of Proceeds in the Event of Foreclosure, Destruction or Condemnation. In the event that the Restricted Unit is (a) sold at a trustee's sale or judicial foreclosure, (b) destroyed and the insurance proceeds are distributed to Owner instead of being used to rebuild, or (c) condemned, then the proceeds of such sale, foreclosure, distribution or condemnation (the "Proceeds") shall be distributed as follows. First, all liens and encumbrances on the Restricted Unit shall be fully paid from the Proceeds (the "Lien Payment"). Second, Owner shall be paid that amount equal to the lesser of (i) the fair market value of the Restricted Unit (as determined by agreement of the parties or in the absence of an agreement, by an appraisal acceptable to the City), or (ii) the Affordable Housing Cost, using the maximum housing cost for the Eligible Household, as adjusted for the applicable unit size as defined in Health and Safety Code Section 50052 or any successor thereto, less the Lien Payment. Third, City shall receive the balance of the Proceeds, which amount shall be deposited in the City's Housing Trust Fund. This Section 13 is not applicable in the event that the lender(s) under the Senior Deed(s) of Trust (defined in Section 25 below) take title to the Restricted Unit upon foreclosure or by a deed in lieu of foreclosure of the Senior Deed(s) of Trust.
14. Transfer Fees. Upon the transfer of the Restricted Unit during the Term, Owner may be required to pay City a transfer fee in an amount to be determined by the City.
15. Other Covenants.
 - a. No Discrimination. Owner covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, age, marital status, disability, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Restricted Unit, nor shall the Owner itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees or vendees in the Restricted Unit.

- b. Maintenance. During the duration of this Agreement, Owner shall keep the Restricted Unit in good condition, order and repair and shall not commit waste or permit impairment, demolition or deterioration of the Restricted Unit. City shall have the right to inspect the Restricted Unit, provided notice is given to the owner prior to any such inspection.
- c. Taxes and Assessments. Owner shall pay at least ten days before delinquency, all taxes and assessments on the Restricted Unit.
- d. No Liens. Owner shall keep the Restricted Property free from mechanic's and other liens.
- e. Payment of all Liens. Owner shall pay all liens or mortgages against the Restricted Property prior to delinquency.

16. Defaults and Remedies.

- a. Default. Failure or delay by Owner to perform any term, provision or covenant of this Agreement which is not cured within thirty (30) days after receipt of notice from City constitutes a default under this Agreement ("Default").
- b. Remedies. City, in the event of any breach of any terms, provisions or covenants contained herein, shall have the right to exercise all of its rights and remedies allowed by this Agreement and by law, including the right to exercise the option set forth in Section 10, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach.

17. Notices. Notices required to be given to the City or to Owner shall be given by hand delivery, recognized overnight courier (such as UPS, DHL or FedEx) or by certified mail, return receipt requested, to the following addresses, or to such other address(es) as a party may designate from time to time by written notice to the other:

To City:

Housing Manager
City of Brentwood
150 City Park Way
Brentwood, CA 94513

To Owner:

At the address set forth in Recital A.

18. Duration. The covenants set forth herein shall be covenants running with the land and shall inure to the benefit of the City and its successors and assigns, and shall be enforceable by the City, the City of Brentwood or their successors and assigns, without regard to whether the City is or remains an owner of any land or interest to which such covenants relate, until the date that is **45** years after the date this Agreement is recorded

(the "Term"). The parties agree that for the Term of this Agreement, all future deeds or transfers of interest shall show or reference the applicable restrictions of this Agreement. Upon expiration of the Term, City shall provide Owner with a quitclaim, release or other instrument, in recordable form, sufficient to confirm the release the Restricted Unit from the effect of this Agreement.

19. Amendment. This Agreement may be amended only in a writing signed by City and the Owner.
20. No Impairment of Lien. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument.
21. Successors and Assigns. The covenants contained in this Agreement shall inure to the benefit of the City and its successors and assigns and shall be binding upon Owner and any successor in interest to the Restricted Unit. Provided that Owner has complied with all terms of this Agreement, upon the transfer by Owner of all of its interest in the Restricted Unit, such Owner shall automatically be released from and have no further obligations or liabilities under this Agreement, and all references in this Agreement to Owner thereafter shall mean and refer to such successor in interest of a prior Owner as may then be the owner of the Restricted Unit. The covenants shall run in favor of the City and its successors and assigns for the entire period during which such covenants shall be in force and effect, without regard to whether the City is or remains an owner of any land or interest therein to which such covenants relate. The City, and its successors and assigns, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings, to enforce the curing of such breach.
22. No Third Party Beneficiaries. Notwithstanding anything in this Agreement to the contrary, there are no third party beneficiaries of this Agreement.
23. California Law. This Agreement shall be construed in accordance with and be governed by the laws of the State of California.
24. Severability. Should any provision of this Agreement be found invalid or unenforceable by a court or other body of competent jurisdiction, said invalidity, unenforceability or ineffectiveness shall not affect the validity of the remaining provisions which shall remain in force to the maximum extent possible.
25. Subordination. The terms and provisions of this Agreement, except Section 13 herein, are subject and subordinate to the terms of the deed(s) of trust made to **Principle Lender**, the primary lender(s) (the "Senior Deed(s) of Trust"). The terms and provisions of Section 13 shall remain senior to the Senior Deed(s) of Trust until the earlier of (a) the date on which a lender(s) under the Senior Deed(s) of Trust take title to the Restricted Unit upon foreclosure or by a deed in lieu of foreclosure of the Senior Deed(s) of Trust, (b) the date on which the Proceeds are paid to the City as provided in Section 13, or (c) the expiration of this Agreement. Upon the earlier of subsections (a),

(b) or (c) above, all of the terms and provisions of this Agreement shall be of no further force and effect. Therefore, any lender under a Senior Deed of Trust that takes title to the Restricted Unit upon foreclosure or by a deed in lieu of foreclosure of the Senior Deed(s) of Trust will take title free and clear of the terms and provisions of this Agreement.

IN WITNESS WHEREOF, the City and the Owner have caused this Agreement to be executed on their behalf by their respective officers thereunto duly authorized.

CITY:

Date: _____

THE CITY OF BRENTWOOD

By: _____

Name: _____

Its: City Manager

ATTEST:

By: _____

City Clerk

APPROVED AS TO FORM:

By: _____

City Attorney

OWNER:

Date: _____

By: _____

Name: _____

SIGNATURES MUST BE NOTARIZED

ATTACHMENT 1

Legal Description of Restricted Unit

[to be inserted]

ATTACHMENT 2

DISCLOSURE STATEMENT

THERE ARE RESTRICTIONS ON THE SALE OF THE PROPERTY YOU ARE BUYING. YOU MAY NOT SELL THE PROPERTY FOR MARKET VALUE TO WHOMEVER YOU LIKE. YOU MUST SELL THE PROPERTY TO AN "ELIGIBLE HOUSEHOLD" AT AN "AFFORDABLE HOUSING COST." IF YOU CANNOT DO SO, YOU MUST NOTIFY THE CITY, WHO HAS AN OPTION TO PURCHASE THE PROPERTY.

THERE ARE ALSO RESTRICTIONS ON OBTAINING AND REFINANCING LOANS IN CONNECTION WITH THE PROPERTY. YOU MAY NOT OBTAIN OR REFINANCE ANY EXISTING LOAN THAT CAUSES YOUR INDEBTEDNESS TO EXCEED THE "AFFORDABLE HOUSING COST," EXCEPT AS OTHERWISE APPROVED IN WRITING BY THE CITY OF BRENTWOOD.

THESE RESTRICTIONS WILL BE IN EFFECT UNTIL _____, 20___. IF YOU SELL THE PROPERTY IN VIOLATION OF THE RESTRICTIONS, THE SALE SHALL BE VOID.

TO DETERMINE WHO IS AN ELIGIBLE HOUSEHOLD AND WHAT AN AFFORDABLE HOUSING COST IS, YOU SHOULD CONTACT THE CITY OF BRENTWOOD'S HOUSING MANAGER.

I HAVE READ THIS DISCLOSURE STATEMENT AND THE RESALE AND REFINANCE LIMITATION AGREEMENT AND OPTION TO PURCHASE AND I UNDERSTAND WHAT THEY MEAN.

DO NOT SIGN

Owner

DO NOT SIGN

Owner

I HAVE REVIEWED THE ABOVE DISCLOSURE STATEMENT AND THE RESALE AND REFINANCE LIMITATION AGREEMENT AND OPTION TO PURCHASE WITH THE OWNER.

City Housing Manager

ATTACHMENT 3

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

City of Brentwood
150 City Park Way
Brentwood, California 94513
Attn: City Clerk

(Space Above This Line for Recorder's Use Only)
[Exempt from recording fee per Gov. Code § 27383]

DEED OF TRUST AND SECURITY AGREEMENT

APN: *[to be inserted]*

THIS DEED OF TRUST AND SECURITY AGREEMENT ("Deed of Trust") is made this _____ day of _____, 20____, among _____ ("Trustor"), whose address is _____, _____ ("Trustee"), whose address is _____, and the City of Brentwood ("Beneficiary"), whose address is 150 City Park Way, Brentwood, California 94513.

Trustor irrevocably grants, conveys, transfers and assigns to Trustee in trust, with power of sale and right of entry and possession, all of Trustor's right, title and interest now owned or hereafter acquired in and to the real property in Contra Costa County, California, described on Exhibit A attached hereto and incorporated herein by this reference, together with all buildings, structures and improvements now existing or hereafter constructed thereon (the "Improvements") and all other property and interests of any kind or character which may be reasonably necessary or desirable to promote the present and future beneficial use and enjoyment of such real property and improvements (the "Property").

1. Secured Obligations. Trustor makes the grant, conveyance, transfer and assignment herein for the purpose of securing Trustor's obligations under that certain Refinance and Resale Limitation Agreement between Trustor and Beneficiary dated _____ (the "Secured Obligations").

2. Maintenance and Repair. Trustor shall (a) keep the Property in good condition and repair and not remove or demolish any building; (b) complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed; (c) pay when due all claims for labor performed and materials furnished; (d) comply with all laws affecting the Property or requiring any alterations or improvements to be made; (e) not commit or permit waste; and (f) cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of the Property may be reasonably necessary.

3. Insurance. Trustor shall maintain hazard insurance against loss by fire, hazards included with the term "extended coverage," and any other hazards for which Beneficiary requires insurance, and liability insurance. The insurance carrier and the insurance policies and amounts

of coverage shall be acceptable to Beneficiary, the liability policy shall name Beneficiary as an additional insured, and shall require 30 days' prior notice to Beneficiary before the policy is modified or terminated.

4. Defense of Security. Trustor shall appear in and defend any action or proceeding purporting to affect the security or the rights or powers of Beneficiary or Trustee. Trustor shall pay all costs and expenses, including costs of evidence of title and attorneys' fees, in any such action or proceeding in which Trustee or Beneficiary may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. Payment of Taxes and Liens. Trustor shall pay (a) at least 10 days before delinquency, all taxes and assessments affecting the Property, including water stock assessments; (b) when due, all encumbrances, charges and liens, with interest, on the Property, which are or appear to be prior or superior to this Deed of Trust; and (c) upon demand all costs, fees and expenses of this Deed of Trust. If Trustor fails to make any payment or to do any act provided for in this Deed of Trust, then Beneficiary or Trustee may, without obligation to do so, and with or without notice to or demand upon Trustor, and without releasing Trustor from any obligation under this Deed of Trust: (i) make or do the same in such manner and to such extent as either may deem necessary to protect the security, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; (ii) appear in or commence any action or proceeding purporting to affect the security, or the rights or powers of Beneficiary or Trustee; (iii) pay, purchase, contest or settle any encumbrance, charge or lien which in the judgment of either appears to be senior to this Deed of Trust; and (iv) in exercising any such powers, pay allowable expenses, including attorneys' fees.

6. Reimbursement of Costs. Trustor shall pay upon demand all sums expended by Beneficiary or Trustee provided for in this Deed of Trust or allowed by law, with interest from date of expenditure at the maximum rate allowed by law.

7. No Waiver. By accepting payment of any sum after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums or declare a default for failure to pay.

8. Reconveyance. That upon written request of Beneficiary stating that the Secured Obligations have been fulfilled, and upon surrender of this Deed of Trust, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals of 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."

9. No Renting Allowed. Trustor may not rent or lease all or any portion of the Property.

10. Default and Foreclosure. Upon default by Trustor in performance of any Secured Obligation, Beneficiary may deliver to Trustee a declaration of default and demand for sale and of a notice of default and a notice of sale, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust and all documents evidencing the Secured Obligations and expenditures, if any, secured by this Deed of Trust. Upon default of any obligation secured by this Deed of Trust and acceleration of all sums due, if any, Beneficiary

may instruct Trustee to proceed with a sale of the Property under the power of sale granted in this Deed of Trust, noticed and held in accordance with California Civil Code Sections 2924, et seq., as such statutes may be amended from time to time. Trustor waives all rights it may have to require marshaling of assets or to require sales of assets in any particular order, including any rights under California Civil Code Sections 2899 and 3433.

11. Substitution of Trustee. Beneficiary, or any successor beneficiary of the Secured Obligations or 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 the 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 of Trust is recorded and the name and address of the new Trustee.

12. Successors and Assigns. This Deed of Trust 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 holder, including pledgees, of the covenants set forth in the Resale and Refinance Restrictions and Option to Purchase, whether or not named as Beneficiary herein.

13. Trustee Acceptance. Trustee accepts this trust when this Deed of Trust, 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.

14. Further Assurances. Trustor shall, at its own cost and expense, do, execute, acknowledge, and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers, and assurances as Trustee or Beneficiary shall from time to time require, for better assuring, conveying, assigning, transferring, and confirming unto Trustee the Property and rights hereby conveyed or assigned or intended now or hereafter so to be, or which Trustor may be or may hereafter become bound to convey or assign to Trustee, or for carrying out the intention or facilitating the performance of the terms of this Deed of Trust, or for filing, registering, or recording this Deed of Trust. Trustor shall, on demand, execute and deliver, and hereby authorizes Trustee and Beneficiary, or either of them, to execute in the name of Trustor, to the extent it may lawfully do so, one or more financing statements, chattel mortgages, or comparable security instruments, to evidence more effectively the lien hereof. Immediately upon the execution and delivery of this Deed of Trust, and thereafter from time to time, Trustor shall cause this Deed of Trust, and any security instruments creating a lien or evidencing the lien hereof upon any personal property and each instrument of further assurance, to be filed, registered, or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien hereof upon, and the title of Trustee to, the Property encumbered hereby.

15. Condemnation and Insurance Proceeds. Immediately upon obtaining knowledge of the institution of any proceedings for the condemnation or other taking of all or any portion of

the Property, or knowledge of any casualty damage to the Property, or damage in any other manner, Trustor shall immediately notify Beneficiary thereof. Trustor hereby authorizes and empowers Beneficiary as attorney-in-fact for Trustor to make proof of loss, to adjust and compromise any claim under the insurance policies covering the Property, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Beneficiary's expenses incurred in the collection of such proceeds; provided, however, that nothing contained in this Section shall require Beneficiary to incur any expense or take any action hereunder. Trustor hereby authorizes and empowers Beneficiary, at Beneficiary's option, as attorney-in-fact for Trustor, to commence, appear in and prosecute, in Beneficiary's or Trustor's name, any action or proceeding relating to any condemnation or other taking of all or any part of the Property, whether direct or indirect, and to settle or compromise any claim in connection with such condemnation or other taking. The proceeds of any award payment or claim for damages, direct or consequential, in connection with any condemnation or other taking, whether direct or indirect, of the Property, or any part thereof, or for conveyances in lieu of the Property, or any part thereof, shall be paid to Beneficiary. The foregoing powers of attorney are coupled with an interest and are irrevocable. Trustor hereby authorizes Beneficiary to apply such awards, payments, proceeds or damages relating to condemnation of the Property and insurance covering the Property, after the deduction of Beneficiary's expenses incurred in the collection of such amounts, at Beneficiary's option, subject to the requirements of applicable law and the provisions hereof, to restoration or repair of the Property or to payment of the sums secured by this Deed of Trust. Beneficiary shall be under no obligation to question the amount of any compensation, awards, proceeds, damages, claims, rights of action, and payments relating to condemnation or other taking of the Property or insured casualty affecting the Property, and may accept the same in the amount in which the same shall be paid. Trustor shall execute such further evidence of assignment of any awards, proceeds damages or claims arising in connection with such condemnation or taking or such insurance as Beneficiary may require.

16. Severability. If any one or more of the provisions contained in this Deed of Trust shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Deed of Trust, but this Deed of Trust shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein or therein, but only to the extent of such invalidity.

17. Estoppel Certificate. Trustor shall, within ten (10) days of a written request from Beneficiary, furnish Beneficiary with a written statement, duly acknowledged, setting forth the sums secured by this Deed of Trust and any right of set-off, counterclaim or other defense which exists against such sums and the obligations of this Deed of Trust.

18. Due-On-Sale or Encumbrance. If all or any part of the Property, or any interest therein, or any beneficial interest in Trustor (if Trustor is not a natural person or persons but is a corporation, partnership, trust, limited liability company or other legal entity), is sold, transferred, mortgaged, assigned, pledged, or further encumbered, whether directly or indirectly, whether voluntarily or involuntarily or by operational law, Beneficiary may, at Beneficiary's option invoke any remedies permitted by this Deed of Trust.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to Trustor at Trustor's address hereinbefore set forth.

TRUSTOR:

By: _____

Name: **DO NOT SIGN** _____

By: _____

Name: **DO NOT SIGN** _____

Exhibit A

Situated in the State of California, City of Brentwood, County of Contra Costa, and described as follows:

[insert legal description]

ATTACHMENT 4

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

City of Brentwood
150 City Park Way
Brentwood, California 94513
Attn: City Clerk

(Space Above This Line for Recorder's Use Only)
[Exempt from recording fee per Gov. Code § 27383]

REQUEST FOR NOTICE UNDER SECTION 2924B CIVIL CODE

In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust recorded as Instrument No. _____ on _____, _____, in the Official Records of Contra Costa County, California, and describing land therein as: _____

_____ executed by _____, as Trustor, in which _____ is named as Beneficiary, and _____, as Trustee, be mailed to the City of Brentwood, 150 City Park Way, Brentwood, California 94513, Attn: _____

By: _____
Name: _____

NOTICE: A COPY OF ANY NOTICE OF DEFAULT AND OF ANY NOTICE OF SALE WILL BE SENT ONLY TO THE ADDRESS CONTAINED IN THIS RECORDED REQUEST. IF YOUR ADDRESS CHANGES, A NEW REQUEST MUST BE RECORDED.

ATTACHMENT 5

Notice of Intent to Transfer

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: City of Brentwood
150 City Park Way
Brentwood, CA 94513
Attn: Housing Manager

Date: _____

Re: Notice of Intent to Transfer

The undersigned Owner(s), _____
_____, hereby give(s) notice of his/her/their intent to transfer the property located at _____
_____, Brentwood, California (the "Property").
Owner may be contacted at the Property or at the following address:

Owner's daytime telephone number is (____) _____

The proposed transfer of the Property is to the following person(s):

Name: _____
Address: _____

Telephone: (____) _____

The proposed transfer is (check one):

- Sale
- Other

Specify: _____

Owner(s) signature(s):

DO NOT SIGN

DO NOT SIGN

EXHIBIT D

Household Income

"Gross income" shall mean the anticipated income of a person or family for the twelve-month period following the date of determination of income. If the circumstances are such that it is not reasonably feasible to anticipate a level of income over a twelve-month period, a shorter period may be used subject to a redetermination at the end of such a period. "Income" shall consist of the following:

(a) Except as provided in subdivision (b), all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family. Income shall include, but not be limited to:

(1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;

(2) The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);

(3) Interest and dividends;

(4) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;

(5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see subdivision (b)(3)).

(6) Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:

(A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus

(B) The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities,

(7) Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces (whether or

not living in the dwelling) who is head of the family or spouse (but see subdivision (b)(5)).

Where a family has net family assets in excess of five thousand dollars (\$5,000), income shall include the actual amount of income, if any, derived from all of the net family assets or 10 percent of the value of all such assets, whichever is greater. For purposes of this section, net family assets means value of equity in real property other than the household's full-time residence, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.

(b) The following items shall not be considered as income:

- (1) Casual, sporadic or irregular gifts;
- (2) Amounts which are specifically for or in reimbursement of the cost of medical expenses;
- (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;
- (4) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes of which are available for subsistence are to be included in income;
- (5) The special pay to a serviceman head of a family away from home and exposed to hostile fire;
- (6) Relocation payments made pursuant to federal, state, or local relocation law;
- (7) Foster child care payments;
- (8) The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household;
- (9) Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:
 - (A) National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.
 - (B) National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

EXHIBIT E

Affordable Housing Cost

Method of Calculation

Maximum Sales Price shall be calculated at the times set forth in the Agreement using the following procedure:

For Moderate-Income Households:

1. Determine the current Area Median Income for a household in Brentwood that is one person larger than the number of bedrooms in the applicable Restricted Unit.
2. Multiply the income determined in Step 1 by 110%.
3. Multiply the income determined in Step 2 by 35% to obtain an annual housing allowance.
4. Divide the annual housing allowance by 12 to obtain a monthly housing allowance;
5. Deduct the following from the monthly housing allowance determined in Step 4: (a) 2.05% of the purchase price for the monthly costs of property taxes and insurance (including primary mortgage insurance); (b) a reasonable utility and maintenance and repaid allowance, (c) 100% of the build-out monthly homeowner's association fees. The resulting difference shall be the amount available for monthly mortgage payments.
6. Determine an interest rate for a 30-year fully amortized fixed-rate mortgage loan. The interest rate shall be established annually by the City.
7. Using a standard amortization table or formula, and based on the monthly mortgage payment determine the maximum mortgage loan amount that can be repaid over 30 years with equal payments at the interest rate established in the previous step.
8. Determine the unit's maximum sales price by adding the allowable down payment equal to 3% of the maximum mortgage loan amount calculated in step 7.

For Low-Income Households:

1. Determine the current Area Median Income for a household in Brentwood that is one person larger than the number of bedrooms in the applicable Restricted Unit.
2. Multiply the income determined in Step 1 by 70%.
3. Multiply the income determined in Step 2 by 30% to obtain an annual housing allowance.
4. Divide the annual housing allowance by 12 to obtain a monthly housing allowance;

5. Deduct the following from the monthly housing allowance determined in Step 4: (a) 2.05% of the purchase price for the monthly costs of property taxes and insurance (including primary mortgage insurance); (b) a reasonable utility and maintenance and repair allowance, (c) 100% of the build-out monthly homeowner's association fees. The resulting difference shall be the amount available for monthly mortgage payments.
6. Determine an interest rate for a 30-year fully amortized fixed-rate mortgage loan. The interest rate shall be established annually by the City.
7. Using a standard amortization table or formula, and based on the monthly mortgage payment determine the maximum mortgage loan amount that can be repaid over 30 years with equal payments at the interest rate established in the previous step.
8. Determine the unit's maximum sales price by adding the allowable down payment equal to 3% of the maximum mortgage loan amount calculated in step 7.

EXHIBIT F

Form of Release

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

City of Brentwood
150 City Park Way
Brentwood, California 94513
Attn: Housing Manager

(Space Above This Line for Recorder's Use Only)
[Exempt from recording fee per Gov. Code § 27383]

APN No.

CITY OF BRENTWOOD AFFORDABLE HOUSING PROGRAM
Orchard Grove

PARTIAL RELEASE OF AFFORDABLE HOUSING AGREEMENT
[ADDRESS]

This Partial Release of Affordable Housing Agreement (the "Release") is made as of the ___ day of _____, 20___, by and between the between the CITY OF BRENTWOOD, a municipal corporation (the "City") and SHEA HOMES L.P., a limited partnership (the "Developer"), with reference to the following facts (the City and Developer may be referred to collectively as the "Parties"):

4.17 The City and Developer entered into that certain Affordable Housing Agreement dated _____, 20__ (the "Housing Agreement"), and recorded in the Official Records of the County of Contra Costa (the "Official Records") on _____, ___ as Instrument No. _____, against that real property located in Brentwood, California (the "Orchard Grove Development Site"). The Development Site is defined as the "Property" in the Housing Agreement.

4.18 The Developer has performed its obligations as required by the Housing Agreement in connection with the Restricted Unit located on a portion of the Orchard Grove Development Site.

4.19 The property described in the attached *Exhibit A* shall be referred to as the "Released Property".

4.20 The Parties now desire to release the encumbrance of the Housing Agreement on the Released Property. All terms not otherwise defined herein shall have the meaning set forth in the Housing Agreement.

NOW, THEREFORE, it is hereby declared and understood as follows:

The City hereby agrees to release the Released Property from the encumbrance of the Housing Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the City executes this Release as of the day first above written.

CITY:

CITY OF BRENTWOOD, a municipal corporation

By: _____
Tim Y. Ogden, City Manager

APPROVED AS TO FORM:

By: _____
Damien Brower, City Attorney

ATTEST:

By: _____
Margaret Wimberly, City Clerk

[CITY MANAGER SIGNATURE MUST BE ACKNOWLEDGED]

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 CONTRA COSTA)

On _____, before me, _____, Notary Public, personally appeared _____, 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.

Name: _____
Name: Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF RELEASED PROPERTY

[PLEASE ATTACH LEGAL DESCRIPTION OF APPLICABLE PORTION OF THE PROPERTY OR UNIT TO BE RELEASED FROM THE AGREEMENT. **DO NOT ATTACH DESCRIPTION OF ENTIRE DEVELOPMENT SITE (OR PROPERTY).**]