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City of San Luis Obispo
Community Development Department
919 Palm Street
San Luis Obispo, CA 93401-3249
Attn: Community Development Director

No fee for recording pursuant to
Government Code Section 27383

(Space above for Recorder's Use)

**AVILA RANCH PHASE 3
AFFORDABLE HOUSING AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

(For-Sale Moderate-Income Units, WHIP Units, and R-4 For-Rent Affordable Units)

This AVILA RANCH PHASE 3 AFFORDABLE HOUSING AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (“**Agreement**”) is made and entered into _____, by and among the City of San Luis Obispo, a California charter city and municipal corporation (the “**City**”), Avila Ranch Developers, Inc., a California corporation (“**ARD**”) and FG2 Holdings, LLC, a California limited liability company; Avila Ranch EA, LLC, a California limited liability company; and, CJ Holdings, LP, a California limited partnership (collectively **Adjoining Landowners**”), and Avila Ranch LP, a California limited partnership (the “**Affordable Housing Provider**”). The City, ARD, Adjoining Landowners and Affordable Housing Provider are sometimes referred to herein collectively as the “**Parties**” and individually as a “**Party**”.

RECITALS

A. On September 19, 2017, the City Council of the City of San Luis Obispo (“**City Council**”) adopted Resolution No. 10832 approving the Development Plan and Vesting Tentative Tract Map 3089 (“**Vesting Tentative Tract Map**”) relating to the Avila Ranch Development Plan consisting of 720 residential units across Phases 1 through 6 (the “**Project**”).

B. On October 3, 2017, the City Council adopted Ordinance No. 1639 approving that certain Development Agreement dated November 2, 2017, and later, on April 2, 2019, adopted Ordinance No. 1662 to amend said agreement (the “**Development Agreement**”). The Development Agreement sets forth certain terms and conditions regarding the development of Project.

C. The Vesting Tentative Tract Map and Development Agreement, collectively, constitute the “**Avila Ranch Project Approvals**.”

D. Pursuant to the Development Agreement, the City, ARD and the Adjoining Landowners agree that the affordable housing requirements for the Project will be satisfied by

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providing 24 rental units to Lower-Income Households, 8 two-bedroom/1-bath “rental” units to Low-Income Households, 35 Moderate-Income Units including (27) “for-sale” (“**Moderate-Income For-Sale Units**”) and (8) two-bedroom/1-bath “rental” units (“**Moderate-Income For-Rent Units**”), and 25 for-sale Workforce Housing Incentive Program units (“**WHIP Units**”) in the Project.

E. The Development Agreement requires the developer of Avila Ranch, currently Avila Ranch Developers, Inc., (“ARD”), to dedicate Vesting Tentative Tract Map Lot 300 to an affordable housing provider, for the purpose of constructing and managing twenty-four (24) lower-income rental units (the “**R-4 Affordable Component**”). In addition, the Development Agreement requires ARD to construct and manage eight (8) two-bedroom/1-bath low-income rental units and eight (8) two-bedroom/1-bath moderate-income rental units (“**ARD’s R-4 Affordable Units**”) in conjunction with ARD’s 85 market rate R-4 units (“**ARD’s R-4 Market Units**”) on Vesting Tentative Tract Map Lot No. 301 (now Lot 327 Phase 2&3 Final Map) (“**R-4 Market Rate Property**”).

F. On December 1, 2022, ARD dedicated Lot 186 commonly referred to as 165 Cessna Court, San Luis Obispo, CA, more particularly described in attached Exhibit A incorporated herein by this reference (the “**R-4 Affordable Property**”) to Avila Ranch, LP to construct and manage the R-4 Affordable Housing Component.

G. ARD requested and the City has agreed that ARD’s R-4 Affordable Units can and should be constructed and managed by the Affordable Housing Provider on the R-4 Affordable Property, in addition to the R-4 Affordable Component, finding that with a density bonus on the R-4 Affordable Property to provide an additional 19 moderate-income units (“**Density Bonus Units**”), the transfer of the ARD’s R-4 Affordable Units to the R-4 Affordable Property is consistent with the intent of the Avila Ranch Project Approvals and making the development of the R-4 Affordable Property as affordable housing project more feasible.

H. Density Bonus Law requires the City to ensure continued affordability of the units that qualify an applicant for the density bonus. To satisfy ARD’s Phase 1 and Phase 3 low and moderate rental inclusionary housing requirements established by the Development Agreement and to satisfy the requirements of Density Bonus Law, the Parties have agreed that the Affordable Housing Provider will be required by separate agreement to rent the R-4 Affordable Component, Density Bonus Units and ARD’s R-4 Affordable Units subject to certain affordability restrictions and as generally outlined in these Recitals (“**R-4 Affordable Housing Agreement**”).

I. ARD is currently under option to purchase the real property that encompasses Phases 2 & 3 Tract Map 3089.

J. ARD and Adjoining Landowners are processing a final map known as “Tract Map No. 3089 Phase 2 & 3” which includes phase 3 of the Project (“**Phase 3**”).

K. Adjoining Landowners are the owners of that certain real property identified herein as the “**Moderate Income For-Sale Units**” and “**WHIP Units**” more particularly described in Exhibit A, attached hereto, and incorporated herein and are sometimes collectively referred to herein individually as the “**Moderate-Income Lots**” and the “**WHIP Lots**” and collectively as the

“**Affordable Lots.**” The specific locations of the Affordable Lots are more particularly depicted in Exhibit B, attached hereto, and incorporated herein.

L. Consistent with the affordable housing requirements found in the Development Agreement, the City and ARD have agreed that in conjunction with Phase 3, ARD will construct and sell, three (3) Moderate-Income Units to Moderate Income Households, in conformance with the sales prices and income limits set forth in the City's “**Below Market Rate Housing Standards**” published by the City's Community Development Department to implement the Inclusionary Housing Ordinance pursuant to Title 17 of the City’s Municipal Code Chapter 17.138 at the time of sale of each unit. Additionally, the Parties have further agreed that Phase 3 will include ARD’s construction and sale of five (5) WHIP Units to be sold to Workforce Income Households, in conformance with the sales prices and income limits set forth in **Article 4** of this Agreement.

M. The Development Agreement and the Below Market Rate Housing Standards require the Moderate-Income Units first be sold to, and occupied by, buyers from Moderate Income Households (as defined in this Agreement), and the Development Agreement requires the WHIP Units first be sold to, and occupied by, buyers from Workforce Income Households (as defined in this Agreement).

N. Pursuant to the Inclusionary Housing Ordinance, there are different approaches to maintaining long-term affordability of required affordable units, including the property owner agreeing to participate in a Shared Equity Purchase Program (defined below in Section 1.1(aa)).

O. ARD and Adjoining Landowners are electing to proceed under the Shared Equity Purchase Program with respect to the Moderate-Income Units constructed and sold on the Affordable Lots pursuant to this Agreement.

AGREEMENT

NOW, THEREFORE, the Parties agree and acknowledge that the foregoing Recitals are true and accurate, and are incorporated into this Agreement by this reference, and the Parties mutually acknowledge and agree as follows:

ARTICLE 1. DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. In addition to terms defined in the Recitals and elsewhere in this Agreement, for purposes of this Agreement, the following terms have the following meanings:

(a) “**Administrator**” means Below Market Rate Program Administrator, whose tasks are described in Section 7.3, which may either be the City itself or a third-party administrator engaged by and acting as an agent for the City in connection with management of the City's Below Market Rate program pursuant to an Agreement entered into between the City and the Administrator, as such Agreement may be amended or replaced from time to time.

(b) “**Affordable Sales Price**” means (i) the maximum allowable sales price for a Moderate-Income For-Sale Unit in effect at the time of its sale to an Eligible Household, which

is to be calculated in accordance with the formula provided in the Below Market Rate Housing Standards for Moderate Income Households, and (ii) with respect to WHIP Units, such price as is calculated in accordance with the terms set forth in **Article 4**.

(c) “**Affordable Units**” means collectively the Moderate-Income For-Sale Units and the WHIP Units to be constructed in Phase 3, which are required by this Agreement to be sold to Eligible Households at an Affordable Sales Price.

(d) “**Area Median Income**” shall mean the median gross yearly income adjusted for assumed Household Size, in San Luis Obispo County, California, as published and periodically updated by the State Department of Housing and Community Development (HCD), or in the event that such income determinations are no longer published or are not updated for a period of at least eighteen (18) months, the median gross yearly income adjusted for assumed Household Size, in San Luis Obispo County, California as published and periodically updated by the Department of Housing and Urban Development (HUD).

(e) “**ARD’s R-4 Market Units**” is described in Recital E.

(f) “**BMR Underwriter**” whose tasks are described in Section 7.4, means Peoples Self Help Housing Corporation, or other similar entity engaged by ARD with the consent of City.

(g) “**Director**” means the Community Development Director of the City or successor position.

(h) “**Down Payment Assistance Program**” is described in Section 4.1.3.

(i) “**Eligible Household**” means a household which has been determined by the BMR Underwriter to be a Moderate-Income Household eligible to purchase a Moderate-Income Unit in compliance with **Article 3** of this Agreement, and for the purposes of the WHIP Units, a Workforce Income Household eligible to purchase a WHIP Unit in accordance with the terms detailed in **Article 4** of this Agreement.

(j) “**Eligibility Screening**” is defined as the process of determining eligibility in accordance with the City’s Below Market Rate Housing Standards and Below Market Rate Purchase Guidelines.

(k) “**Homebuyer/City Deed of Trust**” means the Purchase Money Deed of Trust, Deed of Trust Covenants, Assignment of Rents, Security Agreement and Fixture Filing in substantially the form provided in **Exhibit D** executed by each Initial Eligible Household that secures the Initial Eligible Household’s performance under the Homebuyer/City Note.

(l) “**Homebuyer/City Note**” means the Occupancy, Resale, and Refinancing Restriction Agreement, with Option to Purchase and Promissory Note Secured by Deed of Trust, in substantially the form provided in **Exhibit C** and executed by each Initial Eligible Household.

(m) “**Household Income**” means the combined gross, pre-tax income of all adult occupants of the applicant household.

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(n) “**Household Size**” shall mean the actual number of persons residing within the applicable household.

(o) “**Income Certification**” means an initial Eligible Household income certification/certificate of resident eligibility, and includes all sources used in verifying income and assets (including, but not limited to, third party verification, checking and savings accounts, pay stubs, verification of assets).

(p) “**Initial Eligible Household**” means the initial purchaser of an Affordable Unit.

(q) “**Low Income Household**” is defined in the City of San Luis Obispo's Below Market Rate Housing Standards and means a household with a Household Income that equals or exceeds fifty percent (50%) and does not exceed eighty percent (80%) of the Area Median Income.

(r) “**Lower-Income Household**” is defined in the City of San Luis Obispo's Below Market Rate Housing Standards and means a household with a Household Income that equals or exceeds zero percent (0%) and does not exceed eighty percent (80%) of the Area Median Income.

(s) “**Marketing**” or “**Market**” is defined as a service in which the Owner, with respect to new Affordable Units, or the Administrator, with respect to existing Affordable Units will advertise the availability of such Affordable Units. Marketing may utilize social media and in-person outreach as well as the listing of the unit on Multiple Listing Services (MLS) and the Administrator's website.

(t) “**Moderate Income Household**” is defined in the City of San Luis Obispo's Below Market Rate Housing Standards and means a household with a Household Income that equals or exceeds eighty percent (80%) and does not exceed one-hundred and twenty percent (120%) of the Area Median Income.

(u) “**Moderate-Income For-Rent Unit**” means those deed restricted units described in **Article 5** which are constructed and rented to Moderate Income Households.

(v) “**Moderate-Income For-Sale Unit**” means those deed restricted units described in **Article 3** which are constructed and sold to Moderate Income Buyers.

(w) “**Moderate-Income Unit Affordability Period**” means, subject to the Shared Equity Program, a period of forty-five (45) years from the date of sale to the Initial Eligible Household.

(x) “**Multiple Listing Services (MLS)**” is a database established by cooperating real estate brokers to provide data about properties for sale. An MLS allows brokers to see one another's listings of properties for sale with the goal of connecting Homebuyers to sellers.

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(y) “**Opportunity Drawing**” is defined as the process in which interested households are put into an interest list for a specific Affordable Unit that is being marketed. This list is ordered based on the preferences set by the Development Agreement and the City’s Below Market Rate Housing Purchase Guidelines.

(z) “**Owner**” means ARD and/or Adjoining Landowners, as their respective interests may exist. Whenever the term “Owner” is used in this Agreement, such term shall include any other successors and assigns as herein provided.

(aa) “**R-4 Affordable Housing Project**” is defined as the development consisting of the R-4 Affordable Component, together with ARD’s R-4 Affordable Units and the Density Bonus Units on the R-4 Affordable Property, consisting of fifty-nine (59) Affordable Units and one manager’s unit.

(bb) “**R-4 Market Rate Property**” is described in Recital E.

(cc) “**Shared Equity Agreement**” means the Shared Equity Agreement and Lien, in substantially the form provided in Exhibit C, executed by ARD with respect to each Moderate-Income Unit that secures the performance of ARD and an Initial Eligible Household under the Shared Equity Share Purchase Program provisions stated in Inclusionary Housing Ordinance Section 17.138.100.

(dd) “**Shared Equity Purchase Program**” means City’s Shared Equity Purchase Program pursuant to Section 17.138.100 of Inclusionary Housing Ordinance.

(ee) “**Transfer**” is defined in Section 7.10.

(ff) “**WHIP Unit Affordability Period**” means the period described below in Section 4.1.2.

(gg) “**Workforce Housing Incentive Program Unit**” or “**WHIP Unit**” means those deed restricted units provided to families in the Workforce Income Household.

(hh) “**Workforce Income Household**” is defined in Article 4 and means a household with a Household Income that equals or exceeds one-hundred and twenty percent (120%) but does not exceed one-hundred and sixty percent (160%) of the Area Median Income.

Section 1.2 Exhibits. The following exhibits are attached to this Agreement and incorporated herein by this reference (Exhibits C through H, are provide as templates and may be amended to reflect consistency with the Development Agreement):

- Exhibit A Legal Description of the Property
- Exhibit B Map Showing Location of Affordable Units and the R-4 Affordable Housing Project
- Exhibit C Form of Shared Equity Agreement
- Exhibit D Form of Homebuyer/City Note

Exhibit E	Form of Homebuyer/City Deed of Trust
Exhibit F	Down Payment Assistance (DPA) Guidelines
Exhibit G	Form of WHIP Homebuyer/City Note
Exhibit H	Form of WHIP Homebuyer/City Deed of Trust

ARTICLE 2.

CONSTRUCTION OF PROJECT AND AFFORDABLE UNITS

Section 2.1. Construction of Affordable Units. ARD and City have agreed that in Phase 3, ARD will construct and sell on the Moderate-Income Lots, the Moderate-Income Units, consisting of one (1) home with two bedrooms/one bath and two (2) homes with three bedrooms/two baths in the approximate location shown and described on Exhibit B in conformance with the provisions of Article 3 herein. Further, ARD and City have agreed that in Phase 3, ARD will construct and sell on the WHIP Lots, the WHIP Units, consisting of two (2) homes with two bedrooms/one bath and three (3) homes with three bedrooms/two baths in the approximate location shown and described on Exhibit B in conformance with the provisions of Article 4 herein.

Section 2.2. Construction of R-4 Affordable Housing Project. The Parties have agreed that the Affordable Housing Provider will construct the R-4 Affordable Housing Project, consisting of thirty-two (32) rental units to Lower-Income Households (including, without limitation, eight (8) two-bedroom/1-bath rental units to Low-Income Households), twenty-seven (27) rental units to Moderate-Income Households (including, without limitation, eight (8) two-bedroom/1-bath rental units to Moderate-Income Households), and one (1) manager's unit, for a total of sixty (60) rental units, in the approximate location shown and described on Exhibit B in conformance with the provisions of Article 5 herein.

Section 2.3. Construction Timing. The Affordable Units will be constructed together with the construction of adjacent units in the Project and will be shown on all planning applications and may be identified on construction documents prior to building permit issuance. No certificates of occupancy or final inspections will be issued for any units in the Project unless the Affordable Units are constructed concurrently with the closest geographic proximity market rate units.

Section 2.4. Design and Appearance of Affordable Units. The design, bedroom count, appearance, and general quality of the Affordable Units will be of the same character as the Project as a whole. If, after recordation of this Agreement, the Owner propose to change the bedroom size or affordability level of any Affordable Unit within the Project, the Owner shall submit a written request for such change to the Director, who shall have sole discretion to approve or deny such request (amendments shall comply with Section 6.16 of this Agreement). Homeowners of the Affordable Units shall have equal access to and enjoyment of all common facilities of the Project.

Section 2.5. Use of Affordable Units. The Affordable Units will be sold only to Initial Eligible Households to be occupied in accordance with the relevant Exhibits applicable to such Affordable Units, and City's Inclusionary Housing Ordinance.

ARTICLE 3.

SALE OF MODERATE-INCOME UNITS

The provisions of this Article 3 will apply to the Moderate-Income Lots described in Exhibit “B”:

Section 3.1. Sale of Moderate-Income Units by ARD to Eligible Households.

(a) ARD will sell the three (3) Moderate-Income Units to Initial Eligible Households at an Affordable Sales Price as determined by the City’s Below Market Rate Housing Standards and the Development Agreement, respectively. The Affordable Sales Price will be the absolute maximum price that ARD or any other seller may receive as compensation for the sale of a Moderate-Income Unit to an Initial Eligible Household.

(b) ARD will actively market the Moderate-Income Units, openly and in the same general manner as the Project as a whole, allow prospective buyers to view the Moderate-Income Units, model units or floor plans, disclosure documents, and any other relevant sales materials, as may be available. ARD’s sales agents will provide the same general quality of customer service to the Moderate-Income Units buyers as provided to market-rate buyers, will display information about the availability of the Moderate-Income Units in a readily noticeable manner in the sales office and/or Project sales website, will disclose the restrictions associated with each unit type to any prospective buyers in a timely manner and request that potential purchasers submit eligibility applications to determine if they qualify as Eligible Households. Marketing and sale of the Moderate-Income Units will be subject to the “SLO Workers First” local preference program set forth in “Exhibit G” to the Development Agreement.

(c) Prior to ARD entering into a contract with an Initial Eligible Household to purchase an Affordable Unit, the Initial Eligible Household shall be certified as an Eligible Household by the BMR Underwriter. The Owner shall not self-select buyers nor conduct initial eligibility screenings.

(d) ARD agrees to work with the Administrator, as reasonably necessary, but at no additional cost to ARD (excluding reasonable time and resources), for the effective management of the City’s Below Market Rate program as it relates to the Below Market Rate Units contemplated in this Agreement.

(e) Once certified, Eligible Households will submit any purchase offers directly to ARD, and ARD will accept offers to purchase in the order received, provided that such offers include a letter from the BMR Underwriter, that the buyer is an Eligible Household, a valid check for the required good faith deposit, and a preliminary first mortgage loan approval. ARD will conduct any additional screening of applicants deemed necessary and not in violation of fair housing laws.

(f) Selected Eligible Households will be responsible for obtaining their own financing for their purchase of a Moderate-Income Unit.

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(g) Selected Eligible Households will enter into a Shared Equity Agreement in substantially the form attached hereto as Exhibit C, whereby the agreement is recorded on title against the Moderate-Income Unit, securing and stating City's Equity Share in the subject unit, and requiring compliance with City's Shared Equity Purchase Program.

(h) Purchase contracts between ARD and Eligible Households will include requirements that each buyer execute the documents for the benefit of the City as described in Section 3.3 below.

(i) The escrow instructions for the sale of an Moderate-Income Unit will stipulate that the Homebuyer/City Note, Homebuyer/City Deed of Trust, and the Shared Equity Agreement, will be recorded against the Unit at close of escrow on the sale to the Eligible Household; and that the Homebuyer/City Note, Homebuyer/City Deed of Trust and the Shared Equity Agreement, will be recorded junior only to the lien of the deed of trust securing the Eligible Household's first purchase money mortgage loan, or to a second mortgage loan only if such loan is provided by a public agency which requires such subordination, or as otherwise approved in writing by the City.

(j) A Request for Notice of Default and Sale for the benefit of the City will be recorded for each deed of trust recorded at close of escrow.

(k) Within five (5) days following the sale of any Moderate-Income Unit by ARD to an Initial Eligible Household, ARD will forward, or will cause escrow officer to forward to the City, copies of the buyer's and seller's settlement statement and all closing documents, including the Homebuyer/City Note, the Homebuyer/City Deed of Trust, and the Shared Equity Agreement executed in connection with the sale.

(l) If ARD has not received any purchase offer from an Eligible Household for a Moderate-Income Unit within one hundred eighty (180) days after such unit has been offered for sale, ARD shall provide a one hundred eighty (180) days' notice to the City and shall satisfy any further conditions that may be reasonably required by the City, including but not limited to, further efforts to find an Eligible Household and/or additional marketing by ARD to attract an offer to purchase from an Eligible Household. If escrow has not closed on the Moderate-Income Unit sale within an additional sixty (60) days from date of ARD's acceptance of such an offer under this subsection, if the City consents in writing, ARD may sell the Moderate-Income Unit at its fair market value and pay to the City an amount equal to the difference between the actual contract sales price and the Affordable Sales Price. As an alternative, if the parties mutually agree, ARD may sell the Moderate-Income Unit to the City or the City's designee for the Affordable Sales Price to satisfy ARD's obligations under this Agreement with respect to such Affordable Unit.

Section 3.2. Moderate-Income For-Sale Unit Affordability Period. Subject to the Shared Equity provisions contained below in Section 3.3, the Moderate-Income Units shall be occupied by a Moderate-Income Household for a minimum of forty-five (45) years. If the owner of a Moderate-Income Unit sells that Unit within the initial 45 years, the Unit shall be sold to another Moderate-Income Household and subject to a new 45-year deed restriction. After the initial sale of a Moderate-Income Unit, the deed restriction and occupancy of Moderate-Income

Units will be monitored, controlled, and enforced by the City.

Section 3.3. Shared Equity Homebuyer Documents and Security Instruments. Prior to the sale of each Moderate-Income Unit, ARD will ensure that:

(a) The Initial Eligible Household signs a Shared Equity Agreement in substantially the form shown as Exhibit C.

(b) The Initial Eligible Household and the City execute a Homebuyer/City Note in substantially the form shown as Exhibit D.

(c) The Initial Eligible Household signs a Homebuyer/City Deed of Trust in substantially the form shown as Exhibit E.

ARTICLE 4

SALE OF WHIP UNITS

The provisions of this Article 4 will apply to the WHIP Lots described in Exhibit “B”:

Section 4.1 Workforce Housing Incentive Program (WHIP).

(a) In Phase 3, ARD agrees to construct and sell five (5) WHIP Units to families in the Workforce Income Households at prices limited to no more than that required to achieve an Index of Affordability (“Index”) of 31% (cost of housing including mortgage principal, mortgage interest, taxes and insurance divided by 140% of the Area Median Income). The maximum purchase price would be equal to 5.65 times (140% of 4.05 multiplier) the median income for each household size. Marketing and sale of the WHIP Units will be subject to the “SLO Workers First” local preference program set forth in “Exhibit G” to the Development Agreement. The Affordable Sales Price shall be the absolute maximum price that ARD or any other seller may receive as compensation for the sale of a WHIP Unit to an Initial Eligible Household.

(b) ARD will actively market the WHIP Units, openly and in the same general manner as the Project as a whole, allow prospective buyers to view the WHIP Units, model units or floor plans, disclosure documents, and any other relevant sales materials, as may be available. ARD's sales agents will provide the same general quality of customer service to the WHIP Units buyers as provided to market-rate buyers, will display information about the availability of the WHIP Units in a readily noticeable manner in the sales office and/or Project sales website, will disclose the restrictions associated with each unit type to any prospective buyers in a timely manner and request that potential purchasers submit eligibility applications to determine if they qualify as Eligible Households. Marketing and sale of the WHIP Units will be subject to the “SLO Workers First” local preference program set forth in “Exhibit G” to the Development Agreement.

(c) Prior to entering ARD into a contract with an Initial Eligible Household to purchase an Affordable Unit, the Initial Eligible Household shall be certified as an Eligible Household by the BMR Underwriter. The Owner shall not self-select buyers nor conduct initial eligibility screenings.

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(d) ARD agrees to work with the Administrator, as reasonably necessary, but at no additional cost to ARD (excluding reasonable time and resources), for the effective management of the City's Below Market Rate program as it relates to the Below Market Rate Units contemplated in this Agreement.

(e) Once certified, Eligible Households will submit any purchase offers directly to ARD, and ARD will accept offers to purchase in the order received, provided that such offers include a letter from the BMR Underwriter, that the buyer is an Eligible Household, a valid check for the required good faith deposit, and a preliminary first mortgage loan approval. ARD will conduct any additional screening of applicants deemed necessary and not in violation of fair housing laws.

(f) Selected Eligible Households will be responsible for obtaining their own financing for their purchase of a WHIP Unit.

(g) Selected Eligible Households will enter into a WHIP Homebuyer/Deed of Trust in substantially the form attached hereto as Exhibit H, whereby the Deed of Trust is recorded on title against the WHIP Unit, securing and stating Down Payment Assistance for the subject unit (if applicable), in compliance with City's Down Payment Assistance Guidelines, Exhibit F.

(h) Purchase contracts between ARD and Eligible Households will include requirements that each buyer execute the documents for the benefit of the City as described in Section 4.4 below.

(i) The escrow instructions for the sale of a WHIP Unit will stipulate that the WHIP Homebuyer/City Note, and WHIP Homebuyer/City Deed of Trust will be recorded against the Unit at close of escrow on the sale to the Eligible Household; and that the WHIP Homebuyer/City Note and WHIP Homebuyer/City Deed of Trust will be recorded junior only to the lien of the deed of trust securing the Eligible Household's first purchase money mortgage loan, or to a second mortgage loan only if such loan is provided by a public agency which requires such subordination, or as otherwise approved in writing by the City.

(j) A Request for Notice of Default and Sale for the benefit of the City will be recorded for each deed of trust recorded at close of escrow.

(k) Within five (5) days following the sale of any WHIP Unit by ARD to an Initial Eligible Household, ARD will forward, or will cause escrow officer to forward to the City, copies of the buyer's and seller's settlement statement and all closing documents, including the WHIP Homebuyer/City Note and the WHIP Homebuyer/City Deed of Trust executed in connection with the sale.

(l) If ARD has not received any purchase offer from an Eligible Household for a WHIP Unit within one hundred eighty (180) days after such unit has been offered for sale, ARD shall provide a one hundred eighty (180) days' notice to the City and shall satisfy any further conditions that may be reasonably required by the City, including but not limited to, further efforts to find an Eligible Household and/or additional marketing by ARD to attract an offer to purchase from an Eligible Household. If escrow has not closed on the WHIP Unit sale within an additional sixty (60) days from date of ARD's acceptance of such an offer under

this sub-section, if the City consents in writing, ARD may sell the WHIP Unit at its fair market value and pay to the City an amount equal to the difference between the actual contract sales price and the Affordable Sales Price. As an alternative, if the parties mutually agree, ARD may sell the WHIP Unit to the City or the City's designee for the Affordable Sales Price to satisfy ARD's obligations under this Agreement with respect to such Affordable Unit.

Section 4.2. WHIP Unit Affordability Period. The WHIP Units must be occupied by a Workforce Income Household for a minimum of ten (10) years. If the owner of a WHIP Unit sells that Unit within the initial 10 years, the Unit must be sold to another Workforce Income Household and subject to a new 10-year deed restriction. After the initial sale of a WHIP Unit, the deed restriction and occupancy of WHIP Units will be monitored, controlled, and enforced by the City.

Section 4.3. Down Payment Assistance. Prior to the initial Closing of each WHIP Unit, ARD agrees to contribute a sum equal to five (5%) percent of the purchase price of the Workforce home, not to exceed \$20,000 to the City's Down Payment Assistance Program Fund ("**DPA Funds**"). The parties agree that once paid, this contribution by ARD constitutes compliance with ARD's down payment assistance obligations under Exhibit G of the Development Agreement. ARD may alternatively make a lump-sum contribution to City for all covered WHIP Units to satisfy ARD's down payment assistance obligations under Exhibit G of the Development Agreement. The City agrees to utilize said DPA Funds to assist the buyer of such WHIP unit with the purchase of that WHIP unit, including but not limited to, contributing said funds to buyer's down payment as a loan consistent with the City's DPA program. ARD acknowledges that the DPA Funds will be subject to an interest-bearing promissory note, secured by a deed of trust in favor of the City and when said DPA Funds are recouped by the City, in keeping with the terms of the Development Agreement, City will utilize these recouped DPA Funds to assist any income qualifying household who purchases a home in Avila Ranch. Notwithstanding the foregoing, City may utilize said recouped DPA Funds in City's discretion in conjunction with affordable housing assistance throughout the City of San Luis Obispo.

Section 4.4. Homebuyer Documents and Security Instruments. Prior to the sale of each WHIP Unit, ARD will ensure that:

(a) The Initial Eligible Household and the City execute a WHIP Homebuyer/City Note in substantially the form shown as Exhibit G.

(b) The Initial Eligible Household signs a WHIP Homebuyer/City Deed of Trust in substantially the form shown as Exhibit H.

ARTICLE 5.

CONSTRUCTION OF R-4 FOR-RENT AFFORDABLE UNITS

The provision of this Article 5 shall apply to the R-4 Affordable Property:

Section 5.1. Requirement of Development Agreement. Pursuant to the requirements in Exhibit G to the Development Agreement, on December 1, 2022, ARD dedicated the R-4

Affordable Property to Affordable Housing Provider, to construct and manage the R-4 Affordable Housing Component. Affordable Housing Provider, in turn, plans to construct the R-4 Affordable Housing Project. Subject to an allocation of low-income housing tax credits and tax credit syndication Affordable Housing Provider shall construct the R-4 Affordable Housing Project on the R-4 Affordable Property, and the Affordable Housing Provider shall enter into the R-4 Affordable Housing Agreement, restricting the R-4 Affordable Property for a period of time consistent with the applicable provisions of Government Code Sections 65915 through 65918, inclusive.

Section 5.2. Affordable Housing Rental Site. Affordable Housing Agreement and Declaration of Restrictive Covenants (Document No. 2021083395) for Phase 1 of Avila Ranch identified Lot 188 as the Land Dedication for an affordable housing provider to construct 24 Lower-Income Units. The City, the Adjoining Landowners, and ARD agree to change the Land Dedication from Lot 188 to the R-4 Affordable Property, to accommodate a larger affordable housing project that will consist of at least 59 affordable housing units. The Phase 1 Affordable Housing Agreement will be amended by separate document to accurately reflect the foregoing change. In addition to the 24 Lower-Income Units that are required to be constructed by ARD, the City and ARD agree to transfer the eight (8) Low-Income 2-bedroom/1-bath units and eight (8) Moderate Income 2-bedroom/1-bath units from ARD's market rate apartment development to the R-4 Affordable Property in recognition of the Affordable Housing Provider's commitment to develop and construct the R-4 Affordable Housing Project.

Section 5.3. Restrictive Covenant. To ensure ARD's and Adjoining Landowners' obligation to provide the R-4 Affordable Component and ARD's R-4 Affordable Units, and to ensure the Affordable Housing Provider completes construction of the R-4 Affordable Housing Project, the Parties agree this Agreement shall act as a restrictive covenant burdening the R-4 Affordable Housing Property with the conditions of this Article 5. Once the City and the Affordable Housing Provider reach agreement on the terms of the R-4 Affordable Housing Agreement and such agreement is recorded against the R-4 Affordable Property, the terms of the R-4 Affordable Housing Agreement will supersede this Agreement and in the event of conflict or inconsistency, the terms of the R-4 Affordable Housing Agreement will prevail over this Agreement with respect to the R-4 Affordable Property and the R-4 Affordable Housing Project. The City, ARD and Adjoining Landowners agree to reasonably cooperate with Affordable Housing Developer to prepare and execute any documentation necessary to release the encumbrance of this Agreement from the R-4 Affordable Property effective at the time of or subsequent to issuance of certificate of occupancy related to the R-4 Affordable Housing Project.

Section 5.4. Default by Affordable Housing Provider. ARD and the City acknowledge that Exhibit "G" of the Development Agreement provides, "should an affordable housing provider fail to construct the units, the obligation to provide for the 24 deed-restricted low income affordable housing units on the lot remains with Avila Ranch to complete." In addition, Exhibit "G" requires ARD to construct eight (8) Low Income 2- bedroom/ 1- bath and eight (8) Moderate Income 2- bedroom/ 1- bath units. ARD has proposed and City agrees to permit these units to be included in the R-4 Affordable Housing Project along with the 24 deed-restricted low income affordable units. ARD and the City further acknowledge that the Development Agreement does not specifically call out the timing for completion of the R-4 Affordable Project but contemplates that the R-4

Affordable Housing Project will be completed “early in the Project, rather than leaving them to the end.” If the Affordable Housing Provider does not timely develop and construct the R-4 Affordable Housing Project, ARD and Affordable Housing Provider will meet to discuss the actions required for ARD to step in and take over as necessary to allow the R-4 Affordable Housing Project to be constructed. In the event Affordable Housing Provider elects not to complete the R-4 Affordable Housing Project or fails to do so following receipt of written notice by ARD to R-4 Affordable Housing Provider of its intent to complete R-4 Affordable Housing Project and Affordable Housing Provider fails thereafter to diligently and continuously process to completion construction of the R-4 Affordable Housing Project, ARD acknowledges it has or will have the right to step in and take over work necessary to complete the R-4 Affordable Housing Project by delivering written notice to Affordable Housing Provider.

Section 5.5 Construction Timing of Affordable Housing Project. For purposes of this Agreement, the term “Commence Construction” means issuance by the City of a “ready to issue” letter for a building permit for the R-4 Affordable Housing Project, the only condition for which is the payment of City fees. For purposes of this Agreement, the term “Substantially Complete Construction” means completion of seventy-five percent (75%) of the construction of the R-4 Affordable Housing Project as demonstrated by the construction budget attached to the first lender construction loan documents for the R-4 Affordable Housing Project and draw requests approved by the first lender. In order to ensure that the Affordable Housing Project is completed earlier in the Project, as opposed to the last phase of the Project, the City reserves the right to withhold the issuance of building permits to ARD if the Affordable Housing Provider has not Commenced Construction by the issuance of a building permit for ARD’s 500th unit, and/or if the Affordable Housing Provider has not Substantially Completed Construction by the issuance of a building permit for ARD’s 550th unit.

ARTICLE 6. ENFORCEMENT

Section 6.1. Covenants Running with the Land. The requirements of this Agreement shall be covenants running with the land as defined in California Civil Code Section 1460, and shall apply to the parcels as described in Exhibit A and graphically depicted in Exhibit B. Pursuant to Civil Code Section 1468, which governs such covenants, the provisions of this Agreement shall be binding upon all Parties having any right, title, or interest in any of the properties described herein, or any portion thereof and on their heirs, successors in interest and assigns for the periods set forth below:

(a) Moderate-Income Units for the Moderate-Income Affordability Period as defined in Section 3.2.

(b) WHIP Units for the WHIP Unit Affordability Period defined above in 4.2.

The Parties agree that all future deeds or transfers of interest regarding the properties will show the restrictions of this Agreement for as long as the Agreement is in effect. This Agreement,

and the covenants running therewith, will terminate as to the Moderate Units at the expiration of the Moderate-Income Affordability Period, unless previously terminated as to a particular Moderate-Income Unit by and through the Shared Equity Program and the WHIP Units at the expiration of the WHIP Unit Affordability Period.

Section 6.2. Default. Failure of ARD and/or Adjoining Landowners to satisfy any of the obligations under the terms of this Agreement within ninety (90) days after the delivery of a notice of default to the defaulting Party from the City will constitute a default under this Agreement and a violation of the Inclusionary Housing Ordinance (“**Default**”). In addition to remedies for breach of this Agreement, the City may exercise any and all remedies available to it under the Inclusionary Housing Ordinance or other any other provision of law or equity, including, but not limited to:

(a) withholding, conditioning, suspending, or revoking any approvals for the Project, including without limitation final inspections for occupancy and/or the issuance of any certificates of occupancy;

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

(c) where one or more persons have received financial benefit as a result of violation of this Agreement, 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; and

(d) requiring ARD or its successors in interest to the Property to pay the City payment received by the ARD for the unauthorized sale of the Affordable Units.

Section 6.3. Attorney's Fees and Costs. If either Party takes or commences any actions or proceedings, including litigation or arbitration, against the other by reason of any breach or claimed breach of any provision of, or in any way connected with, this Agreement, or seeks a judicial declaration of rights under this Agreement, the Party prevailing in such action or proceeding shall be entitled to recover from the other Party the prevailing Party's reasonable attorney's fees and costs, including, but not limited to, all expert witness fees, other witness fees and associated expenses, whether or not the proceeding or action proceeds to judgment.

ARTICLE 7

GENERAL PROVISIONS

Section 7.1. Appointment of Other Agencies. At its sole discretion, the City may designate, appoint, or contract with any other public agency, for-profit or non-profit organization to perform some or all of the City's obligations under this Agreement.

Section 7.2. Records. ARD and/or Adjoining Landowners shall retain all records related to compliance with obligations under this Agreement for a period not less than five (5) years from

the date of origination of such records and make the records available to City employees or others designated by the City for inspection and copying upon five (5) business days' written notice. The City shall be entitled to monitor compliance with this Agreement, and the Owner shall cooperate with City monitoring, including obtaining Eligible Household verification upon request of the City.

Section 7.3. Services by Administrator. In order to maintain compliance with the City's Below Market Rate Housing Program and reporting requirements, ARD shall utilize the City's Administrator. The Administrator's services include but are not limited to Management of the City's Below Market Rate program. Marketing plans are subject to the City's approval and will require, at a minimum, that Affordable Units are advertised through the Multiple Listing Service.

Section 7.4. Services by BMR Underwriter. Pursuant to separate agreements between ARD and the BMR Underwriter and City and the BMR Underwriter, the BMR Underwriter will provide eligibility screening and certification of Initial Eligible Households. In the event either of the foregoing agreements is terminated, ARD and City agree to cooperate in the designation of a replacement BMR Underwriter.

Section 7.5 Residential Use. None of the Affordable Units in the Project will at any time be utilized on a transient basis or will ever be used as a hotel, motel, vacation rental, homestay, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, or trailer court or park, nor shall the Affordable Units be used as a place of business except as may otherwise be allowed by applicable law.

Section 7.6. Nondiscrimination. All of the Affordable Units shall be available to members of the general public who are income eligible. There shall be no discrimination against or segregation of any person or group of persons, on account of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, family status, sex, gender, gender identity, gender expression, age, sexual orientation, source of income, veteran or military status, or on any other basis protected by applicable law in the sale, transferring, use, occupancy, or enjoyment of any Affordable Units, nor shall ARD and/or Adjoining Landowners or any person claiming under or through ARD and/or Adjoining Landowners, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of purchasers of any Affordable Unit or in connection with the employment of persons for the operation and management of the Project.

Section 7.7. Housing Voucher Certificate Holders. In prequalifying Initial Eligible Households, ARD and/or Adjoining Landowners will require its preferred lender to accept as buyers, on the same basis as all other prospective buyers, persons who are recipients of federal certificates for mortgage subsidies pursuant to the existing housing program under Section 8 of the United States Housing Act, or its successor, or similar any other programs in which lawful, verifiable income is paid to an Eligible Household or to a housing provider on behalf of an Eligible Household. The Owner shall not apply selection criteria to holders of Section 8 certificate or similar certificates or vouchers that is more burdensome than criteria applied to all other prospective buyers, nor shall the Owner apply or permit the application of management policies or lease provisions with respect to the Project which have the effect of precluding occupancy of

units by such prospective buyers.

Section 7.8. Hold Harmless. ARD and/or Adjoining Landowners shall indemnify and hold harmless (without limit as to amount) City and its elected and appointed officials, officers, employees and agents in their official capacity (hereinafter collectively referred to as “**Indemnitees**”), and any of them, from and against all loss, all risk of loss and all damage (including expenses and attorney's fees) 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 ARD's performance or non-performance under this Agreement, including claims pursuant to California Labor Code Section 1720 et seq. In the event Indemnitees are made a party to any action, lawsuit or other adversarial proceeding arising from Owner's performance of this Agreement, Owner shall provide a defense to the City Indemnitees or at the City's option, reimburse the City Indemnitees their costs of defense, including reasonable legal fees, incurred in defense of such claims. The provisions of this Section shall survive expiration or other termination of this Agreement or any release of part or all of the Property from the burdens of this Agreement, and the provisions of this Section shall remain in full force and effect.

Section 7.9. Notices. All notices required pursuant to this Agreement shall be in writing and may be given by personal delivery or by registered or certified mail, return receipt requested, to the Party to receive such notice at the addressed set forth below:

TO THE CITY:

City of San Luis Obispo
Community Development
Department
919 Palm Street
San Luis Obispo, CA 93401-3249
Attn: Community Development Director

WITH COPY TO:

City of San Luis Obispo
990 Palm Street
San Luis Obispo, CA 93401
Attn: City Attorney

TO ARD:

Avila Ranch Developers, Inc.
2505 Alluvial Avenue
Clovis, CA 93611
Attn: Joshua Peterson, President

TO ADJOINING LANDOWNERS:

FG2 Holdings, LLC
1396 W. Herndon Avenue

Phase 3 of Avila Ranch, Affordable Housing Agreement

Fresno, CA 93711
Attn: John Bezmalinovic

TO AFFORDABLE HOUSING PROVIDER:

Avila Ranch LP
c/o OHDC Avila Ranch LLC
414 E. Chapman Avenue
Orange, California 92866
Attention: Eunice Bobert
Email: OHDC@ohdcorp.com

AND

C & C Development Co., LLC
14211 Yorba Street, Suite 200
Tustin, California 92780
Attention: Todd Cottle
Email: todd@c-cdev.com

WITH A COPY TO:
Goldfarb & Lipman LLP
Attention: Lynn Hutchins
1300 Clay Street, 11th Floor
Oakland, California 94612
Email: lhutchins@goldfarblipman.com

Any notice will be deemed delivered on the first business day that delivery is attempted or upon receipt, whichever is sooner. As used herein, "business day" means any day other than a Saturday, Sunday, or any state or federal holiday on which financial institutions in San Luis Obispo County are authorized or required to close for observance thereof. Any Party may change the address to which notices are to be sent by notifying the other Parties of the new address, in the manner set forth above.

Section 7.10. Transfers. For purposes of this Agreement, "Transfer" means any sale, assignment, or transfer, whether voluntary or involuntary, of: (i) any rights and/or duties under the Deed of Trust and this Agreement; and/or (ii) any interest in the Affordable Units, including (but not limited to) a fee simple interest, a joint tenancy interest, a life estate, a partnership interest, a leasehold interest, a security interest, or an interest evidenced by a land contract by which possession of the Affordable Units are transferred and Owner retains title.

(a) Future Transfers of Affordable Units shall ensure that (i) the Transfer does not affect the timing and/or number of Affordable Units provided within the Project and as described by this Agreement.

(b) In the event of a proposed Transfer, Owner agrees to provide City at least thirty

(30) days written notice of such proposed assignment prior to the proposed Transfer and shall provide satisfactory evidence that the assignee will assume in writing, through an assignment and assumption agreement, all obligations of ARD and/or Adjoining Landowners under this Agreement. Notwithstanding the foregoing: (i) the terms, covenants and conditions of this Agreement shall be binding upon any transferee whether or not such an assignment and assumption agreement is signed by the assignee; and (ii) no such transfer shall relieve the Owner (“Transferor”) of any obligations under this Agreement absent express written consent of the City.

(c) For all proposed Transfers, ARD and/or Adjoining Landowners shall provide to City an assignment and assumption agreement a form reasonably satisfactory to the City Attorney.

All of the terms, covenants and conditions of this Agreement shall inure to the benefit of the City and its successors and assigns and shall be binding upon the Transferor and any successors in interest to ARD and/or Adjoining Landowner’s interest in this Agreement, the Affordable Units or any part thereof. The covenants shall run in favor of the City and its successors and assigns for the entire period of the Term. The City and its successor 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.

Section 7.11. Integrated Agreement. This Agreement sets forth the full and entire understanding of the Parties regarding the matter set forth herein. Any other prior or existing understandings or agreements by the Parties, whether formal or informal, regarding any matters addressed within this Agreement are hereby superseded or terminated in their entirety. To the extent that there are any inconsistencies between this Agreement and the Development Agreement, Development Plan and/or applicable City Ordinances, this Agreement will control unless otherwise required by applicable law.

Section 7.12. Each Party's Role in Drafting the Agreement. Each Party to this Agreement has had an opportunity to review the Agreement, confer with legal counsel regarding the meaning of the Agreement, and negotiate revisions to the Agreement. Accordingly, neither Party will rely upon Civil Code Section 1654 in order to interpret any uncertainty in the meaning of the Agreement.

Section 7.13. Amendment of Agreement. No changes, amendments, or alterations to this Agreement shall be effective unless in writing and signed by all Parties hereto. Amendments to this Agreement may be approved by the Director unless the Development Agreement requires approval by another person/entity. Upon approval, a new Agreement containing the amendments will be executed and recorded.

Section 7.14. Applicable Law. This Agreement will be governed by California law. Venue will be the County of San Luis Obispo.

Section 7.15. Waivers. Any waiver by the City of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the City to act on any breach or default of ARD or the Adjoining Landowners or to pursue any remedy allowed

under this Agreement or applicable law. Any extension of time granted to ARD or the Adjoining Landowners to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the City to any act or omission by ARD or the Adjoining Landowners will not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the City's written consent to future waivers.

Section 7.16. Title of Parts and Sections. Any titles of the sections, subsections, or subparagraphs of this Agreement are inserted for convenience of reference only and will be disregarded in interpreting any part of the Agreement's provisions.

Section 7.17. Multiple Originals; Counterpart. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

Section 7.18. Recording of Agreement. This Agreement will be recorded against the Property in the Official Records of the County of San Luis Obispo.

Section 7.19. Severability. In the event any limitation, condition, restriction, covenant, or provision contained in this Agreement is to be held invalid, void, or unenforceable by any court of competent jurisdiction, the remaining portions of this Agreement shall nevertheless be and remain in full force and effect.

Phase 3 of Avila Ranch, Affordable Housing Agreement

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

ARD:

Avila Ranch Developers, Inc., a California corporation

By: _____
Joshua E. Peterson, President

ADJOINING LANDOWNERS:

FG2 HOLDINGS, LLC, a California limited liability company

By: _____
Neema Assemi, Manager

AVILA RANCH EA, LLC, a California limited liability company

By: _____
Neema Assemi, Manager

By: _____
Nader Assemi, Manager

CJ HOLDINGS, LP, a California limited partnership

By: Spyglass Real Estate, Inc., a California corporation,
Its General Partner

By: _____
Joshua Peterson, President

AVILA RANCH LP,

a California limited partnership

By: OHDC Avila Ranch LLC,
a California limited liability company,
its managing general partner

By: Orange Housing Development Corporation,
a California nonprofit public benefit corporation,
its sole member and manager

[Signature Page to Below Market Rate Housing Agreement and Declaration of Restrictive
Covenants (Affordable Units for Phase 2 of Avila Ranch)]

Phase 3 of Avila Ranch, Affordable Housing Agreement

By: _____
Eunice Bobert
Chief Executive Officer

By: C & C Development Co., LLC
a California limited liability company,
its developer general partner

By: _____
Todd R. Cottle, Trustee of the 2007 Todd R. Cottle
and Jennifer N. Cottle Revocable Trust, member

Date: _____, 2023

CITY:

City of San Luis Obispo, a California charter city and municipal corporation

By: _____
Timothea Tway, Community Development Director

APPROVED AS TO FORM AND LEGAL EFFECT:

By: _____
Christine Dietrick, City Attorney

[Signature Page to Below Market Rate Housing Agreement and Declaration of Restrictive
Covenants (Affordable Units for Phase 2 of Avila Ranch)]

Phase 3 of Avila Ranch, Affordable Housing Agreement

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 _____)

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.

Signature of Notary Public

(SEAL ABOVE)

Phase 3 of Avila Ranch, Affordable Housing Agreement

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 _____)

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.

Signature of Notary Public

(SEAL ABOVE)

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

Affordable Lots:

MODERATE-INCOME LOTS

Lots 290, 307 and 321 of Final Map 3089 Phase 2 & 3 as said map was filed and recorded _____, 2021 at Book ____ of Maps at pages ____ through ____, inclusive, in the office of the San Luis Obispo Recorder

WHIP LOTS

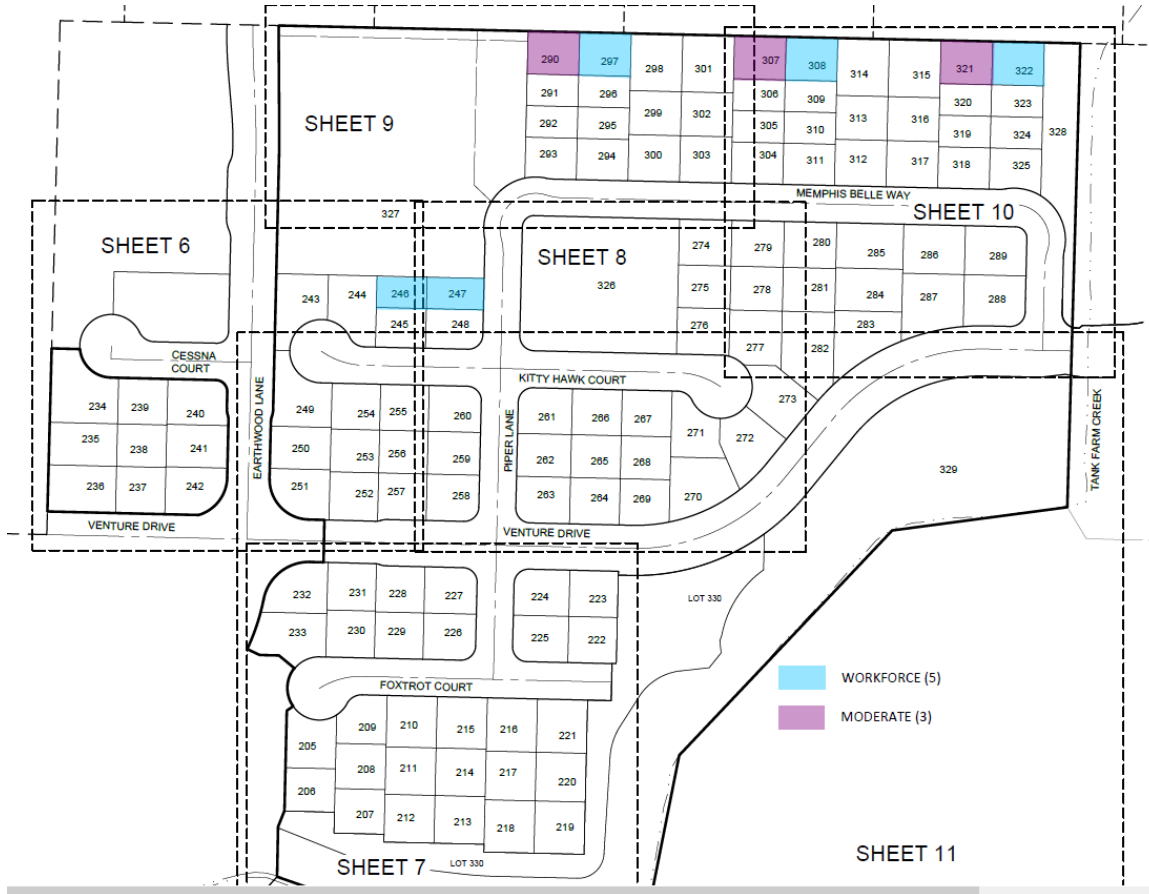
Lots 246, 247, 297, 308, 322 of Final Map 3089 Phase 2 & 3 as said map was filed and recorded _____, 2021 at Book ____ of Maps at pages ____ through ____, inclusive, in the office of the San Luis Obispo Recorder.

THE R-4 AFFORDABLE PROPERTY

Lot 186 of Final Map 3089 as said map was filed and recorded December 23, 2021 at Book 41 of Maps at pages 48 through 62, inclusive, in the office of the San Luis Obispo County Recorder.

EXHIBIT B

MAP SHOWING LOCATION OF AFFORDABLE UNITS AND R-4 AFFORDABLE HOUSING PROJECT



Unit Number	Square Footage	Bedroom Count	Affordability
Lot 290		2-bed	Moderate
Lot 307		3-bed	Moderate
Lot 321		3-bed	Moderate
Lot 246		2-bed	Workforce
Lot 247		2-bed	Workforce
Lot 297		3-bed	Workforce
Lot 308		3-bed	Workforce
Lot 322		3-bed	Workforce

EXHIBIT C

FORM OF SHARED EQUITY AGREEMENT

EXHIBIT D

FORM OF HOMEBUYER/CITY NOTE

EXHIBIT E

FORM OF HOMEBUYER/CITY DEED OF TRUST

EXHIBIT F

DOWN PAYMENT ASSISTANCE GUIDELINES

EXHIBIT G

FORM OF WHIP HOMEBUYER/CITY NOTE

EXHIBIT H

FORM OF WHIP HOMEBUYER/CITY DEED OF TRUST