

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Yorba Linda
4845 Casa Loma
Yorba Linda, CA 92886
Attention: City Clerk

(Space Above for Recorder's Use)
(Exempt from Recordation Fee per Gov. Code § 27383)

**AFFORDABLE HOUSING AND DENSITY BONUS AGREEMENT AND
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS**

THIS AFFORDABLE HOUSING AND DENSITY BONUS AGREEMENT AND DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS (the "Agreement") is made by and between OLSON URBAN VI – YORBA LINDA 2, LLC, a Delaware limited liability company (the "Developer"), and the CITY OF YORBA LINDA, a California municipal corporation (the "City") as of the ____ day of _____, 2026.

R E C I T A L S

A. Developer owns fee title to that certain real property located at 4861 Liverpool Street, in the City of Yorba Linda, County of Orange, State of California, legally described in the legal description attached hereto as Exhibit "A" (the "Property"). The Property comprises approximately one and nine-tenths (1.9) acres.

B. On January 6, 2025, Developer submitted an application to City for development of a new townhome condominium project on the Property, which will include a total of forty (40) units (the "Project"). On December 10, 2025, the City of Yorba Linda Traffic Commission ("Traffic Commission") held a public hearing regarding the Project, at which the Traffic Commission recommended that the City of Yorba Linda Planning Commission ("Planning Commission") approve the Project.

On January 14, 2026, the Planning Commission held a public hearing, at which the Planning Commission approved the Project.

C. The Property is zoned Residential Urban (RU) and is in the City's Congregational Lands Overlay (CLO) Zone, which allows for a minimum of thirty-eight (38) units and a maximum of sixty-six (66) units to be developed on the Property, and requires that a minimum of twenty percent (20%) of the units developed shall be offered to, and sold to low or moderate income households at an affordable housing cost, and such units shall be restricted for a minimum of forty-five (45) years.

D. Pursuant to the CLO Zone requirements, eight (8) of the residential units to be constructed by Developer pursuant to the Project (the “Affordable Units”) are required to be restricted, for forty-five (45) years, for sale to and ownership and occupancy by households which qualify as “persons and families of moderate income” pursuant to Health and Safety Code section 50093 at an affordable sales price, as calculated and determined pursuant to the methodology set forth in Health and Safety Code section 50052.5.

E. Pursuant to the State of California’s Density Bonus Law (Government Code Section 65915 et seq.) (the “Density Bonus Law”), the Project qualifies for a density bonus (which Developer has elected not to request), two incentives or concessions pursuant to Government Code Section 65915(d)(2)(B), vehicular parking ratios pursuant to Government Code Section 65915(p)(1), and certain waivers or reductions of development standards pursuant to Government Code Section 65915(e)(1).

F. Developer has requested, and City has agreed to and approved the following waivers:

1. A waiver of development standards to allow an approximately 15-foot front yard setback where 20 feet is required.

2. A waiver of development standards to allow a 4-foot side yard interior setback where interior side yard setbacks are required to have a cumulative total of both side yards of 20 feet.

3. A waiver of development standards to allow a 4-foot 8-inch rear yard setback where 25 feet is required.

4. A waiver of development standards to allow a 7-foot minimum building separation where 10 feet is required.

5. A waiver of development standards to allow a 4-foot 8-inch setback to a single-family zone where 100 feet is required for 3-story structures.

6. A waiver of development standards to waive open space requirements.

7. A waiver of development standards to reduce the requirement to provide landscaping on a minimum of 50% of the building site area.

8. A waiver of development standards to allow three-story buildings adjacent to an arterial street where a one-story building height is the maximum allowed.

G. The Project is contemplated to be built in four (4) phases (each a “Phase”), with no Affordable Units to be constructed in the first or second Phases, and four (4) Affordable Units to be constructed in each of the third and fourth Phases. Four (4) of the Affordable Units shall contain one (1) bedroom and one and one-half (1.5) bathrooms, each containing approximately nine hundred seventy-two square feet (972 sf), and four

(4) of the Affordable Units shall contain two (2) bedrooms and two and one-half (2.5) bathrooms, each containing approximately one thousand two hundred eight square feet (1,208 sf). The location and designation of the Affordable Units, which are unit nos. 20 through 27, are depicted on the site plan, which has been approved by the City and is attached hereto as Exhibit "B" (the "Site Plan").

H. Developer shall identify the Affordable Units in the covenants, conditions, and restrictions for the Project (the "Association CC&Rs").

I. Developer's execution and recordation of, and thereafter compliance with, this Agreement is required as a condition to City's issuance of a certificate of occupancy for any units within the Project, and Developer's execution and recordation of, and thereafter compliance with, this Agreement satisfies the Project's Condition of Approval number 108 of Planning Commission Resolution No. 5655, adopted on January 14, 2026 ("PC Resolution No. 5655), and the affordable housing requirements set forth in Section 18.17.010, et seq., Section 18.17.200 et seq., and Section 18.19.010 et seq. of the Yorba Linda Municipal Code. Because this Agreement is required pursuant to the Density Bonus Law, this Agreement shall be and shall remain in a priority lien position to all deeds of trust, and shall not be subordinated to any financing obtained by Developer and encumbering the Property (with the holder of any such financing referred to hereinafter as a "Subordinate Lender").

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and for other valuable consideration, the sufficiency of which is hereby acknowledged, City and Developer agree as follows:

1. Definitions.

a. "Affordable Sales Price" shall mean, as to each Affordable Unit, a sales price that would result in an annual Monthly Housing Cost that is not less than twenty-eight percent (28%) of the gross income of the Moderate Income Household and does not exceed the maximum percentage of income that can be devoted to housing cost by Moderate Income Households under California law. As of the date of this Agreement, the Affordable Sales Price for a Moderate Income Household means a purchase price with a reasonable downpayment, and that would result in an annual Monthly Housing Cost that is (a) not less than twenty-eight percent (28%) of the gross income of the Moderate Income Household, and (b) not more than the product of thirty-five percent (35%) times one hundred ten percent (110%) of the Median Income adjusted for family size appropriate for the property, or, for any Moderate Income Household that has a gross income that exceeds one hundred ten percent (110%) of the Median Income adjusted for family size, the annual Monthly Housing Cost may not exceed thirty-five percent (35%) of the gross income of the Moderate Income Household, all as more particularly set forth in Section 50052.5 of the California Health and Safety Code. Pursuant to Section 50052.5 of the California Health and Safety Code, for purposes of calculating the Affordable Sales Price, "adjusted for family size appropriate for the property" shall mean a household of two (2) persons for a one (1) bedroom Affordable Unit, and three (3) persons for a two (2) bedroom Affordable Unit. For purposes of determining an Affordable Sales Price, a

“reasonable” downpayment is a downpayment that equals five percent (5%) of the sales price for the Affordable Unit. A calculation of Affordable Sales Price, based on the date of this Agreement, is set forth in Exhibit “D” attached hereto and incorporated herein. As indicated in said Exhibit “D”, the Affordable Sales Price will be updated on the first day of each calendar quarter, to reflect changes (if any) in the Median Income, utilities allowances, and mortgage interest rates; provided, however, that the Affordable Sales Price in effect as of the date Developer enters into a purchase and sale contract with a Moderate Income Household shall remain applicable to said purchase and sale contract for a period of ninety (90) days after the execution of the purchase and sale contract. If, at the end of said ninety (90) day period, the escrow under the purchase and sale agreement has not closed, the Sales Price under the purchase and sale agreement shall be updated to reflect the then-current Affordable Sales Price.

b. “Affordable Unit” shall have the meaning ascribed in Recital D of this Agreement.

c. “Association” shall have the meaning ascribed in Section 8 of this Agreement.

d. “Association CC&Rs” shall have the meaning ascribed in Section 8 of this Agreement.

e. “Association Property” means real or personal property designated by the Developer, as the “Declarant” under the Association CC&Rs. or the Board of Directors of the Association. as Association Property and therefore made subject to the restrictions on Association Property established in the governing documents. The Association Property in a “Phase” consists of all the real property described as Association Property in the Condominium Plan for the Phase (except for the Units and the Condominium Common Area shown on the Condominium Plan(s)). The Association Property is “common area” as defined in California Civil Code section 4095.

f. “Condominium” means an estate in real property as defined in California Civil Code Section 4125. A Condominium consists of an undivided fee-simple ownership interest in the Condominium Common Area in a Phase, together with a separate ownership interest in fee in a “Unit” as described in the recorded Condominium Plans and as defined in California Civil Code Section 4125, and any easements appurtenant thereto.

g. “Condominium Common Area” means the volumes of airspace described in the Condominium Plan for each Phase, which shall be owned by Owners in each Phase of the Project as tenants-in-common. The Condominium Common Area in each Phase of the Project constitutes the “undivided interest-in-common in a portion of the real property,” in accordance with California Civil Code Section 4125. Condominium Common Area is not Association Property. The undivided fee simple interest in the Condominium Common Area in a Phase is appurtenant to each Unit in such Phase and is a fraction having one (1) as its numerator and the number of Units in that Phase as its denominator.

h. "Condominium Plan" shall mean the Condominium Plan for a Phase to be recorded in accordance with all applicable regulations of the California Department of Real Estate. The Condominium Plan for each Phase shall identify the Association Property, the Condominium Common Area and the Units in such Phase.

i. "Developer" shall mean Developer and any successor in interest of Developer to the Property or any portion thereof, including the Association, but excluding any Owner(s).

j. "Median Income" shall mean the Orange County area median income adjusted for family size as established by the United States Department of Housing and Urban Development, and as published periodically by the State of California Department of Housing and Community Development.

k. "Moderate Income Household" shall mean a household whose annual income does not exceed the qualifying limits under California law for "persons and families of moderate income" as defined in California Health and Safety Code section 50093 and as published periodically by the State of California Department of Housing and Community Development.

l. "Monthly Housing Cost" shall include all of the following associated with an Affordable Unit, estimated or known as of the date of the proposed sale of the Affordable Unit: (a) principal and interest payments to be paid in the form of loan proceeds on a thirty (30) year fixed mortgage loan and any loan insurance fees associated therewith; (b) property taxes and assessments; (c) flood insurance, if required by the Owner's primary mortgage lender or by the Association CC&Rs; (d) fire and casualty insurance covering replacement value of property improvements, unless such insurance is procured by the homeowner association; (e) homeowner association fees; (f) lease payments for solar equipment, if required, unless the amount of such payments are included in the reasonable utility allowance; and (g) a reasonable utility allowance. The Monthly Housing Cost of a purchaser shall be an average of estimated costs for the next twelve (12) months. Notwithstanding anything in this Agreement to the contrary, Developer agrees that until such time as Developer has sold the last condominium unit in the Project, the homeowner association fees charged to each owner of an Affordable Unit shall not exceed Three Hundred Seventy-Five Dollars (\$375) per month.

m. "Owner" shall mean a Moderate Income Household to whom Developer has conveyed fee title to one of the Affordable Units.

n. "Phase" shall mean all of the real property and improvements described and designated as a Phase of the Project in the Association CC&Rs or in a recorded Supplemental Agreement or Notice of Addition to the Association CC&Rs, the Units of which are described in a Final Subdivision Public Report issued by the California Department of Real Estate.

o. “Proposed Buyer” shall mean a person or family determined to be a Moderate Income Household to whom Developer desires and proposes to Transfer an Affordable Unit.

p. “Sales Price” shall mean all sums paid by a Moderate Income Household to Developer for, or in conjunction with, the acquisition of an Affordable Unit, including the purchase price designated in any purchase agreement, consideration for personal property and all other costs and fees paid by the Moderate Income Household, to or for the benefit of the Developer.

q. “Subordinate Lender” shall have the meaning ascribed in Recital I of this Agreement.

r. “Transfer” shall mean any sale, assignment, or transfer of an interest in an Affordable Unit (excluding any sale, assignment or transfer of Developer’s interest in the Property resulting as a consequence of, or immediately subsequent to, a foreclosure or conveyance in lieu of foreclosure), including, without limitation, a fee simple interest, tenancy in common, joint tenancy, community property, tenancy by the entireties, life estate, or other limited estate, leasehold interest or any rental of the Affordable Unit.

s. “Unit” shall mean a separate interest in space as defined in Section 4125(b) of the California Civil Code. Each Unit is a separate freehold estate, as separately shown, numbered and designated in the Condominium Plan for each Phase. Each Unit includes the residential element and a garage element as depicted on the Condominium Plan for each Phase. The Project is comprised of forty (40) Units.

2. Sale of Affordable Units.

Developer shall sell the Affordable Units to Moderate Income Households at an Affordable Sales Price. Subject to the terms of this Section 2, Developer agrees to commence to market each Affordable Unit at the earliest feasible time, but not later than the completion of construction of said Affordable Unit. Developer shall sell the Affordable Units pursuant to a lottery system, which, through randomized selection, shall assign priority to applicants for the Affordable Units (the “Lottery List”). Prior to implementation of any such lottery system, Developer shall submit its proposed lottery system to City for review and approval, which approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding anything to the contrary in this Agreement, the minimum household size for a Proposed Buyer shall be one (1) person per bedroom, and the maximum household size for a Proposed Buyer shall be two (2) persons per bedroom plus one (1). For example, for a two-bedroom Affordable Unit, the minimum household size of a Proposed Buyer shall be two (2) persons and the maximum household size for a Proposed Buyer shall be five (5) persons.

During the first fourteen (14) days of Developer’s marketing efforts for the Affordable Units, Developer shall build an interest list of applicants for the Affordable Units from the general public without restrictions. Developer shall conduct the lottery from said interest list following the conclusion of the foregoing fourteen (14) day exclusive marketing

period. Upon completion of the lottery, the Lottery List will be sorted into two categories, (1) the general public, and (2) those who live and/or work in the City of Yorba Linda. Developer shall prioritize persons who live and/or work within the City of Yorba Linda (“Yorba Linda Applicants”), subject to any applicable federal, state or local law. The Yorba Linda Applicants on the Lottery List shall be offered an Affordable Unit in the order of their lottery ranking until all Yorba Linda Applicants have received an opportunity to purchase an Affordable Unit. Thereafter, if any Affordable Units remain, Developer may offer the remaining Affordable Units to any other applicants on the Lottery List in order of their position on the Lottery List. Once the Lottery List is exhausted, Developer may sell the remaining Affordable Units to Moderate Income Households at its discretion without the need for a second lottery.

Any of Developer, Developer’s officials and employees, and the immediate family members of Developer’s officials and employees shall be ineligible to purchase an Affordable Unit (the “Developer Eligibility Prohibition”). All of Developer’s advertising and marketing materials pertaining to the Affordable Units, including, without limitation, postings or publications on the Internet, shall contain a statement regarding the Developer Eligibility Prohibition. Escrow for the sale of an Affordable Unit by Developer to a Moderate Income Household shall not close until after issuance of a certificate of occupancy to be issued by the City of Yorba Linda building department for such Affordable Unit as well as issuance of a Final Subdivision Public Report by the California Department of Real Estate. As used herein, the term “immediate family member” shall mean and include a parent or step-parent, grandparent or step-grandparent, sibling or step-sibling, and child or step-child.

3. Restrictions on Transfer by Sale of Any Affordable Unit.

a. General. Upon Developer’s sale of all eight (8) Affordable Units in accordance with the terms of this Agreement, Developer shall have no further obligations or liability under this Agreement, or any responsibility with respect to the Affordable Units, except as expressly set forth in Section 4, subdivision (e), and Section 10 of this Agreement.

b. Determination of Sales Price.

DEVELOPER UNDERSTANDS THAT THE DETERMINATION OF THE SALES PRICE CAN BE MADE ONLY AT THE TIME OF THE PROPOSED TRANSFER, TAKING INTO CONSIDERATION INTEREST RATES, PROPERTY TAXES AND OTHER FACTORS THAT CANNOT BE ACCURATELY PREDICTED AND THAT THE SALES PRICE PERMITTED HEREUNDER MAY BE LESS THAN THE FAIR MARKET VALUE OF THE PROPERTY AND MAY NOT INCREASE OR DECREASE IN THE SAME MANNER AS OTHER SIMILAR REAL PROPERTY WHICH IS NOT ENCUMBERED BY THIS RESTRICTION. DEVELOPER FURTHER ACKNOWLEDGES THAT IN SETTING THE SALES PRICE, THE PRIMARY OBJECTIVE OF CITY AND THIS AGREEMENT IS TO PROVIDE HOUSING TO QUALIFIED HOUSEHOLDS AT AN AFFORDABLE SALES PRICE. THE SALES PRICE MAY BE LESS THAN OTHER SIMILAR PROPERTIES WHICH HAVE NO RESTRICTIONS.

Developer's Initials _____

c. Transfer of an Affordable Unit.

Developer may transfer an Affordable Unit only in strict accordance with the provisions of this Agreement. Specifically, Developer may only transfer an Affordable Unit to a Moderate Income Household. Any such transfer may be made only if (i) the sales price for the Affordable Unit does not exceed an Affordable Sales Price for said buyer; and (ii) the Transfer has previously been approved in writing by City, which approval shall not be unreasonably withheld, conditioned or delayed, and which approval shall be evidenced by City's execution of the "Request for Verification of Proposed Buyer" (as defined in Section 4a below) for said buyer.

In order to comply with this Subsection 3c, Developer must apply the Affordable Sales Price for the Proposed Buyer of the Affordable Unit in accordance with the definitions set forth in Section 1 of this Agreement. City housing staff will provide Developer with the then current Affordable Sales Prices on the first day of each calendar quarter until such time as all of the Affordable Units have been sold. City shall have the right to review and approve, at City's election, which approval shall not be unreasonably withheld, conditioned or delayed, the form of the purchase and sale agreement proposed to be used by Developer for the sale of the Affordable Units prior to execution thereof by a Proposed Buyer; provided, however, that such right to approve shall be limited to conformance of the purchase and sale agreement with the terms of this Agreement.

4. Process to Complete Transfer by Sale of Condominiums.

Not less than four (4) weeks prior to Developer's Transfer by sale of an Affordable Unit, Developer shall do all of the following:

a. Notice to City: Developer shall send, or shall cause the Proposed Buyer's mortgage lender to send, to City, at 4845 Casa Loma, Yorba Linda, California 92886, the form attached hereto and incorporated herein as Exhibit "C" ("Request for Verification of Proposed Buyer") fully completed and executed by each of Developer, the Proposed Buyer, and the Proposed Buyer's mortgage lender (the "Mortgage Lender"), accompanied by all documents and materials received by Developer and/or the Mortgage Lender, and necessary in order for Developer, the Mortgage Lender and City to make a determination that the Proposed Buyer is a Moderate Income Household and that the Sales Price is an Affordable Sales Price for the Proposed Buyer, as required pursuant to Sections 4b and 4c below (collectively, the "Supporting Eligibility Documentation").

b. Qualification of Proposed Buyer. No Transfer shall occur unless and until determination is made based on the Request for Verification of Proposed Buyer and Supporting Eligibility Documentation (collectively, the "Verification and Supporting Documentation") that the Proposed Buyer is a Moderate Income Household who intends to occupy the Affordable Unit as his/her principal residence. Each Request for Verification of Proposed Buyer shall include a statement by the Proposed Buyer certifying its intent with regard to the occupancy of the Affordable Unit and as to the truth and accuracy of all

of the Verification and Supporting Documentation, including, without limitation, all information supplied as to the Gross Income (calculated as set forth in 25 Cal. Code of Regs., Section 6914) of the Proposed Buyer. Each of Developer and the Mortgage Lender shall certify, pursuant to the Request for Verification of Proposed Buyer the information provided in the Verification and Supporting Documentation. Each of Developer and the Mortgage Lender shall be entitled to rely on the Verification and Supporting Documentation in making the determination required by this subsection 4b unless Developer and/or the Mortgage Lender (as applicable) has knowledge of, or a reasonable basis for belief as to, the inaccuracy or falsehood of any of information in the Verification and Supporting Documentation (the "Review Standard").

c. Affordable Unit Sales Price. The Sales Price for the Affordable Unit shall not exceed an Affordable Sales Price for the proposed Buyer. In determining the Affordable Sales Price, the family size of the Proposed Buyer shall be deemed to be two (2) persons in the case of a one (1) bedroom unit, and three (3) persons in the case of a two (2) bedroom unit.

d. Certificates from Developer and Proposed Buyer; Disclosure. Each Request for Verification of Proposed Buyer shall include an "Owner's Certificate" that, based on the information included in the Verification and Supporting Documentation but subject to the Review Standard, (i) Developer has made the affirmative determination required by Section 4b above that the Proposed Buyer is a Moderate Income Household, and (ii) the Sales Price is an Affordable Sales Price as required by Section 4c above. Within thirty (30) days after City's receipt of the Verification and Supporting Documentation, City shall approve, disapprove, or conditionally approve the Proposed Buyer's eligibility to purchase an Affordable Unit as a Moderate Income Household who intends to occupy the Affordable Unit as his/her principal residence, which approval shall not be unreasonably withheld, conditioned, or delayed. City's approval shall be made by City's execution of the Request for Verification of Proposed Buyer for said buyer. Further, Developer and Proposed Buyer each shall certify in writing, on the Request for Verification of Proposed Buyer, that the Transfer shall be closed in accordance with, and only with, the terms of a purchase and sale contract, the general form of which has been submitted to and approved by City before execution of this Agreement, and the salient terms of which have been provided to City for review and approval (all of which review and approval by City was or is (as applicable) limited to a determination by City that the purchase and sale contract and salient terms thereof are in conformance with this Agreement) and that all consideration delivered by the Proposed Buyer to Developer has been fully disclosed to City. Notwithstanding anything to the contrary in this Section 4, Developer shall have the right, but shall not be obligated, to seek a preliminary determination from City regarding a Proposed Buyer and a proposed Sales Price (a "Preliminary Determination") prior to compiling and submitting to City all of the Verification and Supporting Documentation.

e. Failure to Comply. In the event a Transfer is made in violation of the terms of this Agreement or false or misleading statements are made in any documents or certificate submitted to City for its approval of the Transfer, City shall be entitled to all available remedies in law or equity, including, without limitation, the right to file an action

at law or in equity against Developer and/or the Proposed Buyer (as applicable) to seek to enforce the terms of this Agreement; provided, however, that City shall only have the right to file an action against Developer if City has determined or has a reasonable belief that Developer violated the terms of this Agreement. Further, in the event Developer fails to comply with Sections 4a, 4b, 4c, or 4d above, as determined by a court of competent jurisdiction, any costs, liabilities or obligations incurred by Developer and its Proposed Buyer for the return of any monies paid or received or for any costs and legal expenses, shall be borne jointly and severally by Developer and its Proposed Buyer and such parties shall hold City harmless and reimburse City's expenses, costs, and reasonable legal fees for any action City takes in enforcing the terms of this Section 4e.

f. Qualification by City Housing Consultant. Developer agrees that City may retain an affordable housing consultant (the "City Consultant") to assist in the review and qualification of Developer's proposed buyers, including any Preliminary Determinations requested by Developer. With respect to the foregoing, within five (5) days after the date of this Agreement, Developer shall deposit Fifteen Thousand Dollars (\$15,000) (the "Deposit Funds") with City to cover all costs charged by the City Consultant to qualify said initial buyers. Within forty-five (45) days after the date Developer has sold all Affordable Units to Moderate Income Households, as verified by the City Consultant, City shall return all unexpended Deposit Funds to Developer. Notwithstanding any of the foregoing, in the event that at any time prior to the City Consultant's qualification of Affordable Units for all of the Moderate Income Households pursuant to this paragraph the outstanding balance of the Deposit Funds held by City drops below Five Thousand Dollars (\$5,000), Developer shall deposit an additional Five Thousand Dollars (\$5,000) with City.

g. City Affordable Housing Documents; Partial Termination. Developer shall require each Proposed Buyer to execute, with signatures acknowledged (as applicable), (i) an Affordable Housing Agreement with Resale Restrictions setting forth the affordable housing, owner occupancy, and resale requirements with respect to the Affordable Unit (the "Moderate Income Household AHA"), (ii) a Deed of Trust securing the obligations of the Moderate Income Household under the Moderate Income Household AHA, including certain payment and reimbursement obligations triggered by default of the Owner under the Moderate Income Household AHA (the "Deed of Trust"), (iii) an Affordable Housing Disclosure Statement (the "Disclosure"), and (iv) a Subordination Agreement pursuant to which (a) the deed of trust securing the Owner's primary mortgage (the "Primary Mortgage Deed of Trust") is subordinated to the Moderate Income Household AHA, and (b) the Deed of Trust is subordinated to the Primary Mortgage Deed of Trust (the "Subordination Agreement"). The forms of the Moderate Income Household AHA, Deed of Trust, Disclosure, and Subordination Agreement shall be provided to Developer. Each of City and Developer acknowledges and agrees that Condition of Approval No. 108 in PC Resolution No. 5655 inadvertently contains two (2) incorrect references to the required term for the Moderate Income Household AHA (i.e., Condition of Approval No. 108 references both 30 years and 55 years), and notwithstanding those inaccuracies the required term for the Moderate Income Household AHA is forty-five (45) years, as stated in each of Recital C and Recital D of this Agreement, and as will be set forth in each Moderate Income Household AHA. On the

thirtieth (30th) day following the close of any transfer of an Affordable Unit to a Moderate Income Household, provided (1) the documents described in clauses (i), (ii), (iii), and (iv) of this Section 4g have been duly executed, with signatures acknowledged (as applicable), and (with the exception of the Disclosure) recorded in the Official Records of Orange County, and (2) City has not notified Developer, in writing that City has determined the sale was not made in compliance with the terms of this Agreement, Developer shall be automatically released from this Agreement with respect to the sold Affordable Unit. If requested, in writing, by Developer, City agrees to execute and record a release and partial termination which terminates this Agreement with respect to any such sold and released Affordable Unit(s).

h. Delivery of Documents. Upon the close of the proposed Transfer, Developer shall provide City with a copy of the recorded documents, including a copy of the recorded Moderate Income Household AHA, Deed of Trust, and Subordination Agreement, a copy of the final sales contract, settlement statement, escrow instructions, Disclosure, all certificates required by this Section 4, and any other documents which City may reasonably request.

5. Nondiscrimination Covenants.

In addition to any other nondiscrimination provisions applicable to the Property under federal, state or local law, 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 any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any part thereof, nor shall Developer, or any person claiming under or through him or her, 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, subtenants, sublessees or vendees of the Property, or any part thereof. The foregoing covenants shall run with the land.

6. Maintenance of Property.

Developer shall maintain the Property and all improvements thereon, including, without limitation, all buildings, signage, lighting, landscaping, and irrigation of landscaping, in good condition, free of debris, waste and graffiti, and in compliance with all applicable provisions of the Yorba Linda Municipal Code.

After the Association Property has been transferred to the Association in accordance with the terms of the Association CC&Rs, the Association shall be responsible for the foregoing maintenance with respect to the Association Property.

7. Amenities and Location.

The Affordable Units shall be similar to the base plan of the Project market rate units in terms of design, appearance, materials, finished quality and interior amenities. In

addition to the eight (8) Affordable Units described in Recitals D and G above, the Project includes thirty-two (32) market rate units. The market rate units consist of the following: fourteen (14) four (4) bedroom and three and a half (3.5) bathroom units, each containing approximately one thousand nine hundred seven square feet (1,907 sf) and eighteen (18) three bedroom and two and a half (2.5) bathroom units, each containing approximately two thousand ten square feet (2,010 sf). The Affordable Units consist of the following: four (4) one (1) bedroom and one and a half (1.5) bathroom units, each containing, approximately nine hundred seventy-two square feet (972 sf); and four (4) two (2) bedroom and two and a half (2.5) bathroom units, each containing approximately one thousand two hundred eight square feet (1,208 sf). Issuance of a certificate of occupancy by the City shall constitute final approval that an Affordable Unit complies with this Section 7 and Condition of Approval number 108 of PC Resolution No. 5655.

8. Conveyance of Association Property to Association.

Prior to the first close of escrow of one of the Affordable Units, Developer shall (i) establish a homeowners association (the "Association") for the purpose of maintaining the Association Property; (ii) prepare and record covenants, conditions, and restrictions setting forth the respective maintenance obligations of the Owners and the Association (the "Association CC&Rs"); and (iii) convey the Association Property to the Association on a Phase by Phase basis to enable the Association to perform the maintenance obligations hereunder, and as set forth in the Association CC&Rs. The Association CC&Rs shall expressly state that until such time as Developer conveys the Association Property to the Association, Developer shall be responsible for maintaining the Association Property.

9. Property Taxes.

Developer shall not seek exemption from the payment of property taxes and assessments for any portion of the Property or take any other action that would result in any portion of the Property being exempt from the imposition of property taxes and assessments.

10. Indemnification.

Developer shall defend, indemnify and hold harmless City and City's officers, officials, agents, employees, representatives, and consultants (individually, an "Indemnified Party" and collectively, the "Indemnified Parties") from and against any actual loss, damage, costs, expenses, liability, claim, or judgment relating in any manner to Developer's performance under this Agreement, except to the extent caused by the active negligence or willful misconduct of an Indemnified Party.

11. Insurance.

Developer shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, the following policies of insurance:

Commercial General Liability Insurance. A policy of commercial general liability insurance written on a per occurrence basis in an amount not less than a combined single limit of Three Million Dollars (\$3,000,000) or its equivalent.

Worker's Compensation Insurance. A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California.

Builder's Risk. Builder's risk coverage written on a completed value basis in an amount equal to the full replacement cost of the improvements with coverage available on the "all risk" form of policy, and may be on a reporting form, including coverage against collapse, fire, and water damage, with such insurance to be in such amounts and form and written by such companies as shall be approved by City. City agrees to accept a builder's risk insurance policy from the general contractor for the Project in conformance with the requirements set forth herein.

Automobile Liability Insurance. Automobile liability insurance (bodily injury and property damage liability) which coverage shall include owned, hired, and non-owned automobiles, with limits of liability of not less than One Million Dollars (\$1,000,000.00) combined single limit per accident for bodily injury and property damage combined.

All of the above policies of insurance shall be primary insurance and except for the Worker's Compensation Insurance shall name the Indemnified Parties as additional insureds. Said policies shall be satisfactory only if issued by companies qualified to do business in California and rated A:VII or better in the most recent edition of the Best Rating Guide. The insurer shall waive all rights of subrogation and contribution it may have against the Indemnified Parties and their respective insurers. All of said policies of insurance shall provide that said insurance may not be amended or canceled without providing thirty (30) days prior written notice by registered mail to City. In the event any of said policies of insurance are canceled, Developer shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section 11 to the City Manager of City. The foregoing obligations shall remain in effect until Developer has sold each Affordable Unit to a Moderate Income Household.

The Association shall maintain policies of commercial general liability and fire and casualty insurance in the limits set forth in California Civil Code sections 5800 and 5805 and as may be required by the California Department of Real Estate.

In no event shall the limits of any policy be considered as limiting the liability of Developer hereunder or limiting the indemnity obligation of Developer set forth in Section 10 of this Agreement.

12. Repair of Damage.

If any of the Affordable Units and/or any improvements on the Property necessary for continued occupancy of the Affordable Units (collectively, the "Required Units & Improvements") shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty, Developer (or the Association if Developer has transferred the damaged portion of the Required Units & Improvements to the

Association), shall promptly proceed to obtain insurance proceeds and take all steps necessary to begin reconstruction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the Required Units & Improvements to substantially the same condition as the Required Units & Improvements are required to be maintained under the terms of this Agreement, whether or not the insurance proceeds are sufficient to cover the actual cost of repair, replacement, or restoration, and Developer (or the Association if Developer has transferred the damaged portion of the Required Units & Improvements to the Association), shall complete the same as soon as possible thereafter so that the Required Units & Improvements or damaged portion thereof can continue to be developed and occupied as affordable housing units in accordance with this Agreement. In no event shall the repair, replacement, or restoration period exceed twelve (12) months from the date of the destruction unless the City Manager of City, in his or her sole and absolute discretion, approves a longer period of time.

13. Defaults and Remedies.

a. Defaults. Failure or delay by any party to perform any term or provision of this Agreement which is not cured within thirty (30) days after receipt of notice from the other party specifying the default (or ten (10) days with respect to defaults regarding inadequate maintenance of the Property, including, without limitation, graffiti removal and landscaping/landscaping irrigation repairs) constitutes a default under this Agreement; provided, however, if such default is of the nature requiring more than thirty (30) days to cure, the defaulting party shall avoid default hereunder by commencing to cure within such thirty (30) day period, and thereafter diligently pursuing such cure to completion. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

b. Institution of Legal Actions. In addition to any other rights or remedies, any party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other legal or equitable remedy consistent with the purposes of this Agreement; provided, however, that notwithstanding anything in the foregoing to the contrary, (i) in no event shall Developer be entitled to obtain monetary damages of any kind from City, including but not limited to damages for economic loss, lost profits, or any other consequential, punitive or special damages of any kind, (ii) in no event shall City be entitled to obtain monetary damages of any kind from Developer, including but not limited to damages for economic loss, lost profits, or any other consequential, punitive or special damages of any kind, and (iii) in no event shall any partner, member, shareholder, board member, director, commissioner, officer, employee, official or agent of Developer be personally liable to City, including for any amount that may become due under this Agreement. Notwithstanding clause (ii) and (iii) above, nothing contained herein is intended to relieve Developer and, if Developer is a partnership, limited liability company, or corporation, any general partner, member, or shareholder of Developer of liability for damages caused to City as a result of (i) fraud or willful misrepresentation. Such legal actions must be instituted and maintained in the

Superior Court of the County of Orange, State of California, or in any other appropriate court in that county.

c. Rights and Remedies are Cumulative. The rights and remedies of the parties are cumulative, and the exercise by any party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by any other party.

14. Covenants Do Not Impair Liens.

This Agreement shall not prevent or limit Developer, in any manner, at its sole discretion, from encumbering the portion of the Property owned by it, or any portion thereof or any improvement thereon, by any mortgage, deed of trust, or other security device securing financing with respect to such portion of the Property. The City acknowledges that the lenders providing such financing may request certain interpretations and/or modifications and agrees, upon request from time to time, to meet with the Developer and the representatives of such lenders to negotiate in good faith any such request for interpretation or modification. Subject to compliance with applicable laws, the City will not unreasonably withhold its consent to any such requested interpretation or modification provided that such interpretation or modification is consistent with the intent and purposes of this Agreement and does not have an adverse impact on the City's rights or obligations hereunder. The Parties hereto understand and agree that, notwithstanding any provisions contained in this Agreement, the restrictions and covenants hereunder are not intended by the Parties hereto to grant any right of foreclosure, under the laws of the jurisdiction where the Project is located, to any Party hereto upon a default of any provision herein, rather they are intended by the Parties hereto to constitute a restrictive covenant that is filed of record prior in time to any instrument or agreement granting a security interest in the Project or Property, and that, notwithstanding a foreclosure or transfer of title pursuant to any other instrument or agreement, the restrictive covenants and provisions hereunder shall remain in full force and effect.

No violation or breach of 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 or deed of trust or security instrument.

15. Conflict with Other Laws; Severability.

In the event that any provision of this Agreement is found to be contrary to applicable law, then such provisions shall be deemed modified in a manner which is consistent with the goals and intent of this Agreement to provide housing to Moderate Income Households at an Affordable Sales Price.

Every provision of this Agreement is intended to be severable. In the event any term or provision of this Agreement is declared by a court of competent jurisdiction to be unlawful, invalid or unenforceable for any reason, such determination shall not affect the

balance of the terms and provisions of this Agreement, which terms and provisions shall remain binding and enforceable.

16. Covenants for Benefit of City.

This Agreement is designed to create equitable servitudes and covenants running with the Property, in accordance with the provisions of Civil Code Section 1468. The covenants, conditions, restrictions, reservations, equitable servitudes, liens and charges set forth herein shall run with the Property and shall be binding upon all persons having any right, title or interest in the Property, or any part thereof, their heirs, successive owners and assigns; shall inure to the benefit of City and its successors and assigns, shall be binding upon Developer, its successors and assigns and successors in interest; and may be enforced by City and its successors and assigns. Developer hereby declares its understanding and intent that the burden of the covenants set forth herein touch and concern the land and that Developer's interest in the Property is rendered less valuable thereby. Developer hereby further declares its understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Property by Moderate Income Households, and by furthering the public purposes of City.

In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that City is deemed a beneficiary of the agreements and covenants provided herein both for and in its own right and also for the purposes of protecting the interests of the community. All covenants without regard to technical classification or designation shall be binding for the benefit of City and such covenants shall run in favor of City for the entire period during which such covenants shall be in force and effect, without regard to whether City is or remains an owner of any land or interest therein to which such covenants relate. However, all such covenants and restrictions shall be deemed to run in favor of all real property owned by City which real property shall be deemed the benefited property of such covenants. City shall have the right, in the event of any breach of any such agreement or covenant, to exercise all of the rights and remedies, and to maintain any action at law or suit in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant.

17. Partial Release of Agreement.

Upon written request from Developer and Developer's delivery to City of a legal description of the Affordable Units, City shall terminate and release the encumbrance of this Agreement as to the Property, excluding the Affordable Units (the "Partial Release"). The City shall promptly execute, acknowledge and deliver for recordation such instrument(s) as reasonably necessary to cause the Partial Release, which may include replacing Exhibit "A" with a legal description of the Affordable Units, which shall remain subject to this Agreement until released in accordance with the terms of Section 4g above.

18. Full Release and Termination. Unless City has notified Developer, in writing and pursuant to the terms of Section 4g above, that City has determined a sale of an Affordable Unit was not made in compliance with the terms of this Agreement, then on

the thirtieth (30th) day following the close of escrow for the last Affordable Unit to a Moderate Income Household, this Agreement shall automatically terminate and be of no further force and effect. If requested by Developer, City shall execute and record a termination and release of this Agreement.

19. Notices, Demands and Communications.

Written notices, demands and communications between Developer and City shall be sufficiently given if (i) delivered by hand, (ii) delivered by reputable same-day or overnight courier service that provides a receipt showing date and time delivery, or (iii) dispatched by registered or certified mail, postage prepaid, return receipt requested, as follows:

Developer: Olson Urban VI – Yorba Linda 2, LLC
c/o Olson Company
3010 Old Ranch Parkway, Suite 100
Seal Beach, CA 90740
Attn: Steve Armanino

copy to: Jackson Tidus
2030 Main Street, Suite 1500
Irvine, CA 92614
Attn: Sarah Kleinberg, Esq

City: City of Yorba Linda
4845 Casa Loma
Yorba Linda, CA 92886
Attn: City Manager

copy to: Rutan & Tucker, LLP
18575 Jamboree Road, 9th Floor
Irvine, CA 92612
Attn: Todd Litfin, Esq.

Such addresses for notice may be changed from time to time upon notice to the other party.

Any written notice, demand or communication shall be deemed received upon receipt if delivered by hand or by same-day or overnight courier, and shall be deemed received on the third (3rd) calendar day from the date it is postmarked if delivered by registered or certified mail.

20. Assignment.

a. Assignment by City. City shall not assign all or any part of its interest in this Agreement to a third party without obtaining the prior written consent of Developer, which consent shall not be unreasonably withheld, conditioned, or delayed.

b. Assignment by Developer. Developer shall not, whether voluntarily, involuntarily, or by operation of law, assign all or any part of its interest in this Agreement to a third party without obtaining the prior written consent of City, which consent shall not be unreasonably withheld, conditioned, or delayed. If City approves an assignment, the assignment shall not be effective unless and until the proposed assignee executes and delivers to City an agreement in form satisfactory to City's legal counsel assuming the obligations of the assignor which have been assigned. Nothing in this Section 20b is intended to restrict Developer from transferring, in accordance with this Agreement, (i) an Affordable Unit to a Moderate Income Household, and (ii) the Association Property in the Project to the Association. Notwithstanding the foregoing or anything to the contrary contained in this Agreement, any sale, assignment or transfer of Developer's interest in the Property resulting as a consequence of, or immediately subsequent to, a foreclosure or conveyance in lieu of foreclosure shall not be deemed an assignment, sale, gift, encumbrance, hypothecation or transfer of Developer's rights or obligations under this Agreement, and as such, any such sale or transfer shall not be subject to City's prior written consent.

21. Attorneys' Fees and Costs.

If a party to this Agreement commences an action against the other party to this Agreement arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees, expert witness fees, costs of investigation, and costs of suit from the losing party to the extent determined by a court of competent jurisdiction in a final non-appealable decision.

22. Entire Agreement, Waivers, and Amendments.

This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and supersedes all negotiations and previous agreements between the parties with respect to all or part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the party to be charged. A waiver of the breach of the covenants, conditions or obligations under this Agreement by any party shall not be construed as a waiver of any succeeding breach of the same or other covenants, conditions or obligations of this Agreement. Any amendment or modification to this Agreement must be in writing and executed by the appropriate authorities of City and Developer.

23. Interpretation; Governing Law.

This Agreement shall be construed according to its fair meaning and as if prepared by both of the parties hereto. This Agreement shall be construed in accordance with the internal laws of the State of California.

24. City Approvals and Actions.

City shall maintain authority of this Agreement and the authority to implement this Agreement through the City Manager of City (or his or her duly authorized representative). The City Manager shall have the authority to make approvals, issue interpretations,

execute documents, waive provisions, and/or enter into certain amendments of this Agreement on behalf of City so long as such actions do not materially or substantially change the basic business terms hereof, change the uses or development permitted on the Property, or add to the costs incurred or to be incurred by City. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the City Council.

25. Amendments.

All amendments to this Agreement must be in writing, signed by Developer and City (or their successors-in-interest) and recorded in the Official Records of Orange County, California.

26. Third Party Beneficiaries.

The performance of City's and Developer's respective obligations under this Agreement is not intended to benefit any party other than City or Developer. To the extent legally permissible, no person or entity not a signatory to this Agreement shall have any rights or causes of action against any Party to this Agreement as a result of that party's performance or non-performance under this Agreement, or for the enforcement of any provisions of this Agreement.

27. Counterparts.

This Agreement may be executed in counterparts each of which, when both Developer and City have signed this Agreement, shall be deemed an original and shall constitute one and same instrument.

28. Subordinate Lender Cure Rights.

Provided a Subordinate Lender has provided City with written notice of its address for notice purposes, City shall notify such Subordinate Lender in writing concurrently with any notice given to Developer of any default by Developer under this Agreement, and City agrees that any such Subordinate Lender has the right (but not the obligation) to cure any breach or default specified in such notice within the time periods set forth below, and City will not declare a default of this Agreement, as to such Subordinate Lender, if such Subordinate Lender cures such default within thirty (30) days from and after the expiration of the time period provided in the this Agreement for the cure thereof by Developer; provided, however, that if such default cannot with diligence be cured by such Subordinate Lender within such thirty (30) day period, the commencement of action by such Subordinate Lender within such thirty (30) day period to remedy the same shall be deemed sufficient so long as such Subordinate Lender pursues such cure with diligence to completion; provided, however, further, if such Subordinate Lender is legally restrained from commencing such exercise (e.g., in the context of a stay of bankruptcy of Developer), then such periods shall be extended while such Subordinate Lender is pursuing relief from the same. A Subordinate Lender may cause a Request for Notice to be recorded on the Property subsequent to the recordation of the first lien deed of trust or mortgage requesting a statutory notice of default as set forth in the California Civil Code

Section 29246. Such notice shall be sent to: City of Yorba Linda, 4845 Casa Loma Yorba Linda, CA 92886, Attention: City Manager.

[end – signature page follows]

IN WITNESS WHEREOF, City and Developer have caused this instrument to be executed on their behalf of their respective officers hereunto duly authorized as of the date set forth above.

“City”

CITY OF YORBA LINDA,
a California municipal corporation

Executed at Yorba Linda, California
this _____ day of _____,
2026

By: _____
Peter Grant, City Manager

Attest:

Marcia Brown, City Clerk

APPROVED AS TO FORM
RUTAN & TUCKER, LLP

Todd O. Litfin, City Attorney

“Developer”

OLSON URBAN VI – YORBA LINDA 2, LLC
a Delaware limited liability company

By: OLSON URBAN COMMUNITIES VI, LLC
a Delaware limited liability company
Sole Member

By: OLSON URBAN VENTURES VI, LLC
a Delaware limited liability company
Sole Member

By: OLSON URBAN HOUSING, LLC
a Delaware limited liability
company
Operating Member

By: IN TOWN LIVING, INC.
a Delaware corporation
Managing Member

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Executed at _____
_____, California
this _____ day of _____
_____, 2026

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 Orange)

On _____, before me, _____,
(insert name and title of the officer)

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 _____

(Seal)

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 Orange)

On _____, before me, _____,
(insert name and title of the officer)

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 _____

(Seal)

**LIENHOLDER CONSENT AND
SUBORDINATION OF LIEN**

The undersigned beneficiary (“Subordinate Lender”) under that certain Construction Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing (as amended, amended and restated, restated, supplemented or otherwise modified from time, the “**Deed of Trust**”) recorded in the Official Records of Orange County, California (the “**Official Records**”) on or about the same date hereof (the “**Deed of Trust**”), hereby consents to the recordation of the Affordable Housing and Density Bonus Agreement and Declaration of Covenants, Conditions, and Restrictions (the “**Agreement**”) to which this instrument is attached and hereby subordinates. In addition, Subordinate Lender hereby provides notice that any notice to Subordinate Lender under the Agreement should be provided to the address below:

Wells Fargo Bank, National Association
2030 Main Street, Floor 08
Irvine, CA, 92414-7255
MAC E2231-080
Attention: Cinthya Martinez Hanselman

Loan No: 79533

[Signature on following page]

Executed as of this _____ day of _____, 2026.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By: _____
Name: _____
Its: _____

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 _____

(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

Real Property in the City of Yorba Linda, County of Orange, State of California,
described as follows:

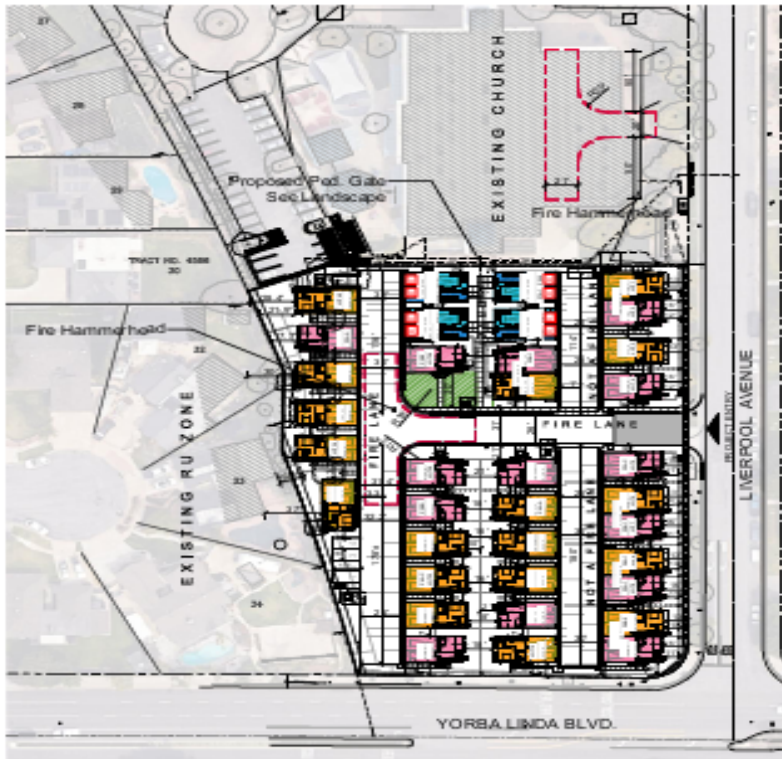
[Parcel 1 of Parcel Map No. 2024-159]

To be inserted before recordation

EXHIBIT “B”

SITE PLAN

[Attached]



SITE SUMMARY FOR 98-330 SUBMITTAL
 Address: 4888 Liverpool St, Yorba Linda, CA 92866
 City: Yorba Linda, CA
 A/C: 324-202-18 (acres) on 1.9 acres - to be subdivided with a submitted parcel map
 County: Orange County
 Zoning: Congregational Land Overlay ("CLO") Zone pursuant to the approved Housing Element.

UNIT SUMMARY

#	Plan	Type	Gross Area	Garage Area
4	4 DU - 1	1 bd 1.5 ba 1 Car Garage	972 sf	283 sf
4	4 DU - 2	2 bd 2.5 ba 2 Car Garage	1,208 sf	453 sf
14	14 DU - 3	4 bd 3.5 ba 2 Car Garage	1,907 sf	466 sf
18	18 DU - 4	3 bd 2.5 ba Bonus 2 Car Garage	2,010 sf	428 sf
Total: 40 DU			Total Gross Area: 71,298 sf (Avg. 1,782 sf)	

BUILDING DATA
 Type Construct: V-B
 Occupancy Type: Attached-R2
 Duplex Attached and SFD - R3
 Fire Sprinkler Type: NFPA 13 D (Duplex SFD)

DEVELOPMENT STANDARDS

C/O/BU Zone	REQUIRED	PROVIDED
CLO - Max. Density	200/ac (min)	21.1 DUA
R-U - Min Lot Size	7500 sf	83,394 sf
R-U - Min. Lot Width	75'	41-333'
R-U - Min. Lot Depth	100'	212.7'
R-U - Max. Lot Coverage	40%	-
CLO - Max. Building Height	40' (3-story)	-
CLO - Min. Front Yard Setback	20' (max)	35'-67' Max.
CLO - Min. Side Yard Setback (Int.)	20' (max)	15' at Liverpool as Front (First Fl.)
CLO - Side Yard Setback (Street)	20' (max) Min.	7'
CLO - Min. Rear Yard Setback	20' (max)	10' at YL Blvd.
R-U - Min. Building Separation	5'	5'
R-U - Varies by bed count	800' (bd) 1.05du	7'
R-U - Min. Parking per DU	2 Covered Spaces, plus 1	814 sf
R-U - Setback to SFD zone	50' > 15' in Height	See below
R-U - Landscape	50% of Site Area	6'
R-U - Open Space	25% of Site Area	See Landscape Plan
	6% to be Comers or	See Landscape Plan

(YLMC)
 Proposed CLO Zone: Overlay - Congregation Land Overlay Zone per Measure B under Section 18.01.010
 R-U Zone - Table 18.10-2

SITE SUMMARY
 Site Area: 41.9 ac (483,334 sf)
 Density: 421.1 du/ac
 Total Gross Building Area (including garages): 88,230 sf (Avg. 2,205 sf)

Required Per Code	SOBL	PROVIDED
1bd: 4 spaces (1 sp/unit)	1 sp/unit	76 spaces - Garages
2bd: 3 spaces (1.5 sp/unit)	1.5 sp/unit	4 spaces - Open Parking
3bd: 22.5 spaces (1.5 sp/unit)	1.5 sp/unit	
4bd: 37.5 spaces (2.5 sp/unit)	2.5 sp/unit	
Total Required: 67 spaces		80 spaces - Total Parking



For Planning Submittal Use Only
 Not for Construction Use
 Project No. 18-0001
 180001-010
 180001-010
 180001-010

FOR SUBMITTAL
 CONCEPTUAL DESIGN
 NORTH

SITE PLAN
 A1.0

EXHIBIT “C”

REQUEST FOR VERIFICATION OF PROPOSED BUYER

[Attached]

REQUEST FOR VERIFICATION OF PROPOSED BUYER

THIS FORM MUST BE DELIVERED TO THE CITY BEFORE PROCEEDING WITH ANY TRANSFER OF AN AFFORDABLE UNIT.

Date: _____

City of Yorba Linda
4845 Casa Loma
Yorba Linda, CA 92886
Attn: Project Manager

Re: Request for Verification of Proposed Buyer

To Whom It May Concern:

Olson Urban VI – Yorba Linda 2, LLC, a Delaware limited liability company (“Project Owner”) desires to transfer the Affordable Unit located at _____ (the “Property”) and by this letter is requesting the City to verify that the proposed buyer is a “Moderate Income Household” (as that term is defined in the Affordable Housing and Density Bonus Agreement and Declaration of Covenants, Conditions, and Restrictions, Including Resale Restrictions).

1. The Proposed Buyer is:

Name: _____

Current Address: _____

Telephone Number: _____

2. The terms of the proposed transfer are

- (a) Sales price of \$_____. This sales price is based on the lesser of
 - _____(i) Fair market value; or
 - _____(ii) The maximum price which results in an Affordable Sales Price.

IN ORDER TO ANSWER QUESTION 2(b) YOU MUST CALCULATE THE PROPOSED SALES PRICE BASED ON THE HOUSING COST LIMITATIONS SET FORTH IN CALIFORNIA HEALTH & SAFETY CODE SECTION 50052.5, TAKING INTO CONSIDERATION ALL ITEMS LISTED IN THE DEFINITION OF MONTHLY HOUSING COST.

(b) Price of any personal property being sold by Project Owner to the proposed buyer: \$_____. (If none, so state.)

(c) The price of \$_____ to be paid by the proposed buyer for any services of Project Owner. (If none, so state.)

(d) All other amounts of money or other consideration, if any, concerning the Property or any other matter to be paid by the proposed buyer to Project Owner: \$_____. (If none, so state.)

(e) Sources of payment of sales price:

Sales price	\$ _____
Cash down payment	\$ _____
1st loan	\$ _____
Total	\$ _____

(f) The repayment terms for the 1st loan obtained by the proposed buyer to purchase the Property is as follows:

Monthly payments: \$ _____

Taxes and assessments (1/12 of yearly taxes and assessments): \$ _____

Insurance (1/12 of yearly premium): \$ _____

Homeowner's dues: \$ _____

Total: \$ _____

Interest rate _____

Due date: _____

Points and fees: _____

Lender:

Lender's address: _____

3. The proposed buyer represents, warrants and covenants the following:

(a) The Property will be the principal residence of the proposed transferee, and will not be rented or leased.

(b) The combined maximum annual income for all household members of the proposed buyer is \$_____. (This figure must include all sources of income.)

(c) The proposed buyer will deliver to the City a signed financial statement, and supporting documentation, in a form acceptable to the City.

4. The proposed buyer's household consists of the following persons who will reside in the Property:

Adults (18 or over) - [name of each]:

Minors (under 18) [name of each]:

5. In the event a transfer is made in violation of the terms of the Affordable Housing and Density Bonus Agreement and Declaration of Covenants, Conditions, and Restrictions ("Agreement"), or false or misleading statements are made in any documents or certificate submitted to City for its approval of the transfer, City shall have the right to file an action at law or in equity against the proposed buyer to seek to enforce the terms of the Agreement and/or force a sale of the Property and transfer of the Property to a Moderate Income Household.

A true and correct copy of the purchase and sale or other agreement between Project Owner and the proposed buyer is attached hereto. The transfer, if completed, shall be closed in accordance with the terms of the attached agreement. The attached agreement discloses all consideration to be delivered by the proposed buyer to Project Owner.

I declare under penalty of perjury under the laws of the State of California that, as to the actual knowledge of Olson Urban VI – Yorba Linda 2, LLC, after diligent review of all documents and other materials submitted to Olson Urban VI – Yorba Linda 2, LLC, but subject to the “Review Standard” (as defined in the Agreement), the foregoing is true and correct.

“Developer”

OLSON URBAN VI – YORBA LINDA 2, LLC
a Delaware limited liability company

By: OLSON URBAN COMMUNITIES VI, LLC
a Delaware limited liability company
Sole Member

Executed at _____
_____, California
this _____ day of _____
_____, 2026

By: OLSON URBAN VENTURES VI, LLC
a Delaware limited liability company
Sole Member

By: OLSON URBAN HOUSING, LLC
a Delaware limited liability
company
Operating Member

By: IN TOWN LIVING, INC.
a Delaware corporation
Managing Member

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

I declare under penalty of perjury under the laws of the State of California that, as to the actual knowledge of the undersigned, after diligent review of all documents and other materials submitted to the undersigned, but subject to the “Review Standard” (as defined in the Agreement), the foregoing is true and correct.

By: _____
Printed Name: _____
Title: _____
Lender Name: _____

I declare under penalty of perjury under the laws of the State of California that the foregoing, and all documents and materials submitted to City and Developer in order to make a determination that I am a Moderate Income Household, are true and correct, and that I intend to occupy the Affordable Unit as my principal place of residence.

PROPOSED BUYER:

Date

signature

signature

print name

print name

street address

telephone

city

state

zip code

Project Owner/Mortgage Lender Certifications

Based on the Proposed Buyer's Certificate above, and all documents attached hereto, Project Owner hereby certifies that, to the actual knowledge of Project Owner, after diligent review of all documents and other materials submitted to Project Owner by the Proposed Buyer, but subject to the "Review Standard" (as defined in the Agreement):

- (1) Proposed Buyer is a Moderate Income Household; and
- (2) The purchase price to be paid by the Proposed Buyer is an Affordable Sales Price.

[Capitalized terms used above are defined in the Agreement to which this certificate is attached.]

“Developer”

OLSON URBAN VI – YORBA LINDA 2, LLC
a Delaware limited liability company

By: OLSON URBAN COMMUNITIES VI, LLC
a Delaware limited liability company
Sole Member

By: OLSON URBAN VENTURES VI, LLC
a Delaware limited liability company
Sole Member

By: OLSON URBAN HOUSING, LLC
a Delaware limited liability
company
Operating Member

By: IN TOWN LIVING, INC.
a Delaware corporation
Managing Member

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Executed at _____
_____, California
this _____ day of _____
_____, 2026

Based on the Proposed Buyer’s Certificate above, and all documents attached hereto, Mortgage Lender hereby certifies that, to the actual knowledge of Mortgage Lender, after diligent review of all documents and other materials submitted to Mortgage Lender by the Proposed Buyer, but subject to the “Review Standard” (as defined in the Agreement):

(1) Proposed Buyer is a Moderate Income Household; and

(2) The purchase price to be paid by the Proposed Buyer is an Affordable Sales Price.

[Capitalized terms used above are defined in the Agreement to which this certificate is attached.].

By: _____
Printed Name: _____
Title: _____
Lender Name: _____

The foregoing Proposed Buyer and Transfer is approved by City.

By: _____

Printed Name: _____

Title: _____

EXHIBIT “D”

CALCULATION OF AFFORDABLE SALES PRICE

[Attached]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Yorba Linda
4845 Casa Loma
Yorba Linda, CA 92886
Attention: City Clerk

[Space above line for Recorder's use]
[Exempt From Recording Fee Pursuant to Government Code § 27383]

AFFORDABLE HOUSING AGREEMENT WITH RESALE RESTRICTIONS AND OPTION TO PURCHASE

This AFFORDABLE HOUSING AGREEMENT WITH RESALE RESTRICTIONS AND OPTION TO PURCHASE (the "**Agreement**") is made this ____ day of _____, by and between _____ ("**Participant**"), and the CITY OF YORBA LINDA, a California municipal corporation ("**City**").

RECITALS

A. Participant has acquired fee title to a townhome condominium located at _____, in the City of Yorba Linda ("**City**"), California (the "**Property**"). The Property is more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference.

B. The Property was developed by Olson Urban VI – Yorba Linda 2, LLC, a Delaware limited liability company (the "**Project Developer**") as part of a forty (40) unit residential townhome condominium development (the "**Project**").

C. The Property and the adjacent real property developed as part of the Project (collectively, the "**Project Site**") is in City's *Residential Urban (R-U)* zoning district and is in City's Congregational Lands Overlay (CLO) Zone, which allows for a minimum of thirty-eight (38) units and a maximum of sixty-six (66) units to be developed on the Project Site and requires that a minimum of twenty percent (20%) of the units developed shall be offered to, and sold to low or moderate income households at an affordable housing cost.

D. Pursuant to the CLO Zone requirements, eight (8) of the residential units constructed by the Project Developer (the "**Affordable Units**") are required to be restricted, for forty-five (45) years, for sale to and ownership and occupancy by households which qualify as "persons and families of moderate income" pursuant to Health and Safety Code section 50093 at an affordable sales price, as calculated and determined pursuant to the methodology set forth in Health and Safety Code section 50052.5 (the "**Affordable Sales Price**").

E. Pursuant to the State of California's Density Bonus Law (Government Code Section 65915 et seq.) (the "**Density Bonus Law**"), the Project qualified for a density bonus (which the Project Developer elected not to request). In connection with the Project

Developer's entitlement application, the Project Developer requested, under the Density Bonus Law, and City granted, the following waivers:

1. A waiver of development standards to allow an approximately 15-foot front yard setback where 20 feet is required.
2. A waiver of development standards to allow a 4-foot side yard interior setback where interior side yard setbacks are required to have a cumulative total of both side yards of 20 feet.
3. A waiver of development standards to allow a 4-foot 8-inch rear yard setback where 25 feet is required.
4. A waiver of development standards to allow a 7-foot minimum building separation where 10 feet is required.
5. A waiver of development standards to allow a 4-foot 8-inch setback to a single-family zone where 100 feet is required for 3-story structures.
6. A waiver of development standards to waive open space requirements.
7. A waiver of development standards to reduce the requirement to provide landscaping on a minimum of 50% of the building site area.
8. A waiver of development standards to allow three-story buildings adjacent to an arterial street where a one-story building height is the maximum allowed.

F. On _____, 2026, City and the Project Developer entered into that certain Affordable Housing and Density Bonus Agreement and Declaration of Covenants, Conditions, and Restrictions, which was recorded on _____, 2026, as Instrument No. _____ in the Official Records of Orange County (the "**Declaration**"). The Declaration designated the Property as one of the Affordable Units.

G. Participant represents and warrants to City that Participant has read and understands the terms and provisions of this Agreement and the covenants, conditions, and restrictions set forth in this Agreement, and that Participant has obtained the advice of independent legal counsel with respect to the terms of this Agreement, including all attachments hereto, or has knowingly and voluntarily waived the right to consult with legal counsel of his/her choosing.

H. Participant is an "**Eligible Buyer**" which, for purposes of this Agreement is a household (i) whose annual income does not exceed the qualifying limits under California law for "moderate-income households" as established by the United States Department of Housing and Urban Development, and as published periodically by the State of California Department of Housing and Community Development, and (ii) if the Property contains two (2) bedrooms, who at initial occupancy contains not less than two (2) persons.

I. Participant represents and warrants to City that Participant shall reside in the Property as Participant's principal residence at all times throughout the term of this Agreement.

A G R E E M E N T

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference and made a part hereof, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Duration of Covenants.** The covenants set forth in this Agreement shall remain in effect from the date this Agreement is recorded and continue thereafter for a period of forty-five (45) years.

2. **Property Transfer Restrictions.**

a. Participant acknowledges that because the Project is located in the CLO Zone and obtained waivers pursuant to the Density Bonus Law, Participant was able to acquire the Property for a sales price substantially below the fair market value of the Property. As a result, except as expressly permitted in paragraph b of this Section 2, Participant shall not (i) sell, transfer assign, lease, or rent the Property or any portion of or estate in the Property, or (ii) obtain a mortgage or other loan (including the refinance of an existing loan), the repayment of which is secured by the Property (with any of the actions described in the foregoing clause (i) or (ii), a "**Transfer**").

b. The following Transfers are permitted provided that Participant notifies City, in writing, prior to effecting the Transfer. (i) a transfer resulting from the death of Participant, (ii) a transfer by Participant where the spouse or domestic partner of Participant becomes a co-owner of the Property, (iii) a transfer of title to a spouse or domestic partner as part of divorce or dissolution proceedings, (iv) a transfer by Participant into a trust in which Participant is a beneficiary, provided that Participant continues to maintain the Property as Participant's primary residence, (v) a transfer to an Eligible Buyer (provided City has made, or makes, a determination that the buyer qualifies as an Eligible Buyer in accordance with Section 4c below, and that the sales price constitutes an Affordable Sales Price in accordance with Section 4d below), (vi) a transfer by Participant of a non-possessory interest in the Property, such as an easement or license for utilities or other like purposes, or a condemnation, or (vii) an "Approved Refinancing Mortgage" (as that term is defined in Section 12 below).

c. Any Transfer that does not comply with the terms of this Section 2 is expressly prohibited by this Agreement and shall constitute a default of Participant under this Agreement, entitling City to purchase the Property from the new owner at an Affordable Sales Price pursuant to the process described in Section 4b below, as well as to exercise any remedies available at law or equity, including,

without limitation, the enforcement of the liquidated damages provision in Section 16 of this Agreement.

3. **Notice to City.** Participant (or Participant's heirs following the death of Participant) agrees to notify City in writing not less than thirty (30) days prior to any Transfer of any interest in the Property.

4. **Sale of Property; City's Option to Purchase.**

a. If Participant desires to Transfer the Property, including by sale, quitclaim, exchange, or any other disposition of the Property (any of the foregoing, a "**Proposed Sale**"), Participant shall first notify City, at 4845 Casa Loma, Yorba Linda, CA 92886 of its intent to Transfer the Property, by sending to City the notification form attached hereto and incorporated herein as Exhibit "B" ("**Participant's Notice of Intent to Transfer**"), at least ten (10) days prior to the date each time the Property is placed on the market for a Proposed Sale or Participant takes any other action to Transfer the Property or any interest therein.

b. For a period of sixty (60) days commencing on the date City receives Participant's Notice of Intent to Transfer (or, if Participant fails to send such notice, the date City discovers that Participant has placed the Property on the market or has taken any other action to Transfer the Property or any interest therein, City shall have an option to (A) purchase the Property from Participant at an "Affordable Sales Price" (as that term is defined in Section 4d below, and as determined pursuant to Section 4e below), or (B) to cause the purchase of all the Property by an Eligible Buyer at an Affordable Sales Price ("**City's Option to Purchase**"). City's exercise of City's Option to Purchase shall be made by delivery of written notice to Participant.

In the event City either purchases the Property or arranges the purchase by an Eligible Buyer, an escrow shall be established to close within forty-five (45) days after delivery of City's notice of exercise (as applicable), subject to any extensions requested by City (as applicable) for causes outside the control of City.

In the event City arranges the purchase by an Eligible Buyer pursuant to this Section 4b, the Eligible Buyer shall be required to execute and record an assumption, release and consent agreement substantially in the form attached hereto and incorporated herein as Exhibit "C" (the "**Assumption Agreement**"), an Affordable Housing Disclosure Statement substantially in the form attached hereto and incorporated herein as Exhibit "D", and a Subordination Agreement substantially in the form attached hereto and incorporated herein as Exhibit "E" (collectively, the "**City Subsequent Buyer Documents**").

c. In the event City has failed to exercise City's Option to Purchase within the sixty (60) day timeframe referenced in Section 4b above, and Participant desires to effect its own Transfer of the Property, the following restrictions shall apply:

(1) Participant shall not Transfer the Property until such time as City has determined, (i) the proposed buyer is an Eligible Buyer; (ii) the proposed buyer intends to occupy the Property as its principal residence; and (iii) the Proposed Sale is at an “Affordable Sales Price” (as defined in Section 4d below).

(2) If Participant identifies a proposed buyer whom Participant believes to be an Eligible Buyer, Participant shall cooperate with and reasonably assist City with the determination of whether the proposed buyer is an Eligible Buyer. Within ten (10) days after Participant locates the proposed buyer, Participant shall submit to City (1) information evidencing the proposed buyer’s identity and income in order that City may make a preliminary determination regarding the proposed buyer’s household income status (a “**Preliminary Determination**”); and (2) the price at which Participant proposes to sell the Property.

(3) In the event City makes a Preliminary Determination that the proposed buyer qualifies as an Eligible Buyer, Participant may proceed with opening an escrow for a Proposed Sale; provided, however, that not less than twenty (20) days prior to the date escrow is scheduled to close for the Proposed Sale, Participant shall, or shall cause the proposed buyer to, submit to City adequate information to enable City to make a final determination regarding whether the proposed buyer qualifies as an Eligible Buyer and whether the Property is available to such proposed buyer at an Affordable Sales Price (a “**Final Determination**”). Such information shall include (a) a completed Seller Checklist in the form attached hereto and incorporated herein as Exhibit “F”; (b) a completed Buyer Eligibility Application in the form attached hereto and incorporated herein as Exhibit “G”; and (c) the purchase and sale agreement pursuant to which Participant proposes to sell the Property to the proposed buyer. City may request additional information reasonably required to make a Final Determination regarding the proposed buyer’s status. In making a Final Determination regarding a proposed buyer, City shall apply the definition of “Gross Income” as set forth in 25 California Code of Regulations Section 6914 (“**25 CCR Section 6914**”).

(4) If City is unable to make a Final Determination regarding the proposed buyer’s income as provided herein prior to the date set for the Proposed Sale, then the proposed buyer’s income shall be deemed to exceed the maximum allowable income limit for Eligible Buyer status and Participant may not conclude the Proposed Sale.

(5) Upon Participant’s sale of the Property to a household that qualifies as an Eligible Buyer (provided that person’s status as an Eligible Buyer has been determined by City pursuant to this Section 4c) at an Affordable Sales Price, the Eligible Buyer shall be required to execute a complete set of City Subsequent Buyer Documents.

IN THE EVENT PARTICIPANT SELLS THE PROPERTY TO
A BUYER WHO DOES NOT QUALIFY AS AN ELIGIBLE BUYER,

CITY SHALL HAVE AN OPTION TO PURCHASE THE PROPERTY FROM THE BUYER AT AN AFFORDABLE SALES PRICE DETERMINED PURSUANT TO SECTION 4e BELOW.

THE FOREGOING CONSTITUTES NOTICE TO ANY BUYER OF THE PROPERTY WHO HAS PURCHASED THE PROPERTY WITHOUT OBTAINING THE PRIOR APPROVAL OF CITY

d. As used herein, the term “**Affordable Sales Price**” shall be a purchase price which would result in an annual “Monthly Housing Cost” (as defined below) that does not exceed the maximum percentage of income that can be devoted to housing cost by an Eligible Buyer, under California Health and Safety Code Section 50052.5 or successor statute. As of the date of this Agreement, the Affordable Sales Price for an Eligible Buyer means a purchase price with a reasonable downpayment, and that would result in an annual Monthly Housing Cost that is (a) not less than twenty-eight percent (28%) of the gross income of the Eligible Buyer, and (b) not more than the product of thirty-five percent (35%) times one hundred ten percent (110%) of the Orange County area median income adjusted for family size appropriate for the Property, or, for any Eligible Buyer that has a gross income that exceeds one hundred ten percent (110%) of the Orange County area median income adjusted for family size, the annual Monthly Housing Cost may not exceed thirty-five percent (35%) of the gross income of the Eligible Buyer, all as more particularly set forth in Section 50052.5 of the California Health and Safety Code. For purposes of determining an Affordable Sales Price, a “reasonable” downpayment is a downpayment that equals five percent (5%) of the sales price for the Affordable Unit. A sample Affordable Sales Price calculation is attached hereto and incorporated herein as Exhibit “H”.

“Monthly Housing Cost” shall be a cost that includes all of the following associated with the Property, estimated or known as of the date of the Proposed Sale of the Property:

- (1) Principal and interest payments on a thirty-year fixed mortgage loan and any loan insurance fees associated therewith.
- (2) Property taxes and assessments.
- (3) Flood insurance, if required by the holder of the “Primary Mortgage Deed of Trust” (as that term is defined in Section 11 below) or the Project’s covenants, conditions and restrictions.
- (4) Fire and casualty insurance covering replacement value of property improvements, unless such insurance is procured by the homeowner association for the Project.
- (5) Any homeowner association fees.

- (6) A reasonable utility allowance.
- (7) The lease cost incurred for solar panels.

The Monthly Housing Cost of a buyer shall be an average of estimated costs for the next twelve (12) months.

For purposes of this Agreement, the term “adjusted for family size appropriate to the Property” shall mean a household of two (2) persons in the case of a one-bedroom unit and three (3) persons in the case of a two-bedroom unit.

Concurrent with the notice of a proposed Transfer of the Property, Participant shall request from the City a determination of the then current Affordable Sales Price. This determination shall remain in effect for ninety (90) days. For purposes of determining if a proposed sales price constitutes an Affordable Sales Price, the proposed sales price shall mean and refer to the total compensation to be received by Participant in connection with said sale.

PARTICIPANT UNDERSTANDS THAT THE DETERMINATION OF THE AFFORDABLE SALES PRICE CAN BE MADE ONLY AT THE TIME OF THE PROPOSED SALE, AND THAT THE AFFORDABLE SALES PRICE PERMITTED HEREUNDER MAY BE LESS THAN THE FAIR MARKET VALUE OF THE PROPERTY AND MAY NOT INCREASE OR DECREASE IN THE SAME MANNER AS OTHER SIMILAR REAL PROPERTY WHICH IS NOT ENCUMBERED BY THE AFFORDABILITY COVENANTS IN THIS AGREEMENT. PARTICIPANT FURTHER ACKNOWLEDGES THAT IN SETTING THE AFFORDABLE SALES PRICE, THE PRIMARY OBJECTIVE OF CITY AND THIS AGREEMENT IS TO PROVIDE HOUSING TO ELIGIBLE BUYERS AT AN AFFORDABLE SALES PRICE.

PARTICIPANT'S INITIALS

e. In the event City exercises City's Option to Purchase, the Affordable Sales Price shall be determined based upon (i) a five percent (5%) down payment; (ii) a thirty-year fully amortizing fixed interest rate mortgage at the then-prevailing home mortgage rate for Orange County, California, as set forth on the FreddieMac website or, if the aforementioned website is no longer available or no longer provides home mortgage rates for Orange County, at the rate available from a reputable institutional lender reasonably selected by City; and (iii) based on the allowable Monthly Housing Cost at the time of City's purchase.

f. In the event Participant sells or otherwise Transfers the Property in violation of the terms of this Agreement or false or misleading statements are made in any documents or certificate submitted to City for its approval of the sale or other Transfer of the Property, City shall have the right to file an action at law or in equity against Participant and/or the proposed buyer to seek to enforce the terms of this Agreement and/or force a sale of the Property to an Eligible Buyer.

5. **City Provision of Tax Records.** Participant acknowledges that in the event City is audited, City may be required to submit the financial information, including tax records, of Participant that were utilized by City to determine Participant's eligibility to purchase the Property. City shall have no liability to Participant for any damage or injury suffered by Participant as a result of such submittal by City and Participant hereby waives and releases any such rights or claims it may otherwise have at law or at equity. Participant acknowledges that it is aware of the meaning and legal effect of California Civil Code section 1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party

Participant's initials

6. **Maintenance of Property.** Participant shall maintain the improvements and landscaping on the Property (other than those improvements or landscaping maintained by the homeowner's association for the Property) in a manner consistent with community standards which will uphold the value of the Property, in accordance with the Yorba Lunda Municipal Code. Participant also agrees to comply with any applicable declaration of covenants, conditions, and restrictions recorded against the Project, or portions thereof, and all applicable federal, state and local laws and regulations.

7. **Occupancy Standards and Requirements.**

a. The Property shall be used as the principal residence of Participant and for no other purpose.

b. Participant shall not enter into an agreement for the rental or lease of the Property, or any portion thereof, or permit the rental or lease of the Property, or any portion thereof.

c. The maximum occupancy of the Property shall be two (2) persons per bedroom, plus one (1) person (i.e., for a two bedroom property, the maximum occupancy is 5 persons).

d. Participant shall, upon demand by City, submit to City an affidavit of occupancy verifying Participant's compliance with this Section 7. Said affidavit may be required by City on an annual basis.

e. City may grant a temporary waiver of the above requirements for good cause, in City's sole and absolute discretion.

8. **City Administrator.** City may contract with a consultant or other person or entity (the “**Administrator**”) to carry out City’s obligations under this Agreement. Any reference to the duties of City herein shall also apply to the Administrator.

9. **Income and Asset Information.** Participant has submitted an application and additional information verifying income and asset eligibility to City prior to execution of this Agreement. Participant represents, warrants and declares under penalty of perjury to City that all information Participant has provided and will provide in the future to City is and will be true, correct and complete. Participant acknowledges that City is relying upon Participant’s representations that Participant is an Eligible Buyer, and City would not have entered into this Agreement if Participant did not so qualify. Asset eligibility shall be determined pursuant to the definition of Gross Income as set forth in 25 CCR Section 6914, as it may be amended from time to time.

10. **Participant Financing.** Participant shall obtain financing for the purchase of the Property (a “**Primary Mortgage**”) from an institutional third party lender reasonably approved by City (the “**Lender**”). Participant hereby acknowledges that Participant must make a down payment of not less than five percent (5%) and not more than twenty percent (20%) of the purchase price for the Property in connection with the Lender’s financing. A minimum of five percent (5%) of Participant’s down payment shall be provided from Participant’s own funds (i.e., not gifted or loaned funds). Nothing in this Agreement shall be construed as a promise or guaranty by City that Participant will qualify for or receive a Primary Mortgage from a Lender.

11. **Order of Recordation; Request for Notice.** Participant agrees it shall instruct the escrow agent for acquisition of the Property by Participant that the order of recording in the escrow for the purchase of the Property by Participant shall occur as follows: 1) the Grant Deed transferring the Property to Participant; 2) this Agreement; 3) the deed of trust securing the Primary Mortgage (the “**Primary Mortgage Deed of Trust**”); 4) a deed of trust in favor of City, securing Participant’s obligations under this Agreement (the “**City Deed of Trust**”); and 5) a subordination agreement pursuant to which (a) the Primary Mortgage Deed of Trust shall be subordinated to this Agreement, and (b) the City Deed of Trust shall be subordinated to the Primary Mortgage Deed of Trust.

Participant shall cause a Request for Notice to be recorded on the Property subsequent to the recordation of the Primary Mortgage Deed of Trust requesting a statutory notice of default as set forth in the California Civil Code Section 2924(b). Such notice shall be sent to: City of Yorba Linda, 4845 Casa Loma, Yorba Linda, CA 92886, Attention: City Manager.

12. **Approved Refinancing Mortgage.** Notwithstanding anything to the contrary in Section 2 above, Participant shall be permitted to refinance the Primary Mortgage Deed of Trust, provided the replacement mortgage constitutes an “**Approved Refinancing Mortgage**,” which for purposes of this Agreement shall mean a thirty (30) year fully amortizing fixed interest rate mortgage that replaces Participant’s existing thirty (30) year fixed primary mortgage, and conforms to one of the following: (i) the principal

balance of the mortgage does not exceed the sum of the then-current outstanding principal balance owed on Participant's existing thirty (30) year fixed primary mortgage and reasonable closing costs, (ii) the principal balance of the mortgage exceeds the sum of the outstanding balance owed on Participant's existing thirty (30) year fixed primary mortgage and reasonable closing costs by not more than Twenty-Five Thousand Dollars (\$25,000), and has been approved by the Community Development Director of City, in his or her reasonable discretion, or (iii) the principal balance of the mortgage exceeds the sum of the outstanding balance owed on Participant's existing thirty (30) year fixed primary mortgage and reasonable closing costs by more than Twenty-Five Thousand Dollars (\$25,000), and has been approved by the City Council of City, in its sole and absolute discretion.

13. **Foreclosure Sale not a Violation of this Agreement.** Notwithstanding the requirements hereunder that the Property must be continuously occupied by an Eligible Buyer as the Eligible Buyer's principal residence, a foreclosure, trustee's sale, deed in lieu of foreclosure, or other proceeding or transaction under the Primary Mortgage Deed of Trust shall not constitute a default hereunder provided the purchaser of the Property at such sale either (i) qualifies as an Eligible Buyer, executes a complete set of City Subsequent Buyer Documents, and thereafter occupies the Property as the household's principal residence; or (ii) sells the Property to an Eligible Buyer at the Affordable Sales Price within one hundred eighty (180) days after the conclusion of said sale and said Eligible Buyer executes a complete set of City Subsequent Buyer Documents, and thereafter occupies the Property as the Eligible Buyer's principal residence.

14. **Indemnification.** Participant shall defend, indemnify and hold harmless City and City's officers, officials, agents, members, employees, representatives, and volunteers from and against any loss, liability, claim, or judgment relating in any manner to the Property or this Agreement. Participant shall remain fully obligated for the payment of taxes, liens and assessments related to the Property.

15. **Defaults.** Failure or delay by either party to perform any term or provision of this Agreement which is not cured within thirty (30) days after receipt of notice from the other party constitutes a default under this Agreement; provided, however, if such default is of the nature requiring more than thirty (30) days to cure, the defaulting party shall avoid default hereunder by commencing to cure within such thirty (30) day period, and thereafter diligently pursuing such cure to completion.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice (or such larger period as described in the immediately preceding sentence). Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

In addition to any other legal or equitable remedy available to City, in the event of a material default by Participant that has not been timely cured, City shall be entitled to

exercise City's Option to Purchase, provided that City's sixty (60) day period to exercise City's Option to Purchase shall commence upon the expiration of the cure period provided to Participant pursuant to this Section 15.

16. **Liquidated Damages for Prohibited Transfer.** In the event City seeks monetary damages for a Prohibited Transfer, Participant shall be required, to the extent permitted by law, to pay to City the entire amount of the "Sale Price" (as defined below) received in excess of the Affordable Sales Price permitted pursuant to this Agreement; provided, however, that nothing herein shall be deemed to limit City's remedy for a Prohibited Transfer to seeking monetary damages, and City shall be entitled to pursue any other equitable remedy permitted by law, including specific performance or injunctive relief, to prevent a Prohibited Transfer. For purposes of this Section 16, the "**Sale Price**" is the price to be paid by the buyer of the Property to Participant for Participant's interest in the Property, less repayment of the "Primary Note" (as that term is defined in Section 17 below), and after deduction of escrow fees, recording fees, transfer taxes, title insurance costs, broker's commissions, loan fees or any other closing or transaction costs paid by Participant (other than Participant's share of property taxes that are paid at the close of escrow).

THE PARTIES HERETO AGREE THAT THE AMOUNT SET FORTH IN THIS SECTION 16 (THE "**DAMAGE AMOUNT**") CONSTITUTES A REASONABLE APPROXIMATION OF THE ACTUAL DAMAGES THAT CITY WOULD SUFFER DUE TO THE DEFAULTS BY PARTICIPANT SET FORTH IN THIS SECTION 16, CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE EFFECTIVE DATE OF THIS AGREEMENT, INCLUDING THE RELATIONSHIP OF THE DAMAGE AMOUNTS TO THE RANGE OF HARM TO CITY AND ACCOMPLISHMENT OF CITY'S PURPOSE OF ASSISTING IN THE PROVISION OF AFFORDABLE HOUSING TO ELIGIBLE BUYERS THAT REASONABLY COULD BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF ACTUAL DAMAGES WOULD BE COSTLY OR INCONVENIENT. THE DAMAGE AMOUNT SET FORTH IN THIS SECTION 16 SHALL BE THE SOLE DAMAGES REMEDY FOR THE DEFAULTS SET FORTH IN THIS SECTION 16, BUT NOTHING IN THIS SECTION 16 SHALL BE INTERPRETED TO LIMIT CITY'S REMEDY FOR SUCH DEFAULT TO DAMAGES. IN PLACING ITS INITIALS AT THE PLACES PROVIDED HEREINBELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY HAS BEEN REPRESENTED BY COUNSEL OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED BY COUNSEL TO EXPLAIN THE CONSEQUENCES OF THE LIQUIDATED DAMAGES PROVISION AT OR PRIOR TO THE TIME EACH EXECUTED THIS AGREEMENT.

PARTICIPANT'S INITIALS: _____ CITY'S INITIALS: _____

Notwithstanding any of the above, nothing herein is intended to preclude City's recovery of its reasonable attorney's fees and costs incurred to enforce this Section 16, as provided in Section 30 below.

17. **Distribution of Insurance and Condemnation Proceeds.** In the event the improvements on the Property are destroyed and insurance proceeds are distributed to Participant instead of being used to rebuild such improvements, or in the event of condemnation of the Property, if proceeds thereof are distributed to Participant, such proceeds (the “**Proceeds**”) shall be paid and distributed as follows: (i) first, to the Lender or the holder of the note secured by the Primary Mortgage Deed of Trust (the “**Primary Note**”), to pay the remaining balance owed thereon (the “**Primary Note Balance**”), (ii) second, to the extent Proceeds remain, the difference between the Affordable Sales Price, calculated pursuant to Section 4(d) above, and the Primary Note Balance, shall be distributed to Participant, and (iii) third, to the extent Proceeds remain, all such remaining Proceeds shall be distributed to City.

18. **Covenant to Keep Property Drug Free.** Participant represents and covenants to City that (i) Participant shall maintain a drug free environment on the Property, and (ii) Participant and all persons residing on the Property shall not unlawfully manufacture, distribute, dispense, possess or use controlled substances, as said term is defined in 21 United States Code Section 812 and California Health and Safety Code Section 11007, including, without limitation, heroin, cocaine, and amphetamines on the Property. If Participant or any person residing on the Property is convicted, or pleads guilty or nolo contendere to a charge of unlawfully manufacturing, distributing, dispensing, possessing or using controlled substances on the Property, then such event shall be deemed a default under this Agreement, which shall entitle City to exercise City’s Option to Purchase within sixty (60) days of City’s notice of said default.

19. **Rights and Remedies are Cumulative.** Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

20. **Covenants to Run with the Land.** All conditions, covenants, and restrictions contained in this Agreement shall be covenants running with the land, and shall, in any event, and without regard to technical classification or designation, legal or otherwise, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by, City and City’s successors and assigns, against Participant, its successors and assigns, to or of the Property or any portion thereof or any interest therein, and any party in possession or occupancy of said Property or portion thereof.

In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that City shall be deemed a beneficiary of the agreements and covenants provided hereinabove both for and in its own right and also for the purposes of protecting the interests of the community. All covenants without regard to technical classification or designation shall be binding for the benefit of City and such covenants shall run in favor of City for the entire period during which such covenants shall be in force and effect, without regard to whether City is or remains an owner of any land or interest therein to which such covenants relate. City shall have the right, in the event of any

breach of any such agreement or covenant, to exercise all the rights and remedies, and to maintain any action at law or suit in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant.

21. **Non-Waiver.** Failure to exercise any right City may have or be entitled to, in the event of default hereunder, shall not constitute a waiver of such right or any other right in the event of a subsequent default.

22. **Recordation; Other Documents.** Participant agrees and acknowledges that this Agreement shall be recorded against the Property with the County Recorder of the County of Orange and shall appear of record with respect to and as an encumbrance to the Property. Participant agrees to execute any other documents reasonably required by City to complete the transaction contemplated hereby.

23. **Further Assurances.** Participant shall execute any further documents consistent with the terms of this Agreement, including documents in recordable form, as City shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Agreement.

24. **Governing Law.** Participant hereby agrees to comply with all ordinances, rules and regulations of City. Nothing in this Agreement is intended to be, nor shall it be deemed to be, a waiver of any City ordinance, rule or regulation. This Agreement shall be governed by the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Orange, State of California, or in the Federal District Court in the District of California in which Orange County is located.

25. **Amendment to Agreement.** No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by Participant and City.

26. **City May Assign.** City may, at its option and without obtaining the consent of the Participant, assign this Agreement.

27. **Participant Assignment Prohibited.** In no event shall Participant assign or transfer any portion of this Agreement or any of the other agreements referred to herein without the prior express written consent of City. Any such assignment or transfer without the prior express written consent of City shall be null and void.

28. **Relationship of Participant and City.** The relationship of Participant and City pursuant to this Agreement is that of debtor and creditor and shall not be or be construed to be a joint venture, equity venture, partnership, or other relationship.

29. **Notices.** Any notices, requests or approvals given under this Agreement from one party to another may be personally delivered, delivered by reputable same-day or overnight courier that provides a receipt with the date and time of delivery, or deposited with the United States Postal Service for mailing, postage prepaid, registered or certified mail, return receipt requested to the following address:

To Participant: _____

To City: City of Yorba Linda
4845 Casa Loma
Yorba Linda, CA 92886
Attention: City Manager

Either party may change its address for notice by giving written notice thereof to the other party.

30. **Attorneys' Fees and Costs.** In the event that any action is instituted to enforce payment or performance under this Agreement, the parties agree the non-prevailing party shall be responsible for and shall pay all costs, including expert witness fees, and all reasonable attorneys' fees incurred by such prevailing party in enforcing this Agreement.

31. **Recording and Priority of Agreement.** Upon complete execution and notarizing of this Agreement, City shall cause this Agreement to be recorded against the Property in the Orange County Recorder's Office. This Agreement shall be recorded prior to the recording of any deed of trust, including, without limitation, the Primary Mortgage Deed of Trust, and shall have priority over and shall not be made subordinate to any mortgage, deed of trust, or other encumbrance recorded against the Property, including, without limitation, the Primary Mortgage Deed of Trust and lien of any Approved Refinancing Mortgage.

32. **Nondiscrimination.** Participant 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 any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any part thereof, nor shall Participant, or any person claiming under or through him or her, 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, subtenants, sublessees or vendees of the Property, or any part thereof. The foregoing covenants shall run with the land.

The covenants established in this Agreement shall, without regard to technical classification and designation, be binding for the benefit and in favor of City and City's successors and assigns. The covenants against discrimination shall remain in effect in perpetuity.

Notwithstanding the foregoing, the Participant acknowledges and agrees that during Participant's ownership of the Property, Participant shall occupy the Property as Participant's principal residence and shall not rent or lease the Property.

33. **Entire Agreement.** This Agreement, together with all attachments hereto, constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental thereto, and supersedes all prior negotiations, discussions and previous agreements between City and Participant concerning all or any part of the subject matter of this Agreement.

34. **Authority.** Each signatory hereto warrants to the other party that it has authority to sign on behalf of the party for whom it purports to sign.

35. **Non-Liability of Officers and Employees.** No officer, official, member, employee, agent, or representative of City shall be personally liable to Participant, or any successor or assign of same, in the event of any default or breach by City, or for any amount which may become due to Participant, or any successor or assign of same, or for breach of any obligation of the terms of this Agreement.

36. **Time of Essence.** Time is of the essence of every portion of this Agreement in which time is a material part.

37. **Interpretation; Severability.** The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party hereto by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Agreement. Each provision of this Agreement shall be severable from the whole. If any provision of this Agreement shall be found contrary to law, the remainder of this Agreement shall continue in full force.

38. **Integration; Amendment.** It is understood that there are no oral agreements between the parties hereto affecting this Agreement, and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings, if any, between the parties with respect to the subject matter hereof, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

39. **Counterparts.** This Agreement may be executed in counterparts, each of which, when this Agreement has been signed by each of the parties hereto, shall be deemed to be an original.

[Signatures on next page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written below.

“Participant”

Date: _____

By: _____

By: _____

“City”

CITY OF YORBA LINDA, a California
municipal corporation

Date: _____

By: _____

Peter Grant, City Manager

ATTEST:

Marcia Brown, City Clerk

APPROVED AS TO FORM:
RUTAN & TUCKER, LLP

Todd O. Litfin, City Attorney

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, _____,
(insert name and title of the officer)

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 _____

(Seal)

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, _____,
(insert name and title of the officer)

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 _____

(Seal)

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, _____,
(insert name and title of the officer)

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 _____

(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

That certain real property located in the City of Yorba Linda, County of Orange, State of California and described as follows:

EXHIBIT "B"
NOTICE OF INTENT TO TRANSFER

[See attached]

NOTICE OF INTENT TO TRANSFER

NOTICE OF INTENT TO TRANSFER MUST BE DELIVERED TO THE CITY OF YORBA LINDA PRIOR TO PLACING THE PROPERTY ON THE MARKET OR PROCEEDING WITH ANY TRANSFER OF THE PROPERTY.

From: _____ (“Owner”)

To: City of Yorba Linda
4845 Casa Loma
Yorba Linda, CA 92886
Attention: City Manager

Re: _____
_____ (the “Property”)

Owner desires to [sell, convey, or otherwise transfer] (circle appropriate words) (“Transfer”) the Property.

Owner understands that Owner may not Transfer the Property until the City of Yorba Linda (“City”) has determined that (i) the proposed buyer is an “Eligible Buyer,” and (ii) the proposed sales price is an “Affordable Sales Price”, as those terms are defined in the Affordable Housing Agreement with Resale Restrictions and Option to Purchase Owner entered into with City in connection with Owner’s purchase of the Property (“Agreement”).

To determine if a proposed buyer is an Eligible Buyer and if a sales price is an Affordable Sales Price, Owner must submit to City a complete Seller Checklist in the form attached as Exhibit “F” to the Agreement, and a complete Buyer Eligibility Application in the form attached as Exhibit “G” to the Agreement (“Buyer Application”). Owner is instructed to contact City for assistance in completing the Seller Checklist and Buyer Application.

Date: _____

Signature of Owner

Printed name of Owner

() _____
Day time telephone of Owner

() _____
Cell phone number of Owner

E-mail address of Owner

[Signatures continued on next page]

Date: _____

Signature of Owner

Printed name of Owner

() _____

Day time telephone of Owner

() _____

Cell phone number of Owner

E-mail address of Owner

EXHIBIT "C"
ASSUMPTION AGREEMENT

[See attached]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Yorba Linda
4845 Casa Loma
Yorba Linda, CA 92886
Attention: City Clerk

(Space above for Recorder's use)
(Exempt from Recording Fee Per Gov. Code § 27383)

ASSUMPTION, RELEASE, AND CONSENT AGREEMENT

This ASSUMPTION, RELEASE, AND CONSENT AGREEMENT ("**Agreement**"), is made as of _____, by and between CITY OF YORBA LINDA, a California municipal corporation ("**City**"), and _____ ("**Participant**").

WITNESSETH:

A. Participant has acquired or is about to acquire fee title to that certain real property located in the City of Yorba Linda, County of Orange, State of California described in Exhibit "A" attached hereto and made a part hereof (the "**Property**").

B. On or about _____, City and _____ (the "**Original Participant**"), the original owner of the Property, entered into that certain Affordable Housing Agreement with Resale Restrictions and Option to Purchase (the "**AHA**"), which was recorded against the Property on _____, as Instrument No. _____, in the Official Records of the County of Orange (the "**Official Records**"). Among other terms, the AHA imposes affordability covenants on the Property that require that throughout the term thereof the Property be owned by an income-qualified household that occupies the Property as its principal place of residence.

C. In connection with the Original Participant's purchase of the Property, the Original Participant executed that certain Deed of Trust securing the Original Participant's repayment of certain sums to City if such sums become due and the Original Participant's performance under the AHA (the "**City Deed of Trust**"). The City Deed of Trust was recorded against the Property on _____, as Instrument No. _____, in the Official Records.

D. Participant has met all of City's requirements to acquire and own the Property. City is willing to consent to the acquisition and ownership, provided Participant assumes all of the Original Participant's obligations under the AHA and City Deed of Trust (collectively, the "**City Documents and Agreements**").

NOW THEREFORE, City and Participant agree as follows:

1. Assumption by Participant. As of the Effective Date, Participant (i) assumes and agrees to pay and to perform all of the obligations of the Original Participant under the City Documents and Agreements, and further agrees to be bound by all of the terms, provisions and conditions contained in the City Documents and Agreements as though Participant had originally made, executed and delivered same to City; and (ii) reaffirms and restates all of the representations, warranties, covenants and indemnities of the Original Participant contained in the City Documents and Agreements with the same force and effect as if each were separately stated herein and made as of the date hereof.

2. Consent and Recognition by City. As of the Effective Date, City (i) consents to the acquisition and ownership of the Property by Participant, and (ii) recognizes that Participant has all of the rights of the Original Participant under the City Documents and Agreements. Such consent by City shall not constitute a consent to any further or subsequent sale, conveyance or transfer by Participant of the Property, or any part thereof, or any interest therein.

3. Release of Original Participant. City hereby releases the Original Participant from any and all liabilities and obligations under the City Documents and Agreements, and agrees that it will not institute any action, suit, claim or demand in law or equity against the Original Participant for or on account of the Original Participant's personal liability and obligations under the City Documents and Agreements.

4. Conditions Precedent. Before this Agreement becomes effective and any party becomes obligated under it, all of the following conditions shall have been satisfied, at no cost to City, and in a manner acceptable to City in the exercise of City's sole judgment:

A. Execution of this Agreement. Participant shall have executed, with signature(s) notarized, and delivered to City this Agreement.

B. Deed of Conveyance. A grant deed effectuating the transfer of the Property to Participant shall have been duly executed by then-owner of the Property, with signature(s) notarized, and recorded in the Official Records.

The date on which all of the conditions set forth in this Section 4 have been satisfied in the manner described above shall be referred to as the "**Effective Date.**"

5. Legal Effect. Except as modified by this Agreement, the City Documents and Agreements are unchanged and, as so modified, the City Documents and Agreements shall remain in full force and effect and are hereby ratified and reaffirmed by Participant.

6. Obligations Joint and Several. If Participant is comprised of more than one individual or entity, then the obligations of each such individual or entity under this Agreement and under the City Documents and Agreements shall be joint and several.

7. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto as well as their respective heirs, executors, administrators, successors and assigns.

8. Governing Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California.

9. Attorneys' Fees. If any lawsuit, arbitration or other proceeding is brought to interpret or enforce the terms of this Agreement, the prevailing party shall be entitled to recover the reasonable fees and costs of its attorneys in such proceeding.

10. Entire Agreement. This Agreement contains the entire agreement between City and Participant with respect to the subject matter hereof and supersedes all prior agreements, understandings, offers and negotiations, oral or written, with respect thereto.

11. Counterparts. This Agreement may be executed in counterparts, each of which, when this Agreement has been signed by each of the parties hereto, shall be deemed to be an original.

IN WITNESS WHEREOF, City and Participant have executed this Agreement as of the date first hereinabove written.

CITY OF YORBA LINDA,
a California municipal corporation

By: _____
Peter Grant, City Manager

PARTICIPANT

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 Orange)

On _____, before me, _____,
(insert name and title of the officer)

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 _____

(Seal)

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 Orange)

On _____, before me, _____,
(insert name and title of the officer)

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 _____

(Seal)

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 Orange)

On _____, before me, _____,
(insert name and title of the officer)

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 _____

(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION

That certain real property located in the City of Yorba Linda, County of Orange, State of California described as follows

.

EXHIBIT "D"
AFFORDABLE HOUSING DISCLOSURE STATEMENT

[See attached]

AFFORDABLE HOUSING DISCLOSURE STATEMENT

Name of _____
Participant(s):

Property Address: _____

Purchase Price: \$ _____

I/we _____ (the "**Participant**") am/are purchasing the above described property (the "**Property**"). I/we understand that to (i) satisfy certain zoning requirements applicable to the Property, and (ii) obtain, under the California Density Bonus Law, waivers of certain City of Yorba Linda ("**City**") development standards for the residential development project in which the Property is a part (the "**Project**"), the developer of the Property was required to restrict the Property as an affordable housing unit. I/we understand that the affordability restrictions imposed on the Property enabled me/us to purchase the Property at the purchase price listed above (the "**Purchase Price**"), which is less than the market price for the Property.

I/we understand that our ability to purchase the Property is conditioned on a number of factors, including, but not limited to:

- I/we understand that the original buyers of the Property signed an Affordable Housing Agreement with Resale Restrictions and Option to Purchase ("**City Affordable Housing Agreement**"), and that in connection with my/our purchase, I/we have signed or will sign an Assumption, Release, and Consent Agreement ("**Assumption Agreement**"), in which I/we have assumed and agreed to be bound by all of the terms and requirements of the City Affordable Housing Agreement.
- I/we have read or had explained to us the terms and conditions of the City Affordable Housing Agreement. I/we understand that the City Affordable Housing Agreement imposes binding legal obligations on me/us.
- I/we understand that if I/we attempt to sell the Property to a household that does not qualify under California law as a person or family of moderate income (an "**Eligible Buyer**") or if I/we attempt to sell the Property at a price that exceeds a sale price that is affordable to an Eligible Buyer under California law (an "**Affordable Sales Price**"), the City may pursue all available remedies against me/us, including an action to stop a sale or to force a sale to an Eligible Buyer, or I/we may be required to pay to City a penalty that equals the difference between the sales price for the Property and an Affordable Sales Price (the "**Damage Amount**").
- I/we understand that the original buyers of the Property also signed a Deed of Trust that I/we have assumed pursuant to the Assumption Agreement

that secures (i) my/our obligation to pay the Damage Amount to the City and the City's legal fees and costs if any of such amounts become due under the City Affordable Housing Agreement, and (ii) my/our compliance with the City Affordable Housing Agreement.

- I/we understand that the City Affordable Housing Agreement contains an option to purchase that may be exercised by City to purchase the Property at an Affordable Sales Price in the following situations:
 - during the period after I/we notify City of my/our desire to sell the Property or I/we place the Property for sale (whichever occurs first), for a minimum of 60 days, and up until the time I/we enter into an agreement to sell the Property to an Eligible Buyer; or
 - upon my/our sale of the Property to a buyer who does not qualify as an Eligible Buyer, or any other material default that has not been cured after written notice and an opportunity to cure, including, but not limited to, my/our failure to live in the Property as my/our principal residence.
- I/we understand that the City Affordable Housing Agreement will remain in effect for a period of forty-five (45) years.
- I/we understand that I/we must qualify as “persons and families of moderate income” under California law.
- I/we understand that my/our monthly payments for housing expenses may not be less than 28% of my/our gross household income, nor exceed the product of 35% times 110% of the Orange County area median income adjusted for family size appropriate for the Property, as more specifically defined by Health and Safety Code Section 50052.5.
- I/we understand that during my/our ownership of the Property, I/we must continuously occupy the Property and I/we shall not rent or lease any part of the Property.
- I/we understand that on an annual basis during my/our ownership of the Property, I/we must sign a certification declaring, under penalty of perjury, that I/we have continuously occupied, and continue to occupy, the Property.
- I/we understand that on an annual basis during my/our ownership of the Property, we must provide to the City copies of the following documents evidencing our continued occupancy of the Property: (i) two utility bills or other similar documentation, and (ii) a valid California Driver's License, California Identification Card, or photo ID of similar status.

- I/we understand that City shall not be held responsible for any costs associated with the home I/we purchase including, but not limited to, any loan fees or charges, any charges for appraisals or any escrow costs or other costs relating to the transfer of the Property.
- I/we understand that City cannot ensure that information provided by or on my/our behalf will be kept confidential.
- I/we understand that City shall not be responsible for providing information concerning any public or private sources of loans.
- I/we understand that all loans and funding requests must be approved by the City Manager of City. Therefore, a minimum 30 day escrow may be necessary.

“Participant”

By: _____ Date: _____

Printed Name: _____

By: _____ Date: _____

Printed Name: _____

* * *

By execution below, the undersigned City representative certifies that he/she met, in person, with the Participant, and read to the Participant (with translator, if English is not a primary language spoken by Participant) this Affordable Housing Disclosure Statement, and further explained to the Participant the purpose and effect of the City Affordable Housing Agreement.

By: _____

Printed Name: _____

Title: _____

Date: _____

EXHIBIT "E"
SUBORDINATION AGREEMENT

[See attached]

Free Recording Requested By And
When Recorded Mail To:
City of Yorba Linda
4845 Casa Loma
Yorba Linda, CA 92886
Attention: City Clerk

[Exempt From Recording Fee
Per Gov. Code §6103 and 27383]

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENTS.

THIS SUBORDINATION AGREEMENT ("**Agreement**") is entered into as of _____, 20__, by and among the CITY OF YORBA LINDA, a California municipal corporation ("**City**"), _____ ("**Participant**"), and _____ ("**Lender**").

R E C I T A L S

A. Participant owns fee title to the real property described on Attachment No. "1" attached hereto and incorporated herein by reference (the "**Property**").

B. The Property is part of a forty (40) unit residential townhome project developed by Olson Urban VI – Yorba Linda 2, LLC, a Delaware limited liability company (the "**Project Developer**"). The Property and the adjacent real property developed as part of the project (collectively, the "**Project Site**") is in City's *Residential Urban (R-U)* zoning district and is also in City's Congregational Lands Overlay (CLO) Zone, which, among other requirements, requires that a minimum of twenty percent (20%) of the units developed shall be offered to, and sold to low or moderate income households at an affordable housing cost.

C. Pursuant to the CLO Zone requirements, eight (8) of the residential units constructed by the Project Developer (the "**Affordable Units**") are required to be restricted, for forty-five (45) years, for sale to and ownership and occupancy by households which qualify as "persons and families of moderate income" pursuant to Health and Safety Code section 50093 at an affordable sales price, as calculated and determined pursuant to the methodology set forth in Health and Safety Code section 50052.5 (the "**Affordable Sales Price**"). The Property is one of the Affordable Units.

D. Pursuant to the State of California's Density Bonus Law (Government Code Section 65915 et seq.) (the "**Density Bonus Law**"), the residential project qualified for a density bonus (which the Project Developer elected not to request). In connection with

the Project Developer's entitlement application, the Project Developer requested, under the Density Bonus Law, and City granted, waivers of certain City development standards.

E. On or about _____, the Project Developer sold the Property to _____ (the "**Original Participant**"). In connection with the Original Participant's purchase of the Property, the Original Participant and City entered into that certain Affordable Housing Agreement with Resale Restrictions and Option to Purchase, which, among other things, required that the Original Participant occupy the Property as the Original Participant's principal place and residence and restricted the Original Participant's resale of the Property to income-eligible households at a restricted sales price, as approved by City (the "**AHA**"). The AHA was recorded in the Official Records of the County of Orange (the "**Official Records**") as Instrument No. _____.

F. Concurrently with the execution of the AHA, the Original Participant executed that certain Deed of Trust, which secured the Original Participant's payment of certain sums to City if such sums become due and the Original Participant's performance under the AHA (the "**City Deed of Trust**"). The City Deed of Trust was recorded in the Official Records as Instrument No. _____.

G. On or about the same date hereof, Participant executed that certain Assumption, Release, and Consent Agreement, which is being recorded concurrently herewith in the Official Records, pursuant to which Participant agreed to assume all of the Original Participant's rights and obligations under the AHA and City Deed of Trust.

H. Participant has executed or is about to execute a deed of trust, in favor of Lender, to be recorded concurrently herewith and encumbering the Property to secure a promissory note in the sum not to exceed _____ Dollars (\$_____) (the "**Lender Loan**"), payable with interest and upon the terms and conditions described in such note (respectively, the "**Lender Deed of Trust**" and "Lender Note").

I. Lender is willing to make the Lender Loan provided the Lender Deed of Trust is a lien or charge upon the Property prior and superior to the lien or charge of the City Deed of Trust and provided that City will specifically and unconditionally subordinate the lien or charge of the City Deed of Trust to the lien or charge of the Lender Deed of Trust.

J. City is willing to permit the Lender Loan to be recorded, and to subordinate the lien or charge of the City Deed of Trust to the Lender Deed of Trust provided the AHA is a lien or charge upon the Property prior and superior to the lien or charge of the Lender Deed of Trust and provided that Lender will specifically and unconditionally subordinate

the lien or charge of the Lender Deed of Trust to the lien or charge of the AHA, all as further set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual benefits accruing to City, Lender and Participant, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby declared, understood and agreed as follows:

1. Subordination

1.1 Subordination of City Deed of Trust to Lender Deed of Trust

The Lender Deed of Trust (and any renewals or extensions of, or advances, including interest, thereunder) shall unconditionally be and remain at all times a lien or charge on the Property, prior and superior to the lien or charge of the City Deed of Trust, and to all present and future indebtedness and obligations secured thereby, together with all rights and privileges of City thereunder.

1.2 Subordination of Lender Deed of Trust to AHA

The AHA shall unconditionally be and remain at all times a lien or charge on the Property, prior and superior to the lien or charge of the Lender Deed of Trust, and to all present and future indebtedness and obligations secured thereby, together with all rights and privileges of Lender thereunder, but subject to the terms and conditions of this Agreement.

2. Reliance by Lender and City

Lender would not make the Lender Loan, and City would not permit the Lender Loan to be an encumbrance prior to and superior to the City Deed of Trust, without this Agreement and each of the undersigned understands that in reliance upon, and in consideration of, the subordinations effected hereby, specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for such reliance upon these subordinations.

3. Notification

Upon City's or Lender's recordation of a Notice of Default in the Official Records of the County of Orange, the party recording the Notice of Default shall, concurrently with such recording, provide the other party with a copy of such Notice of Default.

4. Disbursements

Lender, in making disbursements of the proceeds of said Lender Loan, is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom disbursements thereof are made and any application or use of such proceeds for purposes other than those provided in the documents evidencing and securing such Lender Loan shall not defeat the subordination herein made in whole or in part.

5. Miscellaneous

5.1 Entire Agreement

This Agreement shall be the whole and only agreement with regard to the matters set forth herein and shall supersede and cancel, but only insofar as would affect the priority between the Lender Deed of Trust, the AHA, and the City Deed of Trust, any prior agreement as to such subordinations.

5.2 Successors and Assigns

This Agreement shall inure to and bind the heirs, legatees, devisees, administrators, executors, successors and assigns of the parties hereto.

5.3 California Law

This Agreement shall be construed according to the internal laws of the State of California without regard to conflict of law principles.

5.4 Severability

If any term, provision, condition or covenant of this Agreement or the application thereof to any party or circumstances shall, to any extent, be held invalid or unenforceable, the remainder of this instrument, or the application of such term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

5.5 Notice

Any notice, demand, request, consent, approval or communication that any party desires or is required to give to another party or any other person must be in writing and may be given by personal delivery, by mailing the same by registered or certified mail,

return receipt requested, postage prepaid, or by a reputable same day or overnight delivery service that provides a receipt showing date and time of delivery, to the party to whom the notice is directed at the address of such party hereinafter set forth, or such other address and to such other persons as the parties may hereafter designate. Any such notice shall be deemed given (i) upon receipt if by personal delivery or by delivery service, or (ii) forty-eight (48) hours after deposit in the United States mail, if sent by mail pursuant to the foregoing.

If to City: City of Yorba Linda
4845 Casa Loma
Yorba Linda, CA 92886
Attention: City Manager

With copy to: Rutan & Tucker, LLP
18575 Jamboree Road, 9th Floor
Irvine, CA 92612
Attention: Todd Litfin, Esq.

If to Participant: _____

Yorba Linda, CA _____

If to Lender: _____

Attention: _____

5.6 Attorneys' Fees

In the event that any action, suit or other proceeding is brought to enforce the obligations under this Agreement, the prevailing party shall be entitled to receive all of such party's costs and expenses of suit, including attorneys' fees, expert witness fees, and all costs incurred in each and every action, suit or other proceeding, including any and all appeals or petitions therefrom.

5.7 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same document.

[End – Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Subordination Agreement as of the date first written above.

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENTS.

“CITY”

CITY OF YORBA LINDA, a California municipal corporation

By: _____
Peter Grant, City Manager

ATTEST:

By: _____
Marcia Brown, City Clerk

APPROVED AS TO FORM
RUTAN & TUCKER, LLP

By: _____
Todd O. Litfin, City Attorney

“PARTICIPANT”

By: _____

By: _____

“LENDER”

By: _____

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 Orange)

On _____, before me, _____,
(insert name and title of the officer)

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 _____

(Seal)

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 Orange)

On _____, before me, _____,
(insert name and title of the officer)

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 _____

(Seal)

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 Orange)

On _____, before me, _____,
(insert name and title of the officer)

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 _____

(Seal)

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF PROPERTY

That certain real property located in the City of Yorba Linda, County of Orange, State of California described as follows:

EXHIBIT "F"
SELLER CHECKLIST

[See attached]

[INSERT PROPERTY ADDRESS]
SELLER CHECKLIST
SUMMARY

Application Date:	_____		
Proposed Buyer:	_____		
Vesting:	_____		
Property Address:	_____		
Household Size:	_____	Gross Household Income:	_____
Affordable Sales Price:	_____		
Pre-Approval / Denial Date:	_____		
Primary Mortgage Amount:	_____	Down Payment Amount:	_____
Interest Rate:	_____	Cost to Close:	_____
Final Approval / Denial Date:	_____	Close of Escrow:	_____

PHASE I DOCUMENTS:

REQUIRED TO BE SUBMITTED BY THE PARTICIPANT AND/OR THE PRIMARY MORTGAGE LENDER TO THE CITY ADMINISTRATOR FOR PRE-APPROVAL OF A PROSPECTIVE BUYER

HOUSEHOLD COMPOSITION DOCUMENTS:

1. For all Adult Household members, a photocopy of a driver's license or other photo identification must be provided.
2. For minors, a copy of the birth certificate is the preferred form of identification. If a birth certificate is not available, the City may accept the following: adoption papers, custody agreement, court-ordered assignment, or verification for a social services agency.
3. Adult Household members who are dependents of the proposed buyer, and who are full-time students will be required to provide copies of school transcripts or registration verification showing current full-time student status.
4. Divorced or legally separated Household members must provide a copy of the divorce decree or legal separation document signed by a court officer. Married, but separated, couples must demonstrate at least one full year of complete financial and residential separation at time of application to be considered separated for purposes of determining eligibility. If this cannot be demonstrated, the couple must submit the application as co-applicants.

FINANCIAL DATA:

1. Credit reports shall be submitted for each Adult Household member. Credit reports will be used to confirm information pertaining to the proposed buyer such as current and previous addresses, current and previous employers, marital status, loan history, income to debt ratio, etc.
2. Copies of the three most recent months of statements for all accounts, including checking, savings, or other investment accounts owned in part or full by all Adult Household members shall be submitted:
 - a. These account statements must demonstrate that the funds proposed to be used for the Actual Down Payment have been available for at least 90 days.
 - b. These statements must identify the current period and year-to-date income earned on each account through interest and/or dividends.

3. Signed copies of each Adult Household member's most recent federal income tax return, including all schedules and attachments, must be submitted. Tax returns shall be used by the City to verify residency history, family composition, income history, and real estate ownership.
4. A copy of a pre-qualification letter and full loan application packet shall be submitted by the Primary Mortgage Lender. The application packet shall include but shall not be limited to the signed fully completed mortgage application, loan underwriting analysis, income verification and credit verification.
5. Evidence shall be submitted that verifies that the proposed buyer's Back-End Ratio does not exceed 50%.
6. Evidence shall be submitted that verifies that the proposed Actual Down Payment amount comports with the defined minimum and maximum percentages of the Sales Price.

INCOME VERIFICATION:

1. In the order of preference, the following employment income verification sources will be considered acceptable. The documentation must specify the amount and type of pay (i.e. wages, overtime wages, commissions, and bonuses), frequency of pay, and year to date earnings:
 - a. Check stubs or earning statements showing employee's gross pay per pay period and frequency of pay. The check stubs should include the year-end statement for the last full year of employment, and the most recent four pay periods; or
 - b. Letter from the employer on company letterhead and signed by an authorized company representative.
2. Net income from a business owned in part or full by any Adult Household member will be considered when determining income eligibility. Net income is defined as gross revenues received minus cash expenses that are essential for the operation of the business. Capital expenditures, principal reductions on loan obligations, and depreciation are excluded from the calculation of net income:
 - a. To estimate current net business income, the City will require the most recent two federal tax returns and two full years of business and personal checking, savings, and other investment account statements for all business owners/partners. proposed buyers with fewer than two full years of verifiable business income history will not be considered for eligibility to purchase an Affordable Unit.

- b. proposed buyers must itemize gross business revenues for the period covered by the most recent two federal tax returns and forecast gross business revenues for the year beyond the time of application. The proposed buyers must also itemize the cash expenses that were applied to determine net business income for both periods.
3. The net equity in real property owned by any Adult Household member will be considered when determining income eligibility:
 - a. The City will require proposed buyers to obtain an appraisal of the property's Fair Market Value.
 - b. proposed buyers must provide substantiating information that identifies the dollar amount of any outstanding loans secured by the property.
 - c. If the property is proposed to be sold prior to the close of escrow on the Affordable Unit, the funds being applied to the down payment and/or closing costs on the purchase of the Affordable Unit will be deducted from the net equity.
 - d. In accordance with California Code of Regulations Section 6914, a 10% return on equity will be added to the proposed buyer's Gross Income.
4. Proposed buyers must submit a copy of their most recent award or benefit notification letter for Social Security, Pensions, Supplementary Security Income (SSI), Welfare and/or Disability Income prepared and signed by the authorizing agency. At the City's sole discretion, checks or bank deposit slips that show only net amounts remaining after deductions for SSI or Medicare may be accepted when award letters cannot be obtained.
5. Verification of alimony or child support income will be considered acceptable in the order listed:
 - a. Copy of a separation of settlement agreement or a divorce decree stating amount and type of support and payment schedules.
 - b. A notarized letter from the person paying the support attesting to the amount and terms of support payments.

ADDITIONAL REQUIRED DOCUMENTS

1. Form 1003 – Loan application for the Primary Mortgage
2. Verification that the Prospective Home Buyer has made an appointment to attend the Home Buyer Education Course.

PHASE II DOCUMENTS

REQUIRED TO BE SUBMITTED BY THE PRIMARY MORTGAGE LENDER TO THE CITY ADMINISTRATOR FOR THE FINAL APPROVAL OF THE PROPOSED RESALE OF THE AFFORDABLE UNIT

1. Residential Purchase Agreement
2. Affordable Housing Disclosure Statement
3. Conditional Approval of the Primary Mortgage by the Primary Mortgage Lender
4. Loan estimate for the Primary Mortgage
5. Draft Closing Disclosure for the Primary Mortgage
6. Estimated Closing Statement from Escrow
7. Verification of Employment for all Adult Household members
8. Preliminary title report with wiring instructions
9. Escrow instructions with vesting information
10. Appraisal for the Affordable Unit
11. Certificate of completion for the Home Buyer Education Course

EXHIBIT "G"
BUYER APPLICATION
[See attached]

BUYER ELIGIBILITY APPLICATION
[INSERT PROPERTY ADDRESS]
CITY OF YORBA LINDA

This application must be completed, attached with all applicable required documents, signed by all applicants, and submitted to the City of Fullerton. Co-applicant information must be provided for all household members and/or persons to be designated on the property title.

Applicant Information	
Name of Applicant:	
Marital Status:	Date of Birth:
Social Security #:	Driver License #:
Employment Status:	Number of Years at Current Address:
Current Address:	
<input type="checkbox"/> Own <input type="checkbox"/> Rent	
Primary Telephone #:	Email Address:

Co-Applicant Information	
Name of Co-Applicant:	
Marital Status:	Date of Birth:
Social Security #:	Driver License #:
Employment Status:	Number of Years at Current Address:
Current Address:	
<input type="checkbox"/> Own <input type="checkbox"/> Rent	
Primary Telephone #:	Email Address:

Additional Household Member Who Will be Residing in the Affordable Unit
 (For more than one additional household member provide the information on a separate sheet)

Name of Additional Household Member:	
Relationship to the Applicant:	Date of Birth:
Social Security #:	Driver License #:
Employment Status:	Number of Years at Current Address:
Current Address:	
<input type="checkbox"/> Own <input type="checkbox"/> Rent	
Primary Telephone #:	Email Address:

Persons that will Appear on Title to the Property:

Name	Relationship to the Applicant

Threshold Questions

At the time of purchase will any household member or person proposed to appear on title to the property have any interest in real property, including mobilehomes?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Will the Property be your primary residence? This means that your household must occupy the unit for at least 10 out of 12 months per year.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Mortgage Lender Information	
Contact Person Name:	
Lender's Address:	
Telephone #:	Email Address:

Purchase Price Information	
Total Purchase Price of the Property:	
Mortgage Amount:	Down Payment Amount:
<p>Note: All household members and persons who will appear on title to the property must initial next to the Total Purchase Price of the Property, acknowledging that the property is subject to affordable housing agreements with the City of Fullerton. By initialing this price, you indicate your understanding and agreement that no payment will be made separate from this price and/or separate from the Residential Purchase Agreement by you or anyone on your behalf.</p>	

Source of Funds for Down Payment and Closing Costs	
Source of Funds	Dollar Amount to be Used for Down Payment & Closing Costs

Gross Earned Income ¹

List All Sources of Earned Income for:

Household Members and Persons that will Appear on Title to the Property

Provide an additional sheet if necessary

	Head of Household	Other Household Member(s)	Monthly Total
1. Gross amount, before payroll deductions of wages, salaries, overtime pay, commissions, fees, tips and bonuses	\$	\$	\$
2. Net income from business	\$	\$	\$
3. Social security, annuities, insurance policies, pension/retirement funds, disability or death benefits received periodically	\$	\$	\$
4. Payment in lieu of earnings, such as unemployment, disability compensation, worker's compensation and severance pay	\$	\$	\$
5. Public assistance, welfare payments	\$	\$	\$
6. Alimony, child support, other periodic allowances	\$	\$	\$
7. Regular pay, special pay and allowances of members of the Armed Forces	\$	\$	\$
8. Other	\$	\$	\$
Subtotal: Monthly Earned Income			\$
Total Monthly Earned Income x 12 = \$ _____ Total Annual Household Gross Earned Income			

¹ The following items are not considered income: casual or sporadic gifts; amounts specifically for or in reimbursement of medical expenses; lump sum payments such as inheritances, insurance payments, capital gains and settlement for personal or property losses; educational scholarships paid directly to the student or educational institution; special pay to a serviceman head of family away from home and under hostile fire; relocation payments under federal, state or local law; foster child care payments; value of coupon allotments for purpose of food under Food Stamp Act of 1964 which is in excess of amount actually charged the eligible household; payments received pursuant to participation in the following programs: VISTA, Service Learning Programs, and Special Volunteer Programs, SCORE, ACE, Retired Senior Volunteer Program, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience.

Assets ²

List All Assets Owned by Household Members and Persons that will Appear on Title to the Property
Provide an additional sheet if necessary

	Head of Household	Other Household Member(s)	Total	Return @ 10% of Total
1. Bank & savings accounts	\$	\$	\$	\$
2. Stocks and bonds	\$	\$	\$	\$
3. Real property	\$	\$	\$	\$
4. Other	\$	\$	\$	\$

DOCUMENTS REQUIRED TO BE SUBMITTED WITH THE APPLICATION:

1. A copy of California driver license or identification for all household members and any person who will appear on title to the property.
2. Copy of three most recent months of checking, savings, and other investment account statements for all household members and persons who will appear on title to the property. If self employed, 12 months of personal and business account statements are required. Account statements must demonstrate sufficient funds for the down payment and closing costs.
3. Signed copies of the two most recent years of federal tax returns (with all schedules and attachments), including W2s and 1099s for all household members and persons who will appear on title to the property. If self employed, include four most recent quarterly tax filings.
4. If applicable:
 - a. Copy of separation agreement, divorce decree evidencing dissolution of marriage, and/or alimony.
 - b. Copy of three most recent pay stubs.
 - c. Copy of pension statements.

² Necessary items, such as furniture and automobiles, used for personal use are excluded from household assets. Collections of items for hobby, investment or business purposes must be included in household assets. Under California Government Code Section 6914, if the total value of household assets exceeds \$5,000, the calculation of the household's annual income shall include the greater of the actual amount of income, if any, derived from all of the household assets; or 10% of the total value of the assets.

- d. Copy of Social Security verification.
- e. Copy of disability income verification.
- f. Copy of unemployment benefits verification.
- g. Copy of welfare verification.

CERTIFICATION

I/We certify, under penalty of perjury, that the information provided in this Homebuyer Eligibility Application: _____ is true and correct as of the date set forth opposite my/our signature(s) and acknowledge my/our understanding that any intentional or negligent misrepresentation(s) of the information contained in this application may result in civil liability and/or criminal penalties including, but not limited to, fines or imprisonment, or both, liability for monetary damages to the City of Fullerton, its agents, insurers, and any other person who may suffer any loss due to reliance upon any misrepresentation which I/we have made on this application.

Applicant's Signature

Co-Applicant's Signature

Applicant's Name

Co-Applicant's Name

Date

Date

EXHIBIT “H”

SAMPLE CALCULATION OF AFFORDABLE SALES PRICE

[See attached]

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Yorba Linda
4845 Casa Loma
Yorba Linda, CA 92886
Attention: City Clerk

(Space Above For Recorder's Use)
[Exempt from Recordation Fee per Gov. Code § 27383]

DEED OF TRUST

THIS DEED OF TRUST (this "Deed of Trust") is entered into as of _____, by _____, whose address for notice purposes is _____ ("**Trustor**"), in favor of FIRST AMERICAN TITLE COMPANY ("**Trustee**") for the benefit of the CITY OF YORBA LINDA, whose address for notice purposes is 4845 Casa Loma, Yorba Linda, CA 92886 ("**Beneficiary**" or "**City**").

RECITALS

A. Trustor is the owner of fee title to that certain real property located in the City of Yorba Linda, County of Orange, State of California, as more particularly described in Exhibit "A" attached hereto (the "Property").

B. The Property is part of a forty (40) unit residential townhome project developed by Olson Urban VI – Yorba Linda 2, LLC, a Delaware limited liability company (the "**Project Developer**"). The Property and the adjacent real property developed as part of the project (collectively, the "**Project Site**") is in City's *Residential Urban (R-U)* zoning district and is also in City's Congregational Lands Overlay (CLO) Zone, which, among other requirements, requires that a minimum of twenty percent (20%) of the units developed shall be offered to, and sold to low or moderate income households at an affordable housing cost.

C. Pursuant to the CLO Zone requirements, eight (8) of the residential units constructed by the Project Developer (the "**Affordable Units**") are required to be restricted, for forty-five (45) years, for sale to and ownership and occupancy by households which qualify as "persons and families of moderate income" pursuant to Health and Safety Code section 50093 at an affordable sales price, as calculated and determined pursuant to the methodology set forth in Health and Safety Code section 50052.5 (the "**Affordable Sales Price**").

D. Pursuant to the State of California's Density Bonus Law (Government Code Section 65915 et seq.) (the "**Density Bonus Law**"), the residential project qualified for a density bonus (which the Project Developer elected not to request). In connection with the Project Developer's entitlement application, the Project Developer requested, under the Density Bonus Law, and City granted, waivers of certain City development standards.

E. On _____, 2026, City and the Project Developer entered into that certain Affordable Housing and Density Bonus Agreement and Declaration of Covenants, Conditions, and Restrictions, which was recorded on _____, as Instrument No. _____, in the Official Records of Orange County (the “**Declaration**”). The Declaration designated the Property as one of the Affordable Units.

F. To implement the requirements of the Declaration, Trustor and City entered into that certain Affordable Housing Agreement with Resale Restrictions and Option to Purchase (the “**Agreement**”). Under the terms of the Agreement, Trustor is required, among other things, to occupy the Property as Trustor’s principal place of residence, and may only sell the Property to income-eligible households at a restricted sales price, as approved by City, all as more particularly set forth therein.

G. Trustor is executing this Deed of Trust in favor of Beneficiary to secure certain financial obligations of Trustor under the Agreement and Trustor’s performance of its obligations under the Agreement.

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and for other valuable consideration, the sufficiency of which is hereby acknowledged, Trustor, Trustee and Beneficiary agree as follows:

1. Grant In Trust. For the purposes and upon the terms and conditions set forth in this Deed of Trust, Trustor grants, transfers, and assigns to Trustee, in trust, with power of sale and right of entry and possession, the property located in the City of Yorba Linda, County of Orange, State of California described in Exhibit “A” and any interest therein, together with rents, issues, and profits thereof (“Property”).

2. Obligations Secured. Trustor makes this grant and assignment for the purpose of securing the following obligations: (i) the obligation to comply with and perform all of Trustor’s obligations under the Agreement and under this Deed of Trust, (ii) the obligation under Section 16 of the Agreement to pay the “Damage Amount” (as defined in the Agreement) in the event such amount becomes due, or to obtain any other legal or equitable remedy for a default under the Agreement, and (iii) the obligation under Section 21 of the Agreement to pay attorneys’ fees and costs incurred by City if the event such fees and costs become due.

3. Subordination; Priority of Agreement. The lien created by this Deed of Trust shall be subject and subordinate to the lien of Trustor’s primary mortgage (“**First Deed of Trust**”) and to any refinancing of that loan permitted under the Agreement, and City shall promptly execute, acknowledge and deliver such subordination agreement or other similar documentation as the lender making the loan secured by that First Deed of Trust, or such refinancing thereof, may request to confirm the subordination of this Deed of Trust. Notwithstanding the foregoing, however, the Agreement shall be and remain in a prior position to the First Deed of Trust and any refinancing of that loan permitted under the Agreement.

4. Incorporation of Fictitious Deed of Trust. To protect the security of this Deed of Trust, and with respect to the Property above described, Trustor expressly makes each

and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in the offices of the County Recorders of the counties of the State of California on October 25, 1973, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely (and reprinted herein):

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	435	684	Kings	792	833	Placer	895	301	Sierra	29	335
Alpine	1	250	Lake	362	39	Plumas	151	5	Siskiyou	468	181
Amador	104	348	Lassen	171	471	Riverside	3005	523	Solano	1105	182
Butte	1145	1	Los Angeles	T2055	899	Sacramento	4331	62	Sonoma	1851	689
Calaveras	145	152	Madera	810	170	San Benito	271	383	Stanislaus	1715	456
Colusa	296	617	Marin	1508	339	San Bernardino	5567	61	Sutter	572	297
Contra Costa	3978	47	Mariposa	77	292	San Francisco	A332	905	Tehama	401	289
Del Norte	78	414	Mendocino	579	530	San Joaquin	2470	311	Trinity	93	366
El Dorado	568	456	Merced	1547	538	San Luis Obispo	1151	12	Tulare	2294	275
Fresno	4626	572	Modoc	184	851	San Mateo	4078	420	Tuolumne	135	47
Glenn	422	184	Mono	52	429	Santa Barbara	1878	860	Ventura	2062	386
Humboldt	657	527	Monterey	2194	538	Santa Clara	5336	341	Yolo	653	245
Imperial	1091	501	Napa	639	86	Santa Cruz	1431	494	Yuba	334	486
Inyo	147	598	Nevada	305	320	Shasta	684	528			
Kern	3427	60	Orange	5889	611	San Diego	Series 2 Book 1961, Page 183887				

shall inure to and bind the parties hereto, with respect to the Property.

Notwithstanding the incorporation herein of subdivision A and subdivision B of the fictitious deed of trust referenced above, Trustor shall not be required to procure and maintain property insurance for the Property, because the Property consists of an airspace condominium unit. The building and physical structure within which the Property is located will be owned, maintained, and insured by the development's homeowner's association. Further, in the event of any conflict between the provisions of the Agreement and the provisions of subdivision A or subdivision B of said fictitious deed of trust, the provisions of the Agreement shall control; provided, however, a conflict shall only be deemed to exist if compliance with the provisions of one of such instruments will result in a violation of the other such instrument.

Trustor has caused this Deed of Trust to be executed as of the date set forth above.

"TRUSTOR"

[INSERT SIGNATURE BLOCK]

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 Orange)

On _____, before me, _____,
(insert name and title of the officer)

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 _____

(Seal)

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

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

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

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

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

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

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

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

B. It is mutually agreed:

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

That certain real property located in the City of Yorba Linda, County of Orange, State of California, more particularly described as follows: