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RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Cypress
5275 Orange Ave.
Cypress, CA 90630
Attention: City Clerk

(Space Above for Recorder's Use)

Exempt from Recordation Fee per Gov. Code § 27383

**AMENDED AND RESTATED AFFORDABLE HOUSING IMPLEMENTATION
AGREEMENT AND DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS,
INCLUDING RESALE RESTRICTIONS**

THIS AMENDED AND RESTATED AFFORDABLE HOUSING IMPLEMENTATION AGREEMENT AND DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS, INCLUDING RESALE RESTRICTIONS (the "Declaration") is made by and between CYPRESSMOODYM 2022, LLC, a California limited liability company (the "Developer"), and the CITY OF CYPRESS, a California municipal corporation (the "City") as of the 14th day of November, 2023.

RECITALS

A. Developer owns fee title to that certain real property located in the City of Cypress, County of Orange, State of California, legally described in the legal description attached hereto as Exhibit "A" (the "Property").

B. The project consists of 98 senior (at least one member age 62 or older) residential units of which 50 are designated as moderate-income affordable units for persons and "persons and families of moderate income" as defined in California Health and Safety Code section 50093. Cypress City Council approved the project on October 25, 2021 per Resolutions Nos. 6683 and 6684 (the "CC Resolutions"). In accordance with the CC Resolutions, Condition of Approvals numbers 6.5, 6.6, 6.7, 6.8, and 6.9 for Conditional Use Permit (CUP) No. 2021-03 and Vesting Tentative Tract Map No. 19, require the restricting, in perpetuity, of the 50 residential units for ownership to persons and families of moderate income as defined by Section 1 herein.

C. The Conditions of Approval referenced in the Recital above and the CC Resolution require Developer to (i) develop and identify (a) in the covenants, conditions, and restrictions for the Project, and (b) on the condominium map for the Project in Lot 2, fifty (50) of the residential condominium units as units restricted as affordable housing (collectively, the "Affordable Units"), and (ii) record a covenant against the Affordable Units that (a) identifies the Affordable Units as condominiums restricted for sale to and occupancy by income-qualified households at an affordable sales price, (b) restricts the Affordable Units, in perpetuity, for sale to and occupancy by income-qualified households, and (c) requires notice of affordability to be included in the sales documents for the initial sale, and all subsequent sales, of the Affordable Units.

D. The Affordable Units within the Project are located along the eastern Property boundary in two buildings in Lot 2 of Tract 19147, as depicted on the Final Map recorded on February 7, 2023, with the Orange County Clerk Recorder, as instrument number 2023000027002, which has been approved by the City and is attached hereto and incorporated herein as Exhibit "B" (the "Final Map"). Building A houses 24 affordable units and an approximately 2,000 square foot community center with adjacent covered patio. Building B contains 26 affordable units. The one- and two-bedroom affordable units range from 767 to 1,003 square feet. Floor plans for the market rate units within the Project range from approximately 1,326 to 2,031 square feet of habitable floor area.

E. On May 8, 2023 the Developer and the City of Cypress entered into an Affordable Housing Agreement for the Property. The May 8, 2023 Affordable Housing Agreement is defined as the "Original Declaration".

F. Developer and City now enter into this Declaration to replace the Original Declaration to amend the downpayment amount required by Qualified Households. Developer's execution and recordation of, and thereafter compliance with, this Declaration shall satisfy Developer's obligations under the Mello Act (codified at Government Code section 65590 et seq.) and Condition of Approvals numbers 6.5, 6.6, 6.7, 6.8, and 6.9 for Conditional Use Permit (CUP) No. 2021-03 and Vesting Tentative Tract Map No. 19 approved by the City, by restricting, in perpetuity, the Affordable Units for sale to "Qualified Households" at an "Affordable Sales Price" (as those terms are defined in Section 1 herein).

G. This Declaration does not encumber or in any way limit the sale of any units in Lot 1 of Tract 19147 as depicted on the Final Map.

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. In addition to the terms defined elsewhere in this Declaration, the following meanings shall apply:

a. "Affordable Housing Agreement with Resale Restrictions" shall mean the Equity Sharing Agreement, which serves as the Affordable Housing Agreement with Resale Restrictions for purposes of Section 39 (or subsequent section number) of the CC&Rs and Conditions of Approval numbers 6.5, 6.6, 6.7, 6.8, and 6.9 for Conditional Use Permit (CUP) No. 2021-03 and Vesting Tentative Tract Map No. 19.

b. "Affordable Sales Price" shall mean, as to each Affordable Unit, a sales price that would result in an annual Monthly Housing Cost that does not exceed the maximum percentage of income that can be devoted to housing cost by Qualified Households under California law. As of the date of this Declaration, the Affordable Sales Price for a Qualified Household means a purchase price with a reasonable downpayment, and that would result in an annual Monthly Housing Cost that is not less than twenty-eight percent (28%) of the gross income of the household nor 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 Affordable Unit,

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 only, “adjusted for family size appropriate for the Affordable Unit” 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 (to clarify, the indicated household size does not serve as a limitation on the number of residents in the household of a Proposed Buyer). For purposes of determining an Affordable Sales Price, a “reasonable” downpayment is a downpayment that equals **fifteen percent (15%)** of the sales price for the Affordable Unit. A calculation of Affordable Sales Price, based on the date of this Declaration, is set forth in Exhibit “D” attached hereto and incorporated herein.

c. “Affordable Unit” shall have the meaning ascribed in Recital C of this Declaration.

d. “Association” shall have the meaning ascribed in Section 8 of this Declaration.

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

f. “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.

g. “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.

h. “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.

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

j. “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).

k. “Equity Sharing Agreement” shall have the meaning set forth in Section 2 of this Declaration.

l. “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.

m. “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; (d) fire and casualty insurance covering replacement value of property improvements, unless such insurance is procured by the homeowner association; (e) homeowner association fees; and (f) a reasonable utility allowance. The Monthly Housing Cost of a purchaser shall be an average of estimated costs for the next twelve (12) months.

n. “Owner” shall mean a Qualified Household to whom Developer has conveyed fee title to one of the Affordable Units.

o. “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 Declaration 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 Bureau of Real Estate.

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

q. “Qualified 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 published periodically by the State of California Department of Housing and Community Development.

r. “Sales Price” shall mean all sums paid by a Qualified 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 Qualified Household, to or for the benefit of the Developer.

s. “Transfer” shall mean any sale, assignment, or transfer of an interest in an Affordable Unit, 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.

t. "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 as depicted on the Condominium Plan for each Phase. The Project is comprised of ninety-eight (98) Units.

2. Sale of Affordable Units.

Developer agrees that Developer shall sell the Affordable Units to Qualified Households at an Affordable Sales Price. 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 use its best efforts to market the Affordable Units to persons who live and/or work within the City of Cypress. Developer shall prioritize applications based on time submitted and whether an applicant lives and/or works in the City of Cypress. 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"). Escrow for the sale of an Affordable Unit by Developer to a Qualified Household shall not close until after issuance of a certificate of occupancy to be issued by the City of Cypress building department for such Affordable Unit as well as issuance of a Final Subdivision Public Report by the California Bureau 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.

Whenever Developer Transfers any Affordable Unit to a Qualified Household, the Owner of that Affordable Unit shall execute and have notarized and recorded, for the benefit of the City, an equity sharing agreement substantially in the form of Exhibit "E" attached hereto and incorporated herein by this reference ("Equity Sharing Agreement"). In connection with any Transfer of an Affordable Unit to an Owner, Developer shall cause the Equity Sharing Agreement specific to the Affordable Unit to be recorded at the closing of escrow that transfers the Affordable Unit from Developer to the Owner. Thereafter, upon any subsequent Transfer of the Affordable Unit from a current Owner to a subsequent Owner, the current Owner shall cause the subsequent Owner to execute and have notarized and recorded the Equity Sharing Agreement (and applicable attachments thereto).

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

a. General. Upon Developer's sale of an Affordable Unit in accordance with the terms of this Declaration, Developer shall have no further obligations or liability under this Declaration with respect to such Affordable Unit, or any responsibility with respect to such Affordable Unit, except as expressly set forth in Section 4, subdivision (e), and Section 10 of this Declaration.

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 DECLARATION 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 Declaration. Specifically, Developer may only transfer an Affordable Unit to a Qualified 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 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 calculate the Affordable Sales Price for the Proposed Buyer of the Affordable Unit in accordance with the definitions set forth in Section 1 of this Declaration. Developer shall obtain final approval from City housing staff or City Consultant on any such calculation, as set forth further in Section 4 below, which approval shall be evidenced by City's execution of the Request for Verification of Proposed Buyer for said buyer.

4. Process to Complete Transfer by Sale of Condominiums.

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

a. Notice to City: Developer shall send to City, at 5275 Orange Ave., Cypress CA 90630, or any other method requested by City, the form attached hereto and incorporated herein as Exhibit "C" ("Request for Verification of Proposed Buyer") fully completed and executed by Developer and the Proposed Buyer, accompanied by all documents and materials received by Developer and necessary in order for Developer and City to make a determination that the Proposed Buyer is a Qualified 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"). As directed by the City, Developer may instead send such paperwork directly to a third-party retained by the City for verification purposes as contemplated in Section 4f, below.

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 Qualified 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 or successor regulation thereto) of the Proposed Buyer. Developer shall certify pursuant to the Request for Verification of Proposed Buyer the information provided in the Verification and Supporting Documentation. Developer shall be entitled to rely on all of the Verification and Supporting Documentation in making the determination required by this subsection 4b unless Developer has knowledge of, or a reasonable basis for belief as to, the inaccuracy or falsehood of any of the Verification and Supporting Documentation (“Developer’s 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 2 persons for each one-bedroom Affordable Unit and 3 persons for each two-bedroom Affordable Unit, regardless of the number of intended occupants.

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 Developer’s Review Standard, (i) Developer has made the affirmative determination required by and pursuant to Section 4b above that the Proposed Buyer is a Qualified Household, and (ii) the Sales Price is an Affordable Sales Price as required by Section 4c above. Within ten (10) business days after City’s receipt of the Verification and Supporting Documentation, City, or City’s agent, shall approve, disapprove, or conditionally approve the Proposed Buyer’s eligibility to purchase an Affordable Unit as a Qualified 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 Declaration, 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 Declaration) 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 from Developer to a Proposed Buyer is made in violation of the terms of this Declaration 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 Declaration; 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 Declaration. Further, in the event Developer fails to comply with Sections 4a, 4b, 4c, or 4d above, 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, legal fees and costs for any action City takes in enforcing the terms of this Section 4e; provided, however, that Developer shall not be required to reimburse City pursuant to the preceding sentence if a final determination is made by a court of competent jurisdiction that City's action was frivolous and/or totally without merit.

f. Qualification by City-Designated Consulting Firm. City shall retain a third-party consulting firm 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 Declaration, and from time to time at City's request to replenish depleted funds, Developer shall provide a deposit to the City to cover all costs charged to City by City's third-party consultant to qualify said initial buyers. Within ten (10) days after the later of (i) the date Developer has sold all Affordable Units to Qualified Households, as verified by the City's third-party consultant, and (ii) the date City has paid the City's third-party consultant the final payment owed in connection with the last qualification of the Qualified Household purchasing an Affordable Unit, City shall return all unexpended Deposit Funds to Developer.

g. City Affordable Housing Documents; Partial Termination. Developer shall require each Proposed Buyer to execute, with signatures acknowledged (as applicable) and documents recorded (as applicable) the Equity Sharing Agreement and all attachments thereto. On the thirtieth (30th) day following the close of any transfer of an Affordable Unit to a Qualified Household, provided (1) the Equity Sharing Agreement (and applicable attachments thereto) have been duly executed, with signatures acknowledged (as applicable), and) recorded (as applicable) 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 Declaration, Developer shall be automatically released from this Declaration with respect to the sold Affordable Unit. If requested, in writing, by Developer, City agrees to execute and record a release of Developer from Developer's obligations under this Declaration for released Affordable Unit(s), as the covenants, conditions, and restrictions, including the resale restrictions in this Declaration, shall run with the land and remain the obligation of the owner of the Affordable Unit with oversight by the Association in accordance with the Association CC&Rs.

h. Delivery of Documents. Upon the close of the proposed Transfer, Developer shall provide City with a certified copy of the recorded documents, including a copy of the recorded Equity Sharing Agreement (including recorded attachments), and a copy of the final sales contract, settlement statement, escrow instructions, 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.

Developer agrees for itself and any successor in interest that Developer shall refrain from restricting the rental, sale, or lease of any portion of the Property, or contracts relating to the Property, on the basis of race, color, creed, religion, sex, marital status, ancestry, or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

a. *In deeds:* "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of 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 premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

b. *In contracts:* "There shall be no discrimination against or segregation of, any person or group of persons on account of 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 premises which are the subject of this agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

6. [reserved]

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. Exterior building elevations of the market rate units and Affordable Units shall each contain tile roofing, vinyl windows, recessed openings, lap siding, stucco siding, metal railings and rooftop solar panels.

Interiors shall include similar brand appliances, Therma-tru exterior doors (or of comparable quality), Frank Brass bath hardware (or of comparable quality), Delta Fixtures bath plumbing (or of comparable quality), stainless steel Sonetto sinks (or of comparable quality), clear glass shower enclosures and white Thermofoil cabinets (or of comparable quality). The remaining residential dwelling units in the Project units consist of two-bedroom market rate units. Issuance of a certificate of occupancy by the City shall constitute final approval that an Affordable Unit complies with this Section 7.

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. The Association CC&Rs shall expressly provide for the payment of an annual fee, in an amount determined by the City from time to time, to City for annual compliance with the provisions of this Declaration and the Equity Sharing Agreement, which amount, at the time of recordation of this Declaration, is \$150 per Affordable Unit.

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 (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 Declaration, 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 City and 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 Qualified 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 Bureau 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 Declaration.

12. Repair of Damage.

If any improvements on the Property 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 Property 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 improvements to substantially the same condition as the improvements are required to be maintained under the terms of this Declaration, 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 Property to the Association), shall complete the same as soon as possible thereafter so that the Property or damaged portion thereof can continue to be developed and occupied as an affordable housing development in accordance with this Declaration. In no event shall the repair, replacement, or restoration period exceed six (6) 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 Declaration which is not cured within thirty (30) days after receipt of notice from the other party specifying the default constitutes a default under this Declaration; 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 Declaration; provided, however, that notwithstanding anything in the foregoing to the contrary, 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 economic or consequential damages of any kind. 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.

No violation or breach of covenants, conditions, restrictions, provisions, or limitations contained in this Declaration shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security instrument, except for any such mortgage or deed of trust or security instrument recorded against an Affordable Unit that was Transferred in violation of this Declaration, such as a deed of trust recorded against an Affordable Unit for a person or household that is not a Qualified Household and/or for a loan in excess of the Affordable Sales Price.

15. Conflict with Other Laws; Severability.

In the event that any provision of this Declaration 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 Declaration to provide housing to Qualified Households at an Affordable Sales Price.

Every provision of this Declaration is intended to be severable. In the event any term or provision of this Declaration 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 Declaration, which terms and provisions shall remain binding and enforceable.

16. Covenants for Benefit of City.

This Declaration 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 Qualified 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.

In further amplification and not in restriction of the provisions set forth hereinabove, the covenants, conditions, and restrictions, including resale restrictions, that touch and concern the Affordable Units shall run with the land in perpetuity. Upon the Transfer of any Affordable Unit by the Developer, the covenants, conditions, and restrictions, including resale restrictions shall run with the land and remain the obligation of the owner of the Affordable Unit with oversight by the Association in accordance with the Association CC&Rs, which shall comply in perpetuity with Conditions of Approval numbers 6.5, 6.6, 6.7, 6.8, and 6.9 for Conditional Use Permit (CUP) No. 2021-03 and Vesting Tentative Tract Map No. 19 approved by the City.

17. Partial Release of Property Excluding Affordable Units.

Upon written request from Developer and Developer's delivery to City of a legal description of the Affordable Units, City shall release the encumbrance of this Declaration 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 Declaration until released in accordance with the terms of Section 4g above.

18. Full Release of Developer; CC&Rs and Resale Restrictions Remain with Affordable Units. 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 Declaration, then on the thirtieth (30th) day following the close of escrow for the last Affordable Unit to a Qualified Household, then, if requested in writing by Developer, City agrees to execute and record a release of Developer from Developer's obligations under this Declaration, as the covenants, conditions, and restrictions, including the resale restrictions in this Declaration, shall run with the land and remain the obligation of the owner of the Affordable Unit with oversight by the Association in accordance with the Association CC&Rs.

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: CypressMoodyM 2022, LLC
c/o Melia Homes, Inc.
8951 Research Drive, Suite 100
Irvine, CA 92618
Attn: BJ Delzer

City: City of Cypress
5275 Orange Ave.,
Cypress CA 90630
Attention: Planning Director

copy to: Aleshire & Wynder, LLP
1 Park Plaza
Suite 1000
Irvine, CA 92614
Attn: Fred Galante, 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 Declaration 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 Declaration 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 Declaration, (i) an Affordable Unit to a Qualified Household, and (ii) the Association Property in the Project to the Association.

21. Attorneys' Fees and Costs.

If a party to this Declaration commences an action against the other party to this Declaration arising out of or in connection with this Declaration, 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 Declaration (and the exhibits and attachments hereto) 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 Declaration 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 Declaration 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 Declaration. Any amendment or modification to this Declaration must be in writing and executed by the appropriate authorities of City and (i) Developer to the extent the modification affects the rights or obligations of Developer under this Declaration, (ii) the Association to the extent the modification affects the rights or obligations of the Association under this Declaration, and (iii) the Owner of any Affordable Unit whose rights or obligations under this Declaration is affected by the modification.

23. Interpretation; Governing Law.

This Declaration shall be construed according to its fair meaning and as if prepared by both of the parties hereto. This Declaration 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 Declaration and the authority to implement this Declaration 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 Declaration 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 Declaration 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 Declaration 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 Declaration shall have any rights or causes of action against any Party to this Declaration as a result of that party's performance or non-performance under this Declaration, or for the enforcement of any provisions of this Declaration.

27. Counterparts


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

[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”

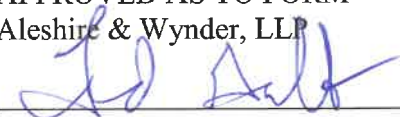
CITY OF CYPRESS,
a California municipal corporation

By: 
Peter Grant, City Manager

Executed at Cypress,
California
this 14th day of November
20223

Attest:

Alisha Farnell, City Clerk

APPROVED AS TO FORM
Aleshire & Wynder, LLP

Fred Galante, City Attorney

“Developer”

CypressMoodyM 2022 LLC, a California limited liability company

By: Melia Homes, Inc., a California corporation, its Manager

By: 
BJ Delzer, CEO

Executed at _____,
California
this _____ day of _____,
2022

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.

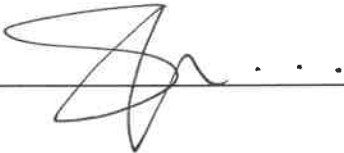
State of California)
County of Orange)

On NOVEMBER 14, 2023, before me, SYLVIA SOWAH, NOTARY PUBLIC
(insert name and title of the officer)

Notary Public, personally appeared BJ DELZER,
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)

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

All that certain property located in the City of Cypress, County of Orange, State of California, described as follows:

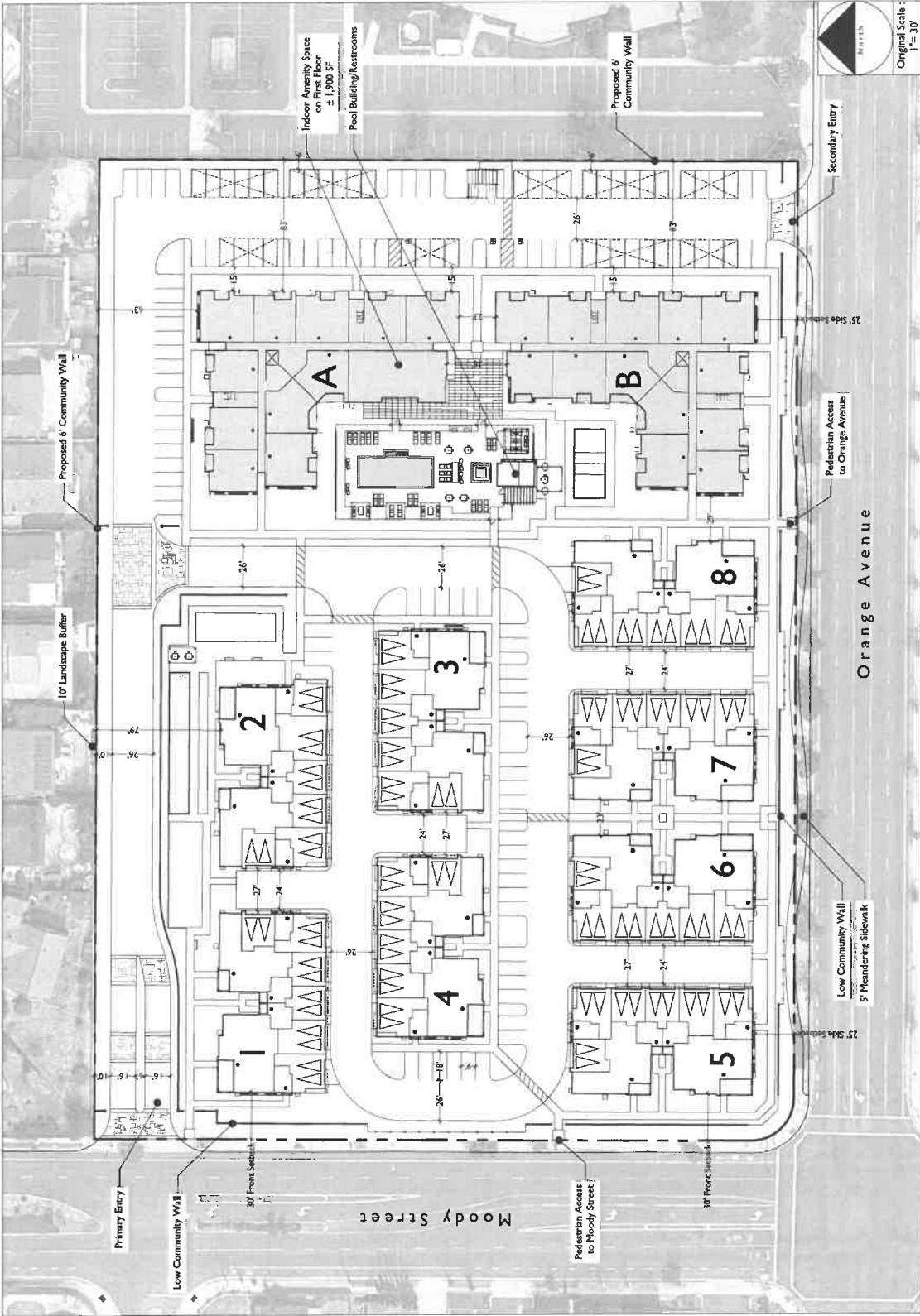
In the City of Cypress, County of Orange, State of California

Being a subdivision of a portion of the west half of the southwest quarter of the northwest quarter of Section 16, Township 4 South, Range 11 West, in the Rancho Los Coyotes as shown on a map filed in book 51, page 11 of Miscellaneous maps, in the Office of the County Recorder of said County

EXHIBIT "B"

SITE PLAN

[Attached]



Site Summary:

Total Homes	: 48
2-Story Market Rate	: 48
Buildings 1-8	: 50
2-Story Affordable	: 50
Buildings A & B	: 98
Total	: 98

Gross Site Area : ± 6.34 Acres
 Gross Density : ± 15.5 Homes per Acre

Parking Required* (Market Rate)

2.0 Spaces / 2 BR x 32	= 64
2.5 Spaces / 3 BR x 16	= 40
0.5 Spaces / Unit x 48	= 24
Total Required	= 128

*Affordable parking requirements per city of Cypress municipal code (Appendix I, article 2.05.055)

Parking Provided (Market Rate)

Garage Spaces	= 96
Uncovered Spaces	= 37
Total Provided	= 133

Overall Parking Ratio = 2.77:1

Parking Required** (Affordable)

1.0 Space / 1 BR x 31	= 31
2.0 Spaces / 2 BR x 19	= 38
Total Required	= 69

**Affordable parking requirements per California Government Code Title 7, Division 1, Chapter 4.3, Section 65915.1(a)(3)(A)

Parking Provided (Affordable)

Carpport Spaces	= 50
Uncovered Spaces	= 36
Total Provided	= 86

Overall Parking Ratio = 1.72:1

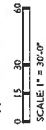
Building Coverage Calculations:

Market Rate	= 7,220 sq. ft. x 8	= 57,767 sq. ft.
Affordable	= 29,511 sq. ft.	
Total		= 87,278 sq. ft.

Total Building Coverage = 31.6%

CONCEPTUAL SITE PLAN
CITRUS SQUARE - SENIOR COMMUNITY

Cypress, California



Bassettian | Lagoni
 ARCHITECTURE • PLANNING • INTERIORS

Copyright © 2021 Bassettian | Lagoni Architects

2001 Occident Drive, Suite 100
 Newport Beach, CA 92660
 Tel: 949.553.5247
 Fax: 949.553.5248

SP-01

03.10.21



Note:
 This final study is for the purpose of estimating the maximum density of a residential project. It is not a site plan or a final configuration of a project. Specific unit and room requirements, setbacks, and other requirements, etc.) that the actual possible density may vary substantially.

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 Cypress
5275 Orange Ave.,
Cypress CA 90630
Attn: Project Manager

Re: Request for Verification of Proposed Buyer

To Whom It May Concern:

CypressMoodyM 2022, LLC, a California limited liability company (“Developer”) 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 “Qualified Household” (as that term is defined in the Affordable Housing Implementation 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 to the proposed buyer: \$ _____. (If none, so state.)

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

(e) Sources of payment of sales price:

Sales price	\$ _____
Cash down payment	\$ _____
1st loan	\$ _____
2nd loan	\$ _____
Other (describe)	\$ _____
Total	\$ _____

(f) The financing obtained by the proposed buyer to purchase the Property is as follows:

1st Loan:

Loan amount \$ _____

Monthly payments: \$ _____

Interest rate _____

If variable interest, describe adjustment mechanism: _____

Due date: _____

Balloon payment amount: _____

Points and fees: _____

Lender: _____

Lender's address: _____

2nd Loan:

Loan amount: \$ _____

Monthly payments: \$ _____

Interest rate: _____

If variable interest, describe adjustment mechanism:

Due date: _____

Balloon payment amount: _____

Points and fees: _____

Lender: _____

Lender's address: _____

Other Loans: (describe, if none, so state)

(g) The Monthly Housing Cost to be paid by the proposed transferee:

1st loan monthly payment: \$ _____

2nd loan monthly payment: \$ _____

Other loans monthly payment: \$ _____

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

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

Utility allowance: \$ _____

Homeowner's dues: \$ _____

Total: \$ _____

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 on 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. The proposed transferee must submit to Developer, on a form available from Developer, an income certification so Developer may determine if the proposed buyer is a Qualified Household.

6. In the event a transfer is made in violation of the terms of the Affordable Housing Implementation Agreement and Declaration of Covenants, Conditions, and Restrictions, Including Resale Restriction ("Declaration"), 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 Declaration and/or force a sale of the Property and transfer of the Property to a Qualified Household.

A true and correct copy of the purchase and sale or other agreement between Developer 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 Developer.

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

CypressMoodyM 2022, LLC, a California limited liability company:

Date

signature

signature

print name

print name

street address

telephone

city

state

zip code

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 Qualified 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

Certification

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

- (1) Proposed Buyer is a Qualified 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 Declaration to which this certificate is attached.]

CypressMoodyM 2022, LLC, LLC, a
California limited liability company

By: _____

Its: _____

Date: _____

The foregoing Proposed Buyer is approved by City.

By: _____

Its: _____

Date: _____

EXHIBIT “D”

CALCULATION OF AFFORDABLE SALES PRICE

[Attached]

TABLE 1

**MAXIMUM HOUSEHOLD INCOMES: H&SC SECTION 50093 REQUIREMENTS
MODERATE INCOME HOUSEHOLDS
FOURTH QUARTER 2021
CITRUS SQUARE SENIOR CITIZEN PROJECT
CYPRESS, CALIFORNIA**

1 Person Household	\$89,650
2 Person Household	\$102,450
3 Person Household	\$115,250

TABLE 2

**AFFORDABLE SALES PRICE CALCULATIONS ¹
H&SC SECTION 50052.5 CALCULATION METHODOLOGY
MODERATE INCOME HOUSEHOLDS
FOURTH QUARTER 2021
CITRUS SQUARE SENIOR CITIZEN PROJECT
CYPRESS, CALIFORNIA**

	One Bedroom	Two Bedrooms
I. <u>Income Information</u>		
Benchmark Household Size	2	3
Area Median Income ²	\$85,350	\$96,050
Percentage of Median Income Used for Calculations	110%	110%
Household Income Used for Calculations	\$93,885	\$105,655
% of Income Allocated to Housing	35%	35%
Income Allotted to Housing	\$32,860	\$36,980
II. <u>Ongoing Expenses</u>		
Utilities Allowance ³	\$1,896	\$2,544
HOA Dues & Maintenance Allowance ⁴	3,900	3,900
Property Taxes @ 1.15% of Affordable Price	5,000	5,642
Total Expenses	\$10,796	\$12,086
III. <u>Income Available for Mortgage</u>	\$22,064	\$24,894
IV. <u>Affordable Sales Price</u>		
Supportable Mtg @ 3.87% Interest ⁵	\$391,200	\$441,400
Benchmark Down Payment @ 10% Affordable Sales Price	43,500	49,100
Maximum Affordable Sales Price	\$434,700	\$490,500

¹ The Affordable Sales Price are updated on the first day of each calendar quarter to reflect changes in the Area Median Income, the utilities allowances, and mortgage interest rates.

² Based on the 2021 Area Median Income published by HCD.

³ Based on the Orange County Housing Authority effective as of 12/1/21. Assumes Gas Cooking; Gas Heating; Gas Water Heater; Air Conditioning; Basic Electric; Sewer; Water; and Trash.

⁴ HOA Dues @ \$275/month and Maintenance Allowance @ \$50/month.

⁵ Based on a 50 basis points premium applied to the Bankrate site average as of October 1, 2021 for a fixed-interest rate loan with a 30-year amortization period.

EXHIBIT “E”

EQUITY SHARING AGREEMENT
[Affordable Housing Agreement with Resale Restrictions]

[Attached]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Cypress
5275 Orange Avenue
Cypress, California 90630
Attn: City Clerk

Exempt From Recording Fee Pursuant to Government Code § 27383

EQUITY SHARING AGREEMENT
[Affordable Housing Agreement with Resale Restrictions]

This EQUITY SHARING AGREEMENT (the “Agreement”) is made this ____ day of _____, 20__, by and between _____ (“Participant”) and the CITY OF CYPRESS, a California municipal corporation (“City”). City and Participant are hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

A. Participant has entered into an agreement (the “Purchase Agreement”) to purchase condominium unit number ____ located at _____, in the City of Cypress, California (the “Property”). The Property is more particularly described in Exhibit “A” attached hereto and incorporated herein by this reference.

B. The Property and adjacent real property were developed by CYPRESSMOODYM 2002 LLC, a California Limited Liability Company (the “Developer”), as part of a project consisting of ninety-eight (98) senior residential units, of which fifty (50) are designated as moderate affordable income (the “Project”). Cypress City Council approved the Project on October 25, 2021, per Resolutions Nos. 6683 and 6684 (the “CC Resolutions”). In accordance with the CC Resolutions, Condition of Approvals numbers 6.5, 6.6, 6.7, 6.8, and 6.9 for Conditional Use Permit (CUP) No. 2021-03 and Vesting Tentative Tract Map No. 19, require the restricting, in perpetuity, of the 50 residential units for ownership to persons and families of moderate income.

C. In accordance with the Conditions of Approval referenced in the Recital above and the CC Resolutions, Developer (i) identifies (a) in the covenants, conditions, and restrictions for the Project (commonly referred to as the “CC&Rs”), and (b) on the condominium map for the Project, fifty (50) of the residential condominium units as units restricted as affordable housing (collectively, the “Affordable Units”), and (ii) recorded on _____, 2023, a covenant titled “Affordable Housing Implementation Agreement and Declaration of Covenants, Conditions, and Restrictions, Including Resale Restrictions” in the official records of the Orange County Clerk-Recorder, instrument number ____ (the “Affordability Covenant”), against the Affordable Units that (a) identifies the Affordable Units as condominiums restricted for sale to and occupancy by income-qualified households at an affordable sales price, (b) restricts the Affordable Units, in perpetuity, for sale to and occupancy by income-qualified households, and (c) requires notice of

affordability to be included in the sales documents for the initial sale, and all subsequent sales, of the Affordable Units.

D. Participant acknowledges that Property Participant is purchasing an “Affordable Unit” as described in the Recital above, and Participant must purchase the Property at an affordable sales price, would not be able to purchase the Property if it were being sold at the current market price, and, if he or she so chooses, may only sell the Property at an affordable sales price to a moderate income household that includes a member 62 years of age or older. Participant is a moderate income household whose current income does not exceed one hundred twenty percent (120%) of the current annual “area median income” for the Orange County area, adjusted for household size, as those terms are defined by California Health and Safety Code Section 50093.

E. One of City’s objectives is to assist moderate income households and to increase, improve and preserve moderate-income housing available at “affordable housing cost” (as defined in Health and Safety Code Section 50052.5) within the territorial jurisdiction of City.

F. Participant has represented to City that Participant shall reside in the Property as Participant’s principal residence at all times throughout the term of this Agreement.

G. City and Participant now wish to enter into this Agreement restricting Participant’s resale of the Property, pursuant to which the Participant agrees that Participant may only sell the Property at an affordable sales price to a moderate income household that includes a member 62 years of age or older, and that if it breaches said provision, (which would be an “Event of Acceleration”, as that term is defined in Section 6 below), must pay to City the amount of the “FMV Difference” (as that term is defined in Section 3 below) and the amount of the “Shared Appreciation” (as that term is defined in Section 3 below), and to set forth additional terms and conditions applicable to Participant’s purchase and occupancy of the Property.

A G R E E M E N T

NOW, THEREFORE, for good and valuable consideration the Parties agree as follows:

1. **Restrictions.**

a. **Affordable Housing Restriction.** Participant acknowledges receipt of a copy of the Affordability Covenant (defined in Recital C above), and acknowledges that the Affordability Covenant (a) identifies the Property as a condominium restricted for sale to and occupancy by income-qualified households at an “affordable sales price”, as that term is defined in the Affordability Covenant, (b) restricts the Property, in perpetuity, for sale to and occupancy by income-qualified households, (c) requires notice of affordability to be included in the sales documents for the initial sale, and all subsequent sales, of the Property, (d) requires Participant provide City notice of its intent to sell the Property not less than four (4) weeks prior to the proposed transfer, and obtain City’s approval of the proposed sale, (e) requires each subsequent purchaser of the Property enter into an Equity Sharing Agreement with City, and (f) that the foregoing list is not all inclusive. Section 7 below contains restrictions on the sale of the Property.

b. **Senior Housing Restriction.** The Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Citrus Square, recorded in the official records of the Orange County Clerk-Recorder, instrument number _____, on _____, 2023 (the "Project CC&Rs"), contain, in Article X, certain age restrictions, advising that the Property is a "senior housing development" that subjects the Property to certain "age-restricting housing laws" as defined therein, which generally require that at least one resident in the household occupying the Property must be 62 years of age or older.

2. **Duration of Covenants.** The covenants set forth in this Agreement shall remain in effect as to Participant from the date this Agreement is recorded and continue thereafter until (i) the Property transferred by Participant pursuant to an "exempt transfer", as that term is defined in Section 5 below, which includes a sale by Participant to a "Proposed Buyer" who is in a "Qualified Household" at an "Affordable Sales Price", in accordance with and as those terms are defined in the Affordability Covenant, or (ii) the occurrence of an Event of Acceleration and Participant's repayment, in full, of the "FMV Difference" and "Shared Appreciation" (as those terms are defined in Sections 3 and 4 below).

3. **Reimbursement Obligation upon Non-Exempt Transfer; Shared Appreciation.** Upon a Non-Exempt Transfer (as that term is defined in Section 5 below) or upon the City's acceleration of the repayment obligation upon a default hereunder, Participant shall pay to the City the FMV Difference (as defined below).

The "FMV Difference" shall be equal to _____ Dollars (\$ _____), which is the difference between the fair market value of the Property as of the date hereof as determined by an appraisal of the Property relied upon by Participant's lender at the time of sale (i.e., _____) (the "Property FMV") and Participant's purchase price for the Property (i.e., _____) ("Participant's Purchase Price"). Participant shall execute, as maker, and deliver to City a reimbursement agreement secured by a deed of trust in favor of City, as holder, in the principal amount of the FMV Difference, substantially in the form attached hereto and incorporated herein as Exhibit "B" ("Reimbursement Agreement").

Participant acknowledges that Participant shall also pay to City, in addition to the FMV Difference, a percentage of the appreciation in the Property between the date Participant purchases the Property and the date Participant sells the Property ("Shared Appreciation"). Participant acknowledges that its obligation to pay said percentage of the appreciation to City will reduce the amount of the net appreciation, if any, that Participant will receive on sale of the Property.

The Shared Appreciation is based on the percentage of the Property FMV represented by the FMV Difference.

For example, if Participant's Purchase Price is \$200,000, and the Property FMV at the time of purchase is \$300,000, then the FMV Difference is \$100,000, and the Shared Appreciation is 33.3% of the Property's appreciation.

The value of any capital improvements made to the Property by Participant shall be added to Participant's Purchase Price before calculating the Shared Appreciation. For purposes of this Agreement, the term "capital improvements" shall mean improvements individually valued at

more than Ten Thousand Dollars (\$10,000) each that substantially increase the value or life of the Property, such as a bathroom or kitchen remodel. To claim a capital improvement, Participant shall provide documentary evidence of the improvement and the cost thereof. Routine maintenance and minor upgrades, such as painting and new flooring, shall not constitute capital improvements unless the City Manager determines, in his or her sole and absolute discretion, that such improvement, either individually or made in conjunction with other similar improvements made by Participant, is likely to increase the appraised value of the Property.

The "Equity Share Amount" shall be the sum of the FMV Difference and the Shared Appreciation.

4. **Deed of Trust.** Participant shall also execute and deliver to City a second deed of trust which shall secure the obligations under the Reimbursement Agreement, substantially in the form attached hereto and incorporated herein as Exhibit "C" (the "City Deed of Trust"). As a further condition of Participant's purchase of the Property, Participant shall execute and deliver to City a Borrower Disclosure Statement (the "Disclosure Statement"), substantially in the form attached hereto and incorporated herein as Exhibit "D".

5. **Transfers.** A Transfer is either an Exempt Transfer or Non-Exempt Transfer.

a. As used herein, the term "Non-Exempt Transfer" shall mean (i) any sale, assignment, or transfer of an interest in the Property, 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 Property, other than an Exempt Transfer, (ii) any interest evidenced by a land contract, (iii) the refinancing of the lien of the City Deed of Trust, or (iv) the refinancing of the primary mortgage on the Property (the "First Lien") other than a "Permitted First Lien Refinance" (as defined in Section 8 hereof).

b. Each of the following shall constitute an "Exempt Transfer" provided City is given notice of such event and, if required, the transferee assumes the obligations under the City Promissory Note, pursuant to the requirements of subsection c below: (i) a Transfer from Participant to himself/herself and his/her spouse (such that the spouses become co-owners of the Property) as a result of a marriage; (ii) if there is more than one individual constituting Participant (e.g., spouses, joint tenants, etc.), a Transfer of one of the individuals constituting Participant's interest in the Property to the other individual constituting Participant by reason of death, voluntary conveyance, or divorce; and (iii) a City-approved Transfer to a "Moderate Income Household" (as defined below) for a purchase price that does not exceed the "Affordable Housing Cost" (as defined below).

"Moderate Income Household" means a household whose annual income does not exceed the qualifying limits under California law for "persons and families of moderate income" as defined in Health and Safety Code section 50093 and as published periodically by the State of California Department of Housing and Community Development. "Affordable Housing Cost" means a sales price that would result in a "Monthly Housing Cost" (as defined below) that does not exceed the maximum percentage of income "for persons and families of moderate income" that can be devoted to housing cost by a household under California Law. "Monthly Housing Cost" shall include all of the following associated with the Property, estimated or known as of the date

of the proposed Transfer of the Property: (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 purchaser's primary mortgage lender or by the CC&Rs; (d) fire and casualty insurance covering replacement value of property improvements, unless such insurance is procured by a homeowner association; (e) homeowner association fees; and (f) a reasonable utility allowance. The Monthly Housing Cost of a purchaser shall be an average of estimated costs for the next twelve (12) months.

PARTICIPANT, AND EACH SUCCESSOR, HEIR OR ASSIGN OF PARTICIPANT, UNDERSTANDS THAT THE DETERMINATION OF THE AFFORDABLE HOUSING COST CAN BE MADE ONLY AT THE TIME OF A PROPOSED SALE OR OTHER TRANSFER OF THE PROPERTY, TAKING INTO CONSIDERATION PREVAILING INTEREST RATES, THE OFFERED TERMS OF SALE, THE ECONOMIC CIRCUMSTANCES OF THE PROPOSED PURCHASER AND OTHER FACTORS THAT CANNOT BE ACCURATELY PREDICTED, AND THAT THE TRANSFER PRICE PERMITTED HEREUNDER MAY BE LESS THAN THE FAIR MARKET VALUE OF THE SAME OR OTHER SIMILAR REAL PROPERTY WHICH IS NOT ENCUMBERED BY THIS AGREEMENT. PARTICIPANT, AND EACH SUCCESSOR, HEIR OR ASSIGN OF PARTICIPANT, FURTHER ACKNOWLEDGES THAT AT ALL TIMES IN SETTING THE TRANSFER PRICE, THE PRIMARY OBJECTIVE OF CITY AND THIS AGREEMENT IS TO PROVIDE HOUSING TO MODERATE INCOME HOUSEHOLDS AT AN AFFORDABLE HOUSING COST.

Participant's Initials

- c. The following notice requirements shall apply to Exempt Transfers:

Conveyance as a Result of Marriage. If the Exempt Transfer is a Transfer from Participant to himself/herself and his/her spouse (such that the spouses become co-owners of the Property) as a result of a marriage, Participant shall provide City notice of the proposed Exempt Transfer prior to the occurrence of the Exempt Transfer. Participant shall not Transfer the Property until such time as the transferee spouse has executed an assumption agreement in a form approved by City jointly assuming the obligation to pay the FMV Difference and Shared Appreciation, and Participant, at Participant's cost has provided City an endorsement to City's lenders title insurance policy to reflect the change in title to the Property (or, if an endorsement is not available, a new title insurance policy with the same title exceptions as reflected on the original title policy).

Conveyances Between Individuals Constituting Participant as a Result of Death, Voluntary Conveyance, or Divorce. If there is more than one individual constituting Participant (e.g., spouses, joint tenants, etc.) and the Exempt Transfer is of one member of Participant's interest in the Property to the other individual constituting Participant by reason of death, voluntary conveyance, or divorce, the transferee of the Exempt Transfer shall notify City in writing of the occurrence of the Exempt Transfer no later than thirty (30) days after the occurrence of the Exempt Transfer.

City-Approved Conveyance to a "Moderate Income Household" For a Purchase Price that Does Not Exceed the "Affordable Housing Cost." If the Exempt Transfer is a Transfer to a transferee who qualifies as a Moderate Income Household and the purchase price does not exceed the Affordable Housing Cost, Participant shall first notify City of its intent to Transfer the Property by sending to City the notification form attached hereto and incorporated herein as Exhibit "E", no later than ten (10) days prior to the date each time the Property is placed on the market for a proposed sale. The Transfer of the Property shall be serviced through an escrow pursuant to a purchase and sale agreement. Within ten (10) days after Participant has entered into a purchase and sale agreement for a proposed sale, Participant shall provide a copy of such purchase and sale agreement to City. Participant's provision to City of such agreement shall constitute a representation and warranty by Participant to City that the purchase price set forth in said agreement is the total purchase price to be paid by the proposed buyer for the Property and that no other compensation, either financial or otherwise, will be given by the proposed buyer to Participant or any other person as additional consideration for the purchase of the Property.

The proposed transferee shall provide and certify the following information prior to the close of escrow: the Social Security Number (if available) of the proposed transferee; copies of the federal and state income tax returns if filed by the proposed transferee for the prior two (2) calendar years; copies (if available) of the two (2) most current wage earning statements of the proposed transferee; a certification as to the income and household size of the proposed transferee; the purchase price the proposed transferee intends to pay for the Property; and any other information that City may reasonably require to verify the income of the proposed transferee. The proposed transferee shall also provide the following: (i) an agreement by the proposed transferee to assume the obligations of an owner of the Property as set forth in an equity sharing agreement in a form the same of similar to this Agreement, and (ii) a written statement signed by the proposed transferee (in a form reasonably acceptable to City Attorney) that authorizes City to inspect, use, and rely on the information provided by the proposed transferee, and waiving and releasing any right or claim that said proposed transferee might otherwise have in the absence of such written authorization to maintain the privacy or confidentiality of such information. The information, statements, agreements, and other documents that a proposed transferee is required to provide pursuant to this subsection (c) are collectively the "Income Verification Materials." Participant shall have the obligation to collect and compile all Income Verification Materials from the proposed transferee of the Property.

Participant shall not Transfer the Property to the proposed transferee until such time as City has determined whether (i) the proposed transferee intends to occupy the Property as a principal residence; (ii) the proposed transferee is a Moderate Income Household; (iii) the purchase price of the Property does not exceed the Affordable Housing Cost; (iv) the proposed transferee and City have executed in a recordable form (where appropriate) any instruments necessary to effectuate the agreement by the proposed transferee to be bound by the obligations set forth in this Agreement and its exhibits; and (v) the proposed Transfer will not otherwise violate the terms and conditions of this Agreement. Participant shall cooperate with and reasonably assist City with its determination of the matters set forth in clauses (i)-(v) of this paragraph.

Participant shall have the obligation to deliver to City all Income Verification Materials for the proposed transferee of the Property no later than thirty (30) days prior to the close of escrow. City shall respond to a request from Participant for verification of the matters in clauses (i)-(v) of the previous paragraph by written notice, which shall be delivered to Participant within fifteen (15) business days of City's receipt of all Income Verification Materials for the proposed transferee of the Property. If City is unable to verify the prospective transferee's income as provided herein, then the prospective transferee's income shall be deemed to exceed the maximum allowable income limit for a Moderate Income Household. In the event that City determines a proposed Transfer would not meet the requirements of an Exempt Transfer, City shall specify the reason for said determination. If City fails to deliver the verification notice within fifteen (15) business days of receipt of all Income Verification Materials for the proposed transferee, City shall be deemed to have determined that the proposed Transfer is not an Exempt Transfer, unless City provides notice to Participant that a failure to comply within the fifteen (15) business day period is a result of an event of force majeure, an inability to secure the cooperation of the proposed transferee, or other reason beyond City's control.

In the event City approves the proposed Transfer as an Exempt Transfer, upon the close of the escrow for the proposed Transfer, the Participant and the transferee, as applicable, shall provide City with a copy of the final purchase and sale agreement, settlement statement, escrow instructions, and any other documents which the City may reasonably request.

d. For the first two listed types of Exempt Transfer (specifically: (i) a Transfer from Participant to himself/herself and his/her spouse [such that the spouses become co-owners of the Property] as a result of a marriage; and (ii) if there is more than one individual constituting Participant [e.g., spouses, joint tenants, etc.], a Transfer of one of the individuals constituting Participant's interest in the Property to the other individual constituting Participant by reason of death, voluntary conveyance, or divorce), this Agreement shall remain in full force and effect upon such Exempt Transfer and the transferee of such an Exempt Transfer shall constitute the "Participant" under this Agreement upon said Exempt Transfer and shall be subject to, and required to comply with, all of the terms and conditions of this Agreement, including without limitation the requirement in Section 10 that Participant occupy the Property as its principal place of residence. The Participant shall sign a new Equity Sharing Agreement and Deed of Trust.

6. Events of Acceleration. The FMV Difference and Shared Appreciation shall become due and immediately payable irrespective of any provisions herein to the contrary upon the occurrence of any one of the following events of acceleration ("Event of Acceleration"): (i) Transfer of the Property (as defined in Section 5 above), except an Exempt Transfer, or (ii) such time if or when Participant (or upon Participant's Transfer of the Property pursuant to a Exempt Transfer, Participant's transferee) is no longer in compliance with the occupancy requirements set forth in Section 10 of this Agreement or is in default of any other obligation under this Agreement, the Reimbursement Agreement, or the City Deed of Trust.

7. Sale of Property.

a. If Participant desires to sell, quitclaim, exchange, or in any manner dispose of the Property or any part thereof (“Proposed Sale”), Participant shall first notify City of its intent to transfer the Property, by sending to City the notification form attached hereto and incorporated herein as Exhibit “E”, no later than ten (10) days prior to the date each time the Property is placed on the market for a Proposed Sale.

b. Within ten (10) days after Participant has entered into a purchase and sale agreement for a Proposed Sale, Participant shall provide a copy of such purchase and sale agreement to City, as well as any fees and all other documentation requested by the City to determine whether the proposed purchaser is a “moderate income household” and the proposed purchase price is an “affordable sales price”. Participant’s provision to City of such agreement shall constitute a representation and warranty by Participant to City that the purchase price set forth in said agreement is the total purchase price to be paid by the proposed buyer for the Property and that no other compensation, either financial or otherwise, will be given by the proposed buyer to Participant or any other person as additional consideration for the purchase of the Property.

c. Unless the Transfer is an Exempt Transfer, Participant shall not sell or transfer the Property until such time as City and Participant have prepared escrow instructions to the escrow officer handling the sale (the “Escrow Officer”) directing the Escrow Officer to pay to City, out of the proceeds of the sale and before any such proceeds are distributed to Participant, the FMV Difference and Shared Appreciation.

d. The value of any capital improvements made to the Property by Participant shall be added to Participant’s Purchase Price before calculating the Shared Appreciation. For purposes of this Agreement, the term “capital improvements” shall mean improvements individually valued at more than Ten Thousand Dollars (\$10,000) each, that substantially increase the value or life of the Property, such as a bathroom or kitchen remodel. To claim a capital improvement, Participant shall provide documentary evidence of the improvement and the cost thereof. Routine maintenance and minor upgrades, such as painting and new flooring, shall not constitute capital improvements unless the City Manager determines, in his or her sole and absolute discretion, that such improvement, either individually or made in conjunction with other similar improvements made by Participant, is likely to increase the appraised value of the Property.

8. Refinance of First Lien.

a. Participant shall be permitted to refinance the First Lien for either of the following amounts (each, a “Permitted Refinance”): (i) not more than the then-current principal balance of the First Lien, or (ii) for more than the then-current principal loan balance of the First Lien (i.e., obtain a “cash out” refinance) in accordance with paragraph b below.

b. In a “cash out” refinance, the new first mortgage loan principal shall not exceed the lesser of:

(1) An amount which when combined with the sum of the FMV Difference and the Shared Appreciation (calculated based on an appraisal paid for by Participant from a qualified appraiser, or based on other evidence acceptable to the City Manager or authorized

designee in his/her sole and absolute discretion) (i.e., the total of the principal of the new first mortgage loan, the FMV Difference, and the Shared Appreciation) does not exceed eighty-five percent (85%) of the appraised value of the Property as evidenced by an appraisal (paid for by Participant) from a qualified appraiser, or based on other evidence acceptable to the City Manager or authorized designee in his/her sole and absolute discretion;

(2) An amount equal to the sum of (x) the outstanding principal balance, at the time of the refinance, of the then-current First Lien that is being refinanced, plus (y) usual and customary closing costs paid by Participant but excluding loan origination points or loan origination fees, plus (z) Twenty-Five Thousand Dollars (\$25,000.00).

Notwithstanding the foregoing, the City Manager shall have the authority, in his/her sole and absolute discretion, on behalf of the City to approve the following: (i) with respect to subparagraph (1) above, an increase from 85% to up to 90% in the maximum loan-to-value ratio, and (ii) with respect to subparagraph (2) above, an increase from Twenty-Five Thousand Dollars (\$25,000) to up to Fifty Thousand Dollars (\$50,000); provided, however, in both cases, Participant shall have provided evidence satisfactory to the City Manager, in his/her sole and absolute discretion, that the additional amount is needed to remedy a specific and significant current or identifiable future adverse financial condition of Participant and the City Manager determines, in his/her sole and absolute discretion, that such additional amount shall not jeopardize Participant's repayment of the FMV Difference and Shared Appreciation.

Participant may seek subordination of the City Deed of Trust to the deed of trust of the new first mortgage loan not more than once every three (3) years; provided, however, this restriction may be waived if Participant provides evidence satisfactory to the City Manager, in his/her sole and absolute discretion, that waiver of this restriction is needed to remedy a specific and significant current or identifiable future adverse financial condition of Participant and the City Manager determines, in his/her sole and absolute discretion, that waiver of this requirement shall not jeopardize Participant's repayment of the FMV Difference or Shared Appreciation.

c. Participant shall notify City not less than thirty (30) days prior to the date proposed for the closing of the refinance loan and shall execute such documents, and shall cause the new first mortgage lender to execute such documents, as City requires to effect the City's subordination of the City Deed of Trust to the deed of trust of the new first mortgage lender. City shall only approve a subordination of the City Deed of Trust to the deed of trust of the new first mortgage lender upon confirmation of the new first loan amount and review of Participant's loan application and related material and documents.

9. **Maintenance of Property.** Participant shall maintain the Property in a manner consistent with community standards which will uphold the value of the Property, in accordance with both the CC&Rs and the Cypress Municipal Code. Participant agrees to comply with all applicable federal, state and, local laws and regulations.

10. **Occupancy Standards.**

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.

c. the minimum occupancy of the Property shall be one (1) person for a one (1) bedroom Condominium, and one (1) person for a two (2) bedroom Condominium.

d. The maximum occupancy of the Property shall not exceed two (2) persons for a one (1) bedroom Condominium, and four (4) persons for a two (2) bedroom Condominium.

e. Participant shall, upon demand by City, submit to City an affidavit of occupancy verifying Participant's compliance with this Section 10. Said affidavit may be required by City on an annual basis.

f. City may charge Participant an annual compliance fee related to the foregoing. The compliance fee may (or may not) be billed to Participant monthly (or otherwise) by the Association, and paid to City by the Association.

11. **Income and Asset Information.** Participant has submitted 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 a moderate income household whose current income does not exceed one hundred twenty percent (120%) of the current annual "area median income" for the Orange County area, adjusted for household size, as those terms are defined by California Health and Safety Code Section 50093, and City would not have entered into this Agreement if Participant did not so qualify.

12. **Loan Servicing.** City may contract with a private lender 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.

13. **Participant Financing.** Participant shall obtain first trust deed financing for the purchase of the Property from a reputable institutional lender (the "Lender"). In addition, Participant must make a down payment of not less than three percent (3%) of the "Purchase Price" (as defined below). Nothing in this Agreement shall be construed as a promise or guaranty by City that the Participant will qualify for or receive such first trust deed financing. For purposes of this Section 13, "Purchase Price" is the original purchase price paid by the Participant to the prior owner of the Property, together with all escrow fees, recording fees, transfer taxes, title insurance costs, broker's fees, loan fees and any other closing or transaction costs paid by Participant.

14. **Title Insurance.** As a condition to the sale of the Property to Participant at an affordable sales price, Participant, at no cost to City, shall obtain and cause to be delivered to City a standard form ALTA Lender's policy of Title Insurance, issued by a title company as may be mutually approved by City and Participant, in an amount not less than the FMV Difference, insuring the priority of the City Deed of Trust against all monetary liens and encumbrances against the Property, including but not limited to, mechanic's liens claims and excepting only (i) the lien of any non-delinquent property taxes; (ii) the First Lien and Subordination Agreement referred to

in Section 15; and (iii) other encumbrances and exceptions to title as may be approved by City in City's sole and absolute discretion.

15. **Covenants Do Not Impair Lien.** City agrees to subordinate the provisions of this Agreement and the City Deed of Trust to any First Lien on the Property held by the Lender by recording a subordination agreement, in a form approved by City ("Subordination Agreement").

Participant agrees it shall instruct the Escrow Agent for the acquisition of the Property by the Participant that the order of recording in the escrow for the purchase of the Property by the Participant shall occur as follows: 1) this Agreement; 2) the City Deed of Trust; 3) the First Lien; and 4) the Subordination Agreement.

Participant shall 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 Cypress, 5275 Orange Avenue, Cypress, California 90630, Attention: City Manager.

16. **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. The Participant shall remain fully obligated for the payment of taxes, liens and assessments related to the Property. There shall be no reduction in taxes for Participant, nor any transfer of responsibility to City to make such payments, by virtue of the FMV Difference.

17. **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 Party who so fails or delays must immediately commence to cure, correct or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence.

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. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

18. **Covenant to Keep Property Drug Free.** Participant covenants to City that 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 heroin, cocaine, and amphetamines on the Property. If Participant or any person residing on the Property is convicted, 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 a default of this Agreement, which shall entitle City to accelerate repayment of the FMV Difference and Shared Appreciation within sixty (60) days after 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 its 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.

In further amplification and not in restriction of the provisions set forth hereinabove, the covenants, conditions, and restrictions, including resale restrictions, that touch and concern the Property shall run with the land in perpetuity. Upon the Transfer of any Affordable Unit by the Participant, the covenants, conditions, and restrictions, including resale restrictions, shall run with the land and remain the obligation of the owner of the Property with oversight by the Association in accordance with the CC&Rs, which shall comply in perpetuity with Conditions of Approval numbers 6.5, 6.6, 6.7, 6.8, and 6.9 for Conditional Use Permit (CUP) No. 2021-03 and Vesting Tentative Tract Map No. 19, approved by the City in accordance with the CC Resolutions.

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. **Further Assurances.** The 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.

23. **Governing Law.** 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.

24. **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 the Participant and City.

25. **City May Assign.** City may, at its option, assign its right to receive repayment of the FMV Difference and Shared Appreciation proceeds without obtaining the consent of the Participant.

26. **Participant Assignment Prohibited.** Except as expressly provided hereinabove, 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 assignee or transferee shall be required to expressly assume this Agreement by execution of a written assignment document to be provided by City.

27. **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.

28. **Notices.** Any notices, requests or approvals given under this Agreement from one Party to another may be personally delivered 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 Cypress
5275 Orange Avenue
Cypress, CA 90630
Attention: Planning Director

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

29. **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 attorneys' fees incurred by such prevailing Party in enforcing this Agreement.

30. **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 the Participant concerning all or any part of the subject matter of this Agreement.

31. **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.

32. **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.

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

34. **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.

35. **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.

36. **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: _____

Printed Name: _____

Date: _____, _____

By: _____

Printed Name: _____

“City”

CITY OF CYPRESS, a California municipal corporation

Date: _____, _____

By: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:
Aleshire & Wynder, LLP

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 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)

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

[to be inserted]

EXHIBIT "B"
REIMBURSEMENT AGREEMENT

[see following document]

REIMBURSEMENT AGREEMENT
SECURED BY DEED OF TRUST

\$ _____

Cypress, California

_____, 20__

FOR VALUE RECEIVED, the undersigned _____ (the "Borrower") promises to pay to the CITY OF CYPRESS, a California municipal corporation (the "City"), the principal sum of _____ Dollars (\$ _____) ("FMV Difference") plus the City's share of the appreciation of the Property ("Shared Appreciation") as defined in the Equity Sharing Agreement referenced in Section 3 below.

THIS IS A SHARED APPRECIATION AGREEMENT. CITY'S INTEREST INCLUDES A PERCENTAGE OF THE APPRECIATED VALUE OF THE PROPERTY. A BALLOON PAYMENT WILL BE REQUIRED. FOR FURTHER INFORMATION, READ THE TRUTH IN LENDING DISCLOSURE STATEMENT PROVIDED BY THE CITY.

1. Capitalized Terms. Unless otherwise expressly defined herein, all capitalized terms shall have the meanings ascribed thereto in the Equity Sharing Agreement.

2. Security. This Reimbursement Agreement ("Agreement") is secured by a Deed of Trust with an Assignment of Rents and Rider to Deed of Trust Attached Hereto of even date herewith ("Deed of Trust") for purchase of the property located at _____, Unit _____, Cypress, California, APN No. _____, as more particularly described in the legal description attached to the Deed of Trust (the "Property"). The Deed of Trust is incorporated herein by reference as if set forth in full.

3. Equity Sharing Agreement. Borrower acknowledges that the Property was developed as an affordable housing unit, which enabled Borrower to acquire the Property at a purchase price below the market price for the Property. In connection with Borrower's purchase of the Property, City and Borrower have, concurrently herewith, entered into an Equity Sharing Agreement that requires Borrower, upon the occurrence of certain events, including, without limitation, Borrower's sale of the Property, to repay the difference between Borrower's purchase price for the Property and the market price for the Property, plus a share of the Property's appreciation during Borrower's ownership of the Property, all as more fully set forth in the Equity Sharing Agreement.

4. No Assumption of Note by Subsequent Buyers. Except in connection with an Exempt Transfer, this Agreement shall not be assignable or assumable without the express prior written consent of City, which consent may be given or withheld in City's sole and absolute discretion.

5. City May Assign. City may, at its option, assign its right to receive payment under this Agreement without obtaining the consent of Borrower.

6. Terms of Repayment of FMV Difference and Payment of Shared Appreciation.

a. The full amount of the FMV Difference and the Shared Appreciation shall be immediately due and payable by Borrower upon a Transfer of the Property, with the exception of an Exempt Transfer. Borrower's obligation to pay the Shared Appreciation to City upon a Transfer of the Property is subject to a superior right of Borrower to receive repayment of money paid by Borrower for purchase of the Property and the capital improvements to the Property, in accordance with Civil Code Section 1917.006.

b. Payment shall be made in lawful money of the United States. Payments shall be made to City at: 5275 Orange Avenue, Cypress California 90630, or such other place as the City or the holder of this Agreement may designate in writing.

7. Attorney Fees and Costs. Borrower shall pay all costs and expenses of collection and reasonable attorney fees paid or incurred by City in connection with the collection or enforcement of this Agreement, whether or not suit is filed.

8. Joint and Several Obligations. This Agreement is the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns.

9. Default. Borrower shall be deemed in default of this Agreement in the event Borrower (a) fails to timely make any payment required by this Promissory Note or fails to perform any other obligation under this Agreement, or (b) defaults on any of its obligations set forth in the Equity Sharing Agreement or the Deed of Trust, including without limitation the obligation to occupy the Property as Borrower's primary residence for the required period, and fails to timely cure the default under the terms of the applicable document, or if there is no cure period, within thirty (30) days after notice of the default; or (c) defaults on any obligations under any documents relating to any other financing that is secured by the Property. In the event of a default, City may, at its option, declare this Agreement immediately due and payable pursuant to Section 10.

10. Acceleration Upon Default. Upon the occurrence of a default under this Agreement, the Equity Sharing Agreement, or the Deed of Trust, and if such default is not cured within the applicable cure period, City shall have the right to declare the full amount of the FMV Difference and Shared Appreciation immediately due and payable. No delay or omission on the part of City in exercising any right hereunder shall constitute a waiver of any such right or of any other right under this Agreement, the Deed of Trust, or the Equity Sharing Agreement.

11. No Offset. Borrower hereby waives any rights of offset it now has or may hereafter have against City, its successors and assigns, and agrees to make the payments called for herein in accordance with the terms of this Agreement.

12. Waiver. To the extent permitted by law, Borrower and any endorsers or guarantors of this Agreement, for themselves, their heirs, legal representatives, successors and assigns, respectively, severally waive diligence, presentment, protest, and demand, and notice of protest, notice of dishonor and notice of non-payment of the FMV Difference and Shared Appreciation,

and expressly waive any rights to be released by reason of any extension of time or change in terms of payment, or change, alteration or release of any security given for the payments hereof, and expressly waive the right to plead any and all statutes of limitations as a defense to any demand on the FMV Difference and Shared Appreciation or agreement to pay the same, and jointly and severally agree to pay all costs of collection when incurred, including reasonable attorneys' fees.

13. Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

14. No Waiver by the City. No waiver of any breach, default or failure of condition under the terms of this Agreement shall be implied from any failure of City to take, or any delay by City in taking, action with respect to such breach, default or failure or from any previous waiver of any similar or unrelated breach, default or failure; and a waiver of any term of this Agreement must be made in writing and shall be limited to the express written terms of such waiver.

BORROWER SIGNATURE(S):

_____, Borrower

_____, Borrower

EXHIBIT "C"

CITY DEED OF TRUST

[see following document]

Order No.
Escrow No.
Loan No.

WHEN RECORDED MAIL TO:

CITY OF CYPRESS
5275 Orange Avenue
Cypress, CA 90630
Attn: City Clerk

(Space Above This Line For Recorder's Use)
(Exempt From Recording Fees Pursuant To Government Code Section 27383)

**DEED OF TRUST WITH ASSIGNMENT OF RENTS AND RIDER
TO DEED OF TRUST ATTACHED HERETO**

This DEED OF TRUST WITH ASSIGNMENT OF RENTS AND RIDER TO DEED OF TRUST ATTACHED HERETO ("Deed of Trust"), made this ____ day of _____, between _____, herein called "PARTICIPANT" or "TRUSTOR," whose address is _____, Cypress, CA 90630, CHICAGO TITLE INSURANCE COMPANY, a California corporation, herein called TRUSTEE, and the CITY OF CYPRESS, herein called BENEFICIARY,

WITNESSETH: That Participant grants to Trustee in trust, with power of sale, that property in the City of Cypress, County of Orange, State of California, described in the legal description attached hereto as Exhibit "A", together with rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the sum of \$ _____, and a portion of the appreciation of the Property, according to the terms of a Reimbursement Agreement of even date herewith made by Participant, payable to order of Beneficiary, and extensions or renewals thereof; (2) the performance of each agreement of Participant incorporated by reference or contained herein; and (3) payment of additional sums and interest thereon which may hereafter be loaned to Participant, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

A. To protect the security of this Deed of Trust, Participant 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 Participant. 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 Participant 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 Participant and without releasing Participant 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 upon demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

1) That any award 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, Participant hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of this Trust, to collect the rents, issues and profits of said property, reserving unto Participant the right, prior to any default by Participant 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 by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the 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 Participant 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, the Reimbursement Agreement 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 Participant, 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 Participant, 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 Participant, 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 Participant, Beneficiary or Trustee shall be a party unless brought by Trustee.

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

Signature of Participant

Signature of Participant

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)

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

TO CHICAGO TITLE INSURANCE COMPANY, TRUSTEE:

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

Dated _____

Please mail Deed of Trust,

Note and Reconveyance to _____

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

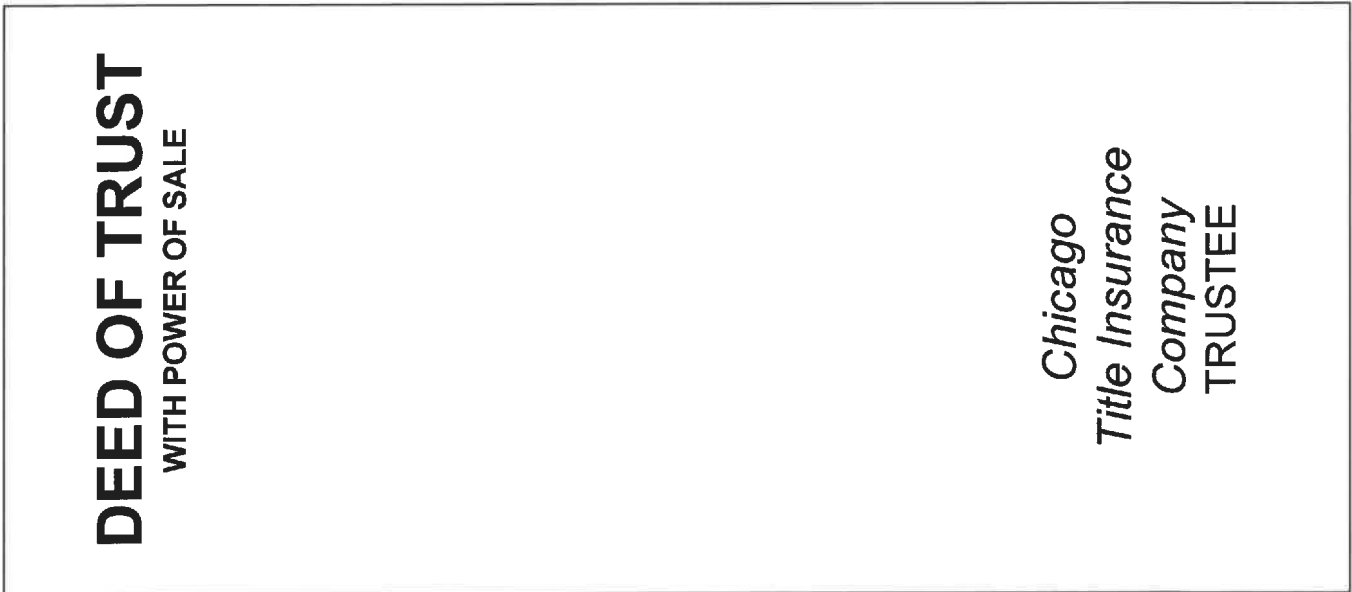


EXHIBIT "A"

LEGAL DESCRIPTION

[To be inserted]

RIDER TO DEED OF TRUST

This Deed of Trust is subject to the terms and conditions of that certain Equity Sharing Agreement dated _____, and recorded concurrently herewith in the Official Records of the County of Orange and incorporated herein by reference, pursuant to which Beneficiary is deemed to have loaned Trustor the sum of _____ Dollars (\$ _____) (the "City Loan"). All terms in this Rider to Deed of Trust, if not separately defined herein, shall have the meanings as defined in the Equity Sharing Agreement.

1. Events of Acceleration. The City Loan and Shared Appreciation shall become due and immediately payable irrespective of any provisions herein to the contrary upon the occurrence of any one of the following events of acceleration ("Event of Acceleration"): (i) Transfer of the Property (as defined in the Equity Sharing Agreement), except an Exempt Transfer, or (ii) such time if or when Trustor is no longer in compliance with the occupancy requirements set forth in Section 10 of the Equity Sharing Agreement or is in default of any other obligation under the Equity Sharing Agreement, the Note, or the Deed of Trust.

2. Covenants Do Not Impair Lien. The Beneficiary agrees to subordinate the provisions of the Equity Sharing Agreement and the deed of trust to any first trust deed for the purchase of the Property held by a reputable institutional lender ("First Lien") on the Property by recording a subordination agreement, in a form approved by Beneficiary's legal counsel ("Subordination Agreement").

Trustor agrees it shall instruct the Escrow Agent for the acquisition of the Property by the Trustor that the order of recording in the escrow for the purchase of the Property by the Trustor shall occur as follows: 1) the Equity Sharing Agreement; 2) the Deed of Trust; 3) the First Lien; and 4) the Subordination Agreement.

Trustor shall 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 Cypress, 5275 Orange Avenue, Cypress, CA 90630, Attention: City Manager.

3. Protection of Beneficiary's Rights in the Property. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or there is a legal proceeding that may significantly affect Beneficiary's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Beneficiary may do and pay for whatever is necessary to protect the value of the Property and Beneficiary's rights in the Property. Beneficiary's actions may include paying any sums secured by a lien which has priority over this Deed of Trust, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Beneficiary may take action under this Section 3, Beneficiary does not have to do so.

Any amount disbursed by Beneficiary under this Section 3 shall become additional debt of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, these amounts shall bear interest from the date of disbursement at nine percent (9%) per

annum or the maximum legal rate, whichever is less, and shall be payable, with interest, upon notice from Beneficiary to Trustor requesting payment.

[end - signature page follows]

IN WITNESS WHEREOF, Trustor has executed this Rider to Deed of Trust as of the date set forth below.

By: _____
Printed Name:

Dated: _____

By: _____
Printed Name:

Dated: _____

The foregoing Deed of Trust and Rider to Deed of Trust is approved, and consented to, by Beneficiary.

By: CITY OF CYPRESS

City Manager

Dated: _____

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)

EXHIBIT “D”
BUYER DISCLOSURE STATEMENT

[see following document]

BUYER DISCLOSURE STATEMENT

Name of Participant(s): _____

Property Address: _____

I/we _____ (“Participant”), are about to purchase the above-described property (the “Property”). I/we understand that the developer of the Property, CYPRESSMOODYM 2022 LLC, a California Limited Liability Company (the “Developer”), agreed to sell the Property to an affordable buyer at an affordable sales price. I understand that the sale to me/us of the Property at such affordable sales price is conditioned on all of the following factors:

- I/we understand that the fair market value of the Property at the time of my/our purchase is _____ (the “Property FMV”), and the difference between my/our purchase price for the Property, which is _____ (“Property Purchase Price”), and the Property FMV is _____ (the “City Loan”). I/we understand that the City Loan is treated for all purposes as a loan from the City.
- I/we have signed or will sign the following documents in connection with my/our purchase of the Property:
 - Equity Sharing Agreement (the “Agreement”);
 - Promissory Note Secured by Deed of Trust; and
 - Deed of Trust with Assignment of Rents and Rider Attached Hereto.
- I/we have read or had explained to me/us the terms and conditions of all of those documents. I/we understand that all of those documents impose binding legal obligations on me/us.
- I/we understand that the City Loan is a shared appreciation loan, and that at the time I/we sell or otherwise transfer the Property, refinance the primary loan for the Property in a manner not permitted by the Agreement, no longer live in the Property as my/our primary residence, or otherwise violate the Agreement or the other documents we have signed in connection with the City Loan, I/we must repay the City Loan plus a portion of the appreciation, based on the ratio of the City Loan to the Property FMV.

For example, if the Property FMV is \$300,000, and my/our original purchase price is \$200,000, then the City Loan is \$100,000, and the City’s share of any appreciation during my/our ownership of the Property is 33.3%.

- I/we must qualify as a Moderate Income Buyer.

- My/our monthly payments for housing expenses, including the cost for a thirty (30) year fixed-rate mortgage, cannot be less than twenty-eight percent (28%) of the gross income of my/our household, nor more than thirty-five percent (35%) times one hundred ten percent (110%) of the Orange County area median income adjusted for a household size appropriate for the Property, as set forth in California Health and Safety Code section 50052.5.
- During my/our ownership of the Property, I/we must continuously occupy the Property and I/we may not rent or lease the Property.
- City shall not be held responsible for any costs associated with my/our purchase of the Property, 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.
- The Property Purchase Price is the total purchase price for the Property and no other compensation, either financial or other, will be given to the seller of the Property, any real estate broker, or any other person, as additional consideration for the purchase of the Property.
- The City Loan may be considered to be income for purposes of federal or state income taxes and City shall not be held responsible for the payment of any taxes which I/we may incur by virtue of the receipt of such financial assistance.
- I/We are responsible for payment of the cost of a title insurance policy insuring the Deed of Trust to be recorded against the Property to secure City's right to repayment of the City Loan.
- City shall not be charged with the knowledge of the contents of the documents of the lender.
- City cannot ensure that information provided by or on my/our behalf will be kept confidential.

By: _____

Printed Name: _____

Dated: _____

By: _____

Printed Name: _____

Dated: _____

EXHIBIT “E”

NOTICE OF INTENT TO TRANSFER

[see following page]

NOTICE OF INTENT TO TRANSFER

NOTICE OF INTENT TO TRANSFER MUST BE DELIVERED
TO THE CITY OF CYPRESS PRIOR TO PROCEEDING WITH
ANY TRANSFER OF THE PROPERTY.

From: _____
("Owner")

To: City of Cypress
5275 Orange Avenue
Cypress, CA 90630

Attn: City Manager

Re: _____ (street address)
Cypress, CA (the "Property")

Owner desires to [sell, convey, transfer by inheritance or devise, lease, gift, otherwise transfer] (circle appropriate words) the Property.

Date: _____

Signature of Owner

() _____
Day time telephone of Owner

Date: _____

Signature of Owner

() _____
Day time telephone of Owner