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CITY, STATE & ZIP CODE Salinas, CA. 93901
Attn: Successor Agency

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SPACE ABOVE FOR RECORDER'S USE ONLY

Inclusionary Housing
Regulatory Agreement and Declaration of Restrictive Covenants
Phase Two: East Garrison Project

Title of Document

Pursuant to Senate Bill 2 – Building Homes and Jobs Act (GC Code Section 27388.1), effective January 1, 2018, a fee of seventy-five dollars (\$75.00) shall be paid at the time of recording of every real estate instrument, paper, or notice required or permitted by law to be recorded, except those expressly exempted from payment of recording fees, per each single transaction per parcel of real property. The fee imposed by this section shall not exceed two hundred twenty-five dollars (\$225.00).

- Exempt from the fee per GC 27388.1 (a) (2); This document is subject to Documentary Transfer Tax
- Exempt from fee per GC 27388.1 (a) (2); recorded concurrently "in connection with" a transfer subject to the imposition of documentary transfer tax (DTT).
- Exempt from fee per GC 27388.1 (a) (2); recorded concurrently "in connection with" a transfer of real property that is a residential dwelling to an owner-occupier.
- Exempt from fee per GC 27388.1 (a) (1); fee cap of \$225.00 reached.
- Exempt from the fee per GC 27388.1 (a) (1); not related to real property.

THIS COVER SHEET ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
(\$3.00 Additional Recording Fee Applies)

WHEN RECORDED MAIL TO:

County of Monterey

Housing and Community Development

1441 Schilling Place, South Building, 2nd Floor

Salinas, CA. 93901
Attn: Successor Agency

THIS SPACE FOR RECORDER'S USE ONLY

TITLE OF DOCUMENT

**INCLUSIONARY HOUSING
REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE
COVENANTS**

PHASE TWO: EAST GARRISON PROJECT

(Rental Affordable Housing)

**INCLUSIONARY HOUSING
REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE
COVENANTS**

PHASE TWO: EAST GARRISON PROJECT

(Rental Affordable Housing Development)

This INCLUSIONARY HOUSING REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this "Regulatory Agreement" or "Agreement") is entered into as of this 1 day of FEBRUARY 2022, by and between the Successor Agency to the Redevelopment Agency of the County of Monterey (the "Agency") and Community Housing Improvement Systems and Planning Association, Inc., a California nonprofit public benefit corporation, and its respective successors and assigns (the "Owner"), with reference to the following facts:

- A. Property. Owner is the owner of certain real property in the County of Monterey (the "County"), California described in Exhibit A which is attached hereto and incorporated herein by this reference (the "Property").
- B. DDA. East Garrison Partners I, LLC and the Agency have entered into a Disposition and Development Agreement dated as of October 4, 2005 (the "DDA"). A Memorandum of the DDA was recorded in the Official Records of the County Recorder on May 16, 2006 as Document No. 2006044222. In 2009, UCP East Garrison, LLC (together, with its successors and assigns, the "Master Developer") acquired title to the real property for the East Garrison Project and became the successor-in-interest to East Garrison Partners, LLC under the DDA. The DDA provides, among other things, for conveyance of the Site (as defined in the DDA) from the Agency to the Master Developer and requires the construction and rental of affordable housing (the "Inclusionary Rental Units", also known as "Rental Affordable Housing"), in three phases, on designated parcels in the Site (in this Agreement for the phase covered hereby being referred to as the "Property") all of which is a portion of the real property located on the former Fort Ord Army Base within the unincorporated area of the County of Monterey, commonly referred to as the East Garrison area. The overall development of the Site may be referred to as the "East Garrison Project". The Master Developer has acquired the Site from the Agency and, subsequent thereto, has transferred the Property to the Owner pursuant to the DDA. Capitalized terms used in this Regulatory Agreement shall have the same meaning as set forth in the DDA, unless otherwise defined in this Regulatory Agreement.
- C. Redevelopment Specific Plan. The Site is subject to the Redevelopment Plan for the Fort Ord Redevelopment Project Area ("Redevelopment Plan") adopted by the County of

pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 et. Seq. ("CRL")) which governs, among other provisions, the development of income-restricted housing for very low- and low-income households on the Property. Development of this Site is also governed by the East Garrison Specific Plan ("Specific Plan") and related land use entitlements approved by the County (the "Development Approvals").

- D. County Ordinance; Delegation to Agency. The County has adopted an Inclusionary Housing Ordinance, Monterey County Code Chapter 18.40 ("Chapter 18.40"). In approving the DDA County found that the provisions of the DDA comply with and provide more affordable housing on the Site than is required under, Chapter 18.40, with certain modifications to Chapter 18.40 approved by the County to be consistent with the requirements of the Community Redevelopment Law and the type of financing which will be sought to develop affordable housing on the Site. County has delegated to the Agency the authority and responsibility to administer and enforce in accordance with the terms of the DDA, the County's inclusionary housing requirements contained in Chapter 18.40 and County housing policies adopted pursuant thereto, as modified to be consistent with the requirements of the CRL and the type of financing which will be sought to develop the Rental Affordable Housing on the Site.
- E. Prior Agreements. Pursuant to the DDA and with the approval of the Agency and the County, Owner and the Master Developer entered into a Memorandum of Agreement dated as of January 16, 2007 (the "MOA") designating Owner as the affordable housing developer for the Phase Two Rental Affordable Housing. In furtherance of the MOA, the Master Developer, Owner and Agency, with the consent of the County, entered into an Assignment and Assumption Agreement dated substantially concurrently herewith (the "Assignment Agreement"), to be effective and recorded upon the transfer of the Property from the Master Developer to Owner. The Assignment Agreement and the Quitclaim Deed to the Property from the Master Developer to Owner have been recorded, prior to the recordation of this Regulatory Agreement, in the Official Records of the County Recorder.
- F. Redevelopment Covenants and Restrictions. Pursuant to Health and Safety Code Sections 33334.2 and 33413, the Agency must require recordation of covenants or restrictions which ensure that the Rental Affordable Housing constructed in satisfaction of Health and Safety Code Section 33413(b) remains available for occupancy by very low- and low-income households at affordable housing cost for fifty-five (55) years. The following covenants and restrictions are recorded against the Property to ensure compliance with Health and Safety Code Sections 33334.2 and 33413.
- G. This Agreement. This Agreement applies to the Property constituting the Phase Two Rental Affordable Housing of the East Garrison Project.

NOW, THEREFORE, it is mutually agreed by and between the Owner and the Agency (the "Parties") as follows:

ARTICLE 1.

DEFINITIONS AND EXHIBITS

Section 1.1 Definitions. In addition to those terms defined in the Recitals to this Agreement, the following terms have the following meanings in this Agreement:

- a) "Actual Household Size" shall mean the actual number of persons in the applicable household.
- b) "Administrative Manual" shall mean the manual prepared pursuant to subsection 18,40,110H of Chapter 18.40 of the Monterey County Code.
- c) "Affordable Rent" shall mean Rent, which does not exceed: (1) for Very Low Income Inclusionary Rental Units, one-twelfth (1/12th) of thirty percent (30%) of fifty percent (50%) of Median Income, adjusted for Assumed Household Size based on the number of bedrooms in the unit; and (2) for Low Income Inclusionary Rental Units, one-twelfth (1/12th) of thirty percent (30%) of eighty percent (80%) of Median Income, adjusted for Assumed Household Size based on the number of bedrooms in the unit.
- d) "Agreement" means this Inclusionary Housing Regulatory Agreement and Declaration of Restrictive Covenants, to be recorded against the Property.
- e) "Annual Income" shall mean the total anticipated annual income of all persons in a household as calculated in accordance with 24 CFR 813, or successor federal housing program that utilizes a reasonably similar method of calculation, as designated by the County.
- f) "Assumed Household Size" shall mean the assumed household size utilized to calculate the permissible rent for a unit as follows: for a one-bedroom unit a household size of two (2) persons shall be assumed; for a two-bedroom unit a household size of three (3) shall be assumed; for a three-bedroom unit a household size of four (4) persons shall be assumed; and for a four-bedroom unit a household size of five (5) persons shall be assumed. "Assumed Household Size" is not intended to restrict the actual number of persons occupying a Unit. Notwithstanding the foregoing, if tax credits are used in the financing of the development of Property, the standard applicable to such tax credit financing may be used by Owner.
- g) "Inclusionary Rental Unit" shall mean a Unit with occupancy and rents restricted pursuant to this Agreement and shall not include one employee accessory unit which shall not be income restricted..
- h) "Low Income Household" means a household, including a Very Low-Income Household, with an Annual Income which does not exceed HUD's annual determination for lower income households with incomes of approximately eighty percent (80%) of the Median Income, adjusted for Actual Household Size, and with

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household assets that do not exceed the limits for Inclusionary Rental Units set forth in the Administrative Manual.

- i) "Low Income Inclusionary Rental Unit" means an Inclusionary Rental Unit Reserved for occupancy by a Low-Income Household at an Affordable Rent.
- j) "Maximum Initial Rents" means the initial rents for the Inclusionary Rental Units determined pursuant to the formula specified in the Administrative Manual for each income level and set forth in Exhibit B attached hereto and incorporated herein.
- k) "Median Income" means the median household income as determined periodically by HUD for the Salinas Metropolitan Statistical Area and updated on an annual basis.
- l) "Property" means the real property described in Exhibit A attached hereto and incorporated herein.
- m) "Quitclaim Deed" means the deed to the Property from the Master Developer to Owner.
- n) "Regulatory Agreement" means this Agreement.
- o) "Rent" shall mean the total of monthly payments by the Tenant of a Unit for the following: use and occupancy of the Unit and land and associated facilities, including parking; any separately charged fees or service charges assessed by the Owner which are required of all Tenants, other than security deposits; a Utility Allowance; and any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than the Owner, and paid for by the Tenant. Utility Allowances shall be as provided by the applicable requirements of federal and state law
- p) "Rental Development" shall mean the Property and the Units to be developed on the Property, as well as any additional improvements, and all landscaping, roads and parking spaces existing thereon, as the same may from time to time exist.
- q) "Tenant" shall mean a household legally occupying a Unit pursuant to a valid rental agreement with Owner.
- r) "Term" shall mean the term of this Agreement, which is set forth in Section 6.7 of this Agreement.
- s) Unit(s)" shall mean one or all of the 65 rental units to be constructed on the Property.
- t) "Very Low-Income Household" means a household with an Annual Income which does not exceed HUD's annual determination for very low-income households earning approximately fifty percent (50%) of Median Income, adjusted for actual household size, and with household assets that do not exceed the limit for Inclusionary Rental Units set forth in the Administrative Manual.
- u) "Very Low Income Inclusionary Rental Unit" means an Inclusionary Rental Unit reserved for occupancy by a Very Low-Income Household at an Affordable Rent.

- v) "Utility Allowance" shall mean an allowance for the cost of an adequate level of service for utilities paid by the Tenant, including garbage collection, sewer, water, electricity, gas and other heating, cooking, and refrigeration fuel, but not telephone service or cable TV. Utility Allowances to be used for the calculation of permissible rent under this Agreement shall be as provided by the County in the Administrative Manual to be inserted on Exhibit C hereto.

Section 1.2 Exhibits. The following Exhibits are attached and incorporated into this Agreement;

Exhibit A. Legal description of the Property.

Exhibit B. Schedule of Maximum Initial Rents for Inclusionary Units.

Exhibit C. Utility Allowances for Inclusionary Rental Units.

ARTICLE 2.

AFFORDABILITY AND OCCUPANCY COVENANTS

Section 2.1 Occupancy Requirement.

- a) Very Low-Income Units. Twenty-nine (29) of the Inclusionary Rental Units shall be rented to and occupied by or, if vacant, available for occupancy by Very Low-Income Households for the term of this Agreement as provided in Section 6.7 hereof.
- b) Low-Income Units. Thirty-six (36) of the Inclusionary Rental Units shall be rented to and occupied by or, if vacant, available for occupancy by Low-Income Households for the term of this Agreement as provided in Section 6.7 hereof.
- c) Employee Unit. One of the units, in addition to the Inclusionary Rental Units referenced in (a) and (b) above shall be available as an employee accessory unit and shall not be income restricted.
- d) Sizes of Units and Bedroom Count. The Inclusionary Rental Units shall be a mix of one to three bedroom units as shown on Owner's construction plans as approved by the Agency.

Section 2.2 Allowable Rent.

- a) Very Low-Income Rent. Subject to the provisions of Section 2.3 below, the Rent (including Utility Allowance) charged to Tenants of the Very Low Income Inclusionary Rental Units shall not exceed one-twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of Median Income, adjusted for Assumed Household Size;

provided, however, in no event shall the Rents be required to be lower than the maximum initial rents set forth in Exhibit B to this Agreement.

- b) Low Income Rent. Subject to the provisions of Section 2.3 below, the Rent (including Utility Allowance) charged to Tenants of the Low Income Inclusionary Rental Units shall not exceed one-twelfth (1/12) of the thirty percent (30%) of eighty percent (80%) of Median Income, adjusted for Assumed Household Size; provided, however, in no event shall the Rents be required to be lower than the maximum initial rents set forth in Exhibit B to this Agreement.
- c) Agency Review of Rents. Initial rents for all Inclusionary Rental Units shall be provided to the Agency by the Owner prior to occupancy. All rent increases shall also be provided to the Agency by the Owner. The Agency shall provide the Owner with a schedule of maximum permissible rents and Utility Allowances for the Inclusionary Rental Units annually. The maximum permissible rents and the Utility Allowances for the Inclusionary Rental Units as of the date of this Agreement are set forth in Exhibit B and Exhibit C to this Agreement, respectively.

Section 2.3 Increased Income of Tenants.

- a) Increase from Very Low-Income to Low-Income. If, upon recertification of the income of a Tenant of an Inclusionary Rental Unit, the Owner determines that a former Very Low-Income Household's Annual Income has increased and exceeds the qualifying income for a Very Low-Income Household set forth in Section 1.1(r), but does not exceed the maximum qualifying income for a Low-Income Household, then, upon expiration of the Tenant's lease:
 - i. Such Tenant's Unit shall be considered a Low-Income Unit;
 - ii. Such Tenant's Rent may be increased to the Affordable Rent for a Low-Income Unit, upon sixty (60) days written notice to the Tenant; and
 - iii. The Owner shall rent the next available Unit to a Very Low-Income Household at Rent not exceeding the Affordable Rent for a Very Low-Income Unit, to comply with the requirements of Sections 2.1(a) and 2.2(a) above.
- b) Non-Qualifying Household. If, upon recertification of the income of a Tenant of an Inclusionary Rental Unit, the Owner determines that a former Very Low-Income Household or Low-Income Household has an Annual Income exceeding the maximum qualifying income for a Low-Income Household set forth in Section 1.1(h), such Tenant shall be permitted to continue to occupy the Unit at Rent not exceeding the lesser of: (i) thirty percent (30%) of the actual household income of the Tenant; or (ii) market rate rent, and the Owner shall rent the next available unit to a Very Low-Income Household or Low-Income Household as applicable, to meet the requirements of Section 2.1 and 2.2 above.

- c) Termination of Occupancy. Upon termination of occupancy of a Unit by a Tenant, such Unit shall be deemed to be continuously occupied by a household of the same income level (e.g., Very Low-Income Household or Low-Income Household as the income level of the vacating Tenant, until such Unit is reoccupied, at which time the income character of the Unit (e.g., Very Low-Income Inclusionary Rental Unit or Low-Income Inclusionary Rental Unit) shall be redetermined. In any event, Owner shall maintain the occupancy requirements set forth in section 2.1 above.

Section 2.4 Marketing and Rental of Inclusionary Rental Units. The Owner shall market the Inclusionary Rental Units to Very Low-Income Households and Low-Income Households at Affordable Rents in compliance with a marketing and management plan approved by the County's Housing and Community Development Department acting for the Agency. The Owner shall comply with applicable fair housing laws in the marketing and rental of the Inclusionary Rental Units, and the Owner shall conduct marketing efforts in both English and Spanish in accordance with applicable law. Owner shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing housing program under Section 8 of the United States Housing Act, or its successor.

Section 2.5 Nondiscrimination. All of the Inclusionary Rental Units shall be available for occupancy on a continuous basis to members of the general public who are income eligible. The Owner shall not give preference to any particular class or group of persons in renting or selling the Inclusionary Rental Units, except to the extent that the Units are required to be leased to Very Low-Income Households and Low-Income Households and except as authorized under the Joe Serna, Jr. Farmworker Housing Grant program established by the California state legislature under California Health & Safety Code § 50517.5. There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex sexual orientation, marital status, national origin, source of income (e.g. SSI), age (except for lawful senior housing), ancestry, or disability, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any Unit nor shall the Owner or any person claiming under or through the Owner, 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, sublessees, subtenants, or vendees of any Unit or in connection with the employment of persons for the construction, operation and management of any Unit.

Section 2.6 Section 8 Certificate Holders. The Owner will accept as Tenants, on the same basis as all other prospective Tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing housing program under Section 8 of the United States Housing Act, or its successor. The Owner shall not apply selection criteria to Section 8 certificate or voucher holders that is more burdensome than criteria applied to all other prospective Tenants, nor shall the Owner apply or permit the application of management policies or lease provisions

with respect to the Rental Development with have the effect of precluding occupancy of units by such prospective Tenants.

Section 2.7 Agency Approval of Documents. The following documents, to be approved in writing by the Agency, which approval shall not be unreasonably withheld or delayed, shall be used in connection with the rental of the Inclusionary Rental Units. Amendments to the following documents shall also be approved by the Agency, which approval shall not unreasonably withheld or delayed, prior to implementation of the amendments:

- a) A marketing and management plan consistent with the terms of this Regulatory Agreement and County marketing and management requirements as set forth in the Administrative Manual, establishing the process for seeking, selecting and determining the eligibility of tenants of the Inclusionary Rental Units; provided, however that the Agency and County shall not impose any local preference policies for eligibility for the Inclusionary Rental Units.
- b) Form of rental agreement or lease to be signed by tenants of the Inclusionary Rental Units. The rental agreement or lease shall include the following provisions: (i) a minimum twelve (12)-month term; (ii) the number of persons permitted to occupy the Inclusionary Rental Unit, not to exceed two persons per bedroom plus two; (iii) the Tenants' obligation to maintain the unit in a decent and safe condition and to inform the Owner of any need for maintenance or repair; (iv) a prohibition against sublease of the Unit; (v) an obligation to report changes in household size and/or household income to the Owner and Agency; (vi) nondiscrimination provisions (vii) an obligation to provide annual income certifications and documentation to the Owner; and (viii) an obligation to comply with all monitoring requests of the Agency or its designee.

ARTICLE 3.

INCOME CERTIFICATION AND REPORTING

Section 3.1 Income Certification. The Owner will obtain, complete and maintain on file, immediately prior to initial occupancy and annually thereafter, income certifications from each Tenant renting any of the Inclusionary Rental Units. The Owner shall make a good faith effort to verify that the income provided by an applicant or occupying household in an income certification is accurate by taking two or more of the following steps as a part of the verification process: (a) obtain a pay stub for the most recent pay period; (b) obtain an income tax return for the most recent tax year; (c) conduct a credit agency or similar search; (d) obtain an income verification form from the applicant's current employer; (e) obtain an income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies; or (f) if the applicant is unemployed and has no such tax

return, obtain another form of independent verification. Copies of Tenant income certifications shall be provided to the Agency within five (5) working days of approval by the Owner.

Section 3.2 Compliance Reports. A compliance report meeting the requirements of the Administrative Manual, verifying compliance of all completed Inclusionary Rental Units with the terms of this Agreement, and certified as correct under penalty of perjury by the Owner and any property management company managing the Units, shall be submitted annually to the County Housing and Community Development Department on April 1 of each year, commencing on the April 1 following issuance of final certificates of occupancy for one hundred percent (100%) of the Inclusionary Rental Units. If similar reports on some of all of the Inclusionary Rental Units are required for regulatory compliance with other financing programs, those reports may be deemed satisfactory for the purpose of this section by the County Housing and Community Development Department, with respect to the portion of the Inclusionary Rental Units covered by such reports, provided that copies are provided on an annual basis to the County Housing and Community Development Department with an owner certification addressed to the Agency.

Section 3.3 Additional Information. The Owner shall provide any additional information reasonably requested by the Agency. The Agency shall have the right to examine and make copies of all books, records or other documents of the Owner which pertain to the Rental Development.

Section 3.4 Records and Monitoring. The Owner shall maintain complete, accurate and current records pertaining to the Rental Development, including records pertaining to income and household size to Tenants. All Tenant lists, applications and waiting lists relating to the Rental Development shall at all times be kept separate and identifiable from any other business of the Owner and shall be maintained as required by the Agency, in a reasonable condition for proper audit. Owner shall retain all records related to compliance with obligations under this Agreement and Chapter 18.40 for a period not less than five (5) years from the date of origination of such records, and make them available to Agency employees or others designated by the Agency for inspection and copying on ten (10) business days' written notice. Owner shall permit Agency employees or others designated by the Agency to inspect the Property to monitor compliance with this Agreement following five (5) business days' written notice to Owner. The Agency shall be further entitled to monitor compliance with this Agreement and Chapter 18.49 as provided in the Administrative Manual.

ARTICLE 4.

OPERATION, MANAGEMENT, AND MAINTENANCE OF THE DEVELOPMENT

Section 4.1 Residential Use. The Rental Development shall be operated by operated only for residential use. No part of the Rental Development shall be operated as transient housing.

Section 4.2 Compliance with Assignment Agreement. Owner shall comply with all applicable terms and provisions of the Assignment Agreement (as referenced in Recital E) and the Quitclaim Deed (as referenced in Recital E).

Section 4.3 Taxes and Assessments. Except to the extent Owner is exempt pursuant to law, Owner shall pay all real and personal property taxes, assessments, if any, and charges and all franchise, income, employment, old age benefit, withholding, sales, and other taxes assessed against it, or payable by it, at such times and in such manner as to prevent any penalty from accruing, or any line or charge from attaching to the Property; provided, however, that Owner shall have the right to contest in good faith, any such taxes, assessments, or charges. In the event Owner exercises its right to contest any tax, assessment, or charge against it, Owner, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgement rendered against it, together with all costs, charges, and interest.

Section 4.4 Management Responsibilities. The Owner is responsible for all management functions with respect to the Rental Development, including without limitation the selection of tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The Agency shall have no responsibility over management of the Rental Development. The Owner shall retain a professional property management company approved by the Agency in its reasonable discretion to perform its management duties hereunder. With Prior Agency approval, the Owner may also self-manage the Rental Development. A resident manager shall also be required for all Rental Developments with sixteen (16) or more Units.

Section 4.5 Approval of Management Policies. The Owner shall submit its written management policies with respect to the Rental Development to the Agency for its review and shall amend such policies in any way necessary to ensure that such policies comply with the provisions of this Regulatory Agreement.

Section 4.6 Property Maintenance. The Owner agrees, for the entire Term of this Agreement, to maintain all interior and exterior improvements, including landscaping, on the Property in good condition and repair (and, as to landscaping, in a healthy condition) and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials,' and in accordance with the following maintenance conditions:

The Agency and County places prime importance on quality maintenance to ensure that all County and Agency inclusionary housing developments and County-assisted and Agency-assisted affordable housing projects within the County are not allowed to deteriorate due to below-average maintenance. Normal wear and tear of the Rental Development will be acceptable to the County assuming the Owner agrees to provide all necessary improvements to assure the Rental Development is maintained in good condition. The Owner shall make all repairs and replacements necessary to keep the improvements in good condition and repairs.

In the event that the Owner breaches any of the covenants contained in this section and such default continues or is not commenced to be cured for a period of ten (10) business days after written

notice from the Agency with respect to graffiti, debris, waste material, and general maintenance or thirty (30) days after written notice from the Agency with respect to landscaping and building improvements, then the Agency, in addition to whatever other remedy it may have at law or in equity, shall have the right to enter upon the Property and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, the Agency shall be permitted (but is not required) to enter upon the Property and perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Property, and to attach a lien on the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the Agency and/or costs of such cure, plus a fifteen percent (15%) administrative charge, which amount shall be promptly paid by the Owner to the Agency upon demand.

Section 4.7 Insurance Requirements. The Owner shall maintain the following insurance coverage throughout the Term of this Agreement:

(a) Worker's Compensation insurance to the extent required by law, including Employer's Liability coverage, with limits not less than One Million Dollars (\$1,000,000) each accident.

(b) Comprehensive General Liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit and Five Million Dollars (\$5,000,000) aggregate limit for all occurrences for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal Injury, Broadform Property Damage, Products and Completed Operations.

(c) Comprehensive Automobile Liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit and Five Million Dollars (\$5,000,000) aggregate limit for all occurrences for Bodily Injury and Property Damage, including coverages for owned, non-owned and hired vehicles, as applicable; provided, however, that if the Owner does not own or lease vehicles for purposes of this Agreement, then no automobile insurance shall be required.

(d) Property insurance covering the Rental Development, in form appropriate for the nature of such property, covering all risks of loss, excluding earthquake, for one hundred percent (100%) of the replacement value, with deductible, if any, acceptable to the Agency. Flood insurance shall be obtained if required by applicable federal regulations.

The Owner shall cause any general contractor, agent, or subcontractor working on the Rental Development under direct contract with the Owner or subcontract to maintain insurance of the types and in at least the minimum amounts described in subsections (a), (b), and (c) above, except that the limit of liability for comprehensive general liability insurance for subcontractors shall be One Million Dollars (\$1,000,000), and shall require that such insurance shall meet all of the general requirements of subsections (e), (f), and (g) below, including, without limitation, the requirement of subsection (f). Liability and Comprehensive Automobile Liability insurance to be maintained by such contractors and

agents pursuant to this subsection shall name as additional insureds the County, the Agency, their officers, agents, employees and members of the County Board of Supervisors and the Agency Board.

(e) The required insurance shall be provided under an occurrence form, and Owner shall maintain the coverage described in subsections (a) through (d) continuously so long as this Agreement is in effect. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be three times the occurrence limits specified above.

(f) Comprehensive General Liability, Comprehensive Automobile Liability and Property insurance policies shall be endorsed to name as an additional insured the County, the Agency, and their officers, agents, employees and members of the County Board of Supervisors and the Agency Board.

(g) All policies and bonds shall be endorsed to provide thirty (30) days prior written notice of cancellation, reduction in coverage, or intent not to renew to the address established for notices to the Agency.

ARTICLES 5.

DEFAULT AND REMEDIES

Section 5.1 Failure of the Owner to cure or commence to cure (and diligently prosecute such cure to completion) any default in the Owner's obligations under the terms of this Agreement within thirty (30) days after the delivery of a notice of default from the Agency will constitute default under this Agreement. Subject to the rights of lenders under the financing agreements for the development of the Property, the Agency may exercise such remedies as are available for such default pursuant to the Assignment and Assumption Agreement or any of the following.

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

(b) where one or more persons have received financial benefit as a result of violation of this Regulatory Agreement the Agency may assess, and institute legal action to recover as necessary, a penalty in any amount up to and including the amount of financial benefit received, in addition to recovery of the benefit received;

(c) prosecuting a misdemeanor against any person who has rented a residential unit at a rent exceeding the maximum allowed under this Regulatory Agreement or to a household not qualified under this Regulatory Agreement, or who has otherwise violated Chapter 18.40, or any other agreement, restriction or requirement authorized or imposed under Chapter 18.40;

(d) if and to the extent necessary to correct any such default, the Owner hereby grants to the Agency the option to lease, from time to time, units in the Rental Development for a rental

of One Dollar (\$1.00) per unit per year for the purpose of subleasing such units to comply with Sections 2.1 and 2.2 of this Regulatory Agreement. Any rents received by the Agency under any such sublease shall be paid to the Owner after the Agency has been reimbursed for any expenses incurred in connection with such sublease; or

(e) any other remedies authorized under Chapter 21.84 of the Monterey County Code.

Section 5.2 Remedies Cumulative. Subject to Sections 5.1, no right, power, or remedy given to the Agency by the terms of this Regulatory Agreement or the Assignment and Assumption Agreement, is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to the Agency by the terms of any such document, or by any statute or otherwise against the Owner, and any other person. Neither the failure nor any delay on the part of the Agency to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the Agency of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

Section 5.3 Attorneys Fees and Costs. The Agency shall be entitled to receive from the Owner or any person violating the requirements of this Agreement, in addition to any remedy otherwise available under this Agreement or at law or equity, whether or not litigation is instituted, the costs of enforcing this Agreement, including without limitation reasonable attorneys' fees and the costs of Agency staff time.

Section 5.4 Notice and Cure by Limited Partner. The Agency agrees to provide the limited partner of the Owner with concurrent written notice of any default or event of default under this Agreement at the address set forth in Section 6.5 below. The Agency agrees that any cure made or tendered by the limited partner of the Owner shall be accepted or rejected on the same basis as if such cure was made or tendered by the Owner and, to the extent accepted, shall be deemed to be a cure by the Owner.

ARTICLE 6.

GENERAL PROVISIONS

Section 6.1 Appointment of Other Agencies. At its sole discretion, the Agency may designate, appoint or contract with any other public agency, for-profit or non-profit organization to perform the Agency's obligations under this Agreement.

Section 6.2 Hold Harmless. Owner will indemnify and hold harmless (without limit as to amount) the County, the Agency, and their elected officials, officers, employees and agents in their official capacity (hereinafter collectively referred to as "Indemnitees"), and any of them, from and against all loss, all risk of loss and all damage (including expense) sustained or incurred because of or by reason of any and all claims, demands, suits, actions, judgments and executions for damages of any and every kind and by whomever and whenever made or obtained, allegedly caused by, arising out of or relating in any manner to the Rental Development, the Inclusionary Rental Units, or Owner's

performance or non-performance under this Agreement, and shall protect and defend Indemnitees, and any of them with respect thereto, except to the extent caused by the gross negligence or willful misconduct of the County or the Agency. The provisions of this section shall survive expiration or other termination of this Agreement or any release of part or all of the Property from the burdens of this Agreement, and the provisions of this section shall remain in full force and effect.

Section 6.3 Covenants to Run With the Land. The Agency and the Owner hereby declare their express intent that the covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Property, provided, however, that on the expiration of the Term of this Agreement said covenants and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof, shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the Agency expressly releases such conveyed portion of the Property from the requirements of this Agreement.

Section 6.4 Attorneys Fees and Costs. In any action brought to enforce this Agreement, the prevailing party shall be entitled to all reasonable costs and expenses of suit, including attorneys' fees. This section shall be interpreted in accordance with California Civil Code Section 1717 and judicial decisions interpreting that statute.

Section 6.5 Notices. All notices required pursuant to this Agreement shall be in writing and may be given by personal delivery or by registered or certified mail, return receipt requested, to the party to receive such notice at the addressed set forth below:

TO AGENCY: Nicholas E. Chiuolos, Assistant County Administrative Officer
County of Monterey
168 West Alisal St. 3rd Floor
Salinas, CA 93901

With a copy to:

Erik V. Lundquist, AICP, Director
Housing and Community Development Department
1441 Schilling Place, South 2nd Floor
Salinas, CA 93901-4527

Office of County Counsel
County of Monterey
168 West Alisal St., 3rd Floor
Salinas, CA 93901
Attn: Kristi Markey, Deputy County Counsel

TO CHISPA: Andrew T. Simer, CFO
Community Housing Improvement Systems and

Planning Association, Inc.
295 Main Street
Salinas, CA 93901

With a copy to:

Wincopin Circle LLLP
Enterprise Neighborhood Impact Fund III, LLC
c/o Enterprise Community Asset Management, Inc.
70 Corporate Center
11000 Broken Land Parkway, Suite 700
Columbia, Maryland 21044
Attention: General Counsel

Any party may change the address to which notices are to be sent by notifying the other parties of the new address, in the manner set forth above.

Section 6.6 Integrated Agreement. This Agreement constitutes the entire Agreement between the parties and no modification hereof shall be binding unless reduced to writing and signed by the parties hereto.

Section 6.7 Term and Amendment of Agreement. This Agreement shall remain in effect for a period of fifty-five (55) years provided, however, if the Rental Development is destroyed or demolished by forces of nature without action by Owner (or irreparably damaged by forces of nature and then demolished by Owner) and such destruction or demolition occurs at least fifty (50) years following the date of this Agreement, this Agreement shall terminate upon such destruction or demolition. This Agreement, and any section, subsection, or covenant contained herein, may be amended only upon the written consent of the Assistant County Administrative Officer acting on behalf of the Successor Agency or his or her designee who shall have authority in his or her discretion to approve or disapprove amendments on behalf of the Agency.

Section 6.8 No Claims. Nothing contained in this Agreement shall create or justify any claim against the Agency by any person that Owner may have employed or with whom Owner may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Property or the construction of the Rental Development.

Section 6.9 Applicable Law. This Agreement shall be governed by California law.

Section 6.10 Waivers. Any waivers by the Agency of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the Agency to take action on any breach or default of Owner or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Owner to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement.

Consent by the Agency to any act or omission by Owner shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the Agency's written consent to future waivers.

Section 6.11 Title of Parts and Sections. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of the Agreement's provisions.

Section 6.12 Multiple Originals; Counterpart. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

Section 6.13 Recording of Agreement. The Owner shall cause this Agreement to be recorded against the Property in the Official Records of the County of Monterey.

Section 6.14 Severability. In the event any limitation, condition, restriction, covenant, or provision contained in this Agreement is to be held invalid, void or unenforceable by any court of competent jurisdiction, the remaining portions of this Agreement shall, nevertheless, be and remain in full force and effect.

SIGNATURES APPEAR ON FOLLOWING PAGE

IN WITNESS WHEREOF, CHISPA and AGENCY have executed this AGREEMENT to be effective on the latest date written below.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE COUNTY OF MONTEREY

Community Housing Improvement Systems and Planning Association, Inc. (CHISPA)*

a California nonprofit public benefit corporation

By: Nicholas E. Chiulos
Nicholas E. Chiulos, Assistant County Administrative Officer

By: Andrew T. Simer
(Signature of Secretary, Asst. Secretary, CFO, Treasurer or Asst. Treasurer)

Date: 2-1-2022

Its: Andrew T. Simer, CFO
(Print Name and Title)

Date: 01-24-2022

Approved as to Form
Office of the County Counsel
Leslie J. Girard, County Counsel

By: Kristi Markey
K: C21D52A9D63041C...
Deputy County Counsel

Date: 1/21/2022 | 10:35 AM PST

*INSTRUCTIONS: For non-profit corporations, the full legal name of the corporation shall be set forth above together with the signature of a specified officer per California Corporations Code Section 313. If a Limited Liability Corporation (LLC), The full legal name of the LLC shall be set forth above together with the signatures of two (2) managers. If a partnership, the full legal name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership. If contracting in an individual capacity, the individual shall set forth the name of the business, if any, and shall personally sign the Agreement or Amendment to said Agreement.

ACKNOWLEDGEMENTS

State of California

County of Monterey

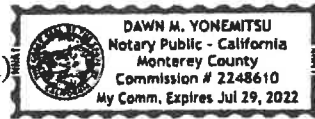
On 2/1/2022 before me, DAWN M YONEMITSU

Notary Public, personally appeared NICHOLAS CHULOS

Personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument

WITNESS my hand and official seal.

Signature [Handwritten Signature] (Seal)



State of California

County of Monterey

On _____ before me, _____

Notary Public, personally appeared _____

Personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument

WITNESS my hand and official seal.

Signature _____ (Seal)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

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 Monterey }

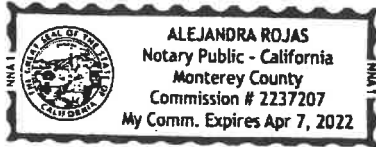
On January 24, 2022 before me, Alejandra Rojas, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Andrew T. Simer
Name(s) of Signer(s)

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.



Place Notary Seal and/or Stamp Above

Signature [Handwritten Signature]
Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Signer's Name: _____

Corporate Officer – Title(s): _____

Corporate Officer – Title(s): _____

Partner – Limited General

Partner – Limited General

Individual Attorney in Fact

Individual Attorney in Fact

Trustee Guardian of Conservator

Trustee Guardian of Conservator

Other: _____

Other: _____

Signer is Representing: _____

Signer is Representing: _____

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

Real property in the unincorporated area of the County of Monterey, State of California, described as follows:

Tract 1:

LOTS M2.14 AND M2.15, AS SHOWN ON THAT CERTAIN MAP ENTITLED "TRACT NO. 1519, EAST GARRISON PHASE TWO", FILED FOR RECORD ON MARCH 19, 2015, IN BOOK 24 OF CITIES AND TOWNS, AT PAGE 41, FILED IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF MONTEREY, STATE OF CALIFORNIA, AMENDED BY CERTIFICATE OF CORRECTION RECORDED MARCH 02, 2016 AS INSTRUMENT NO. 2016-10795 OF OFFICIAL RECORDS.

EXCEPTING THEREFROM ALL MINERAL RIGHTS WITH THE RIGHT OF SURFACE ENTRY AS RESERVED IN THE "QUITCLAIM DEED FOR A PORTION OF FORMER FORT ORD, MONTEREY, CALIFORNIA", EXECUTED BY THE UNITED STATES OF AMERICA, IN FAVOR OF THE FORT ORD REUSE AUTHORITY, RECORDED MAY 19, 2006, INSTRUMENT NO. 2006-045190, OFFICIAL RECORDS, MONTEREY COUNTY SAID DOCUMENT WAS RE-RECORDED AND AMENDED JANUARY 12, 2007, INSTRUMENT NO. 2007-03370, OFFICIAL RECORDS, MONTEREY COUNTY.

Tract 2:

Being a portion of Parcel B, as said Parcel B is shown and so designated on that certain Record of Survey Recorded August 16, 2006, in Volume 28 of Survey at Page 143, in the office of the county recorder of Monterey County, more described as follows:

Beginning at a point on the northern line of said Parcel B, said point being distant South 84°20'10" East 60.37 feet from the southeastern corner of Parcel R1.4, as said Parcel R1.4 is shown and so designated on the official map of Tract 1489, recorded June 28, 2007. In Volume 24 of Cities and Towns at Page 7, in said office of the county recorder of Monterey County; Thence, from said Point of Beginning, leaving said northern line

1. Southerly along the Arc of a non-tangent 270.00 foot radius curve to the right, from which the center of said curve bears North 77°18'19" West, through a central angle of 14°04'27", an arc distance of 66.32 feet; thence
2. Westerly along the arc of a non-tangent 810.00 foot radius curve to the left, from which the center of said curve bears South 28°37'27" West, through a central angle of 18°21'27", an arc distance of 259.52 feet; thence
3. North 05°39'50" East 2.61 feet to a point on said northern line; thence, along said northern line
4. South 84°20'10" East 267.06 feet to said Point of Beginning.

NOTE: THE ABOVE DESCRIPTION IS FOR IDENTIFICATION PURPOSES ONLY AND HAS BEEN PROVIDED FOR THE ACCOMMODATION OF THIS REPORT. SAID DESCRIPTION IS NOT INSURABLE PURSUANT TO THE SUBDIVISION MAP ACT OF THE STATE OF CALIFORNIA AND SHOULD NOT BE RELIED UPON TO

CONVEY OR ENCUMBER SAID LAND.

APN: 031-169-057-000 (LOT M2.14), 031-169-058-000 (LOT M2.15) and 031-161-032 (Tract 2)

EXHIBIT B

MAXIMUM INITIAL RENTS OF INCLUSIONARY RENTAL UNITS

AS OF JUNE 2021*

<u>Income Classification</u>	<u>1 Bedroom</u>	<u>2 Bedrooms</u>	<u>3 Bedrooms</u>	<u>4 Bedrooms</u>
50% AMI Very Low-Income Unit	\$953	\$1,145	\$1,322	N/A
80% AMI Low-Income Unit	\$1,729	\$1,831	\$2,116	N/A

NOTES:

*** MAXIMUM RENTS ARE ADJUSTED ANNUALLY**

**UTILITY ALLOWANCES MUST BE SUBTRACTED TO CALCULATE AMOUNT THAT
MAY BE CHARGED TO TENANTS – SEE EXHIBIT C**

EXHIBIT C

ENERGY EFFICIENT UTILITY ALLOWANCE
for Qualified APARTMENT AND TOWNHOUSE
and for INCLUSIONARY RENTAL UNITS**
(SUBJECT TO CHANGE ANNUALLY)

<u>1 Bedroom</u>	<u>2 Bedrooms</u>	<u>3 Bedrooms</u>	<u>4 Bedrooms</u>
\$124	\$174	\$243	N/A

** Effective 1/1/2021 thru 12/31/2022

NOTES:

UTILITY ALLOWANCE IS PREPARED ANNUALLY BY THE HOUSING AUTHORITY OF THE COUNTY OF MONTEREY

TENANTS UTILITY ALLOWANCE IS FOR WATER ELECTRIC HEATING, COOKING AND WATER HEATING.

SUBTRACT UTILITY ALLOWANCE FROM MAXIMUM RENT TO CALCULATE AMOUNT THAT MAY BE CHARGED TO TENANT

