

Affordable Housing Agreement

CITY OF ATASCADERO

(FOR-SALE INCLUSIONARY AND DENSITY BONUS UNITS – ON-SITE – NO
PUBLIC FINANCING)

ADMINISTRATIVE CHECKLIST

(Remove Upon Completion)

BLANK LINES: CHECKLIST

- _____ Date of Document, p. 1, first paragraph
- _____ Developer's Name and Entity, p. 1, first paragraph
- _____ Total Number of Units in Development and Name of Development, p. 1,
Recital C
- _____ Number of Affordable Units and Number of Market-Rate Units, pp. 1-2,
Recital D
- _____ Number of Market-Rate Units, p. 4, Section 2
- _____ Number of Affordable Units, Moderate-Income Units, Lower Income Units,
and Very Low Income Units, p. 4. Section 3
- _____ Phasing Requirements, p. 5, Sections 6(b) and 6(c)
- _____ Number of Affordable Units, p. 5, Section 7
- _____ Phasing Requirements for Release of Agreement, p. 8, Section 12
- _____ Developer's Address for Notices, p. 10, Section 19
- _____ Signatures (to be notarized), p. 12

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Atascadero
6907 El Camino Real
Atascadero, CA. 93422
Attn: Community Development Director

No fee for recording pursuant to
Government Code Section 27383

(Space above for Recorder's Use)

AFFORDABLE HOUSING AGREEMENT

(Inclusionary For-Sale Inclusionary and Density Bonus Units—On-Site—No Public
Financing)

[Insert name of Development]

This AFFORDABLE HOUSING AGREEMENT ("Agreement") is entered into as of
this ____ day of _____ 200_, by and between the CITY OF
ATASCADERO, a municipal corporation (the "City"), and **[Developer's Name]**, a **[List
type of entity, such as: California Corporation, Limited Liability Company, etc.]**
(the "Developer"), with reference to the following facts:

A. The Atascadero City Council has an Inclusionary Housing Policy,
adopted on June 24, 2003, and amended November 25, 2003 (the "Inclusionary Policy")
to increase homeownership opportunities available and affordable to moderate-income
households. The City has also adopted a Density Bonus Ordinance, Atascadero
Municipal Code Section 9-3.175(f) (the "Ordinance") to conform with State Density
Bonus Law (Government Code section 65915), which allows a density bonus for the
provision of housing affordable to very low income and lower income households.

B. Developer is the owner of certain real property in the City of Atascadero,
California described in Exhibit A attached hereto and incorporated herein by this
reference (the "Property").

C. Developer has received a discretionary approval from the City to construct
a total of **[insert number] (___)** residential units known as **[insert name of
development]** (hereinafter referred to as the "Development") on the Property. Pursuant
to the Ordinance and the Inclusionary Policy, the Development includes, and City has
granted, Owner a density bonus of **[number of bonus units]** units (the "Density
Bonus") in exchange for Owner's provision of **[number of low units]** units which will be
affordable and sold to **lower income households and [number of very-low units]**
units which will be affordable and sold to **very low income households [complete as**

appropriate for the project] (the "Affordable Units") and will remain affordable for a term of thirty (30) years.

D. Pursuant to the Inclusionary Policy, the Ordinance, and Government Code Section 65915, Developer is required to execute this Agreement prior to the approval of any final or parcel map for the Development and prior to the issuance of any building permit for the Development. Developer and City intend to set forth in greater detail and specificity within this Agreement the terms and conditions for producing and selling the Affordable Units in the Development.

NOW, THEREFORE, in consideration of the benefits received by the Developer and the City, the Developer and City agree as follows:

Section 1. Definitions. In addition to those terms defined in the Recitals, the following terms are specially defined in this Agreement:

(a) "Administering Agency" means the San Luis Obispo Housing Authority, the City, or another agency as determined by the Community Development Director that has experience in the administration of affordable housing programs.

(b) "Affordable Ownership Price" means the maximum sales price as shown on the San Luis Obispo County's Affordable Housing Standards, published monthly or if calculated by the City of Atascadero, a sales price that includes a reasonable down payment and results in a Monthly Housing Payment during the first calendar year of a household's occupancy that, (i) for Very Low Income Households, is equal to or less than one-twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of Area Median Income, as adjusted for Appropriately-Sized households; (ii) for Lower Income Households, is equal to or less than one-twelfth (1/12) of thirty percent (30%) of seventy percent (70%) of Area Median Income, as adjusted for Appropriately-Sized households; and (iii) for Moderate Income Households, is equal to or less than one-twelfth (1/12) of thirty percent (30%) of one hundred twenty percent (120%) of Area Median Income, as adjusted for Appropriately-Sized households. If the City of Atascadero discontinues the use of the San Luis Obispo County's Affordable Housing Standards, then Affordable Ownership Price shall be calculated by the City as shown in Exhibit B.

(c) "Affordable Unit Property" means the legal parcel(s) of land on which the Affordable Units will be constructed.

(d) "Appropriately-Sized" shall be consistent with California Health and Safety Code Section 50052.5(h), as amended from time to time, and shall be based on presumed maximum occupancy levels of one person in a studio apartment, two (2) persons in a one-bedroom unit, three (3) persons in a two-bedroom unit, and one additional person for each additional bedroom thereafter.

(e) "Area Median Income" means median yearly income in San Luis Obispo County as published pursuant to California Code of Regulations, Title 25, Section 6932, or successor provision.

(f) "City Deed of Trust" means the deed of trust, in the form provided by the City, executed by each buyer of an Affordable Unit at the time of purchase of the Affordable Unit, securing the buyer's performance under the Resale Agreement and the City Note.

(g) "City Note" means the promissory note, in the form provided by the City, executed by each buyer of an Affordable Unit at the time of purchase of the Affordable Unit.

(h) "Eligible Household" means a household that is qualified by the Administering Agency as i) a First-Time Homebuyer and ii) with Household Income not exceeding the household income level established for each Affordable Unit as shown in Exhibit C and as defined for the applicable income category in this Section 1.

(i) "First-Time Homebuyer" means a person who does not currently hold an ownership interest in any real estate (as verified by a credit report) and who has not had an ownership interest in his or her primary residence during the past three (3) years; except that any person who is a Displaced Spouse may not be excluded from consideration as a First Time Homebuyer on the basis that the individual, while a homemaker, owned a home with his or her spouse. "Displaced Spouse" means a person who is separated or divorced from his or her spouse.

(j) "Initial Fair Market Value" means the sales price that the Developer could receive for an Affordable Unit if the City did not restrict the amount that the Developer may receive to the Affordable Ownership Price. The City may, at its option, require that the Initial Fair Market Value be established through an appraisal by an MAI or other qualified appraiser.

(k) "Household Income" means the combined adjusted gross income for all adult persons living in a dwelling unit, as calculated for the purpose of the Section 8 Program under the United States Housing Act of 1937, as amended, or its successor.

(l) "Lower Income Household" means a household with a Household Income that does not exceed the United States Department of Housing and Urban Development's annual determination for lower income households with incomes of approximately 80 percent of Area Median Income, adjusted for household size.

(m) "Lower Income Affordable Unit" means an Affordable Unit reserved for purchase at the completion of construction by Lower Income Households at an Affordable Ownership Price.

(n) "Moderate Income Household" means a household with a Household Income that does not exceed 120 percent of Area Median Income, adjusted for household size in accordance with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937.

(o) "Moderate Income Affordable Unit" means an Affordable Unit reserved for purchase at the completion of construction by Moderate Income Households at an Affordable Ownership Price.

(p) "Monthly Housing Payment" includes mortgage interest and principal, property taxes, mortgage insurance, homeowner's insurance, homeowners' association dues, assessments paid by homeowners, and a reasonable allowance for property maintenance costs, as determined by the Administering Agency.

(q) "Resale Agreement" means the Resale and Refinancing Restriction Agreement and Option to Purchase, in the form provided by the City, executed by each buyer of an Affordable Unit and the City at the time of purchase of the Affordable Unit.

(r) "Very Low-Income Household" means a household with an annual income which does not exceed the United States Department of Housing and Urban Development's annual determination for very low income households with incomes of approximately 50 percent of Area Median Income, adjusted for household size.

(s) "Very Low-Income Affordable Unit" means an Affordable Unit reserved for purchase at the completion of construction by Very Low-Income Households at an Affordable Ownership Price.

Section 2. Satisfaction of Inclusionary Housing Obligation and Conditions of Approval. The requirements of the Inclusionary Policy shall be satisfied with respect to the Property if the Developer constructs or causes to be constructed the Affordable Units meeting the requirements of Sections 3 through 5 below, in compliance with the schedule set forth in Section 6 below, and the Affordable Units are sold to homebuyers in compliance with Sections 7 through 9 below. An amendment to this Agreement will be required to receive final or parcel map or other City approval for additional housing units on the Property above the requested total of **[insert number] ()** Market Rate Units included in the Development, to make any changes to the Affordable Units as they are described in Sections 3 through 5 of this Agreement, or to otherwise change the terms of this Agreement.

Section 3. Number of Affordable Units. Developer shall construct, or cause to be constructed, at least **[insert number] ()** Affordable Units, of which **[insert number] ()** shall be Moderate Income Affordable Units, **[insert number] ()** shall be Lower Income Affordable Units, and **[insert number] ()** shall be Very Low Income Affordable Units.

Section 4. Location of Affordable Units. The Affordable Units shall be constructed on the Property in the location(s) shown or described in the attached Exhibit D. The legal parcel(s) of land on which the Affordable Units will be constructed, together with any Affordable Units and appurtenant improvements constructed on the land, is the "Affordable Unit Property."

Section 5. Appearance, Size and Bedroom Count. The Affordable Units shall be of the same general quality of exterior appearance and overall quality of construction as the Market Rate Units. Interior features and finishes of the Affordable Units shall be

durable, of good quality, and consistent with contemporary standards for new housing. The Affordable Units shall include the number of bedrooms and square footage indicated in Exhibit C to this Agreement.

Section 6. Schedule for Developing Affordable Units. Developer shall provide the Affordable Units pursuant to the following schedule:

(a) Prior to recordation of any final or parcel map or issuance of any building permit for the Property, this Agreement shall be duly executed by the City and the Developer and recorded against the Property.

(b) Concurrently with or following release by the City of building permits for ___ percent (___%) of the Affordable Units, and upon satisfaction of all other building permit conditions for the Market Rate Units, the City may release building permits for ___ percent (___%) of the Market Rate Units. **[Revise to permit phased release of permits per an adopted phasing plan. For, example, release 50% of market rate permits after release of 50% of inclusionary unit permits – if phasing is complicated, attach exhibit]**

(c) No certificate of occupancy shall be released by the City for any Market Rate Unit until certificates of occupancy have been released by the City for one hundred percent (100%) of the Affordable Units. **[If market rate project is phased, and phasing is part of land use approval, revise to permit phased release of certificates of occupancy, similar to subsection (b) above]**

Section 7. Sale by Developer to Eligible Households. Following completion of construction, the Developer shall sell **[insert number]** (___) Affordable Units to Moderate Income Households, **[insert number]** (___) Affordable Units to Lower Income Households, and **[insert number]** (___) Affordable Units to Very Low Income Households, at the Affordable Ownership Price established by the City of Atascadero as described in Section 8 below.

(a) At least thirty (30) days before offering an Affordable Unit for sale, the Developer shall provide the City with written notice of the availability of the Affordable Unit, including the number of bedrooms and required income level of the unit. No later than thirty (30) days after receipt of such notice, the City shall provide Developer with the Affordable Ownership Price for the Affordable Unit and the income limits for Eligible Purchasers.

(b) For Moderate-Income Affordable Units, Developer shall also provide City with Developer's proposed Initial Fair Market Value of the Affordable Unit at least thirty (30) days before offering an Affordable Unit for sale. No later than thirty (30) days after receipt of such notice, the City shall indicate the City's agreement, or not, with Developer's proposed Initial Fair Market Value of the Affordable Unit. The City may, at its option, require that the Initial Fair Market Value be established through an appraisal by an MAI or other qualified appraiser.

(c) Developer shall follow the procedures and comply with the requirements of the Inclusionary Policy and applicable fair housing laws in marketing

and selling the Affordable Units.

(d) Prior to close of escrow for all Affordable Units, the Administering Agency shall provide verification to City and Developer that the purchaser of the Affordable Units is an Eligible Household. Purchase contracts between Developer and prospective buyers shall include requirements that buyers are verified as Eligible Households prior to close of escrow, and that buyers execute documents for the benefit of the City as described in Section 9 below.

Section 8. Affordable Ownership Price.

(a) The Affordable Units shall be sold to Eligible Households at prices that do not exceed the Affordable Ownership Price established by the City of Atascadero for Moderate Income, Lower Income, and/or Very Low Income Affordable Units, as applicable. The method of calculating the Affordable Ownership Price is included in Exhibit B attached hereto. Developer shall notify the City at least thirty (30) days prior to offering an Affordable Unit for sale to allow the City adequate time to calculate and notify the Developer of the Affordable Ownership Price applicable to the Affordable Units offered for sale.

(b) Developer acknowledges and agrees that the Affordable Ownership Price is determined based on Area Median Income in San Luis Obispo County, changes to which are published annually by the State of California, Department of Housing and Community Development, and other housing cost factors included in Exhibit B, which change from time to time. Developer agrees that the City may calculate the Affordable Ownership Price for the Affordable Units in its reasonable discretion and that the City's calculation of Affordable Ownership Price shall be binding upon the Developer.

(c) The Affordable Ownership Price established for each Affordable Unit by the City shall be the absolute maximum price that the Developer or any other person may receive as compensation for the Affordable Unit. The Developer or other seller may not charge or receive any additional compensation for an Affordable Unit regardless of whether the additional amount is (a) for options, upgrades, or additional improvements to the unit, (b) paid through escrow or outside of escrow, (c) paid prior to, after, or as part of the purchase escrow or (d) paid in cash or in kind.

Section 9. City Approval of Documents. The following documents, to be approved in writing by the City, shall be used in connection with the development and sale of the Affordable Units. Approval of the following documents by the City shall be required prior to the issuance of occupancy permits for the Affordable Units and the offering for sale of the Affordable Units.

(a) Form of Purchase and Sale Agreements for sale of the Affordable Units (to be prepared by Developer and submitted to the City).

(b) Form of Resale Agreement, City Note, City Deed of Trust, Request for Notice of Default and Sale, and Borrower's Disclosure (to be prepared by the City, following Developer's request).

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

Section 10. Homebuyer Documents and Security Instruments. Prior to the sale of each Affordable Unit, Developer shall ensure that:

(a) The Eligible Household and the City execute the Resale Agreement in the form provided by the City. The Resale Agreement shall be recorded against the Affordable Unit Property at close of escrow on the sale to the Eligible Household. The Resale Agreement shall be recorded junior only to the lien of the deed of trust securing the Eligible Household's first mortgage loan obtained by the homebuyer to finance the purchase of the Affordable Unit if required by the lender (and second mortgage loan if such loan is provided by a public agency which requires such subordination), unless otherwise approved in writing by the City.

(b) The Eligible Household signs the City Note in the form provided by the City. For Moderate-Income Affordable Units, the City Note shall be equal to the difference between the Affordable Ownership Price and the Initial Fair Market Value of the Affordable Unit.

(c) The Eligible Household signs the City Deed of Trust to secure performance of the Eligible Household's covenants under the Resale Agreement and payment of the amounts due under the City Note. The City Deed of Trust shall be recorded against the Affordable Unit, subordinate only to the Resale Agreement and the lien for the first mortgage loan obtained by the homebuyer to finance the purchase of the Affordable Unit (and second mortgage loan if such loan is provided by a public agency which requires such subordination), unless otherwise approved in writing by the City.

(d) A Request for Notice of Default and Sale is recorded for each deed of trust recorded at close of escrow.

(e) The Eligible Household signs the Borrower's Disclosure in the form provided by the City.

Section 11. Compliance, Inspections, Monitoring. Within five (5) days following the sale of any Affordable Unit by the Developer, Developer shall forward to the City copies of the buyer's and seller's settlement statement and all closing documents, including Resale Agreement, City Note, City Deed of Trust, Request(s) for Notice of Default and Sale, and Borrower's Disclosure executed in connection with the sale. Developer shall retain all records related to compliance with obligations under this Agreement and the Inclusionary Policy for a period not less than two (2) years from the date of sale of all units in the Development and make them available to City employees or others designated by the City for inspection and copying on five (5) business days'

written notice.

Section 12. Release of Property From Agreement. The covenants and conditions herein contained shall apply to and bind, during their respective periods of fee ownership, Developer and its heirs, executors, administrators, successors, transferees, and assignees having or acquiring any right, title or interest in or to any part of the Property and shall run with and burden such portions of the Property until terminated in accordance with this Section 12. Until portions of the Property are released from the burdens of this Agreement pursuant to this Section 12, the owners of fee title to the Property shall expressly make the conditions and covenants contained in this Agreement a part of any deed or other instrument conveying any interest in such property. Upon issuance of final certificates of occupancy for one hundred percent (100%) of the Affordable Units, the Property, except for the Affordable Unit Property, shall be released from the burdens of this Agreement. **[Modify per the phasing plan (for instance, "all of the units in Phase I shall be released from the burdens of this Agreement when all of the Affordable Units in Phase I have received occupancy permits.")]** As Affordable Units are sold to Eligible Households in compliance with this Agreement, and Resale Agreements and City Deeds of Trust are recorded against the Affordable Units, the portions of the Affordable Unit Property sold to Eligible Households shall be released from the burdens of this Agreement.

Section 13. Default and Remedies. Failure of the Developer to cure any default in the Developer's obligations under the terms of this Agreement within thirty (30) days after the delivery of a notice of default from the City will constitute a default under this Agreement and the requirements of the Inclusionary Policy and, in addition to remedies for breach of this Agreement, the City may exercise any and all remedies available to it under the Subdivision Map Act, the Inclusionary Policy, the Atascadero Municipal Code, or otherwise, with respect to the Developer's failure to satisfy the terms of this Agreement and the requirements of the Inclusionary Policy, including but not limited to:

(a) withholding, conditioning, suspending, or revoking any permit, license, subdivision approval or map, or other entitlement for the Development, including without limitation final inspections for occupancy and/or certificates of occupancy;

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

(c) where one or more persons have received financial benefit as a result of violation of this Agreement or of any requirement imposed under the Inclusionary Policy, the City may assess, and institute legal action to recover as necessary, a penalty in any amount up to and including the amount of financial benefit received, in addition to recovery of the benefit received;

(d) prosecuting a misdemeanor against any person who has sold a residential unit at a price exceeding the maximum allowed under this Agreement or to a household not qualified under this Agreement, or who has otherwise violated the Inclusionary

Policy, or any other agreement, restriction or requirement authorized or imposed under the Inclusionary Policy; or

(e) any other means authorized under the City of Atascadero Municipal Code.

Section 14. Remedies Cumulative. No right, power, or remedy given to the City by the terms of this Agreement or the Inclusionary Policy 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 City by the terms of any such document, the Inclusionary Policy, or by any statute or otherwise against Developer and any other person. Neither the failure nor any delay on the part of the City to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the City of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

Section 15. Attorneys Fees and Costs. The City shall be entitled to receive from the Developer 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 City staff time.

Section 16. Appointment of Other Agencies. At its sole discretion, the City may designate, appoint or contract with any other public agency, for-profit or non-profit organization to perform some or all of the City's or Administering Agency's obligations under this Agreement.

Section 17. Hold Harmless and Indemnification. Developer will indemnify and hold harmless (without limit as to amount) City and its 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 Development, the Affordable Units, or Developer's performance or non-performance under this Agreement, including without limitation the construction or sale of any unit in the Development, and shall protect and defend Indemnitees, and any of them with respect thereto, except to the extent arising from the gross negligence or willful misconduct of the City. The provisions of this section shall survive expiration or other termination of this Agreement or any release of part or all of the Property from the burdens of this Agreement, and the provisions of this section shall remain in full force and effect.

Section 18. Insurance Requirements. Until all Affordable Units have been sold to Eligible Households in compliance with this Agreement, Developer and its successors and assigns acquiring title to the Property shall obtain, at their expense, comprehensive general liability insurance for development of the Affordable Units, naming Indemnitees as additional named insureds, with aggregate limits of not less than Two Million Dollars (\$2,000,000), for bodily injury and death and property damage, including coverage for

contractual liability and products and completed operations, purchased by Developer or its successors or assigns from an insurance company duly licensed to engage in the business of issuing such insurance in the State, with a current Best's Key Rating of not less than A-V, such insurance to be evidenced by an endorsement which so provides and delivered to the City prior to the issuance of any building permit for the Affordable Units.

Section 19. 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 addresses set forth below:

TO THE CITY:

City of Atascadero
6907 El Camino Real
Atascadero, CA. 93422
Attn: Community Development Director

TO THE DEVELOPER:

Attn: _____

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 20. Integrated Agreement. This Agreement constitutes the entire Agreement between the parties and no modification shall be binding unless reduced to writing and signed by the Parties.

Section 21. Duration and Amendment of Agreement. This Agreement shall remain in effect for so long as the Property is subject to inclusionary housing obligations pursuant to the Inclusionary Policy. This Agreement, and any section, subsection, or covenant contained herein, may be amended only upon the written consent of the City Council.

Section 22. No Joint Venture or Partnership. Nothing contained in this Agreement or any document executed pursuant to this Agreement shall be construed as creating a joint venture or partnership between City and Developer. Nothing contained in this Agreement shall create or justify any claim against the City by any person that Developer may have employed or with whom Developer 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 Development.

Section 23. Applicable Law and Venue. This Agreement shall be governed by California law. Venue for any dispute arising out of this Agreement shall be San Luis Obispo County.

Section 24. Waivers. Any waiver by the City of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the City to take action on any breach or default of Developer or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Developer to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the City to any act or omission by Developer shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the City's written consent to future waivers.

Section 25. 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 26. 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 27. Recording of Agreement. The Developer shall cause this Agreement to be recorded against the Property, in the Official Records of the County of San Luis Obispo.

Section 28. 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, or if any provision of this Agreement is rendered invalid or unenforceable pursuant to any California statute which became effective after the effective date of this Agreement, the remaining portions of this Agreement shall nevertheless remain in full force and effect.

Section 29. Exhibits. The following exhibits are attached to this Agreement:

- | | |
|-----------|---|
| Exhibit A | Legal Description of the Property |
| Exhibit B | Calculation of Affordable Ownership Price |
| Exhibit C | Income Level, Size, and Bedroom Count of Inclusionary Units |
| Exhibit D | Location of Affordable Units |

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

DEVELOPER:

_____, a
California _____
By: _____
Its: _____

CITY:

City of Atascadero, a municipal
corporation

By: _____
WADE MCKINNEY, City Manager

**APPROVED AS TO FORM AND LEGAL
EFFECT:**

By: _____
PATRICK ENRIGHT, City Attorney

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 200__, before me, _____ personally appeared _____ and, 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.

Notary Public in and for said State

(SEAL)

STATE OF CALIFORNIA)
) ss.
COUNTY OF ALAMEDA)

On _____, 200__, before me, _____ personally appeared _____ and, 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.

Notary Public in and for said State

(SEAL)

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT B

CALCULATION OF AFFORDABLE OWNERSHIP PRICE

The Affordable Ownership Price for Affordable Units shall be calculated using the procedures and formulas described below. The current City of Atascadero Moderate, Lower, and Very Low Income Limits as established pursuant to the Inclusionary Policy shall be used in these calculations. The interest rate used in these calculations shall be determined by the City at its sole discretion.

1. Determine the area median income for a household size that is one person larger than the number of bedrooms in the affordable unit.
2. Multiply the income limit as follows to obtain the annual housing allowance;
 - Very Low Income: 30% of 50% of the area median income, adjusted for household size appropriate to the unit.
 - Lower Income: 30% of 70% of the area median income, adjusted for household size appropriate to the unit.
 - Moderate Income: 30% of 120% of the area median income, adjusted for household size appropriate to the unit.
3. Divide the annual housing allowance determined in the previous step by twelve (12) to determine the monthly housing allowance;
4. Calculate the average monthly cost of property taxes, mortgage insurance, homeowner's insurance, homeowners' association dues, assessments paid by homeowners, utilities (excluding telephone), and a reasonable allowance for property maintenance costs.
5. Subtract the amount calculated in Step 4 from the monthly housing allowance to compute the amount available for mortgage payments.
6. Using a standard amortization table or formula, calculate the loan amount that can be repaid over thirty (30) years with equal monthly payments equal to the amount available for mortgage payments using the prevailing interest rate for thirty (30) years, and assuming a fully amortized fixed rate mortgage.
7. Divide the loan amount calculated in the previous step by 0.95 to determine the Affordable Ownership Price assuming a five percent (5%) down payment.

The following calculations are for a three (3) bedroom Moderate-Income Affordable Unit based on the maximum income limits for San Luis Obispo County as of July 2004. These calculations illustrate how the price of a Moderate Income Affordable Unit is calculated.

Step 1	Annual Moderate Income Limit for a 4 person household	\$74,050
Step 2	30% of the Income Limit determined in Step 1	\$22,215
Step 3	One twelfth of the amount calculated in Step 2	\$1,851
Step 4	Calculate monthly cost of property taxes, mortgage insurance, homeowner's insurance, homeowners' association dues, assessments paid by homeowners, utilities, and a reasonable allowance for property maintenance costs (est.)	\$611
Step 5	Amount remaining for mortgage payments	\$1,240
Step 6	Amount that can be financed with payment calculated in Step 5 with a 30 year fixed-rate loan at a 6.25% interest rate	\$201,400
Step 7	Loan amount in Step 6 divided by 95% = Affordable Ownership Price	\$212,000

EXHIBIT C

**INCOME LEVEL, SIZE, AND BEDROOM COUNT
OF AFFORDABLE UNITS**

INCOME LEVEL OF BUYERS	TYPE OF UNIT (single family detached, single family attached, or condominium)	NUMBER OF UNITS	NUMBER OF BEDROOMS	SQUARE FOOTAGE	ASSUMED HOUSEHOLD SIZE
Moderate Income					
Lower Income					
Very Low Income					

EXHIBIT D

LOCATION OF AFFORDABLE UNITS

Onsite Affordable Units: Insert Legal Description(s) of Affordable Unit Property or if no legal description is available, attach map of Property showing general location and distribution of Affordable Units.