



First American
Title Company

Reference No.:4734303

County:San Diego

Plotted Easements

Legend

PARCEL A

PARCEL B

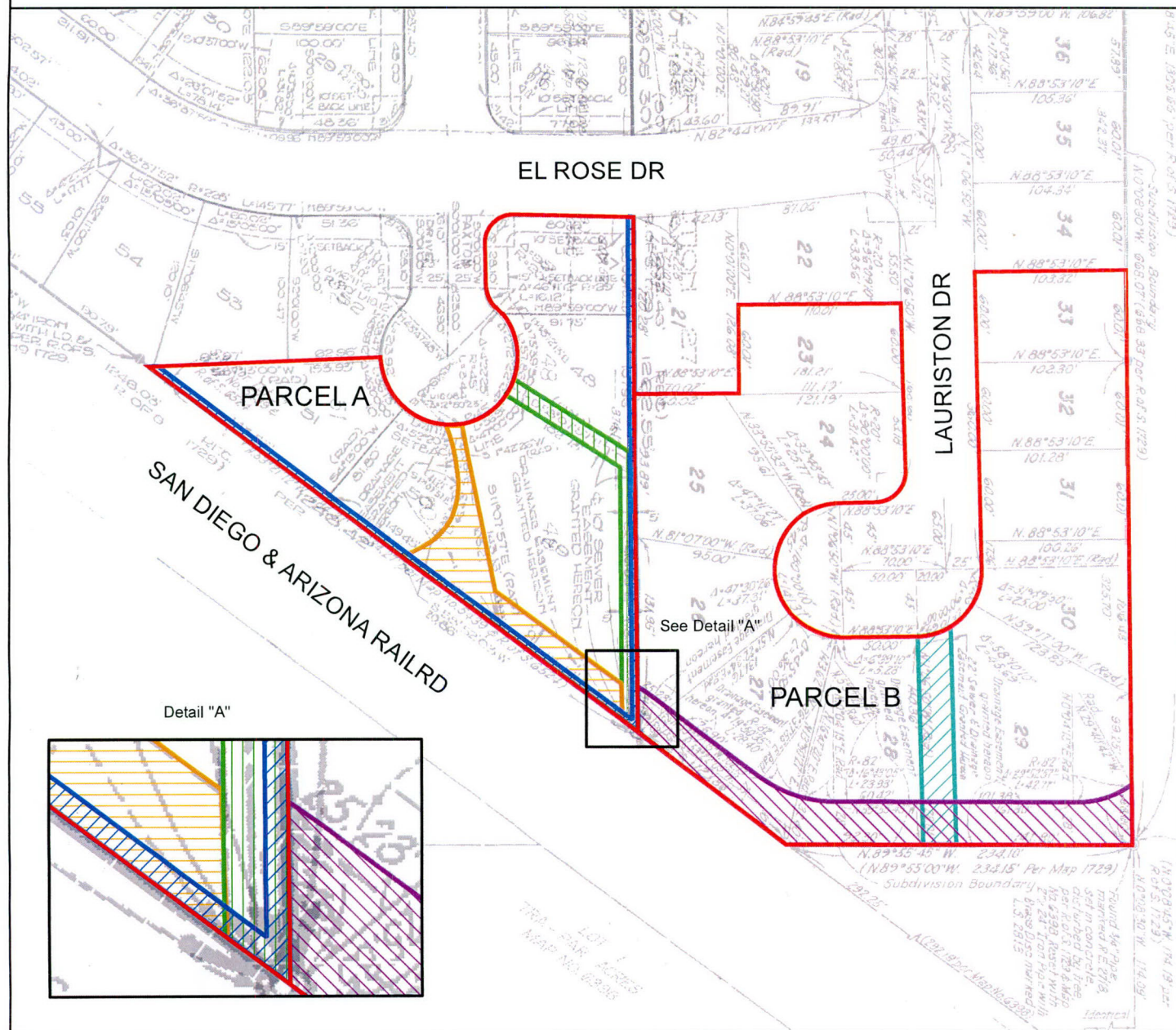
10/14/1964 #187787
(Pole Lines, Underground
Conduits, Ingress & Egress)

Tract Map #5439
(Drainage)

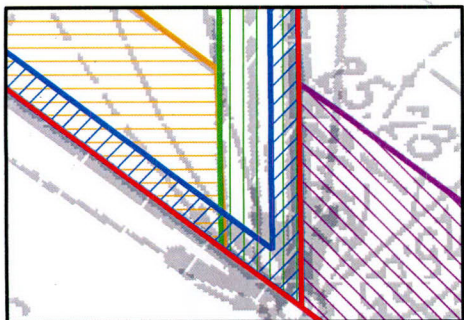
Tract Map #5439
(Sewer)

Tract Map #7693
(Drainage)

Tract Map #7693
(Sewer)



Detail "A"



Tax ID:630-060-24-00 and 630-160-62-00

Short Legal:Lots 47-51 Tract Map #5439 & Lots 23-33 Tract Map #7693



NOT TO SCALE

This map may or may not be a survey of the land depicted hereon. You should not rely upon it for any purpose other than orientation to the general location of the parcel or parcels depicted. First American Title expressly disclaims any liability for alleged loss or damage which may result from reliance upon this map.

ORIGINAL

**FIRST AMENDMENT TO
CITY OF SAN DIEGO GROUND LEASE
(Lauriston & Paxton)**

This FIRST AMENDMENT TO CITY OF SAN DIEGO GROUND LEASE ("First Amendment") is made by and between THE CITY OF SAN DIEGO, a California municipal corporation ("CITY"), and San Diego Community Land Trust, a California nonprofit 501(c)(3) corporation ("LESSEE"), to be effective when mutually executed by the parties and approved by the San Diego City Attorney (the "First Amendment Effective Date").

RECITALS

- A. CITY and LESSEE entered into that certain City of San Diego Ground Lease ("Lease") effective November 26, 2013, for the purpose of conducting due diligence to determine the feasibility of purchasing the Premises which was amended by Resolution R-310604 on file in the office of the City Clerk.
- B. CITY and LESSEE agree to amend the Lease to clarify LESSEE's required deliverables to exercise the Purchase Option and the conditions for the close of escrow for the purchase of the Premises.
- C. Unless otherwise defined herein, capitalized terms as used in this First Amendment shall have the same meanings as given therefor in the Lease.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, CITY and LESSEE hereby agree to amend the terms and conditions of the Lease as follows:

- 1. Section 1.10 Purchase Option shall be deleted and replaced in its entirety with the following:

"1.10 Purchase Option. LESSEE shall have the option to purchase the Premises ("Purchase Option") at any time during the Term. The purchase and sale of the Premises shall be subject to the terms and conditions of the Purchase & Sale Agreement. The purchase price of the Premises (the "Purchase Price") shall be Sixteen Dollars (\$16).

1.10.1 To exercise the Purchase Option, LESSEE shall deliver all of the following to CITY, subject to City's satisfaction and approval in each instance:

1.10.1.1 A written notice to CITY at least five (5) business days prior to the anticipated closing of the purchase and sale transaction, which notice shall state the desired closing date.

- 1.10.1.2 Two (2) originals of the Purchase & Sale Agreement signed by LESSEE.
- 1.10.1.3 LESSEE's development plan describing development of the entire Premises including comprehensive and customary information such as the project timeline, construction plans, construction budget, etc., (the "Development Plan"), together with Evidence that LESSEE has submitted an application for building permits to CITY's Development Services Department. The quitclaim deed conveying title to the Premises shall contain conditions and covenants restricting development of the Premises to the Development Plan.
- 1.10.1.4 Reserved.
- 1.10.1.5 True copies of all reports, studies and other documentation produced by or for LESSEE and related to the Premises, the Development Plan and LESSEE's development of the Premises, which shall include without limitation: (a) a certified engineering and drainage analysis ("Certified Analysis") of flooding and water drainage conditions and issues for the Premises, including with regard to existing drainage easements, the Premises in its to-be-developed condition, and the adjacent drainage channel and culvert facilities of the Metropolitan Transit System's trolley crossing to the south of the Premises, including without limitation recommendations for development of the Premises and improvements of the drainage channel and all related drainage facilities to minimize and or prevent future flooding of the Premises; and (b) a "Cycle Issues" report and conclusions of a "Preliminary Review," including a specific cycle issue review by City of San Diego Stormwater and Engineering personnel, done by the City of San Diego's Development Services Department ("DSD") for the proposed development of the Premises and all related development improvements based on the Development Plan.
- 1.10.1.6 Lessee has provided evidence of its ability to obtain the faithful performance bond specified in Clause 5.8 of the Purchase and Sale Agreement subject to payment of the premium therefor.
- 1.10.1.7 Lessee has provided evidence of its ability to obtain insurance as specified in Clause 5.7 of the Purchase & Sale Agreement subject to payment of the premium therefor."

2. The Purchase & Sale Agreement depicted as Exhibit B to the Lease is deleted in its entirety

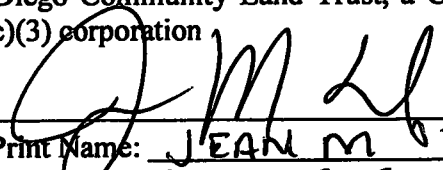
and replaced with the Exhibit B-1 attached to this First Amendment.

3. All other terms and conditions of the Lease shall remain in full force and effect, and if there are any conflicts between the Lease and this First Amendment, said conflicts shall be resolved in favor of the terms and conditions of this First Amendment.
4. Each individual executing this First Amendment on behalf of another person or legal entity represents and warrants that they are authorized to execute and deliver this First Amendment on behalf of such person or entity in accordance with duly adopted resolutions or other authorizing actions which are necessary and proper and under such legal entity's articles, charter, bylaws, or other written rules of conduct or governing agreement, and that this First Amendment is binding upon such person or entity in accordance with its terms. Each person executing this First Amendment on behalf of another person or legal entity represents and warrants such entity is a valid, qualified corporation, limited liability company, partnership, or other unincorporated association in good standing in its home state and that such entity is qualified to do business in California.

IN WITNESS WHEREOF, this First Amendment is executed by LESSEE acting by and through its lawful designee, and by CITY acting by and through its Mayor, or his designee.

LESSEE:

San Diego Community Land Trust, a California nonprofit
501(c)(3) corporation

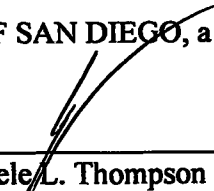
BY: 

Print Name: JEAN M DIAZ

Print Title: EXECUTIVE DIRECTOR

CITY:

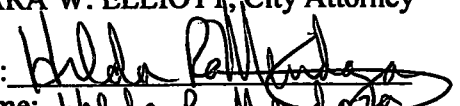
CITY OF SAN DIEGO, a California municipal corporation

By: 

Cybele L. Thompson
Director, Real Estate Assets

Approved as to form this 9th day
of July, 2018.

MARA W. ELLIOTT, City Attorney

BY: 

Name: Mara W. Elliott

Title: Deputy City Attorney

RR-311790

REAL ESTATE PURCHASE AND SALE AGREEMENT

[LAURISTON-PAXTON]

This REAL ESTATE PURCHASE AND SALE AGREEMENT ("Agreement") is made by and between THE CITY OF SAN DIEGO, a California municipal corporation ("CITY"), and SAN DIEGO COMMUNITY LAND TRUST, a California nonprofit 501(c)(3) corporation ("BUYER"), to be effective as of the date of execution by CITY (the "Effective Date"), when signed by the parties and approved by the San Diego City Attorney, as follows:

RECITALS

- A. CITY owns certain real property (the "**Property**;" Assessor's Parcel Numbers 630-160-62 and 630-060-24) consisting of sixteen (16) unimproved residential lots (the "**Lots**") on two (2) parcels (i.e., Assessor's Parcel Numbers 630-160-62 and 630-060-24), comprising approximately 3.3 acres of land located south of Elrose Drive between Lauriston Drive and Paxton Drive in San Diego, California 92154, and more particularly described in **Exhibit A: Property Description**, attached hereto.
- B. CITY and BUYER have entered into that certain CITY OF SAN DIEGO GROUND LEASE (the "**Original Lease**") dated November 26, 2013, which was amended by that certain First Amendment to City of San Diego Ground Lease ("**Amendment**") dated July 9, 2018. The Original Lease and the Amendment are hereinafter referred to collectively as the "**Lease**." Pursuant to the Lease, BUYER has an option to purchase the Property during the term of the Lease. BUYER intends to develop the Property with up to one affordable homeownership unit per Lot, which will be sold as permanently affordable housing to income-qualified buyers ("**PROJECT**"). The Property must be developed as required by this Agreement.
- C. BUYER has elected to purchase the Property. The purchase and sale of the Property will be made under the terms and conditions of this Agreement.
- D. The sale of the Property is for a public purpose. A quitclaim deed to the Property will strictly restrict the use of the Property and each Lot to developing and maintaining an affordable homeownership unit for sale as permanently affordable housing to income-qualified buyers with an underlying land lease for the Lot. Each such underlying land lease will contain resale restrictions to assure that each home will be affordable in perpetuity.
- E. The parties acknowledge and agree that an open storm water drainage channel runs along the southerly boundary of the Property within a public drainage easement, and that the Property has incurred damage due to flooding of this drainage channel prior to this transaction. Also, drainage easements exist over certain portions of the Property for the purpose of water drainage from the Property. CITY, in its capacity as a public governmental entity, has responsibility for the maintenance of the public drainage facilities in their current condition. The parties acknowledge that the drainage facilities in their current condition may be insufficient to prevent future flood damage to the Property. The parties further acknowledge that BUYER shall be solely responsible for all costs of developing the Property, appurtenant drainage easements, and the adjacent drainage channel and facilities, including all costs for

drainage, culvert and storm water improvements thereon. CITY shall not be responsible for the maintenance of the drainage facilities to the extent that the drainage channel, drainage facilities and/or Property conditions are changed from their current state as a result of BUYER's improvements or development of the Property. BUYER acknowledges that a condition precedent to this Agreement is that BUYER shall fully protect, defend, indemnify, hold harmless and release CITY for any and all future flooding incidents or related liabilities at the Property resulting from or related to the drainage facilities, physical conditions of the drainage facilities in their current state, and any conditions of the drainage facilities caused by or contributed to by BUYER's development, use and maintenance of one or more of the Lots and the Property as a whole.

- F. BUYER has delivered to CITY evidence reasonably satisfactory to CITY that BUYER has a development plan (the "Development Plan," attached hereto and made a part hereof as **Exhibit B: Development Plan**) for the Property that has completed all reviews and approvals by all competent governmental authorities as required prior to commencement of construction on the Property. Such reviews and approvals have considered BUYER's complete development of the entire Property (i.e., BUYER's project as a whole, rather than piecemeal). The quitclaim deed conveying title to the Property will contain conditions and covenants restricting development of the Property to the Development Plan.

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

1. **Purchase and Sale.** Under the terms and conditions of this Agreement, CITY shall sell and convey to BUYER, and BUYER shall purchase from CITY, all of CITY's right, title and interest in and to the Property. The Property shall be more particularly described in a quitclaim deed substantially in the form and with conditions and restrictive covenants as set forth in the form attached hereto as **Exhibit C: Form of Quitclaim Deed** (the "Quitclaim Deed").
2. **Purchase Price and Independent Consideration.**
 - 2.1. **Purchase Price.** The purchase price of the Property ("Purchase Price") shall be Sixteen Dollars (\$16).
 - 2.2. **Independent Consideration.** CITY and Buyer agree that (i) the amount of Ten Dollars (\$10) (the "Independent Contract Consideration Payment"), has been bargained for as consideration for CITY's execution and delivery of this Agreement and for Buyer's right of review, inspection and termination, and is independent of any other consideration or payment provided for in this Agreement. Notwithstanding anything to the contrary contained herein, the Independent Contract Consideration Payment is non-refundable in all events. Simultaneously with the Purchase Price, Buyer shall deposit into Escrow the Independent Contract Consideration Payment. Upon receipt of the Independent Contract Consideration Payment, Escrow and Title Agent shall pay the Independent Contract Consideration Payment immediately to CITY (in accordance with wiring instructions separately provided by CITY) without further instruction from Buyer. In no event shall

the Independent Contract Consideration Payment be credited towards the Purchase Price at Closing.

3. **Public Purpose.** The purchase of the Property is for the purpose of the development, sale and maintenance of permanently Affordable Housing to Income-Qualified Buyers with an underlying land lease for each Lot, and for no other purpose whatsoever. **"Affordable Housing to Income-Qualified Buyers"** shall mean long-term occupancy of a developed house structure by households whose combined annual gross income for all members does not exceed one hundred twenty percent (120%) of the "Area Median Income" as adjusted for household size as determined by the U.S. Department of Housing and Urban Development ("HUD") for the San Diego Standard Metropolitan Statistical Area. **"Income-Qualified Buyer"** shall mean a household whose combined annual gross income for all members does not exceed one hundred twenty percent (120%) of the Area Median Income as adjusted for household size as published by HUD for the San Diego Standard Metropolitan Statistical Area at the time of sale. Each underlying land lease shall contain resale restrictions to assure that each Lot and home thereon shall only be Affordable Housing to Income-Qualified Buyers in perpetuity. BUYER's purchase of the Property under this Agreement shall be conditioned and restricted to the foregoing use in the Quitclaim Deed.

- 3.1. BUYER, together with its successors and assigns shall, within three (3) years after the close of escrow, 1) complete or cause the completion of the planned improvements consisting of one single-family home per Lot, and 2) make available exclusively to Income-Qualified Buyers for purchase a 99-year Leasehold estate in each developed Lot, at a price sufficiently below fair market value or otherwise adjusted to ensure purchase by Income-Qualified Buyers.

4. **Escrow.** By delivery of a fully executed copy of this Agreement to Escrow, BUYER and City establish an escrow (the "Escrow") with Chicago Title Company, attn. Rob Shaw, located at 2365 Northside Drive, Suite 600, San Diego, CA 92108 ("Escrow Holder"), within three (3) business days after the Effective Date. The Escrow shall be open as of the date (the "Open Date") CITY delivers to the Escrow Holder this Agreement and is subject to the provisions of the standard conditions for acceptance of Escrow and the terms and conditions in this Agreement. BUYER and CITY shall execute and deliver to Escrow Agent any additional or supplementary instructions as Escrow Agent reasonably considers necessary or convenient to implement the terms of this Agreement and close the transactions contemplated hereby, including the standard conditions for acceptance of Escrow, all of which together with the escrow instructions set forth in this Agreement, as they may be amended from time to time by the parties, shall collectively serve as the escrow instructions to Escrow Agent. In the event of any conflict between the terms of this Agreement and any additional or supplemental instructions, including the standard conditions for acceptance of Escrow, the terms of this Agreement shall control.

- 4.1. **Preliminary Report of Title.** Upon establishing Escrow, the parties hereby instruct the Title Agent to prepare and provide a Preliminary Report of Title for the Property ("Preliminary Report") to BUYER and CITY for review. BUYER shall notify CITY in writing within seven (7) Business Days after receipt of the Preliminary Report of

BUYER's objection to any matters affecting title, including disapproval of any exception contained in the Preliminary Report, other than Permitted Exceptions and liens of deeds of trust or other monetary liens or encumbrances to be paid upon Close of Escrow. CITY shall have seven (7) Business Days after such notice to advise BUYER whether CITY elects to endeavor to eliminate or modify any such identified exceptions and objections, and of any disapproved exceptions and objections which will not be removed by CITY prior to the Closing; CITY'S failure to timely respond to BUYER'S objections or failure to identify in CITY'S response any disapproved exception or objection will be deemed an election by CITY not to remove such exceptions and objections. If CITY indicates that it will not correct any of the disapproved exceptions, BUYER may elect to: (i) terminate this Agreement without liability on the part of either party and receive a full refund of BUYER'S entire Deposit; or (ii) consummate the purchase of the Property subject to such exceptions without reduction in the Purchase Price and without any liability on CITY'S part relative to the title to the Property, by written notice of approval to CITY. Notwithstanding such approval notice, if after such approval notice is given and prior to the Closing Date, any new title exceptions are first disclosed to BUYER ("New Exceptions"), then the provisions in this section above relating to the parties' respective rights, obligations and time periods shall apply as to the New Exceptions.

4.2. Escrow Costs. BUYER shall pay: (a) Preliminary Title Report fees; (b) all San Diego County documentary transfer taxes; (c) the fee for a standard-coverage California Land Title Association ("CLTA") Title Insurance Policy; (d) all charges for document drafting and recording; (e) the incremental cost of any additional or extended-coverage title insurance beyond a CLTA Title Insurance Policy, if requested by BUYER.

4.3. Proration. Escrow Holder shall prorate fees and costs between the parties at the Closing.

5. Close of Escrow. Close of Escrow shall be on or before ninety (90) calendar days from the date when BUYER has provided all the required items to exercise its Purchase Option in accordance with Section 1.10 to the Lease, unless otherwise agreed to by the parties in writing, provided that the following conditions precedent to Closing are satisfied, and CITY shall deliver title to the Property to BUYER by promptly executing and delivering to escrow the Quitclaim Deed, subject to all acts done or suffered by BUYER, or claims made by, through or under BUYER. The Escrow Agent shall promptly thereafter have the Quitclaim Deed recorded in the Official Records of the San Diego County, California, Recorder. Such recordation shall close the transaction (the "Closing"). In no event shall the Close of Escrow be later than **November 25, 2018**.

5.1. Purchase Price. Prior to Closing, BUYER shall deposit the Purchase Price with Escrow Holder, either in cash, by cashier's check or in the other immediately available United States currency.

5.2. Parties to Sign Documents. Prior to the Closing, the parties shall execute and deliver all instruments and documents reasonably required by the other party and Escrow Holder to effect the Closing.

- 5.3. **Taxes.** All ad valorem taxes and special taxes or assessments levied or assessed against the Property for the year of the Closing, if any, shall be prorated at the Closing, effective as of the date of the Closing. If the Closing occurs before the tax rate or the assessed valuation is fixed for the then-current year, the prorating of ad valorem taxes shall use the tax rate and the assessed valuation for the preceding tax year. The prorating of ad valorem taxes shall be subject to later adjustment once the actual tax statements for the year of the Closing have been received, which agreement to re-prorate taxes shall survive the Closing. However, CITY shall not be responsible for any increase in ad valorem taxes resulting from improvements made to the Property by BUYER after the Closing.
- 5.4. Evidence that BUYER has obtained a construction loan or other funds sufficient to cover all costs of developing the site in accordance with the Development Plan, including all impact fees, design and engineering costs, construction costs, performance bond, insurance premiums and other costs that may relate to development of the Property pursuant to the Development Plan.
- 5.5. BUYER has obtained a written notice from CITY's Development Services Department indicating that all permits for development of the Property in accordance with the Development Plan are ready to be issued upon payment of permit and related fees. Said fees shall be paid upon the Close of Escrow.
- 5.6. Evidence that BUYER has secured, or will have secured concurrently upon Close of Escrow, the Conditional Letter of Map Revision (CLOMR) from the Federal Emergency Management Agency (FEMA) for the Project or such other requirement from FEMA, and to the satisfaction of CITY's Engineer.
- 5.7. Evidence that BUYER has secured, or will be secured concurrently upon the Closing, insurance, together with binders for the insurance policies specified in Section 6.1, below. BUYER shall provide CITY proof of insurance policies specified in Section 6 below within ten (10) days of Closing.
- 5.8. BUYER has deposited with Escrow Holder, or will be secured concurrently upon the Closing, a Faithful Performance Bond in the amount of 100% of the estimated construction cost of developing the Premises pursuant to the Development Plan. If LESSEE constructs any drainage, culvert or stormwater improvements, such performance bond shall include all drainage, culvert and stormwater improvements on the Premises as identified and required in both the Certified Analysis and the Preliminary Review and Cycle Issues report from DSD. The performance bond may be in cash or may be a corporate surety bond or other security satisfactory to City. The bond shall insure that all construction commenced by LESSEE shall be completed in accordance with the Development Plan, or at the option of CITY, that LESSEE shall remove the uncompleted construction and restore the Premises to a condition reasonably satisfactory to CITY. The bond or cash shall be held in trust by CITY for the purpose specified in this section, or at CITY's option may be placed in an escrow

approved by CITY. BUYER shall provide CITY the Faithful Performance Bond specified in this Section 5.8 within ten (10) days of Closing.

6. Insurance. BUYER shall annually in perpetuity provide to CITY evidence of insurance coverage (as evidenced by annual endorsements and certificates of insurance) as set forth in Clause 6.1 and 6.2.

6.1 Insurance During BUYER's Construction.

- a. During the course of BUYER's construction pursuant to the Development Plan, BUYER agrees to provide the following insurance coverages to CITY:
 - i. Commercial General Liability Insurance ("CGL"): Commercial General Liability coverage, arising from the PROJECT, covering bodily injury and property damage, for Premises, Operations, Products and Completed Operations. Limits shall be of at least One Million Dollars (\$1,000,000) per occurrence, subject to an annual aggregate of at least Two Million Dollars (\$2,000,000). There shall be no endorsement or modification of the CGL limiting the scope of coverage for either insured vs. insured claims or contractual liability. Defense costs may be within the limit of liability.
 - ii. Coverage may be provided by an Owner or Contractor Controlled Insurance Program (OCIP/CCIP), also known as a "Wrap" policy, providing coverage under one policy for the owner, developer, General Contractor, sub-contractors, and Additional Insureds. If a Wrap policy is not used, all contractors must meet the same insurance requirements as listed here.
- b. Additional Insureds. The Commercial General Liability policy must be endorsed to include as an insured "The City of San Diego and its elected officials, officers, employees, representatives and agents" with respect to liability arising out of: (a) ongoing operations performed by BUYER or on BUYER's behalf; (b) BUYER's products; (c) BUYER's work, including without limitation BUYER's completed operations performed by BUYER or on BUYER's behalf; or (d) the Premises.
- c. Primary & Non-Contributory. Each policy must be endorsed to provide that the insurance afforded by Commercial General Liability policies is primary to any insurance or self-insurance of The City of San Diego and its elected officials, officers, employees, representatives and agents as respects operations of the named insured. Any insurance maintained by The City of San Diego and its elected officials, officers, employees, representatives and agents shall be in excess of BUYER's insurance and shall not contribute to it.
- d. Severability of Interest. Each policy must be endorsed to provide that BUYER's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability and shall provide cross-liability coverage.

- e. **Builders Risk (aka Course of Construction) Property Insurance:** BUYER shall at all times during PROJECT provide insurance coverage for damage to the PROJECT property, at 100% of the replacement cost, including materials waiting to be used, under a Builders Risk insurance policy, using a Causes of Loss form of Special Form, and including the Cause of Loss of Flood.
- f. **Qualified Insurer(s).** Except for the State Compensation Insurance Fund, all insurance required by PROJECT shall only be carried by insurance companies with a rating of at least "A-, VI" by A.M. Best Company that are authorized by the California Insurance Commissioner to do business in the State of California or provided by non-admitted, "surplus lines" carriers if the carrier is authorized to do business in the State of California and is included on the List of Eligible Surplus Lines Insurers (i.e., the LESLI list). All policies of insurance carried by non-admitted carriers shall be subject to all of the requirements for policies of insurance provided by admitted carriers described herein.
- g. **Deductibles/Retentions.** All deductibles and self-insured retentions on any insurance policy are the sole responsibility of BUYER and must be disclosed and acceptable to CITY at the time evidence of insurance is provided.
- h. **Continuity of Coverage.** All policies shall be in effect on or before the first day of the Start of PROJECT. The policies shall be kept in force for the duration of the PROJECT. At least thirty (30) days prior to the expiration of each insurance policy, BUYER shall furnish a Certificate(s) and/or Evidence of Property Insurance, showing that a new or extended policy has been obtained which meets the requirements of insurance listed here. BUYER shall provide proof of continuing insurance at least annually during the PROJECT and otherwise upon CITY's request. If insurance lapses or is discontinued for any reason, BUYER shall immediately notify CITY and shall immediately obtain replacement insurance as soon as possible.

6.2. Post Construction Insurance.

- a. **BUYER shall provide, or cause to be provided, the following insurance coverages upon completion of construction:**
 - i. **Commercial General Liability Insurance ("CGL"):** Commercial General Liability coverage covering bodily injury and property damage, for Premises, Operations, Products and Completed Operations. Limits shall be of at least One Million Dollars (\$1,000,000) per occurrence, subject to an annual aggregate of at least Two Million Dollars (\$2,000,000). There shall be no endorsement or modification of the CGL limiting the scope of coverage for either insured vs. insured claims or contractual liability. Defense costs may be within the limit of liability.
 - ii. **Flood Insurance; Homeowner's & Hazard Insurance:** BUYER shall provide, or cause to be provided, flood insurance. Buyer shall waive any and all claims

against the City related to any future flooding. Buyer shall include the following provisions in the CLT Ground Lease requiring homebuyers to continuously carry Homeowner's insurance, including hazard insurance, including flood coverage and agrees to enforce its rights to ensure that coverage is continuously in force:

- A. Recital C of the CLT Ground Lease shall make it clear that the Property is in a flood zone and that the homebuyer will be required to carry flood insurance (Recital D);
 - B. Clause 9.4.a. of the CLT Ground Lease specifies that since the Property is in a flood zone, hazard insurance must cover flood exposure;
 - C. Clause 9.4.f. of the CLT Ground Lease shall include notice provisions ensuring that Buyer will be provided notices of coverage with sufficient time to take action to ensure continuous coverage. Clause 9.4.f. shall also provide that BUYER can provide insurance on behalf of the homebuyer to prevent a lapse of coverage;
 - D. Clause 9.9 of the CLT Ground Lease shall provide that the homebuyer waives any and all claims against CITY related to any future flooding;
 - E. Exhibit A of the CLT Ground Lease - Letter of Stipulation: The Letter of Stipulation shall highlight the homebuyer's acknowledgment that the Property is in a flood zone and that the homeowner has an obligation to carry flood insurance throughout their ownership. The letter shall also highlight the waiver of claims against CITY.
 - F. The mortgage lender to the Homebuyer will be a named Additional Insured. To the extent BUYER and CITY are deemed to have a sufficient insurable interest in the improvements, they will also be added as Additional Insureds.
7. Development and Use Requirements. With regard to development, improvement and construction at the Property, BUYER shall comply with all applicable local, state and federal laws, regulations and requirements, including without limitation the San Diego Municipal Code ("SDMC"), the SDMC Land Development Code, and the SDMC Building Regulations.
8. Due Diligence. BUYER acknowledges and agrees that it has completed all of its due diligence to determine the feasibility of purchasing the Property, and there are no contingencies to its purchase of the Property.
9. Acceptance of Property "As-Is". BUYER shall purchase the Property "as-is." BUYER acknowledges and agrees that potential flooding liabilities exist on the Property and BUYER shall take possession with full knowledge and awareness of such potential. BUYER is not relying on any representation or warranty of any kind, express or implied, oral or written, made by CITY or its elected officials, officers, employees, representatives or agents with

respect to the prospective use, zoning or physical condition of the Property, or with respect to the existence or absence of hazardous substances in, on, under or affecting the Property. CITY has not and does not make any representation or warranty, express or implied, with respect to the legality, fitness or desirability of the Property for BUYER's intended use, any particular use or as to its quality or merchantability, nor does the CITY assume any obligation to alter or improve the Property. CITY shall not be liable or bound in any manner by any warranties, guarantees, promises, statements, representations or information, either express or implied, pertaining to the Property and made or furnished by any real estate agent, broker, employee, servant or other person representing or purporting to represent CITY, except as made in this Agreement. BUYER has relied and will rely solely on its own independent investigations of the condition and suitability of the Property, and is satisfied with the condition thereof.

9.1. **Flood Plain.** The Property is located within a Special Flood Hazard Area, as shown in **Exhibit D: Special Flood Hazard Area**, attached hereto. BUYER acknowledges and agrees that it is accepting possession of the Property with full knowledge of such fact and understands the risks associated therewith. BUYER shall hold CITY, and all its elected officials, officers, employees, representatives and agents, harmless from any and all claims, costs and expenses related to BUYER's use and possession of the Property under this Agreement; provided, however, that BUYER's duty to hold CITY harmless shall not include any established liability arising from the gross negligence or intentional misconduct of CITY and its elected officials, officers, employees, representatives or agents. BUYER shall be solely responsible for the costs and/or performance of any construction and/or improvement of the drainage channel, drainage facilities and/or conditions that become necessary for the development of the Property, and shall be further liable for any claims, costs and expenses that may arise related to or caused by said construction and/or improvement.

9.2. **Indemnity and Hold Harmless.** BUYER shall protect, defend, indemnify and hold CITY and its elected officials, officers, representatives, agents and employees harmless from and against any and all claims asserted or liability established which arise out of or are in any manner directly or indirectly connected with any flood damage or environmental liabilities related to or deriving from BUYER'S possession development, use or occupancy of the Property or any part thereof, including without limitation all claims of and liabilities to third parties, including from home owners on the Property, for inverse condemnation or design defect caused by any aspect or conditions of the Property or of the adjacent drainage channel, appurtenant drainage facilities, or of any modifications or improvements thereto. If CITY commences legal proceedings related to performance or enforcement of this Agreement, or to defend against any action taken or filed against CITY, its elected officials, officers, representatives, agents or employees, related to flooding or flood-related claims at the Property or any part thereof, then BUYER shall pay all legal costs in connection therewith, including reasonable costs and attorneys' fees. BUYER shall hold CITY harmless from any and all claims related to flooding that occur as a result of new construction in or improvement to the adjacent drainage channel, appurtenant or

adjacent drainage facilities and/or Property conditions. CITY shall not be held liable for BUYER's failure to make the Property reasonably safe from flooding.

- 9.3. BUYER'S Waiver. Notwithstanding any provision of this Agreement to the contrary, if CITY makes any representation or warranty regarding the Property and BUYER learns that such representation or warranty is or might be untrue prior to the Closing and BUYER elects to purchase the Property anyway, then BUYER shall be deemed to have waived any right to bring an action or proceeding against CITY, its agents, employees or brokers regarding the representation or warranty as to the Property.
- 9.4. Sophistication of BUYER. BUYER represents and warrants it is a sophisticated buyer familiar with the ownership and operation of real estate projects similar to the Property and that it will acquire the Property solely on the basis of and in reliance on its own examinations and the title insurance protection obtained pursuant to this Agreement, and not on any information provided or to be provided to BUYER by CITY. BUYER agrees that the BUYER'S Due Diligence Period has provided BUYER with adequate opportunity to complete all physical and economic examinations of the Property as BUYER requires.
- 9.5. Property Information. Information regarding the Property and provided to BUYER by CITY shall be deemed only an accommodation to BUYER. CITY shall not be obligated to make any investigation or verification of any information provided to BUYER, regardless of the source of such information. CITY makes no representation, and expressly disclaims any responsibility for the accuracy or completeness of such information.
10. Release. With the exception of any claims arising from CITY'S fraud or intentional misrepresentation, effective from and after the Closing, BUYER, for itself, its successors, assignees, representatives, employees, officers and agents, releases and forever discharges CITY, its elected officials, officers, representatives, agents, employees, successors-in-interest and assigns, of and from any and all past, present or future claims, demands, obligations, actions, causes of action, rights, damages, costs, losses of service, expenses and compensation of any nature whatsoever, whether based on tort, contract, violation of statutory duties or other theory of recovery, and whether for compensation or punitive damages, injunctive relief or mandamus, or other equitable remedies which BUYER now has, or which may later accrue or be acquired, on account of, or in any way growing out of, or which are the subject of this Agreement, the Property or any part thereof, or the condition of the Property or any part thereof, including without limitation all claims or liabilities asserted or in any manner directly or indirectly connected with any flood damage or environmental liabilities related to or deriving from BUYER'S possession, development, use or occupancy of the Property or any part thereof, and including without limitation any and all known or unknown claims resulting from the alleged or actual acts or omissions of CITY, its elected officials, officers, representatives, agents or employees.
- 10.1. Section 1542 Waiver. BUYER acknowledges and agrees that the release of liability provision set forth above is a general release, and with the exception of any claims that

may arise from CITY'S fraud or intentional misrepresentation, further expressly waives and assumes the risk of any and all claims against CITY arising from this Agreement, the Property or any part thereof, or the condition of the Property or any part thereof, and which exist as of the Closing, but of which BUYER does not know or suspect to exist, whether through ignorance, oversight, error, negligence or otherwise, and which, if known, would materially affect BUYER'S decision to enter into this Agreement and complete the Closing. BUYER expressly waives, as demonstrated by the signature set forth immediately below, the benefits and provisions of Section 1542 of the California Civil Code, and any similar law of any state or territory of the United States or other jurisdiction. Section 1542 of the California Civil Code provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Waived by: SAN DIEGO COMMUNITY LAND TRUST, a
California nonprofit 501(c)(3) corporation

BY: _____
Name: _____
Title: _____

11. No Real Estate Commission. BUYER and SELLER, each, represents, warrants and agrees that no real estate commission, finder's fee or broker's fee has been or will be incurred or paid in connection with the purchase and sale of the Property. The rights and obligations of BUYER and SELLER pursuant to this section shall survive the Closing or termination of this Agreement.
12. Mandatory Disclosure of Business Interests. Pursuant to San Diego City Charter section 225, BUYER shall make a full and complete disclosure of the name and identity of each person directly or indirectly involved in the transaction contemplated by this Agreement and the precise nature of their interest.
13. Default and Remedies.
 - 13.1. CITY'S Pre-Closing Default. If CITY is in default of this Agreement prior to the Closing, BUYER may, at its option and as its exclusive remedy for such default, either: (a) terminate this Agreement by written notice to CITY; or (b) if the default resulted from a failure to convey the Property to BUYER at a Closing, seek and enforce specific performance of this Agreement.
 - 13.2. CITY'S Post-Closing Default. BUYER may seek and enforce any remedy available at law or in equity: (a) if CITY defaults on its obligations under this Agreement after the

Closing; and (b) for any claim related to this Agreement arising from the sole negligence or intentional misconduct of CITY or its elected officials, officers, employees, representatives or agents. Notwithstanding the foregoing, CITY shall not be liable for any consequential or punitive damages.

13.3. BUYER'S Default. If BUYER is in default of this Agreement at any time, CITY may terminate this Agreement by written notice to BUYER and/or seek and enforce any other remedy available at law or in equity.

13.4. Limited Liability. CITY'S liability for damages resulting from or under this Agreement shall be limited to either the Property or to BUYER'S funds received by CITY and related to the Property, and without resort to any other CITY assets.

14. Time of Essence. Time is of the essence to the performance of each and every obligation under this Agreement.

15. Interpretation. This Agreement shall be governed by the laws of the State of California. The section headings are for convenience only and shall not interpret, define or limit the scope or content of this Agreement. If any party is made up of more than one person or entity, then all are identified in the singular in this Agreement. If any right of approval or consent by a party is provided for in this Agreement, the party shall exercise the right promptly and reasonably, unless this Agreement expressly gives such party the right to use its sole discretion.

16. CITY'S Consent, Approval. Unless otherwise expressly provided, whenever required under this Agreement, CITY'S consent or approval shall mean the written consent or approval of the Mayor of San Diego, or his or her designee ("Mayor").

17. Amendments. The terms and provisions of this Agreement may only be modified or amended pursuant to a written instrument signed by all parties hereto.

18. Successors and Assigns. The provisions of this Agreement shall inure to and bind the successors and assigns of the parties.

19. Assignment. BUYER shall not assign this Agreement in whole or in part without CITY's prior written consent, in CITY's sole discretion.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

20. Notices. Any notice required or permitted to be given under this Agreement shall be in writing and may be served personally or delivered by United States mail, postage prepaid, and addressed as follows:

CITY: THE CITY OF SAN DIEGO
Attention: Director, Real Estate Assets Department
1200 Third Avenue, Suite 1700, MS 51A
San Diego, CA 92101

BUYER: SAN DIEGO COMMUNITY LAND TRUST
Attn: Jean Diaz
PO Box 263
Lemon Grove, CA 91946

21. Partial Invalidity. If any term, covenant, condition or provision of this Agreement is found invalid, void or unenforceable by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

22. Waiver. The Property is publicly owned and held in trust for the benefit of CITY'S citizens. CITY'S failure to insist upon the strict performance of any of BUYER'S obligations under this Agreement, in one or more instance, shall not be construed as a waiver of any such obligation, and the same shall remain in full force and effect. CITY'S waiver of a breach or default shall not be a waiver of any other breach or default. Any waiver of a breach or default must be in a writing executed by CITY to constitute a valid and binding waiver. CITY'S delay or failure to exercise a right or seek a remedy shall not be deemed a waiver of that or any other right or remedy under this Agreement, at law or in equity. The exercise of any particular right or the use of any particular remedy for any default shall not waive the use of any other right or remedy for the same default or for another or later default. CITY'S failure to discover a breach or default or take prompt action to require the correction of any breach or the cure of any default shall not result in an equitable estoppel, but CITY may at any and all times require the correction of any breach or the cure of any default.

23. No Affiliation. Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture or other affiliation between CITY and BUYER, or between CITY and any other entity or party, or cause CITY to be responsible in any way for the debts or obligations of BUYER or any other party or entity.

24. Survival. Any obligation which accrues under this Agreement prior to its termination or a Closing shall survive such termination or the Closing.

25. Entire Agreement. This Agreement represents the entire agreement between the parties for the purchase and sale of the Property, and supersedes all prior negotiations, representations or agreements, either oral or written.

26. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original, but all of which, when taken together, shall constitute one and the same instrument.

27. Authority to Contract. Each individual executing this Agreement on behalf of another person or legal entity represents and warrants that they are authorized to execute and deliver this Agreement on behalf of such person or entity in accordance with duly adopted resolutions or other authorizing actions which are necessary and proper and under such legal entity's articles, charter, bylaws or other written rules of conduct or governing agreement, and that this Agreement is binding upon such person or entity in accordance with its terms. Each person executing this Agreement on behalf of another person or legal entity represents and warrants such entity is a valid, qualified corporation, limited liability company, partnership or other unincorporated association in good standing in its home state and that such entity is qualified to do business in California.

IN WITNESS WHEREOF, this Agreement is executed to be effective as of the Effective Date.

Date: _____

SAN DIEGO COMMUNITY LAND TRUST, a California
nonprofit 501(c)(3) corporation

BY: _____

Name: _____

Title: _____

Date: _____

THE CITY OF SAN DIEGO, a California municipal corporation

BY: _____

Name: _____

Title: _____

Date: _____

THE CITY OF SAN DIEGO Transportation & Storm
Water Department, Storm Water Division

BY: _____

Name: _____

Title: _____

Approved as to form:

MARA W. ELLIOTT, San Diego City Attorney

BY: _____

Name: _____

Title: _____

Date: _____

Exhibit A: Property Description

Exhibit B: Development Plan

Exhibit C: Form of Quitclaim Deed

Exhibit D: Special Flood Hazard Area

Exhibit A: Property Description

PARCEL 2: APN: 630-060-24

LOTS 47, 48, 49, 50 AND 51 OF STORY BOOK PARK UNIT NO. 1, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 5439, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 5439, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 7, 1964.

PARCEL 3: APN 630-160-62

LOTS 23 THROUGH 33 INCLUSIVE OF MONTGOMERY PARK ESTATES, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 7693, FILED IN THE COUNTY OF SAN DIEGO COUNTY, JULY 9, 1973.

EXCEPTING THEREFROM HALF OF ALL OIL AND MINERAL RIGHTS AS RESERVED BY GEORGE MILTON WALLACE AND ISABEL C. WALLACE IN DEED RECORDED JANUARY 21, 1952 IN BOOK 4348, PAGE 183 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM REMAINING ONE-HALF OF ALL, GAS, MINERAL AND HYDROCARBON RIGHTS AND SUBSTANCES IN AND UNDER THE LAND, BUT BENEATH A PLANCE OF 500 FEET BELOW THE SURFACE OF THE LAND, BUT WITHOUT ANY RIGHT OF SURFACE ENTRY.

Exhibit B: Development Plan

Exhibit C: Form of Quitclaim Deed

Recording requested by:
The City of San Diego

When Recorded Mail to:
OFFICE OF THE CITY CLERK
THE CITY OF SAN DIEGO
202 "C" ST., 2ND FLOOR, MS 2A
SAN DIEGO, CA 92101

APN 630-060-24 and 630-160-62

SPACE ABOVE FOR RECORDER'S USE.
NO RECORDING FEE DUE: CALIF. GOV. CODE §6103

QUITCLAIM DEED

FOR VALUABLE CONSIDERATION, the sufficiency of which is acknowledged,

THE CITY OF SAN DIEGO,
a California municipal corporation ("GRANTOR"),

REMISES AND QUITCLAIMS TO

SAN DIEGO COMMUNITY LAND TRUST,
a California nonprofit 501(c)(3) corporation ("GRANTEE"),

ALL THAT REAL PROPERTY (the "Property;" APN 630-060-24 and 630-160-62) in San Diego, California, comprised of approximately 3.3 acres of land, together with all rights and appurtenances thereto and subject to all encumbrances of record. The Property is more particularly described as follows:

APN: 630-060-24: LOTS 47, 48, 49, 50 AND 51 OF STORY BOOK PARK UNIT NO. 1, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 5439, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 5439, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 7, 1964.

APN 630-160-62: LOTS 23 THROUGH 33 INCLUSIVE OF MONTGOMERY PARK ESTATES, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 7693, FILED IN THE COUNTY OF SAN DIEGO COUNTY, JULY 9, 1973.

EXCEPTING THEREFROM HALF OF ALL OIL AND MINERAL RIGHTS AS RESERVED BY GEORGE MILTON WALLACE AND ISABEL C. WALLACE IN DEED RECORDED JANUARY 21, 1952 IN BOOK 4348, PAGE 183 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM REMAINING ONE-HALF OF ALL, GAS, MINERAL AND HYDROCARBON RIGHTS AND SUBSTANCES IN AND UNDER THE LAND, BUT BENEATH A PLANCE OF 500 FEET BELOW THE SURFACE OF THE LAND, BUT WITHOUT ANY RIGHT OF SURFACE ENTRY.

CONDITIONS AND RESTRICTIVE COVENANTS: GRANTOR's conveyance of the Property to GRANTEE is strictly conditioned on the satisfaction of all conditions contained in this Quitclaim Deed. GRANTEE hereby covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property, that the Property is restricted by the following conditions and restrictive covenants, and in addition, GRANTEE hereby covenants to honor and satisfy all the conditions:

1. **Affordable Housing.** The Property shall be used solely and exclusively for developing affordable homeownership units for sale as permanently Affordable Housing to Income-Qualified Buyers with an underlying land lease for each unit thereon, and for no other purpose whatsoever. "Affordable Housing to Income-Qualified Buyers" shall mean long-term occupancy of a developed house structure by households whose combined annual gross income for all members does not exceed one hundred twenty percent (120%) of the "Area Median Income" as adjusted for household size as determined by the U.S. Department of Housing and Urban Development ("HUD") for the San Diego Standard Metropolitan Statistical Area. "Income-Qualified Buyer" shall mean a household whose combined annual gross income for all members does not exceed one hundred twenty percent (120%) of the Area Median Income as adjusted for household size as published by HUD for the San Diego Standard Metropolitan Statistical Area at the time of sale. If HUD ceases to publish an established Area Median Income as aforesaid, any other reasonably comparable method of computing Area Median Income and/or the "Annual Housing Cost" used by the San Diego Housing Commission shall apply.
2. **Resale Restrictions.** Each underlying land lease to Income-Qualified Buyers shall contain resale and transfer restrictions to assure that the home will be Affordable Housing to Income-Qualified Buyers in perpetuity.
3. **Property Development.** Development of the Property is subject to timeframes, conditions and other requirements agreed to by GRANTEE and contained in that certain REAL ESTATE PURCHASE AND SALE AGREEMENT dated _____, 2018, between GRANTOR and GRANTEE (the "Purchase & Sale Agreement"). Any and all development of the Property shall be strictly restricted to the "Development Plan" incorporated as part of the Purchase & Sale Agreement ("PROJECT").
4. **Insurance.** GRANTEE shall annually in perpetuity provide to CITY evidence of insurance coverage (as evidenced by annual endorsements and certificates of insurance) as set forth in Clause 4.1 and 4.2 below.

4.1 Insurance During GRANTEE's Construction.

- a. During the course of GRANTEE'S construction pursuant to the Development Plan, GRANTEE agrees to provide the following insurance coverages to GRANTOR:
 - i. Commercial General Liability Insurance ("CGL"): Commercial General Liability coverage, arising from the PROJECT, covering bodily injury and property damage, for Premises, Operations, Products and Completed

Operations. Limits shall be of at least One Million Dollars (\$1,000,000) per occurrence, subject to an annual aggregate of at least Two Million Dollars (\$2,000,000). There shall be no endorsement or modification of the CGL limiting the scope of coverage for either insured vs. insured claims or contractual liability. Defense costs may be within the limit of liability.

- ii. Coverage may be provided by an Owner or Contractor Controlled Insurance Program (OCIP/CCIP), also known as a "Wrap" policy, providing coverage under one policy for the owner, developer, General Contractor, sub-contractors, and Additional Insureds. If a Wrap policy is not used, all contractors must meet the same insurance requirements as listed here.
- b. Additional Insureds. The Commercial General Liability policy must be endorsed to include as an insured "The City of San Diego and its elected officials, officers, employees, representatives and agents" with respect to liability arising out of: (a) ongoing operations performed by GRANTEE or on GRANTEE's behalf; (b) GRANTEE's products; (c) GRANTEE's work, including without limitation GRANTEE's completed operations performed by GRANTEE or on GRANTEE's behalf; or (d) the Property.
- c. Primary & Non-Contributory. Each policy must be endorsed to provide that the insurance afforded by Commercial General Liability policies is primary to any insurance or self-insurance of The City of San Diego and its elected officials, officers, employees, representatives and agents as respects operations of the named insured. Any insurance maintained by The City of San Diego and its elected officials, officers, employees, representatives and agents shall be in excess of GRANTEE's insurance and shall not contribute to it.
- d. Severability of Interest. Each policy must be endorsed to provide that GRANTEE's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability and shall provide cross-liability coverage.
- e. Builders Risk (aka Course of Construction) Property Insurance: GRANTEE shall at all times during PROJECT provide insurance coverage for damage to the PROJECT, at 100% of the replacement cost, including materials waiting to be used, under a Builders Risk insurance policy, using a Causes of Loss form of Special Form, and including the Cause of Loss of Flood.
- f. Qualified Insurer(s). Except for the State Compensation Insurance Fund, all insurance required by PROJECT shall only be carried by insurance companies with a rating of at least "A-, VI" by A.M. Best Company that are authorized by the California Insurance Commissioner to do business in the State of California or provided by non-admitted, "surplus lines" carriers if the carrier is authorized to do business in the State of California and is included on the List of Eligible Surplus Lines Insurers (i.e., the LESLI list). All policies of insurance carried by

non-admitted carriers shall be subject to all of the requirements for policies of insurance provided by admitted carriers described herein.

- g. Deductibles/Retentions. All deductibles and self-insured retentions on any insurance policy are the sole responsibility of GRANTEE and must be disclosed and acceptable to GRANTOR at the time evidence of insurance is provided.
- h. Continuity of Coverage. All policies shall be in effect on or before the first day of the Start of PROJECT. The policies shall be kept in force for the duration of the PROJECT. At least thirty (30) days prior to the expiration of each insurance policy, GRANTEE shall furnish a Certificate(s) and/or Evidence of Property Insurance, showing that a new or extended policy has been obtained which meets the requirements of insurance listed here. GRANTEE shall provide proof of continuing insurance at least annually during the PROJECT and otherwise upon GRANTOR's request. If insurance lapses or is discontinued for any reason, GRANTEE shall immediately notify GRANTOR and shall immediately obtain replacement insurance as soon as possible.

4.2 Post Construction Insurance.

- a. GRANTEE shall provide, or cause to be provided, the following insurance coverages upon completion of construction:
 - i. Commercial General Liability Insurance ("CGL"): Commercial General Liability coverage covering bodily injury and property damage, for Premises, Operations, Products and Completed Operations. Limits shall be of at least One Million Dollars (\$1,000,000) per occurrence, subject to an annual aggregate of at least Two Million Dollars (\$2,000,000). There shall be no endorsement or modification of the CGL limiting the scope of coverage for either insured vs. insured claims or contractual liability. Defense costs may be within the limit of liability.
 - ii. Flood Insurance; Homeowner's & Hazard Insurance: GRANTEE shall provide, or cause to be provided, flood insurance. GRANTEE shall waive any and all claims against GRANTOR related to any future flooding, GRANTEE shall include the following provisions in the Community Land Trust "CLT" Ground Lease requiring homebuyers to continuously carry Homeowner's insurance, including hazard insurance, including flood coverage and agrees to enforce its rights to ensure that coverage is continuously in force:
 - A. Recital C of the CLT Ground Lease shall make it clear that the Property is in a flood zone and that the homebuyer will be required to carry flood insurance (Recital D);
 - B. Clause 9.4.a. of the CLT Ground Lease specifies that since the Property is in a flood zone, hazard insurance must cover flood exposure;

- C. Clause 9.4.f. of the CLT Ground Lease shall include notice provisions ensuring that GRANTEE will be provided notices of coverage with sufficient time to take action to ensure continuous coverage. Clause 9.4.f. shall also provide that GRANTEE can provide insurance on behalf of the homeowner to prevent a lapse of coverage;
- D. Clause 9.9 of the CLT Ground Lease shall provide that the homebuyer waives any and all claims against GRANTOR related to any future flooding;
- E. Exhibit A of the CLT Ground Lease - Letter of Stipulation: The Letter of Stipulation shall highlight the homebuyer's acknowledgment that the Property is in a flood zone and that the homebuyer has an obligation to carry flood insurance throughout their ownership. The letter shall also highlight the waiver of claims against GRANTOR.
- F. The mortgage lender to the homebuyer will be a named Additional Insured. To the extent GRANTEE and GRANTOR are deemed to have a sufficient insurable interest in the improvements, they will also be added as Additional Insureds.

5. Encumbrances.

- 5.1 For the underlying land lease referenced in Section 1, above, GRANTEE shall exclusively use the CLT Ground Lease described in the Community Land Trust Ground Lease Rider, Fannie Mae Form 2100 ("Rider"). The CLT Ground Lease must be substantially in the form of the attached Exhibit A and the Rider must be substantially in the form of the attached Exhibit B. Notwithstanding anything to the contrary herein, the Rider and the CLT Ground Lease may be modified as required by law or as required by Fannie Mae, subject to the approval of the Mayor or his or her designee, and provided that the Property continues as Affordable Housing to Income-Qualified Buyers.
- 5.2 The Property shall not be encumbered or used to secure the payment of any lien or loan without GRANTOR's prior written approval in each instance, except where GRANTEE uses the CLT Ground Lease and Rider.
- 5.3 GRANTOR authorizes GRANTEE to execute the Rider, only under the following circumstances:
 - a. The terms "Lessee", "Specified Mortgage", "Specified Mortgagee", and "Event of Default" are as defined in the Rider.
 - b. Upon the occurrence of an Event of Default, GRANTEE shall have the obligation to:

- i. During the cure period, cure the Event of Default in the Lessee's name and on the Lessee's behalf;
 - ii. After the cure period has expired, acquire the Specified Mortgage by paying off the debt secured by the Specified Mortgage; or
 - iii. If the Specified Mortgagee acquires title, purchase from the Specified Mortgagee, its interest for the full amount owing to the Specified Mortgagee under the Specified Mortgage.
- c. GRANTEE shall ensure that the homeownership units shall be Affordable Housing to Income-Qualified Buyers in perpetuity.

6. Release. GRANTEE, for itself, its successors, assignees, representatives, employees, officers and agents, releases and forever discharges GRANTOR and its elected officials, officers, representatives, agents, employees, successors-in-interest and assigns of and from any and all past, present or future claims, demands, obligations, actions, causes of action, rights, damages, costs, losses of service, expenses and compensation of any nature whatsoever, whether based on tort, contract, violation of statutory duties or other theory of recovery, and whether for compensation or punitive damages, injunctive relief or mandamus, or other equitable remedies which GRANTEE now has, or which may later accrue or be acquired, on account of, or in any way growing out of, or which are the subject of this Quitclaim Deed, the Property or any part thereof or the condition of the Property or any part thereof, including without limitation all claims or liabilities asserted or in any manner directly or indirectly connected with any flood damage or environmental liabilities related to or deriving from GRANTEE's possession, development, use or occupancy of the Property or any part thereof, and including without limitation any and all known or unknown claims resulting from the alleged or actual acts or omissions of GRANTOR, its elected officials, officers, representatives, agents or employees.

6.1 Section 1542 Waiver. GRANTEE acknowledges and agrees that the release of liability provision set forth above is a general release, and with the exception of any claims that may arise from GRANTOR'S fraud or intentional misrepresentation, further expressly waives and assumes the risk of any and all claims against GRANTOR arising from this Quitclaim Deed, the Property or any part thereof or the condition of the Property or any part thereof, and which exist as of the date this Quitclaim Deed is recorded in the Official records of the San Diego County, California, Recorder, but of which GRANTEE does not know or suspect to exist, whether through ignorance, oversight, error, negligence or otherwise, and which, if known, would materially affect GRANTEE'S decision to acquire the Property. GRANTEE expressly waives, as demonstrated by the signature set forth immediately below, the benefits and provisions of Section 1542 of the California Civil Code, and any similar law of any state or territory of the United States or other jurisdiction. Section 1542 of the California Civil Code provides as follows:

**A GENERAL RELEASE DOES NOT EXTEND TO
CLAIMS WHICH THE CREDITOR DOES NOT**

**KNOW OR SUSPECT TO EXIST IN HIS OR HER
FAVOR AT THE TIME OF EXECUTING THE
RELEASE, WHICH IF KNOWN BY HIM OR HER
MUST HAVE MATERIALLY AFFECTED HIS OR
HER SETTLEMENT WITH THE DEBTOR.**

Waived by: **SAN DIEGO COMMUNITY LAND TRUST, a
California nonprofit 501(c)(3) corporation**

BY: _____
Name: _____
Title: _____

**IN WITNESS WHEREOF, this Quitclaim Deed is executed to be effective upon its recordation
in the Official records of the San Diego County, California, Recorder.**

**GRANTOR: THE CITY OF SAN DIEGO, a California municipal
corporation**

BY: _____
Name: _____
Title: _____

**GRANTEE: SAN DIEGO COMMUNITY LAND TRUST, a California
nonprofit 501(c)(3) corporation**

BY: _____
Name: _____
Title: _____

San Diego City Council Authorizing Resolution No. R-308556, R-308557, R-310604 and R-

Date of Final Passage: 11/21/13, 11/21/13, 7/20/16 and _____

Approved as to form:

MARA W. ELLIOTT, City Attorney

BY: _____
Name: _____
Title: _____
Date: _____

**Exhibit A: CLT Ground Lease
Exhibit B: Rider**

Exhibit A to Quitclaim Deed - CLT Ground Lease

Ground Lease and Purchase Option

between

San Diego Community Land Trust

SDCLT

and

Homeowner

Dated as of _____, 20__

Note: this lease template is for a home or townhome that sits on an individual parcel of land. For projects with unsubdivided land, the lease would look very similar but the owners would each lease an "undivided interest" in the underlying land. When there is an HOA with maintenance and insurance responsibilities, the relevant sections of the lease would be modified to reflect those responsibilities.

Address of Premises:

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1: LETTER OF STIPULATION AND CERTIFICATIONS	2
1.1 LETTER OF STIPULATION.....	2
1.2 HOMEOWNER CERTIFICATIONS.....	2
ARTICLE 2: LEASING OF RIGHTS TO THE LAND.....	3
2.1 SDCLT LEASES THE LAND TO THE HOMEOWNER.....	3
2.2 RESERVATION OF MINERAL RIGHTS	3
ARTICLE 3: DURATION OF LEASE	3
3.1 PRINCIPAL TERM.....	3
3.2 HOMEOWNER CAN RENEW LEASE FOR ANOTHER 99 YEARS	3
3.3 WHAT HAPPENS IF SDCLT DECIDES TO SELL THE LEASED LAND	4
ARTICLE 4: USE OF LEASED LAND	5
4.1 HOMEOWNER MAY USE THE HOME ONLY FOR RESIDENTIAL RELATED PURPOSES.....	5
4.2 HOMEOWNER MUST USE THE HOME AND LEASED LAND RESPONSIBLY AND IN COMPLIANCE WITH THE LAW	5
4.3 HOMEOWNER IS RESPONSIBLE FOR USE BY OTHERS.....	5
4.4 HOMEOWNER IS RESPONSIBLE FOR SERVICES AND REPAIRS	5
4.5 HAZARDOUS MATERIALS AND ENVIRONMENTALLY HARMFUL USES ARE NOT PERMITTED	5
4.6 HOMEOWNER MUST OCCUPY THE HOME FOR AT LEAST TEN MONTHS EACH YEAR.....	6
4.7 SDCLT HAS A RIGHT TO INSPECT THE LEASED LAND	7
4.8 HOMEOWNER HAS A RIGHT TO PEACEFUL ENJOYMENT	8
4.9 LEASED LAND MAY NOT BE SUBLEASED WITHOUT SDCLT'S PERMISSION.....	8
ARTICLE 5: GROUND LEASE FEE.....	8
5.1 AMOUNT OF GROUND LEASE FEE	8
5.2 WHEN THE GROUND LEASE FEE IS TO BE PAID.....	8
5.3 HOW THE GROUND LEASE FEE HAS BEEN DETERMINED	9
5.4 SDCLT MAY REDUCE OR SUSPEND THE GROUND LEASE FEE TO IMPROVE AFFORDABILITY	9
5.5 GROUND LEASE FEE MAY BE INCREASED FROM TIME TO TIME.....	9
5.6 GROUND LEASE FEE INCREASED BY ANNUAL CPI CHANGE	9

	<u>Page</u>
5.7 HOMEOWNER RESPONSIBLE FOR PAYMENT OF ADDITIONAL GROUND LEASE FEE.....	9
5.8 GROUND LEASE FEE AND ADDITIONAL GROUND LEASE FEE MAY BECOME A LIEN.....	10
5.9 SDCLT CAN COLLECT UNPAID FEES WHEN HOME IS SOLD	10
5.10 GROUND LEASE FEE AND ADDITIONAL GROUND LEASE FEE DEEMED TO BE RENT	10
ARTICLE 6: TAXES AND ASSESSMENTS	10
6.1 HOMEOWNER RESPONSIBLE FOR PAYING ALL TAXES AND ASSESSMENTS.....	10
6.2 SDCLT REIMBURSED FOR ASSESSMENTS PAID ON HOMEOWNER'S BEHALF	11
6.3 HOMEOWNER HAS A RIGHT TO CONTEST.....	11
6.4 IF HOMEOWNER FAILS TO PAY TAXES, SDCLT MAY INCREASE GROUND LEASE FEE.....	11
6.5 PARTY THAT PAYS TAXES MUST SHOW PROOF OF COMPLIANCE.....	11
ARTICLE 7: HOME AND IMPROVEMENTS.....	11
7.1 HOMEOWNER OWNS THE HOUSE AND ALL OTHER IMPROVEMENTS ON THE LEASED LAND	11
7.2 PURCHASE OF IMPROVEMENTS BY HOMEOWNER.....	12
7.3 CONSTRUCTION AND ALTERATION BY HOMEOWNER MUST COMPLY WITH CERTAIN REQUIREMENTS	12
7.4 HOMEOWNER MAY NOT ALLOW LIENS TO REMAIN AGAINST THE LEASED LAND OR HOME.....	12
7.5 PROHIBITION OF OTHER LIENS	12
7.6 HOMEOWNER IS RESPONSIBLE FOR SERVICES, MAINTENANCE AND REPAIRS	13
7.7 A REPAIR RESERVE FUND IS ESTABLISHED TO SUPPORT FUTURE REPAIRS.....	13
7.8 WHEN LEASE ENDS, OWNERSHIP REVERTS TO CLT, WHICH SHALL REIMBURSE HOMEOWNER	13
ARTICLE 8: FINANCING.....	13
8.1 HOMEOWNER CANNOT MORTGAGE THE HOME WITHOUT SDCLT's PERMISSION	13
8.2 BY SIGNING LEASE, CLT GIVES PERMISSION FOR ORIGINAL MORTGAGE.....	13
8.3 HOMEOWNER MUST GET SPECIFIC PERMISSION FOR REFINANCING OR OTHER SUBSEQUENT MORTGAGES.....	14

	<u>Page</u>
8.4 SDCLT IS REQUIRED TO PERMIT A "STANDARD PERMITTED MORTGAGE"	14
8.5 A PERMITTED MORTGAGEE HAS CERTAIN OBLIGATIONS UNDER THE LEASE.....	14
8.6 A PERMITTED MORTGAGEE HAS CERTAIN RIGHTS UNDER THE LEASE	15
8.7 IN THE EVENT OF FORECLOSURE, ANY PROCEEDS IN EXCESS OF THE PURCHASE OPTION PRICE WILL GO TO SDCLT	15
 ARTICLE 9: LIABILITY, INSURANCE, DAMAGE AND DESTRUCTION, EMINENT DOMAIN	 15
9.1 HOMEOWNER ASSUMES ALL LIABILITY	15
9.2 HOMEOWNER MUST DEFEND SDCLT AGAINST ALL CLAIMS OF LIABILITY	15
9.3 HOMEOWNER MUST REIMBURSE SDCLT:	15
9.4 HOMEOWNER MUST INSURE THE HOME AGAINST LOSS AND MUST MAINTAIN LIABILITY INSURANCE ON HOME AND LEASED LAND	16
9.5 WHAT HAPPENS IF HOME IS DAMAGED OR DESTROYED	17
9.6 WHAT HAPPENS IF SOME OR ALL OF THE LAND IS TAKEN FOR PUBLIC USE.....	18
9.7 IF LEASE IS TERMINATED BY DAMAGE, DESTRUCTION OR TAKING, SDCLT WILL TRY TO HELP HOMEOWNER BUY ANOTHER SDCLT HOME.....	18
 ARTICLE 10: TRANSFER, SALE, OR DISPOSITION OF IMPROVEMENTS	 19
10.1 INTENT OF THIS ARTICLE IS TO PRESERVE AFFORDABILITY.....	19
10.2 HOMEOWNER MAY TRANSFER HOME ONLY TO SDCLT OR QUALIFIED PERSONS.....	19
10.3 THE HOME MAY BE TRANSFERRED TO CERTAIN HEIRS OF HOMEOWNER.....	19
10.4 HOMEOWNER'S NOTICE OF INTENT TO SELL	20
10.5 SDCLT TO OBTAIN APPRAISAL OF HOME.....	20
10.6 SDCLT'S RESPONSE TO NOTICE OF INTENT TO SELL	21
10.7 HOMEOWNER ACKNOWLEDGEMENT OF FIRST RESPONSE NOTICE.....	21
10.8 SDCLT HAS AN OPTION TO PURCHASE THE HOME.....	21
10.9 SALE TO ELIGIBLE PURCHASER.....	22
10.10 FAILURE TO LOCATE AN ELIGIBLE PURCHASER	24
10.11 PURCHASE OPTION PRICE EQUALS LESSER OF APPRAISED VALUE OF HOMEOWNER'S OWNERSHIP INTEREST OR FORMULA PRICE.....	24
10.12 QUALIFIED PURCHASER'S CHOICE OF NEW LEASE OR ASSIGNMENT OF EXISTING LEASE.....	26

	<u>Page</u>
10.13 PURCHASER MAY BE CHARGED A TRANSFER FEE.....	26
10.14 HOMEOWNER REQUIRED TO MAKE NECESSARY REPAIRS AT TRANSFER	26
ARTICLE 11: 27	
ARTICLE 12: DEFAULT	27
12.1 WHAT HAPPENS IF HOMEOWNER FAILS TO MAKE PAYMENTS TO SDCLT THAT ARE REQUIRED BY THE LEASE.....	27
12.2 WHAT HAPPENS IF HOMEOWNER VIOLATES OTHER (NON- MONETARY) TERMS OF THE LEASE	27
12.3 WHAT HAPPENS IF HOMEOWNER DEFAULTS AS A RESULT OF JUDICIAL PROCESS	28
12.4 A DEFAULT (UNCURED VIOLATION) GIVES SDCLT THE RIGHT TO TERMINATE THE LEASE OR EXERCISE ITS PURCHASE OPTION.....	28
12.5 WHAT HAPPENS IF SDCLT DEFAULTS	29
ARTICLE 13: ARBITRATION	29
13.1 MEDIATION AND ARBITRATION ARE PERMITTED.....	29
13.2 HOMEOWNER AND SDCLT SHALL SHARE COST OF ARBITRATION	29
ARTICLE 14: GENERAL PROVISIONS	30
14.1 NOTICES.....	30
14.2 NO BROKERAGE	31
14.3 SEVERABILITY AND DURATION OF LEASE.....	31
14.4 RIGHT OF FIRST REFUSAL IN LIEU OF OPTION	31
14.5 WAIVER.....	31
14.6 SDCLT'S RIGHT TO PROSECUTE OR DEFEND.....	32
14.7 INTERPRETATION.....	32
14.8 PARTIES BOUND	32
14.9 GOVERNING LAW	32
14.10 RECORDING	32
14.11 MEMO OF OPTION AND RIGHT OF FIRST REFUSAL.....	33
14.12 EXHIBITS	33
14.13 COUNTERPARTS	33
14.14 ATTORNEYS FEES	33
14.15 ESTOPPEL CERTIFICATES	33
EXHIBIT A—LETTER OF STIPULATION	A-1
EXHIBIT B—DESCRIPTION OF LEASED LAND.....	B-1

	<u>Page</u>
EXHIBIT C—FORM OF DEED.....	C-1
EXHIBIT D—FIRST REFUSAL.....	D-1
EXHIBIT E—PERMITTED MORTGAGES.....	E-1
EXHIBIT F—PERMITTED MORTGAGE AGREEMENT.....	F-1
EXHIBIT G—NOTICE OF INTENT TO SELL.....	G-1
EXHIBIT H—CERTIFICATE OF SELLER AND PROPOSED OWNER	H-1
EXHIBIT I—TITLE REPORT	I-1
EXHIBIT J—MEMORANDUM OF LEASE.....	J-1
EXHIBIT K—MEMORANDUM OF OPTION AND RIGHT OF FIRST REFUSAL	K-1
EXHIBIT L—REIMBURSEMENT AGREEMENT.....	L-1
EXHIBIT M—FORM OF DEED OF TRUST.....	M-1

GROUND LEASE

This GROUND LEASE is made and entered into this ___ day of _____, 20___, by and between San Diego Community Land Trust Incorporated ("SDCLT," or "the SDCLT"), a California non-profit public benefit corporation, and _____ ("Homeowner" or "the Homeowner").

The following Recitals and Definitions are a substantive part of this Lease. Capitalized terms used in the Definitions section shall have the meaning set forth therein unless otherwise defined in this Lease.

RECITALS

- A. SDCLT is organized exclusively for charitable purposes, including: to lessen the burdens of government by assisting local governments in San Diego County, California (the "County") to ensure that its residents are able to secure housing by, among other things, developing, constructing, financing, managing, selling, renting, subsidizing, and monitoring single- and multi-family housing, and to conduct or perform any ancillary or related activity in furtherance of the foregoing.
- B. A goal of SDCLT is to stimulate the conveyance of decent, affordable housing among low- and moderate-income households by providing access to housing for such persons at affordable prices through the long-term leasing of land under said housing.
- C. The Land described hereunder has been acquired and is being ground leased by SDCLT in furtherance of these charitable purposes.
- D. The SDCLT and Homeowner recognize the special nature of the terms and conditions of the Lease, and each of the parties hereto freely accepts said terms and conditions, including, without limitation, such terms and conditions as might affect the marketability and resale price of any residential structures or other improvements on the Land being leased from SDCLT.
- E. Therefore, in consideration of the foregoing recitals, the mutual promises of the parties hereto and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the SDCLT and Homeowner agree as follows:

DEFINITIONS

- a) "Additional Ground Lease Fee" shall mean any amounts due SDCLT from Homeowner pursuant to Sections 5.7, 6.4, 7.4, 8.1, 9.3, 9.4 and 14.6 of this Lease.
- b) "Capital System" shall mean the roof, plumbing, foundation, electrical, heating, cooling unit(s) and water and sewer line systems.
- c) "Eligible Capital Improvements" shall mean only those improvements approved in writing by the SDCLT or its designee in accordance with SDCLT's Capital Improvements Policy as revised from time to time.

- d) **"Full Replacement Value"** means the actual replacement cost of the improvements on the Leased Land as determined from time to time less exclusions provided in the normal hazard insurance policy.
- e) **"Home"** shall mean the buildings, structures and residential improvements, including the building fixtures, now or in the future located on and permanently affixed to the Land.
- f) **"Income Qualified Resident"** shall mean a person or group of persons within a household whose combined income does not exceed the limits specified in Section 10.2 of this Lease.
- g) **"Jurisdiction"** shall mean _____, California.
- h) **"Land"** shall mean that land composed of the parcel(s), upon which the Home will be located, which land is being leased to the Homeowner pursuant to this Lease, as is more fully described in the attached Exhibit B.
- i) **"Lease"** or **"Ground Lease"** shall mean this Ground Lease made and entered into by the SDCLT and Homeowner on the date set forth herein and shall include any and all amendments made to this Lease.
- j) **"Lease Term"** shall mean the ninety-nine (99) year period set forth in Section 3.1 below, or such shorter or longer period during which this Lease shall operate if earlier terminated or later extended in accordance with the provisions of this Lease and the approval of Lenders, if required.
- k) **"Permitted Mortgages"** shall mean A mortgage or deed of trust on the Home and the Homeowner's right to possess, occupy and use the Leased Land granted to a lender by the Homeowner with the SDCLT's Permission. The Homeowner may not mortgage the SDCLT's interest in the Leased Land, and may not grant any mortgage or deed of trust without SDCLT's Permission. **"Permitted Mortgagee"** shall mean each and all of the lenders providing the loans to Homeowner as set forth in Section 8.1.

ARTICLE 1: LETTER OF STIPULATION AND CERTIFICATIONS

1.1 LETTER OF STIPULATION

Attached hereto as Exhibit A and made part of this Lease by reference is a Letter of Stipulation of Homeowner setting forth their review and understanding of this Lease (in particular, Article 10 hereof), the terms and conditions contained herein, and related documents for this transaction.

1.2 HOMEOWNER CERTIFICATIONS

The Homeowner certifies that (i) the financial and other information previously provided in order to qualify to lease the Leased Land is true and correct as of the date first written above, (ii) the Homeowner shall occupy the Leased Land and Home as Homeowner's principal place of residence during the entire term of this Ground Lease, (iii) the Homeowner is an Eligible Purchaser as hereinafter defined; (iv) Homeowner will fully cooperate with SDCLT in providing

all information requested by SDCLT in monitoring Homeowner's compliance with this Ground Lease within ten (10) business days of SDCLT's request for such information. Homeowner acknowledges that failure by the Homeowner to occupy the Leased Land as Homeowner's principal place of residence at all times during the entire term of this Ground Lease or to provide true and correct income information shall result in termination of this Ground Lease.

ARTICLE 2: LEASING OF RIGHTS TO THE LAND

2.1 SDCLT LEASES THE LAND TO THE HOMEOWNER

The SDCLT, in consideration of the rents reserved and the terms, conditions, covenants and agreements herein, does hereby demise and leave unto Homeowner, and Homeowner does hereby take and hire from SDCLT, the property described in Exhibit B attached hereto ("Leased Land"). Homeowner acknowledges having received a copy of the most current, if any, title report for the Leased Land, and Homeowner accepts title to the Leased Land in its condition "as is" as of the execution of this Lease.

2.2 RESERVATION OF MINERAL RIGHTS

SDCLT reserves to itself all the minerals and other extractive resources in, on, or under the Leased Land. This reservation shall not diminish the right of Homeowner to occupy and freely use the Leased Land. Any extraction by SDCLT of minerals or other extractive resources shall be carried out without a surface right of access and otherwise without material disruption of Homeowner.

ARTICLE 3: DURATION OF LEASE

3.1 PRINCIPAL TERM

The term of this Lease (the Term") shall be 99 years, commencing on the ____ day of _____, 20__, and terminating on the _____ day of _____, 21__, unless terminated sooner or extended as provided below.

3.2 HOMEOWNER CAN RENEW LEASE FOR ANOTHER 99 YEARS

Homeowner may renew this Lease for one additional period of 99 years. The SDCLT may change the terms of the Lease for the renewal period prior to the beginning of the renewal period but only if these changes do not materially and adversely interfere with the rights possessed by Homeowner under the Lease. Not more than 365 nor less than 180 days before the last day of the first 99-year period, SDCLT shall give Homeowner a written notice that states the date of the expiration of the first 99-year period and the conditions for renewal as set forth in the following paragraph ("the Expiration Notice"). The Expiration Notice shall also describe any changes that SDCLT intends to make in the Lease for the renewal period as permitted above.

The Homeowner shall then have the right to renew the Lease only if the following conditions are met: (a) within 60 days of receipt of the Expiration Notice, the Homeowner shall give SDCLT written notice stating the Homeowner's desire to renew ("the Renewal Notice"); (b) this Lease shall be in effect on the last day of the original 99-year term, and (c) the Homeowner shall not be in default under this Lease or under any Permitted Mortgage on the last day of the original 99-year term.

When Homeowner has exercised the option to renew, Homeowner and SDCLT shall sign a memorandum stating that the option has been exercised. The memorandum shall comply with the requirements for a notice of lease as stated in Section 14.12 below. The SDCLT shall record this memorandum in accordance with the requirements of law promptly after the beginning of the renewal period.

3.3 WHAT HAPPENS IF SDCLT DECIDES TO SELL THE LEASED LAND

In the event that ownership of the land comprising the Leased Land ("the Land") is conveyed or transferred (whether voluntarily or involuntarily) by SDCLT to any other person or entity, this Lease shall not cease, but shall remain binding and unaffected. However, in the event SDCLT desires or attempts to convey the Land to any person or entity other than a nonprofit corporation, charitable trust, governmental agency or other similar entity sharing the goals described in the Recitals above (or as security for a mortgage loan), the Homeowner shall have a right of first refusal to purchase the Land. The details of this right shall be as stated in the attached Exhibit First Refusal. Any sale or transfer contrary to this Section 3.3 shall be null and void.

**ARTICLE 4:
USE OF LEASED LAND**

4.1 HOMEOWNER MAY USE THE HOME ONLY FOR RESIDENTIAL RELATED PURPOSES

Homeowner shall use, and shall cause all occupants thereof to use, the Leased Land and Home (as defined in Section 7.1 below) only for residential purposes and such incidental activities related to residential use that are currently permitted by applicable zoning law.

4.2 HOMEOWNER MUST USE THE HOME AND LEASED LAND RESPONSIBLY AND IN COMPLIANCE WITH THE LAW

Homeowner shall use the Leased Land in a manner so as not to create any nuisances, public or private. Homeowner shall dispose of any and all waste in a safe and sanitary manner. Homeowner shall use the Leased Land and Home in a manner consistent with all applicable laws, ordinances, rules and regulations of any governmental authority with jurisdiction over the Leased Land and Home and acknowledges that failure to abide by this provision may result in a termination of this Lease. Homeowner shall, at Homeowner's sole expense, maintain the Leased Land and all Home in good, safe, and habitable condition in all respects except for normal wear and tear, and in full compliance with all applicable laws, ordinances, rules and regulations of any governmental authority with jurisdiction over matters concerning the condition of the Leased Land and Home, and in such condition as is required to maintain the insurance coverage required by Section 9.4 of this Lease.

4.3 HOMEOWNER IS RESPONSIBLE FOR USE BY OTHERS

Homeowner shall be responsible for the use of the Leased Land by any residents thereof and their families, friends or visitors or anyone else, using the Leased Land with or without their consent.

4.4 HOMEOWNER IS RESPONSIBLE FOR SERVICES AND REPAIRS

SDCLT shall not be required to furnish any services or facilities, including but not limited to heat, electricity, air conditioning or water, or to make any repairs to the Leased Land or Home, and Homeowner hereby assumes the full and sole responsibility for furnishing all services or facilities.

4.5 HAZARDOUS MATERIALS AND ENVIRONMENTALLY HARMFUL USES ARE NOT PERMITTED

- (a) **Prohibition of Hazardous Substances.** Homeowner shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Land or Home. Homeowner shall not do, nor allow anyone else to do, anything affecting the Land or Home that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Land or Home of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Land or Home.

(b) Definition.

- (1) "Hazardous Substances" shall mean those substances defined as toxic or hazardous substances or hazardous waste under any Environmental Law, and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials.
- (2) "Environmental Law" shall mean all federal and state of California laws that relate to health, safety or environmental protection.

(c) Notice and Remediation. Homeowner shall, as soon as possible but no later than five (5) business days of learning of such event, give SDCLT written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Land or Home and any Hazardous Substance or Environmental Law of which Homeowner has actual knowledge. If Homeowner learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Land or Home is necessary, Homeowner shall, as soon as possible but no later than twenty-one (21) days of such notification or of learning of such event, commence all necessary remedial actions in accordance with Environmental Law and shall diligently pursue such remediation until completion.

(d) Indemnity. Homeowner shall indemnify SDCLT and its respective agents, employees, officers and board members for the failure of the Homeowner or any other person or entity, other than any Homeowner, to comply with any Environmental Law. This provision shall survive the termination of the Ground Lease.

4.6 HOMEOWNER MUST OCCUPY THE HOME FOR AT LEAST TEN MONTHS EACH YEAR

Homeowner must occupy the Leased Land and improvements for at least 10 months of each calendar year and maintain the Leased Land and improvements as his or her sole, exclusive and permanent place of residence at all times during the term of this Lease. A permanent residence shall mean the home or place in which one's habitation is fixed and to which one, whenever he or she is absent, has a present intention of returning after a departure or absence. In determining what is a permanent residence, the following circumstances relating to the Homeowner may be taken into account: business pursuits, employment, income sources, residence for income or other tax purposes, residence of parents, spouse and children, if any, location of personal and real property, voter registration, motor vehicle registration, and any other information relevant for the purpose of determining the permanent place of residence of the Homeowner. Occupancy by the spouse of the Homeowner, the child or children of the Homeowner, or member(s) of the Homeowner's household who have resided upon the Leased Land for at least one year immediately prior to the Homeowner's planned absence from the Leased Land shall be considered occupancy by Homeowner.

In the event that SDCLT or SDCLT's authorized designee is of the reasonable belief, based on documented and supportable evidence, that Homeowner is not in compliance with Homeowner's obligation to occupy the Leased Land as Homeowner's permanent place of residence, SDCLT shall deliver to Homeowner a written notice of possible occupancy violation (the "Possible Occupancy Violation Notice"). The Possible Occupancy Violation Notice shall set forth the reasons for SDCLT's belief that Homeowner is not using the Leased Land as Homeowner's permanent place of residence. Homeowner shall respond to SDCLT in writing to the Possible Occupancy Violation Notice immediately and in no event later than sixty (60) days after delivery. Homeowner shall set forth in the response any and all reasons, based on documented and supportable evidence, that refute SDCLT's belief that the Leased Land is not being used as Homeowner's permanent place of residence. SDCLT's Board of Directors shall conduct a hearing on the possible occupancy violation at the next regularly scheduled Board of Director's meeting after receipt of Homeowner's response to the Possible Occupancy Violation Notice, or if no meeting is scheduled within six (6) months following receipt of Homeowner's response, then the Board of Directors shall schedule a special meeting to hear the possible occupancy violation within six (6) months of receipt of Homeowner's response. At the hearing, the Board of Directors shall consider any and all evidence in support of SDCLT's and Homeowner's positions, and shall have the authority to ask questions of Homeowner and require additional evidence from Homeowner that is relevant to the determination of the possible occupancy violation. The Board of Directors shall have the power to conduct the hearing in according with any procedures as the Board deems necessary in its reasonable discretion. No later than thirty (30) days after the conclusion of the hearing on the possible occupancy violation, SDCLT's Board of Directors shall issue a decision. In the event that the Board of Directors determines that Homeowner is occupying the Leased Land as Homeowner's permanent place of residence, SDCLT shall not have the authority to terminate the Lease on the basis of a violation of Section 4.6 of this Lease for one (1) year after the date of the Board of Director's decision; provided, however, that the Board of Director's decision on the possible occupancy violation shall have no effect on SDCLT's rights and remedies for any other event of default as may be committed by Homeowner. In the event that the Board of Directors determines that Homeowner is not occupying the Leased Land as Homeowner's permanent place of residence, Homeowner shall have committed an event of default and SDCLT may pursue any of its rights and remedies authorized in Article 12 of this Lease. In the event that Homeowner fails to respond to the Possible Occupancy Violation Notice within sixty (60) days of delivery, SDCLT may deem the failure to timely respond as an event of default and may pursue any of its rights and remedies authorized in Article 12 of this Lease.

4.7 SDCLT HAS A RIGHT TO INSPECT THE LEASED LAND

SDCLT may enter the Leased Land and Home during normal business hours for any one of the following reasons: (i) in case of emergency; (ii) to exhibit the Leased Land and Home to prospective or actual purchasers, mortgagees, tenants, workers, or contractors; (iii) when Homeowner has abandoned or surrendered the Leased Land; and (iv) pursuant to court order. Except for emergencies, SDCLT shall provide written notice to Homeowner no less than twenty-four (24) hours prior to SDCLT's entry if the notice is personally delivered to Homeowner or left on, near, or under the usual entry door for the Leased Land, and no less than six (6) days prior to SDCLT's entry if the notice is mailed to Homeowner. In the event of emergency, SDCLT may enter any portion of the Leased Land, including the interior of Homeowner's Home, without

notice provided SDCLT shall have made reasonable efforts to give advance notice to Homeowner.

4.8 HOMEOWNER HAS A RIGHT TO PEACEFUL ENJOYMENT

Homeowner has the right to undisturbed enjoyment of the Leased Land, and SDCLT has no desire or intention to interfere with the personal lives, associations, expressions, or actions of Homeowner, subject to the terms, covenants, conditions, provisions, restrictions, or reservations of this Lease.

4.9 LEASED LAND MAY NOT BE SUBLEASED WITHOUT SDCLT'S PERMISSION.

Except as otherwise provided in Article 8 and Article 10, Homeowner shall not sublease, sell or otherwise convey any of Homeowner's rights under this Lease, for any period of time, without the written permission of SDCLT. Homeowner agrees that SDCLT shall have the right to withhold such consent in order to further the purposes of this Lease.

If permission for subleasing is granted, the sublease shall be subject to the following conditions.

- a) Any sublease shall be subject to all of the terms of this Lease.
- b) The rental or occupancy fee charged the sub-lessee shall not be more than the amount of the Lease Fee charged the Homeowner by the SDCLT, plus an amount approved by SDCLT to cover Homeowner's costs in owning the Home, including but not limited to the cost of taxes, insurance and mortgage interest.

ARTICLE 5: GROUND LEASE FEE

5.1 AMOUNT OF GROUND LEASE FEE

In consideration of the possession, continued use, and occupancy of the Leased Promises, Homeowner shall pay to SDCLT a monthly payment ("Ground Lease Fee") in an amount equal to the sum of (a) a Land Use Fee of \$_____ to be paid in return for the continuing right to possess, occupy and use the Leased Land, plus (b) a Repair Reserve Fee of \$_____ to be held by the CLT and used for the purpose of preserving the physical quality of the Home for the long term in accordance with Section 7.7 below.

5.2 WHEN THE GROUND LEASE FEE IS TO BE PAID

The Ground Lease Fee shall be payable to the SDCLT, at the address specified in this Lease as SDCLT's address, on the first day of each month for as long as this Lease remains in effect, unless with SDCLT's consent, the Ground Lease Fee is to be escrowed by a Permitted Mortgagee, in which case payment shall be made as specified by that Mortgagee. If the Lease

commences on a day other than the first of the month, a pro-rata portion of the Ground Lease Fee shall be paid for the balance of the month at the time the Lease is executed.

5.3 HOW THE GROUND LEASE FEE HAS BEEN DETERMINED

The Ground Lease Fee specified in section 5.1 above has been calculated as follows: First, an amount approximating the monthly fair rental value of the Leased Land has been established, current as of the commencement of the Term, recognizing that use of the Leased Land is restricted by some of the provisions of this Lease. Then the affordability of this monthly amount for the Homeowner has been analyzed and, if necessary, the amount has been reduced to yield the amount stated in section 5.1 above, which has been determined to be affordable for Homeowner.

5.4 SDCLT MAY REDUCE OR SUSPEND THE GROUND LEASE FEE TO IMPROVE AFFORDABILITY

At SDCLT's sole election, SDCLT may reduce, delay or waive entirely the Ground Lease Fee at any time and from time to time for the purpose of ensuring affordable monthly housing costs for the Homeowner. Any such reduction, delay, or waiver must be in writing and signed by SDCLT before being effective.

5.5 GROUND LEASE FEE MAY BE INCREASED FROM TIME TO TIME

The Ground Lease Fee stated in section 5.1 above, as adjusted in the way provided below, shall be applicable during the term of this Lease. However, in the event that, for any reason, the provisions of Article 10 regarding transfers of the Home or section 4.6 or 4.9 regarding occupancy are suspended or invalidated for any period of time, then during that time, the Ground Lease Fee shall be increased to an amount calculated by SDCLT to equal the fair rental value of the Leased Land for use not restricted by the provisions of the suspended portions of the Lease. In such event, SDCLT shall notify Homeowner of the amount calculated in this way, and the Ground Lease Fee shall then be this amount.

5.6 GROUND LEASE FEE INCREASED BY ANNUAL CPI CHANGE

Except as provided in Section 5.5, the Ground Lease Fee shall be increased every year during the term of the Ground Lease by the percentage of increase in the Consumer Price Index. "Consumer Price Index" as used in this Ground Lease, means the Consumer Price Index for All Urban Wage Earners and Clerical Workers (San Diego County CA, All Urban Consumers All Items, Base 1982-1984=100), as published by the Bureau of Labor Statistics of the United States Department of Labor. SDCLT shall determine and notify Homeowner of the amount of such yearly increase 30 days prior to the increase taking effect. In the event such index is not in existence when any determination relying on such index under this Lease is to be made, the most comparable governmental index as determined by SDCLT in its sole discretion published in lieu thereof shall be substituted therefore.

5.7 HOMEOWNER RESPONSIBLE FOR PAYMENT OF ADDITIONAL GROUND LEASE FEE

In the event the Homeowner owes any Additional Ground Lease Fee to SDCLT, SDCLT shall determine and notify Homeowner of the time and the manner (e.g. in lump sum or several payments) in which any Additional Ground Lease fee is to be paid by Homeowner. All Additional Ground Lease Fees shall be payable to SDCLT, at the address specified in Section 14.1.

5.8 GROUND LEASE FEE AND ADDITIONAL GROUND LEASE FEE MAY BECOME A LIEN

In addition to any other rights contained in this Ground Lease, in the event any amount of Ground Lease Fee and Additional Ground Lease Fee remains unpaid for a period of fifteen (15) business days after it is due (collectively, the "Debt"), SDCLT shall send written notice to Homeowner specifying the amount of Debt then owed by Homeowner. In the event any amount of Debt remains unpaid for an additional thirty (30) days from the time such notice is sent, the Debt shall be a lien in favor of SDCLT on the Homeowner's interest in the Leased Land and Home from and after the time the SDCLT records a notice of delinquent Debt against the Leased Land and Home in the Official Records (the "Notice of Delinquent Payment"). Any Notice of Delinquent Payment shall indicate the amount of Debt owed by Homeowner to SDCLT and shall include a legal description of the Leased Land and Home. SDCLT shall notify Homeowner prior to recording the Notice of Delinquent Payment against the Leased Land and Home. The lien created in connection with the Notice of Delinquent Payment (the "Debt Lien") shall be prior in right to all other liens arising after the Notice of Delinquent Payment, except all taxes, or other levies which by law would be prior to the Debt Lien and except for the lien of any mortgage recorded prior to the date any such Debt became due.

5.9 SDCLT CAN COLLECT UNPAID FEES WHEN HOME IS SOLD

In the event that any amount of Ground Lease Fee or any Additional Ground Lease Fee remains unpaid when the Home is sold and the Ground Lease is terminated or assigned to another party, any Additional Ground Lease Fee owed shall be paid to SDCLT out of any proceeds from the sale of the Home otherwise due to Homeowner at the time of such sale.

5.10 GROUND LEASE FEE AND ADDITIONAL GROUND LEASE FEE DEEMED TO BE RENT

The Ground Lease Fee and Additional Ground Lease Fee under the terms of this Ground Lease are deemed to be rent for the purpose of California Code of Civil Procedure 1161.

**ARTICLE 6:
TAXES AND ASSESSMENTS**

6.1 HOMEOWNER RESPONSIBLE FOR PAYING ALL TAXES AND ASSESSMENTS

Homeowner shall be responsible for payment of all taxes, charges, fees and governmental assessments that relate to Home and the Leased Land. Homeowner shall also pay directly, when due, all other service bills, homeowner's association fees and assessments, if applicable, and utility charges with respect to the Home or the Leased Land. If SDCLT so elects, Homeowner

shall pay estimated taxes and assessments on a monthly basis into an impound account from which the taxes and assessments will be paid.

6.2 SDCLT REIMBURSED FOR ASSESSMENTS PAID ON HOMEOWNER'S BEHALF

In the event that the local taxing authority bills SDCLT for the taxes, charges, fees or assessments on the Leased Land, SDCLT shall bill Homeowner for this expense and Homeowner shall promptly pay the SDCLT for assessments so billed within thirty (30) days.

6.3 HOMEOWNER HAS A RIGHT TO CONTEST

Homeowner shall have the right to contest the amount or validity of any taxes relating to the Leased Land or Home. SDCLT shall, upon written request by Homeowner, join in any such proceedings if Homeowner shall reasonably determine that it shall be necessary or convenient for SDCLT to so join in order for Homeowner to prosecute such proceedings. All costs and expenses of such proceedings shall be paid by Homeowner. If Homeowner contests any such tax, assessment, or charge, Homeowner may withhold or defer payment or pay under protest, but Homeowner shall protect SDCLT and the Land and Leased Land from the consequences of any such contest being unsuccessful by adequate bond or other security acceptable to SDCLT.

6.4 IF HOMEOWNER FAILS TO PAY TAXES, SDCLT MAY INCREASE GROUND LEASE FEE

In the event that Homeowner fails to pay the taxes or other charges specified in Sections 6.1 and 6.2 above which are not otherwise part of the Ground Lease Fee, SDCLT may increase, but shall not be obligated to increase, Homeowner's Ground Lease Fee in an amount such that the total sum collected will offset the cost of any delinquent and current taxes or other charges. Upon collecting any such amount, SDCLT shall pay the amount collected to the taxing authority or homeowners association as the case may be in a timely manner.

6.5 PARTY THAT PAYS TAXES MUST SHOW PROOF OF COMPLIANCE

Concurrently with the payment of any taxes, assessments, and charges required or permitted by the provisions of this Lease, each party shall, upon request of the other, furnish evidence satisfactory to the other documenting the payment. A photocopy of a paid receipt or a cancelled check for such charges showing payment prior to the due date thereof shall be the usual method of furnishing such evidence.

**ARTICLE 7:
HOME AND IMPROVEMENTS**

7.1 HOMEOWNER OWNS THE HOUSE AND ALL OTHER IMPROVEMENTS ON THE LEASED LAND

Any and all buildings, structures, fixtures, and other improvements purchased by the Homeowner or constructed or placed by the Homeowner upon any part of the Leased Land at any time during the term of this lease (the "Home") shall be and remain property of the Homeowner. However, the Homeowner's exercise of the rights of ownership are limited by

certain provisions of this Lease including the disposition of Home by the Homeowner and the SDCLT's option to purchase the Home. In addition, Homeowner shall not remove or move Home from the Leased Land without approval of SDCLT.

7.2 PURCHASE OF IMPROVEMENTS BY HOMEOWNER

Homeowner is simultaneously purchasing the Home now located on the Leased Land and described in the Deed, the form of which is attached hereto as Exhibit C.

7.3 CONSTRUCTION AND ALTERATION BY HOMEOWNER MUST COMPLY WITH CERTAIN REQUIREMENTS

Any post-purchase construction on the Leased Land requiring issuance of a building permit, including expansion of an existing building, or the alteration of existing Home, is subject to the following conditions: (a) all costs shall be borne and paid for by the Homeowner; (b) all construction shall be performed in a worker-like manner and shall comply with all applicable laws and regulations; (c) all construction shall be consistent with the permitted uses set forth in Article 4; (d) Homeowner shall furnish to SDCLT a copy of any plans and all building permits for such construction prior to commencing construction; and (e) such construction shall not commence without the prior written consent of SDCLT, who, however, shall not unreasonably withhold such consent. SDCLT's approval of any improvement or modification pursuant to this Section 7.3 shall not entitle Homeowner to an increase in the Purchase Option Price pursuant to the provisions of Section 10, below.

7.4 HOMEOWNER MAY NOT ALLOW LIENS TO REMAIN AGAINST THE LEASED LAND OR HOME

Homeowner shall not suffer or permit any vendor's, mechanic's, laborer's, or material man's statutory or similar lien to be filed against the Leased Land, Home, or any interest of the SDCLT or Homeowner that remains more than sixty (60) days after it has been filed. Homeowner shall cause any such lien to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction, or as otherwise permitted by law. If Homeowner fails to cause such lien to be discharged within the sixty (60) day period, then, in addition to SDCLT's right to declare a default under this Ground Lease and exercise the remedies set forth in Article 12, SDCLT may, but shall not be obligated to, discharge the lien by paying the amount in question. Any amounts paid by SDCLT to discharge such liens may be charged to Homeowner as an Additional Ground Lease Fee. Homeowner may, at Homeowner's expense, contest the validity of any such asserted lien, but Homeowner shall protect SDCLT and the Leased Land from any consequences of such contest being unsuccessful by adequate bond or the security acceptable to SDCLT.

7.5 PROHIBITION OF OTHER LIENS

Homeowner will not permit or suffer to allow liens of any type to attach to SDCLT's or Homeowner's title to or interest in the Leased Land or this Lease or to any other property owned by the SDCLT. Homeowner shall not suffer or permit any mortgage, deed of trust, promissory note or other lien to be filed against the Leased Land or Home without the express written consent of the SDCLT.

7.6 HOMEOWNER IS RESPONSIBLE FOR SERVICES, MAINTENANCE AND REPAIRS

Homeowner hereby assumes responsibility for furnishing all services or facilities on the Leased Land, including but not limited to heat, electricity, air conditioning and water. SDCLT shall not be required to furnish any services or facilities or to make any repairs to the Home. Homeowner shall maintain the Home and Leased Land as required by Section 4.2 above and shall see that all necessary repairs and replacements are accomplished when needed.

7.7 A REPAIR RESERVE FUND IS ESTABLISHED TO SUPPORT FUTURE REPAIRS

[This section must either be completed in accordance with the CLT's repair reserve policy, or omitted entirely. See Commentary on this Section 7.6.]

7.8 WHEN LEASE ENDS, OWNERSHIP REVERTS TO SDCLT, WHICH SHALL REIMBURSE HOMEOWNER

Upon the expiration of the term or termination of this Ground Lease, Homeowner shall surrender the Home together with the Leased Land to the SDCLT. Ownership of the Home shall thereupon revert to SDCLT, free and clear of all claims to, or against the Leased Land by Homeowner or any third party and, without limiting any of Homeowner's other obligations to indemnify SDCLT, Homeowner shall defend and indemnify SDCLT against all liability and loss arising from such claims or from Homeowner's surrender of the Home to SDCLT pursuant to this section. Upon surrender of the Home by Homeowner, SDCLT shall promptly pay to Homeowner, as consideration for the Home, an amount equal to SDCLT's Purchase Option Price calculated in accordance with Article 10 below, as of the time of reversion of ownership, less the total amount of any unpaid Ground Lease Fee, any Additional Ground Lease Fee or other amounts that may be owed by Homeowner to SDCLT in accordance with this Ground Lease. The indemnity contained in this Section 7.8 shall survive the termination of the Ground Lease.

ARTICLE 8:
FINANCING

8.1 HOMEOWNER CANNOT MORTGAGE THE HOME WITHOUT SDCLT's PERMISSION

The Homeowner may mortgage the Home only with the written permission of SDCLT. Any mortgage or deed of trust permitted in writing by the SDCLT is defined as a Permitted Mortgage, and the holder of such a mortgage or deed of trust is defined as a Permitted Mortgagee. Homeowner shall pay to SDCLT, at SDCLT's option, all fees, costs and expenses, including without limitation, reasonable attorney's fees, incurred by SDCLT in connection with any Permitted Mortgage or review of another mortgage that is not consented to by SDCLT. SDCLT may collect such fees, costs and expenses as an Additional Ground Lease Fee.

8.2 BY SIGNING LEASE, CLT GIVES PERMISSION FOR ORIGINAL MORTGAGE

By signing this Lease, SDCLT gives written permission for any mortgage or deed of trust signed by the Homeowner effective on the day this Lease is signed for the purpose of financing Homeowner's purchase of the Home.

8.3 HOMEOWNER MUST GET SPECIFIC PERMISSION FOR REFINANCING OR OTHER SUBSEQUENT MORTGAGES

If, at any time subsequent to the purchase of the Home and signing of the Lease, the Homeowner seeks a loan that is to be secured by a mortgage on the Home (to refinance an existing Permitted Mortgage or to finance home repairs or for any other purpose), Homeowner must inform SDCLT, in writing, of the proposed terms and conditions of such mortgage loan at least 15 business days prior to the expected closing of the loan. The information to be provided to the SDCLT must include:

- a. the name of the proposed lender;
- b. Homeowner's reason for requesting the loan;
- c. the principal amount of the proposed loan and the total mortgage debt that will result from the combination of the loan and existing mortgage debt, if any;
- d. expected closing costs;
- e. the rate of interest;
- f. the repayment schedule;
- g. a copy of the appraisal commissioned in connection with the loan request.

SDCLT may also require Homeowner to submit additional information. CLT will not permit such a mortgage loan if the loan increases Homeowner's total mortgage debt to an amount greater than % of the then current Purchase Option Price, calculated in accordance with Article 10 below, or if the terms of the transaction otherwise threaten the interests of either the Homeowner or the SDCLT.

8.4 SDCLT IS REQUIRED TO PERMIT A "STANDARD PERMITTED MORTGAGE"

The SDCLT shall be required to permit any mortgage for which the mortgagee has signed a "Standard Permitted Mortgage Agreement" as set forth in "Exhibit: Permitted Mortgages, Part C," and for which the loan secured thereby does not increase Homeowner's total mortgage debt to an amount greater than % of the then current Purchase Option Price, calculated in accordance with Article 10 below.

8.5 A PERMITTED MORTGAGEE HAS CERTAIN OBLIGATIONS UNDER THE LEASE

Any Permitted Mortgagee shall be bound by each of the requirements stated in "Exhibit: Permitted Mortgages, Part A, Obligations of Permitted Mortgagee," which is made a part of this Lease by reference, unless the particular requirement is removed, contradicted or modified by a Rider to this Lease signed by the Homeowner and the SDCLT to modify the terms of the Lease during the term of the Permitted Mortgage.

8.6 A PERMITTED MORTGAGEE HAS CERTAIN RIGHTS UNDER THE LEASE

Any Permitted Mortgagee shall have all of the rights and protections stated in "Exhibit: Permitted Mortgages, Part B, Rights of Permitted Mortgagee," which is made a part of this Lease by reference.

8.7 IN THE EVENT OF FORECLOSURE, ANY PROCEEDS IN EXCESS OF THE PURCHASE OPTION PRICE WILL GO TO SDCLT

Homeowner and SDCLT recognize that it would be contrary to the purposes of this agreement if Homeowner could receive more than the Purchase Option Price as the result of the foreclosure of a mortgage. Therefore, Homeowner hereby irrevocably assigns to SDCLT all net proceeds of sale of the Home that would otherwise have been payable to Homeowner and that exceed the amount of net proceeds that Homeowner would have received if the property had been sold for the Purchase Option Price, calculated as described in Section 10.10 below. Homeowner authorizes and instructs the Permitted Mortgagee, or any party conducting any sale, to pay such excess amount directly to SDCLT. If, for any reason, such excess amount is paid to Homeowner, Homeowner hereby agrees to promptly pay such amount to SDCLT.

**ARTICLE 9:
LIABILITY, INSURANCE, DAMAGE AND
DESTRUCTION, EMINENT DOMAIN**

9.1 HOMEOWNER ASSUMES ALL LIABILITY

Homeowner assumes sole responsibility and liability to all persons and authorities related to its possession, occupancy, and use of the Leased Land.

9.2 HOMEOWNER MUST DEFEND SDCLT AGAINST ALL CLAIMS OF LIABILITY

Homeowner shall defend, indemnify, and hold SDCLT and its respective agents, employees, officers, and/or board members harmless against all liability and claims of liability for injury or damage to person or property from any cause on or about the Leased Land. Homeowner waives all claims against SDCLT and its respective agents, employees, officers, board members and/or council members for such injury or damage. However, Homeowner shall not be obligated to SDCLT under this Section for injury or damage due to the grossly negligent or intentional acts or omissions of SDCLT or SDCLT's agents, employees, officers and board members. This provision shall survive the termination of the Ground Lease.

9.3 HOMEOWNER MUST REIMBURSE SDCLT

In the event the SDCLT shall be required to pay any sum that is the Homeowner's responsibility or liability, pursuant to Section 9.1 and 9.2, the Homeowner shall reimburse the SDCLT for such payment and for reasonable expenses caused thereby and such payment may be charged by SDCLT to Homeowner as Additional Ground Lease Fee.

9.4 HOMEOWNER MUST INSURE THE HOME AGAINST LOSS AND MUST MAINTAIN LIABILITY INSURANCE ON HOME AND LEASED LAND

a) Hazard Insurance. Homeowner shall, at Homeowner's sole expense, keep the Leased Land and Home continuously insured against loss or damage by fire and the extended coverage hazards for the Full Replacement Value of such Leased Land and Home (adjusted every five (5) years by appraisal if requested by SDCLT). If the Leased Land is located in a flood plain, Homeowner shall also obtain flood insurance. In no event shall the amount of insurance be less than the amount necessary to prevent SDCLT from becoming a co-insurer under the terms of the policy.

b) Liability Insurance. Homeowner shall, at Homeowner's sole expense, maintain continuously in effect liability insurance covering the Leased Land and Home. The limits of such insurance shall be not less than _____ (\$_____) (or, if a Permitted Mortgagee requires coverage in a greater dollar amount, such amount as required by that a Permitted Mortgagee) combined single limit for bodily injury and property damage. Such limit shall be adjusted every five (5) years or upon SDCLT's request. Any adjustment shall be equal to the percentage of change (positive or negative), over the period in question, of the Consumer Price Index.

c) Improvements. During the course of any rehabilitation of the Home located on the Leased Land, Homeowner shall hire only licensed contractors who maintain the following forms of insurance:

1. Liability Insurance. Commercial liability insurance against liability for bodily injury to or death of any person or property damage arising out of an occurrence on or about the Leased Land. The limits of such insurance shall be not less than One Million Dollars (\$1,000,000) combined single limit for bodily injury and property damage, naming the SDCLT and its officers, employees, agents, board members and/or council members as additional insureds.
2. Worker's Compensation. Worker's compensation insurance covering all persons employed in connection with any work on the Leased Land to the extent required by law.

d) Additional Insureds. All insurance required pursuant to this Section 9.4 shall specifically insure Homeowner against all liability assumed under this Ground Lease, as well as all liability imposed by law, and shall also insure SDCLT and its respective agents, employees, officers, board members and/or council members as an additional insured so as to create the same liability on the part of insurer as though separate policies had been written for such parties and SDCLT.

e) California Insurance. The insurance carrier providing insurance pursuant to this Section 9.4 shall be licensed to do business in the State of California and shall have a rating of A:VII or better in the most recent edition of Best's Rating Guide.

f) Evidence of Insurance. Homeowner shall provide SDCLT with copies of all policies and renewals of policies. All policies shall also contain endorsements providing that they shall not be cancelled, reduced in amount or coverage or otherwise modified by the insurance carrier involved without at least thirty (30) days' prior written notice to SDCLT. Failure by Homeowner to provide evidence of insurance in accordance with this Section 10.4 will be a default under this Ground Lease. SDCLT shall have the right to hold, or cause its designated agent to hold, the policies and renewals thereof, and Homeowner shall furnish to the SDCLT, or its designated agent, the original insurance policies or certificates of insurance, all renewal notices and all receipts of paid premiums within five (5) days of SDCLT's request for such information. SDCLT shall be entitled to participate in the settlement or adjustment of any losses covered by such policies of insurance. SDCLT may make proof of loss if not made by Homeowner in a prompt manner, as determined by SDCLT in SDCLT's reasonable discretion. In the event Homeowner fails to maintain insurance pursuant to Section 9.4, SDCLT, in addition to SDCLT's right to declare a default under this Ground Lease and exercise the remedies set forth in Article 12, may, but shall not be obligated to, purchase insurance on Homeowner's behalf with this Section 9.4. SDCLT may charge Homeowner Additional Ground Lease Fee to pay for any expenses SDCLT incurs in connection with its purchase of such insurance.

g) Waiver of Subrogation. Homeowner releases SDCLT from any claims for damage to any person or the Land and Home that are caused by or result from the risks insured against under any insurance policies carried by Homeowner and in force at the time of any such damage. Homeowner shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against the SDCLT in connection with any damage covered by any party.

9.5 WHAT HAPPENS IF HOME IS DAMAGED OR DESTROYED

Except as provided below, in the event of fire or other damage to the Home, Homeowner shall take all steps necessary to assure the repair of such damage and the restoration of the Home to its condition immediately prior to the damage. All such repairs and restoration shall be completed as promptly as possible. Homeowner shall also promptly take all steps necessary to assure that the Leased Land is safe and that the damaged Home does not constitute a danger to persons or property.

If Homeowner, based on professional estimates, determines either (a) that full repair and restoration is physically impossible, or (b) that the available insurance proceeds will pay for less than the full cost of necessary repairs and that Homeowner cannot otherwise afford to cover the balance of the cost of repairs, then Homeowner shall notify SDCLT of this problem, and SDCLT may then help to resolve the problem. Methods used to resolve the problem may include efforts to increase the available insurance proceeds, efforts to reduce the cost of necessary repairs, efforts to arrange affordable financing covering the costs of repair not covered by insurance proceeds, and any other methods agreed upon by both Homeowner and SDCLT.

If Homeowner and SDCLT cannot agree on a way of restoring the Home in the absence of adequate insurance proceeds, then Homeowner may give SDCLT written notice of intent to terminate the Lease. The date of actual termination shall be no less than 60 days after the date of Homeowner's notice of intent to terminate. Upon termination, any insurance proceeds payable to Homeowner for damage to the Home shall be paid as follows.

FIRST, to the expenses of their collection;

SECOND, to any Permitted Mortgagee(s), to the extent required by the Permitted Mortgage(s);

THIRD, to the expenses of enclosing or razing the remains of the Home and clearing debris;

FOURTH, to the SDCLT for any amounts owed under this Lease;

FIFTH, to the Homeowner, up to an amount equal to the Purchase Option Price, as of the day prior to the loss, less any amounts paid with respect to the second, third, and fourth clauses above;

SIXTH, the balance, if any, to the SDCLT.

9.6 WHAT HAPPENS IF SOME OR ALL OF THE LAND IS TAKEN FOR PUBLIC USE

If all of the Leased Land is taken by eminent domain or otherwise for public purposes, or if so much of the Leased Land is taken that the Home is lost or damaged beyond repair, the Lease shall terminate as of the date when Homeowner is required to give up possession of the Leased Land. Upon such termination, the entire amount of any award(s) paid shall be allocated in the way described in Section 9.5 above for insurance proceeds.

In the event of a taking of a portion of the Leased Land that does not result in damage to the Home or significant reduction in the usefulness or desirability of the Leased Land for residential purposes, then any monetary compensation for such taking shall be allocated entirely to SDCLT.

In the event of a taking of a portion of the Leased Land that results in damage to the Home only to such an extent that the Home can reasonably be restored to a residential use consistent with this Lease, then the damage shall be treated as damage is treated in Section 9.5 above, and monetary compensation shall be allocated as insurance proceeds are to be allocated under Section 9.5.

9.7 IF PART OF THE LAND IS TAKEN, THE LEASE FEE MAY BE REDUCED

In the event of any taking that reduces the size of the Leased Land but does not result in the termination of the Ground Lease, SDCLT shall reassess the fair rental value of the remaining Leased Land and shall reduce the Ground Lease Fee if necessary to ensure that the monthly fee does not exceed the monthly fair rental value of the Leased Land for use as restricted by the Ground Lease.

9.8 IF LEASE IS TERMINATED BY DAMAGE, DESTRUCTION OR TAKING, SDCLT WILL TRY TO HELP HOMEOWNER BUY ANOTHER SDCLT HOME

If this Lease is terminated as a result of damage, destruction or taking, SDCLT shall take reasonable steps to allow Homeowner to purchase another home on another parcel of leased land owned by SDCLT if such home can reasonably be made available. If Homeowner purchases such a home, Homeowner agrees to apply any proceeds or award received by Homeowner to the purchase of the home. Homeowner understands that there are numerous reasons why it may not be possible to make such a home available, and shall have no claim against SDCLT if such a home is not made available.

**ARTICLE 10:
TRANSFER, SALE, OR DISPOSITION OF IMPROVEMENTS**

10.1 INTENT OF THIS ARTICLE IS TO PRESERVE AFFORDABILITY

It is the express understanding and intent of the parties that the terms and conditions of this Lease, and in particular of this Article 10, are intended in part to preserve the affordability of any Home on the Leased Land, thereby expanding and maintaining access to Homeownership opportunities for income qualified households, who, absent such provisions, would be unable to afford them.

10.2 HOMEOWNER MAY TRANSFER HOME ONLY TO SDCLT OR QUALIFIED PERSONS

Homeowner may sell, transfer, or otherwise dispose of its interest in the Leased Land or Home only to the SDCLT or to an Income Qualified Resident as defined below or otherwise only as explicitly permitted by the provisions of this Article 10. All such transfers shall be subject to SDCLT's review and purchase option rights set forth in this Article 10. Any purported transfer done without following the procedures set forth below, except in the case of a transfer to a Permitted Mortgagee in lieu of foreclosure, shall be null and void.

"Income Qualified Resident" shall mean a person or group of persons within a household whose combined income does not exceed _____ percent (____%) of the median household income for San Diego County, California as calculated and adjusted for household size from time to time by the California Department of Housing and Community Development (HCD) in the "Official State Income Limits" published in Section 6932 of Title 25 of the California Code of Regulations or any successor thereto.

10.3 THE HOME MAY BE TRANSFERRED TO CERTAIN HEIRS OF HOMEOWNER

Upon receipt of notice from the executor or administrator of the decedent's estate given within ninety (90) days of the death of a Homeowner (or the last surviving co-owner of the Home) SDCLT shall, unless for good cause shown, consent to a transfer of Home and an assumption of this Lease to heirs of Homeowner provided that such persons

a) are:

- 1) the spouse of the Homeowner,

- 2) the child or children of the Homeowner or
 - 3) member(s) of the Homeowner's household who have resided upon the Leased Land for at least one year immediately prior to the Homeowner's death; and
- b) demonstrate to SDCLT's reasonable satisfaction that they meet the definition of Income Qualified Resident, as defined above; and
 - c) execute a Letter of Stipulation substantially in the form of Exhibit A attached to this Lease, setting forth the heirs' review, understanding, and acceptance of the terms of the Lease, submitted to SDCLT to be attached to the Lease when it is transferred to the heirs.

Any other person or persons who are heirs, legatees or devisees of Homeowner but do not meet the above qualifications shall not be entitled to possession of the Leased Land but must transfer the Leased Land in accordance with the provisions of this Article 10 within 12 months of inheritance.

10.4 HOMEOWNER'S NOTICE OF INTENT TO SELL

In the event that Homeowner wishes to transfer its interest in the Leased Land and Home, Homeowner shall promptly notify SDCLT in writing of such wish ("the Notice of Intent to Sell"), in the form attached as Exhibit G to this Lease. The Homeowner's Notice of Intent to Sell shall be sent to the SDCLT by certified mail, return receipt requested at the address provided in Section 14.1 of this Lease.

THE HOMEOWNER SHOULD NOT CONTRACT WITH A REAL ESTATE BROKER TO SELL THE IMPROVEMENTS UNTIL THE HOMEOWNER HAS RECEIVED THE SDCLT'S NOTICE OF EXERCISE OF OPTION OR THE PURCHASE OPTION HAS EXPIRED, AS THE SERVICES OF A BROKER WILL NOT BE REQUIRED IF THE SDCLT EXERCISES THE PURCHASE OPTION PURSUANT TO SECTION 10.7, AND IN SUCH EVENT NO BROKERAGE COMMISSION WILL BE PAID TO A THIRD PARTY.

Within thirty (30) days of delivery of the Notice of Intent to Sell, the Homeowner shall obtain and deliver to the SDCLT a current written report of inspection of the Home by a licensed structural pest control operator. Homeowner shall allow the SDCLT or a designee to inspect the Home to determine their physical condition, and, if requested by the SDCLT, following such inspection, the Homeowner shall obtain and deliver to the SDCLT a home inspection report prepared by a licensed home inspector.

10.5 SDCLT TO OBTAIN APPRAISAL OF HOME

No later than ten (10) business days after SDCLT's receipt of a complete Homeowner's Notice of Intent to Sell that includes all information required under Section 10.4, including SDCLT's receipt of the pest control report and home inspection report (if any) required pursuant to Section 10.4 above, SDCLT shall commission a certified MAI or other qualified real estate appraiser to perform an appraisal of the fair market value of the Land and Home as if they were a fee simple property and not subject to the terms and conditions of this Lease. The value of the Land and

Home together as if they were fee simple property and not subject to the terms and conditions of the Ground Lease shall be referred to in this Ground Lease as the "Appraised Value". SDCLT shall pay for the appraisal required by this Section 10.5.

10.6 SDCLT'S RESPONSE TO NOTICE OF INTENT TO SELL.

SDCLT shall respond in writing (the "First Response Notice") to Homeowner's Notice of Intent to Sell within sixty (60) days of SDCLT's receipt of a complete Homeowner's Notice of Intent to Sell that includes all information required under Section 10.4, including SDCLT's receipt of the pest control report and home inspection report (if any) required pursuant to Section 10.4 above. The First Response Notice shall inform Homeowner of the Purchase Option Price, as determined by SDCLT and of the SDCLT's election to proceed under one of the following two (2) alternatives:

- a) SDCLT Exercise of Purchase Option. The First Response Notice may notify the Homeowner that the SDCLT elects to exercise the Purchase Option, or assign the Purchase Option to an Assignee.
- b) Homeowner Sale to Eligible Purchaser. In the event the First Response Notice notifies the Homeowner that the SDCLT will not exercise or assign the Purchase Option then Homeowner may proceed to sell the Home and transfer the Leased Land to an Eligible Purchaser, for a price not to exceed the Purchase Option Price, pursuant to the procedure set forth in Section 10.9 below. In this event, the First Response Notice shall include the following information: (1) the maximum qualifying income for an Eligible Purchaser; and (2) the certifications required of an Eligible Purchaser.
- c) SDCLT Failure to Respond. If SDCLT does not respond in the manner set forth in this Section, Homeowner shall make a good faith effort to inform SDCLT of Homeowner's intent to convey the Home. Such good faith effort shall include but not be limited to sending another Notice of Intent to Sell to SDCLT (the "Second Notice of Intent to Sell") a copy of which shall be also sent to the Jurisdiction at the address provided in Section 14.1. In the event Homeowner has made a good faith effort to inform SDCLT of Homeowner's intent to sell the Home and has sent a Second Notice of Intent to Sell and SDCLT does not send the Response Notice within thirty (30) days of receipt of such Second Notice of Intent to Sell, Homeowner may proceed to sell the Home to an eligible purchaser in accordance with Section 10.9.

10.7 HOMEOWNER ACKNOWLEDGEMENT OF FIRST RESPONSE NOTICE.

No later than five (5) business days following the date of the First Response Notice, the Homeowner shall acknowledge in writing to the SDCLT that he/she has received the First Response Notice and still intends to complete a sale of the Home.

10.8 SDCLT HAS AN OPTION TO PURCHASE THE HOME.

Homeowner agrees that the SDCLT shall have the option to purchase the Home for the Purchase Option Price (the "Purchase Option"). The Purchase Option is designed to further the purpose of preserving the affordability of the Home for succeeding Eligible Purchasers while taking fair

account of the investment by the Homeowner. In addition, the SDCLT may, instead of purchasing the Home itself, assign the right to purchase the Home to a public agency, a nonprofit corporation, or to an Eligible Purchaser (the "Assignee"). If the SDCLT assigns the Purchase Option, the Assignee shall sign the First Response Notice and shall thereby be bound to purchase the Home pursuant to the terms of the Purchase Option as set forth in this Lease.

The Homeowner may be required to pay the SDCLT a transaction fee equal to the SDCLT's reasonable costs associated with the exercise of the Purchase Option if the SDCLT (or its assignee) exercises the Purchase Option and purchases the Home; provided, however that such transaction fee shall not exceed three percent (3%) of the sales price of the Home. The Purchase Option may be exercised by the SDCLT or Assignee in the First Response Notice. If the First Response Notice notifies the Homeowner that the SDCLT or Assignee will exercise the Purchase Option, the SDCLT or Assignee (as applicable) shall purchase the Home within forty five (45) days of the date of the First Response Notice and title to the Home shall be delivered by the Homeowner to the SDCLT or Assignee (as applicable) by deed, free and clear of any mortgage or other liens unless approved in writing by the purchaser. In the event SDCLT or Assignee (as applicable) fails to purchase the Home within the forty-five (45) day period identified above or such later date as may be mutually agreed to in writing by the parties, Homeowner may transfer the Home to an Eligible Purchaser for the Purchase Option Price and in accordance with Section 10.9.

10.9 SALE TO ELIGIBLE PURCHASER

If the First Response Notice tells Homeowner to proceed with a sale of the Home to an Eligible Purchaser, if the SDCLT or Assignee does not exercise or complete its option to purchase in accordance with Section 10.8, or if the SDCLT does not respond to Homeowner as provided in Section 10.6(c), Homeowner may proceed to sell the Home in compliance with the following requirements:

- a) Marketing Period. The Homeowner shall use bona fide good faith efforts to sell the Home to an Eligible Purchaser in compliance with this Article 10, including listing the Home on the Multiple Listing Service, keeping the Home in an orderly condition, making the Home available to show to agents and prospective buyers, and providing buyers with Eligible Purchaser requirements, including income qualifications and an updated version of the Lease. A household that proposes to purchase the Home ("Proposed Purchaser") who the Homeowner believes will qualify as an Eligible Purchaser shall be referred to SDCLT or its designee for an eligibility determination.
- b) Eligible Purchaser. Eligible Purchaser shall mean a Proposed Purchaser who meets the following requirements, as determined by SDCLT:
 1. Income Qualified Resident. The Proposed Purchaser shall be an Income Qualified Resident as defined in Article 10.2 of this lease.
 2. Intent to Occupy. The Proposed Purchaser shall certify that he or she will occupy the Home and Leased Land as his or her principal place of residence throughout his or her ownership.

3. Agreement to Sign Updated Lease, Letter and to Cooperate with SDCLT. The Proposed Purchaser shall agree to sign an updated Ground Lease restricting future resale of the Home and transfer of the Leased Land and updated Letter of Stipulation (as defined in Section 1.1(a)). The proposed purchaser shall also cooperate fully with the SDCLT in providing, within five (5) business days of SDCLT's request, all information requested by the SDCLT to assist the SDCLT in monitoring the proposed purchaser's compliance with the Lease.
- c) Disclosure and Submittals. The Homeowner and the Proposed Purchaser shall provide the following information and documents to the SDCLT:
 1. The name, address and telephone number in writing of the Proposed Purchaser.
 2. A signed financial statement of the Proposed Purchaser in a form acceptable to the SDCLT and any other supporting documentation requested by the SDCLT. The financial information shall be used by the SDCLT to determine the income eligibility of the Proposed Purchaser.
 3. The proposed sales contract and all other related documents that shall set forth all the terms of the sale of the Home. Said documents shall include at least the following terms: (a) the sales price; and (b) the price to be paid by the Proposed Purchaser for the Homeowner's personal property, if any, for the services of the Homeowner, if any, and any credits, allowances or other consideration, if any.
 4. A sworn statement, the form of which is attached hereto as Exhibit H, from the Homeowner and the Proposed Purchaser in a form acceptable to the SDCLT, that the sale shall be closed in accordance with the terms of the sales contract and other documents submitted to and approved by the SDCLT. In any event, any costs, liabilities or obligations incurred by the Homeowner and the Proposed Purchaser for the return of any moneys paid or received in violation of this Ground Lease or for any of the Homeowner's and/or the Proposed Purchaser's costs and legal expenses, shall be borne by the Homeowner and/or the Proposed Purchaser and, without limiting any of Homeowner's other obligations to indemnify SDCLT, Homeowner and/or Proposed Purchaser shall hold the SDCLT and its designee harmless and reimburse the SDCLT's and its designee's expenses, legal fees and costs for any action they reasonably take in good faith in enforcing the terms of this Lease.
 5. A new form of Ground Lease and Letter of Stipulation, as updated and provided by the SDCLT, executed by the Proposed Purchaser. The recordation of the new Ground Lease shall be a condition of the SDCLT's approval of the proposed sale.
 6. The name of the title company escrow holder for the sale of the Home, the escrow number, and name, address, and phone number of the escrow officer.
 7. Upon the close of the proposed sale, certified copies of the recorded Lease, a copy of the final sales contract, settlement statement, escrow instructions, and any other documents that the SDCLT may reasonably request.

10.10 FAILURE TO LOCATE AN ELIGIBLE PURCHASER

If, after six (6) months from the date Homeowner receives a First Response Notice informing Homeowner that Homeowner may transfer the Home to an Eligible Purchaser (or six (6) months after Homeowner sent a Second Notice of Intent to Convey to which SDCLT does not respond as provided for in Section 10.6(c)), and provided that the Homeowner has used good faith efforts to market the Home to an Eligible Purchaser during the entire six month period in accordance with Section 10.9(a), and the Home still have not been sold, Homeowner shall notify SDCLT (the "Notice of Failure to Locate Eligible Purchaser"). Within forty-five (45) days of receipt of the Notice of Failure to Locate Eligible Purchaser, the SDCLT shall respond in writing (the "Second Response Notice") to Homeowner's Notice of Failure to Locate Eligible Purchaser.

In the event Homeowner delivers the Notice of Failure to Locate an Eligible Purchaser, Homeowner grants to SDCLT the option to purchase the Home for the Purchase Option Price. If the SDCLT assigns the Second Purchase Option, the Assignee shall sign the Second Response Notice and shall thereby be bound to purchase the Home pursuant to the terms of this Section 10.10. If the Second Response Notice notifies the Homeowner that the SDCLT or Assignee will exercise the Second Purchase Option, the SDCLT or Assignee, as applicable, shall purchase the Home within sixty (60) days of the date of the Second Response Notice and title to the Home shall be delivered by the Homeowner to such purchaser by deed, free and clear of any mortgage or other liens, unless approved in writing by the purchaser.

IN THE EVENT THE SDCLT DOES NOT EXERCISE THE SECOND PURCHASE OPTION, THE HOMEOWNER MAY SELL TO ANY PERSON OR ENTITY UNDER ANY TERMS PROVIDED THAT ANY NET PROCEEDS REALIZED FROM SUCH SALE IN EXCESS OF THE PURCHASE OPTION PRICE AS DEFINED IN SECTION 10 OF THIS LEASE SHALL BE PAID TO THE SDCLT AS EXCESS PROCEEDS.

10.11 PURCHASE OPTION PRICE EQUALS LESSER OF APPRAISED VALUE OF HOMEOWNER'S OWNERSHIP INTEREST OR FORMULA PRICE

The Purchase Option Price shall be the lesser of (a) the price calculated in accordance with the formula described below ("the Formula Price") or (b) the Appraised Value as determined by an Appraisal conducted according to the terms of Section 10.5 of this Lease.

CALCULATION OF THE FORMULA PRICE: The Formula Price shall be equal to the Purchase Price of the Home paid by the Homeowner ("Initial Purchase Price"), plus:

- a) **INDEXED APPRECIATION:** an increase in an amount equal to the Initial Purchase Price multiplied by the percentage change in the median household income for San Diego County California as determined from time to time by the California Department of Housing and Community Development (HCD) or any successor thereto. Such change shall be measured by comparing the median household income on the date of the sale of the Home to Homeowner to the median household income on the date the determination is made and adjusted to provide a prorated increase for any partial years of ownership. In the event that the median household income

declines during the term of ownership, no adjustment will be made to the formula price.

- b) **CAPITAL IMPROVEMENTS CREDIT:** an increase to reflect the depreciated value of any Eligible Capital Improvements (hereinafter defined) made by Homeowner.

The term "Eligible Capital Improvements" shall mean only those improvements approved in writing by the SDCLT or its designee in accordance with SDCLT's Capital Improvements Policy as revised from time to time. To qualify for an Eligible Capital Improvement, Homeowner must submit a request for approval to SDCLT or its designee in advance of performing any work, along with plans and specifications for the proposed work, and contractor bids or other cost estimates and any other items required by SDCLT's Capital Improvements Policy. SDCLT or its designee shall approve any Eligible Capital Improvements prior to the commencement of construction. The Approved Value of any Eligible Capital Improvement shall not exceed eighty-five percent (85%) of the documented costs of such improvement. SDCLT shall have an opportunity to inspect to insure completion and satisfactory workmanship prior to issuing a final letter stating the Approved Value of an Eligible Capital Improvement and the approved depreciation schedule.

The Total Capital Improvements Credit claimed at the time of sale for all Eligible Capital Improvements shall not exceed five percent (5%) of the sum of the Initial Purchase Price plus the Indexed Appreciation calculated according to Article 10.11.a.

Nothing in this section shall prohibit Homeowner from making an improvement, which does not qualify as a Eligible Capital Improvement. However, only Eligible Capital Improvements, authorized in advance and approved after completion by SDCLT or its designee, may be included in the calculation of the Formula Price, as set forth herein.

- c) **EXCESSIVE DAMAGE CHARGE:** a decrease in the amount equal to the value of any excessive damage or neglect. Excessive damage or neglect is defined as damages beyond normal wear and tear. Such excessive damage may be described as, but not necessarily be limited to holes in walls, damaged or neglected floor coverings and Capital Systems, severely degenerated interior or exterior painted surfaces, damage resulting from neglected Capital Systems, or missing essential household fixtures that were originally a part of the edifice. Determination of excessive damage value will be at the sole discretion of the SDCLT and/or its agents.

The Formula Price, therefore, shall be calculated as follows:

Initial Purchase Price	\$ _____
Plus Indexed Appreciation	+ \$ _____
Plus Capital Improvements Credit, if any	+ \$ _____
Less Excessive Damage Charge, if any	- \$ _____

Equals Formula Price

= \$ _____

10.12 QUALIFIED PURCHASER'S CHOICE OF NEW LEASE OR ASSIGNMENT OF EXISTING LEASE

An Income-qualified Resident who purchases the Home in accordance with the provisions of this Article 10 shall have the option of receiving either an assignment of this Lease from the seller, with the approval of SDCLT, or a new Lease from SDCLT, which new Lease shall be substantially the same as this Lease in the rights, benefits and obligations assigned to Homeowner and SDCLT.

10.13 PURCHASER MAY BE CHARGED A TRANSFER FEE

In the event that Homeowner sells the home to a party other than the SDCLT (whether directly to such party or as a result of SDCLT's assignment of its Purchase Option to such party), the price to be paid by such purchaser shall include in addition to the Purchase Option Price, at the discretion of the SDCLT, a transfer fee to compensate the SDCLT for carrying out its responsibilities with regard to the transaction. The amount of the transfer fee shall be no more than ___% of the Purchase Option Price.

10.14 HOMEOWNER REQUIRED TO MAKE NECESSARY REPAIRS AT TRANSFER

The Homeowner is required to make necessary repairs when she voluntarily transfers the Home as follows:

- a) The person purchasing the Home ("Buyer") shall, prior to purchasing the Home, hire at its sole expense a building inspector with a current Home Inspector license from the _____ [licensing agency] to assess the condition of the Home and prepare a written report of the condition ("Inspection Report"). The Homeowner shall cooperate fully with the inspection.
- b) The Buyer shall provide a copy of the Inspection Report to Buyer's lender (if any), the Homeowner, and the SDCLT within 10 days after receiving the Inspection Report.
- c) Homeowner shall repair specific reported defects or conditions necessary to bring the Home into full compliance with Sections 4.2 and 7.6 above prior to transferring the Home.
- d) Homeowner shall bear the full cost of the necessary repairs and replacements. However, upon Homeowner's written request, the SDCLT may allow the Homeowner to pay all or a portion of the repair costs after transfer, from Homeowner's proceeds of sale, if Homeowner cannot afford to pay such costs prior to the transfer. In such event, either (i) 150% of the unpaid estimated cost of repairs

or (ii) 100% of the unpaid cost of completed repairs shall be withheld from Homeowner's proceeds of sale in a SDCLT-approved escrow account. *[Add the following sentence only if provision is made for a repair reserve: Also, upon Homeowner's written request, SDCLT may, at its discretion, agree to release funds from the Repair Reserve Fund to cover some or all of the cost of such repairs, provided that such use of the Reserve is in full compliance with Section 7.7 above.]*

- e) Homeowner shall allow SDCLT, Buyer, and Buyer's building inspector and lender's representative to inspect the repairs prior to closing to determine that the repairs have been satisfactorily completed.
- f) Upon sale or other transfer, Homeowner shall either (i) transfer the Home with all originally purchased appliances or replacements in the Home in good working order or (ii) reduce the Purchase Option Price by the market value of any such appliances that are not left with the Home in good working order.

ARTICLE 11: RESERVED

ARTICLE 12: DEFAULT

12.1 WHAT HAPPENS IF HOMEOWNER FAILS TO MAKE PAYMENTS TO SDCLT THAT ARE REQUIRED BY THE LEASE

It shall be an event of default if Homeowner fails to pay the Lease Fee or other charges required by the terms of this Lease and such failure is not cured by Homeowner or a Permitted Mortgagee within thirty (30) days after notice of such failure is given by SDCLT to Homeowner and Permitted Mortgagee. However, if Homeowner makes a good faith partial payment of at least two-thirds (2/3) of the amount owed during the 30-day cure period, then the cure period shall be extended by an additional 30 days.

12.2 WHAT HAPPENS IF HOMEOWNER VIOLATES OTHER (NON-MONETARY) TERMS OF THE LEASE

It shall be an event of default if:

- a) SDCLT determines that the Homeowner has made a material misrepresentation to obtain the benefits of this Ground Lease and purchase of the Home;
- b) Homeowner fails to occupy the Home in accordance with Section 4.6;
- c) Homeowner fails to provide annual certifications in accordance with Section 1.2 or 9.4;

- d) Homeowner makes a Conveyance of the Home or Leased Land in violation of this Lease;
- e) Homeowner fails to maintain the Home or Leased Land in accordance with Article 4;
- f) Homeowner fails to maintain insurance in accordance with Article 9;
- g) A notice of default is issued under a Permitted Mortgage;
- h) A lien is recorded against the Home or Leased Land, other than a Permitted Mortgage;
- i) Homeowner otherwise fails to abide by any other material term or condition in this Lease.

In the event Homeowner defaults under this Section 12.2 Homeowner or a Permitted Mortgagee shall have thirty (30) days after notice of such failure is given by SDCLT to Homeowner and Permitted Mortgagee to cure such failure; provided however, that no cure period shall be provided in the event of a default described in Section 12.3. In the case where the Homeowner or Permitted Mortgagee has commenced to cure such default within such thirty (30) day period and is continuing such cure with all due diligence but cannot by the exercise of due diligence cure such default within such period, such period may be extended by SDCLT, in its sole and absolute discretion, for such additional period as may be reasonably required under the circumstances to complete such cure.

12.3 WHAT HAPPENS IF HOMEOWNER DEFAULTS AS A RESULT OF JUDICIAL PROCESS

It shall be an event of default if the estate hereby created is taken on execution or by other process of law, or if Homeowner is judicially declared bankrupt or insolvent according to law, or if any assignment is made of the property of Homeowner for the benefit of creditors, or if a receiver, trustee in involuntary bankruptcy or other similar officer is appointed to take charge of any substantial part of Homeowner's property by a court of competent jurisdiction, or if a petition is filed for the reorganization of Homeowner under any provisions of the Bankruptcy Act now or hereafter enacted, or if Homeowner files a petition for such reorganization, or for arrangements under any provision of the Bankruptcy Act now or hereafter enacted and providing a plan for a debtor to settle, satisfy or extend the time for payment of debts.

12.4 A DEFAULT (UNCURED VIOLATION) GIVES SDCLT THE RIGHT TO TERMINATE THE LEASE OR EXERCISE ITS PURCHASE OPTION

- (a) **TERMINATION:** In the case of any of the events of default described above, SDCLT may terminate this lease and initiate summary proceedings under applicable law against Homeowner, and SDCLT shall have all the rights and remedies consistent with such laws and resulting court orders to enter the Leased Land and Home and repossess the entire Leased Land and Home, and expel Homeowner and those claiming rights through Homeowner. In addition, SDCLT shall have such additional

rights and remedies to recover from Homeowner arrears of rent and damages from any preceding breach of any covenant of this Lease. If this Lease is terminated by SDCLT pursuant to an Event of Default, then, as provided in Section 7.7 above, upon thus assuming title to the Home, SDCLT shall pay to Homeowner and any Permitted Mortgagee an amount equal to the Purchase Option Price calculated in accordance with Section 10.9 above, as of the time of reversion of ownership, less the total amount of any unpaid Lease Fee and any other amounts owed to the SDCLT under the terms of this Lease and all reasonable costs (including reasonable attorneys' fees) incurred by SDCLT in pursuit of its remedies under this Lease.

If SDCLT elects to terminate the Lease, then the Permitted Mortgagee shall have the right (subject to Article 8 above and the attached Exhibit: Permitted Mortgages) to postpone and extend the specified date for the termination of the Lease for a period sufficient to enable the Permitted Mortgagee or its designee to acquire Homeowner's interest in the Home and the Leased Land by foreclosure of its mortgage or otherwise.

- b) **EXERCISE OF OPTION:** In the case of any of the events of default described above, Homeowner hereby grants to the SDCLT (or its assignee) the option to purchase the Home for the Purchase Option Price as such price is defined in Article 10 above. Within thirty (30) days after the expiration of any applicable cure period as established in Sections 12.1 or 12.2 above or within 30 days after any of the events constituting an Event of Default under Section 12.3 above, SDCLT shall notify the Homeowner and the Permitted Mortgagee(s) of its decision to exercise its option to purchase under this Section 12.4(b). Not later than ninety (90) days after the SDCLT gives notice to the Homeowner of the SDCLT's intent to exercise its option under this Section 12.4(a), the SDCLT or its assignee shall purchase the Home for the Purchase Option Price.

12.5 WHAT HAPPENS IF SDCLT DEFAULTS

SDCLT shall in no event be in default in the performance of any of its obligations under the Lease unless and until SDCLT has failed to perform such obligations within sixty (60) days, or such additional time as is reasonably required to correct any default, after notice by Homeowner to SDCLT properly specifying SDCLT's failure to perform any such obligation.

ARTICLE 13: ARBITRATION

13.1 MEDIATION AND ARBITRATION ARE PERMITTED

Nothing in this Lease shall be construed as preventing the parties from utilizing any process of mediation or arbitration in which the parties agree to engage for the purpose of resolving a dispute.

13.2 HOMEOWNER AND SDCLT SHALL SHARE COST OF ARBITRATION

Homeowner and SDCLT shall each pay one half (50%) of any costs incurred in carrying out mediation or arbitration in which the parties have agreed to engage.

THE PARTIES AGREE AND ACKNOWLEDGE THAT: (1) THE ARBITRATOR'S AWARD SHALL BE FINAL AND BINDING ON THE PARTIES; (2) TO THE EXTENT THAT SUCH WAIVER IS AUTHORIZED AND ENFORCEABLE BY CALIFORNIA LAW, THE PARTIES ARE WAIVING THEIR RIGHT TO SEEK REMEDIES IN COURT, INCLUDING THE RIGHT TO A JURY TRIAL (3) PRE-ARBITRATION DISCOVERY IS GENERALLY MORE LIMITED THAN AND DIFFERENT FROM COURT PROCEEDINGS; (4) THE ARBITRATOR'S AWARD IS NOT REQUIRED TO INCLUDE FACTUAL FINDINGS OR LEGAL REASONING AND ANY PARTY'S RIGHT TO APPEAL OR TO SEEK MODIFICATION OF RULINGS BY ARBITRATORS IS STRICTLY LIMITED; AND (5) THE ABOVE PROVISIONS REQUIRE ANY ARBITRATION TO TAKE PLACE IN San Diego COUNTY, CALIFORNIA

**ARTICLE 14:
GENERAL PROVISIONS**

14.1 NOTICES

Whenever this Lease requires either party to give notice to the other, the notice shall be given in writing and delivered in person or mailed, by certified or registered mail, return receipt requested, to the party at the address set forth below, or such other address designated by like written notice:

if to SDCLT:
San Diego Community Land Trust

if to Homeowner:
(name of Homeowner)

If to Jurisdiction :

All notices, demands and requests shall be effective upon being deposited in the United States Mail or, in the case of personal delivery, upon actual receipt.

14.2 HOMEOWNER'S MEMBERSHIP IN SDCLT

The Homeowner under this Lease shall automatically be a regular voting member of the SDCLT.

14.3 NO BROKERAGE

Unless otherwise set forth in the Letters of Stipulation and Acknowledgment, Homeowner warrants and represents that it has not dealt with any broker in connection with the consummation of this Lease. In the event any claim is made against SDCLT relative to dealings with brokers other than that set forth in the Letter of Stipulation, Homeowner shall defend the claim against SDCLT with counsel of SDCLT's selection and save harmless and indemnify SDCLT on account of loss, cost or damage which may arise by reason of any such claim. This indemnity contained in this Section shall survive the termination of the Lease.

14.4 SEVERABILITY AND DURATION OF LEASE

If any part of this Lease shall be unenforceable or invalid, such material shall be read out of this Lease and shall not affect the validity of any other part of this Lease or give rise to any cause of action of Homeowner or SDCLT against the other, and the remainder of this Lease shall be valid and enforced to the fullest extent permitted by law. It is the intention of the parties that their respective options to purchase and all other rights and options hereunder shall continue in full force and effect for the duration of the Term and any renewal thereof, and such options and other rights shall be considered to be coupled with an interest. In the event any such option or right shall be construed to be subject to any rule of law limiting the duration thereof, the time period for the exercising of such option or right shall be construed to expire twenty (20) years after the death of the following persons:

NOTE: List the children living as of the date of this Lease

14.5 RIGHT OF FIRST REFUSAL IN LIEU OF OPTION

If the provisions of the purchase option set forth in Article 10 of this Lease shall, for any reason, become unenforceable, SDCLT shall nevertheless have a right of first refusal to purchase the Home at the highest documented bona fide purchase price offer made to Homeowner. Such right shall be as specified in the attached Exhibit D (FIRST REFUSAL). Any sale or transfer contrary to this section, when applicable, shall be null and void.

14.6 WAIVER

The waiver by SDCLT of, or the failure of SDCLT to take action with respect to, any breach of any term or condition contained herein shall not be deemed to be a waiver of such term or condition with regard to any subsequent breach of such term or condition, or of any other term or condition of the Lease. SDCLT may grant waivers in the terms of this Lease, but such must be in writing and signed by SDCLT before being effective.

The subsequent acceptance of Ground Lease Fee payments hereunder by SDCLT shall not be deemed to be a waiver of any preceding breach by Homeowner of any term or condition of this Lease, other than the failure of Homeowner to pay the particular Ground Lease Fee so accepted, regardless of SDCLT's knowledge of such preceding breach at the time of acceptance of such Ground Lease Fee payment.

14.7 SDCLT'S RIGHT TO PROSECUTE OR DEFEND

Homeowner shall, within five (5) business days of receiving such information, inform SDCLT in writing of any claim, demand, or charge made against the Leased Land or Home. SDCLT shall have the right, but shall be under no obligation, to prosecute or defend, in its own or the Homeowner's name, any actions or proceedings appropriate to the protection of SDCLT's title to, and Homeowner's interest in, the Leased Land. Whenever requested by SDCLT, Homeowner shall give SDCLT all reasonable aid in any such action or proceeding. In the event SDCLT prosecutes or defends in accordance with this Section, Homeowner shall reimburse SDCLT for SDCLT's reasonable expenses, which expenses shall be deemed Additional Ground Lease Fee.

14.8 INTERPRETATION

Whenever in this Lease a pronoun is used it shall be construed to represent either the singular or the plural, masculine or feminine, as the case shall demand. The captions and table of contents appearing in this Lease are for convenience only, and are not a part of this Lease and do not in any way limit or amplify the terms and conditions of this Lease.

14.8 PARTIES BOUND

This Lease sets forth the entire agreement between the parties hereto with respect to the leasing of the Land; it is binding upon and inures to the benefit of the parties hereto and, in accordance with the provisions hereof, their respective successors in interest. This Lease may be altered or amended only by written notice executed by the parties hereto or their legal representatives or, in accordance with the provisions hereof, their successors in interest.

14.9 GOVERNING LAW

This Lease shall be interpreted in accordance with and governed by the laws of California. The language in all parts of this Lease shall be, in all cases, construed according to its fair meaning and not strictly for or against SDCLT or Homeowner.

14.10 RECORDING

The parties agree, as an alternative to the recordation of this Lease, to execute a so-called Notice of Lease or Short Form Lease in form recordable and complying with applicable law and

reasonably satisfactory to the SDCLT. Any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease.

14.11 MEMO OF OPTION AND RIGHT OF FIRST REFUSAL

A Memorandum of Option and Right of First Refusal, the form of which is attached hereto as Exhibit I, evidencing the option and right of first refusal granted to SDCLT in Article 10, Section 12.4 and Section 14.4, shall be recorded concurrently with this Lease.

14.12 EXHIBITS

The Exhibits attached to this Ground Lease are incorporated into and made a part of this Lease.

14.13 COUNTERPARTS

This Ground Lease may be executed in counterparts.

14.14 ATTORNEYS FEES

The prevailing party in any action or proceeding brought by either party against the other under this Ground Lease shall be entitled to recover from the other party such court costs, costs and fees of the attorneys, paralegals, experts and consultants in such action or proceeding (whether in arbitration or at the administrative, trial or appellate levels) in such amount as the arbitrator or court may adjudge reasonable.

14.15 ESTOPPEL CERTIFICATES

Any party to this Lease may at any time deliver written notice to the other party requesting such party to certify in writing that, to the best knowledge of the certifying party: (i) this Lease is in full force and effect and a binding obligation of the party; (ii) this Lease has not been amended or modified either orally or in writing, and if so amended, identifying the amendments; and (iii) the requesting party is not in default in the performance of its obligations set forth in this Lease or, if in default, to describe therein the nature and amount of any such defaults. A party receiving a request hereunder shall execute and return such certificate within sixty (60) days following the receipt thereof. Any third party, including a Permitted Mortgagee, shall be entitled to rely on the certificate executed pursuant to this Section.

IN WITNESS WHEREOF, the parties hereto have executed this Land Lease as of the date first above written.

HOMEOWNER:

Name: _____

Name: _____

SDCLT:

**SAN DIEGO COMMUNITY LAND TRUST, INC., a California nonprofit public
benefit corporation**

Name: _____, Secretary

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____ 200_, 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.

Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____ 200_, 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.

Notary Public

[SEAL]

EXHIBIT A
LETTER OF STIPULATION

To: San Diego Community Land Trust (SDCLT)

Date: _____

This letter is given to SDCLT to become an exhibit to a Ground Lease between SDCLT and me. I will be leasing a parcel of land from SDCLT and will be buying the home that sits on that parcel of land. I will own only the home. I will not own the land on which my home sits. I will therefore become what is described here as a "land trust Homeowner."

SDCLT has advised me to seek legal counsel prior to purchasing my home and leasing the land. I have reviewed the Ground Lease and other legal documents that are part of this transaction. I understand the way these terms and conditions will affect my rights as a land trust Homeowner, now and in the future.

In particular I understand and agree with the following points.

- SDCLT's mission is to develop and preserve long-term affordable Homeownership for people of limited financial resources.
- SDCLT is the owner of the land on which the home I am buying is located.
- In the Ground Lease, my home is referred to as the "Home".
- The Price at which I may resell my home is limited by a resale formula in the Ground Lease.
- Both SDCLT and I agree that the terms and conditions of the Ground Lease require me to sell the home for a price affordable to another Income Qualified Resident.
- I intend to occupy my home according to the terms of the Ground Lease.
- Should I decide to sell my home, SDCLT will have the right to purchase my home for an affordable price before it is offered to anyone else. SDCLT may also approve a sale at an affordable price to an "Income Qualified Resident".
- The affordable price at which SDCLT or another purchaser would purchase my home is referred to as the Purchase Option Price in the Ground Lease.
- I understand that I can leave my home to my child or children or certain other members of my household and that, after my death, they can sell it on the terms permitted by the Ground Lease or if they are income eligible and agree to abide by the terms of the Ground Lease they can own the home for as long as they want to live in it.

- If my home is not left to my child or children or certain other family members, the person inheriting the home may be required to sell the home to another Eligible Purchaser.
- As a land trust Homeowner, it is my desire to see the terms of the Ground Lease and related documents honored. I consider these terms fair to me and others. I acknowledge the restrictions and requirements included in the Ground Lease and by signing this letter, I agree to them.
- I eagerly and freely accept the ownership of my home on the terms and conditions set forth in the Ground Lease.

Sincerely,

By: _____

Name: _____
(print)

By: _____

Name: _____
(print)

Date: _____

EXHIBIT B
DESCRIPTION OF LEASED LAND

EXHIBIT C
FORM OF DEED

EXHIBIT D

FIRST REFUSAL

Whenever any party under the Ground Lease shall have a right of first refusal as to certain property, the following procedures shall apply. If the owner of the property offering it for sale ("Offering Party") shall within the term of the Ground Lease receive a bona fide, third-party offer to purchase the property that such Offering Party is willing to accept, the holder of the right of first refusal (the "Holder") shall have the following rights:

- a. Offering Party shall give written notice of such offer ("the Notice of Offer") to Holder setting forth (a) the name and address of the prospective purchaser of the property, (b) the purchase price offered by the prospective purchaser and (c) all other terms and conditions of the sale. Holder shall have a period of forty-five (45) days after the receipt of the Notice of Offer ("the Election Period") within which to exercise the right of first refusal by giving notice of intent to purchase the property ("the Notice of Intent to Purchase") for the same price and on the same terms and conditions set forth in the Notice of Offer. Such Notice of Intent to Purchase shall be given in writing to the Offering Party within the Election Period.
- b. If Holder exercises the right to purchase the property, such purchase shall be completed within sixty (60) days after the Notice of Intent to Purchase is given by Holder (or if the Notice of Offer shall specify a later date for closing, such date) by performance of the terms and conditions of the Notice of Offer, including payment of the purchase price provided therein.

EXHIBIT E

PERMITTED MORTGAGES

The rights and provisions set forth in this Exhibit shall be understood to be provisions of Section 8.2 of the of the Lease. All terminology used in this Exhibit shall have the meaning assigned to it in the Lease.

A. OBLIGATIONS OF PERMITTED MORTGAGEE

Any Permitted Mortgagee shall be bound by each of the following requirements unless the particular requirement is removed, contradicted or modified by a rider to this Lease signed by the Homeowner and the SDCLT to modify the terms of the Lease during the term of the Permitted Mortgage.

1. If Permitted Mortgagee sends a notice of default to the Homeowner because the Homeowner has failed to comply with the terms of the Permitted Mortgage, the Permitted Mortgagee shall, at the same time, send a copy of that notice to the SDCLT. Upon receiving a copy of the notice of default and within that period of time in which the Homeowner has a right to cure such default (the "cure period"), the SDCLT shall have the right to cure the default on the Homeowner's behalf, provided that all current payments due the Permitted Mortgagee since the notice of default was given are made to the Permitted Mortgagee.
2. If, after the cure period has expired, the Permitted Mortgagee intends to accelerate the note secured by the Permitted Mortgage or begin foreclosure proceedings under the Permitted Mortgage, the Permitted Mortgagee shall first notify SDCLT of its intention to do so, and SDCLT shall then have the right, upon notifying the Permitted Mortgagee within thirty (30) days of receipt of such notice, to acquire the Permitted Mortgage by paying off the debt secured by the Permitted Mortgage.
3. If the Permitted Mortgagee acquires title to the Home through foreclosure or acceptance of a deed in lieu of foreclosure, the Permitted Mortgagee shall give SDCLT written notice of such acquisition and SDCLT shall then have an option to purchase the Home from the Permitted Mortgagee for the full amount owing to the Permitted Mortgagee under the Permitted Mortgage. To exercise this option to purchase, SDCLT must give written notice to the Permitted Mortgagee of SDCLT's intent to purchase the Home within thirty (30) days following SDCLT's receipt of the Permitted Mortgagee's notice. SDCLT must then complete the purchase of the Home within sixty (60) days of having given written notice of its intent to purchase. If SDCLT does not complete the purchase within this 60-day period, the Permitted Mortgagee shall be free to sell the Home to another person.
4. Nothing in the Permitted Mortgage or related documents shall be construed as giving Permitted Mortgagee a claim on SDCLT's interest in the Leased Land, or as assigning

any form of liability to the SDCLT with regard to the Leased Land, the Home, or the Permitted Mortgage.

5. Nothing in the Permitted Mortgage or related documents shall be construed as rendering SDCLT or any subsequent Mortgagee of SDCLT's interest in this Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt secured by the Permitted Mortgage or any part thereof.
6. The Permitted Mortgagee shall not look to SDCLT or SDCLT's interest in the Leased Land, but will look solely to Homeowner, Homeowner's interest in the Leased Land, and the Home for the payment of the debt secured thereby or any part thereof. (It is the intention of the parties hereto that SDCLT's consent to such the Permitted Mortgage shall be without any liability on the part of SDCLT for any deficiency judgment.)
7. In the event any part of the Security is taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the Permitted Mortgagee in accordance with the provisions of ARTICLE 9 hereof.
8. SDCLT shall not be obligated to execute an assignment of the Lease Fee or other rent payable by Homeowner under the terms of this Lease.

B. RIGHTS OF PERMITTED MORTGAGEE

The rights of a Permitted Mortgagee as referenced under Section 8.6 of the Lease to which this Exhibit is attached shall be as set forth below.

1. Any Permitted Mortgagee shall, without further consent by SDCLT, have the right to (a) cure any default under this Lease, and perform any obligation required under this Lease, such cure or performance being effective as if it had been performed by Homeowner; (b) acquire and convey, assign, transfer and exercise any right, remedy or privilege granted to Homeowner by this Lease or otherwise by law, subject to the provisions, if any, in the Permitted Mortgage, which may limit any exercise of any such right, remedy or privilege; and (c) rely upon and enforce any provisions of the Lease to the extent that such provisions are for the benefit of a Permitted Mortgagee.
2. A Permitted Mortgagee shall not be required, as a condition to the exercise of its rights under the Lease, to assume personal liability for the payment and performance of the obligations of the Homeowner under the Lease. Any such payment or performance or other act by Permitted Mortgagee under the Lease shall not be construed as an agreement by Permitted Mortgagee to assume such personal liability except to the extent Permitted Mortgagee actually takes possession of the Home and Leased Land. In the event Permitted Mortgagee does take possession of the Home and Leased Land and thereupon transfers such property, any such transferee shall be required to enter into a written

agreement assuming such personal liability and upon any such assumption the Permitted Mortgagee shall automatically be released from personal liability under the Lease.

3. In the event that title to the estates of both SDCLT and Homeowner are acquired at any time by the same person or persons, no merger of these estates shall occur without the prior written declaration of merger by Permitted Mortgagee, so long as Permitted Mortgagee owns any interest in the Security or in a Permitted Mortgage.
4. If the Lease is terminated for any reason, or in the event of the rejection or disaffirmance of the Lease pursuant to bankruptcy law or other law affecting creditors' rights, SDCLT shall enter into a new lease for the Leased Land with the Permitted Mortgagee (or with any party designated by the Permitted Mortgagee, subject to SDCLT's approval, which approval shall not be unreasonably withheld), not more than thirty (30) days after the request of the Permitted Mortgagee. Such lease shall be for the remainder of the term of the Lease, effective as of the date of such termination, rejection or disaffirmance, and upon all the terms and provisions contained in the Lease. However, the Permitted Mortgagee shall make a written request to SDCLT for such new lease within sixty (60) days after the effective date of such termination, rejection or disaffirmance, as the case may be. Such written request shall be accompanied by a copy of such new lease, duly executed and acknowledged by the Permitted Mortgagee or the party designated by the Permitted Mortgagee to be the Homeowner thereunder. Any new lease made pursuant to this Section shall have the same priority with respect to other interests in the Land as the Lease. The provisions of this Section shall survive the termination, rejection or disaffirmance of the Lease and shall continue in full effect thereafter to the same extent as if this Section were independent and an independent contract made by SDCLT, Homeowner and the Permitted Mortgagee.
5. The SDCLT shall have no right to terminate the Lease during such time as the Permitted Mortgagee has commenced foreclosure in accordance with the provisions of the Lease and is diligently pursuing the same.
6. In the event that SDCLT sends a notice of default under the Lease to Homeowner, SDCLT shall also send a notice of Homeowner's default to Permitted Mortgagee. Such notice shall be given in the manner set forth in Section 14.2 of the Lease to the Permitted Mortgagee at the address which has been given by the Permitted Mortgagee to SDCLT by a written notice to SDCLT sent in the manner set forth in said Section 14.2 of the Lease.
7. In the event of foreclosure sale by a Permitted Mortgagee or the delivery of a deed to a Permitted Mortgagee in lieu of foreclosure in accordance with the provisions of the Lease, at the election of the Permitted Mortgagee the provisions of Article 10, Sections 10.1 through 10.11 shall be deleted and thereupon shall be of no further force or effect as to only so much of the Security so foreclosed upon or transferred.

- 8. Before becoming effective, any amendments to this Lease must be approved in writing by Permitted Mortgagee, which approval shall not be unreasonably withheld. If Permitted Mortgagee has neither approved nor rejected a proposed amendment within 60 days of its submission to Permitted Mortgagee, then the proposed amendment shall be deemed to be approved.**

C. STANDARD PERMITTED MORTGAGE AGREEMENT

A Standard Permitted Mortgage Agreement, as identified in Section 8.4 of this Lease, shall be written as follows, and shall be signed by Mortgagee and Homeowner.

This Agreement is made by and among:

(Mortgagee) and
("Homeowner"),

Whereas:

- a) _____ SDCLT (the "SDCLT") and Homeowner have entered, or are entering, into a ground lease ("the Lease"), conveying to Homeowner a leasehold interest in the Land located at _____ ("the Leased Land"); and Homeowner has purchased, or is purchasing, the Home located on the Leased Land ("the Home").
- b) The Mortgagee has been asked to provide certain financing to the Homeowner, and is being granted concurrently herewith a mortgage and security interest (the "Mortgage") in the Leased Land and Home, all as more particularly set forth in the Mortgage, attached hereto as Schedule A.
- c) The Ground Lease states that the Homeowner may mortgage the Leased Land only with the written consent of SDCLT. The Ground Lease further provides that SDCLT is required to give such consent only if the Mortgagee signs this Standard Permitted Mortgage Agreement and thereby agrees to certain conditions that are stipulated herein ("the Stipulated Conditions").

Now, therefore, the Homeowner/Mortgagor and the Mortgagee hereby agree that the terms and conditions of the Mortgage shall include the Stipulated Conditions stated below.

ARTICLE 14: *Stipulated Conditions:*

1) If Mortgagee sends a notice of default to the Homeowner because the Homeowner has failed to comply with the terms of the Mortgage, the Mortgagee shall, at the same time, send a copy of that notice to the SDCLT. Upon receiving a copy of the notice of default and within that period of time in which the Homeowner has a right to cure such default (the "cure period"), the SDCLT shall have the right to cure the default on the Homeowner's behalf, provided that all current payments due the Permitted Mortgagee since the notice of default was given are made to the Mortgagee.

2) If, after such cure period, the Mortgagee intends to accelerate the note secured by the Mortgage or initiate foreclosure proceedings under the Mortgage, in accordance with the provisions of the Lease, the Mortgagee shall first notify SDCLT of its intention to do so and

SDCLT shall have the right, but not the obligation, upon notifying the Mortgagee within thirty (30) days of receipt of said notice, to purchase the Mortgagee loans and to take assignment of the Mortgage.

3) If the Mortgagee acquires title to the Home and Homeowner's interest in the Leased Land through foreclosure or acceptance of a deed in lieu of foreclosure, the Mortgagee shall give the SDCLT written notice of such acquisition and the SDCLT shall have an option to purchase the Home and Homeowner's interest in the Leased Land from the Mortgagee for the full amount owing to the Mortgagee; provided, however, that the SDCLT notifies the Mortgagee in writing of the SDCLT's intent to make such purchase within thirty (30) days following the SDCLT's receipt of the Mortgagee's notice of such acquisition of the Home and Homeowner's interest in the Leased Land; further provided that SDCLT shall complete such purchase within sixty (60) days of having given written notice of its intent to purchase; and provided that, if the SDCLT does not complete the purchase within such period, the Mortgagee shall be free to sell the Home and Homeowner's interest in the Leased Land to another person;

4) Nothing in the Mortgage or related documents shall be construed as giving the Mortgagee a claim on SDCLT's interest in the Leased Land, or as assigning any form of liability to the SDCLT with regard to the Leased Land, the Home, or the Mortgage.

5) Nothing in the Mortgage shall be construed as rendering SDCLT or any subsequent holder of the SDCLT's interest in and to the Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt evidenced by such note and such Mortgage or any part thereof.

6) The Mortgagee shall not look to SDCLT or SDCLT's interest in the Leased Land, but will look solely to Homeowner and Homeowner's interest in the Leased Land and the Home for the payment of the debt secured by the Mortgage. (It is the intention of the parties hereto that SDCLT's consent to the Mortgage shall be without any liability on the part of SDCLT for any deficiency judgment.)

7) In the event that any part of the Leased Land is taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the Mortgagee in accordance with the provisions of Article 9 of the Lease.

8) Nothing in the Mortgage shall obligate SDCLT to execute an assignment of the Lease Fee or other rent payable by Homeowner under the terms of this Lease.

By:

_____ *for Mortgagee* *Date:* _____
_____ *for Homeowner/Mortgagor* *Date:* _____

EXHIBIT F
PERMITTED MORTGAGE AGREEMENT

EXHIBIT G

NOTICE OF INTENT TO SELL

To: San Diego Community Land Trust ("SDCLT")

From: _____ [name of owner(s)] ("Homeowner(s)")

Address of Home: _____ ("Home")

Date: _____

Please be notified pursuant to Section 10 of the Ground Lease between Homeowner and SDCLT dated _____, that the Homeowner intends to transfer the Home listed above.

A. The following information is provided to SDCLT, pursuant to Section 10 of the Ground Lease:

1. Address of Leased Land: _____
2. Date Homeowner Purchased Home: _____
3. Purchase Price paid by Homeowner when Home were purchased: _____
4. Date Homeowner intends to vacate Home: _____
5. Date Home will be placed on market: _____
6. Name and phone number of person for Homeowner to contact to schedule inspection:
_____ and _____
(name) (phone number)

B. I have not listed the Home for sale with a multiple listing service, or contacted a real estate broker or financial institution. I agree to prepare the Home for sale by:

1. obtaining a pest control report within thirty (30) days of the date of this notice,
2. allowing SDCLT or a designee to inspect the Home within thirty (30) days of this notice,
3. if requested by SDCLT following SDCLT's inspection, I will obtain a home inspection report from a licensed home inspector,
4. maintaining utility connections until the Home is transferred,
5. permitting a walk through by SDCLT or a designee prior to close of escrow or the transfer.

This Notice of Intent to Convey is certified by Homeowner to be true and correct and is signed on _____ [insert date] under penalty of perjury.

By: _____
Homeowner

By: _____
Homeowner

EXHIBIT H

CERTIFICATE OF SELLER AND PROPOSED OWNER

This Certificate (the "Certificate") is executed this ____ day of ____, 200____, by _____ (the "Seller"), and _____ (the "Proposed Owner"), to be relied upon by San Diego Community Land Trust (the "SDCLT") in approving the sale of the Home (as defined below) to the Proposed Owner, subject to the terms of that certain Ground Lease dated _____, 20____, and recorded against the Land (as defined below) on _____, 200____, as Instrument Number _____ in the Official Records of the County of _____ County (the "Ground Lease"). The Proposed Owner intends to purchase from the Seller the home (the "Home") located on that certain real property located at _____, _____, CA _____ (the "Land"). The Proposed Owner intends to purchase the Home only and to lease the Land from the SDCLT.

Pursuant to Section 8(c)(4) of the Ground Lease, the Seller and the Proposed Owner hereby certify to the SDCLT that:

1. The purchase price of the Home does not exceed the Purchase Option Price (as such term is defined in the Ground Lease).
2. The purchase and sale of the Home shall be in accordance the terms and conditions of the sale contract and other documents submitted and approved by the SDCLT.
3. The Proposed Owner has not, nor has any other person paid and will not pay to the Seller, and the Seller has not received, and will not receive from the Proposed Owner nor any other person, money, or other consideration, including personal property, in addition to what is set forth in the sales contract and documents submitted and approved by the SDCLT.
4. The Proposed Owner and the Seller acknowledge that if the Home is purchased in violation of the Ground Lease or if false or misleading statements have been or are made in any documents submitted to the SDCLT or this Certificate, the SDCLT shall have the right to foreclose on the Home or file an action at law or in equity, as appropriate, notwithstanding the fact that the sale may have closed and become final as between the Proposed Owner and the Seller.
5. The Proposed Owner and Seller further acknowledge that any costs, liabilities, or obligations incurred by the Proposed Owner and Seller for the return of any monies paid or received in violation of the Ground Lease or for any of the Proposed Owner's and Seller's costs and legal expenses, shall be borne by the Seller and/or Proposed Owner and they shall hold the SDCLT and/or its designee harmless and reimburse the SDCLT's and/or its designee's expenses, legal fees and costs for any action the SDCLT and/or its designee reasonably take in good faith in enforcing the terms of this Agreement.

EXECUTED as of the date first written above.

Seller

Proposed Owner

EXHIBIT I
TITLE REPORT

EXHIBIT J

(MEMORANDUM OF LEASE FORM)

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

San Diego Community Land Trust

Attn: Executive Director

THIS SPACE FOR RECORDER'S USE ONLY

MEMORANDUM OF LEASE

THIS MEMORANDUM OF GROUND LEASE is dated as of _____, 2002,
and is by and between San Diego Community Land Trust, a California nonprofit public benefit
corporation (the "SDCLT") and _____ (the "Homeowner").

SDCLT and Homeowner have entered into that certain Ground Lease ("Lease") for
certain real property located in San Diego County, California, and by recordation of this
Memorandum of Ground Lease give notice of the unrecorded Ground Lease and place of public
record the following information:

Date of Lease: _____.

Description of Leased Land: See attached Exhibit A.

Date of Term Commencement: _____.

Term: The Initial Term of this Ground Lease ("Term") shall be the period from
_____, 2_____, through _____, 2____.

All Exhibits attached hereto and referenced herein shall be deemed incorporated herein
by this reference.

This Memorandum of Ground Lease in no way modifies or amends the provisions of the
Lease.

IN WITNESS WHEREOF, the parties have executed this Memorandum of lease as of the date first set forth above.

SDCLT

San Diego Community Land Trust, a California nonprofit public benefit corporation

By: _____

Its: _____

HOMEOWNER

By: _____

[Notarize signatures.]

EXHIBIT K

(MEMO OF OPTION AND RIGHT OF FIRST REFUSAL FORM)

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

San Diego Community Land Trust

Attn: Executive Director

(Space Above This Line For Recorder's Use)

MEMORANDUM OF OPTION AND RIGHT OF FIRST REFUSAL

This Memorandum of Option and Right of First Refusal ("Memorandum") is entered into as of _____, 200__ by and between San Diego Community Land Trust, a California nonprofit public benefit corporation (the "SDCLT") and _____ (the "Homeowner") with respect to certain rights granted to the Homeowner under those certain options and rights of first refusal to purchase the Home (as defined below) contained in Article 10, Section 12.4, and Section 14.4 of that certain Ground Lease (as defined below).

Pursuant to the ground lease by and between SDCLT and Homeowner dated _____ (the "Ground Lease"), Homeowner is leasing from SDCLT that certain real property more particularly described in the attached Exhibit B (the "Leased Land"). Homeowner is the owner of those certain improvements constructed on the Leased Land (the "Home").

Section 10.7 of the Ground Lease grants to SDCLT or the Assignee the option to purchase the Home on the terms and conditions stated in Section 10.7 of the Ground Lease (the "First Option").

Section 10.9 of the Ground Lease grants to SDCLT or the Assignee a second option to purchase the Home on the terms and conditions stated in Section 10.9 of the Ground Lease (the "Second Option").

Section 12.4 of the Ground Lease grants to SDCLT an option to purchase the Home in the event of Homeowner's default on the terms and conditions stated in Section 12.4 of the Ground Lease (the "Default Option").

Section 14.4 of the Ground Lease grants to SDCLT a right of first refusal to purchase the Home on the terms and conditions stated in Section 14.4 of the Ground Lease (the "Right of First Refusal").

This Memorandum shall incorporate all of the terms and provisions of the First Option, the Second Option, Default Option, and the Right of First Refusal as though fully set forth in this Memorandum of Option and Right of First Refusal.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the rights granted under the First Option, the Second Option, the Default Option, and the Right of First Refusal, of which this is a memorandum.

This Memorandum may be executed in any number of counterparts, all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS
MEMORANDUM AS OF THE DATE FIRST WRITTEN ABOVE:

SDCLT:

By: _____

Name: _____

Its: _____

HOMEOWNER:

By: _____

Name: _____

By: _____

Name: _____

[Notarize Signatures.]

EXHIBIT L

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT, dated as of _____, 200_ (the "Reimbursement Agreement"), is hereby entered into by and between the San Diego Community Land Trust, a California nonprofit public benefit corporation ("SDCLT"), and _____ (the "Homeowner").

RECITALS

A. SDCLT and Homeowner have executed that certain Ground Lease and Purchase Option (the "Ground Lease") of even date of this Reimbursement Agreement, which leases the Leased Land for a Term of ninety-nine (99) years subject to specified restrictions that Homeowner's interest in the Home and Leased Land may be transferred only to Income Qualified Residents so as to expand and maintain access to Homeownership opportunities for income qualified households.

B. Homeowner may mortgage, pledge or encumber the Leased Land or any portion thereof to a Permitted Mortgagee pursuant to the terms and conditions of the Ground Lease. In the event that Homeowner defaults on any Permitted Mortgage, SDCLT has, among other rights and remedies specified in the Ground Lease, the right but not the obligation to cure such default on behalf of Homeowner prior to the commencement of any foreclosure proceeding or sale in lieu thereof.

C. SDCLT's right to make payments to cure a default by Homeowner on a Permitted Mortgage will be of benefit to SDCLT by allowing SDCLT to prevent the foreclosure of the Leased Land and Home. SDCLT's right to make payments to cure a default by Homeowner on a Permitted Mortgage will also be of benefit to Homeowner by allowing Homeowner to retain Homeowner's interest in the Leased Land and Home, and to avoid foreclosure.

D. To secure repayment from Homeowner to SDCLT for any payment made by SDCLT on behalf of Homeowner to cure a default under a Permitted Mortgage, Homeowner agrees to enter into this Reimbursement Agreement. Homeowner further agrees to secure Homeowner's repayment obligations set forth in this Reimbursement Agreement by a deed of trust to be recorded against Homeowner's interest in the Leased Land as set forth in the Ground Lease.

E. Unless otherwise defined in this Reimbursement Agreement, the capitalized words and terms used in this Reimbursement Agreement shall have the same meanings as set forth in the Ground Lease.

AGREEMENT

NOW, THEREFORE, based upon the foregoing Recitals, which are incorporated to the Reimbursement Agreement by this reference, and in consideration of the mutual covenants herein contained, it is agreed by and between the SDCLT and Homeowner as follows:

1. **Cure of Loan Default.** Pursuant to the terms and conditions of the Ground Lease and this Reimbursement Agreement, SDCLT has the right but not the obligation to make payments on behalf of Homeowner to a Permitted Mortgagee to fully or partially cure any default or delinquency in payments of a Permitted Mortgage.

2. **Reimbursement Obligation of Homeowner.** Homeowner shall reimburse SDCLT for any and all payments made by SDCLT to fully or partially cure any default or delinquency in payments of a Permitted Mortgagee and for any costs incurred by SDCLT in making such payments, including but not limited to the cost of staff time and interest on the sums advanced by SDCLT at the maximum allowable interest rate pursuant to law. Such payments shall be delivered to SDCLT within thirty (30) days after written demand is made therefor from SDCLT to Homeowner. SDCLT may make such written demand to Homeowner at any time after making such payments to a Permitted Mortgagee. If such written demand is made by personal delivery to Homeowner or to the Leased Land, such demand shall be deemed given immediately upon such delivery. If such written demand is made by reliable overnight delivery service (such as FedEx), such demand shall be deemed given one business day after deposit of the written demand with the overnight delivery service. If such written demand is made by registered or certified U.S. Mail, such demand shall be deemed given three (3) business days after deposit of the written demand with the U.S. Postal Service.

3. **Security for Reimbursement.** The obligation of Homeowner to make the reimbursement payments to SDCLT required under Section 2 shall be secured by a leasehold deed of trust (the "Deed of Trust"), which shall encumber Homeowner's interest in the Leased Land and Home. Such Deed of Trust shall be executed by Homeowner and shall be recorded in the official records of San Diego County, California, at the time Homeowner acquires the interest in the Leased Land by way of the Ground Lease. Homeowner consents to recordation of such Deed of Trust in the official records of San Diego County, California. The Deed of Trust shall secure all amounts due from Homeowner and/or his, her or their successors and assigns as provided in this Reimbursement Agreement.

4. **Notice of Default and Delinquency.** Homeowner shall deliver to SDCLT a copy of any notice of default or delinquency in repayment of a Permitted Mortgage which Homeowner receives from or on behalf of a Permitted Mortgagee. Such notices shall be delivered to SDCLT within five (5) days of Homeowner's receipt of such notice from a Permitted Mortgagee.

5. **Waivers.**

(a) Homeowner expressly agrees that any payment due hereunder may be extended from time to time at SDCLT's sole and absolute discretion and that SDCLT may accept security in consideration for any such extension or release any security for this Reimbursement Agreement at its sole discretion all without in any way affecting the liability of Homeowner.

(b) No extension of time for payment of the amounts due pursuant to this Reimbursement Agreement made by agreement by SDCLT with any person now or hereafter liable for the payment of this Reimbursement Agreement shall operate to release, discharge, modify, change or affect the original liability of Homeowner under this Reimbursement Agreement, either in whole or in part.

(c) The obligations of Homeowner under this Reimbursement Agreement shall be absolute and Homeowner waives any and all rights to offset, deduct or withhold any payments or charges due under this Reimbursement Agreement for any reasons whatsoever.

(d) To the extent permitted by law, Homeowner waives presentment, demand, notice of protest and nonpayment, notice of default or delinquency, notice of acceleration, notice of costs, expenses or leases or interest thereon, notice of dishonor, diligence in collection or in proceeding against any of the rights of interests in or to properties securing of this Reimbursement Agreement, and the benefit of any exemption under any homestead exemption laws, if applicable.

(e) No previous waiver and no failure or delay by SDCLT in acting with respect to the terms of this Reimbursement Agreement shall constitute a waiver of any breach, default, or failure or condition under this Reimbursement Agreement. A waiver of any term of this Reimbursement Agreement must be made in writing and shall be limited to the express written terms of such waiver.

6. Attorneys' Fees and Costs. Homeowner agrees that if any amounts due under this Reimbursement Agreement are not paid when due, Homeowner shall pay all costs and expenses, including but not limited to reasonable attorneys' fees, paid or incurred by SDCLT in connection with the collection or enforcement of this Reimbursement Agreement, whether or not suit is filed. Homeowner further agrees that the provisions of Section 14.14 of the Ground Lease regarding attorneys fees and costs shall be equally applicable to this Reimbursement Agreement.

7. Miscellaneous.

(a) **Term of Agreement.** This Reimbursement Agreement shall take effect upon the date set forth in the first paragraph hereof and shall remain enforceable for the Term of the Ground Lease. In the event that SDCLT or Homeowner terminates the Ground Lease for any reason whatsoever, the terms and conditions of this Reimbursement Agreement shall survive until such time as SDCLT has been fully reimbursed by Homeowner for any payments, costs, and expenses to which SDCLT is entitled under this Reimbursement Agreement.

(b) **Successor is Deemed Included in All References to Predecessor.** Whenever in this Reimbursement Agreement either Homeowner or SDCLT is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Reimbursement Agreement contained by or on behalf of Homeowner or SDCLT shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

(c) **Amendment.** No modification, rescission, waiver, release or amendment of any provision of this Reimbursement Agreement shall be made except by a written agreement executed by SDCLT and Homeowner.

(d) **Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received in the manner and to the addresses set forth in Article 14 of the Ground Lease unless this Reimbursement Agreement specifies otherwise.

(e) **Further Assurances and Corrective Instruments.** Homeowner shall execute any further documents consistent with the terms of this Reimbursement Agreement, including documents in recordable form, as SDCLT shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Reimbursement Agreement.

(f) **Execution in Counterparts.** This Reimbursement Agreement may be executed in two or more separate counterparts, each of which, when so executed, shall be deemed to be an original. Such counterparts shall, together, constitute and shall be one and the same instrument.

(g) **Applicable Law.** This Reimbursement Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to conflict of law principles.

(h) **Captions.** The captions or headings in this Reimbursement Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Reimbursement Agreement.

[signatures on next page]

IN WITNESS WHEREOF, the SDCLT and Homeowner have duly executed this Reimbursement Agreement, all as of the date first above written.

"HOMEOWNER"

Name: _____

Name: _____

"SDCLT"

**SAN DIEGO COMMUNITY LAND TRUST,
INC., a California nonprofit public benefit
corporation**

By: _____

Its: _____

EXHIBIT M

(FORM OF DEED OF TRUST)

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

San Diego Community Land Trust

Attn: Executive Director

THIS SPACE FOR RECORDER'S USE ONLY

LEASEHOLD DEED OF TRUST

This LEASEHOLD DEED OF TRUST ("Deed of Trust") is made this _____ day of _____, 200__, by and among _____ [insert Homeowner] ("Trustor"), whose address is _____, California _____, _____ TITLE INSURANCE COMPANY, a California corporation ("Trustee"), and the SAN DIEGO COMMUNITY LAND TRUST, a California nonprofit public benefit corporation ("Beneficiary").

1. Grant In Trust. For the purposes and upon the terms and conditions in this Deed of Trust, Trustor grants, transfers, and assigns to Trustee, in trust, with power of sale and right of entry and possession, the following property and any interest therein (collectively, the "Trust Estate"): (a) Trustor's leasehold interest in and to that certain real property in the City of _____, County of San Diego, State of California, described as set forth in Attachment "1" attached hereto, and incorporated herein by reference (the "Leased Land"), as provided by that certain Ground Lease and Purchase Option of even date herewith by and between Trustor and Beneficiary (the "Ground Lease"); and (b) all buildings, structures, and residential improvements, including the building fixtures, now or in the future located on and permanently affixed to the Land (the "Home") (collectively, the "Home" and together with the Leased Land shall sometimes be referred to as the "Site").

2. Obligations Secured. Trustor makes this grant and assignment for the purpose of securing the following: (a) payment of any amounts owed pursuant to that certain Reimbursement Agreement of even date herewith by and between Trustor and Beneficiary, and extensions, modifications or renewals thereof; and (b) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust. Any capitalized terms contained in this Deed of Trust which are not defined herein shall have the meaning given in the Ground Lease, unless expressly provided to the contrary.

3. Payment Upon Sale, Encumbrance, Refinance, or Default. To the extent permitted by applicable law, if Trustor shall: (a) directly or indirectly, voluntarily or involuntarily, sell, assign, transfer, dispose of, alienate, encumber, lease, or agree to sell, assign, transfer, dispose of, alienate, encumber, or lease all or any portion of the Trust Estate (excluding

the lien of a Permitted Mortgage, and any other assignment, transfer, or encumbrance approved in writing by Beneficiary pursuant to the terms and conditions of the Ground Lease); (b) unless otherwise approved in writing by Beneficiary, refinance any lien or encumbrance which has priority over the Deed of Trust; or (c) default on any of its obligations set forth in the Reimbursement Agreement and fail to cure the default within any applicable cure period, Beneficiary, at its option, may declare the entire indebtedness evidenced hereby to be immediately due and payable and collectible then or thereafter as Beneficiary may elect, regardless of the date of maturity.

4. Incorporation of Fictitious Leasehold Deed of Trust. To protect the security of this Deed of Trust, and with respect to the Site above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B, of the fictitious deed of trust recorded in the San Diego County Recorder's Office on August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said Site is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	SERIES 5 Book 1964, Page 149774				

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

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

"TRUSTOR"

Name:

Name:

[Notarize Signatures]

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN DIEGO)

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.

Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN DIEGO)

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.

Notary Public

[SEAL]

DO NOT RECORD

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

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

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

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

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

4) To pay: at least ten (10) days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

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

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

B. It is mutually agreed:

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

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

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

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

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

6) That upon default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which

notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

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

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

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

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

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

REQUEST FOR FULL RECONVEYANCE

To be used only when note has been paid

Date _____

To: _____ Trustee: _____

The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. All sums secured by said Deed of Trust have been paid, and you are requested, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, the estate now held by you under the same.

Mail Reconveyance to:

By: _____

By: _____

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.

ATTACHMENT "1" TO DEED OF TRUST

DESCRIPTION OF LEASED LAND

[Attached]

Community Land Trust Ground Lease Rider

[For use with CLT ground leases substantially based on either the Institute for Community Economics or the National Community Land Trust Network model ground lease as identified in Fannie Mae's *Selling Guide*]

THIS COMMUNITY LAND TRUST GROUND LEASE RIDER (the "Rider") is made this _____ day of _____, _____, and amends and supplements a certain ground lease (referred to herein as "the CLT Ground Lease") dated _____ that is by and between _____ as lessor (herein referred to as "the Lessor" but may otherwise be referred to in the CLT Ground Lease as the "CLT") and _____, as lessee (herein referred to as "the Lessee" but may otherwise be referred to in the CLT Ground Lease as "Homeowner"). This Rider shall be deemed incorporated into the CLT Ground Lease, and the CLT Ground Lease as amended by this Rider, shall hereafter be referred to as the "Lease," unless otherwise indicated.

The CLT Ground Lease is a long-term lease of the Lessor's fee interest in the land located at _____, referred to herein as the "Leased Land," as improved by a residential structure or unit, referred to herein as the "Improvements." The Leased Land and the Improvements are collectively referred to herein as the "Leased Premises."

This Rider amends the CLT Ground Lease for the purpose of enabling the Lessee to obtain Fannie Mae financing in the form of a mortgage or deed of trust given this _____ day of _____, _____, by Lessee to _____ (the "Specified Mortgage"), and the interest of the Specified Mortgagee in the Leased Premises as secured by such mortgage or deed of trust may be referred to herein as the "Leasehold Estate." The Specified Mortgage is recognized by Lessor as a "Permitted Mortgage" (or as such concept is otherwise defined) under the CLT Ground Lease, and the holder of the Specified Mortgage (the "Specified Mortgagee") is recognized as a "Permitted Mortgagee" (or as such concept is otherwise defined) under the CLT Ground Lease.

ADDITIONAL COVENANTS. Notwithstanding anything to the contrary contained in the CLT Ground Lease, and in addition to the covenants and agreements made in the CLT Ground Lease, the Lessor and the Lessee further covenant and agree, so long (but only so long) as the Specified Mortgagee, its successors and assigns shall have an interest in the Leased Premises, as a holder of the Specified Mortgage or as an owner of the Lessee's interest pursuant to any sale after or in lieu of foreclosure, the following provisions shall apply to the CLT Ground Lease as modifications thereof:

A. No Assignment or Transfer. The making of the Specified Mortgage shall not be deemed to constitute an assignment or transfer of the Lease or Leasehold Estate so as to require the Specified Mortgagee to assume the performance of any of the Lessee's obligations under the Lease.

B. Status of the Fee Estate. The Lessor represents and warrants that there is no existing mortgage on the fee estate, and so long as the Specified Mortgage shall remain on the Leased Premises, the Lessor and the Lessee shall not subordinate the Lease to any mortgage or lien that may hereafter be placed on the fee estate. Notwithstanding the foregoing, a state- or local-government entity ("Government Entity") may hold a prior recorded interest (represented by recorded covenants, a mortgage or deed of trust, other lien) on the fee estate if the Government Entity has agreed that in the event it (including its successors and assigns) succeeds to the interest of the Lessor under the Lease by any remedy available to the Government Entity by law or pursuant to its lien, the Government Entity shall recognize all the terms of the Lease and this Rider as though the Government Entity were acting as the Lessor. Such recognition

must include, but is not limited to, the provisions of this Rider whereby all provisions of the Lease regarding (a) occupancy of the Leased Premises as a primary residence by the Lessee, (b) limitation on assignment of, or sublease under, the Lease, (c) the price at which the Leasehold Estate may be transferred, and (d) the income of successive transferees, assignees or successors, shall, in the event of foreclosure or assignment in lieu of foreclosure of the Specified Mortgage, be of no further force or effect with respect to such Specified Mortgage or its successive transferees, assignees or successors. Further, in such event of the Government Entity succeeding to the interests of the Lessor, the Lessee hereby agrees to recognize the Government Entity as exercising all rights and privileges of the Government Entity as lessor under the Lease and this Rider.

Such agreement by the Government Entity may be evidenced by the agreement between the Government Entity and the Lessor under which the Government Entity's prior recorded interest is derived, or by use of a recognition agreement derived from a sample the Specified Mortgagee may obtain from Fannie Mae. Irrespective of any interest by a Government Entity, the Specified Mortgage shall constitute a first leasehold lien on the Leased Premises, and shall have priority over the Lessor's reversionary interest. If the Lessor conveys title to the Leased Land while the Specified Mortgage remains on the Leased Premises, the Lease shall remain in effect with the same priority thereto.

C. Termination, Forfeiture and Modification of Lease. There shall be no termination, forfeiture, or modification of the Lease, except as provided in this Rider, without the prior written consent of the Specified Mortgagee. The Lessor and Lessee shall amend the Lease from time to time as reasonably requested by the Specified Mortgagee, as long as the requested changes do not change the periodic fee, charge or payment due the Lessor for the rights accorded the Lessee under the Lease (the "Ground Lease Fee"), and do not materially or adversely affect the rights of Lessor or Lessee or their respective interests in the Leased Premises. An adjustment of the Ground Lease Fee may be made by the Lessor as provided in the Lease, without prior approval of the Specified Mortgagee, so long as written notice has been delivered to the Specified Mortgagee at least 60 days prior to the effective date of such adjustment with respect to adjustments other than those (i) that were scheduled at the time the Specified Mortgage was given, and (ii) reflecting routine, periodic updates to variable expenses such as property taxes and liability insurance premiums; provided, however, that the Specified Mortgagee shall have the right to arbitrate (as provided herein) any dispute as to an adjustment of the Ground Lease Fee.

D. New Lease. In the event the Lessee's interest in the Lease has been terminated, forfeited, or surrendered as provided in the Lease, and the Specified Mortgage remains outstanding, a new Lease shall automatically be created between the Lessor and the Specified Mortgagee, which Lease shall be for the remainder of the term of the Lease, with the same priority thereto, and shall be subject to the same terms of the Lease as would be applicable pursuant to Section E.1. below where the Specified Mortgagee had accelerated its note, foreclosed on the Specified Mortgage, taken an assignment in lieu of foreclosure, or exercised its other remedies for default.

E. Mortgage Default or Foreclosure. Subject to the following, upon the occurrence of an event of default under the Specified Mortgage (as determined by the Specified Mortgagee—an "Event of Default"), and without the consent of the Lessor, the Specified Mortgagee shall be permitted to accelerate its note, foreclose on the Specified Mortgage, take an assignment in lieu of foreclosure, or exercise its other remedies for default.

Further:

1. Upon the occurrence of an Event of Default under the Specified Mortgage, the Lessee shall immediately notify the Lessor of such Event of Default and shall submit to Lessor copies of all notices the Lessee received from the Specified Mortgagee relating thereto. The Specified Mortgagee

and the Lessor shall endeavor to communicate and cooperate in efforts to deal with the circumstances of the Event of Default and the actions the parties may take relating thereto; provided, however, the Specified Mortgagee shall have no obligation to give formal legal notice of the Event of Default to the Lessor.

2. The Lessee and the Specified Mortgagee agree that the Lessor shall have the right, but not the obligation, to cure an Event of Default in the Lessee's name and on the Lessee's behalf. If such cure is not effective and continuing, nothing herein shall be construed to prevent or delay the Specified Mortgagee from its pursuit of foreclosure and any other available remedies. The Lessee shall be responsible to the Lessor for all payments made, and expenses incurred, by the Lessor in curing such default.
3. Should the Lessor not choose to cure an Event of Default as specified above, the Lessor shall nevertheless have the option to purchase from the Specified Mortgagee its interest in the Leasehold Estate on the Leased Premises for the full amount owing to the Specified Mortgagee under the Specified Mortgage as of the date of closing of the purchase, upon written notice given by the Specified Mortgagee (the "Mortgagee Option Notice") not later than 60 days following acquisition of title to the Leasehold Estate by the Specified Mortgagee by foreclosure or by an assignment in lieu of foreclosure; provided, however, the Specified Mortgagee may give such written notice following the occurrence of an Event of Default under the Specified Mortgage and prior to the completion of foreclosure proceedings. If the Lessor elects to exercise such option to purchase, the Lessor shall give written notice to the Specified Mortgagee of the Lessor's intent to purchase the Leasehold Estate (the "Lessor Option Notice") within 45 days following the Specified Mortgagee's giving of the Mortgagee Option Notice; provided, however, at the option of the Lessor, in the event the Mortgagee Option Notice is given prior to the completion of foreclosure proceedings by the Specified Mortgagee, the Lessor shall, within such 45-day period, be able to give a written notice to the Specified Mortgagee that it will delay giving the Lessor Option Notice until a date that is not later than 30 days following written notice from the Specified Mortgagee of its acquisition of title to its interest in the Leasehold Estate on the Leased Premises.

The Lessor shall complete the purchase of the Specified Mortgagee's interest in the Leasehold Estate within 60 days of giving the Lessor Option Notice. If the Lessor does not complete the purchase within the allotted 60 days, the Specified Mortgagee shall be free to sell its interest to another person or entity. Further, if the Lessor does not complete the purchase within the allotted 60 days, the Lessor agrees to pay to the Specified Mortgagee its costs of holding its interest in the Leasehold Estate from the date of the Lessor Option Notice until the expiration of such 60-day period. If the Lessor does not purchase the Specified Mortgagee's interest in the Leasehold Estate as described herein, the Leasehold Estate may be transferred, mortgaged and sublet an unlimited number of times, and the Lessor shall not require a credit review or impose other qualifying criteria on any such transferee, mortgagee or sublessee.

4. In the event of foreclosure or assignment in lieu of foreclosure, which results in the conveyance of the Leasehold Estate on the Leased Premises from the Lessee, any adjustment of the Ground Lease Fee to reflect then current fair market rental value as provided in the Lease, shall be subject to the approval of the Specified Mortgagee. The Specified Mortgagee and the Lessor shall attempt to resolve any dispute concerning such adjustment of the Ground Lease Fee, through the normal interaction of the parties, or through formal mediation as the case may warrant. If the dispute remains unresolved, the Specified Mortgagee and the Lessor shall submit the dispute as to the fair market rental value to binding arbitration.
5. In the event the Specified Mortgagee acquires title to the Leasehold Estate on the Leased Premises through foreclosure or assignment in lieu of foreclosure of the Specified Mortgage, all provisions of the Lease regarding (a) occupancy of the Leased Premises as a primary residence by the Lessee, (b)

any limitation on the assignment of, or sublease under, the Lease, (c) any obligation to target certain populations in marketing the Leasehold Estate to potential transferees, (d) the price at which the Leasehold Estate on the Leased Premises may be transferred, and (e) the income of successive transferees, and their successors and assigns, shall be of no further force or effect with respect to such Specified Mortgagee or its successive transferees, assignees or successors. The foregoing sentence shall not be construed to invalidate other Lease provisions regarding permitted use of the Leased Premises. Any transfer or assignment of the Leasehold Estate encumbered by the Specified Mortgage as provided for in this paragraph shall be deemed a permitted sale, transfer or assignment of the Lease and the Leasehold Estate. Further, in such event, the Leasehold Estate may be transferred, mortgaged and sublet an unlimited number of times, and the Lessor shall not require a credit review or impose other qualifying criteria on any such transferee, mortgagee or sublessee.

F. Lease Default. There shall be no forfeiture or termination of the Lease except for (i) the nonpayment of amounts due under the Lease, and (ii) violation of one or more provisions of the Lease addressing the following: (a) prohibition or restrictions on the sale or transfer of the Lessee's interest (however, non-sale transfers resulting from marriage, divorce, death of a spouse, or a transfer otherwise permitted by applicable federal law, may not constitute a basis for default under the Lease, though the Lessor may require such transferee to agree to assume the transferor's obligations under the Lease), and (b) requirement that the Lessee occupy the Leased Premises as primary residence. Provided, however, such forfeiture or termination shall be subject to the Specified Mortgagee's right to cure a monetary default, or otherwise foreclose or take an assignment of the Leasehold Estate in lieu of foreclosure with respect to the Lessee's monetary or non-monetary default. Notwithstanding the foregoing, nothing herein shall be construed to require the Specified Mortgagee to cure any non-monetary default. Further, the Specified Mortgagee shall become subrogated to any and all rights of the Lessee with respect to such curing of a default. If the Lessee's default shall be cured as provided in the Lease, and the Specified Mortgagee shall discontinue its foreclosure or assignment in lieu of foreclosure proceedings, the Lease shall continue in full force and effect as if the Lessee had not defaulted. A default by the Lessee under the Lease shall constitute a default under the Specified Mortgage.

G. Lease Default Notice. Notwithstanding the notice requirements provided in the Lease, no default notice by the Lessor shall be deemed to have been given unless and until a copy thereof shall have been so given to the Specified Mortgagee.

H. Insurance. All insurance policies covering the Improvements shall by endorsement name the Specified Mortgagee as an additional insured and loss payee, and provide the Specified Mortgagee with 30 days' cancellation notice.

I. Casualty and Condemnation. If the Leased Premises are destroyed or taken to such an extent that the Lease is to be terminated, the insurance proceeds or condemnation award, as the case may be, shall be applied first in an amount sufficient to satisfy the Specified Mortgage. Upon the termination of the Lease as a result of a partial destruction or a condemnation of less than the entire Leased Premises, the total insurance proceeds or condemnation award, as the case may be, shall be paid to an appointed trustee, who shall first apply such insurance proceeds or condemnation award in accordance with the Specified Mortgage for restoration of the Improvements (if such trustee determines that the Improvements may reasonably be restored to a residential use consistent with the Lease), with the balance of such insurance proceeds or condemnation award to be allocated between the Lessor and Lessee as otherwise provided in the Lease. The Specified Mortgagee shall be entitled to participate in (i) the adjustment of all casualty losses and (ii) all condemnation proceedings and settlement discussions. Any insurance proceeds or condemnation award shall be applied in accordance with the Specified Mortgage. The Specified

Mortgagee shall also be entitled to participate in the adjustment of the Ground Lease Fee as a result of a partial destruction or taking.

J. Force Majeure. The Lessee shall not be in default where performance is delayed or prevented by "Acts of God," war, civil commotion, strikes, labor disputes or the like.

K. Easements and Alterations. Additions to and alternations in the Improvements may be made as provided in the Lease, as long as the value of the Leased Premises is not diminished. The Lessor, as owner of the fee interest in the Leased Land, shall join in all easements, permits and applications necessary for such development of the Leased Premises as is permitted under the Lease, provided that the Lessor shall have no liability or obligation under such easement, permit or application.

L. Arbitration. The Specified Mortgagee shall have the right to participate in any arbitration or legal proceedings between the Lessor and the Lessee. Any arbitration proceedings shall be conducted in accordance with arbitration statutes applicable in the state where the Leased Premises are located.

M. Merger. If the estates of the Lessor and Lessee are at any time owned by the same person, so long as the Specified Mortgagee has any interest in the security or in the Specified Mortgage, such person shall take all necessary steps to ensure that the Specified Mortgage constitutes a first lien on the combined estate.

N. Sublease. There shall be no modification, cancellation, or surrender of any subleases, or prepayment of rent thereunder without the consent of the Specified Mortgagee. If the Specified Mortgagee forecloses on the Leased Premises, or takes an assignment in lieu of foreclosure, all subtenants shall attorn to such Specified Mortgagee or its assignee.

O. Estoppel Certificate. The Lessor shall, from time to time, with 10 days written notice from the Specified Mortgagee, certify by written instrument, duly executed and acknowledged, to such Specified Mortgagee that the Lease has not been amended, the Lease is in full force and effect, that neither party is in default thereunder, and shall certify as to the existence of any offsets, counterclaims or defenses on the part of the Lessee.

P. **Conflict.** In the event of a conflict between the terms and provisions of this Rider and the terms and provisions of the Lease, the terms and provisions of this Rider shall control.

BY SIGNING BELOW, the Lessor and the Lessee accept and agree to the terms and conditions of this Rider.

IN WITNESS WHEREOF, the parties have executed this Rider at _____, on the day and year first written above.

LESSOR:

By: _____

Title: _____

LESSEE:

(Add notaries)



Instructions

Community Land Trust Ground Lease Rider

The Community Land Trust (CLT) Ground Lease Rider ensures the ground lease conforms to Fannie Mae's guidelines for mortgages secured by properties held under a community land trust ground lease.

Lenders should ensure their CLT partners approve the use of the revised version of Form 2100 (3/06 rev. 12/10). Loans are not eligible for purchase if delivered with prior versions of this form.

Copies

Original.

Printing Instructions

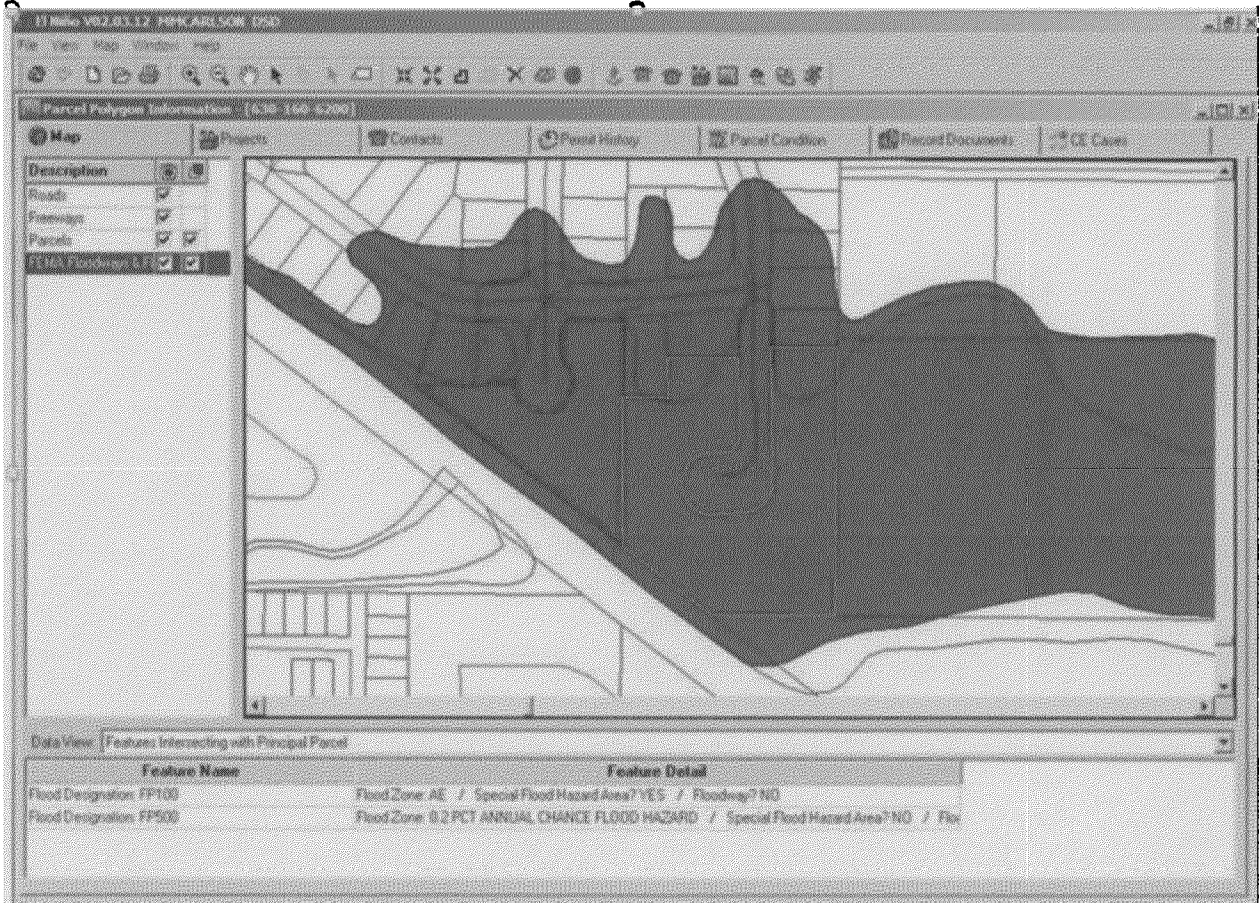
The PDF version of the form must be printed on letter size paper, using portrait format.

Instructions

The Community Land Trust Ground Lease Rider must be executed by both the lessor and lessee and must be recorded along with the ground lease.



Exhibit D: Special Flood Hazard Area



LESSEE QUESTIONNAIRE

CITY OF SAN DIEGO

LESSEE'S AND SUBLESSEE'S QUESTIONNAIRE FOR ALL LEASES, ASSIGNMENTS AND SUBLEASES

Pursuant to the City of San Diego City Charter Section 225: "Mandatory Disclosure of Business Interests," before the City will process requests to (Sub)Lease, all information requested in this Questionnaire must be completed by the proposed (Sub)Lessee. Even though a proposed Sublessee may complete the Questionnaire, the Questionnaire must be delivered or mailed to the City with a cover letter signed by the City Lessee or proposed Lessee. **THE CITY WILL NOT ACCEPT THE QUESTIONNAIRE, DOCUMENTS, OR OTHER INFORMATION DIRECTLY FROM A SUBLESSEE.**

All information furnished in this Questionnaire must be complete and accurate. Omissions, inaccuracies, or misstatements may cause the rejection and/or subsequent revocation of the City's Lease, consent to Sublease, or consent to Assignment of (Sub)Lease.

In submitting this Questionnaire, the proposed (Sub)Lessee completing the Questionnaire authorizes the City to make any inquiry or investigation it believes necessary to substantiate or supplement the information furnished in the Questionnaire, and authorizes others to release such information to the City.

Exact name of existing Lessee (always complete):

The San Diego Community Land Trust

Exact name of proposed Lessee (complete only if applicable):

N/A

Exact name of existing Sublessee (complete only if applicable):

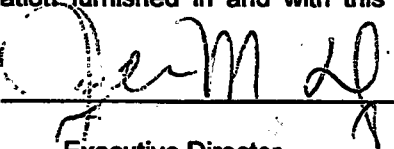
N/A

Exact name of proposed Sublessee (complete only if applicable):

N/A

Date this Questionnaire completed: May 29, 2018.

The information furnished in and with this Questionnaire is true, complete, and correct to the best of my knowledge.

Signature: 

Title: Executive Director

This Questionnaire contains 15 pages.

PROPOSED (SUB)LESSEE

1. Name of proposed (Sub) Lessee exactly as it will appear on the actual tenancy document:

San Diego Community Land Trust

2. Mailing Address of proposed (Sub)Lessee for purposes of notice or other communication relating to the proposed tenancy:

PO Box 263/Lemon Grove/CA 91946

Telephone No.: 858-375-8947

Fax. No.:

E-mail Address: jeandiaz@sdclt.org

3. Billing Address (*only if different from Mailing Address*):

Telephone No.:

Fax. No.:

4. Proposed (Sub)Lessee intends to operate as a:

Sole Proprietorship (); Partnership (); Corporation ();

Limited Liability Company (); Other 501(c)(3) non profit corporation

Explain if necessary:

5. Effective date of assignment (complete only if applicable):

PARTNERSHIP STATEMENT

If proposed (Sub)Lessee is a partnership, please answer the following:

1. Date of Organization: N/A

2. General Partnership () Limited Partnership ()

Other () Explain _____

3. Statement of Partnership recorded: Yes () No ()

Date Book Page County

4. Has the partnership conducted business in San Diego County?

Yes () No () If so, when? _____

If so, where? _____

5. Name, address, and partnership share of each general and limited partner. If a general partner is another partnership, a corporation, or a limited liability company (LLC), please complete separate pages 3; or 4 and 5; or 6, as appropriate for such entity (type proposed [Sub]Lessee name [from page 2] on the top of each page for identification purposes). If a limited partner holding a 10% or greater interest is another partnership, a corporation, or an LLC, pages 3; or 4 and 5; or 6 must also be completed for such entity (type proposed [Sub]Lessee name [from page 2] on the top of each page).

General/Limited	Name	Address	Share %

6. Attach a complete copy of the Partnership Agreement. If a Partnership Agreement has been previously submitted, a new Partnership Agreement need be submitted only if the Partnership Agreement on file with the City is no longer current.

CORPORATION STATEMENT

If proposed (Sub)Lessee is a corporation, please answer the following:

1. Type of corporation: C () Subchapter S () (X) 501(c)(3) Non-profit
2. When incorporated? 10/5/2007
3. Where incorporated? California
4. Is the corporation authorized to do business in California? Yes (x) No ()
If so, as of what date? 10/5/2007
5. The corporation is held:
a. Publicly () Privately () N/A AS A 501(c)(3)
b. If publicly held, how and where is the stock traded?

N/A 501(c)(3) non profit organization

6. Please list the following:

	<u>Authorized</u>	<u>Issued</u>	<u>Outstanding</u>
a. Number of voting shares:	<u>0</u>	<u> </u>	<u> </u>
b. Number of nonvoting shares:	<u>0</u>	<u> </u>	<u> </u>
c. Number of shareholders:	<u> </u>	<u> </u>	<u> </u>
d. Value per share of Common Stock:		Par \$ <u> </u>	<u> </u>
		Book \$ <u> </u>	<u> </u>
		Market \$ <u> </u>	<u> </u>

7. Please furnish the name, title, address, and the number of voting and nonvoting shares of stock owned by each officer and, in addition, the same information for each stockholder owning more than 10% of any class of stock.

Name: CHARLES DAVIS
Title: PRESIDENT
Address: 3427 EVERGREEN
BONITA, CA 91902
No. of Shares: N/A 0

Name: DAMON BRADEN
Title: VICE PRESIDENT
Address: 3048 S. BONITA ST
SPRING VALLEY, CA 91977
No. of Shares: 0 N/A

Name: TOM SCOTT
 Title: CFO
 Address: 12533 NIEGO LN
SAN DIEGO, CA 92128
 No. of Shares: 0 N/A
 Name: SOCHIATA VUTTHY
 Title: SECRETARY
 Address: 1502 PALOMAR DRIVE
SAN MARCOS, CA 92069
 No. of Shares: 0 N/A
 Name: _____
 Title: _____
 Address: _____
 No. of Shares: _____

(Additional page(s) may be added if needed to complete list of stockholders [type proposed (Sub)Lessee name (from page 2) on the top of each page].)

8. Attach complete copies of the Articles of Incorporation (and any Certificate(s) of Amendment thereto, as the case may be) of the Corporation, and the Bylaws of the Corporation (and any Amended and Restated Bylaws, as the case may be), and any other applicable Corporate documents.

Any partnership, corporation, or LLC owning more than a 10% ownership interest must also complete separate pages 3; or 4 and 5; or 6, as appropriate for each entity (type proposed [Sub]Lessee name [from page 2] on the top of each page for identification purposes). Also, furnish the financial data for such partnership, corporation, or LLC, as required on page 7. If there is an ownership chain of additional partnerships, corporations, or LLCs, the above requirements extend to each such entity having either: (1) a 10% or greater direct, indirect, beneficial ownership, or membership interest in the proposed (Sub)Lessee; or (2) effective control of the proposed (Sub)Lessee, regardless of the percentage of ownership or membership interest.

If the proposed (Sub)Lessee is an LLC, please answer the following:

- | Manager/Officer/
Member | Name | Address | Share
% |
|----------------------------|------|---------|------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

- Page 6 of 15

FINANCIAL AND OTHER BACKGROUND INFORMATION

FINANCIAL STATEMENT

(Sub)Lessee, general partners of (Sub)Lessee, owner-corporations of (Sub)Lessee, members of (Sub)Lessee owning more than a 10% membership interest, and any person or business entity guaranteeing the performance of (Sub)Lessee must attach a complete report, prepared in accordance with good accounting practice, reflecting current financial condition. The report must include a balance sheet and annual income statement. The person or entity covered by the report must be prepared to substantiate all information provided.

OTHER INFORMATION

Each (Sub)Lessee, each general partner of (Sub)Lessee, each owner-corporation of (Sub)Lessee, each member of (Sub)Lessee owning more than a 10% membership interest, any person or business entity guaranteeing the performance of (Sub)Lessee, any person or entity owning more than a 10% interest of (Sub)Lessee, and any guarantor of (Sub)Lessee must answer the following questions:

1. **Surety Information** - Has a surety or bonding company ever been required to perform on the default of any of the individuals or entities?
 - a. Yes () No (☒)
 - b. If yes, please attach a statement naming the surety or bonding company, date, amount of bond, and the circumstances surrounding said default and performance.
2. **Bankruptcy Information** - Have any of the individuals or entities ever been adjudicated bankrupt or are any presently a debtor in a pending bankruptcy action?
 - a. Yes () No (☒)
 - b. If yes, please give dates, court jurisdiction, and amount of liabilities and assets.
3. **Pending Litigation** - Are any of the individuals or entities presently a party to ANY pending litigation?
 - a. Yes () No (☒)
 - b. If yes, please provide detailed information for each action.
4. **Claims, Liens, or Judgments** - Are any of the individuals or entities now subject to any outstanding claims, liens, or judgments?
 - a. Yes () No (☒)
 - b. If yes, please provide detailed information for each claim, lien, or judgment.

REFERENCES FOR PROPOSED (SUB)LESSEE

Please list four persons or firms with whom you have conducted business transactions during the past three years. Two of the references must have knowledge of your debt payment history, with at least one being a financial institution. Two of the references must have knowledge of your business experience.

N/A SDCLT has paid the nominal lease fee at inception and is precluded from incurring debt or operating business from the premises

REFERENCE NO. 1

Name: DAVID WEILAND
Firm: INFILL DEVELOPMENT
Title: PRINCIPAL
Address: 771 JAMANCHA RD #516 EL CAJON CA 92019
Telephone: 619 334-5200

Nature and magnitude of purchase, sale, loan, business, association, etc.:

GENERAL CONTRACTOR FOR LEMON
GROVE AND NESTOR PROJECTS

REFERENCE NO. 2

Name: MALIN BURNHAM
Firm: 110 WEST A STREET SUITE 1000
Title: SAN DIEGO, CA 92101
Address: _____
Telephone: 619 236-1557

Nature and magnitude of purchase, sale, loan, business, association, etc.:

CHAIR, SDCLT ADVISORY COMMITTEE

REFERENCE NO. 3

Name: KWOFI REED
Firm: SAN DIEGO LISC
Title: LENDING PROGRAM OFFICER
Address: 4305 UNIVERSITY AVE SUITE 420
SAN DIEGO, CA 92105
Telephone: 619 541-8015

Nature and magnitude of purchase, sale, loan, business, association, etc.:

\$200K PREDEVELOPMENT LOAN FOR
LEMON GROVE PROJECT

REFERENCE NO. 4

Name: MICHAEL LENGEL
Firm: CIVIC SAN DIEGO
Title: ASSISTANT V.P.
Address: 1100 3RD AVE, SAN DIEGO, CA 92101
Telephone: 619 533-7158

Nature and magnitude of purchase, sale, loan, business, association, etc.:

\$20,000 PREDEVELOPMENT LOAN
FOR NESTOR PROJECT

CITY OF SAN DIEGO PERSONAL DESCRIPTION AND RELEASE

PLEASE NOTE: All partners, both general and limited; all stockholders owning more than 10% of any class of stock of corporations; all members of a limited liability company; and sole proprietors requesting to (sub)lease, must each complete this page before the tenancy request can be processed. (You may reproduce and use copies of this page, if necessary.)

The following personal information is required to initiate a credit investigation. The business and personal reputation of principals, partners, and members will be considered in qualifying Lessees or in consenting to Sublessees.

First, Middle, & Last Name	_____ N/A non profit organization _____
Date of Birth	_____
Place of Birth	_____
Social Security Number	_____
Driver's License Number/State	_____
Home Address	_____

Previous Address	_____

Home Telephone No.	_____
Employer	_____
Occupation	_____
Business Address	_____
Business Telephone No.	_____
Business Fax No.	_____

The City is hereby authorized to request a credit report and other information covering my financial and business history.

Date _____ Signed _____

Print or type exact name of proposed (Sub)Lessee from page 2 of Questionnaire:

METHOD OF OPERATION

Please describe your proposed business operation on the property to be (Sub)Leased. Discuss any optional services and uses which you propose to provide.

N/A by terms of the ground lease, San Diego Community Land Trust cannot conduct any business. Only perform due diligence prior to exercising its purchase option.

SDCLT'S DEVELOPMENT PLAN FOR
16 3 & 4 BEDROOM HOMES TO BE
AFFORDABLE FOR HOUSEHOLDS EARNING
NO MORE THAN 120% OF SDAMI
IS SUBJECT TO APPROVAL BY THE
CITY AS A CONDITION PRECEDENT
TO EXERCISE OF ITS PURCHASE OPTION.
THE HOMES WILL BE CONSTRUCTED
AFTER TITLE PASSES TO SDCLT
IN ACCORDANCE WITH THE
LEASE AND PURCHASE AND SALE
AGREEMENTS.

**PROPOSED METHOD OF FINANCING
DEVELOPMENT OR LEASEHOLD PURCHASE**

Describe the method of financing for the Leasehold purchase or any new or additional development on the Leasehold. Include a schedule of approximate dates when construction of each significant improvement is expected to be commenced and completed.

N/A San Diego Community Land Trust has paid its minimal ground lease fee at inception of the ground lease. There is no development requiring financing during the lease period.

ONCE TITLE TRANSFERS TO SDCLT IN ACCORDANCE WITH THE LEASE AND PURCHASE AND SALE AGREEMENT. CONSTRUCTION FINANCING, AS APPROVED BY THE CITY, WILL BE OBTAINED. UPON SALE TO HOMEOWNERS, THEY WILL OBTAIN TRADITIONAL 30YR MORTGAGE LOANS CONSISTENT WITH THE SDCLT GROUND LEASE APPROVED BY THE CITY

ESTIMATE OF GROSS RECEIPTS

N/A SDCLT WILL NOT BE OPERATING
A BUSINESS ON LEASED LAND

If this Questionnaire is being completed by a prospective Lessee, please show the best estimate of the average annual gross sales for each significant use or service, and for each significant optional use or service which the Lessee and its Sublessees (if any) plan to conduct on or from the property. (If the Questionnaire is being completed by a Sublessee, only the estimate of the Sublessee's gross sales is required.) This data will be used by the City to analyze the proposed Lease or Sublease Consent application. The time periods shown should not be assumed to necessarily represent the term of a (Sub)Lease that may be granted or consented to by the City.

Average annual gross sales for each proposed significant use during each of the first five operating years:

N/A. As previously indicated SDCLT is prohibited for carrying on any business during the lease term.

Year of Operation	Uses (Identify Each Use)				
1	\$	\$	\$	\$	\$
2					
3					
4					
5					

EXPERIENCE STATEMENT

Please describe in detail the duration and extent of your business experience, with special emphasis upon experience with the type of business which you propose to conduct on City property. Also state in detail the pertinent experience of the persons who will be directly involved in development and management of the business.

N/A As previously mentioned SDCLT is prohibited from using the leased site for any business. The business plan for development of the site once the purchase option is exercised is a condition precedent to exercise of the option.

SDCLT'S QUALIFICATIONS TO PROVIDE THE AFFORDABLE HOMES ONCE THE PURCHASE OPTION HAS BEEN EXECUTED HAS ALREADY BEEN REVIEWED. SDCLT LEADERSHIP BIDS ARE ATTACHED

**TERMS AND CONDITIONS OF PURCHASE, SALE,
OR TRANSFER OF (SUB)LEASEHOLD INTEREST**

(NOTE: Complete this page only if the transaction involves a Lease assignment.)

Please summarize the terms and conditions of the purchase, sale, or transfer of Leasehold interest(s) which requires City consent, as specified in the Assignment-Sublease provisions of the City Lease. Please attach copies of the applicable sales agreement(s), escrow instructions, assignment agreement(s), or other documents in conjunction with the sale, purchase, or transfer of the (Sub)Leasehold interest(s).

N/A the ground lease cannot be assigned without City consent and no transfer is contemplated. SDCLT has worked with staff on required changes to the ground lease to enable the proposed development to proceed and these changes have been approved by the Smart Growth and Land Use Committee and is scheduled for council action in June.

Carlson, Mary

From: Jean Diaz <jean.m.diaz@hotmail.com>
Sent: Wednesday, May 30, 2018 5:47 PM
To: Carlson, Mary
Cc: cdavis@urbanwestdevelopment.net; Lowe, Elyse
Subject: Lessee Questionnaire
Attachments: lessee questionnaire.pdf; sdclt name change.pdf; SDCLT Bylaws.pdf; 2018 sdclt leadership.docx

Hi Mary. As I mentioned, this form was designed for the lease of city property for the purpose of a lessee operating a business on the leased premises. As such it assumes a private entity—a corporation, partnership or similar private entity that will operate a business. As you know, the San Diego Community Land Trust is a 501©(3) non profit organization and the questionnaire does not provide appropriate questions for a non profit organization. Also, as you know, the lease only permits our due diligence and, to my chagrin, the obligation to maintain the site and assume liability while we cannot pursue any other use of the premises. As such I have answered the questionnaire to the best of my ability reflecting our situation.

I have not, however, completed page 10, City of San Diego Personal Description and Release, seeking personal information for the purpose of performing credit checks. As a non profit board, the board members are volunteers—they receive no remuneration and provide no funding commitments for our projects. SDCLT funds come from donations, grants and project revenues. SDCLT does not obtain any credit commitments from its all-volunteer board members and it is therefore not appropriate to subject them to credit checks. This is of course totally appropriate where a private entity or party were applying to operate a business on leased property.

I have attached a copy of the amended Articles reflecting the name change and a copy of the by-laws and our current leadership (as an attachment to experience question)

This should suffice for the purposes at the moment. Of course, ultimate development plans and the financing therefore are covered by the conditions precedent to the lease and that is where those details are appropriately covered

Jean Diaz, Executive Director

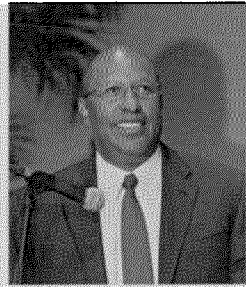


PO Box 263
Lemon Grove, CA 91946
858-375-8947
jeandiaz@sdclt.org

San Diego Community Land Trust 2018 Leadership

Governing Board

Charles Davis, Board President



Charles E. Davis is the principal of Urban West Development, which was founded in 1996 specializing in supporting owners, investors and non-profits with the development of real estate. Charles Davis has been involved in over 800 million dollars in development and construction. Charles experience includes the management of housing, retail, industrial, environmental and commercial projects from acquisition, planning, development, construction and operations. He has over 35 years of experience in community and real estate development which includes feasibility analysis, project budgeting, site selection and acquisition, project consultant/contractor selection and coordination, project monitoring and cost controls, scheduling, change orders management, submittal and pay application systems administrations and project financing.

His expertise also includes government agency negotiations, regulatory compliance and enforcement and the development, construction and asset management of affordable housing, multi-family housing, senior housing, single family tracts, condominiums and commercial/retail centers. He has served as Director of Project Development for Jacobs Center for Neighborhood Innovation, Community Development Officer of the Gaslamp Quarter Association in San Diego, Director of Development at Landgrant Development and partner in the firms of Thompson and Associates and Robinson Development.

Charles attended the University of California at Los Angeles School of Engineering and has a Business degree from the University of Redlands. He also studied and completed the Community Economic Development Program at San Diego State University. He is a Licensed California General Building Contractor and is a Member of the Construction Management Association of America.

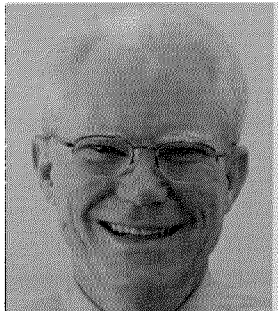
Sochiata Vutthy, Board Secretary

Sochiata is Senior Asset Manager for Community Housing Works (CHW) overseeing the physical plant and minor rehabilitation of 1,069 apartments. Her responsibilities include creating construction budgets, reviewing contracts, preparing construction schedules and overseeing project completion. Sochiata was previously a Project Manager responsible for planning, developing and implementing all aspects of project development of affordable housing projects from acquisition through construction and occupancy including feasibility, planning, entitlements, design, construction budgets, financing, and supporting the agency's housing advocacy and policy agendas. She began her career with CHW as a Housing and Real Estate Intern.



Sochiata holds a Bachelors Degree in Public Administration and Urban Studies from San Diego State University. She has also completed several professional development programs including: Local Initiatives Support Corporation's California Statewide Affordable Housing Development Training Institute; Build It Green's Certified Green Building Professional Training and the California Coalition for Rural Housing Internship Program for Diversity in Nonprofit Housing and Community Development. She is also an Advisory Committee Member for the California Coalition Rural Housing Internship program.

Tom Scott, Board Member & CFO



Tom Scott is a founding board member of the San Diego Community Land Trust. He currently serves as the CFO for SDCLT. He is principal at Stewart + Scott, LLC, which provides interim executive services and association management services. Tom previously served as the executive director of the San Diego Housing Federation from January 2002 until retiring in October 2010. Since retiring he has served as the interim Executive Director for the Sacramento Housing Alliance, the San Diego Association of Nonprofits, the Southern California Association of Nonprofit Housing and most recently, the San Diego Housing Federation. His firm provides management services for the National Certified Public Manager® Consortium.

In addition, he serves the community in several volunteer positions, including as a board member and CFO of the San Diego Community Land Trust; county appointed member of the Oversight Board of the Successor Agency of the Poway Redevelopment Agency; and as a Trustee of the National Emergency Medical Services Museum.

Prior to joining the Federation, he was a member of the Board of Directors of Community Housing Works, a nonprofit affordable housing developer, from 1996 until 2002. He was President of the Board from January 1999 to January 2002. He also served as a member of the Board of Directors of Anchorage Neighborhood Housing Services in Anchorage, Alaska from 1986 to 1990 and President of the Turnagain Community Council, a city chartered neighborhood advisory council in Anchorage Alaska. He spent 25 years in the emergency medical services industry as a state regulator, researcher, writer, consultant and association manager.

He has a B.A. in Sociology/Social Work from LaSalle College in Philadelphia and a Master's Degree from the University of Chicago, School of Social Service Administration. He has completed certificate programs at the University of Pennsylvania, Wharton School and Harvard University, John F. Kennedy School of Government

Damon Braden, Board Member



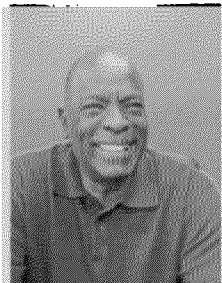
Damon Braden's has more than 25 years' experience in management of the complete development and construction process for a variety of project types throughout North America. His real estate career began after graduating from the University of Redlands, Redlands, CA, with a Bachelor's degree in Engineering and Political Science. He earned his Master of Business Administration in addition to his Bachelor's degree. Damon's experience includes strategic planning, financial management, operations management, risk management, contract negotiations and human resource management. His representative accomplishments include the following:

Consulting to the Navy on the Master Plan for the Gateway Redevelopment of the Navy Broadway site a three million square foot ± \$1.5 Billion Mixed Use Commercial and Public project; Masterplanning of the Ballpark Village Mixed Use Redevelopment in the Ballpark District of San Diego a three million square foot ± \$1.5 Billion Mixed Use Residential and Commercial project. Stadium Village Master Plan for Redevelopment of the Qualcomm Stadium site underwriting and financial modeling; Site assessment, acquisition, entitlement, financing, design and construction, marketing and sales for Commercial, Industrial, Institutional and Residential Development projects; Managed an agency's \$35 million Capital Improvement construction program; Served as Principal for a \$25 million regional engineering consulting firm; Managed \$300M and \$1B projects for a real estate development firm; Managed multiple projects of \$30M to \$1.5B for a home builder.

Mr. Braden has a demonstrated record of success consistently throughout his career in various aspects of real estate consulting. His experience includes land sourcing, planning, entitlement permitting, construction, sale

and marketing of project types from single family homes through high-rises. He has participated in professional and community organizations, contributing to the goals of each through leadership positions including Boards of Directors.

Thomas Cartwright, Board Member



Thomas brings to the SDCLT a broad background in hospitality, tourism, property management, transportation and community organizing. He has served on the boards of the San Diego Tourism Association, San Diego Hotel-Motel Association and the San Diego Organizing Project. He has chaired the San Diego CONVIS Community Relations Committee and is a former member of the Advisory Board for the San Diego Business Travel Association, and the Webster Community Council.

Thomas' has served as property manager for the Armed Services Building in downtown San Diego. This facility includes 500 West Hotel, the Grand Central Café and the Downtown YMCA. The West Hotel includes 52 permanent rooms for clients of the San Diego Housing Commission's Affordable Housing program. As Director of Operations for Project Employment Plus he recruited, trained and placed inner city residents into entry level front line positions in hotels and restaurants. As a Certified Instructor for the Regional Occupational Program he taught the fundamentals of hotel-motel management at Grossmont Evening College.

Elaine Kennedy, Board Member

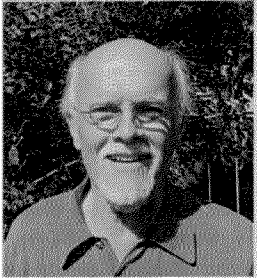


Elaine has been a precision mechanical inspector at Solar Turbines for 28 years. She is a member of International Association of Machinists and Aerospace Workers Local Lodge 389, which has served the San Diego area for over 100 years. Elaine has been a trustee, Vice President, President, and currently serve as Financial Secretary.

Elaine is a native San Diegan and 1971 graduate of San Diego State. It has always been important to be involved in the neighborhood where she lives. Elaine moved into the neighborhood in 1992, to care for my mother when my father passed away. They were members of the community since they moved into the area in 1977 and served with Neighborhood Watch, a responsibility she "inherited". Elaine is a proud homeowner and southeastern San Diego resident, and as a single mother she is committed to creating a community where she wishes to retire and where her adult son can live.

Elaine has been working with the Jacobs Center for Neighborhood Innovation since 1999, working with the Southeastern community on changing our community from the inside. She has served on the Housing team, creating policies and directives for both rental and for purchase housing developments destined for property owned by the Jacobs Family Foundation. In 2005, Elaine was a member of the team that was sent to the first Community Land Trust Network Conference in Boulder, Colorado, where she learned the benefit of stewardship of the land using this method of ownership. Elaine returned to San Diego participating in several community meetings and educating affordable housing advocates about Community Land Trusts. A small group continued to meet, creating the San Diego Community Land Trust. She has been a proud board member ever since.

Lee Van Ham, Board Member



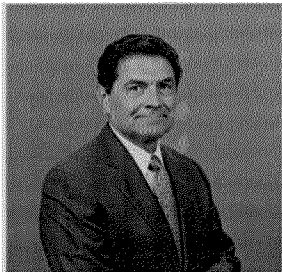
Lee's interest in how land is used and cared for goes back to his years growing up on an Iowa farm where his dad followed conservation practices. Upon hearing of the Community Land Trust model, Lee quickly recognized the opportunity it gives for a community to hold land in trust for the greater good of a neighborhood, and to give households earning less than median incomes access to excellent homes along with an opportunity to build their assets.

In 1999, Lee began working with a nonprofit organization that brings together economics and spirituality, after pastoring congregations for 32 years in Chicago and Nebraska. He focuses on how lifestyles and the marketplace can require the resources of only one planet instead of the heated up consuming that currently requires four to five planets. He's written a book about it, entitled, *Blinded by Progress—Breaking Out of the Illusion That Holds Us*, and is working on another. He and his spouse, Juanita, live in Lemon Grove. They have four adult children and five grandchildren; they love experiences in nature.

Advisory Committee Members

Malin Burnham, Chair / Charles Black / Gina Champion-Cain / Wendell French / Joe Horiye / Robert Ito / Vince Kasperick / Tom Lemmon / Nancy Lytle / Arnulfo Manriquez / David Mulvaney / Sue Reynolds / Susan Riggs / Debbie Ruane / Barry Schultz / Brian Trotier / David Weiland

Jean Diaz, Executive Director



jeandiaz@sdclt.org

Jean brings to the San Diego Community Land Trust a distinguished background in public/private real estate development, finance and non-profit involvement and leadership. While with the Department of Real Property Services with Orange County, Jean developed an expertise in real estate acquisition and property management with a focus on leasehold development and management. He further developed his real estate expertise as Real Property Manager for the City of Palo Alto where he spearheaded several breakthrough projects including the first air rights development in California to expand affordable housing and public parking. He was the City's Liaison to the Palo Alto

Housing Corporation for the City's Below Market Rate Housing Program. He developed the Property Management: Leasing course for the International Right of Way Association (IR/WA) and taught this course throughout the United States and Canada. He served as an officer of several local IRWA chapters as well as member and Chairman of the International Property Management Committee.

Jean has also had an award-winning career in public and corporate finance with Citigroup in New York. In public finance he provided bond financing for state and local governments including state, municipal, housing and other special authority and school district issuers. In corporate finance he provided bond financing for economic development projects as well as a wide range of corporate uses. He has also provided financial services to individuals and business owners as a financial professional with New York Life and financial strategist with Tax & Financial Group.

Jean has also been involved with several public and non-profit activities. He is a founding board member of the California Community Land Trust Network and was a founding board member of San Marcos Promise. He has served on the boards of the San Marcos Economic Development Corporation, the Foundation For Senior Wellbeing and the Builder's Resources Council of the San Diego Building Industry Association where also served

on the Affordable Housing Committee. He chaired the San Marcos Unified School District Bond Oversight Committee and was a member of the San Marcos Chamber of Commerce Government Affairs Committee. He has completed the course work and exams for the Certified Nonprofit Accounting Professional designation. While in New York he was on the Ossining School District Audit Committee and the Town of Ossining Finance Advisory Committee.

Jean obtained his MBA in Finance from the Wharton School, University of Pennsylvania a Masters in Public Administration (Urban & Regional Planning and Administrative Systems focus) and a BA from California State University, Fullerton.

A0690838

FILED DR
In the office of the Secretary of State
of the State of California

APR 29 2009

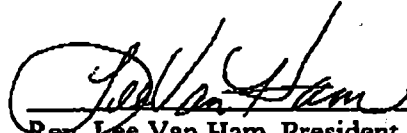
3065384
CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION

The undersigned hereby certify that:

1. They are the president and the secretary, respectively, of the San Diego Community Land Foundation.
2. Article 1 of the corporation's Articles of Incorporation is amended to read as follows:
"The name of this corporation is San Diego Community Land Trust."
3. The foregoing amendment of the Articles of Incorporation has been duly approved by the corporation's board of directors.
4. The corporation has no members.

The undersigned further declare under the penalty of perjury under the laws of the State of California that the matters set forth in this Certificate of Amendment are true and correct of their own knowledge.

Date: April 2, 2009.


Rev. Lee Van Ham, President

Date: April 2, 2009.


Anastasia Brewster, Secretary

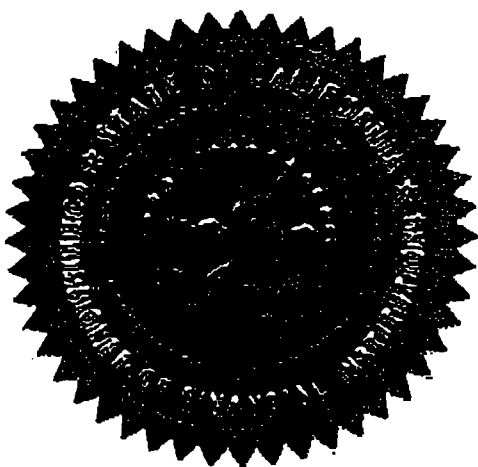
STATE OF CALIFORNIA

DEPARTMENT OF FINANCIAL INSTITUTIONS

CERTIFICATE OF APPROVAL OF NAME

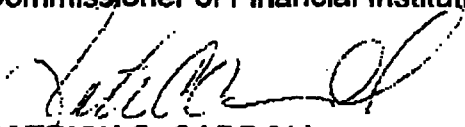
Pursuant to Section 3903 of the Financial Code, I, WILLIAM S. HARAF, Commissioner of Financial Institutions of the State of California, do hereby approve the name "**SAN DIEGO COMMUNITY LAND TRUST**," as set forth in the attached Certificate of Amendment of Articles of Incorporation of San Diego Community Land Trust.

Given under my hand and official seal this 22nd day of April, 2009, in the City and County of San Francisco, State of California.



By

WILLIAM S. HARAF
Commissioner of Financial Institutions


PATRICK C. CARROLL
Strategic Support Manager

A0673912

FILED DR
In the office of the Secretary of State
of the State of California

MAR - 4 2008

3065384
CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION

The undersigned hereby certify that:

1. They are the president and the secretary, respectively, of the San Diego Community Land Foundation.
2. Article 2 of the corporation's Articles of Incorporation is amended to read as follows:

"This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public purposes. The specific purpose for which this corporation is organized is the creation and preservation of perpetually affordable housing and vital communities in the San Diego region."
3. The foregoing amendment of the Articles of Incorporation has been duly approved by the corporation's board of directors.
4. The corporation has no members.

The undersigned further declare under the penalty of perjury under the laws of the State of California that the matters set forth in this Certificate of Amendment are true and correct of their own knowledge.

Date: January 16, 2008.

Richard A. Lawrence
Richard A. Lawrence, President

Date: January 16, 2008.

Cory J. Briggs
Cory J. Briggs, Secretary



State of California Secretary of State

N

Statement of Information

(Domestic Nonprofit, Credit Union and General Cooperative Corporations)

Filing Fee: \$20.00. If this is an amendment, see instructions.
IMPORTANT – READ INSTRUCTIONS BEFORE COMPLETING THIS FORM

FT85481**FILED**

In the office of the Secretary of State
of the State of California

JAN-19 2018**1. CORPORATE NAME**

SAN DIEGO COMMUNITY LAND TRUST

2. CALIFORNIA CORPORATE NUMBER

C3065384

This Space for Filing Use Only

Complete Principal Office Address (Do not abbreviate the name of the city. Item 3 cannot be a P.O. Box.)**3. STREET ADDRESS OF PRINCIPAL OFFICE IN CALIFORNIA, IF ANY**

CITY

STATE ZIP CODE

7705 NORTH AVENUE, LEMON GROVE, CA 91945

4. MAILING ADDRESS OF THE CORPORATION

CITY

STATE ZIP CODE

PO BOX 263, LEMON GROVE, CA 91946

Names and Complete Addresses of the Following Officers (The corporation must list these three officers. A comparable title for the specific officer may be added; however, the preprinted titles on this form must not be altered.)**5. CHIEF EXECUTIVE OFFICER/**

ADDRESS

CITY

STATE ZIP CODE

JEAN DIAZ PO BOX 263, LEMON GROVE, CA 91946

6. SECRETARY

ADDRESS

CITY

STATE ZIP CODE

SOCHIATA VUTTHY PO BOX 263, LEMON GROVE, CA 91946

7. CHIEF FINANCIAL OFFICER/

ADDRESS

CITY

STATE ZIP CODE

TOM SCOTT PO BOX 263, LEMON GROVE, CA 91946

Agent for Service of Process If the agent is an individual, the agent must reside in California and Item 9 must be completed with a California street address, a P.O. Box address is not acceptable. If the agent is another corporation, the agent must have on file with the California Secretary of State a certificate pursuant to California Corporations Code section 1505 and Item 9 must be left blank.

8. NAME OF AGENT FOR SERVICE OF PROCESS [Note: The person designated as the corporation's agent MUST have agreed to act in that capacity prior to the designation.]
TOM SCOTT**9. STREET ADDRESS OF AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, IF AN INDIVIDUAL**

CITY

STATE ZIP CODE

12533 NIEGO LN, SAN DIEGO, CA 92128

Common Interest Developments

10. ☐ Check here if the corporation is an association formed to manage a common interest development under the Davis-Stirling Common Interest Development Act, (California Civil Code section 4000, et seq.) or under the Commercial and Industrial Common Interest Development Act, (California Civil Code section 6500, et seq.). The corporation must file a Statement by Common Interest Development Association (Form SI-CID) as required by California Civil Code sections 5405(a) and 6760(a). Please see instructions on the reverse side of this form.

11. THE INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT.

01/19/2018

TOM SCOTT

CFO

DATE

TYPE/PRINT NAME OF PERSON COMPLETING FORM

TITLE

SIGNATURE

SAN DIEGO COMMUNITY LAND TRUST

STATEMENT OF FINANCIAL POSITION

As of April 30, 2018

	TOTAL	
	AS OF APR 30, 2018	AS OF APR 30, 2017 (PY)
ASSETS		
Current Assets		
Bank Accounts	\$38,393.48	\$20,191.31
Accounts Receivable		
11010 Grants Receivable	30,000.00	0.00
11090 Construction in Progress	274,302.12	221,769.20
Total Accounts Receivable	\$304,302.12	\$221,769.20
Total Current Assets	\$342,695.60	\$241,960.51
Other Assets	\$683.62	\$1,831.62
TOTAL ASSETS	\$343,379.22	\$243,792.13
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	\$74.63	\$70.63
Other Current Liabilities		
22000 Unearned Revenue	11,857.50	12,263.79
23000 Loans	231,859.23	169,301.95
24000 Payroll Liabilities	1,945.55	2,206.00
Total Other Current Liabilities	\$245,662.28	\$183,771.74
Total Current Liabilities	\$245,736.91	\$183,842.37
Total Liabilities	\$245,736.91	\$183,842.37
Equity		
31500 Temp. Restricted Net Assets		
31510 Predevelopment Loan Fund	0.00	200.00
Total 31500 Temp. Restricted Net Assets	0.00	200.00
32000 Unrestricted Net Assets	82,398.14	72,388.27
Net Revenue	15,244.17	-12,638.51
Total Equity	\$97,642.31	\$59,949.76
TOTAL LIABILITIES AND EQUITY	\$343,379.22	\$243,792.13

Note

Line item 11090 Construction in Progress represents development expenses that have been capitalized and will be repaid when projects are sold.

SAN DIEGO COMMUNITY LAND TRUST

STATEMENT OF ACTIVITY - OPERATIONS

April 2018

Revenue	ADMIN GRANTS		CCHD	TOTAL GRANTS	TOTAL
43420 Foundation Grants			5,000.00	5,000.00	\$5,000.00
Total Revenue	\$0.00	\$0.00	\$5,000.00	\$5,000.00	\$5,000.00
GROSS PROFIT	\$0.00	\$0.00	\$5,000.00	\$5,000.00	\$5,000.00
Expenditures					
61000 Employee Expense					
61010 Salaries	1,666.66		5,000.00	5,000.00	\$0.00
61021 Employer Taxes- SSA & Medicare	510.00				\$6,666.66
Total 61000 Employee Expense	2,176.66		5,000.00	5,000.00	\$510.00
62100 Contract Services					\$7,176.66
62110 Accounting Fees	134.50				\$0.00
Total 62100 Contract Services	134.50				\$134.50
65000 Operations					\$134.50
65020 Postage, Mailing Service	10.93				\$0.00
65040 Supplies	209.01				\$10.93
65050 Telephone, Telecommunications	17.63				\$209.01
Total 65000 Operations	237.57				\$17.63
Total Expenditures	\$2,548.73	\$0.00	\$5,000.00	\$5,000.00	\$237.57
NET OPERATING REVENUE	\$ -2,548.73	\$0.00	\$0.00	\$0.00	\$7,548.73
NET REVENUE	\$ -2,548.73	\$0.00	\$0.00	\$0.00	\$ -2,548.73

SAN DIEGO COMMUNITY LAND TRUST

STATEMENT OF ACTIVITY - OPERATIONS

October 2017 - April 2018

	ADMIN	FUNDRAISING	GRANTS	CCHD	TOTAL GRANTS	TOTAL
Revenue						
43400 Direct Public Support						\$0.00
43450 Indivd, Business Contributions	1,646.17					\$1,646.17
Total 43400 Direct Public Support	1,646.17					\$1,646.17
43420 Foundation Grants	37,500.00			35,000.00	35,000.00	\$72,500.00
45000 Investments						\$0.00
45030 Interest-Savings, Short-term CD	0.63					\$0.63
Total 45000 Investments	0.63					\$0.63
Total Revenue	\$39,146.80	\$0.00	\$0.00	\$35,000.00	\$35,000.00	\$74,146.80
GROSS PROFIT	\$39,146.80	\$0.00	\$0.00	\$35,000.00	\$35,000.00	\$74,146.80
Expenditures						
61000 Employee Expense						\$0.00
61010 Salaries	11,666.62			35,000.00	35,000.00	\$46,666.62
61021 Employer Taxes- SSA & Medicare	3,570.00					\$3,570.00
61030 Employer Taxes - State	147.00					\$147.00
61040 Workers Comp	276.55					\$276.55
Total 61000 Employee Expense	15,660.17			35,000.00	35,000.00	\$50,660.17
62100 Contract Services						\$0.00
62110 Accounting Fees	1,429.50					\$1,429.50
Total 62100 Contract Services	1,429.50					\$1,429.50
62800 Facilities and Equipment						\$0.00
62890 Rent, Parking, Utilities	2,087.02					\$2,087.02
Total 62800 Facilities and Equipment	2,087.02					\$2,087.02
65000 Operations						\$0.00
65005 Bank Fees	7.00					\$7.00
65011 Fees, Permits and Licenses	70.00					\$70.00
65015 Mileage Reimbursement	298.96	71.38				\$370.34
65016 Parking Reimbursement	80.00					\$80.00
65020 Postage, Mailing Service	10.93					\$10.93
65040 Supplies	271.23					\$271.23
65050 Telephone, Telecommunications	123.04					\$123.04
65060 Website Hosting & Maintenance	600.00					\$600.00
65070 Meals and Entertainment Expense	57.14					\$57.14
Total 65000 Operations	1,518.30	71.38				\$1,589.68
65100 Other Types of Expenses						\$0.00
65110 Dues to other organizations	1,060.00					\$1,060.00
65120 Insurance - Liability, D and O	1,446.00					\$1,446.00

	ADMIN	FUNDRAISING	GRANTS	CCHD	TOTAL GRANTS	TOTAL
65130 Board Development	361.16					\$361.16
Total 65100 Other Types of Expenses	2,867.16					\$2,867.16
68300 Travel and Meetings						\$0.00
68310 Conference, Convention, Meeting	269.10					\$269.10
Total 68300 Travel and Meetings	269.10					\$269.10
Total Expenditures	\$23,831.25	\$71.38	\$0.00	\$35,000.00	\$35,000.00	\$58,902.63
NET OPERATING REVENUE	\$15,315.55	\$ -71.38	\$0.00	\$0.00	\$0.00	\$15,244.17
NET REVENUE	\$15,315.55	\$ -71.38	\$0.00	\$0.00	\$0.00	\$15,244.17

SAN DIEGO COMMUNITY LAND TRUST

STATEMENT OF CASH FLOWS

October 2017 - April 2018.

	TOTAL
OPERATING ACTIVITIES	
Net Revenue	15,244.17
Adjustments to reconcile Net Revenue to Net	
Cash provided by operations:	
11000 Accounts Receivable	0.00
11010 Grants Receivable	25,000.00
11090 Construction in Progress	-20,731.72
20000 Accounts Payable	0.00
22000 Unearned Revenue	-35,000.00
23200 Loans:Pre Development Loan	35,896.61
24100 Payroll Liabilities:Federal Payroll	-1,954.06
Taxes Due	
24200 Payroll Liabilities:State Payroll Taxes	-260.39
Due	
24301 Direct Deposit Payable	0.00
Total Adjustments to reconcile Net Revenue	2,950.44
to Net Cash provided by operations:	
Net cash provided by operating activities	\$18,194.61
INVESTING ACTIVITIES	
18700 Security Deposits Asset	1,148.00
Net cash provided by investing activities	\$1,148.00
NET CASH INCREASE FOR PERIOD	\$19,342.61
Cash at beginning of period	19,050.87
CASH AT END OF PERIOD	\$38,393.48

BYLAWS
OF
SAN DIEGO COMMUNITY LAND TRUST

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I GENERAL PROVISIONS.....	1
ARTICLE II MEMBERSHIP.....	2
ARTICLE III BOARD OF DIRECTORS.....	3
ARTICLE IV COMMITTEES.....	6
ARTICLE V OFFICERS.....	9
ARTICLE VI TRANSACTIONS BETWEEN CORP. AND DIRECTORS	10
ARTICLE VII INDEMNIFICATION, INSURANCE AND DIRECTOR LIABILITY.....	12
ARTICLE VIII MISCELLANEOUS.....	16

**BYLAWS OF THE
SAN DIEGO COMMUNITY LAND TRUST**

A California Nonprofit Public Benefit Corporation

ARTICLE I

GENERAL PROVISIONS

Section 1. Corporate Name. The name of this corporation is San Diego Community Land Trust (the "Corporation").

Section 2. Principal Office. The principal office of the Corporation shall be located within or without the State of California, at such place as the Board of Directors shall from time to time determine by resolution. The Board is granted full power and authority to change the principal office from one location to another. The Corporation may establish or maintain additional offices at any place or places where the Corporation is qualified to do business.

Section 3. Purpose. The Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Corporation Law of California ("California Nonprofit Corporation Law") for public purposes. The specific purpose of SCLT shall include, without limitation, the creation and preservation of perpetually affordable housing and vital communities in the San Diego region for low and moderate-income families.

Section 4. Political Activities. The Corporation has been formed under California Nonprofit Law for the public purposes described in Section 3 above and it shall be nonprofit and nonpartisan. No substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in any political campaign (including the publishing or distribution of statements) on behalf of, or in opposition to, any candidate for public office.

Section 5. Prohibited Activities. The Corporation shall not, except in any insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes described in Section 3 above. The Corporation may not carry on any activity for the profit of its Officers, Directors or other persons or distribute any gains, profits or dividends to its Officers, Directors or other persons as such. Furthermore, nothing in Section 3 above shall be construed as allowing the Corporation to engage in any activity not permitted to be carried on (i) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") or (ii) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

ARTICLE II

MEMBERSHIP

Section 1. Members. The Corporation shall have no members within the meaning of Section 5056 of the California Nonprofit Public Benefit Corporation Law as now in effect or as may hereafter be amended. Any action which otherwise would require approval by a majority of all

members or approval by the members shall require approval only of the Board of Directors. All rights which otherwise would vest in the members including, without limitation, the right to elect directors, shall vest in the Board.

Section 2. Non-Voting Members. The Board may adopt policies and procedures for the admission of associate members or other designated members who shall have no voting rights in the Corporation. Such associate or other members are not "members" of the Corporation as defined in Section 5056 of the California Nonprofit Corporation Law.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Power of Board. Subject to any limitations in the Articles of Incorporation, these Bylaws, the California Nonprofit Corporation law and any other applicable laws, the activities and affairs of the Corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board of Directors (the "Board"). The Board may delegate the management of the activities of the Corporation to any person or persons, management company, or committee or committees however composed, provided that the activities and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 2. Number of Directors. The authorized number of voting directors of the Corporation ("Directors") shall be no less than three (3) and no greater than nine (9) as determined from time to time by resolution of the Board. The authorized number of Directors, whether fixed or subject to a minimum and maximum number of Directors, may be changed by an amendment to these Bylaws which is approved by the Board.

Section 3. Qualifications of Directors. At least one-third (1/3) of the Directors shall be either (i) low-income residents of a community in which the Corporation owns real property or (ii) residents of low-income neighborhoods in San Diego. At such time as the Corporation land-leases over twenty (20) units to qualified residents, an additional one-third (1/3) of the Directors shall be persons, eighteen years or older, who lease land from the Corporation or who lease or own housing that is located on land leased by another entity from the Corporation. The remaining Directors shall be public supporters of the Corporation from government or non-profit agencies or the public-at-large.

Section 4. Terms; Election of Successors. Directors shall be elected at each annual meeting of the Board for three (3) year terms. Each Director, including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which he or she was elected and until the election and qualification of a successor, or until that Director's earlier resignation or removal in accordance with these Bylaws and California Nonprofit Corporation Law. By resolution, the Board may arrange for terms to be staggered.

Section 5. Resignation. Any Director may resign by giving written notice to the Chairperson, the President, the Secretary or the Board. Unless the notice specifies a later time for the effectiveness of such resignation, the resignation will be effective on the date delivered. No director may resign except upon notice to the Office of the Attorney General of the State of California

(hereafter the "Attorney General") where the Corporation would then be left without a duly elected director or directors in charge of its affairs.

Section 6. Removal. A majority of the Directors in office may remove any Director at any time, with or without cause. A Director, once removed, becomes permanently ineligible to be appointed or elected to the Board. No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires unless the reduction also provides for the removal of that specified Director in accordance with these Bylaws and California Nonprofit Corporation Law.

Section 7. Vacancies. A vacancy in the Board shall be deemed to exist on the occurrence of (i) the death, resignation or removal of any director, (ii) if the authorized number of directors is increased or (iii) the failure of the Board, at any meeting at which any Director or Directors are to be elected, to elect the full authorized number of Directors. If there is a vacancy on the Board, including a vacancy created by the removal of a Director, the Board may fill such vacancy by electing an additional director as soon as practicable after the vacancy occurs. If the number of Directors then in office is less than a quorum, additional directors may be elected to fill such vacancies by (i) the unanimous written consent of the Directors then in office, (ii) the affirmative vote of a majority of the Directors in office at a meeting held according to notice or waivers complying with section 5211 of the California Nonprofit Corporation Law, or (iii) a sole remaining Director.

Section 8. Place of Meetings. Meetings of the Board may be held at any place within or without the State of California which has been designated in the notice of the meeting or, if not stated in the notice or there is no notice, as designated by resolution of the Board. If the place of a regular or special meeting is not designated in the notice or fixed by a resolution of the Board, it shall be held at the principal office of the Corporation.

Section 9. Regular Meetings. Each year, the Board shall hold at least one meeting, at a time and place fixed by the Board, for the purposes of election of Directors, appointment of Officers, review and approval of the corporate budget and transaction of other business. This meeting is sometimes referred to in these Bylaws as the "annual meeting." Other regular meetings of the Board may be held at such time and place as the Board may fix from time to time by resolution.

Section 10. Special Meetings. Special meetings of the Board for any purpose or purposes may be called at any time by the Chairperson or any two directors.

Section 11. Notice of Meetings. Except when the time and place of a regular meeting is set by the Board by resolution in advance (as permitted by Section 9 of this Article), notice of the time and place of all regular and special meetings shall be given to each Director at least four days before any such meeting if given by first-class mail or 48 hours before any such meeting if given personally or by telephone, electronic mail or facsimile transmission, and shall state the date, place and time of the meeting. A notice need not specify the purpose of any meeting of the Board.

Section 12. Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be valid as though taken at a meeting duly held after regular call and notice if a quorum is present, and if, either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the

minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting the lack of adequate notice before the meeting or at its commencement. Directors can protest the lack of notice only by presenting a written protest to the Secretary either in person, by first-class mail addressed to the Secretary at the principal office of the Corporation as contained on the records of the Corporation as of the date of the protest, or by facsimile addressed to the facsimile number of the Corporation as contained on the records of the Corporation as of the date of the protest.

Section 13. Quorum and Action of the Board. A majority of Directors then in office (but no fewer than two Directors or one-fifth of the authorized number, whichever is greater) shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 15 of Article III below. Every act taken or decision made by a vote of the majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board, unless a greater number is expressly required by California Nonprofit Corporation Law, the Articles of Incorporation or these Bylaws. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors from the meeting, if any action taken is approved by at least a majority of the required quorum for that meeting. Notwithstanding the foregoing, the following actions require a vote by a majority of all Directors then in office in order to be effective:

- (a) Approval of contracts or transactions in which a Director has a direct or indirect material financial interest as described in Section 1 of Article VI (provided that the vote of any interested Director(s) is not counted);
- (b) Creation of, and appointment to, Committees (but not advisory committees) as described in Section 1 of Article IV;
- (c) Removal of Director without cause as described in Section 6 of Article III; and
- (d) Indemnification of Directors as described in Article VII.

Section 14. Participation in Meetings by Conference Telephone. Any meeting may be held by conference telephone or other communications equipment permitted by California Nonprofit Corporation Law, as long as all Directors participating in the meeting can communicate with one another and all other requirements of California Nonprofit Corporation Law are satisfied. All such Directors shall be deemed to be present in person at such meeting.

Section 15. Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

Section 16. Conduct of Meetings. Meetings of the Board shall be presided over by the Chairperson, or, if there is no Chairperson or the Chairperson is absent, the President or, if the President and Chairperson are both absent, by the Vice President (if any) or, in the absence of each of these persons, by a chairperson of the meeting, chosen by a majority of the Directors present at the meeting. The Secretary shall act as secretary of all meetings of the Board, provided that, if the Secretary is absent, the presiding officer shall appoint another person to act as secretary of the

meeting. Meetings shall be governed by rules of procedure as may be determined by the Board from time to time, insofar as such rules are not inconsistent with or in conflict with these Bylaws, with the Articles, or with any provisions of law applicable to the Corporation.

Section 17. Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action; provided, however, that the preceding provision shall not include the consent of any director who has a material financial interest in a transaction to which the Corporation is a party and who is an "interested director" as defined in Section 5233 of the California Nonprofit Public Benefit Corporation Law. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as the unanimous vote of such Directors. Written consent may be transmitted by first-class mail, messenger, courier, facsimile, e-mail or any other reasonable method satisfactory to the Chairperson or the President.

Section 18. Fees and Compensation of Directors. The Corporation shall not pay any compensation to Directors for services rendered to the Corporation as Directors, except that Directors may be reimbursed for expenses incurred in the performance of their duties to the Corporation, in reasonable amounts as approved by the Board. Also, Directors may not be compensated for rendering services to the Corporation in a capacity other than as Directors, unless such compensation is reasonable and further provided that not more than 49% of the persons serving as Directors may be "interested persons" which, for purposes of this Section 18 only, means:

- (a) any person currently being compensated by the Corporation for services rendered to it within the previous 12 months, whether as a full or part-time Officer or other employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director; or
- (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

Section 19. Non-Liability of Directors. The Directors shall not be personally liable for the debts, liabilities, or other obligations of the Corporation.

ARTICLE IV

COMMITTEES

Section 1. Board Committees. The Board may, by resolution adopted by a majority of the number of Directors then in office, create one or more committees, each consisting of two or more Directors, to serve at the discretion of the Board. Appointments to such committees may be made by any method determined by a majority vote of the directors then in office. Such resolution shall define the scope and authority of the committee, which may be given all the authority of the Board, except for the powers to:

- (a) fill vacancies on the Board or in any Board Committee;

- Committee;
- (b) fix compensation of the Directors for serving on the Board or on any Board
 - (c) amend or repeal these Bylaws or adopt new Bylaws;
 - (d) adopt amendments to the Articles of Incorporation of the Corporation;
 - (e) amend or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
 - (f) create any other Board Committees or appoint the members of any Board Committees;
 - (g) remove any director without cause;
 - (h) approve any merger, reorganization, voluntary dissolution, or disposition of substantially all of the assets of the Corporation;
 - (i) approve any self-dealing transaction, as defined in Section 5233(a) of the California Nonprofit Corporation Law; or
 - (j) approve any transaction (i) between the Corporation and one or more of its Directors or (ii) between the Corporation or any entity in which one or more of the Directors have a material financial interest.

Section 2. Advisory Committees. The Board may create one or more advisory committees to serve at the pleasure of the Board. Appointments to such advisory committees need not, but may, be Directors. The Board shall appoint and discharge advisory committee members. All actions and recommendations of an advisory committee shall require ratification by the Board before being given effect.

Section 3. Meetings and Actions of Committees. Meetings and action of Committees shall be governed by, and held and taken in accordance with, the provisions of Article III concerning meetings of Directors, with such changes in the context of Article III as are necessary to substitute the Committee and its members for the Board and its members, except that the time for regular meetings of Committees may be determined by resolution of the Board, and special meetings of Committees may also be called by resolution of the Board. Minutes shall be kept of each meeting of any Committee and shall be filed with the corporate records. The Committee shall report to the Board from time to time as the Board may require. The Board may adopt rules for the governance of any Committee not inconsistent with the provisions by these Bylaws. In the absence of rules adopted by the Board, the Committee may adopt such rules.

Section 4. Quorum Rules for Board Committees. A majority of the Committee members shall constitute a quorum for the transaction of Committee business, except to adjourn. A majority of the Committee members present, whether or not constituting a quorum, may adjourn any meeting to another time and place. Every act taken or decision made by a majority of the Committee members present at a meeting duly held at which a quorum is present shall be regarded as an act of the Committee, subject to the provisions of the California Nonprofit Corporation Law relating to actions

that require a majority vote of the entire Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Committee members, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 5. Revocation of Delegated Authority. The Board may, at any time, revoke or modify any or all of the authority that the Board has delegated to a Committee, increase or decrease (but not below two) the number of members of a Committee, and fill vacancies in a Committee from the members of the Board.

Section 6. Nonprofit Integrity Act/Audit Committee. In any fiscal year in which the Corporation receives or accrues gross revenues of two million dollars or more (excluding grants from, and contracts for services with, governmental entities for which the governmental entity requires an accounting of the funds received), the Board shall (i) prepare annual financial statements using generally accepted accounting principles that are audited by an independent certified public accountant ("CPA") in conformity with generally accepted auditing standards; (ii) make the audit available to the Attorney General and to the public on the same basis that the Internal Revenue Service Form 990 is required to be made available; and (iii) appoint an Audit Committee. The Audit Committee shall not include paid or unpaid staff or employees of the Corporation, including, if staff members or employees, the President or chief executive officer or the Treasurer or chief financial officer (if any). If there is a finance committee, members of the finance committee shall constitute less than 50% of the membership of the Audit Committee and the chairperson of the Audit Committee shall not be a member of the finance committee. Subject to the supervision of the Board, the Audit Committee shall:

- (a) make recommendations to the Board on the hiring and firing of the CPA;
- (b) confer with the CPA to satisfy Audit Committee members that the financial affairs of the Corporation are in order;
- (c) approve non-audit services by the CPA and ensure such services conform to standards in the Yellow Book issued by the United States Comptroller General; and
- (d) if requested by the Board, negotiate the CPA's compensation on behalf of the Board.

Section 7. HOME Funds Resident Advisory Committee. At all times when the Corporation operates HOME-assisted affordable housing projects, the Board shall appoint a HOME Funds Resident Advisory Committee consisting of low-income HOME program beneficiaries to advise the Board with respect to the design, siting, development, and management of HOME-assisted affordable housing projects managed by the Corporation or under consideration by the Corporation. Subject to the supervision of the Board, the HOME Funds Resident Advisory Committee shall:

- (a) make recommendations to the Board on issues before the Board relating to the design, development and location of new HOME-assisted affordable housing projects; and
- (b) make recommendations to the Board regarding management issues at any HOME-assisted affordable housing project that come before the Board.

ARTICLE V

OFFICERS

Section 1. Officers. The officers of the Corporation ("Officers") shall be either a President or a Chairperson, or both, a Secretary, and a Treasurer or chief financial officer, or both. Other than the Chairperson, these persons may, but need not be, selected from among the Directors. The Board shall have the power to designate additional Officers, including a Vice President, who also need not be Directors, with such duties, powers, titles and privileges as the Board may fix, including such Officers as may be appointed in accordance with Section 7 of Article V. Any number of offices may be held by the same person, except that the Secretary, the Treasurer and the chief financial officer (if any) may not serve concurrently as either the President or the Chairperson.

Section 2. Election. The Officers, except those appointed in accordance with Section 7 of Article V hereof, shall be elected by the Board at the annual meeting of the Corporation for a term of one year, and each shall serve at the discretion of the Board until his or her successor shall be elected, or his or her earlier resignation or removal. Officers may be elected for consecutive terms.

Section 3. Removal of Officers. Subject to the rights, if any, of an Officer under any contract of employment, any Officer may be removed, with or without cause, (i) by the Board, at any regular or special meeting of the Board, or at the annual meeting of the Corporation, or (ii) by an Officer on whom such power of removal may be conferred by the Board.

Section 4. Resignation of Officers. Any Officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any of the Corporation under any contract to which the Officer is a party.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office, provided that such vacancies shall be filled as they occur and not on an annual basis. In the event of a vacancy in any office other than the President or one appointed in accordance with Section 7 of Article V hereof, such vacancy shall be filled temporarily by appointment by the President, or if none, by the Chairperson, and the appointee shall remain in office for 60 days, or until the next regular meeting of the Board, whichever comes first. Thereafter, the position can be filled only by action of the Board.

Section 6. Responsibilities of Officers.

(a) Chairperson of the Board. The chairperson of the Board (the "Chairperson"), if any, shall be a Director and shall preside at meetings of the Board and exercise and perform such other powers and duties as may from time to time be assigned to such person by the Board or prescribed by these Bylaws. If the Board designates both a Chairperson and a President, the Board shall, by resolution, establish the specific duties carried by each position.

(b) President. The president of the Corporation (the "President") shall, if there is no Chairperson, or in the Chairperson's absence, preside at meetings of the Board and exercise

and perform such other powers and duties as may from time to time be assigned such person by the Board or prescribed by these Bylaws. If no other person is designated as the chief executive, the President shall, in addition, be the chief executive and shall have the powers and duties prescribed in Section 8 of Article V hereof.

(c) Vice President. The vice president of the Corporation (the "Vice President") shall, in the absence or disability of the President, perform all the duties of the President and, when so acting, have all the powers of and be subject to all the restrictions upon, the President. The Vice President shall have such other powers and perform such other duties as may be prescribed by the Board.

(d) Secretary. The secretary of the Corporation (the "Secretary") shall attend to the following:

(a) Bylaws. The Secretary shall certify and keep or cause to be kept at the principal office of the Corporation the original or a copy of these Bylaws as amended to date.

(b) Minute Book. The Secretary shall keep or cause to be kept a minute book as described in Section 1 of Article VIII hereof.

(c) Notices. The Secretary shall give, or cause to be given, notice of all meetings of the Board in accordance with these Bylaws.

(d) Corporate Records. Upon request, the Secretary shall exhibit or cause to be exhibited at all reasonable times to any Director, or to his or her agent or attorney, these Bylaws and the minute book.

(e) Corporate Seal and Other Duties. The Secretary shall keep or cause to be kept the seal of the Corporation, if any, in safe custody, and shall have such other powers and perform such other duties incident to the office of Secretary as may be prescribed by the Board or these Bylaws.

(e) Treasurer. The treasurer of the Corporation (the "Treasurer") shall attend to the following:

(a) Books of Account. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection by any Director at all reasonable times.

(b) Financial Reports. The Treasurer shall prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

(c) Deposit and Disbursement of Money and Valuables. The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board; shall disburse, or cause to

be disbursed, the funds of the Corporation as may be ordered by the Board; shall render, or cause to be rendered to the President and Directors, whenever they request it, an account of all of his or her transactions as Treasurer and of the financial condition of the Corporation; and shall have other powers and perform such other duties incident to the office of Treasurer as may be prescribed by the Board or these Bylaws.

(d) Bond. If required by the Board, the Treasurer shall give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of his office and for restoration to the Corporation of all its books, papers, vouchers, money, and other property of every kind in his possession or under his control on his death, resignation, retirement, or removal from office.

Section 7. Additional Officers. The Board may empower the Chairperson, President, or chief executive, to appoint or remove such other Officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board from time to time may determine.

Section 8. Chief Executive. Subject to such supervisory powers as may be given by the Board to the Chairperson or President, the Board may hire a chief executive who shall be the general manager of the Corporation, and subject to the control of the Board, shall supervise, direct and control the Corporation's day-to-day activities, business and affairs. The chief executive (who may be referred to as the "chief executive officer" or "executive director") shall be empowered to hire, supervise and fire all of the employees of the Corporation, under such terms and having such job responsibilities as the chief executive shall determine in his or her sole discretion, subject to the rights, if any, of the employee under any contract of employment. The chief executive may delegate his or her responsibilities and powers subject to the control of the Board. He or she shall have such other powers and duties as may be prescribed by the Board or these Bylaws. Additionally, the Board may, by resolution, appoint the chief executive as an Officer.

Section 9. Compensation of Officers. The salaries of Officers, if any, shall be fixed from time to time by resolution of the Board or by the person or Committee to whom the Board has delegated this function, and no Officer shall be prevented from receiving such salary by reason of the fact that he or she is also a Director, provided, however, that such compensation paid to a Director for serving as an Officer shall only be allowed if permitted under the provisions of Section 18 of Article III. In all cases, any salaries received by Officers shall be reasonable and given in return for services actually rendered for the Corporation which relate to the performance of the public benefit purposes of the Corporation. No salaried Officer serving as a Director shall be permitted to vote on his or her own compensation as an Officer.

The Board shall periodically review the fairness of compensation, including benefits, paid to every person, regardless of title, with powers, duties, or responsibilities comparable to the president, chief executive officer, treasurer, or chief financial officer (i) once such person is hired, (ii) upon any extension or renewal of such person's term of employment, and (iii) when such person's compensation is modified (unless all employees are subject to the same general modification of compensation).

ARTICLE VI

TRANSACTIONS BETWEEN CORPORATION AND DIRECTORS OR OFFICERS

Section 1. Transactions with Directors and Officers.

(a) Interested Party Transactions. Except as described in Subsection (b) below, the Corporation shall not be a party to any transaction (i) in which one or more of its Directors has a material financial interest or (ii) with any corporation, firm, association, or other entity in which one or more Directors or Officers has a material financial interest.

(b) Requirements to Authorize Interested Party Transactions. The Corporation shall not be a party to any transaction described in Subsection (a) above unless (i) the Corporation enters into the transaction for its own benefit; (ii) the transaction is fair and reasonable to the Corporation at the time the transaction is entered into; (iii) prior to consummating the transaction or any part thereof, the Board authorizes or approves the transaction in good faith, by a vote of a majority of Directors then in office (without counting the vote of the interested Directors), and with knowledge of the material facts concerning the transaction and the interested Director's or Officer's financial interest in the transaction; (iv) prior to authorizing or approving the transaction, the Board considers and in good faith determines after reasonable investigation that the Corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances, and (v) the minutes of the Board meeting at which such action was taken reflect that the Board considered and made the findings described in paragraphs (i) through (iv) of this Subsection (b).

(c) Material Financial Interest. A Director or Officer shall not be deemed to have a "material financial interest" in a transaction (i) that fixes the compensation of a Director as a Director or Officer, (ii) if the contract or transaction is part of a public or charitable program of the Corporation and it (1) is approved or authorized by the Corporation in good faith and without unjustified favoritism, and (2) results in a benefit to one or more Directors or their families only because they are in the class of persons intended to be benefited by the program or (iii) where the interested Director has no actual knowledge of the transaction and it does not exceed the lesser of one percent of the gross receipts of the Corporation for the preceding year or \$100,000.

Section 2. Loans to Directors and Officers. The Corporation shall not make any loan of money or property to or guarantee the obligation of any Director or Officer, unless approved by the Attorney General; except that, however, the Corporation may advance money to a Director or Officer for expenses reasonably anticipated to be incurred in the performance of duties of such Director or Officer, if in the absence of such advance, such Director or Officer would be entitled to be reimbursed for such expenses by the Corporation.

The limitation above does not apply if (i) the loan is necessary, in the judgment of the Board, to provide financing for the purchase of the principal residence of an Officer in order to secure the services of (or continued services of) the Officer and the loan is secured by real property located in California; or (ii) the loan is for the payment of premiums on a life insurance policy on the life of a Director or Officer and repayment to the Corporation of the amount paid by it is secured by the proceeds of the policy and its cash surrender value.

Section 3. Interlocking Directorates. No contract or other transaction between the Corporation and any corporation, firm or association of which one or more Directors are directors is either void or voidable because such Director(s) are present at the Board or Committee meeting that authorizes, approves or ratifies the contract or transaction, if (i) the material facts as to the transaction and as to such Director's other directorship are fully disclosed or known to the Board or Committee, and the Board or Committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the common Director(s) (subject to the quorum provisions of Article III); or if (ii) the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved or ratified.

Section 4. Duty of Loyalty; Construction with Article VII. Nothing in this Article 6 shall be construed to derogate in any way from the absolute duty of loyalty that every Director and Officer owes to the Corporation. Furthermore, nothing in this Article VI shall be construed to override or amend the provisions of Article VII. All conflicts between the two articles shall be resolved in favor of Article VII.

ARTICLE VII

INDEMNIFICATION, INSURANCE AND DIRECTOR LIABILITY

Section 1. Definitions.

(a) "Agent" means any person who is or was a Director, Officer, employee, or other agent of the Corporation, or is or was serving at the request of the Corporation as a Director, Officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a Director, Officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the Corporation or of another enterprise at the request of the predecessor corporation;

(b) "Proceeding" means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and

(c) "Expenses" includes, without limitation, all attorneys' fees, costs, and any other expenses reasonably incurred in the defense of any claims or proceedings against an Agent by reason of his or her position or relationship as Agent and all attorneys' fees, costs, and other expenses reasonably incurred in establishing a right to indemnification under this Article VII.

Section 2. Applicability of Indemnification Provisions.

(a) Successful Defense by Agent. To the extent that an Agent has been successful on the merits in the defense of any proceeding referred to in this Article VII, or in the defense of any claim, issue, or matter therein, the Agent shall be indemnified against expenses actually and reasonably incurred by the Agent in connection with the claim.

(b) Settlement or Unsuccessful Defense by Agent. If an Agent either settles any proceeding referred to in this Article VII, or any claim, issue, or matter therein, or sustains a

judgment rendered against such person, then the provisions of Sections 3 through Section 6 of this Article VII shall determine whether the Agent is entitled to indemnification.

Section 3. Actions Brought by Persons Other than the Corporation. This Section 3 applies to any proceeding other than an action "by or on behalf of the corporation" as defined in Section 4 below. Such proceedings that are not brought by or on behalf of the Corporation are referred to in this Section 3 as "Third Party proceedings."

(a) Scope of Indemnification in Third Party Proceedings. Subject to the required findings to be made pursuant to Subsection (b) below, the Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any Third Party proceeding, by reason of the fact that such person is or was an Agent, for all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the proceeding.

(b) Required Standard of Conduct for Indemnification in Third Party Proceedings. Any indemnification granted to an Agent in Subsection (a) above is conditioned on the following. The Board must determine, in the manner provided in Section 5 of this Article VII, that the Agent seeking reimbursement acted in good faith, in a manner he or she reasonably believed to be in the best interest of the Corporation, and, in the case of a criminal proceeding, he or she must have had no reasonable cause to believe that his or her conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner he or she reasonably believed to be in the best interest of the Corporation or that he or she had reasonable cause to believe that his or her conduct was unlawful.

Section 4. Action Brought by or on Behalf of the Corporation. This Section 4 applies to any proceeding brought (i) by or in the right of the Corporation, or (ii) by an Officer, Director or person granted relator status by the Attorney General, or by the Attorney General, on the ground that the defendant Director was or is engaging in self-dealing within the meaning of section 5233 of the California Nonprofit Corporation Law, or (iii) by the Attorney General or person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust (any such proceeding is referred to in these Bylaws as a proceeding "by or on behalf of the Corporation").

(a) Scope of Indemnification in Proceedings by or on Behalf of the Corporation. Subject to the required findings to be made pursuant to Subsection (b) below, and except as provided in Subsections (c) and (d) below, the Corporation may indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding by or on behalf of the Corporation, by reason of the fact that such person is or was an Agent, for all expenses actually and reasonably incurred in connection with the defense or settlement of such action.

(b) Required Standard of Conduct for Indemnification in Proceeding by or on Behalf of the Corporation. Any indemnification granted to an Agent in Subsection (a) above is conditioned on the following. The Board must determine, in the manner provided in Section 5 of this Article below, that the Agent seeking reimbursement acted in good faith, in a manner he or she believed to be in the best interest of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

(c) Claims Settled Out of Court. If any Agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of the Corporation, with or without court approval, the Agent shall receive no indemnification for amounts paid pursuant to the terms of the settlement or other disposition. Also, in cases settled or otherwise disposed of without court approval, the Agent shall receive no indemnification for expenses reasonably incurred in defending against the proceeding, unless the proceeding is settled with the approval of the Attorney General.

(d) Claims and Suits Awarded Against Agent. If any Agent is adjudged to be liable to the Corporation in the performance of the Agent's duty to the Corporation, the Agent shall receive no indemnification for amounts paid pursuant to the judgment, and any indemnification of such Agent under Subsection (a) above for expenses actually and reasonably incurred in connection with the defense of that action shall be made only if both of the following conditions are met:

(a) The determination of good faith conduct required by Subsection (b) above must be made in the manner provided for in Section 5 of this Article; and

(b) Upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the Agent is fairly and reasonably entitled to indemnity for the expenses incurred. If the Agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

Section 5. Determination of Agent's Good Faith Conduct. The indemnification granted to an Agent in Section 3 and Section 4 of this Article is conditioned on the findings required by those Sections being made by (a) the Board by a majority vote of a quorum consisting of Directors who are not parties to the proceeding; or (b) the court in which the proceeding is or was pending. Such determination may be made on application brought by the Corporation or the Agent or the attorney or other person rendering a defense to the Agent, whether or not the application by the Agent, attorney, or other person is opposed by the Corporation.

Section 6. Limitations. No indemnification or advance shall be made under this Article VII, except as provided in Section 2(a) or Section 5(b) of Article VII, in any circumstances when it appears (a) that the indemnification or advance would be inconsistent with a provision of the Articles of Incorporation, as amended, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or (b) that the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 7. Advance of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by an Agent seeking indemnification in defending any Proceeding shall be advanced by the Corporation before the final disposition of the Proceeding upon receipt of an undertaking by or on behalf of the Agent to repay the amount of the advance unless it is ultimately determined that the Agent is entitled to be indemnified as authorized in this Article VII.

Section 8. Contractual Rights of Non-Directors and Non-Officers. Nothing contained in this Article VII shall affect any right to indemnification to which persons other than Directors and Officers of the Corporation, or any of its subsidiaries, may be entitled by contract or otherwise.

Section 9. Insurance. The Board shall adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any Agent, as defined in this Article VII, against any liability asserted against or incurred by any Agent in such capacity or arising out of the Agent's status as such, whether or not the Corporation would have the power to indemnify the Agent against the liability under the provisions of this Article VII.

ARTICLE VIII

MISCELLANEOUS

Section 1. Minute Book. The Corporation shall keep a minute book in written form which shall contain a record of all actions by the Board or any committee including (i) the time, date and place of each meeting; (ii) whether a meeting is regular or special and, if special, how called; (iii) the manner of giving notice of each meeting and a copy thereof; (iv) the names of those present at each meeting of the Board or any Committee thereof; (v) the minutes of all meetings; (vi) any written waivers of notice, consents to the holding of a meeting or approvals of the minutes thereof; (vii) all written consents for action without a meeting; (viii) all protests concerning lack of notice; and (ix) formal dissents from Board actions.

Section 2. Books and Records of Account. The Corporation shall keep adequate and correct books and records of account. "Correct books and records" includes, but is not necessarily limited to: accounts of properties and transactions, its assets, liabilities, receipts, disbursements, gains, and losses.

Section 3. Articles of Incorporation and Bylaws. The Corporation shall keep at its principal office, the original or a copy of the Articles of Incorporation and Bylaws as amended to date.

Section 4. Maintenance and Inspection of Federal Tax Exemption Application and Annual Information Returns. The Corporation shall at all times keep at its principal office a copy of its federal tax exemption application and, for three years from their date of filing, its annual information returns. These documents shall be open to public inspection and copying to the extent required by the Code.

Section 5. Annual Report; Statement of Certain Transactions. The Board shall cause an annual report to be sent to each Director within 120 days after the close of the Corporation's fiscal year containing the following information:

- (a) The assets and liabilities of the Corporation as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for this fiscal year;
- (d) The expenses or disbursements of the Corporation for both general and restricted purposes during the fiscal year;

(e) A statement of any transaction (i) to which the Corporation, its parent, or its subsidiary was a party, (ii) which involved more than \$50,000 or which was one of a number of such transactions with the same person involving, in the aggregate, more than \$50,000, and (iii) in which either of the following interested persons had a direct or indirect material financial interest (a mere common directorship is not a financial interest):

(a) Any Director or Officer of the Corporation, its parent, or its subsidiary;

(b) Any holder of more than 10% of the voting power of the Corporation, its parent, or its subsidiary.

(f) A brief description of the amounts and circumstances of any loans, guaranties, indemnifications, or advances aggregating more than \$10,000 paid during the fiscal year to any Officer or Director under Article VI or Article VII.

Section 6. Directors' Right of Inspection. Every Director shall have the absolute right at any reasonable time to inspect the books, records, documents of every kind, and physical properties of the Corporation and each of its subsidiaries. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

Section 7. Corporate Seal. The corporate seal, if any, shall be in such form as may be approved from time to time by the Board. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

Section 8. Execution of Instruments, Deposits and Funds.

(a) Execution of Instruments. The Board, except as otherwise provided in these Bylaws, may by resolution authorize any Officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized, no Officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

(b) Checks and Notes. Except as otherwise specifically determined by resolution of the Board, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the Corporation shall be signed by the Treasurer and countersigned by the President.

(c) Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

(d) Gifts. The Board may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the charitable or public purposes of the Corporation.

Section 9. Amendment of Bylaws. The Board may adopt, amend or repeal bylaws. Such power is subject to the following limitations:

(a) Where any provisions of these Bylaws requires the vote of a larger proportion of the Directors than otherwise is required by law, such provision may not be altered, amended or repealed except by the vote of such greater number.

(b) No amendment may extend the term of a Director beyond that for which such Director was elected.

(c) If Bylaws are adopted, amended or repealed at a meeting of the Board, such action is authorized only at a duly called and held meeting for which written notice of such meeting, setting forth the proposed bylaw revisions with explanations therefore, is given in accordance with these Bylaws, unless such notice is waived in accordance with these Bylaws.

Section 10. Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions of California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both the Corporation and a natural person. All references to statutes, regulations and laws shall include any future statutes, regulations and laws that replace those referenced.

CERTIFICATE OF SECRETARY

I, Anastasia Brewster the Secretary of the San Diego Community Land Trust, formed and existing under the laws of the State of California, do hereby certify that the foregoing is a true and complete copy of the Bylaws of this nonprofit corporation as submitted and read to, and adopted by, the Board of Directors on September 3, 2010; and that these Bylaws have not been amended or modified since that date.

IN WITNESS WHEREOF, I have hereunder subscribed my name on this 3 day of September, 2010.

ABrewster
Name: Anastasia Brewster
Title: Secretary

RESOLUTION NUMBER R- 311790

DATE OF FINAL PASSAGE JUN 14 2018

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO AUTHORIZING THE EXECUTION OF THE
FIRST AMENDMENT TO CITY OF SAN DIEGO GROUND
LEASE WITH SAN DIEGO COMMUNITY LAND TRUST FOR
CITY REAL PROPERTY LOCATED AT LAURISTON DRIVE
AND PAXTON DRIVE (APN'S 630-060-24 AND 630-160-62)
IN SAN DIEGO, CALIFORNIA.

WHEREAS, on November 5, 2013, the San Diego City Council approved Resolution
R-308556 authorizing the City of San Diego Ground Lease (Lease) with San Diego Community
Land Trust (SDCLT), for the purpose of conducting due diligence to determine the feasibility of
purchasing the approximately 3.3 acre property located at Lauriston Drive and Paxton Drive,
APN's 630-060-24 AND 630-160-62 (Property), and an option to purchase the Property to
construct sixteen affordable housing units (Project); and

WHEREAS, in 2015, SDCLT approached the City of San Diego (City) and requested
various changes to the form quitclaim deed (Quitclaim Deed) attached to the Real Estate
Purchase and Sale Agreement, which is Exhibit B to the Lease; and

WHEREAS, on July 19, 2016, the Council authorized three revisions to the Quitclaim
Deed; and

WHEREAS, in accordance with the Lease, SDCLT has until November 25, 2018, to
submit certain items to the City to exercise its option to purchase the Property; and

WHEREAS, in February 2018, SDCLT represented to City staff that it could not provide
some of the items to exercise its option to purchase the Property until SDCLT owns the Property;
and

WHEREAS, SDCLT requests that the Lease be amended to allow SDCLT to exercise its option to purchase the Property upon proof of ability to provide insurance and a faithful performance bond, and proof SDCLT has submitted an application for building permits; and

WHEREAS, SDCLT requests that the Real Estate Purchase and Sale Agreement, which is Exhibit B to the Lease, be amended to allow SDCLT to close escrow for the purchase of the Property upon the following: (1) written notice from the Development Services Department indicating that all permits for development of the Property are ready to be issued upon payment of permit and related fees; (2) proof SDCLT has secured, or will have secured concurrently upon the close of escrow, a Conditional Letter of Map Revision (CLOMR) from the Federal Emergency Management Agency (FEMA) for the Project or such other requirement from FEMA, and to the satisfaction of City's Engineer; (3) evidence SDCLT has secured construction loans or other funds to complete the Project; (4) proof SDCLT has secured, or will have secured concurrently upon the close of escrow, the faithful performance bond; (5) proof SDCLT has secured, or will have secured concurrently upon the close of escrow, all required insurance policies for construction of the Project; and (6) other standard terms for the close of escrow; NOW, THEREFORE,

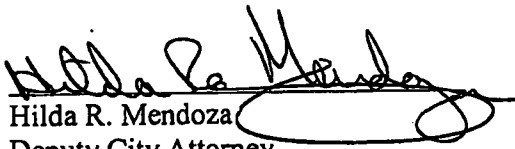
BE IT RESOLVED, by the Council of the City of San Diego, that the Mayor, or his designee, is authorized and directed to execute, for and on behalf of City, the First Amendment to City of San Diego Ground Lease with San Diego Community Land Trust, on file in the Office of the City Clerk as Document No. RR- 311790, under the terms and conditions set forth therein.

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to accept and deposit the independent consideration in the amount of Ten Dollars (\$10.00) into the General Fund Number 100000.

BE IT FURTHER RESOLVED, that the Mayor, or his designee, is authorized to execute and deliver all such agreements and all other instruments to effect and complete the transaction contemplated by this Resolution.

APPROVED: MARA W. ELLIOTT, City Attorney

By

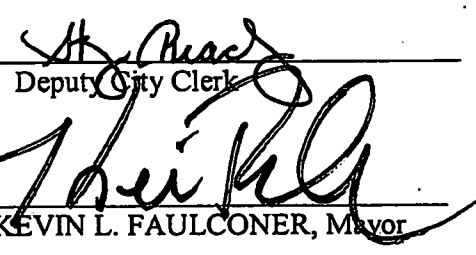

Hilda R. Mendoza
Deputy City Attorney

HRM:nja
05/22/18
Or.Dept: READ
Doc. No.: 1756458

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 12 2018.

ELIZABETH S. MALAND
City Clerk

By


Deputy City Clerk

Approved: 6/14/18

(date)

KEVIN L. FAULCONER, Mayor

Vetoed: _____

(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on JUN 12 2018, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	☒	☐	☐	☐
Lorie Zapf	☒	☐	☐	☐
Chris Ward	☒	☐	☐	☐
Myrtle Cole	☒	☐	☐	☐
Mark Kersey	☒	☐	☐	☐
Chris Cate	☒	☐	☐	☐
Scott Sherman	☒	☐	☐	☐
David Alvarez	☒	☐	☐	☐
Georgette Gomez	☒	☐	☐	☐

Date of final passage JUN 14 2018

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

(Seal)

KEVIN L. FAULCONER

Mayor of The City of San Diego, California.

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By Stacy Reed, Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- 311790

Passed by the Council of The City of San Diego on June 12, 2018, by the following vote:

YEAS: BRY, ZAPF, WARD, COLE, KERSEY, CATE, SHERMAN,
ALVAREZ, GÓMEZ.

NAYS: NONE.

NOT PRESENT: NONE.

RECUSED: NONE.

AUTHENTICATED BY:

KEVIN L. FAULCONER

Mayor of The City of San Diego, California

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California

(Seal)

By: Stacy D. Ready, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of
RESOLUTION NO. R-311790, approved on June 12, 2018. The date of final
passage is June 14, 2018.

ELIZABETH S. MALAND

City Clerk of the City of San Diego, California

(Seal)

By: Stacy Ready, Deputy

RESOLUTION NUMBER R- 310604DATE OF FINAL PASSAGE JUL 20 2016

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE AMENDMENT OF THE GROUND LEASE BETWEEN THE CITY OF SAN DIEGO AND THE SAN DIEGO COMMUNITY LAND TRUST, CONCERNING 3.3 ACRES OF CITY-OWNED LAND SOUTH OF ELROSE DRIVE, BETWEEN LAURISTON DRIVE AND PAXTON DRIVE; THE AMENDMENT WILL REVISE CERTAIN CONDITIONS AND RESTRICTIVE COVENANTS CONTAINED IN THE QUITCLAIM DEED WHICH IS SET FORTH AS EXHIBIT C TO THE REAL ESTATE PURCHASE AND SALE AGREEMENT WHICH IS SET FORTH AS EXHIBIT B TO THE GROUND LEASE.

WHEREAS, in November 2013, the City Council authorized the Mayor or his designee to enter into a five (5) year ground lease (Lease) with San Diego Community Land Trust (Land Trust), a California nonprofit 501(c)(3) corporation, for the lease of 3.3 acres of City-owned land south of Elrose Drive, between Lauriston Drive and Paxton Drive, via City resolution R-308556; and

WHEREAS, the Lease contains an option to purchase provision, which option is exercisable if Land Trust satisfies certain conditions within five (5) years, and the Lease also has an attached Exhibit B, which is a negotiated Real Estate Purchase and Sale Agreement (PSA); and

WHEREAS, the PSA has its own exhibits, one of which is a quitclaim deed (QC Deed) which is set forth as Exhibit C to the PSA; both the PSA and the QC Deed are to be used by the parties should Land Trust exercise its option to purchase; and

WHEREAS, Section 1 of the PSA requires that "The Property shall be more particularly described in a quitclaim deed substantially in the form and with the conditions and restrictive

covenants as set forth in the form attached hereto as Exhibit C: Form of Quitclaim Deed.”; accordingly, without authority from the City Council, the substantive conditions and restrictive covenants contained in the QT Deed cannot be revised or otherwise modified; and

WHEREAS, Land Trust has requested certain revisions to the conditions and restrictive covenants contained in the QC Deed; and

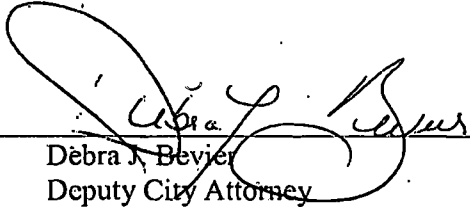
WHEREAS, after reviewing the Land Trust's requested revisions to the QC Deed, City staff recommends that the City Council authorize the Mayor or his designee to amend the Lease to allow the following types of revisions be made to the conditions and restrictive covenants of the QC Deed: (1) allowing the removal of the restriction on the use of the “Uniform Community Land Trust Ground Lease Rider” (Rider), so that Land Trust will be allowed to use this specific Rider only, in the form that said Rider exists as of the date of this Resolution; (2) allowing the removal of the City's reversionary interests in the subject property; and (3) allowing the subject property to be encumbered or used to secure the payment of any lien or loan without the City's approval therefor; NOW, THEREFORE,

BE IT RESOLVED, that the City Council of the City of San Diego hereby authorizes the Mayor or his designee to amend the ground lease between the City of San Diego and the San Diego Community Land Trust, concerning 3.3 acres of City-owned land south of Elrose Drive, between Lauriston Drive and Paxton Drive, by revising the conditions and restrictive covenants of the quitclaim deed which is set forth as Exhibit C to the Real Estate Purchase and Sale Agreement which is set forth as Exhibit B to the ground lease, to reflect the following: (1) allowing the removal of the restriction on the use of the “Uniform Community Land Trust Ground Lease Rider” (Rider), so that Land Trust will be allowed to use this specific Rider only, in the form that said Rider exists as of the date of this Resolution; (2) allowing the removal of the

City's reversionary interests in the subject property; and (3) allowing the subject property to be encumbered or used to secure the payment of any lien or loan without the City's approval therefor.

APPROVED: JAN I. GOLDSMITH, City Attorney

By


Debra J. Bevier
Deputy City Attorney

DJB:mcm

06/20/2016

Or.Dept: Real Estate Assets Dept.

Doc. No.: 1308804

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUL 19 2016

ELIZABETH S. MALAND

City Clerk

By


Deputy City Clerk

Approved: _____

(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____

(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on JUL 19 2016, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	☒	☐	☐	☐
Lorie Zapf	☒	☐	☒	☐
Todd Gloria	☒	☐	☐	☐
Myrtle Cole	☒	☐	☐	☐
Mark Kersey	☒	☐	☐	☐
Chris Cate	☒	☐	☐	☐
Scott Sherman	☒	☐	☐	☐
David Alvarez	☒	☐	☐	☐
Marti Emerald	☒	☐	☐	☐

Date of final passage JUL 20 2016

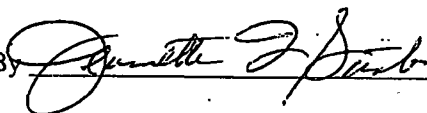
(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

(Seal)

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- 310604

Item 101, Nov 5, 2013

(R-2014-225)

Sub Item 'B'

RESOLUTION NUMBER R- 308557

DATE OF FINAL PASSAGE NOV 21 2013

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO DETERMINING THAT THE LEASE AND POTENTIAL SALE OF CITY-OWNED REAL PROPERTY NEAR LAURISTON AND PAXTON DRIVES, IN SAN DIEGO, CALIFORNIA, PURSUANT TO THAT CERTAIN GROUND LEASE AND PURCHASE AND SALE AGREEMENT WITH THE SAN DIEGO COMMUNITY LAND TRUST FOR THE PURPOSE OF POTENTIAL AFFORDABLE HOUSING DEVELOPMENT, IS CATEGORICALLY EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT PURSUANT TO CEQA GUIDELINES SECTION 15301 AND 15312.

WHEREAS, the City of San Diego (City) is considering entering into that certain Ground Lease, which includes an purchase option pursuant to a certain Purchase and Sale Agreement, on file in the Office of the City Clerk as Document No. RR-308556 (Lease), with the San Diego Community Land Trust, a California nonprofit corporation (Land Trust), for that certain City-owned real property consisting of approximately 3.3 acres of land identified as Assessor's Parcel Numbers 630-160-62 and 630-060-24 and located between Lauriston and Paxton Drives in the Otay Mesa-Nestor area (Property); and

WHEREAS, the California Environmental Quality Act (CEQA), Public Resources Code section 21084, states that the CEQA Guidelines shall list those classes of projects which have been determined not to have a significant effect on the environment and which shall be exempt from CEQA; and

WHEREAS, pursuant to that authority, CEQA Guidelines sections 15300-15333 list the categorical exemptions promulgated by the California Office of Planning and Research for those

classes of Projects which have been determined not to have a significant effect on the environment; and

WHEREAS, the Development Services Department has established that the Lease and the potential sale of the Property pursuant thereto (Project) are categorically exempt from CEQA pursuant to CEQA Guidelines section 15301 and 15312, and that no exception to the exemptions, as set forth in CEQA Guidelines section 15300.2, applies to either the Lease or the potential Sale; and

WHEREAS, the Council of the City of San Diego has considered the potential environmental effects of the Project, and

WHEREAS, the City Council has held a duly noticed public meeting and considered the written record for the Project, as well as public comment; and

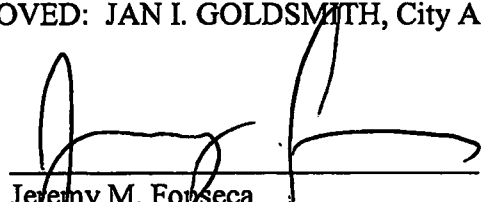
WHEREAS, the City Council, using its independent judgment, has determined that the Lease will not have a significant effect on the environment because the uses of the Property pursuant to the Lease by the Land Trust will involve negligible and no expansion of existing uses of the Property. The City Council, using its independent judgment, has also determined that the potential sale of the Property pursuant to the Purchase and Sale Agreement included in the Ground Lease (Sale) will not have a significant effect on the environment because the Sale is a surplus government property sale, in accordance with CEQA Guidelines Section 15312. Also, any future development of the Property after the Sale would undergo environmental review at the appropriate time once sufficient details regarding such development are actually available, in accordance with CEQA Guidelines Section 15004; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, that the lease and potential sale of real property consisting of approximately 3.3 acres of land identified as

Assessor's Parcel Numbers 630-160-62 and 630-060-24 and located near Lauriston and Paxton Drives in the Otay Mesa-Nestor area, pursuant to that certain Ground Lease and included Purchase and Sale Agreement on file in the Office of the City Clerk as Document No ^{RR-}308556 is categorically exempt from CEQA pursuant to CEQA Guidelines sections 15301 and 15312, and that an exception to the exemption does not apply under CEQA Guidelines section 15300.2.

APPROVED: JAN I. GOLDSMITH, City Attorney

By


Jeremy M. Fonseca
Deputy City Attorney

JMF:mm

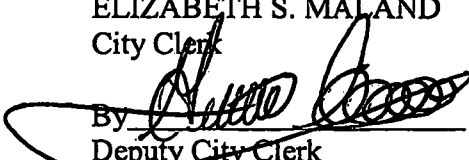
10/14/13

Or.Dept:Real Estate Assets Dept.

Doc. No. 594091_2

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of NOV 05 2013.

ELIZABETH S. MALAND
City Clerk


By _____
Deputy City Clerk

Approved pursuant to Charter section 265(i):

(date)

TODD GLORIA, Council President

Passed by the Council of The City of San Diego on NOV 05 2013 by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	☒	☐	☐	☐
Kevin Faulconer	☒	☐	☐	☐
Todd Gloria	☐	☐	☒	☐
Myrtle Cole	☒	☐	☐	☐
Mark Kersey	☒	☐	☐	☐
Lorie Zapf	☒	☐	☐	☐
Scott Sherman	☒	☐	☐	☐
David Alvarez	☒	☐	☐	☐
Marti Emerald	☒	☐	☐	☐

Date of final passage NOV 21 2013

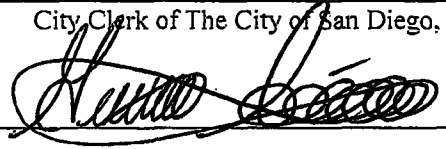
(Please note: When a resolution is approved by the Council President as interim Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

TODD GLORIA, COUNCIL PRESIDENT
as interim Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- 308557

Recording requested by:
The City of San Diego

When Recorded Mail to:
OFFICE OF THE CITY CLERK
THE CITY OF SAN DIEGO
202 "C" ST., 2ND FLOOR, MS 2A
SAN DIEGO, CA 92101

APN 630-060-24 and 630-160-62

SPACE ABOVE FOR RECORDER'S USE.
NO RECORDING FEE DUE: CALIF. GOV. CODE §6103

QUITCLAIM DEED

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is acknowledged,

SAN DIEGO COMMUNITY LAND TRUST, a California nonprofit 501(c)(3) corporation ("Transferor"),

DOES HEREBY REMISE, RELEASE AND FOREVER QUITCLAIM TO

THE CITY OF SAN DIEGO, a California municipal corporation ("Transferee"),

ALL OF THE RIGHT, TITLE, AND INTEREST of Transferor in and to the real property, together with all rights, improvements and appurtenances thereto, located in the City of San Diego, County of San Diego, State of California, and more particularly described as follows (the "Property"):

APN: 630-060-24: LOTS 47, 48, 49, 50 AND 51 OF STORY BOOK PARK UNIT NO. 1, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 5439, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 5439, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 7, 1964.

APN 630-160-62: LOTS 23 THROUGH 33 INCLUSIVE OF MONTGOMERY PARK ESTATES, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 7693, FILED IN THE COUNTY OF SAN DIEGO COUNTY, JULY 9, 1973.

EXCEPTING THEREFROM HALF OF ALL OIL AND MINERAL RIGHTS AS RESERVED BY GEORGE MILTON WALLACE AND ISABEL C. WALLACE IN DEED RECORDED JANUARY 21, 1952 IN BOOK 4348, PAGE 183 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM REMAINING ONE-HALF OF ALL, GAS, MINERAL AND HYDROCARBON RIGHTS AND SUBSTANCES IN AND UNDER THE LAND, BUT BENEATH A PLANCE OF 500 FEET BELOW THE SURFACE OF THE LAND, BUT WITHOUT ANY RIGHT OF SURFACE ENTRY.

IN WITNESS WHEREOF, this Quitclaim Deed is executed to be effective upon its recordation in the Official records of the San Diego County, California, Recorder.

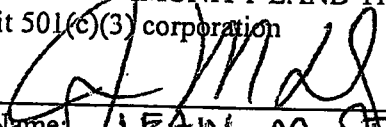
Transferor:

SAN DIEGO COMMUNITY LAND TRUST, a California nonprofit 501(c)(3) corporation

BY:

Name:

Title:


JEAN M. DIAZ
EXECUTIVE DIRECTOR

Approved as to form:

MARA W. ELLIOTT, City Attorney

BY:

Name:

Title:

Date:

This is to certify that the interest in real property conveyed by this instrument to the City of San Diego, a California municipal corporation, is hereby accepted by the undersigned officer on behalf of the City of San Diego pursuant to authority conferred by Resolution No. 250320, adopted by the Council of the City of San Diego on October 1, 1979, and the grantee consents to recordation thereof by its duly authorized officer.

Transferee:

THE CITY OF SAN DIEGO, a California municipal corporation

BY:

Cybele L. Thompson

Director, Real Estate Assets

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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 SAN DIEGO)
) §

On 12-06-2018 before me, MEHUL V. RAWAL (NOTARY PUBLIC)
Date Here Insert Name and Title of Officer

personally appeared JEAN MICHAEL DIAZ
Name 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, 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.



Place Notary Seal Above

I certify under the 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 Mehul V. Rawal

Recording requested by:
The City of San Diego

When Recorded Mail to:
OFFICE OF THE CITY CLERK
THE CITY OF SAN DIEGO
202 "C" ST., 2ND FLOOR, MS 2A
SAN DIEGO, CA 92101

APN 630-060-24 and 630-160-62

SPACE ABOVE FOR RECORDER'S USE.
NO RECORDING FEE DUE: CALIF. GOV. CODE §6103

QUITCLAIM DEED

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is acknowledged,

SAN DIEGO COMMUNITY LAND TRUST, a California nonprofit 501(c)(3) corporation ("**Transferor**"),

DOES HEREBY REMISE, RELEASE AND FOREVER QUITCLAIM TO

THE CITY OF SAN DIEGO, a California municipal corporation ("**Transferee**"),

ALL OF THE RIGHT, TITLE, AND INTEREST of Transferor in and to the real property, together with all rights, improvements and appurtenances thereto, located in the City of San Diego, County of San Diego, State of California, and more particularly described as follows (the "Property"):

APN: 630-060-24: LOTS 47, 48, 49, 50 AND 51 OF STORY BOOK PARK UNIT NO. 1, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 5439, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 5439, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 7, 1964.

APN 630-160-62: LOTS 23 THROUGH 33 INCLUSIVE OF MONTGOMERY PARK ESTATES, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 7693, FILED IN THE COUNTY OF SAN DIEGO COUNTY, JULY 9, 1973.

EXCEPTING THEREFROM HALF OF ALL OIL AND MINERAL RIGHTS AS RESERVED BY GEORGE MILTON WALLACE AND ISABEL C. WALLACE IN DEED RECORDED JANUARY 21, 1952 IN BOOK 4348, PAGE 183 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM REMAINING ONE-HALF OF ALL, GAS, MINERAL AND HYDROCARBON RIGHTS AND SUBSTANCES IN AND UNDER THE LAND, BUT BENEATH A PLANCE OF 500 FEET BELOW THE SURFACE OF THE LAND, BUT WITHOUT ANY RIGHT OF SURFACE ENTRY.

IN WITNESS WHEREOF, this Quitclaim Deed is executed to be effective upon its recordation in the Official records of the San Diego County, California, Recorder.

Transferor:

SAN DIEGO COMMUNITY LAND TRUST, a California nonprofit 501(c)(3) corporation

BY:

Name:

Title:

JEAN M. DIAZ

EXECUTIVE DIRECTOR

Approved as to form:

MARA W. ELLIOTT, City Attorney

BY:

Name:

Title:

Date:

Hilda R. Mendoza
Deputy City Attorney
January 7, 2019

This is to certify that the interest in real property conveyed by this instrument to the City of San Diego, a California municipal corporation, is hereby accepted by the undersigned officer on behalf of the City of San Diego pursuant to authority conferred by Resolution No. 250320, adopted by the Council of the City of San Diego on October 1, 1979, and the grantee consents to recordation thereof by its duly authorized officer.

Transferee:

THE CITY OF SAN DIEGO, a California municipal corporation

BY:

Cybele L. Thompson

Director, Real Estate Assets

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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 SAN DIEGO) §

On 12-06-2018 before me, MEHUL V. RAWAL (NOTARY PUBLIC)
Date Here Insert Name and Title of Officer

personally appeared JEAN MICHAEL DIAZ
Name 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, 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 the 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 Above

Signature Mehul V. Rawal

DILIGATE

lease file
4608

**FIRST AMENDMENT TO
CITY OF SAN DIEGO GROUND LEASE
(Lauriston & Paxton)**

This **FIRST AMENDMENT TO CITY OF SAN DIEGO GROUND LEASE ("First Amendment")** is made by and between THE CITY OF SAN DIEGO, a California municipal corporation ("CITY"), and San Diego Community Land Trust, a California nonprofit 501(c)(3) corporation ("LESSEE"), to be effective when mutually executed by the parties and approved by the San Diego City Attorney (the "**First Amendment Effective Date**").

RECITALS

- A. CITY and LESSEE entered into that certain City of San Diego Ground Lease ("Lease") effective November 26, 2013, for the purpose of conducting due diligence to determine the feasibility of purchasing the Premises which was amended by Resolution R-310604 on file in the office of the City Clerk.
- B. CITY and LESSEE agree to amend the Lease to clarify LESSEE's required deliverables to exercise the Purchase Option and the conditions for the close of escrow for the purchase of the Premises.
- C. Unless otherwise defined herein, capitalized terms as used in this First Amendment shall have the same meanings as given therefor in the Lease.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, CITY and LESSEE hereby agree to amend the terms and conditions of the Lease as follows:

- 1. Section 1.10 Purchase Option shall be deleted and replaced in its entirety with the following:

"1.10 Purchase Option. LESSEE shall have the option to purchase the Premises ("Purchase Option") at any time during the Term. The purchase and sale of the Premises shall be subject to the terms and conditions of the Purchase & Sale Agreement. The purchase price of the Premises (the "Purchase Price") shall be Sixteen Dollars (\$16).

1.10.1 To exercise the Purchase Option, LESSEE shall deliver all of the following to CITY, subject to City's satisfaction and approval in each instance:

1.10.1.1 A written notice to CITY at least five (5) business days prior to the anticipated closing of the purchase and sale transaction, which notice shall state the desired closing date.

- 1.10.1.2 Two (2) originals of the Purchase & Sale Agreement signed by LESSEE.
- 1.10.1.3 LESSEE's development plan describing development of the entire Premises including comprehensive and customary information such as the project timeline, construction plans, construction budget, etc., (the "Development Plan"), together with Evidence that LESSEE has submitted an application for building permits to CITY's Development Services Department. The quitclaim deed conveying title to the Premises shall contain conditions and covenants restricting development of the Premises to the Development Plan.
- 1.10.1.4 Reserved.
- 1.10.1.5 True copies of all reports, studies and other documentation produced by or for LESSEE and related to the Premises, the Development Plan and LESSEE's development of the Premises, which shall include without limitation: (a) a certified engineering and drainage analysis ("Certified Analysis") of flooding and water drainage conditions and issues for the Premises, including with regard to existing drainage easements, the Premises in its to-be-developed condition, and the adjacent drainage channel and culvert facilities of the Metropolitan Transit System's trolley crossing to the south of the Premises, including without limitation recommendations for development of the Premises and improvements of the drainage channel and all related drainage facilities to minimize and or prevent future flooding of the Premises; and (b) a "Cycle Issues" report and conclusions of a "Preliminary Review," including a specific cycle issue review by City of San Diego Stormwater and Engineering personnel, done by the City of San Diego's Development Services Department ("DSD") for the proposed development of the Premises and all related development improvements based on the Development Plan.
- 1.10.1.6 Lessee has provided evidence of its ability to obtain the faithful performance bond specified in Clause 5.8 of the Purchase and Sale Agreement subject to payment of the premium therefor.
- 1.10.1.7 Lessee has provided evidence of its ability to obtain insurance as specified in Clause 5.7 of the Purchase & Sale Agreement subject to payment of the premium therefor."

2. The Purchase & Sale Agreement depicted as Exhibit B to the Lease is deleted in its entirety

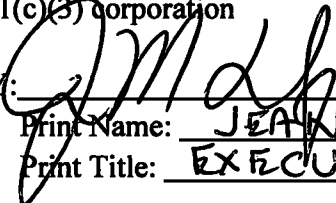
and replaced with the Exhibit B-1 attached to this First Amendment.

3. All other terms and conditions of the Lease shall remain in full force and effect, and if there are any conflicts between the Lease and this First Amendment, said conflicts shall be resolved in favor of the terms and conditions of this First Amendment.
4. Each individual executing this First Amendment on behalf of another person or legal entity represents and warrants that they are authorized to execute and deliver this First Amendment on behalf of such person or entity in accordance with duly adopted resolutions or other authorizing actions which are necessary and proper and under such legal entity's articles, charter, bylaws, or other written rules of conduct or governing agreement, and that this First Amendment is binding upon such person or entity in accordance with its terms. Each person executing this First Amendment on behalf of another person or legal entity represents and warrants such entity is a valid, qualified corporation, limited liability company, partnership, or other unincorporated association in good standing in its home state and that such entity is qualified to do business in California.

IN WITNESS WHEREOF, this First Amendment is executed by LESSEE acting by and through its lawful designee, and by CITY acting by and through its Mayor, or his designee.

LESSEE:

San Diego Community Land Trust, a California nonprofit
501(c)(3) corporation

BY: 

Print Name:

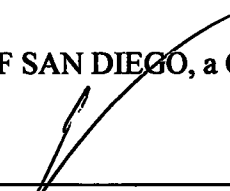
JEAN M. DIAZ

Print Title:

EXECUTIVE DIRECTOR

CITY:

CITY OF SAN DIEGO, a California municipal corporation

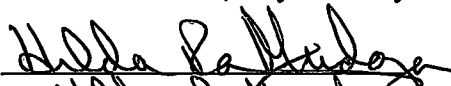
By: 

Cybele L. Thompson

Director, Real Estate Assets

Approved as to form this 9th day
of July, 2018.

MARA W. ELLIOTT, City Attorney

BY: 

Name: Mara W. Elliott

Title: Deputy City Attorney

18-311790

REAL ESTATE PURCHASE AND SALE AGREEMENT

[LAURISTON-PAXTON]

This REAL ESTATE PURCHASE AND SALE AGREEMENT ("Agreement") is made by and between THE CITY OF SAN DIEGO, a California municipal corporation ("CITY"), and SAN DIEGO COMMUNITY LAND TRUST, a California nonprofit 501(c)(3) corporation ("BUYER"), to be effective as of the date of execution by CITY (the "Effective Date"), when signed by the parties and approved by the San Diego City Attorney, as follows:

RECITALS

- A. CITY owns certain real property (the "Property;" Assessor's Parcel Numbers 630-160-62 and 630-060-24) consisting of sixteen (16) unimproved residential lots (the "Lots") on two (2) parcels (i.e., Assessor's Parcel Numbers 630-160-62 and 630-060-24), comprising approximately 3.3 acres of land located south of Elrose Drive between Lauriston Drive and Paxton Drive in San Diego, California 92154, and more particularly described in **Exhibit A: Property Description**, attached hereto.
- B. CITY and BUYER have entered into that certain CITY OF SAN DIEGO GROUND LEASE (the "Original Lease") dated November 26, 2013, which was amended by that certain First Amendment to City of San Diego Ground Lease ("Amendment") dated _____, 2018. The Original Lease and the Amendment are hereinafter referred to collectively as the "Lease." Pursuant to the Lease, BUYER has an option to purchase the Property during the term of the Lease. BUYER intends to develop the Property with up to one affordable homeownership unit per Lot, which will be sold as permanently affordable housing to income-qualified buyers ("PROJECT"). The Property must be developed as required by this Agreement.
- C. BUYER has elected to purchase the Property. The purchase and sale of the Property will be made under the terms and conditions of this Agreement.
- D. The sale of the Property is for a public purpose. A quitclaim deed to the Property will strictly restrict the use of the Property and each Lot to developing and maintaining an affordable homeownership unit for sale as permanently affordable housing to income-qualified buyers with an underlying land lease for the Lot. Each such underlying land lease will contain resale restrictions to assure that each home will be affordable in perpetuity.
- E. The parties acknowledge and agree that an open storm water drainage channel runs along the southerly boundary of the Property within a public drainage easement, and that the Property has incurred damage due to flooding of this drainage channel prior to this transaction. Also, drainage easements exist over certain portions of the Property for the purpose of water drainage from the Property. CITY, in its capacity as a public governmental entity, has responsibility for the maintenance of the public drainage facilities in their current condition. The parties acknowledge that the drainage facilities in their current condition may be insufficient to prevent future flood damage to the Property. The parties further acknowledge that BUYER shall be solely responsible for all costs of developing the Property, appurtenant drainage easements, and the adjacent drainage channel and facilities, including all costs for

drainage, culvert and storm water improvements thereon. CITY shall not be responsible for the maintenance of the drainage facilities to the extent that the drainage channel, drainage facilities and/or Property conditions are changed from their current state as a result of BUYER's improvements or development of the Property. BUYER acknowledges that a condition precedent to this Agreement is that BUYER shall fully protect, defend, indemnify, hold harmless and release CITY for any and all future flooding incidents or related liabilities at the Property resulting from or related to the drainage facilities, physical conditions of the drainage facilities in their current state, and any conditions of the drainage facilities caused by or contributed to by BUYER's development, use and maintenance of one or more of the Lots and the Property as a whole.

- F. BUYER has delivered to CITY evidence reasonably satisfactory to CITY that BUYER has a development plan (the "Development Plan," attached hereto and made a part hereof as **Exhibit B: Development Plan**) for the Property that has completed all reviews and approvals by all competent governmental authorities as required prior to commencement of construction on the Property. Such reviews and approvals have considered BUYER's complete development of the entire Property (i.e., BUYER's project as a whole, rather than piecemeal). The quitclaim deed conveying title to the Property will contain conditions and covenants restricting development of the Property to the Development Plan.

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

1. **Purchase and Sale.** Under the terms and conditions of this Agreement, CITY shall sell and convey to BUYER, and BUYER shall purchase from CITY, all of CITY's right, title and interest in and to the Property. The Property shall be more particularly described in a quitclaim deed substantially in the form and with conditions and restrictive covenants as set forth in the form attached hereto as **Exhibit C: Form of Quitclaim Deed** (the "Quitclaim Deed").
2. **Purchase Price and Independent Consideration.**
 - 2.1. **Purchase Price.** The purchase price of the Property ("**Purchase Price**") shall be Sixteen Dollars (\$16).
 - 2.2. **Independent Consideration.** CITY and Buyer agree that (i) the amount of Ten Dollars (\$10) (the "Independent Contract Consideration Payment"), has been bargained for as consideration for CITY's execution and delivery of this Agreement and for Buyer's right of review, inspection and termination, and is independent of any other consideration or payment provided for in this Agreement. Notwithstanding anything to the contrary contained herein, the Independent Contract Consideration Payment is non-refundable in all events. Simultaneously with the Purchase Price, Buyer shall deposit into Escrow the Independent Contract Consideration Payment. Upon receipt of the Independent Contract Consideration Payment, Escrow and Title Agent shall pay the Independent Contract Consideration Payment immediately to CITY (in accordance with wiring instructions separately provided by CITY) without further instruction from Buyer. In no event shall

the Independent Contract Consideration Payment be credited towards the Purchase Price at Closing.

3. **Public Purpose.** The purchase of the Property is for the purpose of the development, sale and maintenance of permanently Affordable Housing to Income-Qualified Buyers with an underlying land lease for each Lot, and for no other purpose whatsoever. **"Affordable Housing to Income-Qualified Buyers"** shall mean long-term occupancy of a developed house structure by households whose combined annual gross income for all members does not exceed one hundred twenty percent (120%) of the "Area Median Income" as adjusted for household size as determined by the U.S. Department of Housing and Urban Development ("HUD") for the San Diego Standard Metropolitan Statistical Area. **"Income-Qualified Buyer"** shall mean a household whose combined annual gross income for all members does not exceed one hundred twenty percent (120%) of the Area Median Income as adjusted for household size as published by HUD for the San Diego Standard Metropolitan Statistical Area at the time of sale. Each underlying land lease shall contain resale restrictions to assure that each Lot and home thereon shall only be Affordable Housing to Income-Qualified Buyers in perpetuity. BUYER's purchase of the Property under this Agreement shall be conditioned and restricted to the foregoing use in the Quitclaim Deed.

- 3.1. BUYER, together with its successors and assigns shall, within three (3) years after the close of escrow, 1) complete or cause the completion of the planned improvements consisting of one single-family home per Lot, and 2) make available exclusively to Income-Qualified Buyers for purchase a 99-year Leasehold estate in each developed Lot, at a price sufficiently below fair market value or otherwise adjusted to ensure purchase by Income-Qualified Buyers.

4. **Escrow.** By delivery of a fully executed copy of this Agreement to Escrow, BUYER and City establish an escrow (the "Escrow") with Chicago Title Company, attn. Rob Shaw, located at 2365 Northside Drive, Suite 600, San Diego, CA 92108 ("Escrow Holder"), within three (3) business days after the Effective Date. The Escrow shall be open as of the date (the "Open Date") CITY delivers to the Escrow Holder this Agreement and is subject to the provisions of the standard conditions for acceptance of Escrow and the terms and conditions in this Agreement. BUYER and CITY shall execute and deliver to Escrow Agent any additional or supplementary instructions as Escrow Agent reasonably considers necessary or convenient to implement the terms of this Agreement and close the transactions contemplated hereby, including the standard conditions for acceptance of Escrow, all of which together with the escrow instructions set forth in this Agreement, as they may be amended from time to time by the parties, shall collectively serve as the escrow instructions to Escrow Agent. In the event of any conflict between the terms of this Agreement and any additional or supplemental instructions, including the standard conditions for acceptance of Escrow, the terms of this Agreement shall control.

- 4.1. **Preliminary Report of Title.** Upon establishing Escrow, the parties hereby instruct the Title Agent to prepare and provide a Preliminary Report of Title for the Property ("Preliminary Report") to BUYER and CITY for review. BUYER shall notify CITY in writing within seven (7) Business Days after receipt of the Preliminary Report of

BUYER's objection to any matters affecting title, including disapproval of any exception contained in the Preliminary Report, other than Permitted Exceptions and liens of deeds of trust or other monetary liens or encumbrances to be paid upon Close of Escrow. CITY shall have seven (7) Business Days after such notice to advise BUYER whether CITY elects to endeavor to eliminate or modify any such identified exceptions and objections, and of any disapproved exceptions and objections which will not be removed by CITY prior to the Closing; CITY'S failure to timely respond to BUYER'S objections or failure to identify in CITY'S response any disapproved exception or objection will be deemed an election by CITY not to remove such exceptions and objections. If CITY indicates that it will not correct any of the disapproved exceptions, BUYER may elect to: (i) terminate this Agreement without liability on the part of either party and receive a full refund of BUYER'S entire Deposit; or (ii) consummate the purchase of the Property subject to such exceptions without reduction in the Purchase Price and without any liability on CITY'S part relative to the title to the Property, by written notice of approval to CITY. Notwithstanding such approval notice, if after such approval notice is given and prior to the Closing Date, any new title exceptions are first disclosed to BUYER ("New Exceptions"), then the provisions in this section above relating to the parties' respective rights, obligations and time periods shall apply as to the New Exceptions.

- 4.2. Escrow Costs. BUYER shall pay: (a) Preliminary Title Report fees; (b) all San Diego County documentary transfer taxes; (c) the fee for a standard-coverage California Land Title Association ("CLTA") Title Insurance Policy; (d) all charges for document drafting and recording; (e) the incremental cost of any additional or extended-coverage title insurance beyond a CLTA Title Insurance Policy, if requested by BUYER.
- 4.3. Proration. Escrow Holder shall prorate fees and costs between the parties at the Closing.
5. Close of Escrow. Close of Escrow shall be on or before ninety (90) calendar days from the date when BUYER has provided all the required items to exercise its Purchase Option in accordance with Section 1.10 to the Lease, unless otherwise agreed to by the parties in writing, provided that the following conditions precedent to Closing are satisfied, and CITY shall deliver title to the Property to BUYER by promptly executing and delivering to escrow the Quitclaim Deed, subject to all acts done or suffered by BUYER, or claims made by, through or under BUYER. The Escrow Agent shall promptly thereafter have the Quitclaim Deed recorded in the Official Records of the San Diego County, California, Recorder. Such recordation shall close the transaction (the "Closing"). In no event shall the Close of Escrow be later than **November 25, 2018**.
- 5.1. Purchase Price. Prior to Closing, BUYER shall deposit the Purchase Price with Escrow Holder, either in cash, by cashier's check or in the other immediately available United States currency.
- 5.2. Parties to Sign Documents. Prior to the Closing, the parties shall execute and deliver all instruments and documents reasonably required by the other party and Escrow Holder to effect the Closing.

- 5.3. **Taxes.** All ad valorem taxes and special taxes or assessments levied or assessed against the Property for the year of the Closing, if any, shall be prorated at the Closing, effective as of the date of the Closing. If the Closing occurs before the tax rate or the assessed valuation is fixed for the then-current year, the prorating of ad valorem taxes shall use the tax rate and the assessed valuation for the preceding tax year. The prorating of ad valorem taxes shall be subject to later adjustment once the actual tax statements for the year of the Closing have been received, which agreement to re-prorate taxes shall survive the Closing. However, CITY shall not be responsible for any increase in ad valorem taxes resulting from improvements made to the Property by BUYER after the Closing.
- 5.4. Evidence that BUYER has obtained a construction loan or other funds sufficient to cover all costs of developing the site in accordance with the Development Plan, including all impact fees, design and engineering costs, construction costs, performance bond, insurance premiums and other costs that may relate to development of the Property pursuant to the Development Plan.
- 5.5. BUYER has obtained a written notice from CITY's Development Services Department indicating that all permits for development of the Property in accordance with the Development Plan are ready to be issued upon payment of permit and related fees. Said fees shall be paid upon the Close of Escrow.
- 5.6. Evidence that BUYER has secured, or will have secured concurrently upon Close of Escrow, the Conditional Letter of Map Revision (CLOMR) from the Federal Emergency Management Agency (FEMA) for the Project or such other requirement from FEMA, and to the satisfaction of CITY's Engineer.
- 5.7. Evidence that BUYER has secured, or will be secured concurrently upon the Closing, insurance, together with binders for the insurance policies specified in Section 6.1, below. BUYER shall provide CITY proof of insurance policies specified in Section 6 below within ten (10) days of Closing.
- 5.8. BUYER has deposited with Escrow Holder, or will be secured concurrently upon the Closing, a Faithful Performance Bond in the amount of 100% of the estimated construction cost of developing the Premises pursuant to the Development Plan. If LESSEE constructs any drainage, culvert or stormwater improvements, such performance bond shall include all drainage, culvert and stormwater improvements on the Premises as identified and required in both the Certified Analysis and the Preliminary Review and Cycle Issues report from DSD. The performance bond may be in cash or may be a corporate surety bond or other security satisfactory to City. The bond shall insure that all construction commenced by LESSEE shall be completed in accordance with the Development Plan, or at the option of CITY, that LESSEE shall remove the uncompleted construction and restore the Premises to a condition reasonably satisfactory to CITY. The bond or cash shall be held in trust by CITY for the purpose specified in this section, or at CITY's option may be placed in an escrow

approved by CITY. BUYER shall provide CITY the Faithful Performance Bond specified in this Section 5.8 within ten (10) days of Closing.

6. **Insurance.** BUYER shall annually in perpetuity provide to CITY evidence of insurance coverage (as evidenced by annual endorsements and certificates of insurance) as set forth in Clause 6.1 and 6.2.

6.1 Insurance During BUYER's Construction.

- a. During the course of BUYER's construction pursuant to the Development Plan, BUYER agrees to provide the following insurance coverages to CITY:
 - i. Commercial General Liability Insurance ("CGL"): Commercial General Liability coverage, arising from the PROJECT, covering bodily injury and property damage, for Premises, Operations, Products and Completed Operations. Limits shall be of at least One Million Dollars (\$1,000,000) per occurrence, subject to an annual aggregate of at least Two Million Dollars (\$2,000,000). There shall be no endorsement or modification of the CGL limiting the scope of coverage for either insured vs. insured claims or contractual liability. Defense costs may be within the limit of liability.
 - ii. Coverage may be provided by an Owner or Contractor Controlled Insurance Program (OCIP/CCIP), also known as a "Wrap" policy, providing coverage under one policy for the owner, developer, General Contractor, sub-contractors, and Additional Insureds. If a Wrap policy is not used, all contractors must meet the same insurance requirements as listed here.
- b. Additional Insureds. The Commercial General Liability policy must be endorsed to include as an insured "The City of San Diego and its elected officials, officers, employees, representatives and agents" with respect to liability arising out of: (a) ongoing operations performed by BUYER or on BUYER's behalf; (b) BUYER's products; (c) BUYER's work, including without limitation BUYER's completed operations performed by BUYER or on BUYER's behalf; or (d) the Premises.
- c. Primary & Non-Contributory. Each policy must be endorsed to provide that the insurance afforded by Commercial General Liability policies is primary to any insurance or self-insurance of The City of San Diego and its elected officials, officers, employees, representatives and agents as respects operations of the named insured. Any insurance maintained by The City of San Diego and its elected officials, officers, employees, representatives and agents shall be in excess of BUYER's insurance and shall not contribute to it.
- d. Severability of Interest. Each policy must be endorsed to provide that BUYER's insurance shall apply separately to each insured against whom claim is made or suit is bought, except with respect to the limits of the insurer's liability and shall provide cross-liability coverage.

- e. **Builders Risk (aka Course of Construction) Property Insurance:** BUYER shall at all times during PROJECT provide insurance coverage for damage to the PROJECT property, at 100% of the replacement cost, including materials waiting to be used, under a Builders Risk insurance policy, using a Causes of Loss form of Special Form, and including the Cause of Loss of Flood.
- f. **Qualified Insurer(s).** Except for the State Compensation Insurance Fund, all insurance required by PROJECT shall only be carried by insurance companies with a rating of at least "A-, VI" by A.M. Best Company that are authorized by the California Insurance Commissioner to do business in the State of California or provided by non-admitted, "surplus lines" carriers if the carrier is authorized to do business in the State of California and is included on the List of Eligible Surplus Lines Insurers (i.e., the LESLI list). All policies of insurance carried by non-admitted carriers shall be subject to all of the requirements for policies of insurance provided by admitted carriers described herein.
- g. **Deductibles/Retentions.** All deductibles and self-insured retentions on any insurance policy are the sole responsibility of BUYER and must be disclosed and acceptable to CITY at the time evidence of insurance is provided.
- h. **Continuity of Coverage.** All policies shall be in effect on or before the first day of the Start of PROJECT. The policies shall be kept in force for the duration of the PROJECT. At least thirty (30) days prior to the expiration of each insurance policy, BUYER shall furnish a Certificate(s) and/or Evidence of Property Insurance, showing that a new or extended policy has been obtained which meets the requirements of insurance listed here. BUYER shall provide proof of continuing insurance at least annually during the PROJECT and otherwise upon CITY's request. If insurance lapses or is discontinued for any reason, BUYER shall immediately notify CITY and shall immediately obtain replacement insurance as soon as possible.

6.2. Post Construction Insurance.

- a. BUYER shall provide, or cause to be provided, the following insurance coverages upon completion of construction:
 - i. **Commercial General Liability Insurance ("CGL"):** Commercial General Liability coverage covering bodily injury and property damage, for Premises, Operations, Products and Completed Operations. Limits shall be of at least One Million Dollars (\$1,000,000) per occurrence, subject to an annual aggregate of at least Two Million Dollars (\$2,000,000). There shall be no endorsement or modification of the CGL limiting the scope of coverage for either insured vs. insured claims or contractual liability. Defense costs may be within the limit of liability.
 - ii. **Flood Insurance; Homeowner's & Hazard Insurance:** BUYER shall provide, or cause to be provided, flood insurance. Buyer shall waive any and all claims

against the City related to any future flooding. Buyer shall include the following provisions in the CLT Ground Lease requiring homebuyers to continuously carry Homeowner's insurance, including hazard insurance, including flood coverage and agrees to enforce its rights to ensure that coverage is continuously in force:

- A. Recital C of the CLT Ground Lease shall make it clear that the Property is in a flood zone and that the homebuyer will be required to carry flood insurance (Recital D);
- B. Clause 9.4.a. of the CLT Ground Lease specifies that since the Property is in a flood zone, hazard insurance must cover flood exposure;
- C. Clause 9.4.f. of the CLT Ground Lease shall include notice provisions ensuring that Buyer will be provided notices of coverage with sufficient time to take action to ensure continuous coverage. Clause 9.4.f. shall also provide that BUYER can provide insurance on behalf of the homebuyer to prevent a lapse of coverage;
- D. Clause 9.9 of the CLT Ground Lease shall provide that the homebuyer waives any and all claims against CITY related to any future flooding;
- E. Exhibit A of the CLT Ground Lease - Letter of Stipulation: The Letter of Stipulation shall highlight the homebuyer's acknowledgment that the Property is in a flood zone and that the homeowner has an obligation to carry flood insurance throughout their ownership. The letter shall also highlight the waiver of claims against CITY.
- F. The mortgage lender to the Homebuyer will be a named Additional Insured. To the extent BUYER and CITY are deemed to have a sufficient insurable interest in the improvements, they will also be added as Additional Insureds.

- 7. Development and Use Requirements. With regard to development, improvement and construction at the Property, BUYER shall comply with all applicable local, state and federal laws, regulations and requirements, including without limitation the San Diego Municipal Code ("SDMC"), the SDMC Land Development Code, and the SDMC Building Regulations.
- 8. Due Diligence. BUYER acknowledges and agrees that it has completed all of its due diligence to determine the feasibility of purchasing the Property, and there are no contingencies to its purchase of the Property.
- 9. Acceptance of Property "As-Is". BUYER shall purchase the Property "as-is." BUYER acknowledges and agrees that potential flooding liabilities exist on the Property and BUYER shall take possession with full knowledge and awareness of such potential. BUYER is not relying on any representation or warranty of any kind, express or implied, oral or written, made by CITY or its elected officials, officers, employees, representatives or agents with

respect to the prospective use, zoning or physical condition of the Property, or with respect to the existence or absence of hazardous substances in, on, under or affecting the Property. CITY has not and does not make any representation or warranty, express or implied, with respect to the legality, fitness or desirability of the Property for BUYER's intended use, any particular use or as to its quality or merchantability, nor does the CITY assume any obligation to alter or improve the Property. CITY shall not be liable or bound in any manner by any warranties, guarantees, promises, statements, representations or information, either express or implied, pertaining to the Property and made or furnished by any real estate agent, broker, employee, servant or other person representing or purporting to represent CITY, except as made in this Agreement. BUYER has relied and will rely solely on its own independent investigations of the condition and suitability of the Property, and is satisfied with the condition thereof.

9.1. **Flood Plain.** The Property is located within a Special Flood Hazard Area, as shown in **Exhibit D: Special Flood Hazard Area**, attached hereto. BUYER acknowledges and agrees that it is accepting possession of the Property with full knowledge of such fact and understands the risks associated therewith. BUYER shall hold CITY, and all its elected officials, officers, employees, representatives and agents, harmless from any and all claims, costs and expenses related to BUYER's use and possession of the Property under this Agreement; provided, however, that BUYER's duty to hold CITY harmless shall not include any established liability arising from the gross negligence or intentional misconduct of CITY and its elected officials, officers, employees, representatives or agents. BUYER shall be solely responsible for the costs and/or performance of any construction and/or improvement of the drainage channel, drainage facilities and/or conditions that become necessary for the development of the Property, and shall be further liable for any claims, costs and expenses that may arise related to or caused by said construction and/or improvement.

9.2. **Indemnity and Hold Harmless.** BUYER shall protect, defend, indemnify and hold CITY and its elected officials, officers, representatives, agents and employees harmless from and against any and all claims asserted or liability established which arise out of or are in any manner directly or indirectly connected with any flood damage or environmental liabilities related to or deriving from BUYER'S possession development, use or occupancy of the Property or any part thereof, including without limitation all claims of and liabilities to third parties, including from home owners on the Property, for inverse condemnation or design defect caused by any aspect or conditions of the Property or of the adjacent drainage channel, appurtenant drainage facilities, or of any modifications or improvements thereto. If CITY commences legal proceedings related to performance or enforcement of this Agreement, or to defend against any action taken or filed against CITY, its elected officials, officers, representatives, agents or employees, related to flooding or flood-related claims at the Property or any part thereof, then BUYER shall pay all legal costs in connection therewith, including reasonable costs and attorneys' fees. BUYER shall hold CITY harmless from any and all claims related to flooding that occur as a result of new construction in or improvement to the adjacent drainage channel, appurtenant or

adjacent drainage facilities and/or Property conditions. CITY shall not be held liable for BUYER's failure to make the Property reasonably safe from flooding.

- 9.3. BUYER'S Waiver. Notwithstanding any provision of this Agreement to the contrary, if CITY makes any representation or warranty regarding the Property and BUYER learns that such representation or warranty is or might be untrue prior to the Closing and BUYER elects to purchase the Property anyway, then BUYER shall be deemed to have waived any right to bring an action or proceeding against CITY, its agents, employees or brokers regarding the representation or warranty as to the Property.
- 9.4. Sophistication of BUYER. BUYER represents and warrants it is a sophisticated buyer familiar with the ownership and operation of real estate projects similar to the Property and that it will acquire the Property solely on the basis of and in reliance on its own examinations and the title insurance protection obtained pursuant to this Agreement, and not on any information provided or to be provided to BUYER by CITY. BUYER agrees that the BUYER'S Due Diligence Period has provided BUYER with adequate opportunity to complete all physical and economic examinations of the Property as BUYER requires.
- 9.5. Property Information. Information regarding the Property and provided to BUYER by CITY shall be deemed only an accommodation to BUYER. CITY shall not be obligated to make any investigation or verification of any information provided to BUYER, regardless of the source of such information. CITY makes no representation, and expressly disclaims any responsibility for the accuracy or completeness of such information.
10. Release. With the exception of any claims arising from CITY'S fraud or intentional misrepresentation, effective from and after the Closing, BUYER, for itself, its successors, assignees, representatives, employees, officers and agents, releases and forever discharges CITY, its elected officials, officers, representatives, agents, employees, successors-in-interest and assigns, of and from any and all past, present or future claims, demands, obligations, actions, causes of action, rights, damages, costs, losses of service, expenses and compensation of any nature whatsoever, whether based on tort, contract, violation of statutory duties or other theory of recovery, and whether for compensation or punitive damages, injunctive relief or mandamus, or other equitable remedies which BUYER now has, or which may later accrue or be acquired, on account of, or in any way growing out of, or which are the subject of this Agreement, the Property or any part thereof, or the condition of the Property or any part thereof, including without limitation all claims or liabilities asserted or in any manner directly or indirectly connected with any flood damage or environmental liabilities related to or deriving from BUYER'S possession, development, use or occupancy of the Property or any part thereof, and including without limitation any and all known or unknown claims resulting from the alleged or actual acts or omissions of CITY, its elected officials, officers, representatives, agents or employees.
- 10.1. Section 1542 Waiver. BUYER acknowledges and agrees that the release of liability provision set forth above is a general release, and with the exception of any claims that

may arise from CITY'S fraud or intentional misrepresentation, further expressly waives and assumes the risk of any and all claims against CITY arising from this Agreement, the Property or any part thereof, or the condition of the Property or any part thereof, and which exist as of the Closing, but of which BUYER does not know or suspect to exist, whether through ignorance, oversight, error, negligence or otherwise, and which, if known, would materially affect BUYER'S decision to enter into this Agreement and complete the Closing. BUYER expressly waives, as demonstrated by the signature set forth immediately below, the benefits and provisions of Section 1542 of the California Civil Code, and any similar law of any state or territory of the United States or other jurisdiction. Section 1542 of the California Civil Code provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Waived by: SAN DIEGO COMMUNITY LAND TRUST, a
California nonprofit 501(c)(3) corporation

BY: _____
Name: _____
Title: _____

11. No Real Estate Commission. BUYER and SELLER, each, represents, warrants and agrees that no real estate commission, finder's fee or broker's fee has been or will be incurred or paid in connection with the purchase and sale of the Property. The rights and obligations of BUYER and SELLER pursuant to this section shall survive the Closing or termination of this Agreement.
12. Mandatory Disclosure of Business Interests. Pursuant to San Diego City Charter section 225, BUYER shall make a full and complete disclosure of the name and identity of each person directly or indirectly involved in the transaction contemplated by this Agreement and the precise nature of their interest.
13. Default and Remedies.
 - 13.1. CITY'S Pre-Closing Default. If CITY is in default of this Agreement prior to the Closing, BUYER may, at its option and as its exclusive remedy for such default, either: (a) terminate this Agreement by written notice to CITY; or (b) if the default resulted from a failure to convey the Property to BUYER at a Closing, seek and enforce specific performance of this Agreement.
 - 13.2. CITY'S Post-Closing Default. BUYER may seek and enforce any remedy available at law or in equity: (a) if CITY defaults on its obligations under this Agreement after the

Closing; and (b) for any claim related to this Agreement arising from the sole negligence or intentional misconduct of CITY or its elected officials, officers, employees, representatives or agents. Notwithstanding the foregoing, CITY shall not be liable for any consequential or punitive damages.

13.3. BUYER'S Default. If BUYER is in default of this Agreement at any time, CITY may terminate this Agreement by written notice to BUYER and/or seek and enforce any other remedy available at law or in equity.

13.4. Limited Liability. CITY'S liability for damages resulting from or under this Agreement shall be limited to either the Property or to BUYER'S funds received by CITY and related to the Property, and without resort to any other CITY assets.

14. Time of Essence. Time is of the essence to the performance of each and every obligation under this Agreement.

15. Interpretation. This Agreement shall be governed by the laws of the State of California. The section headings are for convenience only and shall not interpret, define or limit the scope or content of this Agreement. If any party is made up of more than one person or entity, then all are identified in the singular in this Agreement. If any right of approval or consent by a party is provided for in this Agreement, the party shall exercise the right promptly and reasonably, unless this Agreement expressly gives such party the right to use its sole discretion.

16. CITY'S Consent, Approval. Unless otherwise expressly provided, whenever required under this Agreement, CITY'S consent or approval shall mean the written consent or approval of the Mayor of San Diego, or his or her designee ("Mayor").

17. Amendments. The terms and provisions of this Agreement may only be modified or amended pursuant to a written instrument signed by all parties hereto.

18. Successors and Assigns. The provisions of this Agreement shall inure to and bind the successors and assigns of the parties.

19. Assignment. BUYER shall not assign this Agreement in whole or in part without CITY's prior written consent, in CITY's sole discretion.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

20. **Notices.** Any notice required or permitted to be given under this Agreement shall be in writing and may be served personally or delivered by United States mail, postage prepaid, and addressed as follows:

CITY: THE CITY OF SAN DIEGO
Attention: Director, Real Estate Assets Department
1200 Third Avenue, Suite 1700, MS 51A
San Diego, CA 92101

BUYER: SAN DIEGO COMMUNITY LAND TRUST
Attn: Jean Diaz
PO Box 263
Lemon Grove, CA 91946

21. **Partial Invalidity.** If any term, covenant, condition or provision of this Agreement is found invalid, void or unenforceable by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect.
22. **Waiver.** The Property is publicly owned and held in trust for the benefit of CITY'S citizens. CITY'S failure to insist upon the strict performance of any of BUYER'S obligations under this Agreement, in one or more instance, shall not be construed as a waiver of any such obligation, and the same shall remain in full force and effect. CITY'S waiver of a breach or default shall not be a waiver of any other breach or default. Any waiver of a breach or default must be in a writing executed by CITY to constitute a valid and binding waiver. CITY'S delay or failure to exercise a right or seek a remedy shall not be deemed a waiver of that or any other right or remedy under this Agreement, at law or in equity. The exercise of any particular right or the use of any particular remedy for any default shall not waive the use of any other right or remedy for the same default or for another or later default. CITY'S failure to discover a breach or default or take prompt action to require the correction of any breach or the cure of any default shall not result in an equitable estoppel, but CITY may at any and all times require the correction of any breach or the cure of any default.
23. **No Affiliation.** Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture or other affiliation between CITY and BUYER, or between CITY and any other entity or party, or cause CITY to be responsible in any way for the debts or obligations of BUYER or any other party or entity.
24. **Survival.** Any obligation which accrues under this Agreement prior to its termination or a Closing shall survive such termination or the Closing.
25. **Entire Agreement.** This Agreement represents the entire agreement between the parties for the purchase and sale of the Property, and supersedes all prior negotiations, representations or agreements, either oral or written.

26. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original, but all of which, when taken together, shall constitute one and the same instrument.

27. Authority to Contract. Each individual executing this Agreement on behalf of another person or legal entity represents and warrants that they are authorized to execute and deliver this Agreement on behalf of such person or entity in accordance with duly adopted resolutions or other authorizing actions which are necessary and proper and under such legal entity's articles, charter, bylaws or other written rules of conduct or governing agreement, and that this Agreement is binding upon such person or entity in accordance with its terms. Each person executing this Agreement on behalf of another person or legal entity represents and warrants such entity is a valid, qualified corporation, limited liability company, partnership or other unincorporated association in good standing in its home state and that such entity is qualified to do business in California.

IN WITNESS WHEREOF, this Agreement is executed to be effective as of the Effective Date.

Date: _____

SAN DIEGO COMMUNITY LAND TRUST, a California
nonprofit 501(c)(3) corporation

BY: _____

Name: _____

Title: _____

Date: _____

THE CITY OF SAN DIEGO, a California municipal corporation

BY: _____

Name: _____

Title: _____

Date: _____

THE CITY OF SAN DIEGO Transportation & Storm
Water Department, Storm Water Division

BY: _____

Name: _____

Title: _____

Approved as to form:

MARA W. ELLIOTT, San Diego City Attorney

BY: _____

Name: _____

Title: _____

Date: _____

Exhibit A: Property Description

Exhibit B: Development Plan

Exhibit C: Form of Quitclaim Deed

Exhibit D: Special Flood Hazard Area

Exhibit A: Property Description

PARCEL 2: APN: 630-060-24

LOTS 47, 48, 49, 50 AND 51 OF STORY BOOK PARK UNIT NO. 1, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 5439, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 5439, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 7, 1964.

PARCEL 3: APN 630-160-62

LOTS 23 THROUGH 33 INCLUSIVE OF MONTGOMERY PARK ESTATES, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 7693, FILED IN THE COUNTY OF SAN DIEGO COUNTY, JULY 9, 1973.

EXCEPTING THEREFROM HALF OF ALL OIL AND MINERAL RIGHTS AS RESERVED BY GEORGE MILTON WALLACE AND ISABEL C. WALLACE IN DEED RECORDED JANUARY 21, 1952 IN BOOK 4348. PAGE 183 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM REMAINING ONE-HALF OF ALL, GAS, MINERAL AND HYDROCARBON RIGHTS AND SUBSTANCES IN AND UNDER THE LAND, BUT BENEATH A PLANCE OF 500 FEET BELOW THE SURFACE OF THE LAND, BUT WITHOUT ANY RIGHT OF SURFACE ENTRY.

Exhibit B: Development Plan

Exhibit C: Form of Quitclaim Deed

Recording requested by:
The City of San Diego

When Recorded Mail to:
OFFICE OF THE CITY CLERK
THE CITY OF SAN DIEGO
202 "C" ST., 2ND FLOOR, MS 2A
SAN DIEGO, CA 92101

APN 630-060-24 and 630-160-62

SPACE ABOVE FOR RECORDER'S USE.
NO RECORDING FEE DUE: CALIF. GOV. CODE §6103

QUITCLAIM DEED

FOR VALUABLE CONSIDERATION, the sufficiency of which is acknowledged,

THE CITY OF SAN DIEGO,
a California municipal corporation ("GRANTOR"),

REMISES AND QUITCLAIMS TO

SAN DIEGO COMMUNITY LAND TRUST,
a California nonprofit 501(c)(3) corporation ("GRANTEE"),

ALL THAT REAL PROPERTY (the "Property;" APN 630-060-24 and 630-160-62) in San Diego, California, comprised of approximately 3.3 acres of land, together with all rights and appurtenances thereto and subject to all encumbrances of record. The Property is more particularly described as follows:

APN: 630-060-24: LOTS 47, 48, 49, 50 AND 51 OF STORY BOOK PARK UNIT NO. 1, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 5439, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 5439, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 7, 1964.

APN 630-160-62: LOTS 23 THROUGH 33 INCLUSIVE OF MONTGOMERY PARK ESTATES, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 7693, FILED IN THE COUNTY OF SAN DIEGO COUNTY, JULY 9, 1973.

EXCEPTING THEREFROM HALF OF ALL OIL AND MINERAL RIGHTS AS RESERVED BY GEORGE MILTON WALLACE AND ISABEL C. WALLACE IN DEED RECORDED JANUARY 21, 1952 IN BOOK 4348, PAGE 183 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM REMAINING ONE-HALF OF ALL, GAS, MINERAL AND HYDROCARBON RIGHTS AND SUBSTANCES IN AND UNDER THE LAND, BUT BENEATH A PLANCE OF 500 FEET BELOW THE SURFACE OF THE LAND, BUT WITHOUT ANY RIGHT OF SURFACE ENTRY.

CONDITIONS AND RESTRICTIVE COVENANTS: GRANTOR's conveyance of the Property to GRANTEE is strictly conditioned on the satisfaction of all conditions contained in this Quitclaim Deed. GRANTEE hereby covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property, that the Property is restricted by the following conditions and restrictive covenants, and in addition, GRANTEE hereby covenants to honor and satisfy all the conditions:

1. **Affordable Housing.** The Property shall be used solely and exclusively for developing affordable homeownership units for sale as permanently Affordable Housing to Income-Qualified Buyers with an underlying land lease for each unit thereon, and for no other purpose whatsoever. "Affordable Housing to Income-Qualified Buyers" shall mean long-term occupancy of a developed house structure by households whose combined annual gross income for all members does not exceed one hundred twenty percent (120%) of the "Area Median Income" as adjusted for household size as determined by the U.S. Department of Housing and Urban Development ("HUD") for the San Diego Standard Metropolitan Statistical Area. "Income-Qualified Buyer" shall mean a household whose combined annual gross income for all members does not exceed one hundred twenty percent (120%) of the Area Median Income as adjusted for household size as published by HUD for the San Diego Standard Metropolitan Statistical Area at the time of sale. If HUD ceases to publish an established Area Median Income as aforesaid, any other reasonably comparable method of computing Area Median Income and/or the "Annual Housing Cost" used by the San Diego Housing Commission shall apply.
2. **Resale Restrictions.** Each underlying land lease to Income-Qualified Buyers shall contain resale and transfer restrictions to assure that the home will be Affordable Housing to Income-Qualified Buyers in perpetuity.
3. **Property Development.** Development of the Property is subject to timeframes, conditions and other requirements agreed to by GRANTEE and contained in that certain REAL ESTATE PURCHASE AND SALE AGREEMENT dated _____, 2018, between GRANTOR and GRANTEE (the "Purchase & Sale Agreement"). Any and all development of the Property shall be strictly restricted to the "Development Plan" incorporated as part of the Purchase & Sale Agreement ("PROJECT").
4. **Insurance.** GRANTEE shall annually in perpetuity provide to CITY evidence of insurance coverage (as evidenced by annual endorsements and certificates of insurance) as set forth in Clause 4.1 and 4.2 below.

4.1 Insurance During GRANTEE's Construction.

- a. During the course of GRANTEE'S construction pursuant to the Development Plan, GRANTEE agrees to provide the following insurance coverages to GRANTOR:
 - i. Commercial General Liability Insurance ("CGL"): Commercial General Liability coverage, arising from the PROJECT, covering bodily injury and property damage, for Premises, Operations, Products and Completed

Operations. Limits shall be of at least One Million Dollars (\$1,000,000) per occurrence, subject to an annual aggregate of at least Two Million Dollars (\$2,000,000). There shall be no endorsement or modification of the CGL limiting the scope of coverage for either insured vs. insured claims or contractual liability. Defense costs may be within the limit of liability.

- ii. Coverage may be provided by an Owner or Contractor Controlled Insurance Program (OCIP/CCIP), also known as a "Wrap" policy, providing coverage under one policy for the owner, developer, General Contractor, sub-contractors, and Additional Insureds. If a Wrap policy is not used, all contractors must meet the same insurance requirements as listed here.
- b. Additional Insureds. The Commercial General Liability policy must be endorsed to include as an insured "The City of San Diego and its elected officials, officers, employees, representatives and agents" with respect to liability arising out of: (a) ongoing operations performed by GRANTEE or on GRANTEE s behalf; (b) GRANTEE 's products; (c) GRANTEE 's work, including without limitation GRANTEE 's completed operations performed by GRANTEE or on GRANTEE s behalf; or (d) the Property.
- c. Primary & Non-Contributory. Each policy must be endorsed to provide that the insurance afforded by Commercial General Liability policies is primary to any insurance or self-insurance of The City of San Diego and its elected officials, officers, employees, representatives and agents as respects operations of the named insured. Any insurance maintained by The City of San Diego and its elected officials, officers, employees, representatives and agents shall be in excess of GRANTEE's insurance and shall not contribute to it.
- d. Severability of Interest. Each policy must be endorsed to provide that GRANTEE's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability and shall provide cross-liability coverage.
- e. Builders Risk (aka Course of Construction) Property Insurance: GRANTEE shall at all times during PROJECT provide insurance coverage for damage to the PROJECT, at 100% of the replacement cost, including materials waiting to be used, under a Builders Risk insurance policy, using a Causes of Loss form of Special Form, and including the Cause of Loss of Flood.
- f. Qualified Insurer(s). Except for the State Compensation Insurance Fund, all insurance required by PROJECT shall only be carried by insurance companies with a rating of at least "A-, VI" by A.M. Best Company that are authorized by the California Insurance Commissioner to do business in the State of California or provided by non-admitted, "surplus lines" carriers if the carrier is authorized to do business in the State of California and is included on the List of Eligible Surplus Lines Insurers (i.e., the LESLI list). All policies of insurance carried by

non-admitted carriers shall be subject to all of the requirements for policies of insurance provided by admitted carriers described herein.

- g. **Deductibles/Retentions.** All deductibles and self-insured retentions on any insurance policy are the sole responsibility of GRANTEE and must be disclosed and acceptable to GRANTOR at the time evidence of insurance is provided.
- h. **Continuity of Coverage.** All policies shall be in effect on or before the first day of the Start of PROJECT. The policies shall be kept in force for the duration of the PROJECT. At least thirty (30) days prior to the expiration of each insurance policy, GRANTEE shall furnish a Certificate(s) and/or Evidence of Property Insurance, showing that a new or extended policy has been obtained which meets the requirements of insurance listed here. GRANTEE shall provide proof of continuing insurance at least annually during the PROJECT and otherwise upon GRANTOR's request. If insurance lapses or is discontinued for any reason, GRANTEE shall immediately notify GRANTOR and shall immediately obtain replacement insurance as soon as possible.

4.2 Post Construction Insurance.

- a. GRANTEE shall provide, or cause to be provided, the following insurance coverages upon completion of construction:
 - i. **Commercial General Liability Insurance ("CGL"):** Commercial General Liability coverage covering bodily injury and property damage, for Premises, Operations, Products and Completed Operations. Limits shall be of at least One Million Dollars (\$1,000,000) per occurrence, subject to an annual aggregate of at least Two Million Dollars (\$2,000,000). There shall be no endorsement or modification of the CGL limiting the scope of coverage for either insured vs. insured claims or contractual liability. Defense costs may be within the limit of liability.
 - ii. **Flood Insurance; Homeowner's & Hazard Insurance:** GRANTEE shall provide, or cause to be provided, flood insurance. GRANTEE shall waive any and all claims against GRANTOR related to any future flooding, GRANTEE shall include the following provisions in the Community Land Trust "CLT" Ground Lease requiring homebuyers to continuously carry Homeowner's insurance, including hazard insurance, including flood coverage and agrees to enforce its rights to ensure that coverage is continuously in force:
 - A. Recital C of the CLT Ground Lease shall make it clear that the Property is in a flood zone and that the homebuyer will be required to carry flood insurance (Recital D);
 - B. Clause 9.4.a. of the CLT Ground Lease specifies that since the Property is in a flood zone, hazard insurance must cover flood exposure;

- C. Clause 9.4.f. of the CLT Ground Lease shall include notice provisions ensuring that GRANTEE will be provided notices of coverage with sufficient time to take action to ensure continuous coverage. Clause 9.4.f. shall also provide that GRANTEE can provide insurance on behalf of the homeowner to prevent a lapse of coverage;
- D. Clause 9.9 of the CLT Ground Lease shall provide that the homebuyer waives any and all claims against GRANTOR related to any future flooding;
- E. Exhibit A of the CLT Ground Lease - Letter of Stipulation: The Letter of Stipulation shall highlight the homebuyer's acknowledgment that the Property is in a flood zone and that the homebuyer has an obligation to carry flood insurance throughout their ownership. The letter shall also highlight the waiver of claims against GRANTOR.
- F. The mortgage lender to the homebuyer will be a named Additional Insured. To the extent GRANTEE and GRANTOR are deemed to have a sufficient insurable interest in the improvements, they will also be added as Additional Insureds.

5. Encumbrances.

- 5.1 For the underlying land lease referenced in Section 1, above, GRANTEE shall exclusively use the CLT Ground Lease described in the Community Land Trust Ground Lease Rider, Fannie Mae Form 2100 ("Rider"). The CLT Ground Lease must be substantially in the form of the attached Exhibit A and the Rider must be substantially in the form of the attached Exhibit B. Notwithstanding anything to the contrary herein, the Rider and the CLT Ground Lease may be modified as required by law or as required by Fannie Mae, subject to the approval of the Mayor or his or her designee, and provided that the Property continues as Affordable Housing to Income-Qualified Buyers.
- 5.2 The Property shall not be encumbered or used to secure the payment of any lien or loan without GRANTOR's prior written approval in each instance, except where GRANTEE uses the CLT Ground Lease and Rider.
- 5.3 GRANTOR authorizes GRANTEE to execute the Rider, only under the following circumstances:
 - a. The terms "Lessee", "Specified Mortgage", "Specified Mortgagee", and "Event of Default" are as defined in the Rider.
 - b. Upon the occurrence of an Event of Default, GRANTEE shall have the obligation to:

- i. During the cure period, cure the Event of Default in the Lessee's name and on the Lessee's behalf;
 - ii. After the cure period has expired, acquire the Specified Mortgage by paying off the debt secured by the Specified Mortgage; or
 - iii. If the Specified Mortgagee acquires title, purchase from the Specified Mortgagee, its interest for the full amount owing to the Specified Mortgagee under the Specified Mortgage.
 - c. GRANTEE shall ensure that the homeownership units shall be Affordable Housing to Income-Qualified Buyers in perpetuity.
- 6. **Release.** GRANTEE, for itself, its successors, assignees, representatives, employees, officers and agents, releases and forever discharges GRANTOR and its elected officials, officers, representatives, agents, employees, successors-in-interest and assigns of and from any and all past, present or future claims, demands, obligations, actions, causes of action, rights, damages, costs, losses of service, expenses and compensation of any nature whatsoever, whether based on tort, contract, violation of statutory duties or other theory of recovery, and whether for compensation or punitive damages, injunctive relief or mandamus, or other equitable remedies which GRANTEE now has, or which may later accrue or be acquired, on account of, or in any way growing out of, or which are the subject of this Quitclaim Deed, the Property or any part thereof or the condition of the Property or any part thereof, including without limitation all claims or liabilities asserted or in any manner directly or indirectly connected with any flood damage or environmental liabilities related to or deriving from GRANTEE's possession, development, use or occupancy of the Property or any part thereof, and including without limitation any and all known or unknown claims resulting from the alleged or actual acts or omissions of GRANTOR, its elected officials, officers, representatives, agents or employees.
- 6.1 **Section 1542 Waiver.** GRANTEE acknowledges and agrees that the release of liability provision set forth above is a general release, and with the exception of any claims that may arise from GRANTOR'S fraud or intentional misrepresentation, further expressly waives and assumes the risk of any and all claims against GRANTOR arising from this Quitclaim Deed, the Property or any part thereof or the condition of the Property or any part thereof, and which exist as of the date this Quitclaim Deed is recorded in the Official records of the San Diego County, California, Recorder, but of which GRANTEE does not know or suspect to exist, whether through ignorance, oversight, error, negligence or otherwise, and which, if known, would materially affect GRANTEE'S decision to acquire the Property. GRANTEE expressly waives, as demonstrated by the signature set forth immediately below, the benefits and provisions of Section 1542 of the California Civil Code, and any similar law of any state or territory of the United States or other jurisdiction. Section 1542 of the California Civil Code provides as follows:

**A GENERAL RELEASE DOES NOT EXTEND TO
CLAIMS WHICH THE CREDITOR DOES NOT**

KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Waived by: **SAN DIEGO COMMUNITY LAND TRUST, a California nonprofit 501(c)(3) corporation**

BY: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, this Quitclaim Deed is executed to be effective upon its recordation in the Official records of the San Diego County, California, Recorder.

GRANTOR: THE CITY OF SAN DIEGO, a California municipal corporation

BY: _____
Name: _____
Title: _____

GRANTEE: SAN DIEGO COMMUNITY LAND TRUST, a California nonprofit 501(c)(3) corporation

BY: _____
Name: _____
Title: _____

San Diego City Council Authorizing Resolution No. R-308556, R-308557, R-310604 and R-

Date of Final Passage: 11/21/13, 11/21/13, 7/20/16 and _____

Approved as to form:

MARA W. ELLIOTT, City Attorney

BY: _____
Name: _____
Title: _____
Date: _____

**Exhibit A: CLT Ground Lease
Exhibit B: Rider**

Exhibit A to Quitclaim Deed - CLT Ground Lease

Ground Lease and Purchase Option

between

San Diego Community Land Trust

SDCLT

and

Homeowner

Dated as of _____, 20__

Note: this lease template is for a home or townhome that sits on an individual parcel of land. For projects with unsubdivided land, the lease would look very similar but the owners would each lease an "undivided interest" in the underlying land. When there is an HOA with maintenance and insurance responsibilities, the relevant sections of the lease would be modified to reflect those responsibilities.

Address of Premises:

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1: LETTER OF STIPULATION AND CERTIFICATIONS	2
1.1 LETTER OF STIPULATION.....	2
1.2 HOMEOWNER CERTIFICATIONS.....	2
ARTICLE 2: LEASING OF RIGHTS TO THE LAND.....	3
2.1 SDCLT LEASES THE LAND TO THE HOMEOWNER.....	3
2.2 RESERVATION OF MINERAL RIGHTS	3
ARTICLE 3: DURATION OF LEASE	3
3.1 PRINCIPAL TERM.....	3
3.2 HOMEOWNER CAN RENEW LEASE FOR ANOTHER 99 YEARS.....	3
3.3 WHAT HAPPENS IF SDCLT DECIDES TO SELL THE LEASED LAND	4
ARTICLE 4: USE OF LEASED LAND	5
4.1 HOMEOWNER MAY USE THE HOME ONLY FOR RESIDENTIAL RELATED PURPOSES.....	5
4.2 HOMEOWNER MUST USE THE HOME AND LEASED LAND RESPONSIBLY AND IN COMPLIANCE WITH THE LAW	5
4.3 HOMEOWNER IS RESPONSIBLE FOR USE BY OTHERS.....	5
4.4 HOMEOWNER IS RESPONSIBLE FOR SERVICES AND REPAIRS	5
4.5 HAZARDOUS MATERIALS AND ENVIRONMENTALLY HARMFUL USES ARE NOT PERMITTED	5
4.6 HOMEOWNER MUST OCCUPY THE HOME FOR AT LEAST TEN MONTHS EACH YEAR.....	6
4.7 SDCLT HAS A RIGHT TO INSPECT THE LEASED LAND.....	7
4.8 HOMEOWNER HAS A RIGHT TO PEACEFUL ENJOYMENT	8
4.9 LEASED LAND MAY NOT BE SUBLEASED WITHOUT SDCLT'S PERMISSION.....	8
ARTICLE 5: GROUND LEASE FEE.....	8
5.1 AMOUNT OF GROUND LEASE FEE	8
5.2 WHEN THE GROUND LEASE FEE IS TO BE PAID.....	8
5.3 HOW THE GROUND LEASE FEE HAS BEEN DETERMINED	9
5.4 SDCLT MAY REDUCE OR SUSPEND THE GROUND LEASE FEE TO IMPROVE AFFORDABILITY	9
5.5 GROUND LEASE FEE MAY BE INCREASED FROM TIME TO TIME.....	9
5.6 GROUND LEASE FEE INCREASED BY ANNUAL CPI CHANGE	9

	<u>Page</u>
5.7 HOMEOWNER RESPONSIBLE FOR PAYMENT OF ADDITIONAL GROUND LEASE FEE.....	9
5.8 GROUND LEASE FEE AND ADDITIONAL GROUND LEASE FEE MAY BECOME A LIEN.....	10
5.9 SDCLT CAN COLLECT UNPAID FEES WHEN HOME IS SOLD	10
5.10 GROUND LEASE FEE AND ADDITIONAL GROUND LEASE FEE DEEMED TO BE RENT	10
ARTICLE 6: TAXES AND ASSESSMENTS	10
6.1 HOMEOWNER RESPONSIBLE FOR PAYING ALL TAXES AND ASSESSMENTS.....	10
6.2 SDCLT REIMBURSED FOR ASSESSMENTS PAID ON HOMEOWNER'S BEHALF	11
6.3 HOMEOWNER HAS A RIGHT TO CONTEST.....	11
6.4 IF HOMEOWNER FAILS TO PAY TAXES, SDCLT MAY INCREASE GROUND LEASE FEE.....	11
6.5 PARTY THAT PAYS TAXES MUST SHOW PROOF OF COMPLIANCE.....	11
ARTICLE 7: HOME AND IMPROVEMENTS.....	11
7.1 HOMEOWNER OWNS THE HOUSE AND ALL OTHER IMPROVEMENTS ON THE LEASED LAND	11
7.2 PURCHASE OF IMPROVEMENTS BY HOMEOWNER.....	12
7.3 CONSTRUCTION AND ALTERATION BY HOMEOWNER MUST COMPLY WITH CERTAIN REQUIREMENTS	12
7.4 HOMEOWNER MAY NOT ALLOW LIENS TO REMAIN AGAINST THE LEASED LAND OR HOME	12
7.5 PROHIBITION OF OTHER LIENS.....	12
7.6 HOMEOWNER IS RESPONSIBLE FOR SERVICES, MAINTENANCE AND REPAIRS	13
7.7 A REPAIR RESERVE FUND IS ESTABLISHED TO SUPPORT FUTURE REPAIRS.....	13
7.8 WHEN LEASE ENDS, OWNERSHIP REVERTS TO CLT, WHICH SHALL REIMBURSE HOMEOWNER	13
ARTICLE 8: FINANCING.....	13
8.1 HOMEOWNER CANNOT MORTGAGE THE HOME WITHOUT SDCLT's PERMISSION	13
8.2 BY SIGNING LEASE, CLT GIVES PERMISSION FOR ORIGINAL MORTGAGE.....	13
8.3 HOMEOWNER MUST GET SPECIFIC PERMISSION FOR REFINANCING OR OTHER SUBSEQUENT MORTGAGES.....	14

	<u>Page</u>
8.4 SDCLT IS REQUIRED TO PERMIT A "STANDARD PERMITTED MORTGAGE"	14
8.5 A PERMITTED MORTGAGEE HAS CERTAIN OBLIGATIONS UNDER THE LEASE.....	14
8.6 A PERMITTED MORTGAGEE HAS CERTAIN RIGHTS UNDER THE LEASE	15
8.7 IN THE EVENT OF FORECLOSURE, ANY PROCEEDS IN EXCESS OF THE PURCHASE OPTION PRICE WILL GO TO SDCLT	15
ARTICLE 9: LIABILITY, INSURANCE, DAMAGE AND DESTRUCTION, EMINENT DOMAIN	15
9.1 HOMEOWNER ASSUMES ALL LIABILITY	15
9.2 HOMEOWNER MUST DEFEND SDCLT AGAINST ALL CLAIMS OF LIABILITY	15
9.3 HOMEOWNER MUST REIMBURSE SDCLT:	15
9.4 HOMEOWNER MUST INSURE THE HOME AGAINST LOSS AND MUST MAINTAIN LIABILITY INSURANCE ON HOME AND LEASED LAND	16
9.5 WHAT HAPPENS IF HOME IS DAMAGED OR DESTROYED	17
9.6 WHAT HAPPENS IF SOME OR ALL OF THE LAND IS TAKEN FOR PUBLIC USE.....	18
9.7 IF LEASE IS TERMINATED BY DAMAGE, DESTRUCTION OR TAKING, SDCLT WILL TRY TO HELP HOMEOWNER BUY ANOTHER SDCLT HOME.....	18
ARTICLE 10: TRANSFER, SALE, OR DISPOSITION OF IMPROVEMENTS	19
10.1 INTENT OF THIS ARTICLE IS TO PRESERVE AFFORDABILITY	19
10.2 HOMEOWNER MAY TRANSFER HOME ONLY TO SDCLT OR QUALIFIED PERSONS.....	19
10.3 THE HOME MAY BE TRANSFERRED TO CERTAIN HEIRS OF HOMEOWNER	19
10.4 HOMEOWNER'S NOTICE OF INTENT TO SELL	20
10.5 SDCLT TO OBTAIN APPRAISAL OF HOME	20
10.6 SDCLT'S RESPONSE TO NOTICE OF INTENT TO SELL	21
10.7 HOMEOWNER ACKNOWLEDGEMENT OF FIRST RESPONSE NOTICE	21
10.8 SDCLT HAS AN OPTION TO PURCHASE THE HOME.....	21
10.9 SALE TO ELIGIBLE PURCHASER.....	22
10.10 FAILURE TO LOCATE AN ELIGIBLE PURCHASER	24
10.11 PURCHASE OPTION PRICE EQUALS LESSER OF APPRAISED VALUE OF HOMEOWNER'S OWNERSHIP INTEREST OR FORMULA PRICE.....	24
10.12 QUALIFIED PURCHASER'S CHOICE OF NEW LEASE OR ASSIGNMENT OF EXISTING LEASE.....	26

	<u>Page</u>
10.13 PURCHASER MAY BE CHARGED A TRANSFER FEE.....	26
10.14 HOMEOWNER REQUIRED TO MAKE NECESSARY REPAIRS AT TRANSFER	26
ARTICLE 11: 27	
ARTICLE 12: DEFAULT	27
12.1 WHAT HAPPENS IF HOMEOWNER FAILS TO MAKE PAYMENTS TO SDCLT THAT ARE REQUIRED BY THE LEASE	27
12.2 WHAT HAPPENS IF HOMEOWNER VIOLATES OTHER (NON- MONETARY) TERMS OF THE LEASE	27
12.3 WHAT HAPPENS IF HOMEOWNER DEFAULTS AS A RESULT OF JUDICIAL PROCESS	28
12.4 A DEFAULT (UNCURED VIOLATION) GIVES SDCLT THE RIGHT TO TERMINATE THE LEASE OR EXERCISE ITS PURCHASE OPTION.....	28
12.5 WHAT HAPPENS IF SDCLT DEFAULTS	29
ARTICLE 13: ARBITRATION	29
13.1 MEDIATION AND ARBITRATION ARE PERMITTED	29
13.2 HOMEOWNER AND SDCLT SHALL SHARE COST OF ARBITRATION	29
ARTICLE 14: GENERAL PROVISIONS	30
14.1 NOTICES.....	30
14.2 NO BROKERAGE	31
14.3 SEVERABILITY AND DURATION OF LEASE	31
14.4 RIGHT OF FIRST REFUSAL IN LIEU OF OPTION	31
14.5 WAIVER.....	31
14.6 SDCLT'S RIGHT TO PROSECUTE OR DEFEND	32
14.7 INTERPRETATION.....	32
14.8 PARTIES BOUND	32
14.9 GOVERNING LAW.....	32
14.10 RECORDING	32
14.11 MEMO OF OPTION AND RIGHT OF FIRST REFUSAL.....	33
14.12 EXHIBITS	33
14.13 COUNTERPARTS	33
14.14 ATTORNEYS FEES	33
14.15 ESTOPPEL CERTIFICATES	33
EXHIBIT A—LETTER OF STIPULATION	A-1
EXHIBIT B—DESCRIPTION OF LEASED LAND.....	B-1

	<u>Page</u>
EXHIBIT C—FORM OF DEED.....	C-1
EXHIBIT D—FIRST REFUSAL.....	D-1
EXHIBIT E—PERMITTED MORTGAGES.....	E-1
EXHIBIT F—PERMITTED MORTGAGE AGREEMENT.....	F-1
EXHIBIT G—NOTICE OF INTENT TO SELL.....	G-1
EXHIBIT H—CERTIFICATE OF SELLER AND PROPOSED OWNER	H-1
EXHIBIT I—TITLE REPORT	I-1
EXHIBIT J—MEMORANDUM OF LEASE.....	J-1
EXHIBIT K—MEMORANDUM OF OPTION AND RIGHT OF FIRST REFUSAL	K-1
EXHIBIT L—REIMBURSEMENT AGREEMENT.....	L-1
EXHIBIT M—FORM OF DEED OF TRUST.....	M-1

GROUND LEASE

This GROUND LEASE is made and entered into this ____ day of _____, 20__, by and between San Diego Community Land Trust Incorporated ("SDCLT," or "the SDCLT"), a California non-profit public benefit corporation, and _____ ("Homeowner" or "the Homeowner").

The following Recitals and Definitions are a substantive part of this Lease. Capitalized terms used in the Definitions section shall have the meaning set forth therein unless otherwise defined in this Lease.

RECITALS

- A. SDCLT is organized exclusively for charitable purposes, including: to lessen the burdens of government by assisting local governments in San Diego County, California (the "County") to ensure that its residents are able to secure housing by, among other things, developing, constructing, financing, managing, selling, renting, subsidizing, and monitoring single- and multi-family housing, and to conduct or perform any ancillary or related activity in furtherance of the foregoing.
- B. A goal of SDCLT is to stimulate the conveyance of decent, affordable housing among low- and moderate-income households by providing access to housing for such persons at affordable prices through the long-term leasing of land under said housing.
- C. The Land described hereunder has been acquired and is being ground leased by SDCLT in furtherance of these charitable purposes.
- D. The SDCLT and Homeowner recognize the special nature of the terms and conditions of the Lease, and each of the parties hereto freely accepts said terms and conditions, including, without limitation, such terms and conditions as might affect the marketability and resale price of any residential structures or other improvements on the Land being leased from SDCLT.
- E. Therefore, in consideration of the foregoing recitals, the mutual promises of the parties hereto and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the SDCLT and Homeowner agree as follows:

DEFINITIONS

- a) "Additional Ground Lease Fee" shall mean any amounts due SDCLT from Homeowner pursuant to Sections 5.7, 6.4, 7.4, 8.1, 9.3, 9.4 and 14.6 of this Lease.
- b) "Capital System" shall mean the roof, plumbing, foundation, electrical, heating, cooling unit(s) and water and sewer line systems.
- c) "Eligible Capital Improvements" shall mean only those improvements approved in writing by the SDCLT or its designee in accordance with SDCLT's Capital Improvements Policy as revised from time to time.

- d) **"Full Replacement Value"** means the actual replacement cost of the improvements on the Leased Land as determined from time to time less exclusions provided in the normal hazard insurance policy.
- e) **"Home"** shall mean the buildings, structures and residential improvements, including the building fixtures, now or in the future located on and permanently affixed to the Land.
- f) **"Income Qualified Resident"** shall mean a person or group of persons within a household whose combined income does not exceed the limits specified in Section 10.2 of this Lease.
- g) **"Jurisdiction"** shall mean _____, California.
- h) **"Land"** shall mean that land composed of the parcel(s), upon which the Home will be located, which land is being leased to the Homeowner pursuant to this Lease, as is more fully described in the attached Exhibit B.
- i) **"Lease"** or **"Ground Lease"** shall mean this Ground Lease made and entered into by the SDCLT and Homeowner on the date set forth herein and shall include any and all amendments made to this Lease.
- j) **"Lease Term"** shall mean the ninety-nine (99) year period set forth in Section 3.1 below, or such shorter or longer period during which this Lease shall operate if earlier terminated or later extended in accordance with the provisions of this Lease and the approval of Lenders, if required.
- k) **"Permitted Mortgages"** shall mean A mortgage or deed of trust on the Home and the Homeowner's right to possess, occupy and use the Leased Land granted to a lender by the Homeowner with the SDCLT's Permission. The Homeowner may not mortgage the SDCLT's interest in the Leased Land, and may not grant any mortgage or deed of trust without SDCLT's Permission. **"Permitted Mortgagee"** shall mean each and all of the lenders providing the loans to Homeowner as set forth in Section 8.1.

ARTICLE 1:
LETTER OF STIPULATION AND CERTIFICATIONS

1.1 LETTER OF STIPULATION

Attached hereto as Exhibit A and made part of this Lease by reference is a Letter of Stipulation of Homeowner setting forth their review and understanding of this Lease (in particular, Article 10 hereof), the terms and conditions contained herein, and related documents for this transaction.

1.2 HOMEOWNER CERTIFICATIONS

The Homeowner certifies that (i) the financial and other information previously provided in order to qualify to lease the Leased Land is true and correct as of the date first written above, (ii) the Homeowner shall occupy the Leased Land and Home as Homeowner's principal place of residence during the entire term of this Ground Lease, (iii) the Homeowner is an Eligible Purchaser as hereinafter defined; (iv) Homeowner will fully cooperate with SDCLT in providing

all information requested by SDCLT in monitoring Homeowner's compliance with this Ground Lease within ten (10) business days of SDCLT's request for such information. Homeowner acknowledges that failure by the Homeowner to occupy the Leased Land as Homeowner's principal place of residence at all times during the entire term of this Ground Lease or to provide true and correct income information shall result in termination of this Ground Lease.

ARTICLE 2: LEASING OF RIGHTS TO THE LAND

2.1 SDCLT LEASES THE LAND TO THE HOMEOWNER

The SDCLT, in consideration of the rents reserved and the terms, conditions, covenants and agreements herein, does hereby demise and leave unto Homeowner, and Homeowner does hereby take and hire from SDCLT, the property described in Exhibit B attached hereto ("Leased Land"). Homeowner acknowledges having received a copy of the most current, if any, title report for the Leased Land, and Homeowner accepts title to the Leased Land in its condition "as is" as of the execution of this Lease.

2.2 RESERVATION OF MINERAL RIGHTS

SDCLT reserves to itself all the minerals and other extractive resources in, on, or under the Leased Land. This reservation shall not diminish the right of Homeowner to occupy and freely use the Leased Land. Any extraction by SDCLT of minerals or other extractive resources shall be carried out without a surface right of access and otherwise without material disruption of Homeowner.

ARTICLE 3: DURATION OF LEASE

3.1 PRINCIPAL TERM

The term of this Lease (the Term") shall be 99 years, commencing on the ____ day of _____, 20__, and terminating on the _____ day of _____, 21__, unless terminated sooner or extended as provided below.

3.2 HOMEOWNER CAN RENEW LEASE FOR ANOTHER 99 YEARS

Homeowner may renew this Lease for one additional period of 99 years. The SDCLT may change the terms of the Lease for the renewal period prior to the beginning of the renewal period but only if these changes do not materially and adversely interfere with the rights possessed by Homeowner under the Lease. Not more than 365 nor less than 180 days before the last day of the first 99-year period, SDCLT shall give Homeowner a written notice that states the date of the expiration of the first 99-year period and the conditions for renewal as set forth in the following paragraph ("the Expiration Notice"). The Expiration Notice shall also describe any changes that SDCLT intends to make in the Lease for the renewal period as permitted above.

The Homeowner shall then have the right to renew the Lease only if the following conditions are met: (a) within 60 days of receipt of the Expiration Notice, the Homeowner shall give SDCLT written notice stating the Homeowner's desire to renew ("the Renewal Notice"); (b) this Lease shall be in effect on the last day of the original 99-year term, and (c) the Homeowner shall not be in default under this Lease or under any Permitted Mortgage on the last day of the original 99-year term.

When Homeowner has exercised the option to renew, Homeowner and SDCLT shall sign a memorandum stating that the option has been exercised. The memorandum shall comply with the requirements for a notice of lease as stated in Section 14.12 below. The SDCLT shall record this memorandum in accordance with the requirements of law promptly after the beginning of the renewal period.

3.3 WHAT HAPPENS IF SDCLT DECIDES TO SELL THE LEASED LAND

In the event that ownership of the land comprising the Leased Land ("the Land") is conveyed or transferred (whether voluntarily or involuntarily) by SDCLT to any other person or entity, this Lease shall not cease, but shall remain binding and unaffected. However, in the event SDCLT desires or attempts to convey the Land to any person or entity other than a nonprofit corporation, charitable trust, governmental agency or other similar entity sharing the goals described in the Recitals above (or as security for a mortgage loan), the Homeowner shall have a right of first refusal to purchase the Land. The details of this right shall be as stated in the attached Exhibit First Refusal. Any sale or transfer contrary to this Section 3.3 shall be null and void.

**ARTICLE 4:
USE OF LEASED LAND**

4.1 HOMEOWNER MAY USE THE HOME ONLY FOR RESIDENTIAL RELATED PURPOSES

Homeowner shall use, and shall cause all occupants thereof to use, the Leased Land and Home (as defined in Section 7.1 below) only for residential purposes and such incidental activities related to residential use that are currently permitted by applicable zoning law.

4.2 HOMEOWNER MUST USE THE HOME AND LEASED LAND RESPONSIBLY AND IN COMPLIANCE WITH THE LAW

Homeowner shall use the Leased Land in a manner so as not to create any nuisances, public or private. Homeowner shall dispose of any and all waste in a safe and sanitary manner. Homeowner shall use the Leased Land and Home in a manner consistent with all applicable laws, ordinances, rules and regulations of any governmental authority with jurisdiction over the Leased Land and Home and acknowledges that failure to abide by this provision may result in a termination of this Lease. Homeowner shall, at Homeowner's sole expense, maintain the Leased Land and all Home in good, safe, and habitable condition in all respects except for normal wear and tear, and in full compliance with all applicable laws, ordinances, rules and regulations of any governmental authority with jurisdiction over matters concerning the condition of the Leased Land and Home, and in such condition as is required to maintain the insurance coverage required by Section 9.4 of this Lease.

4.3 HOMEOWNER IS RESPONSIBLE FOR USE BY OTHERS

Homeowner shall be responsible for the use of the Leased Land by any residents thereof and their families, friends or visitors or anyone else using the Leased Land with or without their consent.

4.4 HOMEOWNER IS RESPONSIBLE FOR SERVICES AND REPAIRS

~~SDCLT shall not be required to furnish any services or facilities, including but not limited to~~ heat, electricity, air conditioning or water, or to make any repairs to the Leased Land or Home, and Homeowner hereby assumes the full and sole responsibility for furnishing all services or facilities.

4.5 HAZARDOUS MATERIALS AND ENVIRONMENTALLY HARMFUL USES ARE NOT PERMITTED

- (a) **Prohibition of Hazardous Substances.** Homeowner shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Land or Home. Homeowner shall not do, nor allow anyone else to do, anything affecting the Land or Home that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Land or Home of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Land or Home.

(b) Definition.

- (1) "Hazardous Substances" shall mean those substances defined as toxic or hazardous substances or hazardous waste under any Environmental Law, and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials.
- (2) "Environmental Law" shall mean all federal and state of California laws that relate to health, safety or environmental protection.

- (c) Notice and Remediation. Homeowner shall, as soon as possible but no later than five (5) business days of learning of such event, give SDCLT written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Land or Home and any Hazardous Substance or Environmental Law of which Homeowner has actual knowledge. If Homeowner learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Land or Home is necessary, Homeowner shall, as soon as possible but no later than twenty-one (21) days of such notification or of learning of such event, commence all necessary remedial actions in accordance with Environmental Law and shall diligently pursue such remediation until completion.
- (d) Indemnity. Homeowner shall indemnify SDCLT and its respective agents, employees, officers and board members for the failure of the Homeowner or any other person or entity, other than any Homeowner, to comply with any Environmental Law. This provision shall survive the termination of the Ground Lease.

4.6 HOMEOWNER MUST OCCUPY THE HOME FOR AT LEAST TEN MONTHS EACH YEAR

Homeowner must occupy the Leased Land and improvements for at least 10 months of each calendar year and maintain the Leased Land and improvements as his or her sole, exclusive and permanent place of residence at all times during the term of this Lease. A permanent residence shall mean the home or place in which one's habitation is fixed and to which one, whenever he or she is absent, has a present intention of returning after a departure or absence. In determining what is a permanent residence, the following circumstances relating to the Homeowner may be taken into account: business pursuits, employment, income sources, residence for income or other tax purposes, residence of parents, spouse and children, if any, location of personal and real property, voter registration, motor vehicle registration, and any other information relevant for the purpose of determining the permanent place of residence of the Homeowner. Occupancy by the spouse of the Homeowner, the child or children of the Homeowner, or member(s) of the Homeowner's household who have resided upon the Leased Land for at least one year immediately prior to the Homeowner's planned absence from the Leased Land shall be considered occupancy by Homeowner.

In the event that SDCLT or SDCLT's authorized designee is of the reasonable belief, based on documented and supportable evidence, that Homeowner is not in compliance with Homeowner's obligation to occupy the Leased Land as Homeowner's permanent place of residence, SDCLT shall deliver to Homeowner a written notice of possible occupancy violation (the "Possible Occupancy Violation Notice"). The Possible Occupancy Violation Notice shall set forth the reasons for SDCLT's belief that Homeowner is not using the Leased Land as Homeowner's permanent place of residence. Homeowner shall respond to SDCLT in writing to the Possible Occupancy Violation Notice immediately and in no event later than sixty (60) days after delivery. Homeowner shall set forth in the response any and all reasons, based on documented and supportable evidence, that refute SDCLT's belief that the Leased Land is not being used as Homeowner's permanent place of residence. SDCLT's Board of Directors shall conduct a hearing on the possible occupancy violation at the next regularly scheduled Board of Director's meeting after receipt of Homeowner's response to the Possible Occupancy Violation Notice, or if no meeting is scheduled within six (6) months following receipt of Homeowner's response, then the Board of Directors shall schedule a special meeting to hear the possible occupancy violation within six (6) months of receipt of Homeowner's response. At the hearing, the Board of Directors shall consider any and all evidence in support of SDCLT's and Homeowner's positions, and shall have the authority to ask questions of Homeowner and require additional evidence from Homeowner that is relevant to the determination of the possible occupancy violation. The Board of Directors shall have the power to conduct the hearing in according with any procedures as the Board deems necessary in its reasonable discretion. No later than thirty (30) days after the conclusion of the hearing on the possible occupancy violation, SDCLT's Board of Directors shall issue a decision. In the event that the Board of Directors determines that Homeowner is occupying the Leased Land as Homeowner's permanent place of residence, SDCLT shall not have the authority to terminate the Lease on the basis of a violation of Section 4.6 of this Lease for one (1) year after the date of the Board of Director's decision; provided, however, that the Board of Director's decision on the possible occupancy violation shall have no effect on SDCLT's rights and remedies for any other event of default as may be committed by Homeowner. In the event that the Board of Directors determines that Homeowner is not occupying the Leased Land as Homeowner's permanent place of residence, Homeowner shall have committed an event of default and SDCLT may pursue any of its rights and remedies authorized in Article 12 of this Lease. In the event that Homeowner fails to respond to the Possible Occupancy Violation Notice within sixty (60) days of delivery, SDCLT may deem the failure to timely respond as an event of default and may pursue any of its rights and remedies authorized in Article 12 of this Lease.

4.7 SDCLT HAS A RIGHT TO INSPECT THE LEASED LAND

SDCLT may enter the Leased Land and Home during normal business hours for any one of the following reasons: (i) in case of emergency; (ii) to exhibit the Leased Land and Home to prospective or actual purchasers, mortgagees, tenants, workers, or contractors; (iii) when Homeowner has abandoned or surrendered the Leased Land; and (iv) pursuant to court order. Except for emergencies, SDCLT shall provide written notice to Homeowner no less than twenty-four (24) hours prior to SDCLT's entry if the notice is personally delivered to Homeowner or left on, near, or under the usual entry door for the Leased Land, and no less than six (6) days prior to SDCLT's entry if the notice is mailed to Homeowner. In the event of emergency, SDCLT may enter any portion of the Leased Land, including the interior of Homeowner's Home, without

notice provided SDCLT shall have made reasonable efforts to give advance notice to Homeowner.

4.8 HOMEOWNER HAS A RIGHT TO PEACEFUL ENJOYMENT

Homeowner has the right to undisturbed enjoyment of the Leased Land, and SDCLT has no desire or intention to interfere with the personal lives, associations, expressions, or actions of Homeowner, subject to the terms, covenants, conditions, provisions, restrictions, or reservations of this Lease.

4.9 LEASED LAND MAY NOT BE SUBLEASED WITHOUT SDCLT'S PERMISSION.

Except as otherwise provided in Article 8 and Article 10, Homeowner shall not sublease, sell or otherwise convey any of Homeowner's rights under this Lease, for any period of time, without the written permission of SDCLT. Homeowner agrees that SDCLT shall have the right to withhold such consent in order to further the purposes of this Lease.

If permission for subleasing is granted, the sublease shall be subject to the following conditions.

- a) Any sublease shall be subject to all of the terms of this Lease.
- b) The rental or occupancy fee charged the sub-lessee shall not be more than the amount of the Lease Fee charged the Homeowner by the SDCLT, plus an amount approved by SDCLT to cover Homeowner's costs in owning the Home, including but not limited to the cost of taxes, insurance and mortgage interest.

ARTICLE 5: GROUND LEASE FEE

5.1 AMOUNT OF GROUND LEASE FEE

In consideration of the possession, continued use, and occupancy of the Leased Promises, Homeowner shall pay to SDCLT a monthly payment ("Ground Lease Fee") in an amount equal to the sum of (a) a Land Use Fee of \$ ____ to be paid in return for the continuing right to possess, occupy and use the Leased Land, plus (b) a Repair Reserve Fee of \$ ____ to be held by the CLT and used for the purpose of preserving the physical quality of the Home for the long term in accordance with Section 7.7 below.

5.2 WHEN THE GROUND LEASE FEE IS TO BE PAID

The Ground Lease Fee shall be payable to the SDCLT, at the address specified in this Lease as SDCLT's address, on the first day of each month for as long as this Lease remains in effect, unless with SDCLT's consent, the Ground Lease Fee is to be escrowed by a Permitted Mortgagee, in which case payment shall be made as specified by that Mortgagee. If the Lease

commences on a day other than the first of the month, a pro-rata portion of the Ground Lease Fee shall be paid for the balance of the month at the time the Lease is executed.

5.3 HOW THE GROUND LEASE FEE HAS BEEN DETERMINED

The Ground Lease Fee specified in section 5.1 above has been calculated as follows: First, an amount approximating the monthly fair rental value of the Leased Land has been established, current as of the commencement of the Term, recognizing that use of the Leased Land is restricted by some of the provisions of this Lease. Then the affordability of this monthly amount for the Homeowner has been analyzed and, if necessary, the amount has been reduced to yield the amount stated in section 5.1 above, which has been determined to be affordable for Homeowner.

5.4 SDCLT MAY REDUCE OR SUSPEND THE GROUND LEASE FEE TO IMPROVE AFFORDABILITY

At SDCLT's sole election, SDCLT may reduce, delay or waive entirely the Ground Lease Fee at any time and from time to time for the purpose of ensuring affordable monthly housing costs for the Homeowner. Any such reduction, delay, or waiver must be in writing and signed by SDCLT before being effective.

5.5 GROUND LEASE FEE MAY BE INCREASED FROM TIME TO TIME

The Ground Lease Fee stated in section 5.1 above, as adjusted in the way provided below, shall be applicable during the term of this Lease. However, in the event that, for any reason, the provisions of Article 10 regarding transfers of the Home or section 4.6 or 4.9 regarding occupancy are suspended or invalidated for any period of time, then during that time, the Ground Lease Fee shall be increased to an amount calculated by SDCLT to equal the fair rental value of the Leased Land for use not restricted by the provisions of the suspended portions of the Lease. In such event, SDCLT shall notify Homeowner of the amount calculated in this way, and the Ground Lease Fee shall then be this amount.

5.6 GROUND LEASE FEE INCREASED BY ANNUAL CPI CHANGE

Except as provided in Section 5.5, the Ground Lease Fee shall be increased every year during the term of the Ground Lease by the percentage of increase in the Consumer Price Index. "Consumer Price Index" as used in this Ground Lease, means the Consumer Price Index for All Urban Wage Earners and Clerical Workers (San Diego County CA, All Urban Consumers All Items, Base 1982-1984=100), as published by the Bureau of Labor Statistics of the United States Department of Labor. SDCLT shall determine and notify Homeowner of the amount of such yearly increase 30 days prior to the increase taking effect. In the event such index is not in existence when any determination relying on such index under this Lease is to be made, the most comparable governmental index as determined by SDCLT in its sole discretion published in lieu thereof shall be substituted therefore.

5.7 HOMEOWNER RESPONSIBLE FOR PAYMENT OF ADDITIONAL GROUND LEASE FEE

In the event the Homeowner owes any Additional Ground Lease Fee to SDCLT, SDCLT shall determine and notify Homeowner of the time and the manner (e.g. in lump sum or several payments) in which any Additional Ground Lease fee is to be paid by Homeowner. All Additional Ground Lease Fees shall be payable to SDCLT, at the address specified in Section 14.1.

5.8 GROUND LEASE FEE AND ADDITIONAL GROUND LEASE FEE MAY BECOME A LIEN

In addition to any other rights contained in this Ground Lease, in the event any amount of Ground Lease Fee and Additional Ground Lease Fee remains unpaid for a period of fifteen (15) business days after it is due (collectively, the "Debt"), SDCLT shall send written notice to Homeowner specifying the amount of Debt then owed by Homeowner. In the event any amount of Debt remains unpaid for an additional thirty (30) days from the time such notice is sent, the Debt shall be a lien in favor of SDCLT on the Homeowner's interest in the Leased Land and Home from and after the time the SDCLT records a notice of delinquent Debt against the Leased Land and Home in the Official Records (the "Notice of Delinquent Payment"). Any Notice of Delinquent Payment shall indicate the amount of Debt owed by Homeowner to SDCLT and shall include a legal description of the Leased Land and Home. SDCLT shall notify Homeowner prior to recording the Notice of Delinquent Payment against the Leased Land and Home. The lien created in connection with the Notice of Delinquent Payment (the "Debt Lien") shall be prior in right to all other liens arising after the Notice of Delinquent Payment, except all taxes, or other levies which by law would be prior to the Debt Lien and except for the lien of any mortgage recorded prior to the date any such Debt became due.

5.9 SDCLT CAN COLLECT UNPAID FEES WHEN HOME IS SOLD

In the event that any amount of Ground Lease Fee or any Additional Ground Lease Fee remains unpaid when the Home is sold and the Ground Lease is terminated or assigned to another party, any Additional Ground Lease Fee owed shall be paid to SDCLT out of any proceeds from the sale of the Home otherwise due to Homeowner at the time of such sale.

5.10 GROUND LEASE FEE AND ADDITIONAL GROUND LEASE FEE DEEMED TO BE RENT

The Ground Lease Fee and Additional Ground Lease Fee under the terms of this Ground Lease are deemed to be rent for the purpose of California Code of Civil Procedure 1161.

ARTICLE 6: TAXES AND ASSESSMENTS

6.1 HOMEOWNER RESPONSIBLE FOR PAYING ALL TAXES AND ASSESSMENTS

Homeowner shall be responsible for payment of all taxes, charges, fees and governmental assessments that relate to Home and the Leased Land. Homeowner shall also pay directly, when due, all other service bills, homeowner's association fees and assessments, if applicable, and utility charges with respect to the Home or the Leased Land. If SDCLT so elects, Homeowner

shall pay estimated taxes and assessments on a monthly basis into an impound account from which the taxes and assessments will be paid.

6.2 SDCLT REIMBURSED FOR ASSESSMENTS PAID ON HOMEOWNER'S BEHALF

In the event that the local taxing authority bills SDCLT for the taxes, charges, fees or assessments on the Leased Land, SDCLT shall bill Homeowner for this expense and Homeowner shall promptly pay the SDCLT for assessments so billed within thirty (30) days.

6.3 HOMEOWNER HAS A RIGHT TO CONTEST

Homeowner shall have the right to contest the amount or validity of any taxes relating to the Leased Land or Home. SDCLT shall, upon written request by Homeowner, join in any such proceedings if Homeowner shall reasonably determine that it shall be necessary or convenient for SDCLT to so join in order for Homeowner to prosecute such proceedings. All costs and expenses of such proceedings shall be paid by Homeowner. If Homeowner contests any such tax, assessment, or charge, Homeowner may withhold or defer payment or pay under protest, but Homeowner shall protect SDCLT and the Land and Leased Land from the consequences of any such contest being unsuccessful by adequate bond or other security acceptable to SDCLT.

6.4 IF HOMEOWNER FAILS TO PAY TAXES, SDCLT MAY INCREASE GROUND LEASE FEE

In the event that Homeowner fails to pay the taxes or other charges specified in Sections 6.1 and 6.2 above which are not otherwise part of the Ground Lease Fee, SDCLT may increase, but shall not be obligated to increase, Homeowner's Ground Lease Fee in an amount such that the total sum collected will offset the cost of any delinquent and current taxes or other charges. Upon collecting any such amount, SDCLT shall pay the amount collected to the taxing authority or homeowners association as the case may be in a timely manner.

6.5 PARTY THAT PAYS TAXES MUST SHOW PROOF OF COMPLIANCE

Concurrently with the payment of any taxes, assessments, and charges required or permitted by the provisions of this Lease, each party shall, upon request of the other, furnish evidence satisfactory to the other documenting the payment. A photocopy of a paid receipt or a cancelled check for such charges showing payment prior to the due date thereof shall be the usual method of furnishing such evidence.

**ARTICLE 7:
HOME AND IMPROVEMENTS**

7.1 HOMEOWNER OWNS THE HOUSE AND ALL OTHER IMPROVEMENTS ON THE LEASED LAND

Any and all buildings, structures, fixtures, and other improvements purchased by the Homeowner or constructed or placed by the Homeowner upon any part of the Leased Land at any time during the term of this lease (the "Home") shall be and remain property of the Homeowner. However, the Homeowner's exercise of the rights of ownership are limited by

certain provisions of this Lease including the disposition of Home by the Homeowner and the SDCLT's option to purchase the Home. In addition, Homeowner shall not remove or move Home from the Leased Land without approval of SDCLT.

7.2 PURCHASE OF IMPROVEMENTS BY HOMEOWNER

Homeowner is simultaneously purchasing the Home now located on the Leased Land and described in the Deed, the form of which is attached hereto as Exhibit C.

7.3 CONSTRUCTION AND ALTERATION BY HOMEOWNER MUST COMPLY WITH CERTAIN REQUIREMENTS

Any post-purchase construction on the Leased Land requiring issuance of a building permit, including expansion of an existing building, or the alteration of existing Home, is subject to the following conditions: (a) all costs shall be borne and paid for by the Homeowner; (b) all construction shall be performed in a worker-like manner and shall comply with all applicable laws and regulations; (c) all construction shall be consistent with the permitted uses set forth in Article 4; (d) Homeowner shall furnish to SDCLT a copy of any plans and all building permits for such construction prior to commencing construction; and (e) such construction shall not commence without the prior written consent of SDCLT, who, however, shall not unreasonably withhold such consent. SDCLT's approval of any improvement or modification pursuant to this Section 7.3 shall not entitle Homeowner to an increase in the Purchase Option Price pursuant to the provisions of Section 10, below.

7.4 HOMEOWNER MAY NOT ALLOW LIENS TO REMAIN AGAINST THE LEASED LAND OR HOME

Homeowner shall not suffer or permit any vendor's, mechanic's, laborer's, or material man's statutory or similar lien to be filed against the Leased Land, Home, or any interest of the SDCLT or Homeowner that remains more than sixty (60) days after it has been filed. Homeowner shall cause any such lien to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction, or as otherwise permitted by law. If Homeowner fails to cause such lien to be discharged within the sixty (60) day period, then, in addition to SDCLT's right to declare a default under this Ground Lease and exercise the remedies set forth in Article 12, SDCLT may, but shall not be obligated to, discharge the lien by paying the amount in question. Any amounts paid by SDCLT to discharge such liens may be charged to Homeowner as an Additional Ground Lease Fee. Homeowner may, at Homeowner's expense, contest the validity of any such asserted lien, but Homeowner shall protect SDCLT and the Leased Land from any consequences of such contest being unsuccessful by adequate bond or the security acceptable to SDCLT.

7.5 PROHIBITION OF OTHER LIENS

Homeowner will not permit or suffer to allow liens of any type to attach to SDCLT's or Homeowner's title to or interest in the Leased Land or this Lease or to any other property owned by the SDCLT. Homeowner shall not suffer or permit any mortgage, deed of trust, promissory note or other lien to be filed against the Leased Land or Home without the express written consent of the SDCLT.

7.6 HOMEOWNER IS RESPONSIBLE FOR SERVICES, MAINTENANCE AND REPAIRS

Homeowner hereby assumes responsibility for furnishing all services or facilities on the Leased Land, including but not limited to heat, electricity, air conditioning and water. SDCLT shall not be required to furnish any services or facilities or to make any repairs to the Home. Homeowner shall maintain the Home and Leased Land as required by Section 4.2 above and shall see that all necessary repairs and replacements are accomplished when needed.

7.7 A REPAIR RESERVE FUND IS ESTABLISHED TO SUPPORT FUTURE REPAIRS

[This section must either be completed in accordance with the CLT's repair reserve policy, or omitted entirely. See Commentary on this Section 7.6.]

7.8 WHEN LEASE ENDS, OWNERSHIP REVERTS TO SDCLT, WHICH SHALL REIMBURSE HOMEOWNER

Upon the expiration of the term or termination of this Ground Lease, Homeowner shall surrender the Home together with the Leased Land to the SDCLT. Ownership of the Home shall thereupon revert to SDCLT, free and clear of all claims to or against the Leased Land by Homeowner or any third party and, without limiting any of Homeowner's other obligations to indemnify SDCLT, Homeowner shall defend and indemnify SDCLT against all liability and loss arising from such claims or from Homeowner's surrender of the Home to SDCLT pursuant to this section. Upon surrender of the Home by Homeowner, SDCLT shall promptly pay to Homeowner, as consideration for the Home, an amount equal to SDCLT's Purchase Option Price calculated in accordance with Article 10 below, as of the time of reversion of ownership, less the total amount of any unpaid Ground Lease Fee, any Additional Ground Lease Fee or other amounts that may be owed by Homeowner to SDCLT in accordance with this Ground Lease. The indemnity contained in this Section 7.8 shall survive the termination of the Ground Lease.

**ARTICLE 8:
FINANCING**

8.1 HOMEOWNER CANNOT MORTGAGE THE HOME WITHOUT SDCLT's PERMISSION

The Homeowner may mortgage the Home only with the written permission of SDCLT. Any mortgage or deed of trust permitted in writing by the SDCLT is defined as a Permitted Mortgage, and the holder of such a mortgage or deed of trust is defined as a Permitted Mortgagee. Homeowner shall pay to SDCLT, at SDCLT's option, all fees, costs and expenses, including without limitation, reasonable attorney's fees, incurred by SDCLT in connection with any Permitted Mortgage or review of another mortgage that is not consented to by SDCLT. SDCLT may collect such fees, costs and expenses as an Additional Ground Lease Fee.

8.2 BY SIGNING LEASE, CLT GIVES PERMISSION FOR ORIGINAL MORTGAGE

By signing this Lease, SDCLT gives written permission for any mortgage or deed of trust signed by the Homeowner effective on the day this Lease is signed for the purpose of financing Homeowner's purchase of the Home.

8.3 HOMEOWNER MUST GET SPECIFIC PERMISSION FOR REFINANCING OR OTHER SUBSEQUENT MORTGAGES

If, at any time subsequent to the purchase of the Home and signing of the Lease, the Homeowner seeks a loan that is to be secured by a mortgage on the Home (to refinance an existing Permitted Mortgage or to finance home repairs or for any other purpose), Homeowner must inform SDCLT, in writing, of the proposed terms and conditions of such mortgage loan at least 15 business days prior to the expected closing of the loan. The information to be provided to the SDCLT must include:

- a. the name of the proposed lender;
- b. Homeowner's reason for requesting the loan;
- c. the principal amount of the proposed loan and the total mortgage debt that will result from the combination of the loan and existing mortgage debt, if any;
- d. expected closing costs;
- e. the rate of interest;
- f. the repayment schedule;
- g. a copy of the appraisal commissioned in connection with the loan request.

SDCLT may also require Homeowner to submit additional information. CLT will not permit such a mortgage loan if the loan increases Homeowner's total mortgage debt to an amount greater than % of the then current Purchase Option Price, calculated in accordance with Article 10 below, or if the terms of the transaction otherwise threaten the interests of either the Homeowner or the SDCLT.

8.4 SDCLT IS REQUIRED TO PERMIT A "STANDARD PERMITTED MORTGAGE"

The SDCLT shall be required to permit any mortgage for which the mortgagee has signed a "Standard Permitted Mortgage Agreement" as set forth in "Exhibit: Permitted Mortgages, Part C," and for which the loan secured thereby does not increase Homeowner's total mortgage debt to an amount greater than % of the then current Purchase Option Price, calculated in accordance with Article 10 below.

8.5 A PERMITTED MORTGAGEE HAS CERTAIN OBLIGATIONS UNDER THE LEASE

Any Permitted Mortgagee shall be bound by each of the requirements stated in "Exhibit: Permitted Mortgages, Part A, Obligations of Permitted Mortgagee," which is made a part of this Lease by reference, unless the particular requirement is removed, contradicted or modified by a Rider to this Lease signed by the Homeowner and the SDCLT to modify the terms of the Lease during the term of the Permitted Mortgage.

8.6 A PERMITTED MORTGAGEE HAS CERTAIN RIGHTS UNDER THE LEASE

Any Permitted Mortgagee shall have all of the rights and protections stated in "Exhibit: Permitted Mortgages, Part B, Rights of Permitted Mortgagee," which is made a part of this Lease by reference.

8.7 IN THE EVENT OF FORECLOSURE, ANY PROCEEDS IN EXCESS OF THE PURCHASE OPTION PRICE WILL GO TO SDCLT

Homeowner and SDCLT recognize that it would be contrary to the purposes of this agreement if Homeowner could receive more than the Purchase Option Price as the result of the foreclosure of a mortgage. Therefore, Homeowner hereby irrevocably assigns to SDCLT all net proceeds of sale of the Home that would otherwise have been payable to Homeowner and that exceed the amount of net proceeds that Homeowner would have received if the property had been sold for the Purchase Option Price, calculated as described in Section 10.10 below. Homeowner authorizes and instructs the Permitted Mortgagee, or any party conducting any sale, to pay such excess amount directly to SDCLT. If, for any reason, such excess amount is paid to Homeowner, Homeowner hereby agrees to promptly pay such amount to SDCLT.

**ARTICLE 9:
LIABILITY, INSURANCE, DAMAGE AND
DESTRUCTION, EMINENT DOMAIN**

9.1 HOMEOWNER ASSUMES ALL LIABILITY

Homeowner assumes sole responsibility and liability to all persons and authorities related to its possession, occupancy, and use of the Leased Land.

9.2 HOMEOWNER MUST DEFEND SDCLT AGAINST ALL CLAIMS OF LIABILITY

Homeowner shall defend, indemnify, and hold SDCLT and its respective agents, employees, officers, and/or board members harmless against all liability and claims of liability for injury or damage to person or property from any cause on or about the Leased Land. Homeowner waives all claims against SDCLT and its respective agents, employees, officers, board members and/or council members for such injury or damage. However, Homeowner shall not be obligated to SDCLT under this Section for injury or damage due to the grossly negligent or intentional acts or omissions of SDCLT or SDCLT's agents, employees, officers and board members. This provision shall survive the termination of the Ground Lease.

9.3 HOMEOWNER MUST REIMBURSE SDCLT

In the event the SDCLT shall be required to pay any sum that is the Homeowner's responsibility or liability, pursuant to Section 9.1 and 9.2, the Homeowner shall reimburse the SDCLT for such payment and for reasonable expenses caused thereby and such payment may be charged by SDCLT to Homeowner as Additional Ground Lease Fee.

9.4 HOMEOWNER MUST INSURE THE HOME AGAINST LOSS AND MUST MAINTAIN LIABILITY INSURANCE ON HOME AND LEASED LAND

a) Hazard Insurance. Homeowner shall, at Homeowner's sole expense, keep the Leased Land and Home continuously insured against loss or damage by fire and the extended coverage hazards for the Full Replacement Value of such Leased Land and Home (adjusted every five (5) years by appraisal if requested by SDCLT). If the Leased Land is located in a flood plain, Homeowner shall also obtain flood insurance. In no event shall the amount of insurance be less than the amount necessary to prevent SDCLT from becoming a co-insurer under the terms of the policy.

b) Liability Insurance. Homeowner shall, at Homeowner's sole expense, maintain continuously in effect liability insurance covering the Leased Land and Home. The limits of such insurance shall be not less than _____ (\$ _____) (or, if a Permitted Mortgagee requires coverage in a greater dollar amount, such amount as required by that a Permitted Mortgagee) combined single limit for bodily injury and property damage. Such limit shall be adjusted every five (5) years or upon SDCLT's request. Any adjustment shall be equal to the percentage of change (positive or negative), over the period in question, of the Consumer Price Index.

c) Improvements. During the course of any rehabilitation of the Home located on the Leased Land, Homeowner shall hire only licensed contractors who maintain the following forms of insurance:

1. Liability Insurance. Commercial liability insurance against liability for bodily injury to or death of any person or property damage arising out of an occurrence on or about the Leased Land. The limits of such insurance shall be not less than One Million Dollars (\$1,000,000) combined single limit for bodily injury and property damage, naming the SDCLT and its officers, employees, agents, board members and/or council members as additional insureds.

2. Worker's Compensation. Worker's compensation insurance covering all persons employed in connection with any work on the Leased Land to the extent required by law.

d) Additional Insureds. All insurance required pursuant to this Section 9.4 shall specifically insure Homeowner against all liability assumed under this Ground Lease, as well as all liability imposed by law, and shall also insure SDCLT and its respective agents, employees, officers, board members and/or council members as an additional insured so as to create the same liability on the part of insurer as though separate policies had been written for such parties and SDCLT.

e) California Insurance. The insurance carrier providing insurance pursuant to this Section 9.4 shall be licensed to do business in the State of California and shall have a rating of A:VII or better in the most recent edition of Best's Rating Guide.

f) Evidence of Insurance. Homeowner shall provide SDCLT with copies of all policies and renewals of policies. All policies shall also contain endorsements providing that they shall not be cancelled, reduced in amount or coverage or otherwise modified by the insurance carrier involved without at least thirty (30) days' prior written notice to SDCLT. Failure by Homeowner to provide evidence of insurance in accordance with this Section 10.4 will be a default under this Ground Lease. SDCLT shall have the right to hold, or cause its designated agent to hold, the policies and renewals thereof, and Homeowner shall furnish to the SDCLT, or its designated agent, the original insurance policies or certificates of insurance, all renewal notices and all receipts of paid premiums within five (5) days of SDCLT's request for such information. SDCLT shall be entitled to participate in the settlement or adjustment of any losses covered by such policies of insurance. SDCLT may make proof of loss if not made by Homeowner in a prompt manner, as determined by SDCLT in SDCLT's reasonable discretion. In the event Homeowner fails to maintain insurance pursuant to Section 9.4, SDCLT, in addition to SDCLT's right to declare a default under this Ground Lease and exercise the remedies set forth in Article 12, may, but shall not be obligated to, purchase insurance on Homeowner's behalf with this Section 9.4. SDCLT may charge Homeowner Additional Ground Lease Fee to pay for any expenses SDCLT incurs in connection with its purchase of such insurance.

g) Waiver of Subrogation. Homeowner releases SDCLT from any claims for damage to any person or the Land and Home that are caused by or result from the risks insured against under any insurance policies carried by Homeowner and in force at the time of any such damage. Homeowner shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against the SDCLT in connection with any damage covered by any party.

9.5 WHAT HAPPENS IF HOME IS DAMAGED OR DESTROYED

Except as provided below, in the event of fire or other damage to the Home, Homeowner shall take all steps necessary to assure the repair of such damage and the restoration of the Home to its condition immediately prior to the damage. All such repairs and restoration shall be completed as promptly as possible. Homeowner shall also promptly take all steps necessary to assure that the Leased Land is safe and that the damaged Home does not constitute a danger to persons or property.

If Homeowner, based on professional estimates, determines either (a) that full repair and restoration is physically impossible, or (b) that the available insurance proceeds will pay for less than the full cost of necessary repairs and that Homeowner cannot otherwise afford to cover the balance of the cost of repairs, then Homeowner shall notify SDCLT of this problem, and SDCLT may then help to resolve the problem. Methods used to resolve the problem may include efforts to increase the available insurance proceeds, efforts to reduce the cost of necessary repairs, efforts to arrange affordable financing covering the costs of repair not covered by insurance proceeds, and any other methods agreed upon by both Homeowner and SDCLT.

If Homeowner and SDCLT cannot agree on a way of restoring the Home in the absence of adequate insurance proceeds, then Homeowner may give SDCLT written notice of intent to terminate the Lease. The date of actual termination shall be no less than 60 days after the date of Homeowner's notice of intent to terminate. Upon termination, any insurance proceeds payable to Homeowner for damage to the Home shall be paid as follows.

FIRST, to the expenses of their collection;

SECOND, to any Permitted Mortgagee(s), to the extent required by the Permitted Mortgage(s);

THIRD, to the expenses of enclosing or razing the remains of the Home and clearing debris;

FOURTH, to the SDCLT for any amounts owed under this Lease;

FIFTH, to the Homeowner, up to an amount equal to the Purchase Option Price, as of the day prior to the loss, less any amounts paid with respect to the second, third, and fourth clauses above;

SIXTH, the balance, if any, to the SDCLT.

9.6 WHAT HAPPENS IF SOME OR ALL OF THE LAND IS TAKEN FOR PUBLIC USE

If all of the Leased Land is taken by eminent domain or otherwise for public purposes, or if so much of the Leased Land is taken that the Home is lost or damaged beyond repair, the Lease shall terminate as of the date when Homeowner is required to give up possession of the Leased Land. Upon such termination, the entire amount of any award(s) paid shall be allocated in the way described in Section 9.5 above for insurance proceeds.

In the event of a taking of a portion of the Leased Land that does not result in damage to the Home or significant reduction in the usefulness or desirability of the Leased Land for residential purposes, then any monetary compensation for such taking shall be allocated entirely to SDCLT.

~~In the event of a taking of a portion of the Leased Land that results in damage to the Home only to such an extent that the Home can reasonably be restored to a residential use consistent with this Lease, then the damage shall be treated as damage is treated in Section 9.5 above, and monetary compensation shall be allocated as insurance proceeds are to be allocated under Section 9.5.~~

9.7 IF PART OF THE LAND IS TAKEN, THE LEASE FEE MAY BE REDUCED

In the event of any taking that reduces the size of the Leased Land but does not result in the termination of the Ground Lease, SDCLT shall reassess the fair rental value of the remaining Leased Land and shall reduce the Ground Lease Fee if necessary to ensure that the monthly fee does not exceed the monthly fair rental value of the Leased Land for use as restricted by the Ground Lease.

9.8 IF LEASE IS TERMINATED BY DAMAGE, DESTRUCTION OR TAKING, SDCLT WILL TRY TO HELP HOMEOWNER BUY ANOTHER SDCLT HOME

If this Lease is terminated as a result of damage, destruction or taking, SDCLT shall take reasonable steps to allow Homeowner to purchase another home on another parcel of leased land owned by SDCLT if such home can reasonably be made available. If Homeowner purchases such a home, Homeowner agrees to apply any proceeds or award received by Homeowner to the purchase of the home. Homeowner understands that there are numerous reasons why it may not be possible to make such a home available, and shall have no claim against SDCLT if such a home is not made available.

**ARTICLE 10:
TRANSFER, SALE, OR DISPOSITION OF IMPROVEMENTS**

10.1 INTENT OF THIS ARTICLE IS TO PRESERVE AFFORDABILITY

It is the express understanding and intent of the parties that the terms and conditions of this Lease, and in particular of this Article 10, are intended in part to preserve the affordability of any Home on the Leased Land, thereby expanding and maintaining access to Homeownership opportunities for income qualified households, who, absent such provisions, would be unable to afford them.

10.2 HOMEOWNER MAY TRANSFER HOME ONLY TO SDCLT OR QUALIFIED PERSONS

Homeowner may sell, transfer, or otherwise dispose of its interest in the Leased Land or Home only to the SDCLT or to an Income Qualified Resident as defined below or otherwise only as explicitly permitted by the provisions of this Article 10. All such transfers shall be subject to SDCLT's review and purchase option rights set forth in this Article 10. Any purported transfer done without following the procedures set forth below, except in the case of a transfer to a Permitted Mortgagee in lieu of foreclosure, shall be null and void.

"Income Qualified Resident" shall mean a person or group of persons within a household whose combined income does not exceed _____ percent (____%) of the median household income for San Diego County, California as calculated and adjusted for household size from time to time by the California Department of Housing and Community Development (HCD) in the "Official State Income Limits" published in Section 6932 of Title 25 of the California Code of Regulations or any successor thereto.

10.3 THE HOME MAY BE TRANSFERRED TO CERTAIN HEIRS OF HOMEOWNER

Upon receipt of notice from the executor or administrator of the decedent's estate given within ninety (90) days of the death of a Homeowner (or the last surviving co-owner of the Home) SDCLT shall, unless for good cause shown, consent to a transfer of Home and an assumption of this Lease to heirs of Homeowner provided that such persons

a) are:

- 1) the spouse of the Homeowner,

- 2) the child or children of the Homeowner or
 - 3) member(s) of the Homeowner's household who have resided upon the Leased Land for at least one year immediately prior to the Homeowner's death; and
- b) demonstrate to SDCLT's reasonable satisfaction that they meet the definition of Income Qualified Resident, as defined above; and
 - c) execute a Letter of Stipulation substantially in the form of Exhibit A attached to this Lease, setting forth the heirs' review, understanding, and acceptance of the terms of the Lease, submitted to SDCLT to be attached to the Lease when it is transferred to the heirs.

Any other person or persons who are heirs, legatees or devisees of Homeowner but do not meet the above qualifications shall not be entitled to possession of the Leased Land but must transfer the Leased Land in accordance with the provisions of this Article 10 within 12 months of inheritance.

10.4 HOMEOWNER'S NOTICE OF INTENT TO SELL

In the event that Homeowner wishes to transfer its interest in the Leased Land and Home, Homeowner shall promptly notify SDCLT in writing of such wish ("the Notice of Intent to Sell"), in the form attached as Exhibit G to this Lease. The Homeowner's Notice of Intent to Sell shall be sent to the SDCLT by certified mail, return receipt requested at the address provided in Section 14.1 of this Lease.

THE HOMEOWNER SHOULD NOT CONTRACT WITH A REAL ESTATE BROKER TO SELL THE IMPROVEMENTS UNTIL THE HOMEOWNER HAS RECEIVED THE SDCLT'S NOTICE OF EXERCISE OF OPTION OR THE PURCHASE OPTION HAS EXPIRED, AS THE SERVICES OF A BROKER WILL NOT BE REQUIRED IF THE SDCLT EXERCISES THE PURCHASE OPTION PURSUANT TO SECTION 10.7, AND IN SUCH EVENT NO BROKERAGE COMMISSION WILL BE PAID TO A THIRD PARTY.

Within thirty (30) days of delivery of the Notice of Intent to Sell, the Homeowner shall obtain and deliver to the SDCLT a current written report of inspection of the Home by a licensed structural pest control operator. Homeowner shall allow the SDCLT or a designee to inspect the Home to determine their physical condition, and, if requested by the SDCLT, following such inspection, the Homeowner shall obtain and deliver to the SDCLT a home inspection report prepared by a licensed home inspector.

10.5 SDCLT TO OBTAIN APPRAISAL OF HOME

No later than ten (10) business days after SDCLT's receipt of a complete Homeowner's Notice of Intent to Sell that includes all information required under Section 10.4, including SDCLT's receipt of the pest control report and home inspection report (if any) required pursuant to Section 10.4 above, SDCLT shall commission a certified MAI or other qualified real estate appraiser to perform an appraisal of the fair market value of the Land and Home as if they were a fee simple property and not subject to the terms and conditions of this Lease. The value of the Land and

Home together as if they were fee simple property and not subject to the terms and conditions of the Ground Lease shall be referred to in this Ground Lease as the "Appraised Value". SDCLT shall pay for the appraisal required by this Section 10.5.

10.6 SDCLT'S RESPONSE TO NOTICE OF INTENT TO SELL.

SDCLT shall respond in writing (the "First Response Notice") to Homeowner's Notice of Intent to Sell within sixty (60) days of SDCLT's receipt of a complete Homeowner's Notice of Intent to Sell that includes all information required under Section 10.4, including SDCLT's receipt of the pest control report and home inspection report (if any) required pursuant to Section 10.4 above. The First Response Notice shall inform Homeowner of the Purchase Option Price, as determined by SDCLT and of the SDCLT's election to proceed under one of the following two (2) alternatives:

- a) SDCLT Exercise of Purchase Option. The First Response Notice may notify the Homeowner that the SDCLT elects to exercise the Purchase Option, or assign the Purchase Option to an Assignee.
- b) Homeowner Sale to Eligible Purchaser. In the event the First Response Notice notifies the Homeowner that the SDCLT will not exercise or assign the Purchase Option then Homeowner may proceed to sell the Home and transfer the Leased Land to an Eligible Purchaser, for a price not to exceed the Purchase Option Price, pursuant to the procedure set forth in Section 10.9 below. In this event, the First Response Notice shall include the following information: (1) the maximum qualifying income for an Eligible Purchaser; and (2) the certifications required of an Eligible Purchaser.
- c) SDCLT Failure to Respond. If SDCLT does not respond in the manner set forth in this Section, Homeowner shall make a good faith effort to inform SDCLT of Homeowner's intent to convey the Home. Such good faith effort shall include but not be limited to sending another Notice of Intent to Sell to SDCLT (the "Second Notice of Intent to Sell") a copy of which shall be also sent to the Jurisdiction at the address provided in Section 14.1. In the event Homeowner has made a good faith effort to inform SDCLT of Homeowner's intent to sell the Home and has sent a Second Notice of Intent to Sell and SDCLT does not send the Response Notice within thirty (30) days of receipt of such Second Notice of Intent to Sell, Homeowner may proceed to sell the Home to an eligible purchaser in accordance with Section 10.9.

10.7 HOMEOWNER ACKNOWLEDGEMENT OF FIRST RESPONSE NOTICE.

No later than five (5) business days following the date of the First Response Notice, the Homeowner shall acknowledge in writing to the SDCLT that he/she has received the First Response Notice and still intends to complete a sale of the Home.

10.8 SDCLT HAS AN OPTION TO PURCHASE THE HOME.

Homeowner agrees that the SDCLT shall have the option to purchase the Home for the Purchase Option Price (the "Purchase Option"). The Purchase Option is designed to further the purpose of preserving the affordability of the Home for succeeding Eligible Purchasers while taking fair

account of the investment by the Homeowner. In addition, the SDCLT may, instead of purchasing the Home itself, assign the right to purchase the Home to a public agency, a nonprofit corporation, or to an Eligible Purchaser (the "Assignee"). If the SDCLT assigns the Purchase Option, the Assignee shall sign the First Response Notice and shall thereby be bound to purchase the Home pursuant to the terms of the Purchase Option as set forth in this Lease.

The Homeowner may be required to pay the SDCLT a transaction fee equal to the SDCLT's reasonable costs associated with the exercise of the Purchase Option if the SDCLT (or its assignee) exercises the Purchase Option and purchases the Home; provided, however that such transaction fee shall not exceed three percent (3%) of the sales price of the Home. The Purchase Option may be exercised by the SDCLT or Assignee in the First Response Notice. If the First Response Notice notifies the Homeowner that the SDCLT or Assignee will exercise the Purchase Option, the SDCLT or Assignee (as applicable) shall purchase the Home within forty five (45) days of the date of the First Response Notice and title to the Home shall be delivered by the Homeowner to the SDCLT or Assignee (as applicable) by deed, free and clear of any mortgage or other liens unless approved in writing by the purchaser. In the event SDCLT or Assignee (as applicable) fails to purchase the Home within the forty-five (45) day period identified above or such later date as may be mutually agreed to in writing by the parties, Homeowner may transfer the Home to an Eligible Purchaser for the Purchase Option Price and in accordance with Section 10.9.

10.9 SALE TO ELIGIBLE PURCHASER

If the First Response Notice tells Homeowner to proceed with a sale of the Home to an Eligible Purchaser, if the SDCLT or Assignee does not exercise or complete its option to purchase in accordance with Section 10.8, or if the SDCLT does not respond to Homeowner as provided in Section 10.6(c), Homeowner may proceed to sell the Home in compliance with the following requirements:

- a) Marketing Period. The Homeowner shall use bona fide good faith efforts to sell the Home to an Eligible Purchaser in compliance with this Article 10, including listing the Home on the Multiple Listing Service, keeping the Home in an orderly condition, making the Home available to show to agents and prospective buyers, and providing buyers with Eligible Purchaser requirements, including income qualifications and an updated version of the Lease. A household that proposes to purchase the Home ("Proposed Purchaser") who the Homeowner believes will qualify as an Eligible Purchaser shall be referred to SDCLT or its designee for an eligibility determination.
- b) Eligible Purchaser. Eligible Purchaser shall mean a Proposed Purchaser who meets the following requirements, as determined by SDCLT:
 1. Income Qualified Resident. The Proposed Purchaser shall be an Income Qualified Resident as defined in Article 10.2 of this lease.
 2. Intent to Occupy. The Proposed Purchaser shall certify that he or she will occupy the Home and Leased Land as his or her principal place of residence throughout his or her ownership.

3. Agreement to Sign Updated Lease, Letter and to Cooperate with SDCLT. The Proposed Purchaser shall agree to sign an updated Ground Lease restricting future resale of the Home and transfer of the Leased Land and updated Letter of Stipulation (as defined in Section 1.1(a)). The proposed purchaser shall also cooperate fully with the SDCLT in providing, within five (5) business days of SDCLT's request, all information requested by the SDCLT to assist the SDCLT in monitoring the proposed purchaser's compliance with the Lease.
- c) Disclosure and Submittals. The Homeowner and the Proposed Purchaser shall provide the following information and documents to the SDCLT:
1. The name, address and telephone number in writing of the Proposed Purchaser.
 2. A signed financial statement of the Proposed Purchaser in a form acceptable to the SDCLT and any other supporting documentation requested by the SDCLT. The financial information shall be used by the SDCLT to determine the income eligibility of the Proposed Purchaser.
 3. The proposed sales contract and all other related documents that shall set forth all the terms of the sale of the Home. Said documents shall include at least the following terms: (a) the sales price; and (b) the price to be paid by the Proposed Purchaser for the Homeowner's personal property, if any, for the services of the Homeowner, if any, and any credits, allowances or other consideration, if any.
 4. A sworn statement, the form of which is attached hereto as Exhibit H, from the Homeowner and the Proposed Purchaser in a form acceptable to the SDCLT, that the sale shall be closed in accordance with the terms of the sales contract and other documents submitted to and approved by the SDCLT. In any event, any costs, liabilities or obligations incurred by the Homeowner and the Proposed Purchaser for the return of any moneys paid or received in violation of this Ground Lease or for any of the Homeowner's and/or the Proposed Purchaser's costs and legal expenses, shall be borne by the Homeowner and/or the Proposed Purchaser and, without limiting any of Homeowner's other obligations to indemnify SDCLT, Homeowner and/or Proposed Purchaser shall hold the SDCLT and its designee harmless and reimburse the SDCLT's and its designee's expenses, legal fees and costs for any action they reasonably take in good faith in enforcing the terms of this Lease.
 5. A new form of Ground Lease and Letter of Stipulation, as updated and provided by the SDCLT, executed by the Proposed Purchaser. The recordation of the new Ground Lease shall be a condition of the SDCLT's approval of the proposed sale.
 6. The name of the title company escrow holder for the sale of the Home, the escrow number, and name, address, and phone number of the escrow officer.
 7. Upon the close of the proposed sale, certified copies of the recorded Lease, a copy of the final sales contract, settlement statement, escrow instructions, and any other documents that the SDCLT may reasonably request.

10.10 FAILURE TO LOCATE AN ELIGIBLE PURCHASER

If, after six (6) months from the date Homeowner receives a First Response Notice informing Homeowner that Homeowner may transfer the Home to an Eligible Purchaser (or six (6) months after Homeowner sent a Second Notice of Intent to Convey to which SDCLT does not respond as provided for in Section 10.6(c)), and provided that the Homeowner has used good faith efforts to market the Home to an Eligible Purchaser during the entire six month period in accordance with Section 10.9(a), and the Home still have not been sold, Homeowner shall notify SDCLT (the "Notice of Failure to Locate Eligible Purchaser"). Within forty-five (45) days of receipt of the Notice of Failure to Locate Eligible Purchaser, the SDCLT shall respond in writing (the "Second Response Notice") to Homeowner's Notice of Failure to Locate Eligible Purchaser.

In the event Homeowner delivers the Notice of Failure to Locate an Eligible Purchaser, Homeowner grants to SDCLT the option to purchase the Home for the Purchase Option Price. If the SDCLT assigns the Second Purchase Option, the Assignee shall sign the Second Response Notice and shall thereby be bound to purchase the Home pursuant to the terms of this Section 10.10. If the Second Response Notice notifies the Homeowner that the SDCLT or Assignee will exercise the Second Purchase Option, the SDCLT or Assignee, as applicable, shall purchase the Home within sixty (60) days of the date of the Second Response Notice and title to the Home shall be delivered by the Homeowner to such purchaser by deed, free and clear of any mortgage or other liens, unless approved in writing by the purchaser.

IN THE EVENT THE SDCLT DOES NOT EXERCISE THE SECOND PURCHASE OPTION, THE HOMEOWNER MAY SELL TO ANY PERSON OR ENTITY UNDER ANY TERMS PROVIDED THAT ANY NET PROCEEDS REALIZED FROM SUCH SALE IN EXCESS OF THE PURCHASE OPTION PRICE AS DEFINED IN SECTION 10 OF THIS LEASE SHALL BE PAID TO THE SDCLT AS EXCESS PROCEEDS.

10.11 PURCHASE OPTION PRICE EQUALS LESSER OF APPRAISED VALUE OF HOMEOWNER'S OWNERSHIP INTEREST OR FORMULA PRICE

The Purchase Option Price shall be the lesser of (a) the price calculated in accordance with the formula described below ("the Formula Price") or (b) the Appraised Value as determined by an Appraisal conducted according to the terms of Section 10.5 of this Lease.

CALCULATION OF THE FORMULA PRICE: The Formula Price shall be equal to the Purchase Price of the Home paid by the Homeowner ("Initial Purchase Price"), plus:

- a) **INDEXED APPRECIATION:** an increase in an amount equal to the Initial Purchase Price multiplied by the percentage change in the median household income for San Diego County California as determined from time to time by the California Department of Housing and Community Development (HCD) or any successor thereto. Such change shall be measured by comparing the median household income on the date of the sale of the Home to Homeowner to the median household income on the date the determination is made and adjusted to provide a prorated increase for any partial years of ownership. In the event that the median household income

declines during the term of ownership, no adjustment will be made to the formula price.

- b) **CAPITAL IMPROVEMENTS CREDIT:** an increase to reflect the depreciated value of any Eligible Capital Improvements (hereinafter defined) made by Homeowner.

The term "Eligible Capital Improvements" shall mean only those improvements approved in writing by the SDCLT or its designee in accordance with SDCLT's Capital Improvements Policy as revised from time to time. To qualify for an Eligible Capital Improvement, Homeowner must submit a request for approval to SDCLT or its designee in advance of performing any work, along with plans and specifications for the proposed work, and contractor bids or other cost estimates and any other items required by SDCLT's Capital Improvements Policy. SDCLT or its designee shall approve any Eligible Capital Improvements prior to the commencement of construction. The Approved Value of any Eligible Capital Improvement shall not exceed eighty-five percent (85%) of the documented costs of such improvement. SDCLT shall have an opportunity to inspect to insure completion and satisfactory workmanship prior to issuing a final letter stating the Approved Value of an Eligible Capital Improvement and the approved depreciation schedule.

The Total Capital Improvements Credit claimed at the time of sale for all Eligible Capital Improvements shall not exceed five percent (5%) of the sum of the Initial Purchase Price plus the Indexed Appreciation calculated according to Article 10.11.a.

Nothing in this section shall prohibit Homeowner from making an improvement, which does not qualify as a Eligible Capital Improvement. However, only Eligible Capital Improvements, authorized in advance and approved after completion by SDCLT or its designee, may be included in the calculation of the Formula Price, as set forth herein.

- c) **EXCESSIVE DAMAGE CHARGE:** a decrease in the amount equal to the value of any excessive damage or neglect. Excessive damage or neglect is defined as damages beyond normal wear and tear. Such excessive damage may be described as, but not necessarily be limited to holes in walls, damaged or neglected floor coverings and Capital Systems, severely degenerated interior or exterior painted surfaces, damage resulting from neglected Capital Systems, or missing essential household fixtures that were originally a part of the edifice. Determination of excessive damage value will be at the sole discretion of the SDCLT and/or its agents.

The Formula Price, therefore, shall be calculated as follows:

Initial Purchase Price	\$ _____
Plus Indexed Appreciation	+ \$ _____
Plus Capital Improvements Credit, if any	+ \$ _____
Less Excessive Damage Charge, if any	- \$ _____

Equals Formula Price

= \$ _____

10.12 QUALIFIED PURCHASER'S CHOICE OF NEW LEASE OR ASSIGNMENT OF EXISTING LEASE

An Income-qualified Resident who purchases the Home in accordance with the provisions of this Article 10 shall have the option of receiving either an assignment of this Lease from the seller, with the approval of SDCLT, or a new Lease from SDCLT, which new Lease shall be substantially the same as this Lease in the rights, benefits and obligations assigned to Homeowner and SDCLT.

10.13 PURCHASER MAY BE CHARGED A TRANSFER FEE

In the event that Homeowner sells the home to a party other than the SDCLT (whether directly to such party or as a result of SDCLT's assignment of its Purchase Option to such party), the price to be paid by such purchaser shall include in addition to the Purchase Option Price, at the discretion of the SDCLT, a transfer fee to compensate the SDCLT for carrying out its responsibilities with regard to the transaction. The amount of the transfer fee shall be no more than ___% of the Purchase Option Price.

10.14 HOMEOWNER REQUIRED TO MAKE NECESSARY REPAIRS AT TRANSFER

The Homeowner is required to make necessary repairs when she voluntarily transfers the Home as follows:

- a) The person purchasing the Home ("Buyer") shall, prior to purchasing the Home, hire at its sole expense a building inspector with a current Home Inspector license from the _____ [licensing agency] to assess the condition of the Home and prepare a written report of the condition ("Inspection Report"). The Homeowner shall cooperate fully with the inspection.
- b) The Buyer shall provide a copy of the Inspection Report to Buyer's lender (if any), the Homeowner, and the SDCLT within 10 days after receiving the Inspection Report.
- c) Homeowner shall repair specific reported defects or conditions necessary to bring the Home into full compliance with Sections 4.2 and 7.6 above prior to transferring the Home.
- d) Homeowner shall bear the full cost of the necessary repairs and replacements. However, upon Homeowner's written request, the SDCLT may allow the Homeowner to pay all or a portion of the repair costs after transfer, from Homeowner's proceeds of sale, if Homeowner cannot afford to pay such costs prior to the transfer. In such event, either (i) 150% of the unpaid estimated cost of repairs

or (ii) 100% of the unpaid cost of completed repairs shall be withheld from Homeowner's proceeds of sale in a SDCLT-approved escrow account. *[Add the following sentence only if provision is made for a repair reserve:* Also, upon Homeowner's written request, SDCLT may, at its discretion, agree to release funds from the Repair Reserve Fund to cover some or all of the cost of such repairs, provided that such use of the Reserve is in full compliance with Section 7.7 above.]

- e) Homeowner shall allow SDCLT, Buyer, and Buyer's building inspector and lender's representative to inspect the repairs prior to closing to determine that the repairs have been satisfactorily completed.
- f) Upon sale or other transfer, Homeowner shall either (i) transfer the Home with all originally purchased appliances or replacements in the Home in good working order or (ii) reduce the Purchase Option Price by the market value of any such appliances that are not left with the Home in good working order.

ARTICLE 11: RESERVED

ARTICLE 12: DEFAULT

12.1 WHAT HAPPENS IF HOMEOWNER FAILS TO MAKE PAYMENTS TO SDCLT THAT ARE REQUIRED BY THE LEASE

It shall be an event of default if Homeowner fails to pay the Lease Fee or other charges required by the terms of this Lease and such failure is not cured by Homeowner or a Permitted Mortgagee within thirty (30) days after notice of such failure is given by SDCLT to Homeowner and Permitted Mortgagee. However, if Homeowner makes a good faith partial payment of at least two-thirds (2/3) of the amount owed during the 30-day cure period, then the cure period shall be extended by an additional 30 days.

12.2 WHAT HAPPENS IF HOMEOWNER VIOLATES OTHER (NON-MONETARY) TERMS OF THE LEASE

It shall be an event of default if:

- a) SDCLT determines that the Homeowner has made a material misrepresentation to obtain the benefits of this Ground Lease and purchase of the Home;
- b) Homeowner fails to occupy the Home in accordance with Section 4.6;
- c) Homeowner fails to provide annual certifications in accordance with Section 1.2 or 9.4;

- d) Homeowner makes a Conveyance of the Home or Leased Land in violation of this Lease;
- e) Homeowner fails to maintain the Home or Leased Land in accordance with Article 4;
- f) Homeowner fails to maintain insurance in accordance with Article 9;
- g) A notice of default is issued under a Permitted Mortgage;
- h) A lien is recorded against the Home or Leased Land, other than a Permitted Mortgage;
- i) Homeowner otherwise fails to abide by any other material term or condition in this Lease.

In the event Homeowner defaults under this Section 12.2 Homeowner or a Permitted Mortgagee shall have thirty (30) days after notice of such failure is given by SDCLT to Homeowner and Permitted Mortgagee to cure such failure; provided however, that no cure period shall be provided in the event of a default described in Section 12.3. In the case where the Homeowner or Permitted Mortgagee has commenced to cure such default within such thirty (30) day period and is continuing such cure with all due diligence but cannot by the exercise of due diligence cure such default within such period, such period may be extended by SDCLT, in its sole and absolute discretion, for such additional period as may be reasonably required under the circumstances to complete such cure.

12.3 WHAT HAPPENS IF HOMEOWNER DEFAULTS AS A RESULT OF JUDICIAL PROCESS

It shall be an event of default if the estate hereby created is taken on execution or by other process of law, or if Homeowner is judicially declared bankrupt or insolvent according to law, or if any assignment is made of the property of Homeowner for the benefit of creditors, or if a receiver, trustee in involuntary bankruptcy or other similar officer is appointed to take charge of any substantial part of Homeowner's property by a court of competent jurisdiction, or if a petition is filed for the reorganization of Homeowner under any provisions of the Bankruptcy Act now or hereafter enacted, or if Homeowner files a petition for such reorganization, or for arrangements under any provision of the Bankruptcy Act now or hereafter enacted and providing a plan for a debtor to settle, satisfy or extend the time for payment of debts.

12.4 A DEFAULT (UNCURED VIOLATION) GIVES SDCLT THE RIGHT TO TERMINATE THE LEASE OR EXERCISE ITS PURCHASE OPTION

- (a) TERMINATION: In the case of any of the events of default described above, SDCLT may terminate this lease and initiate summary proceedings under applicable law against Homeowner, and SDCLT shall have all the rights and remedies consistent with such laws and resulting court orders to enter the Leased Land and Home and repossess the entire Leased Land and Home, and expel Homeowner and those claiming rights through Homeowner. In addition, SDCLT shall have such additional

rights and remedies to recover from Homeowner arrears of rent and damages from any preceding breach of any covenant of this Lease. If this Lease is terminated by SDCLT pursuant to an Event of Default, then, as provided in Section 7.7 above, upon thus assuming title to the Home, SDCLT shall pay to Homeowner and any Permitted Mortgagee an amount equal to the Purchase Option Price calculated in accordance with Section 10.9 above, as of the time of reversion of ownership, less the total amount of any unpaid Lease Fee and any other amounts owed to the SDCLT under the terms of this Lease and all reasonable costs (including reasonable attorneys' fees) incurred by SDCLT in pursuit of its remedies under this Lease.

If SDCLT elects to terminate the Lease, then the Permitted Mortgagee shall have the right (subject to Article 8 above and the attached Exhibit: Permitted Mortgages) to postpone and extend the specified date for the termination of the Lease for a period sufficient to enable the Permitted Mortgagee or its designee to acquire Homeowner's interest in the Home and the Leased Land by foreclosure of its mortgage or otherwise.

- b) **EXERCISE OF OPTION:** In the case of any of the events of default described above, Homeowner hereby grants to the SDCLT (or its assignee) the option to purchase the Home for the Purchase Option Price as such price is defined in Article 10 above. Within thirty (30) days after the expiration of any applicable cure period as established in Sections 12.1 or 12.2 above or within 30 days after any of the events constituting an Event of Default under Section 12.3 above, SDCLT shall notify the Homeowner and the Permitted Mortgagee(s) of its decision to exercise its option to purchase under this Section 12.4(b). Not later than ninety (90) days after the SDCLT gives notice to the Homeowner of the SDCLT's intent to exercise its option under this Section 12.4(a), the SDCLT or its assignee shall purchase the Home for the Purchase Option Price.

12.5 WHAT HAPPENS IF SDCLT DEFAULTS

SDCLT shall in no event be in default in the performance of any of its obligations under the Lease unless and until SDCLT has failed to perform such obligations within sixty (60) days, or such additional time as is reasonably required to correct any default, after notice by Homeowner to SDCLT properly specifying SDCLT's failure to perform any such obligation.

ARTICLE 13: ARBITRATION

13.1 MEDIATION AND ARBITRATION ARE PERMITTED

Nothing in this Lease shall be construed as preventing the parties from utilizing any process of mediation or arbitration in which the parties agree to engage for the purpose of resolving a dispute.

13.2 HOMEOWNER AND SDCLT SHALL SHARE COST OF ARBITRATION

Homeowner and SDCLT shall each pay one half (50%) of any costs incurred in carrying out mediation or arbitration in which the parties have agreed to engage.

THE PARTIES AGREE AND ACKNOWLEDGE THAT: (1) THE ARBITRATOR'S AWARD SHALL BE FINAL AND BINDING ON THE PARTIES; (2) TO THE EXTENT THAT SUCH WAIVER IS AUTHORIZED AND ENFORCEABLE BY CALIFORNIA LAW, THE PARTIES ARE WAIVING THEIR RIGHT TO SEEK REMEDIES IN COURT, INCLUDING THE RIGHT TO A JURY TRIAL (3) PRE-ARBITRATION DISCOVERY IS GENERALLY MORE LIMITED THAN AND DIFFERENT FROM COURT PROCEEDINGS; (4) THE ARBITRATOR'S AWARD IS NOT REQUIRED TO INCLUDE FACTUAL FINDINGS OR LEGAL REASONING AND ANY PARTY'S RIGHT TO APPEAL OR TO SEEK MODIFICATION OF RULINGS BY ARBITRATORS IS STRICTLY LIMITED; AND (5) THE ABOVE PROVISIONS REQUIRE ANY ARBITRATION TO TAKE PLACE IN San Diego COUNTY, CALIFORNIA

ARTICLE 14:
GENERAL PROVISIONS

14.1 NOTICES

Whenever this Lease requires either party to give notice to the other, the notice shall be given in writing and delivered in person or mailed, by certified or registered mail, return receipt requested, to the party at the address set forth below, or such other address designated by like written notice:

if to SDCLT:
San Diego Community Land Trust

if to Homeowner:
(name of Homeowner)

·If to Jurisdiction :

All notices, demands and requests shall be effective upon being deposited in the United States Mail or, in the case of personal delivery, upon actual receipt.

14.2 HOMEOWNER'S MEMBERSHIP IN SDCLT

The Homeowner under this Lease shall automatically be a regular voting member of the SDCLT.

14.3 NO BROKERAGE

Unless otherwise set forth in the Letters of Stipulation and Acknowledgment, Homeowner warrants and represents that it has not dealt with any broker in connection with the consummation of this Lease. In the event any claim is made against SDCLT relative to dealings with brokers other than that set forth in the Letter of Stipulation, Homeowner shall defend the claim against SDCLT with counsel of SDCLT's selection and save harmless and indemnify SDCLT on account of loss, cost or damage which may arise by reason of any such claim. This indemnity contained in this Section shall survive the termination of the Lease.

14.4 SEVERABILITY AND DURATION OF LEASE

If any part of this Lease shall be unenforceable or invalid, such material shall be read out of this Lease and shall not affect the validity of any other part of this Lease or give rise to any cause of action of Homeowner or SDCLT against the other, and the remainder of this Lease shall be valid and enforced to the fullest extent permitted by law. It is the intention of the parties that their respective options to purchase and all other rights and options hereunder shall continue in full force and effect for the duration of the Term and any renewal thereof, and such options and other rights shall be considered to be coupled with an interest. In the event any such option or right shall be construed to be subject to any rule of law limiting the duration thereof, the time period for the exercising of such option or right shall be construed to expire twenty (20) years after the death of the following persons:

NOTE: List the children living as of the date of this Lease

14.5 RIGHT OF FIRST REFUSAL IN LIEU OF OPTION

If the provisions of the purchase option set forth in Article 10 of this Lease shall, for any reason, become unenforceable, SDCLT shall nevertheless have a right of first refusal to purchase the Home at the highest documented bona fide purchase price offer made to Homeowner. Such right shall be as specified in the attached Exhibit D (FIRST REFUSAL). Any sale or transfer contrary to this section, when applicable, shall be null and void.

14.6 WAIVER

The waiver by SDCLT of, or the failure of SDCLT to take action with respect to, any breach of any term or condition contained herein shall not be deemed to be a waiver of such term or condition with regard to any subsequent breach of such term or condition, or of any other term or condition of the Lease. SDCLT may grant waivers in the terms of this Lease, but such must be in writing and signed by SDCLT before being effective.

The subsequent acceptance of Ground Lease Fee payments hereunder by SDCLT shall not be deemed to be a waiver of any preceding breach by Homeowner of any term or condition of this Lease, other than the failure of Homeowner to pay the particular Ground Lease Fee so accepted, regardless of SDCLT's knowledge of such preceding breach at the time of acceptance of such Ground Lease Fee payment.

14.7 SDCLT'S RIGHT TO PROSECUTE OR DEFEND

Homeowner shall, within five (5) business days of receiving such information, inform SDCLT in writing of any claim, demand, or charge made against the Leased Land or Home. SDCLT shall have the right, but shall be under no obligation, to prosecute or defend, in its own or the Homeowner's name, any actions or proceedings appropriate to the protection of SDCLT's title to, and Homeowner's interest in, the Leased Land. Whenever requested by SDCLT, Homeowner shall give SDCLT all reasonable aid in any such action or proceeding. In the event SDCLT prosecutes or defends in accordance with this Section, Homeowner shall reimburse SDCLT for SDCLT's reasonable expenses, which expenses shall be deemed Additional Ground Lease Fee.

14.8 INTERPRETATION

Whenever in this Lease a pronoun is used it shall be construed to represent either the singular or the plural, masculine or feminine, as the case shall demand. The captions and table of contents appearing in this Lease are for convenience only, and are not a part of this Lease and do not in any way limit or amplify the terms and conditions of this Lease.

14.8 PARTIES BOUND

This Lease sets forth the entire agreement between the parties hereto with respect to the leasing of the Land; it is binding upon and inures to the benefit of the parties hereto and, in accordance with the provisions hereof, their respective successors in interest. This Lease may be altered or amended only by written notice executed by the parties hereto or their legal representatives or, in accordance with the provisions hereof, their successors in interest.

14.9 GOVERNING LAW

This Lease shall be interpreted in accordance with and governed by the laws of California. The language in all parts of this Lease shall be, in all cases, construed according to its fair meaning and not strictly for or against SDCLT or Homeowner.

14.10 RECORDING

The parties agree, as an alternative to the recordation of this Lease, to execute a so-called Notice of Lease or Short Form Lease in form recordable and complying with applicable law and

reasonably satisfactory to the SDCLT. Any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease.

14.11 MEMO OF OPTION AND RIGHT OF FIRST REFUSAL

A Memorandum of Option and Right of First Refusal, the form of which is attached hereto as Exhibit I, evidencing the option and right of first refusal granted to SDCLT in Article 10, Section 12.4 and Section 14.4, shall be recorded concurrently with this Lease.

14.12 EXHIBITS

The Exhibits attached to this Ground Lease are incorporated into and made a part of this Lease.

14.13 COUNTERPARTS

This Ground Lease may be executed in counterparts.

14.14 ATTORNEYS FEES

The prevailing party in any action or proceeding brought by either party against the other under this Ground Lease shall be entitled to recover from the other party such court costs, costs and fees of the attorneys, paralegals, experts and consultants in such action or proceeding (whether in arbitration or at the administrative, trial or appellate levels) in such amount as the arbitrator or court may adjudge reasonable.

14.15 ESTOPPEL CERTIFICATES

Any party to this Lease may at any time deliver written notice to the other party requesting such party to certify in writing that, to the best knowledge of the certifying party: (i) this Lease is in full force and effect and a binding obligation of the party; (ii) this Lease has not been amended or modified either orally or in writing, and if so amended, identifying the amendments; and (iii) the requesting party is not in default in the performance of its obligations set forth in this Lease or, if in default, to describe therein the nature and amount of any such defaults. A party receiving a request hereunder shall execute and return such certificate within sixty (60) days following the receipt thereof. Any third party, including a Permitted Mortgagee, shall be entitled to rely on the certificate executed pursuant to this Section.

IN WITNESS WHEREOF, the parties hereto have executed this Land Lease as of the date first above written.

HOMEOWNER:

Name: _____

Name: _____

SDCLT:

**SAN DIEGO COMMUNITY LAND TRUST, INC., a California nonprofit public
benefit corporation**

Name: _____, Secretary

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____ 200_, 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.

Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____ 200_, 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.

Notary Public

[SEAL]

EXHIBIT A
LETTER OF STIPULATION

To: San Diego Community Land Trust (SDCLT)

Date: _____

This letter is given to SDCLT to become an exhibit to a Ground Lease between SDCLT and me. I will be leasing a parcel of land from SDCLT and will be buying the home that sits on that parcel of land. I will own only the home. I will not own the land on which my home sits. I will therefore become what is described here as a "land trust Homeowner."

SDCLT has advised me to seek legal counsel prior to purchasing my home and leasing the land. I have reviewed the Ground Lease and other legal documents that are part of this transaction. I understand the way these terms and conditions will affect my rights as a land trust Homeowner, now and in the future.

In particular I understand and agree with the following points.

- SDCLT's mission is to develop and preserve long-term affordable Homeownership for people of limited financial resources.
- SDCLT is the owner of the land on which the home I am buying is located.
- In the Ground Lease, my home is referred to as the "Home".
- The Price at which I may resell my home is limited by a resale formula in the Ground Lease.
- Both SDCLT and I agree that the terms and conditions of the Ground Lease require me to sell the home for a price affordable to another Income Qualified Resident.
- I intend to occupy my home according to the terms of the Ground Lease.
- Should I decide to sell my home, SDCLT will have the right to purchase my home for an affordable price before it is offered to anyone else. SDCLT may also approve a sale at an affordable price to an "Income Qualified Resident".
- The affordable price at which SDCLT or another purchaser would purchase my home is referred to as the Purchase Option Price in the Ground Lease.
- I understand that I can leave my home to my child or children or certain other members of my household and that, after my death, they can sell it on the terms permitted by the Ground Lease or if they are income eligible and agree to abide by the terms of the Ground Lease they can own the home for as long as they want to live in it.

- If my home is not left to my child or children or certain other family members, the person inheriting the home may be required to sell the home to another Eligible Purchaser.
- As a land trust Homeowner, it is my desire to see the terms of the Ground Lease and related documents honored. I consider these terms fair to me and others. I acknowledge the restrictions and requirements included in the Ground Lease and by signing this letter, I agree to them.
- I eagerly and freely accept the ownership of my home on the terms and conditions set forth in the Ground Lease.

Sincerely,

By: _____

Name: _____

(print)

By: _____

Name: _____

(print)

Date: _____

EXHIBIT B
DESCRIPTION OF LEASED LAND

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EXHIBIT C
FORM OF DEED

EXHIBIT D

FIRST REFUSAL

Whenever any party under the Ground Lease shall have a right of first refusal as to certain property, the following procedures shall apply. If the owner of the property offering it for sale ("Offering Party") shall within the term of the Ground Lease receive a bona fide, third-party offer to purchase the property that such Offering Party is willing to accept, the holder of the right of first refusal (the "Holder") shall have the following rights:

- a. Offering Party shall give written notice of such offer ("the Notice of Offer") to Holder setting forth (a) the name and address of the prospective purchaser of the property, (b) the purchase price offered by the prospective purchaser and (c) all other terms and conditions of the sale. Holder shall have a period of forty-five (45) days after the receipt of the Notice of Offer ("the Election Period") within which to exercise the right of first refusal by giving notice of intent to purchase the property ("the Notice of Intent to Purchase") for the same price and on the same terms and conditions set forth in the Notice of Offer. Such Notice of Intent to Purchase shall be given in writing to the Offering Party within the Election Period.
- b. If Holder exercises the right to purchase the property, such purchase shall be completed within sixty (60) days after the Notice of Intent to Purchase is given by Holder (or if the Notice of Offer shall specify a later date for closing, such date) by performance of the terms and conditions of the Notice of Offer, including payment of the purchase price provided therein.

EXHIBIT E

PERMITTED MORTGAGES

The rights and provisions set forth in this Exhibit shall be understood to be provisions of Section 8.2 of the of the Lease. All terminology used in this Exhibit shall have the meaning assigned to it in the Lease.

A. OBLIGATIONS OF PERMITTED MORTGAGEE

Any Permitted Mortgagee shall be bound by each of the following requirements unless the particular requirement is removed, contradicted or modified by a rider to this Lease signed by the Homeowner and the SDCLT to modify the terms of the Lease during the term of the Permitted Mortgage.

1. If Permitted Mortgagee sends a notice of default to the Homeowner because the Homeowner has failed to comply with the terms of the Permitted Mortgage, the Permitted Mortgagee shall, at the same time, send a copy of that notice to the SDCLT. Upon receiving a copy of the notice of default and within that period of time in which the Homeowner has a right to cure such default (the "cure period"), the SDCLT shall have the right to cure the default on the Homeowner's behalf, provided that all current payments due the Permitted Mortgagee since the notice of default was given are made to the Permitted Mortgagee.
2. If, after the cure period has expired, the Permitted Mortgagee intends to accelerate the note secured by the Permitted Mortgage or begin foreclosure proceedings under the Permitted Mortgage, the Permitted Mortgagee shall first notify SDCLT of its intention to do so, and SDCLT shall then have the right, upon notifying the Permitted Mortgagee within thirty (30) days of receipt of such notice, to acquire the Permitted Mortgage by paying off the debt secured by the Permitted Mortgage.
3. If the Permitted Mortgagee acquires title to the Home through foreclosure or acceptance of a deed in lieu of foreclosure, the Permitted Mortgagee shall give SDCLT written notice of such acquisition and SDCLT shall then have an option to purchase the Home from the Permitted Mortgagee for the full amount owing to the Permitted Mortgagee under the Permitted Mortgage. To exercise this option to purchase, SDCLT must give written notice to the Permitted Mortgagee of SDCLT's intent to purchase the Home within thirty (30) days following SDCLT's receipt of the Permitted Mortgagee's notice. SDCLT must then complete the purchase of the Home within sixty (60) days of having given written notice of its intent to purchase. If SDCLT does not complete the purchase within this 60-day period, the Permitted Mortgagee shall be free to sell the Home to another person.
4. Nothing in the Permitted Mortgage or related documents shall be construed as giving Permitted Mortgagee a claim on SDCLT's interest in the Leased Land, or as assigning

any form of liability to the SDCLT with regard to the Leased Land, the Home, or the Permitted Mortgage.

5. Nothing in the Permitted Mortgage or related documents shall be construed as rendering SDCLT or any subsequent Mortgagee of SDCLT's interest in this Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt secured by the Permitted Mortgage or any part thereof.
6. The Permitted Mortgagee shall not look to SDCLT or SDCLT's interest in the Leased Land, but will look solely to Homeowner, Homeowner's interest in the Leased Land, and the Home for the payment of the debt secured thereby or any part thereof. (It is the intention of the parties hereto that SDCLT's consent to such the Permitted Mortgage shall be without any liability on the part of SDCLT for any deficiency judgment.)
7. In the event any part of the Security is taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the Permitted Mortgagee in accordance with the provisions of ARTICLE 9 hereof.
8. SDCLT shall not be obligated to execute an assignment of the Lease Fee or other rent payable by Homeowner under the terms of this Lease.

B. RIGHTS OF PERMITTED MORTGAGEE

The rights of a Permitted Mortgagee as referenced under Section 8.6 of the Lease to which this Exhibit is attached shall be as set forth below.

1. Any Permitted Mortgagee shall, without further consent by SDCLT, have the right to (a) cure any default under this Lease, and perform any obligation required under this Lease, such cure or performance being effective as if it had been performed by Homeowner; (b) acquire and convey, assign, transfer and exercise any right, remedy or privilege granted to Homeowner by this Lease or otherwise by law, subject to the provisions, if any, in the Permitted Mortgage, which may limit any exercise of any such right, remedy or privilege; and (c) rely upon and enforce any provisions of the Lease to the extent that such provisions are for the benefit of a Permitted Mortgagee.
2. A Permitted Mortgagee shall not be required, as a condition to the exercise of its rights under the Lease, to assume personal liability for the payment and performance of the obligations of the Homeowner under the Lease. Any such payment or performance or other act by Permitted Mortgagee under the Lease shall not be construed as an agreement by Permitted Mortgagee to assume such personal liability except to the extent Permitted Mortgagee actually takes possession of the Home and Leased Land. In the event Permitted Mortgagee does take possession of the Home and Leased Land and thereupon transfers such property, any such transferee shall be required to enter into a written

agreement assuming such personal liability and upon any such assumption the Permitted Mortgagee shall automatically be released from personal liability under the Lease.

3. In the event that title to the estates of both SDCLT and Homeowner are acquired at any time by the same person or persons, no merger of these estates shall occur without the prior written declaration of merger by Permitted Mortgagee, so long as Permitted Mortgagee owns any interest in the Security or in a Permitted Mortgage.
4. If the Lease is terminated for any reason, or in the event of the rejection or disaffirmance of the Lease pursuant to bankruptcy law or other law affecting creditors' rights, SDCLT shall enter into a new lease for the Leased Land with the Permitted Mortgagee (or with any party designated by the Permitted Mortgagee, subject to SDCLT's approval, which approval shall not be unreasonably withheld), not more than thirty (30) days after the request of the Permitted Mortgagee. Such lease shall be for the remainder of the term of the Lease, effective as of the date of such termination, rejection or disaffirmance, and upon all the terms and provisions contained in the Lease. However, the Permitted Mortgagee shall make a written request to SDCLT for such new lease within sixty (60) days after the effective date of such termination, rejection or disaffirmance, as the case may be. Such written request shall be accompanied by a copy of such new lease, duly executed and acknowledged by the Permitted Mortgagee or the party designated by the Permitted Mortgagee to be the Homeowner thereunder. Any new lease made pursuant to this Section shall have the same priority with respect to other interests in the Land as the Lease. The provisions of this Section shall survive the termination, rejection or disaffirmance of the Lease and shall continue in full effect thereafter to the same extent as if this Section were independent and an independent contract made by SDCLT, Homeowner and the Permitted Mortgagee.
5. The SDCLT shall have no right to terminate the Lease during such time as the Permitted Mortgagee has commenced foreclosure in accordance with the provisions of the Lease and is diligently pursuing the same.
6. In the event that SDCLT sends a notice of default under the Lease to Homeowner, SDCLT shall also send a notice of Homeowner's default to Permitted Mortgagee. Such notice shall be given in the manner set forth in Section 14.2 of the Lease to the Permitted Mortgagee at the address which has been given by the Permitted Mortgagee to SDCLT by a written notice to SDCLT sent in the manner set forth in said Section 14.2 of the Lease.
7. In the event of foreclosure sale by a Permitted Mortgagee or the delivery of a deed to a Permitted Mortgagee in lieu of foreclosure in accordance with the provisions of the Lease, at the election of the Permitted Mortgagee the provisions of Article 10, Sections 10.1 through 10.11 shall be deleted and thereupon shall be of no further force or effect as to only so much of the Security so foreclosed upon or transferred.

SDCLT shall have the right, but not the obligation, upon notifying the Mortgagee within thirty (30) days of receipt of said notice, to purchase the Mortgagee loans and to take assignment of the Mortgage.

3) If the Mortgagee acquires title to the Home and Homeowner's interest in the Leased Land through foreclosure or acceptance of a deed in lieu of foreclosure, the Mortgagee shall give the SDCLT written notice of such acquisition and the SDCLT shall have an option to purchase the Home and Homeowner's interest in the Leased Land from the Mortgagee for the full amount owing to the Mortgagee; provided, however, that the SDCLT notifies the Mortgagee in writing of the SDCLT's intent to make such purchase within thirty (30) days following the SDCLT's receipt of the Mortgagee's notice of such acquisition of the Home and Homeowner's interest in the Leased Land; further provided that SDCLT shall complete such purchase within sixty (60) days of having given written notice of its intent to purchase; and provided that, if the SDCLT does not complete the purchase within such period, the Mortgagee shall be free to sell the Home and Homeowner's interest in the Leased Land to another person;

4) Nothing in the Mortgage or related documents shall be construed as giving the Mortgagee a claim on SDCLT's interest in the Leased Land, or as assigning any form of liability to the SDCLT with regard to the Leased Land, the Home, or the Mortgage.

5) Nothing in the Mortgage shall be construed as rendering SDCLT or any subsequent holder of the SDCLT's interest in and to the Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt evidenced by such note and such Mortgage or any part thereof.

6) The Mortgagee shall not look to SDCLT or SDCLT's interest in the Leased Land, but will look solely to Homeowner and Homeowner's interest in the Leased Land and the Home for the payment of the debt secured by the Mortgage. (It is the intention of the parties hereto that SDCLT's consent to the Mortgage shall be without any liability on the part of SDCLT for any deficiency judgment.)

7) In the event that any part of the Leased Land is taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the Mortgagee in accordance with the provisions of Article 9 of the Lease.

8) Nothing in the Mortgage shall obligate SDCLT to execute an assignment of the Lease Fee or other rent payable by Homeowner under the terms of this Lease.

By:

_____ for Mortgagee Date: _____
_____ for Homeowner/Mortgagor Date: _____

EXHIBIT F
PERMITTED MORTGAGE AGREEMENT

EXHIBIT G

NOTICE OF INTENT TO SELL

To: San Diego Community Land Trust ("SDCLT")

From: _____ [name of owner(s)] ("Homeowner(s)")

Address of Home: _____ ("Home")

Date: _____

Please be notified pursuant to Section 10 of the Ground Lease between Homeowner and SDCLT dated _____, that the Homeowner intends to transfer the Home listed above.

A. The following information is provided to SDCLT, pursuant to Section 10 of the Ground Lease:

1. Address of Leased Land: _____
2. Date Homeowner Purchased Home: _____
3. Purchase Price paid by Homeowner when Home were purchased: _____
4. Date Homeowner intends to vacate Home: _____
5. Date Home will be placed on market: _____
6. Name and phone number of person for Homeowner to contact to schedule inspection:
_____ and _____
(name) (phone number)

B. I have not listed the Home for sale with a multiple listing service, or contacted a real estate broker or financial institution. I agree to prepare the Home for sale by:

1. obtaining a pest control report within thirty (30) days of the date of this notice,
2. allowing SDCLT or a designee to inspect the Home within thirty (30) days of this notice,
3. if requested by SDCLT following SDCLT's inspection, I will obtain a home inspection report from a licensed home inspector,
4. maintaining utility connections until the Home is transferred,
5. permitting a walk through by SDCLT or a designee prior to close of escrow or the transfer.

This Notice of Intent to Convey is certified by Homeowner to be true and correct and is signed on _____ [insert date] under penalty of perjury.

By: _____
Homeowner

By: _____
Homeowner

EXHIBIT H

CERTIFICATE OF SELLER AND PROPOSED OWNER

This Certificate (the "Certificate") is executed this ____ day of ____, 200 ____, by ____ (the "Seller"), and ____ (the "Proposed Owner"), to be relied upon by San Diego Community Land Trust (the "SDCLT") in approving the sale of the Home (as defined below) to the Proposed Owner, subject to the terms of that certain Ground Lease dated ____, 20 ____, and recorded against the Land (as defined below) on ____, 200 ____, as Instrument Number ____ in the Official Records of the County of ____ County (the "Ground Lease"). The Proposed Owner intends to purchase from the Seller the home (the "Home") located on that certain real property located at ____, CA ____ (the "Land"). The Proposed Owner intends to purchase the Home only and to lease the Land from the SDCLT.

Pursuant to Section 8(c)(4) of the Ground Lease, the Seller and the Proposed Owner hereby certify to the SDCLT that:

1. The purchase price of the Home does not exceed the Purchase Option Price (as such term is defined in the Ground Lease).
2. The purchase and sale of the Home shall be in accordance the terms and conditions of the sale contract and other documents submitted and approved by the SDCLT.
3. The Proposed Owner has not, nor has any other person paid and will not pay to the Seller, and the Seller has not received, and will not receive from the Proposed Owner nor any other person, money, or other consideration, including personal property, in addition to what is set forth in the sales contract and documents submitted and approved by the SDCLT.
4. The Proposed Owner and the Seller acknowledge that if the Home is purchased in violation of the Ground Lease or if false or misleading statements have been or are made in any documents submitted to the SDCLT or this Certificate, the SDCLT shall have the right to foreclose on the Home or file an action at law or in equity, as appropriate, notwithstanding the fact that the sale may have closed and become final as between the Proposed Owner and the Seller.
5. The Proposed Owner and Seller further acknowledge that any costs, liabilities, or obligations incurred by the Proposed Owner and Seller for the return of any monies paid or received in violation of the Ground Lease or for any of the Proposed Owner's and Seller's costs and legal expenses, shall be borne by the Seller and/or Proposed Owner and they shall hold the SDCLT and/or its designee harmless and reimburse the SDCLT's and/or its designee's expenses, legal fees and costs for any action the SDCLT and/or its designee reasonably take in good faith in enforcing the terms of this Agreement.

EXECUTED as of the date first written above.

Seller

Proposed Owner

EXHIBIT I
TITLE REPORT

EXHIBIT J

(MEMORANDUM OF LEASE FORM)

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

San Diego Community Land Trust

Attn: Executive Director

THIS SPACE FOR RECORDER'S USE ONLY

MEMORANDUM OF LEASE

THIS MEMORANDUM OF GROUND LEASE is dated as of _____, 2002,
and is by and between San Diego Community Land Trust, a California nonprofit public benefit
corporation (the "SDCLT") and _____ (the "Homeowner").

SDCLT and Homeowner have entered into that certain Ground Lease ("Lease") for
certain real property located in San Diego County, California, and by recordation of this
Memorandum of Ground Lease give notice of the unrecorded Ground Lease and place of public
record the following information:

Date of Lease: _____.

Description of Leased Land: See attached Exhibit A.

Date of Term Commencement: _____.

Term: The Initial Term of this Ground Lease ("Term") shall be the period from _____
_____, 2_____, through _____, 2____.

All Exhibits attached hereto and referenced herein shall be deemed incorporated herein
by this reference.

This Memorandum of Ground Lease in no way modifies or amends the provisions of the
Lease.

IN WITNESS WHEREOF, the parties have executed this Memorandum of lease as of the date first set forth above.

SDCLT

San Diego Community Land Trust, a California nonprofit public benefit corporation

By: _____

Its: _____

HOMEOWNER

By: _____

[Notarize signatures.]

EXHIBIT K

(MEMO OF OPTION AND RIGHT OF FIRST REFUSAL FORM)

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

San Diego Community Land Trust

Attn: Executive Director

(Space Above This Line For Recorder's Use)

MEMORANDUM OF OPTION AND RIGHT OF FIRST REFUSAL

This Memorandum of Option and Right of First Refusal ("Memorandum") is entered into as of _____, 200__ by and between San Diego Community Land Trust, a California nonprofit public benefit corporation (the "SDCLT") and _____ (the "Homeowner") with respect to certain rights granted to the Homeowner under those certain options and rights of first refusal to purchase the Home (as defined below) contained in Article 10, Section 12.4, and Section 14.4 of that certain Ground Lease (as defined below).

Pursuant to the ground lease by and between SDCLT and Homeowner dated _____ (the "Ground Lease"), Homeowner is leasing from SDCLT that certain real property more particularly described in the attached Exhibit B (the "Leased Land"). Homeowner is the owner of those certain improvements constructed on the Leased Land (the "Home").

Section 10.7 of the Ground Lease grants to SDCLT or the Assignee the option to purchase the Home on the terms and conditions stated in Section 10.7 of the Ground Lease (the "First Option").

Section 10.9 of the Ground Lease grants to SDCLT or the Assignee a second option to purchase the Home on the terms and conditions stated in Section 10.9 of the Ground Lease (the "Second Option").

Section 12.4 of the Ground Lease grants to SDCLT an option to purchase the Home in the event of Homeowner's default on the terms and conditions stated in Section 12.4 of the Ground Lease (the "Default Option").

Section 14.4 of the Ground Lease grants to SDCLT a right of first refusal to purchase the Home on the terms and conditions stated in Section 14.4 of the Ground Lease (the "Right of First Refusal").

This Memorandum shall incorporate all of the terms and provisions of the First Option, the Second Option, Default Option, and the Right of First Refusal as though fully set forth in this Memorandum of Option and Right of First Refusal.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the rights granted under the First Option, the Second Option, the Default Option, and the Right of First Refusal, of which this is a memorandum.

This Memorandum may be executed in any number of counterparts, all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS
MEMORANDUM AS OF THE DATE FIRST WRITTEN ABOVE:

SDCLT:

By: _____

Name: _____

Its: _____

HOMEOWNER:

By: _____

Name: _____

By: _____

Name: _____

[Notarize Signatures.]

EXHIBIT L

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT, dated as of _____, 200_ (the "Reimbursement Agreement"), is hereby entered into by and between the San Diego Community Land Trust, a California nonprofit public benefit corporation ("SDCLT"), and _____ (the "Homeowner").

RECITALS

A. SDCLT and Homeowner have executed that certain Ground Lease and Purchase Option (the "Ground Lease") of even date of this Reimbursement Agreement, which leases the Leased Land for a Term of ninety-nine (99) years subject to specified restrictions that Homeowner's interest in the Home and Leased Land may be transferred only to Income Qualified Residents so as to expand and maintain access to Homeownership opportunities for income qualified households.

B. Homeowner may mortgage, pledge or encumber the Leased Land or any portion thereof to a Permitted Mortgage pursuant to the terms and conditions of the Ground Lease. In the event that Homeowner defaults on any Permitted Mortgage, SDCLT has, among other rights and remedies specified in the Ground Lease, the right but not the obligation to cure such default on behalf of Homeowner prior to the commencement of any foreclosure proceeding or sale in lieu thereof.

C. SDCLT's right to make payments to cure a default by Homeowner on a Permitted Mortgage will be of benefit to SDCLT by allowing SDCLT to prevent the foreclosure of the Leased Land and Home. SDCLT's right to make payments to cure a default by Homeowner on a Permitted Mortgage will also be of benefit to Homeowner by allowing Homeowner to retain Homeowner's interest in the Leased Land and Home, and to avoid foreclosure.

D. To secure repayment from Homeowner to SDCLT for any payment made by SDCLT on behalf of Homeowner to cure a default under a Permitted Mortgage, Homeowner agrees to enter into this Reimbursement Agreement. Homeowner further agrees to secure Homeowner's repayment obligations set forth in this Reimbursement Agreement by a deed of trust to be recorded against Homeowner's interest in the Leased Land as set forth in the Ground Lease.

E. Unless otherwise defined in this Reimbursement Agreement, the capitalized words and terms used in this Reimbursement Agreement shall have the same meanings as set forth in the Ground Lease.

AGREEMENT

NOW, THEREFORE, based upon the foregoing Recitals, which are incorporated to the Reimbursement Agreement by this reference, and in consideration of the mutual covenants herein contained, it is agreed by and between the SDCLT and Homeowner as follows:

1. **Cure of Loan Default.** Pursuant to the terms and conditions of the Ground Lease and this Reimbursement Agreement, SDCLT has the right but not the obligation to make payments on behalf of Homeowner to a Permitted Mortgagee to fully or partially cure any default or delinquency in payments of a Permitted Mortgage.

2. **Reimbursement Obligation of Homeowner.** Homeowner shall reimburse SDCLT for any and all payments made by SDCLT to fully or partially cure any default or delinquency in payments of a Permitted Mortgagee and for any costs incurred by SDCLT in making such payments, including but not limited to the cost of staff time and interest on the sums advanced by SDCLT at the maximum allowable interest rate pursuant to law. Such payments shall be delivered to SDCLT within thirty (30) days after written demand is made therefor from SDCLT to Homeowner. SDCLT may make such written demand to Homeowner at any time after making such payments to a Permitted Mortgagee. If such written demand is made by personal delivery to Homeowner or to the Leased Land, such demand shall be deemed given immediately upon such delivery. If such written demand is made by reliable overnight delivery service (such as FedEx), such demand shall be deemed given one business day after deposit of the written demand with the overnight delivery service. If such written demand is made by registered or certified U.S. Mail, such demand shall be deemed given three (3) business days after deposit of the written demand with the U.S. Postal Service.

3. **Security for Reimbursement.** The obligation of Homeowner to make the reimbursement payments to SDCLT required under Section 2 shall be secured by a leasehold deed of trust (the "Deed of Trust"), which shall encumber Homeowner's interest in the Leased Land and Home. Such Deed of Trust shall be executed by Homeowner and shall be recorded in the official records of San Diego County, California, at the time Homeowner acquires the interest in the Leased Land by way of the Ground Lease. Homeowner consents to recordation of such Deed of Trust in the official records of San Diego County, California. The Deed of Trust shall secure all amounts due from Homeowner and/or his, her or their successors and assigns as provided in this Reimbursement Agreement.

4. **Notice of Default and Delinquency.** Homeowner shall deliver to SDCLT a copy of any notice of default or delinquency in repayment of a Permitted Mortgage which Homeowner receives from or on behalf of a Permitted Mortgagee. Such notices shall be delivered to SDCLT within five (5) days of Homeowner's receipt of such notice from a Permitted Mortgagee.

5. **Waivers.**

(a) Homeowner expressly agrees that any payment due hereunder may be extended from time to time at SDCLT's sole and absolute discretion and that SDCLT may accept security in consideration for any such extension or release any security for this Reimbursement Agreement at its sole discretion all without in any way affecting the liability of Homeowner.

(b) No extension of time for payment of the amounts due pursuant to this Reimbursement Agreement made by agreement by SDCLT with any person now or hereafter liable for the payment of this Reimbursement Agreement shall operate to release, discharge, modify, change or affect the original liability of Homeowner under this Reimbursement Agreement, either in whole or in part.

(c) The obligations of Homeowner under this Reimbursement Agreement shall be absolute and Homeowner waives any and all rights to offset, deduct or withhold any payments or charges due under this Reimbursement Agreement for any reasons whatsoever.

(d) To the extent permitted by law, Homeowner waives presentment, demand, notice of protest and nonpayment, notice of default or delinquency, notice of acceleration, notice of costs, expenses or leases or interest thereon, notice of dishonor, diligence in collection or in proceeding against any of the rights of interests in or to properties securing of this Reimbursement Agreement, and the benefit of any exemption under any homestead exemption laws, if applicable.

(e) No previous waiver and no failure or delay by SDCLT in acting with respect to the terms of this Reimbursement Agreement shall constitute a waiver of any breach, default, or failure or condition under this Reimbursement Agreement. A waiver of any term of this Reimbursement Agreement must be made in writing and shall be limited to the express written terms of such waiver.

6. Attorneys' Fees and Costs. Homeowner agrees that if any amounts due under this Reimbursement Agreement are not paid when due, Homeowner shall pay all costs and expenses, including but not limited to reasonable attorneys' fees, paid or incurred by SDCLT in connection with the collection or enforcement of this Reimbursement Agreement, whether or not suit is filed. Homeowner further agrees that the provisions of Section 14.14 of the Ground Lease regarding attorneys fees and costs shall be equally applicable to this Reimbursement Agreement.

7. Miscellaneous.

(a) **Term of Agreement.** This Reimbursement Agreement shall take effect upon the date set forth in the first paragraph hereof and shall remain enforceable for the Term of the Ground Lease. In the event that SDCLT or Homeowner terminates the Ground Lease for any reason whatsoever, the terms and conditions of this Reimbursement Agreement shall survive until such time as SDCLT has been fully reimbursed by Homeowner for any payments, costs, and expenses to which SDCLT is entitled under this Reimbursement Agreement.

(b) **Successor is Deemed Included in All References to Predecessor.** Whenever in this Reimbursement Agreement either Homeowner or SDCLT is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Reimbursement Agreement contained by or on behalf of Homeowner or SDCLT shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

(c) **Amendment.** No modification, rescission, waiver, release or amendment of any provision of this Reimbursement Agreement shall be made except by a written agreement executed by SDCLT and Homeowner.

(d) **Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received in the manner and to the addresses set forth in Article 14 of the Ground Lease unless this Reimbursement Agreement specifies otherwise.

(e) **Further Assurances and Corrective Instruments.** Homeowner shall execute any further documents consistent with the terms of this Reimbursement Agreement, including documents in recordable form, as SDCLT shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Reimbursement Agreement.

(f) **Execution in Counterparts.** This Reimbursement Agreement may be executed in two or more separate counterparts, each of which, when so executed, shall be deemed to be an original. Such counterparts shall, together, constitute and shall be one and the same instrument.

(g) **Applicable Law.** This Reimbursement Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to conflict of law principles.

(h) **Captions.** The captions or headings in this Reimbursement Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Reimbursement Agreement.

[signatures on next page]

IN WITNESS WHEREOF, the SDCLT and Homeowner have duly executed this Reimbursement Agreement, all as of the date first above written.

"HOMEOWNER"

Name: _____

Name: _____

"SDCLT"

SAN DIEGO COMMUNITY LAND TRUST,
INC., a California nonprofit public benefit
corporation

By: _____

Its: _____

EXHIBIT M

(FORM OF DEED OF TRUST)

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

San Diego Community Land Trust

Attn: Executive Director

THIS SPACE FOR RECORDER'S USE ONLY

LEASEHOLD DEED OF TRUST

This LEASEHOLD DEED OF TRUST ("Deed of Trust") is made this _____ day of _____, 200__, by and among _____ [insert Homeowner] ("Trustor"), whose address is _____, California _____, _____ TITLE INSURANCE COMPANY, a California corporation ("Trustee"), and the SAN DIEGO COMMUNITY LAND TRUST, a California nonprofit public benefit corporation ("Beneficiary").

1. **Grant In Trust.** For the purposes and upon the terms and conditions in this Deed of Trust, Trustor grants, transfers, and assigns to Trustee, in trust, with power of sale and right of entry and possession, the following property and any interest therein (collectively, the "Trust Estate"): (a) Trustor's leasehold interest in and to that certain real property in the City of _____, County of San Diego, State of California, described as set forth in Attachment "1" attached hereto, and incorporated herein by reference (the "Leased Land"), as provided by that certain Ground Lease and Purchase Option of even date herewith by and between Trustor and Beneficiary (the "Ground Lease"); and (b) all buildings, structures, and residential improvements, including the building fixtures, now or in the future located on and permanently affixed to the Land (the "Home") (collectively, the "Home" and together with the Leased Land shall sometimes be referred to as the "Site").

2. **Obligations Secured.** Trustor makes this grant and assignment for the purpose of securing the following: (a) payment of any amounts owed pursuant to that certain Reimbursement Agreement of even date herewith by and between Trustor and Beneficiary, and extensions, modifications or renewals thereof; and (b) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust. Any capitalized terms contained in this Deed of Trust which are not defined herein shall have the meaning given in the Ground Lease, unless expressly provided to the contrary.

3. **Payment Upon Sale, Encumbrance, Refinance, or Default.** To the extent permitted by applicable law, if Trustor shall: (a) directly or indirectly, voluntarily or involuntarily, sell, assign, transfer, dispose of, alienate, encumber, lease, or agree to sell, assign, transfer, dispose of, alienate, encumber, or lease all or any portion of the Trust Estate (excluding

the lien of a Permitted Mortgage, and any other assignment, transfer, or encumbrance approved in writing by Beneficiary pursuant to the terms and conditions of the Ground Lease); (b) unless otherwise approved in writing by Beneficiary, refinance any lien or encumbrance which has priority over the Deed of Trust; or (c) default on any of its obligations set forth in the Reimbursement Agreement and fail to cure the default within any applicable cure period, Beneficiary, at its option, may declare the entire indebtedness evidenced hereby to be immediately due and payable and collectible then or thereafter as Beneficiary may elect, regardless of the date of maturity.

4. Incorporation of Fictitious Leasehold Deed of Trust. To protect the security of this Deed of Trust, and with respect to the Site above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B, of the fictitious deed of trust recorded in the San Diego County Recorder's Office on August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said Site is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	SERIES 5 Book 1964, Page 149774				

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

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

"TRUSTOR"

Name:

Name:

[Notarize Signatures]

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN DIEGO)

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.

Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN DIEGO)

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.

Notary Public

[SEAL]

DO NOT RECORD

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

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

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

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

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

4) To pay, at least ten (10) days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock, when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

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

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

B. It is mutually agreed:

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

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

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

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

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

6) That upon default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which

notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

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

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

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

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

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

REQUEST FOR FULL RECONVEYANCE

To be used only when note has been paid

Date _____

To: _____ Trustee: _____

The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. All sums secured by said Deed of Trust have been paid, and you are requested, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, the estate now held by you under the same.

Mail Reconveyance to:

By: _____

By: _____

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.

ATTACHMENT "1" TO DEED OF TRUST

DESCRIPTION OF LEASED LAND

[Attached]

Community Land Trust Ground Lease Rider

[For use with CLT ground leases substantially based on either the Institute for Community Economics or the National Community Land Trust Network model ground lease as identified in Fannie Mae's *Selling Guide*]

THIS COMMUNITY LAND TRUST GROUND LEASE RIDER (the "Rider") is made this _____ day of _____, _____, and amends and supplements a certain ground lease (referred to herein as "the CLT Ground Lease") dated _____ that is by and between _____ as lessor (herein referred to as "the "Lessor" but may otherwise be referred to in the CLT Ground Lease as the "CLT") and _____, as lessee (herein referred to as "the "Lessee" but may otherwise be referred to in the CLT Ground Lease as "Homeowner"). This Rider shall be deemed incorporated into the CLT Ground Lease, and the CLT Ground Lease as amended by this Rider, shall hereafter be referred to as the "Lease," unless otherwise indicated.

The CLT Ground Lease is a long-term lease of the Lessor's fee interest in the land located at _____, referred to herein as the "Leased Land," as improved by a residential structure or unit, referred to herein as the "Improvements." The Leased Land and the Improvements are collectively referred to herein as the "Leased Premises."

This Rider amends the CLT Ground Lease for the purpose of enabling the Lessee to obtain Fannie Mae financing in the form of a mortgage or deed of trust given this _____ day of _____, _____, by Lessee to _____ (the "Specified Mortgage"), and the interest of the Specified Mortgagee in the Leased Premises as secured by such mortgage or deed of trust may be referred to herein as the "Leasehold Estate." The Specified Mortgage is recognized by Lessor as a "Permitted Mortgage" (or as such concept is otherwise defined) under the CLT Ground Lease, and the holder of the Specified Mortgage (the "Specified Mortgagee") is recognized as a "Permitted Mortgagee" (or as such concept is otherwise defined) under the CLT Ground Lease.

ADDITIONAL COVENANTS. Notwithstanding anything to the contrary contained in the CLT Ground Lease, and in addition to the covenants and agreements made in the CLT Ground Lease, the Lessor and the Lessee further covenant and agree, so long (but only so long) as the Specified Mortgagee, its successors and assigns shall have an interest in the Leased Premises, as a holder of the Specified Mortgage or as an owner of the Lessee's interest pursuant to any sale after or in lieu of foreclosure, the following provisions shall apply to the CLT Ground Lease as modifications thereof:

A. No Assignment or Transfer. The making of the Specified Mortgage shall not be deemed to constitute an assignment or transfer of the Lease or Leasehold Estate so as to require the Specified Mortgagee to assume the performance of any of the Lessee's obligations under the Lease.

B. Status of the Fee Estate. The Lessor represents and warrants that there is no existing mortgage on the fee estate, and so long as the Specified Mortgage shall remain on the Leased Premises, the Lessor and the Lessee shall not subordinate the Lease to any mortgage or lien that may hereafter be placed on the fee estate. Notwithstanding the foregoing, a state- or local-government entity ("Government Entity") may hold a prior recorded interest (represented by recorded covenants, a mortgage or deed of trust, other lien) on the fee estate if the Government Entity has agreed that in the event it (including its successors and assigns) succeeds to the interest of the Lessor under the Lease by any remedy available to the Government Entity by law or pursuant to its lien, the Government Entity shall recognize all the terms of the Lease and this Rider as though the Government Entity were acting as the Lessor. Such recognition

must include, but is not limited to, the provisions of this Rider whereby all provisions of the Lease regarding (a) occupancy of the Leased Premises as a primary residence by the Lessee, (b) limitation on assignment of, or sublease under, the Lease, (c) the price at which the Leasehold Estate may be transferred, and (d) the income of successive transferees, assignees or successors, shall, in the event of foreclosure or assignment in lieu of foreclosure of the Specified Mortgage, be of no further force or effect with respect to such Specified Mortgagee or its successive transferees, assignees or successors. Further, in such event of the Government Entity succeeding to the interests of the Lessor, the Lessee hereby agrees to recognize the Government Entity as exercising all rights and privileges of the Government Entity as lessor under the Lease and this Rider.

Such agreement by the Government Entity may be evidenced by the agreement between the Government Entity and the Lessor under which the Government Entity's prior recorded interest is derived, or by use of a recognition agreement derived from a sample the Specified Mortgagee may obtain from Fannie Mae. Irrespective of any interest by a Government Entity, the Specified Mortgage shall constitute a first leasehold lien on the Leased Premises, and shall have priority over the Lessor's reversionary interest. If the Lessor conveys title to the Leased Land while the Specified Mortgage remains on the Leased Premises, the Lease shall remain in effect with the same priority thereto.

C. Termination, Forfeiture and Modification of Lease. There shall be no termination, forfeiture, or modification of the Lease, except as provided in this Rider, without the prior written consent of the Specified Mortgagee. The Lessor and Lessee shall amend the Lease from time to time as reasonably requested by the Specified Mortgagee, as long as the requested changes do not change the periodic fee, charge or payment due the Lessor for the rights accorded the Lessee under the Lease (the "Ground Lease Fee"), and do not materially or adversely affect the rights of Lessor or Lessee or their respective interests in the Leased Premises. An adjustment of the Ground Lease Fee may be made by the Lessor as provided in the Lease, without prior approval of the Specified Mortgagee, so long as written notice has been delivered to the Specified Mortgagee at least 60 days prior to the effective date of such adjustment with respect to adjustments other than those (i) that were scheduled at the time the Specified Mortgage was given, and (ii) reflecting routine, periodic updates to variable expenses such as property taxes and liability insurance premiums; provided, however, that the Specified Mortgagee shall have the right to arbitrate (as provided herein) any dispute as to an adjustment of the Ground Lease Fee.

D. New Lease. In the event the Lessee's interest in the Lease has been terminated, forfeited, or surrendered as provided in the Lease, and the Specified Mortgage remains outstanding, a new Lease shall automatically be created between the Lessor and the Specified Mortgagee, which Lease shall be for the remainder of the term of the Lease, with the same priority thereto, and shall be subject to the same terms of the Lease as would be applicable pursuant to Section E.1. below where the Specified Mortgagee had accelerated its note, foreclosed on the Specified Mortgage, taken an assignment in lieu of foreclosure, or exercised its other remedies for default.

E. Mortgage Default or Foreclosure. Subject to the following, upon the occurrence of an event of default under the Specified Mortgage (as determined by the Specified Mortgagee—an "Event of Default"), and without the consent of the Lessor, the Specified Mortgagee shall be permitted to accelerate its note, foreclose on the Specified Mortgage, take an assignment in lieu of foreclosure, or exercise its other remedies for default.

Further:

1. Upon the occurrence of an Event of Default under the Specified Mortgage, the Lessee shall immediately notify the Lessor of such Event of Default and shall submit to Lessor copies of all notices the Lessee received from the Specified Mortgagee relating thereto. The Specified Mortgagee

and the Lessor shall endeavor to communicate and cooperate in efforts to deal with the circumstances of the Event of Default and the actions the parties may take relating thereto; provided, however, the Specified Mortgagee shall have no obligation to give formal legal notice of the Event of Default to the Lessor.

2. The Lessee and the Specified Mortgagee agree that the Lessor shall have the right, but not the obligation, to cure an Event of Default in the Lessee's name and on the Lessee's behalf. If such cure is not effective and continuing, nothing herein shall be construed to prevent or delay the Specified Mortgagee from its pursuit of foreclosure and any other available remedies. The Lessee shall be responsible to the Lessor for all payments made, and expenses incurred, by the Lessor in curing such default.
3. Should the Lessor not choose to cure an Event of Default as specified above, the Lessor shall nevertheless have the option to purchase from the Specified Mortgagee its interest in the Leasehold Estate on the Leased Premises for the full amount owing to the Specified Mortgagee under the Specified Mortgage as of the date of closing of the purchase, upon written notice given by the Specified Mortgagee (the "Mortgagee Option Notice") not later than 60 days following acquisition of title to the Leasehold Estate by the Specified Mortgagee by foreclosure or by an assignment in lieu of foreclosure; provided, however, the Specified Mortgagee may give such written notice following the occurrence of an Event of Default under the Specified Mortgage and prior to the completion of foreclosure proceedings. If the Lessor elects to exercise such option to purchase, the Lessor shall give written notice to the Specified Mortgagee of the Lessor's intent to purchase the Leasehold Estate (the "Lessor Option Notice") within 45 days following the Specified Mortgagee's giving of the Mortgagee Option Notice; provided, however, at the option of the Lessor, in the event the Mortgagee Option Notice is given prior to the completion of foreclosure proceedings by the Specified Mortgagee, the Lessor shall, within such 45-day period, be able to give a written notice to the Specified Mortgagee that it will delay giving the Lessor Option Notice until a date that is not later than 30 days following written notice from the Specified Mortgagee of its acquisition of title to its interest in the Leasehold Estate on the Leased Premises.

The Lessor shall complete the purchase of the Specified Mortgagee's interest in the Leasehold Estate within 60 days of giving the Lessor Option Notice. If the Lessor does not complete the purchase within the allotted 60 days, the Specified Mortgagee shall be free to sell its interest to another person or entity. Further, if the Lessor does not complete the purchase within the allotted 60 days, the Lessor agrees to pay to the Specified Mortgagee its costs of holding its interest in the Leasehold Estate from the date of the Lessor Option Notice until the expiration of such 60-day period. If the Lessor does not purchase the Specified Mortgagee's interest in the Leasehold Estate as described herein, the Leasehold Estate may be transferred, mortgaged and sublet an unlimited number of times, and the Lessor shall not require a credit review or impose other qualifying criteria on any such transferee, mortgagee or sublessee.

4. In the event of foreclosure or assignment in lieu of foreclosure, which results in the conveyance of the Leasehold Estate on the Leased Premises from the Lessee, any adjustment of the Ground Lease Fee to reflect then current fair market rental value as provided in the Lease, shall be subject to the approval of the Specified Mortgagee. The Specified Mortgagee and the Lessor shall attempt to resolve any dispute concerning such adjustment of the Ground Lease Fee, through the normal interaction of the parties, or through formal mediation as the case may warrant. If the dispute remains unresolved, the Specified Mortgagee and the Lessor shall submit the dispute as to the fair market rental value to binding arbitration.
5. In the event the Specified Mortgagee acquires title to the Leasehold Estate on the Leased Premises through foreclosure or assignment in lieu of foreclosure of the Specified Mortgage, all provisions of the Lease regarding (a) occupancy of the Leased Premises as a primary residence by the Lessee, (b)

any limitation on the assignment of, or sublease under, the Lease, (c) any obligation to target certain populations in marketing the Leasehold Estate to potential transferees, (d) the price at which the Leasehold Estate on the Leased Premises may be transferred, and (e) the income of successive transferees, and their successors and assigns, shall be of no further force or effect with respect to such Specified Mortgagee or its successive transferees, assignees or successors. The foregoing sentence shall not be construed to invalidate other Lease provisions regarding permitted use of the Leased Premises. Any transfer or assignment of the Leasehold Estate encumbered by the Specified Mortgage as provided for in this paragraph shall be deemed a permitted sale, transfer or assignment of the Lease and the Leasehold Estate. Further, in such event, the Leasehold Estate may be transferred, mortgaged and sublet an unlimited number of times, and the Lessor shall not require a credit review or impose other qualifying criteria on any such transferee, mortgagee or sublessee.

F. Lease Default. There shall be no forfeiture or termination of the Lease except for (i) the nonpayment of amounts due under the Lease, and (ii) violation of one or more provisions of the Lease addressing the following: (a) prohibition or restrictions on the sale or transfer of the Lessee's interest (however, non-sale transfers resulting from marriage, divorce, death of a spouse, or a transfer otherwise permitted by applicable federal law, may not constitute a basis for default under the Lease, though the Lessor may require such transferee to agree to assume the transferor's obligations under the Lease), and (b) requirement that the Lessee occupy the Leased Premises as primary residence. Provided, however, such forfeiture or termination shall be subject to the Specified Mortgagee's right to cure a monetary default, or otherwise foreclose or take an assignment of the Leasehold Estate in lieu of foreclosure with respect to the Lessee's monetary or non-monetary default. Notwithstanding the foregoing, nothing herein shall be construed to require the Specified Mortgagee to cure any non-monetary default. Further, the Specified Mortgagee shall become subrogated to any and all rights of the Lessee with respect to such curing of a default. If the Lessee's default shall be cured as provided in the Lease, and the Specified Mortgagee shall discontinue its foreclosure or assignment in lieu of foreclosure proceedings, the Lease shall continue in full force and effect as if the Lessee had not defaulted. A default by the Lessee under the Lease shall constitute a default under the Specified Mortgage.

G. Lease Default Notice. Notwithstanding the notice requirements provided in the Lease, no default notice by the Lessor shall be deemed to have been given unless and until a copy thereof shall have been so given to the Specified Mortgagee.

H. Insurance. All insurance policies covering the Improvements shall by endorsement name the Specified Mortgagee as an additional insured and loss payee, and provide the Specified Mortgagee with 30 days' cancellation notice.

I. Casualty and Condemnation. If the Leased Premises are destroyed or taken to such an extent that the Lease is to be terminated, the insurance proceeds or condemnation award, as the case may be, shall be applied first in an amount sufficient to satisfy the Specified Mortgage. Upon the termination of the Lease as a result of a partial destruction or a condemnation of less than the entire Leased Premises, the total insurance proceeds or condemnation award, as the case may be, shall be paid to an appointed trustee, who shall first apply such insurance proceeds or condemnation award in accordance with the Specified Mortgage for restoration of the Improvements (if such trustee determines that the Improvements may reasonably be restored to a residential use consistent with the Lease), with the balance of such insurance proceeds or condemnation award to be allocated between the Lessor and Lessee as otherwise provided in the Lease. The Specified Mortgagee shall be entitled to participate in (i) the adjustment of all casualty losses and (ii) all condemnation proceedings and settlement discussions. Any insurance proceeds or condemnation award shall be applied in accordance with the Specified Mortgage. The Specified

Mortgagee shall also be entitled to participate in the adjustment of the Ground Lease Fee as a result of a partial destruction or taking.

J. Force Majeure. The Lessee shall not be in default where performance is delayed or prevented by "Acts of God," war, civil commotion, strikes, labor disputes or the like.

K. Easements and Alterations. Additions to and alternations in the Improvements may be made as provided in the Lease, as long as the value of the Leased Premises is not diminished. The Lessor, as owner of the fee interest in the Leased Land, shall join in all easements, permits and applications necessary for such development of the Leased Premises as is permitted under the Lease, provided that the Lessor shall have no liability or obligation under such easement, permit or application.

L. Arbitration. The Specified Mortgagee shall have the right to participate in any arbitration or legal proceedings between the Lessor and the Lessee. Any arbitration proceedings shall be conducted in accordance with arbitration statutes applicable in the state where the Leased Premises are located.

M. Merger. If the estates of the Lessor and Lessee are at any time owned by the same person, so long as the Specified Mortgagee has any interest in the security or in the Specified Mortgage, such person shall take all necessary steps to ensure that the Specified Mortgage constitutes a first lien on the combined estate.

N. Sublease. There shall be no modification, cancellation, or surrender of any subleases, or prepayment of rent thereunder without the consent of the Specified Mortgagee. If the Specified Mortgagee forecloses on the Leased Premises, or takes an assignment in lieu of foreclosure, all subtenants shall attorn to such Specified Mortgagee or its assignee.

O. Estoppel Certificate. The Lessor shall, from time to time, with 10 days written notice from the Specified Mortgagee, certify by written instrument, duly executed and acknowledged, to such Specified Mortgagee that the Lease has not been amended, the Lease is in full force and effect, that neither party is in default thereunder, and shall certify as to the existence of any offsets, counterclaims or defenses on the part of the Lessee.

P. **Conflict.** In the event of a conflict between the terms and provisions of this Rider and the terms and provisions of the Lease, the terms and provisions of this Rider shall control.

BY SIGNING BELOW, the Lessor and the Lessee accept and agree to the terms and conditions of this Rider.

IN WITNESS WHEREOF, the parties have executed this Rider at _____, on the day and year first written above.

LESSOR:

By: _____

Title: _____

LESSEE:

(Add notaries)

Instructions

Community Land Trust Ground Lease Rider

The Community Land Trust (CLT) Ground Lease Rider ensures the ground lease conforms to Fannie Mae's guidelines for mortgages secured by properties held under a community land trust ground lease.

Lenders should ensure their CLT partners approve the use of the revised version of Form 2100 (3/06 rev. 12/10). Loans are not eligible for purchase if delivered with prior versions of this form.

Copies

Original.

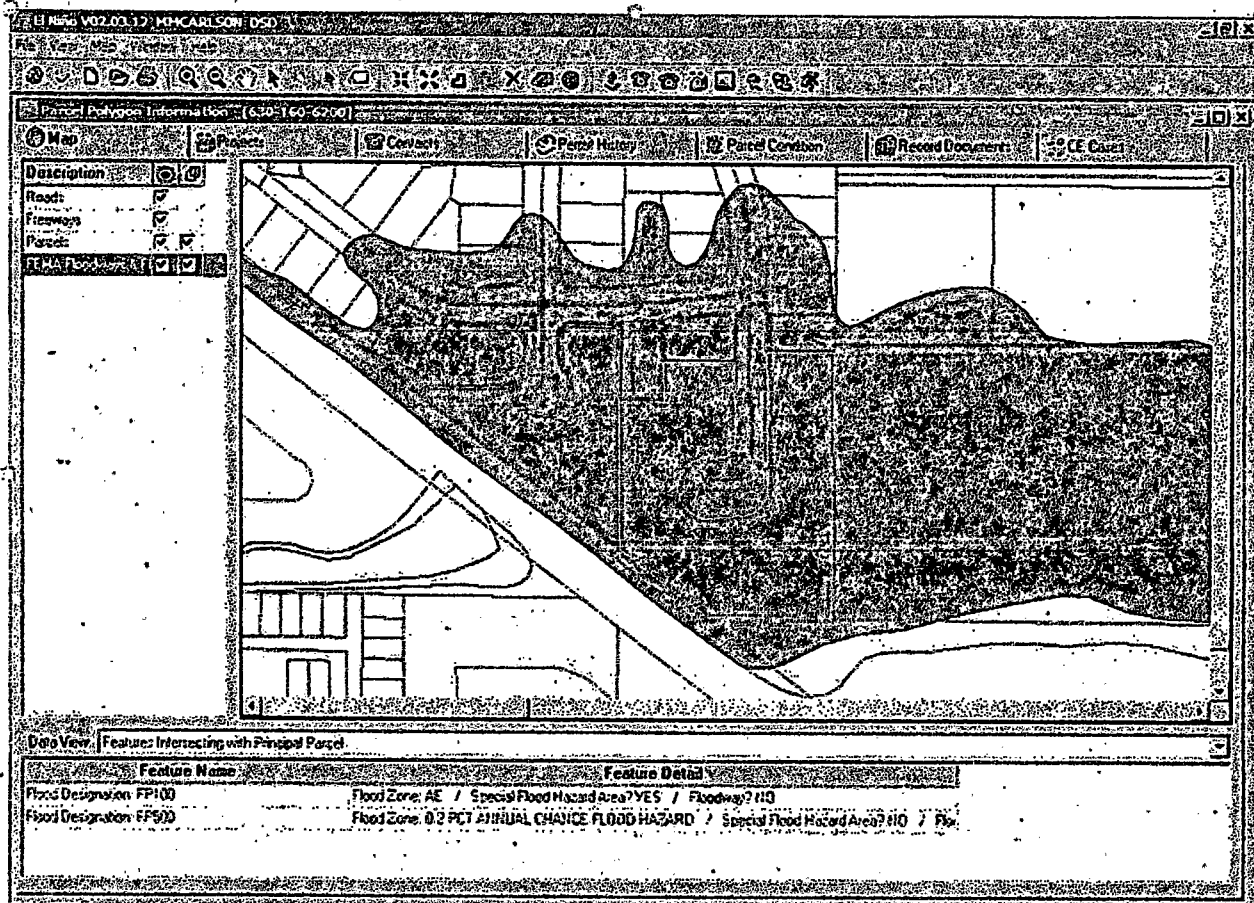
Printing Instructions

The PDF version of the form must be printed on letter-size paper, using portrait format.

Instructions

The Community Land Trust Ground Lease Rider must be executed by both the lessor and lessee and must be recorded along with the ground lease.

Exhibit D: Special Flood Hazard Area



RESOLUTION NUMBER R- 311790

DATE OF FINAL PASSAGE JUN 14 2018

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO AUTHORIZING THE EXECUTION OF THE
FIRST AMENDMENT TO CITY OF SAN DIEGO GROUND
LEASE WITH SAN DIEGO COMMUNITY LAND TRUST FOR
CITY REAL PROPERTY LOCATED AT LAURISTON DRIVE
AND PAXTON DRIVE (APN'S 630-060-24 AND 630-160-62)
IN SAN DIEGO, CALIFORNIA.

WHEREAS, on November 5, 2013, the San Diego City Council approved Resolution R-308556 authorizing the City of San Diego Ground Lease (Lease) with San Diego Community Land Trust (SDCLT), for the purpose of conducting due diligence to determine the feasibility of purchasing the approximately 3.3 acre property located at Lauriston Drive and Paxton Drive, APN's 630-060-24 AND 630-160-62 (Property), and an option to purchase the Property to construct sixteen affordable housing units (Project); and

WHEREAS, in 2015, SDCLT approached the City of San Diego (City) and requested various changes to the form quitclaim deed (Quitclaim Deed) attached to the Real Estate Purchase and Sale Agreement, which is Exhibit B to the Lease; and

WHEREAS, on July 19, 2016, the Council authorized three revisions to the Quitclaim Deed; and

WHEREAS, in accordance with the Lease, SDCLT has until November 25, 2018, to submit certain items to the City to exercise its option to purchase the Property; and

WHEREAS, in February 2018, SDCLT represented to City staff that it could not provide some of the items to exercise its option to purchase the Property until SDCLT owns the Property; and

WHEREAS, SDCLT requests that the Lease be amended to allow SDCLT to exercise its option to purchase the Property upon proof of ability to provide insurance and a faithful performance bond, and proof SDCLT has submitted an application for building permits; and

WHEREAS, SDCLT requests that the Real Estate Purchase and Sale Agreement, which is Exhibit B to the Lease, be amended to allow SDCLT to close escrow for the purchase of the Property upon the following: (1) written notice from the Development Services Department indicating that all permits for development of the Property are ready to be issued upon payment of permit and related fees; (2) proof SDCLT has secured, or will have secured concurrently upon the close of escrow, a Conditional Letter of Map Revision (CLOMR) from the Federal Emergency Management Agency (FEMA) for the Project or such other requirement from FEMA, and to the satisfaction of City's Engineer; (3) evidence SDCLT has secured construction loans or other funds to complete the Project; (4) proof SDCLT has secured, or will have secured concurrently upon the close of escrow, the faithful performance bond; (5) proof SDCLT has secured, or will have secured concurrently upon the close of escrow, all required insurance policies for construction of the Project; and (6) other standard terms for the close of escrow; NOW, THEREFORE,

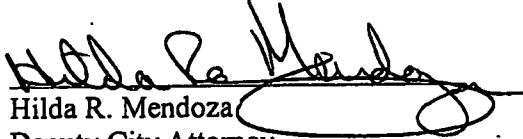
BE IT RESOLVED, by the Council of the City of San Diego, that the Mayor, or his designee, is authorized and directed to execute, for and on behalf of City, the First Amendment to City of San Diego Ground Lease with San Diego Community Land Trust, on file in the Office of the City Clerk as Document No. RR- 311790, under the terms and conditions set forth therein.

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to accept and deposit the independent consideration in the amount of Ten Dollars (\$10.00) into the General Fund Number 100000.

BE IT FURTHER RESOLVED, that the Mayor, or his designee, is authorized to execute and deliver all such agreements and all other instruments to effect and complete the transaction contemplated by this Resolution.

APPROVED: MARA W. ELLIOTT, City Attorney

By


Hilda R. Mendoza
Deputy City Attorney

HRM:nja
05/22/18
Or.Dept: READ
Doc. No.: 1756458

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 12 2018.

ELIZABETH S. MALAND
City Clerk

By


Deputy City Clerk

Approved: 6/14/18
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on JUN 12 2018, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	☒	☐	☐	☐
Lorie Zapf	☒	☐	☐	☐
Chris Ward	☒	☐	☐	☐
Myrle Cole	☒	☐	☐	☐
Mark Kersey	☒	☐	☐	☐
Chris Cate	☒	☐	☐	☐
Scott Sherman	☒	☐	☐	☐
David Alvarez	☒	☐	☐	☐
Georgette Gomez	☒	☐	☐	☐

Date of final passage JUN 14 2018

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

KEVIN L. FAULCONER

Mayor of The City of San Diego, California.

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

(Seal)

By City Clerk, Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- 311790

Passed by the Council of The City of San Diego on June 12, 2018, by the following vote:

YEAS: BRY, ZAPF, WARD, COLE, KERSEY, CATE, SHERMAN,
ALVAREZ, GÓMEZ.

NAYS: NONE.

NOT PRESENT: NONE.

RECUSED: NONE.

AUTHENTICATED BY:

KEVIN L. FAULCONER

Mayor of The City of San Diego, California

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California

(Seal)

By: Stacy D. Ready, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of
RESOLUTION NO. R-311790, approved on June 12, 2018. The date of final
passage is June 14, 2018.

ELIZABETH S. MALAND

City Clerk of the City of San Diego, California

(Seal)

By: Stacy D. Ready, Deputy

RESOLUTION NUMBER R- **311790**

DATE OF FINAL PASSAGE **JUN 14 2018**

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO AUTHORIZING THE EXECUTION OF THE
FIRST AMENDMENT TO CITY OF SAN DIEGO GROUND
LEASE WITH SAN DIEGO COMMUNITY LAND TRUST FOR
CITY REAL PROPERTY LOCATED AT LAURISTON DRIVE
AND PAXTON DRIVE (APN'S 630-060-24 AND 630-160-62)
IN SAN DIEGO, CALIFORNIA.

WHEREAS, on November 5, 2013, the San Diego City Council approved Resolution R-308556 authorizing the City of San Diego Ground Lease (Lease) with San Diego Community Land Trust (SDCLT), for the purpose of conducting due diligence to determine the feasibility of purchasing the approximately 3.3 acre property located at Lauriston Drive and Paxton Drive, APN's 630-060-24 AND 630-160-62 (Property), and an option to purchase the Property to construct sixteen affordable housing units (Project); and

WHEREAS, in 2015, SDCLT approached the City of San Diego (City) and requested various changes to the form quitclaim deed (Quitclaim Deed) attached to the Real Estate Purchase and Sale Agreement, which is Exhibit B to the Lease; and

WHEREAS, on July 19, 2016, the Council authorized three revisions to the Quitclaim Deed; and

WHEREAS, in accordance with the Lease, SDCLT has until November 25, 2018, to submit certain items to the City to exercise its option to purchase the Property; and

WHEREAS, in February 2018, SDCLT represented to City staff that it could not provide some of the items to exercise its option to purchase the Property until SDCLT owns the Property; and

WHEREAS, SDCLT requests that the Lease be amended to allow SDCLT to exercise its option to purchase the Property upon proof of ability to provide insurance and a faithful performance bond, and proof SDCLT has submitted an application for building permits; and

WHEREAS, SDCLT requests that the Real Estate Purchase and Sale Agreement, which is Exhibit B to the Lease, be amended to allow SDCLT to close escrow for the purchase of the Property upon the following: (1) written notice from the Development Services Department indicating that all permits for development of the Property are ready to be issued upon payment of permit and related fees; (2) proof SDCLT has secured, or will have secured concurrently upon the close of escrow, a Conditional Letter of Map Revision (CLOMR) from the Federal Emergency Management Agency (FEMA) for the Project or such other requirement from FEMA, and to the satisfaction of City's Engineer; (3) evidence SDCLT has secured construction loans or other funds to complete the Project; (4) proof SDCLT has secured, or will have secured concurrently upon the close of escrow, the faithful performance bond; (5) proof SDCLT has secured, or will have secured concurrently upon the close of escrow, all required insurance policies for construction of the Project; and (6) other standard terms for the close of escrow; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the Mayor, or his designee, is authorized and directed to execute, for and on behalf of City, the First Amendment to City of San Diego Ground Lease with San Diego Community Land Trust, on file in the Office of the City Clerk as Document No. RR- 311790, under the terms and conditions set forth therein.

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to accept and deposit the independent consideration in the amount of Ten Dollars (\$10.00) into the General Fund Number 100000.

BE IT FURTHER RESOLVED, that the Mayor, or his designee, is authorized to execute and deliver all such agreements and all other instruments to effect and complete the transaction contemplated by this Resolution.

APPROVED: MARA W. ELLIOTT, City Attorney

By


Hilda R. Mendoza
Deputy City Attorney

HRM:nja
05/22/18
Or.Dept: READ
Doc. No.: 1756458

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 12 2018.

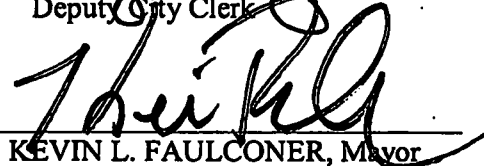
ELIZABETH S. MALAND
City Clerk

By


Deputy City Clerk

Approved:

6/14/18
(date)


KEVIN L. FAULCONER, Mayor

Vetoed:

(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on JUN 12 2018, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	☒	☐	☐	☐
Lorie Zapf	☒	☐	☐	☐
Chris Ward	☒	☐	☐	☐
Myrtle Cole	☒	☐	☐	☐
Mark Kersey	☒	☐	☐	☐
Chris Cate	☒	☐	☐	☐
Scott Sherman	☒	☐	☐	☐
David Alvarez	☒	☐	☐	☐
Georgette Gomez	☒	☐	☐	☐

Date of final passage JUN 14 2018

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

(Seal)

KEVIN L. FAULCONER

Mayor of The City of San Diego, California.

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By City Clerk, Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- 311790

Ut 4 7/17/13 - approved
Item # 4

cancel item 101
11/15/13

**COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO**

DATE: 06/11/2013

ORIGINATING DEPARTMENT: Real Estate Assets

SUBJECT: Ground Lease with Option to Purchase approximately 3.3 acres of City-owned land south of Elrose Drive between Lauriston Drive and Paxton Drive in the Otay Mesa - Nestor Community of San Diego.

COUNCIL DISTRICT(S): 8

CONTACT/PHONE NUMBER: Mary Carlson/619-236-6079, MS 51A

DESCRIPTIVE SUMMARY OF ITEM:

Authorize a 5-year public-purpose ground lease for total rent of \$1 with an option to purchase at a purchase price of \$16 for approximately 3.3 acres of vacant City-owned land for the purpose of creating affordable housing in the Otay Mesa - Nestor Community. The Land Trust intends to provide a public benefit by developing 16 homes on the property, which will be sold as permanently affordable housing to income-qualified buyers with an underlying land lease for each lot.

STAFF RECOMMENDATION:

Approve requested actions.

-ITEM BACKGROUND:

The Property is comprised of 16 residential lots (3.3 acres, Assessor's Parcel Numbers 630-160-62 and 630-060-24) located in the Otay Mesa - Nestor Community of San Diego and within a 100-Year Floodplain Special Flood Hazard Area. During a heavy rainstorm in 1988, debris blocked drainage culverts and a spillway in the City's drainage system, and adjacent properties were flooded. A subsequent lawsuit resulted in the City's acquisition of the Property and the homes were demolished.

Over the years, the Property has been used for unauthorized construction staging and illegal dumping. Therefore, the City incurs ongoing costs for maintenance of the property, clearing debris and trash.

San Diego Community Land Trust, a California nonprofit 501(c)(3) corporation, has approached the City to purchase the Property. The Land Trust intends to provide a public benefit by developing 16 homes on the Property, which would be sold as permanently affordable housing to income-qualified buyers (buyers that earn 80% or below Area Median Income) with an underlying land lease for each lot. The land leases would contain resale restrictions to assure that the homes will be affordable in perpetuity.

The proposed 5-year ground lease would allow the Land Trust to perform due diligence, determine the feasibility of purchasing and developing the Property, and contains an option for the Land Trust to purchase the Property.

Add that community group has
been advised & supports.

If the Property is sold to the Land Trust, there would be a deed restriction to ensure that the Property be used solely and exclusively for developing affordable homes for sale as permanently Affordable Housing to Income Qualified Buyers and no other purpose whatsoever.

The Property was appraised on April 24, 2012 by an independent MAI appraiser at a market value of \$35,000. Qualified City staff has evaluated the property and determined that as of June 13, 2013 there has been no significant change in value.

The proposed ground lease rent would be One Dollar and the purchase price for the Property would be One Dollar per lot. Because of the persistent shortage of affordable housing in the City, the ground lease and sale of the Property to a non-profit organization strictly for affordable housing is in the public interest, and Council Policies 700-10 and 700-12 would be waived to the extent that less than fair market value would be received by the City.

To exercise the option to purchase the property, the Land Trust is required to submit to City:

- A Development Plan for the entire premises that has been reviewed and approved by all government authorities.
- Certified engineering and drainage analysis of flooding and water drainage conditions and issues for the Premises.
- A Cycle Issues report and conclusions of a Preliminary Review by City of San Diego Storm Water and Engineering.
- A faithful performance bond in the amount of 100% of the estimated construction costs of developing the Premises pursuant to the Development Plan.
- Flood and Commercial General Liability insurance policies for comprehensive defense and indemnification of the City relating to any future flooding incidents at the Premises to be maintained in perpetuity in favor of the City.

-FISCAL CONSIDERATIONS: Proceeds from the proposed ground lease will be deposited in the General Fund 100000. Proceeds from the sale of the Property, net of costs related to its sale, will be deposited in the Capital Outlay Fund 400002, as per City Charter Article VII.

The sale would relieve the City of future expenses due to maintenance of the property, including debris and trash removal.

-EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): This action is exempt pursuant to EOCP Memo dated 11/14/11

-PREVIOUS COUNCIL and/or COMMITTEE ACTION: Various Council actions and Resolutions were authorized in 1985-1990 regarding City liabilities and acquisition of the property.

-COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: N/A

-KEY STAKEHOLDERS AND PROJECTED IMPACTS: The key stakeholders are the City of San Diego, the San Diego Community Land Trust, the neighboring property owners and the Otay

Mesa - Nestor Community. The projected impact is the development of 16 homes as affordable housing to income-qualified buyers.

Barwick, James
Originating Department

Deputy Chief/Chief Operating Officer

Lauriston & Paxton
5 year Ground Lease with Option to Purchase
June 2013

The Property is comprised of 16 residential lots (3.3 acres, Assessor's Parcel Numbers 630-160-62 and 630-060-24) located in the Otay Mesa - Nestor Community of San Diego and within a 100-Year Floodplain Special Flood Hazard Area. During a heavy rainstorm in 1988, debris blocked drainage culverts and a spillway in the City's drainage system, and adjacent properties were flooded. A subsequent lawsuit resulted in the City's acquisition of the Property and the homes were demolished.

Over the years, the Property has been used for unauthorized construction staging and illegal dumping. Therefore, the City incurs ongoing costs for maintenance of the property, clearing debris and trash.

San Diego Community Land Trust, a California nonprofit 501(c)(3) corporation, has approached the City to purchase the Property. The Land Trust intends to provide a public benefit by developing 16 homes on the Property, which would be sold as permanently affordable housing to income-qualified buyers (earn 80% or below Area Median Income) with an underlying land lease for each lot. The land leases would contain resale restrictions to assure that the homes will be affordable in perpetuity.

The proposed 5-year ground lease would allow the Land Trust to perform due diligence, determine the feasibility of purchasing and developing the Property, and contains an option for the Land Trust to purchase the Property.

If the Property is sold to the Land Trust, there would be a deed restriction to ensure that the Property be used solely and exclusively for developing affordable homes for sale as permanently Affordable Housing to Income Qualified Buyers and no other purpose whatsoever.

The Property was appraised on April 24, 2012 by an independent MAI appraiser at a market value of \$35,000. Qualified City staff has evaluated the property and determined that as of June 13, 2013 there has been no significant change in value.

The proposed ground lease rent would be One Dollar and the purchase price for the Property would be One Dollar per lot. Because of the persistent shortage of affordable housing in the City, the ground lease and sale of the Property to a non-profit organization strictly for affordable housing is in the public interest, and Council Policies 700-10 and 700-12 would be waived to the extent that less than fair market value would be received by the City.

To exercise the option to purchase the property, the Land Trust is required to submit to City:

- A Development Plan for the entire premises that has been reviewed and approved by all government authorities.
- Certified engineering and drainage analysis of flooding and water drainage conditions and issues for the Premises.
- A Cycle Issues report and conclusions of a Preliminary Review by City of San Diego Storm Water and Engineering.

- A faithful performance bond in the amount of 100% of the estimated construction costs of developing the Premises pursuant to the Development Plan.
- Flood and Commercial General Liability insurance policies for comprehensive defense and indemnification of the City relating to any future flooding incidents at the Premises to be maintained in perpetuity in favor of the City.

The sale would relieve the City of future expenses due to maintenance of the property, including debris and trash removal.

Proceeds from the proposed ground lease will be deposited in the General Fund 100000.

Proceeds from the sale of the Property, net of costs related to its sale, will be deposited in the Capital Outlay Fund 400002, as per City Charter Article VII.

Item 101, Nov 5 2013
(R-2014-224)
Sub Item 'A'

RESOLUTION NUMBER R- 308556

DATE OF FINAL PASSAGE NOV 21 2013

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING AND DIRECTING THE MAYOR TO EXECUTE WITH THE SAN DIEGO COMMUNITY LAND TRUST A GROUND LEASE CONTAINING A PURCHASE OPTION FOR CERTAIN CITY-OWNED REAL PROPERTY NEAR LAURISTON AND PAXTON DRIVES, IN SAN DIEGO, CALIFORNIA, FOR THE PURPOSE OF POTENTIAL AFFORDABLE HOUSING DEVELOPMENT.

WHEREAS, the City of San Diego (City) owns fee interest in sixteen (16) lots of real property, amounting to approximately 3.3 acres of land identified as Assessor's Parcel Numbers 630-160-62 and 630-060-24 and located south of Elrose Drive between Lauriston Drive and Paxton Drive in the Otay Mesa-Nestor area (Property); and

WHEREAS, the Property is located in a Federal Emergency Management Act (FEMA) flood zone and a City-designated Special Flood Hazard Area, and is adjacent to a drainage channel and drainage facilities which serve the surrounding area. During a heavy rainstorm in 1988, a major flood occurred at the Property, which at the time was improved with single family residences. A subsequent lawsuit resulted in the City being found liable for the flood. As part of payment of damages from the lawsuit, the City bought the Property from the affected home owners and the homes were then demolished; and

WHEREAS, the Property has for years sat vacant, unused by the City and exposed to unauthorized dumping. The City incurs regular and ongoing maintenance costs to clear debris

and trash from the Property, and the City has received neighborhood complaints regarding the Property. No City department has any current or foreseeable use for the Property;

WHEREAS, the San Diego Community Land Trust, a California nonprofit corporation (Land Trust), has approached the City to potentially purchase the Property. The Land Trust has brought forward a plan to benefit the public by developing sixteen (16) homes on the Property, which would be sold as permanently affordable housing to income-qualified buyers; and

WHEREAS, staff has negotiated a Ground Lease with the Land Trust, which contains an option to buy the Property if the Land Trust satisfies certain conditions within five (5) years. Purchase of the Property would be pursuant to a Purchase and Sale Agreement included in the Ground Lease. If the Land Trust perfects its option to purchase the Property, the Purchase and Sale Agreement and associated quitclaim deed require the Land Trust to then develop the Property within three (3) years. The Property would be developed with up to sixteen (16) single family detached residences which could only be sold to income-qualified buyers (buyers that earn 120 percent (120%) or below of the Area Median Income for the San Diego Metropolitan area), and the homes would be accompanied by long-term ground leases for the individual lot upon which each home is built. The homes and the leases would contain resale restrictions to ensure that the homes and lots would remain affordable in perpetuity. The Ground Lease, the Purchase and Sale Agreement, and the quitclaim deed for the potential sale of the Property all ensure that the Property will be used solely and exclusively for permanent affordable housing and for no other purpose whatsoever; and

WHEREAS, due to the City's experience with flooding at the Property and the priority that any development must result in safe housing conditions for occupants, the agreements for

the lease, purchase, and transfer of the Property all require the Land Trust: 1. To ascertain and resolve all flood and water drainage conditions on and affecting the Property, including accounting for and funding off-site conditions and capital improvements needed to effectively and sufficiently mitigate flood potential and storm water drainage impacts on the Property, in compliance with future comprehensive discretionary review and all applicable laws for any proposed development; and 2. To effectively and permanently indemnify, release, and hold harmless the City and its agents for any claims or liabilities caused by or related to the Land Trust's development and use of the Property, including for all flood and storm water drainage issues; and

WHEREAS, fee ownership in the Property was appraised by an independent MAI appraiser at a market value of Thirty Five Thousand Dollars (\$35,000), and qualified City staff have evaluated the Property and determined there has been no significant change in the market value; and

WHEREAS, Council Policies 700-12 ("Disposition of City Property to Nonprofit Organizations) and 700-10 ("Disposition of City-Owned Real Property) provide that fair market value shall be obtained for leases and sales of City-owned real property to nonprofit organizations; and

WHEREAS, the City persistently suffers from a severe lack of affordable housing and has declared a local emergency due to the severe shortage; and

WHEREAS, leasing and selling the Property to the Land Trust at a nominal rate would be in the public interest by relieving City maintenance and liability obligations for the Property and potentially have the result of sixteen (16) permanently affordable homes being developed.

Furthermore, paying fair market value for the Property would be an additional cost burden on the affordable housing project contemplated by the Land Trust, and payment of less than fair market value best contributes to the financial feasibility of the project; and

WHEREAS, if the Land Trust is able to develop the Property with affordable housing, any development will be proposed and described in comprehensive plans submitted through a future application by the Land Trust for all necessary use and development permits, subject to full review and approval by the City Council in its sole discretion at that time. By the Ground Lease and its contemplation of future development, the City has not made nor does presently make any determinations regarding any aspect, sufficiency, or legality of any potential development or aspect thereof, nor has the City represented, warranted, or guaranteed any future approval by the City Council of any development of the Property, nor does it presently do so; and

WHEREAS, all references to the "Mayor" in the actions authorized by this Resolution are intended to refer to the elected Mayor or the Council President (in his capacity under Charter section 265(i) during any period of vacancy in the Office of the Mayor), as may be applicable upon the occurrence of each authorized action; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, that the sixteen (16) lots of real property, amounting to approximately 3.3 acres of land identified by Assessor's Parcel Numbers 630-160-62 and 630-060-24, in the Otay Mesa-Nestor area (Property), are surplus City property and may be leased and sold by direct negotiation.

BE IT FURTHER RESOLVED, that, given the public benefit to be derived from the Ground Lease and the significant public benefit potentially resulting from the Purchase and Sale

Agreement, Council Policies 700-12 and 700-10 are hereby waived to the extent the Property is leased and potentially sold for less than fair market value.

BE IT FURTHER RESOLVED, that, given the history of flooding on the Property and the concern that any development result in safe housing conditions for occupants, the City is only willing to lease and potentially sell the Property on strict condition that any development thereon be made safe, in conformity with all applicable laws, in light of the storm water engineering and drainage issues affecting the Property, and further on condition that City be indemnified, released, and held harmless for all claims or liabilities caused by or related to development and use of the Property, including for all flood and storm water drainage issues and impacts.

BE IT FURTHER RESOLVED, that the Mayor, or his or her designee, is authorized and directed to lease the Property to the San Diego Community Land Trust, a California nonprofit corporation (Land Trust), pursuant to the terms and conditions of that certain Ground Lease on file in the Office of the City Clerk as Document No. RR 308556, for the price of One Dollar (\$1).

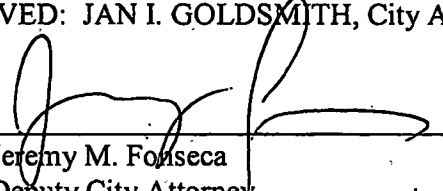
BE IT FURTHER RESOLVED, that the Mayor, or his or her designee, is authorized to sell the Property to the Land Trust pursuant to the terms and conditions of that certain Purchase and Sale Agreement included in the Ground Lease on file in the Office of the City Clerk as Document No. RR-308556, for the price of Sixteen Dollars (\$16).

BE IT FURTHER RESOLVED, that the Mayor, or his or her designee, is authorized to execute and deliver all such agreements and all other instruments to effect and complete the transaction contemplated by this Resolution.

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to accept and deposit the proceeds of the lease of the Property into the General Fund 100000, and is authorized to accept and deposit the proceeds of the sale of the Property into the Capital Outlay Water Fund 400004.

APPROVED: JAN I. GOLDSMITH, City Attorney

By


Jeremy M. Fonseca
Deputy City Attorney

JMF:mm

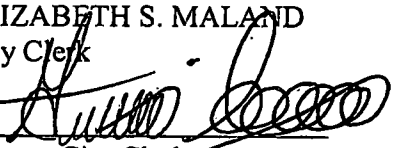
10/14/13

Or.Dept: Real Estate Assets Dept.

Doc. No. 591832_2

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of NOV 05 2013.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved pursuant to Charter section 265(i):

(date)

TODD GLORIA, Council President

Passed by the Council of The City of San Diego on NOV 05 2013, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
..... Sherri Lightner	☒	☐	☐	☐
Kevin Faulconer	☒	☐	☐	☐
Todd Gloria	☐	☐	☒	☐
Myrtle Cole	☒	☐	☐	☐
Mark Kersey	☒	☐	☐	☐
Lorie Zapf	☒	☐	☐	☐
Scott Sherman	☒	☐	☐	☐
David Alvarez	☒	☐	☐	☐
Marti Emerald	☒	☐	☐	☐

Date of final passage NOV 21 2013

(Please note: When a resolution is approved by the Council President as interim Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

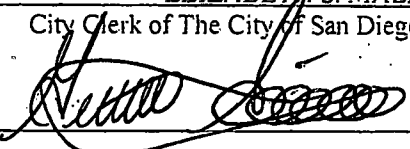
TODD GLORIA, COUNCIL PRESIDENT

as interim Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- 308556

Item 101, NOV 5, 2013

(R-2014-225)

Sub Item 'B'

RESOLUTION NUMBER R- 308557

DATE OF FINAL PASSAGE NOV 21 2013

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO DETERMINING THAT THE LEASE AND POTENTIAL SALE OF CITY-OWNED REAL PROPERTY NEAR LAURISTON AND PAXTON DRIVES, IN SAN DIEGO, CALIFORNIA, PURSUANT TO THAT CERTAIN GROUND LEASE AND PURCHASE AND SALE AGREEMENT WITH THE SAN DIEGO COMMUNITY LAND TRUST FOR THE PURPOSE OF POTENTIAL AFFORDABLE HOUSING DEVELOPMENT, IS CATEGORICALLY EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT PURSUANT TO CEQA GUIDELINES SECTION 15301 AND 15312.

WHEREAS, the City of San Diego (City) is considering entering into that certain Ground Lease, which includes an purchase option pursuant to a certain Purchase and Sale Agreement, on file in the Office of the City Clerk as Document No. RR-308556 (Lease), with the San Diego Community Land Trust, a California nonprofit corporation (Land Trust), for that certain City-owned real property consisting of approximately 3.3 acres of land identified as Assessor's Parcel Numbers 630-160-62 and 630-060-24 and located between Lauriston and Paxton Drives in the Otay Mesa-Nestor area (Property); and

WHEREAS, the California Environmental Quality Act (CEQA), Public Resources Code section 21084, states that the CEQA Guidelines shall list those classes of projects which have been determined not to have a significant effect on the environment and which shall be exempt from CEQA; and

WHEREAS, pursuant to that authority, CEQA Guidelines sections 15300-15333 list the categorical exemptions promulgated by the California Office of Planning and Research for those

classes of Projects which have been determined not to have a significant effect on the environment; and

WHEREAS, the Development Services Department has established that the Lease and the potential sale of the Property pursuant thereto (Project) are categorically exempt from CEQA pursuant to CEQA Guidelines section 15301 and 15312, and that no exception to the exemptions, as set forth in CEQA Guidelines section 15300.2, applies to either the Lease or the potential Sale; and

WHEREAS, the Council of the City of San Diego has considered the potential environmental effects of the Project, and

WHEREAS, the City Council has held a duly noticed public meeting and considered the written record for the Project, as well as public comment; and

WHEREAS, the City Council, using its independent judgment, has determined that the Lease will not have a significant effect on the environment because the uses of the Property pursuant to the Lease by the Land Trust will involve negligible and no expansion of existing uses of the Property. The City Council, using its independent judgment, has also determined that the potential sale of the Property pursuant to the Purchase and Sale Agreement included in the Ground Lease (Sale) will not have a significant effect on the environment because the Sale is a surplus government property sale, in accordance with CEQA Guidelines Section 15312. Also, any future development of the Property after the Sale would undergo environmental review at the appropriate time once sufficient details regarding such development are actually available, in accordance with CEQA Guidelines Section 15004; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, that the lease and potential sale of real property consisting of approximately 3.3 acres of land identified as

Assessor's Parcel Numbers 630-160-62 and 630-060-24 and located near Lauriston and Paxton

Drives in the Otay Mesa-Nestor area, pursuant to that certain Ground Lease and included

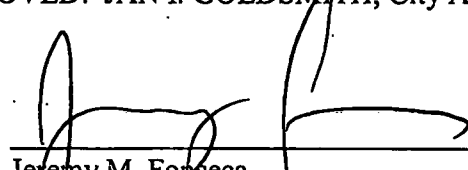
Purchase and Sale Agreement on file in the Office of the City Clerk as Document No ^{RR-}308556

is categorically exempt from CEQA pursuant to CEQA Guidelines sections 15301 and 15312,

and that an exception to the exemption does not apply under CEQA Guidelines section 15300.2.

APPROVED: JAN I. GOLDSMITH, City Attorney

By


Jeremy M. Fonseca
Deputy City Attorney

JMF:mm

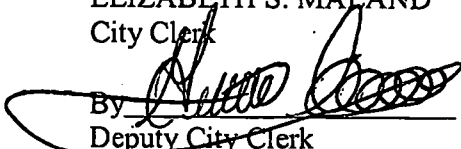
10/14/13

Or.Dept:Real Estate Assets Dept.

Doc. No. 594091_2

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of NOV 05 2013.

ELIZABETH S. MALAND
City Clerk


By _____
Deputy City Clerk

Approved pursuant to Charter section 265(i):

(date)

TODD GLORIA, Council President

Passed by the Council of The City of San Diego on NOV 05 2013 by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	☒	☐	☐	☐
Kevin Faulconer	☒	☐	☐	☐
Todd Gloria	☐	☐	☒	☐
Myrtle Cole	☒	☐	☐	☐
Mark Kersey	☒	☐	☐	☐
Lorie Zapf	☒	☐	☐	☐
Scott Sherman	☒	☐	☐	☐
David Alvarez	☒	☐	☐	☐
Marti Emerald	☒	☐	☐	☐

Date of final passage NOV 21 2013

(Please note: When a resolution is approved by the Council President as interim Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

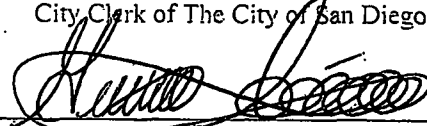
TODD GLORIA, COUNCIL PRESIDENT

as interim Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By 

Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- 308557

COMMITTEE ACTION SHEET

COUNCIL DOCKET OF _____

☐ Supplemental ☐ Adoption ☐ Consent ☐ Unanimous Consent

R -

O -

Report from Real Estate Assets to Approve a Ground Lease with Option to Purchase Approximately 3.3 Acres of City-owned Land South of Elrose Drive Between Lauriston Drive and Paxton Drive in the Otay Mesa - Nestor Community of San Diego

☒ Reviewed ☐ Initiated By LU&H On 7/17/13 Item No. 4

RECOMMENDATION:

ACTION: Motion by Councilmember Alvarez, seconded by Councilmember Cole, to approve.

VOTE: 4-0; Zapf-yea, Lightner-yea, Cole-yea, Alvarez-yea

VOTED YEA: Zapf, Lightner, Cole, Alvarez

VOTED NAY:

NOT PRESENT:

CITY CLERK: Please reference the following reports on the City Council Docket:

REPORT TO THE CITY COUNCIL NO.

INDEPENDENT BUDGET ANALYST NO.

COUNCIL COMMITTEE CONSULTANT ANALYSIS NO.

OTHER:

COUNCIL COMMITTEE CONSULTANT

Kelly Bath