

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

El Dorado County
Dept. of Human Services
3057 Briw Road
Placerville, CA 95667
Attn: Housing Programs



El Dorado, County Recorder
William Schultz Co Recorder Office
DOC- 2007-0000872-00

REQD BY EDC DEPT. OF HUMAN SERVICES
Thursday, JAN 04, 2007 15:10:27
Ttl Pd \$0.00 Nbr-0000942097
JJH/C1/1-29

No fee for recording pursuant to
Government Code Section 27383

(Space above for Recorder's Use)

**AFFORDABLE HOUSING AGREEMENT
(Developer's Agreement)**

Lesarra Attached Homes

This AFFORDABLE HOUSING AGREEMENT ("Agreement") is entered into as of this 5th day of December 2006 by and between EL DORADO COUNTY, (the "County"), and LESARRA ATTACHED HOMES, LP, a Nevada limited partnership (the "Developer"), with reference to the following facts:

A. Developer is the owner of certain real property in the El Dorado County, California described in Exhibit A attached hereto and incorporated herein by this reference (the "Property"). Developer has received County approval to construct a residential condominium project known as Lesarra Attached Homes. ("Residential Project").

C. On April 27, 2006, the Planning Commission approved a Tentative Vesting Subdivision Map TM04-1390 and a Site Plan Review SPR04-0018 for the construction of a 160 unit condominium project on the Property. Condition 6 requires the Developer to provide 12 units as affordable or inclusionary units and condition 7 requires the Developer to provide an affordable housing plan to the County prior to the final occupancy of the first unit.

D. Developer is entering into this Agreement in order to obtain rights to develop the Residential Project and to satisfy conditions 6 and 7 of TM04-1390 and SPR04-0018. Developer and County are entering into this Agreement to memorialize Developer's satisfaction of the conditions of the project approval and to articulate the requirements for the units to be deed restricted as provided herein. This agreement shall serve as the affordable housing plan required in condition 7.

E. Owner is required to enter into this Agreement as a condition of the County's approval of development of the Residential Project to assure the development of the Affordable Housing Units and sale of the required Affordable Housing Units to moderate income households.

F. Developer intends to meet the requirements of the Conditions No. 6 and No. 7 by constructing twelve (12) units (Deed Restricted Units) which will be sold to Moderate Income Households as defined in Paragraph 1(e) herein at Affordable Purchase Prices as specified herein.

G. This Agreement is consistent with Section 6 of the Housing Element of the El Dorado County General Plan.

NOW, THEREFORE, it is mutually agreed by and between the undersigned parties as follows:

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

(a) "Affordable" means average monthly housing payments during the first calendar year of a household's occupancy, including property taxes, homeowner's insurance, homeowner's association dues, if any, mortgage loan principal and interest which are equal to or less than one-twelfth ($1/12^{\text{th}}$) of thirty-five percent (35%) of between eighty percent (80%) and one hundred twenty (120%) of Median Income, adjusted for household size based on the number of bedrooms in the unit. Other monthly housing cost factors, including assumed mortgage interest rates, loan insurance fees, property tax and assessment costs, and homeowner's association dues, if any, shall be as provided by the County.

(b) "Deed Restricted Unit" means one of the twelve (12) units that are to be sold to Moderate Income Households pursuant to this Agreement and which shall remain deed restricted for twenty (20) years.

(c) "Eligible Buyer" means a Moderate Income Household who is eligible to purchase a Deed Restricted Unit.

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

(e) "Moderate Income Household" means a household, with a Household Income that is between eighty (80%) and one hundred twenty (120%) percent of the Median Income in El Dorado County, adjusted for actual household size.

(f) "Maximum Initial Sales Price" means the purchase price for a Deed Restricted Unit that is Affordable to Moderate Income Households as provided in this Agreement.

(g) "Median Income" means the median household income in El Dorado County published periodically by the State of California pursuant to California Code of Regulations, Title 25, Section 6932 (or successor provisions).

(h) "Resale Restriction" means an Affordable Housing and Buyer's Occupancy and Resale Restriction Agreement (Buyer's Agreement), in the form provided by the County, to be executed by each buyer of a Deed Restricted Unit and recorded against the Deed Restricted Unit at the time of purchase by the buyer.

2. **Development of Project.** Developer shall construct the Residential Project in accordance with the entitlements and permits approved and issued by the County and shall sell the Deed Restricted Units at an Affordable Price to Moderate Income Households in accordance with this Agreement.

3. **Covenants.**

(a) This Agreement shall be recorded against the Residential Property. This agreement shall run with the land and shall be binding on the Developer and its successors and assigns for twenty (20) years from the date a certificate of occupancy is issued for the first Deed Restricted Unit.

(b) This Agreement, as it applies to individual units, shall terminate upon each unit's transfer to an Affordable Buyer.

(c) County and Developer acknowledge and agree that Developer may obtain a construction loan to finance construction of the Affordable Units and may encumber the Subject Property with a deed of trust on the Subject Property securing such loan (the "Construction Deed of Trust"). Notwithstanding any other provisions of this Agreement, upon a default under the obligations secured by the Construction Deed of Trust: (i) the beneficiary of the Construction Deed of Trust may cause a foreclosure sale of all or a portion of the Subject Property to be conducted in compliance with applicable law, (ii) such beneficiary or other bidder at such foreclosure sale may purchase all or a portion of the Subject Property at such foreclosure sale or obtain a deed in lieu of foreclosure, and (iii) if such beneficiary acquires all or a portion of the Subject Property at such foreclosure sale, it may resell the Subject Property to a buyer with substantial experience in the construction of similar property, subject to the approval of County which will not be unreasonably withheld and written assumption by such buyer of the obligations of Developer under this Agreement.

4. **Subsequent Restriction.** In the event all or a portion of the Residential Project approved by the County as TM04-1390/SPR04-0018 does not proceed or the approval expires after recordation of the deed restriction, County and Developer agree to record an instrument removing the deed restriction from the undeveloped portion of the Residential Project.

5. **Number of Deed Restricted Units.** As a condition to the satisfaction of the Prior Agreement, Developer shall construct, or cause to be constructed, twelve (12) Deed Restricted Units for Moderate Income Households consisting of four (4) one bedroom units and eight (8) two bedroom units..

6. **Location of Deed Restricted Units.** The Deed Restricted Units shall be as follows: Units 533, 537, 538, 631, 633, 637, 731, 733, 737, 738, 914, and 1115 as depicted on the attached Exhibit "B" dated October 16, 2006.

7. **Appearance, Size and Bedroom Count.** The Deed Restricted Units shall be of the same general design and exterior appearance as the Market Rate Units and of comparable quality of construction. Interior features of the Deed Restricted Units shall be durable, of good quality, and consistent with contemporary standards for new housing. The Deed Restricted Units shall be four (4) one bedroom units, and eight (8) two bedroom units.

8. **Schedule for Developing Deed Restricted Units.** Developer shall provide the Deed Restricted Units pursuant to the following schedule:

(a) The Deed Restricted Units shall be constructed and offered for sale concurrently with the Market Rate Units and shall be released by the Developer proportionately with the Market Rate Units.

(b) Certificates of occupancy shall be released by the County for Market Rate Units provided Developer is requesting certificates of occupancy for a proportionate number of Deed Restricted Units, unless approved in writing by the Community Development Director upon a showing of good cause and an unusual and unavoidable reason that such units can not be proportionally released. In such case, the Community Development Director may apply conditions relating to the further issuance of certificates of occupancy.

9. **Sale by Developer to Eligible Buyers.** Developer shall sell the Deed Restricted Units to eligible Moderate Income Households, at Affordable purchase prices as described herein. Developer shall create a list of potential buyers and qualify them for purchase. The Buyer shall enter into an Affordable Housing and Affordable Housing and Buyer's Occupancy and Resale Restriction Agreement (Buyer's Agreement) which is attached hereto as Exhibit "C".

10. **Affordable Purchase Prices.** The sales price that the affordable unit will be offered to the prospective qualified purchasers ("Affordable Purchase Price") will be established at the time each release of a group of affordable units is offered for sale to prospective qualified purchasers (a "Release"). How many affordable units are in each Release and when the Releases are offered to the prospective qualified purchasers will be at the sole discretion of the Developer except as provided in Paragraph 8 above. The Affordable Purchase Price shall not exceed the price for which a median income household of three living in the Sacramento PMSA can qualify under the financing program offered by Developer's preferred lender or similar lending institutions. Developer acknowledges that this amount will vary with time and will be approved by the County in accordance with income limits for the Sacramento PMSA as published in the Federal Register or the more recent available circular distributed by the U. S. Department of Housing and Urban Development.

No later than 45 days prior to each Release, Developer will submit their calculation of the proposed Affordable Purchase Price for the Release based on a calculation provided by the Developer's preferred lender conforming to the criteria described herein. Within 14 days of receipt of these calculations the County shall either approve the proposed Affordable Purchase Price(s) or require an appropriate adjustment in the Affordable Purchase Price if the financing program offered by Developer's preferred lender or similar lending institutions does not, in the County's discretion, qualify a Median Income Household for purchase of the Affordable Unit.

Subject to the County's approval of the proposed Affordable Purchase Price as described above the County has approved the following assumptions to be used in the calculations for the proposed Affordable Purchase Price:

- 1.) Down payment shall be five (5%) percent of the Affordable Purchase Price.
- 2.) The minimum loan term shall be 30 years.
- 3.) Property taxes shall not exceed 1.04% of the Affordable Purchase Price.

12. **Resale of Deed Restricted Units.** After the initial sale of Deed Restricted Units, such Units shall remain affordable to subsequent Income Eligible Buyers pursuant to a Resale Restriction. The Deed Restricted Units shall be restricted for a twenty-year period and the restriction shall run from the date applicable to the Developer as set forth above. The Resale Restriction shall require that the unit will be sold by any subsequent Owner at an Affordable price for Moderate Income Households.

The following provisions shall apply to the resale of Deed Restricted Units and these provisions shall be disclosed to the Initial Buyer and contained in the Resale Restriction:

(a) If any Owner, including Developer, is unable to sell the Deed Restricted Unit within sixty (60) days of good faith offering, marketing and advertising the unit for sale, the owner may offer to sell the Unit to the County at the Affordable Housing Price at the time of

offer. If the County or its assignee does not complete the purchase of the Unit within ninety (90) days of the Owner's offer of sale to the County, the resale obligations and Deed Restrictions for the Unit shall terminate; however, the provisions of this section relating to Recapture Upon Sale shall continue to apply and remain in full force and effect. In no event may a Deed Restricted Unit be sold at above an Affordable price without full and complete compliance with this section.

(b) **Recapture Upon Sale.** If the Deed Restricted Unit does not sell within sixty 60 days of good faith advertising, offering and marketing the Unit for sale and if the County does not acquire the Deed Restricted Unit as specified in this section, the Deed Restricted Unit may be sold at the current market price, and the Developer shall pay to the County Housing Trust Fund all Proceeds from the sale of the Unit less the affordable purchase price as defined herein. For any other sale, the Seller shall pay the County a percentage of Profit, if any, as provided in this section. County shall place all such proceeds in a trust fund to be used solely for the purpose of creating affordable housing in El Dorado County. For purposes of any other sale, "Profit" is defined as the net proceeds from the sale after deducting loan(s), ordinary expenses attributed to the seller, including real estate commissions not to exceed six (6) percent, and after deducting the current Affordable Housing Price. Improvements to the home shall not constitute ordinary expenses and are not deducted for purposes of identifying Profit.

(c) The percentage of Profit retained by the Owner in the event the Unit does not sell as provided above, shall vary according to the number of years an Owner owns the Residential Unit. The percentage of Profit to be allocated to the owner is provided as follows:

Years Current Owner Owned Residence	Percentage of Profit to Current Owner	Percent Profit Paid to the County's Housing Trust Fund
less than 1	10	90
less than 2	20	80
less than 3	30	70
less than 4	40	60
5 or more	50	50

13. **Homebuyer Documents and Security Instruments.** Prior to the initial sale of each Deed Restricted Unit, Developer shall ensure that:

(a) The Eligible Buyer and the County shall execute a Resale Restriction. The Resale Restriction shall be recorded against the Deed Restricted Unit at close of escrow on the Sale to the Eligible Buyer. The Resale Restriction shall be recorded junior only to the lien of the Deed of Trust securing the Eligible Buyer's first mortgage loan, unless otherwise approved in writing by the County.

(b) The Eligible Buyer shall execute a Homebuyer/County Note that obligates the Eligible Buyer to pay the County any excess sales proceeds or excess rents received by the Eligible Buyer if the Eligible Buyer fails to comply with the Resale Restriction on rental or resale of the Inclusionary Unit.

14. **County Approval of Documents.** The following documents are to be approved in writing by the County and shall be used in connection with the development and sale of the Deed Restricted Units. County must approve such documents prior to the sale of the first Deed Restricted Unit. If the County fails to approve these documents in writing prior to the sale of the first Deed Restricted Unit Developer may proceed with sale using documents of Developers choosing:

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

(b) Forms of Resale Restriction and Homebuyer/County Note (to be prepared by the County, following Developer's request).

15. **Release of Property From Agreement.** The covenants and conditions herein contained shall apply to and bind, during their respective periods of fee ownership, Developer and its heirs, executors, administrators, successors, transferees, and assignees having or acquiring any right, title or interest in or to any part of the Property and shall run with and burden such portions of the Property until terminated in accordance with the provisions of this Agreement. Until portions of the Property are released from the burdens of this Agreement, the owners of fee title to the Property shall expressly make the conditions and covenants contained in this Agreement a part of any deed or other instrument conveying any interest in such property.

16. **Default and Remedies.** Failure of the Developer to cure any default in the Developer's obligations under the terms of this Agreement within thirty (30) days after the delivery of a notice of default from the County will constitute a default under this Agreement. No notice of default shall be required if the County has previously notified the Developer of the same breach on a prior occasion. Should Developer fail to satisfy or adhere to the terms of this Agreement, the County may exercise any and all legal remedies available to it, including, but not limited to:

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

(b) Instituting against the Developer, or other parties, a civil action for declaratory relief, injunction or any other equitable relief, or relief at law, including, without

limitation, an action to rescind a transaction and/or to require repayment of any funds received in connection with such a violation;

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

(d) Any other means authorized under El Dorado County Municipal Code.

17. **Remedies Cumulative.** No right, power, or remedy given to the County by the terms of this Agreement is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to the County by the terms of any such document, ordinances of the County, or by any statute or otherwise against Developer and any other person. Neither the failure nor any delay on the part of the County to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the County of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

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

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

20. **Hold Harmless.** Developer will indemnify and hold harmless (without limit as to amount) County and its elected officials, officers, employees and agents in their official capacity (hereinafter collectively referred to as "Indemnitees"), and any of them, from and against all loss, all risk of loss and all damage (including expense) sustained or incurred because of or by reason of any and all claims, demands, suits, actions, judgments and executions for damages of any and every kind and by whomever and whenever made or obtained, allegedly caused by, arising out of or relating in any manner to the Residential Project, the Deed Restricted Units, or Developer's performance or non-performance under this Agreement, and shall protect and defend Indemnitees, and any of them with respect thereto, except to the extent arising from the gross negligence or willful misconduct of the County. The provisions of this section shall survive expiration or other termination of this Agreement or any release of part or all of the

Property from the burdens of this Agreement, and the provisions of this section shall remain in full force and effect.

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

TO THE COUNTY:

El Dorado County Department of Human Services
3057 Briw Rd., #A
Placerville, CA 95667

TO THE DEVELOPER:

Lesarra Attached Homes, LP,
8700 Technology Way
Reno, Nevada 89521

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

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

23. **Duration and Amendment of Agreement.** This Agreement shall remain in effect for so long as the Property is subject to obligations of the Deed Restricted Units. This Agreement, and any section, subsection, or covenant contained herein, may be amended only upon the written consent of the County Manager who shall have authority to approve or disapprove amendments on behalf of the County

24. **Applicable Law.** This Agreement shall be governed by California law.

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

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

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

28. **Recording of Agreement.** The Developer shall cause this Agreement to be recorded against the Property, in the Official Records of the County of Sacramento.

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

30. **Exhibits.** The following exhibits are attached to this Agreement:

Exhibit "A" Legal Description of the Property

Exhibit "B" Lesarra Site Plan

Exhibit "C" Affordable Housing and Buyer's Occupancy and Resale Restriction Agreement (Buyer's Agreement)

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

DEVELOPER:


Lesarra Attached Homes, L.P., a Nevada limited partnership

By: Lessara Associates LLC, a Nevada limited liability company

By: 
Its: Manager

COUNTY:

El Dorado County

By: 
Its: Director of Human Services

NOTICE:

A CERTIFICATE OF ACKNOWLEDGEMENT IN ACCORDANCE WITH THE PROVISIONS OF CIVIL CODE SECTION 1189 MUST BE ATTACHED FOR EACH PERSON EXECUTING THIS AGREEMENT ON BEHALF OF DEVELOPER

ACKNOWLEDGMENTS

STATE OF CALIFORNIA)

) ss.

COUNTY OF EL DORADO)

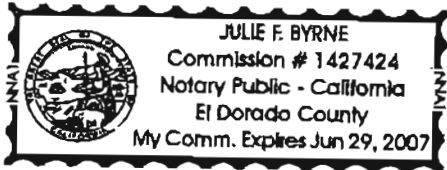
JULIE F. BYRNE,

On 12/22/06, before me, the undersigned notary public, personally appeared JOHN LITWINOWSKA

- personally known to me
- proved to me on the basis of satisfactory evidence

to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Julie F. Byrne

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EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

LEGAL DESCRIPTION**EXHIBIT "A"**

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, IN THE UNINCORPORATED AREA OF EL DORADO COUNTY, AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

A portion of the Southwest quarter of Section 11, Township 9 North, Range 8 East, M.D.B. & M., more particularly described as follows:

Parcel 3 as shown on the Parcel Map filed in the Office of the County Recorder of El Dorado County, State of California, on November 20, 2001, in Book 47 of Parcel Maps, at Page 145.

APN: 108-490-19-100

PARCEL TWO:

A non-exclusive easement for road and utility purposes over all that property situate in the County of El Dorado, State of California, being a portion of the Northeast one-quarter of Section 11, Township 9 North, Range 8 East, M.D.B. & M., and being more particularly described as follows:

Beginning at a point in the South line of said Northeast one-quarter, being also the North line of Parcel 2, as shown on that certain Parcel Map, filed in the Office of the County Recorder of El Dorado County in Book 47 of Parcel Maps, Page 97, from which the Southeast corner of said Northeast quarter bears North 88°59'40" East 389.82 feet; thence leaving said South line North 27°11'15" West 237.03 feet; thence North 45°24'09" East 161.88 feet; thence North 56°46'53" East 83.17 feet to a point on the South line of White Rock Road; thence along the South line of White Rock Road South 63°13'06" West 392.93 feet; thence leaving the South line of White Rock Road South 00°28'56" East 39.59 feet; thence North 82°00'41" East 82.10 feet; thence South 27°11'15" East 187.41 feet to the Northwest corner of said Parcel 2, being also a point in the South line of the Northeast one-quarter; thence along the North line of said Parcel 2 North 88°59'40" East 106.98 feet to the point of beginning.

PARCEL THREE:

A non-exclusive easement for road and utility purposes over all that real property situate in the County of El Dorado, State of California, being a portion of Parcel 5, as shown on that certain Parcel Map, filed for record in the Office of the County Recorder of El Dorado County in Book 47 of Parcel Maps, Page 97, and lying within Sections 11 and 12, Township 9 North, Range 8 East, M.D.B. & M., and being more particularly described as follows:

Beginning at the Northwest corner of said Parcel 5; thence along the Westerly line of said Parcel 5 the following six (6) courses: (1) South 27°11'15" East 361.85 feet; thence (2) along the arc of a curve to the left, having a radius of 2548.00 feet, the chord of which bears South 31°00'50" East 340.07 feet; thence (3) South 34°50'25" East 200.00 feet; thence (4) along the arc of a curve to the left, having a radius of 6548.00 feet, the chord of which bears South 38°38'02" East 866.49 feet; thence (5) South 47°34'21" West 10.00 feet; thence (6) along the arc of a curve, concave to the Northeast, having a radius of 6558.00 feet, the chord of which bears South 42°29'20" East 14.00 feet; thence leaving said Westerly line, North 47°34'21" East 106.00 feet; thence parallel with said Westerly line of Parcel 5 the following four (4) courses; (1) along the arc of a curve concave to the Northeast, having a radius of 6452.00 feet, the chord of which bears North 38°41'46" West 867.76 feet; thence (2) North 34°50'25" West 200.00 feet; thence (3) along the arc of a curve to the right, having a radius of 2452.00 feet, the chord of which bears North 31°00'50" West 327.25 feet; thence (4) North 27°11'15" West 314.65 feet to a point on the North line of said Parcel 5, thence along the North line of said Parcel 5, South 88°59'40" West 106.98 feet to the point of beginning.

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• EXHIBIT "A" (continued)

Title No. 06-48800625-RV
Locate No. CACT17706-7706-4488-0048800625

PARCEL FOUR:

A non-exclusive easement for road purposes over all that real property situate in the County of El Dorado, State of California, being a portion of Parcel 1, as shown on that certain Parcel Map, filed for record in the Office of the County Recorder of El Dorado County in Book 47 of Parcel Maps, Page 97, and being described as follows:

Beginning at the Easterly corner of said Parcel 1, being also the Northerly corner of Parcel 3 as shown on that certain Parcel Map filed in the Office of the County Recorder of El Dorado County in Book 47 of Parcel Maps, Page 147; thence going along the Southerly line of said parcel 1, being also the Northerly line of said Parcel 3, South 47°34'21" West 102.19 feet; thence leaving said Southerly line North 29°46'23" East 27.95 feet; thence along the arc of a curve to the right, having a radius of 114.00 feet, the chord of which bears North 38°40'22" East 35.27 feet; thence North 47°34'21" East 40.74 feet to a point on the Easterly line of said Parcel 1; thence along said Easterly line and the arc of a curve concave to the Northeast, having a radius of 6548.00 feet, the chord of which bears South 42°21'59" East 14.00 feet to the point of beginning.

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EXHIBIT "B"

LESARRA SITE PLAN

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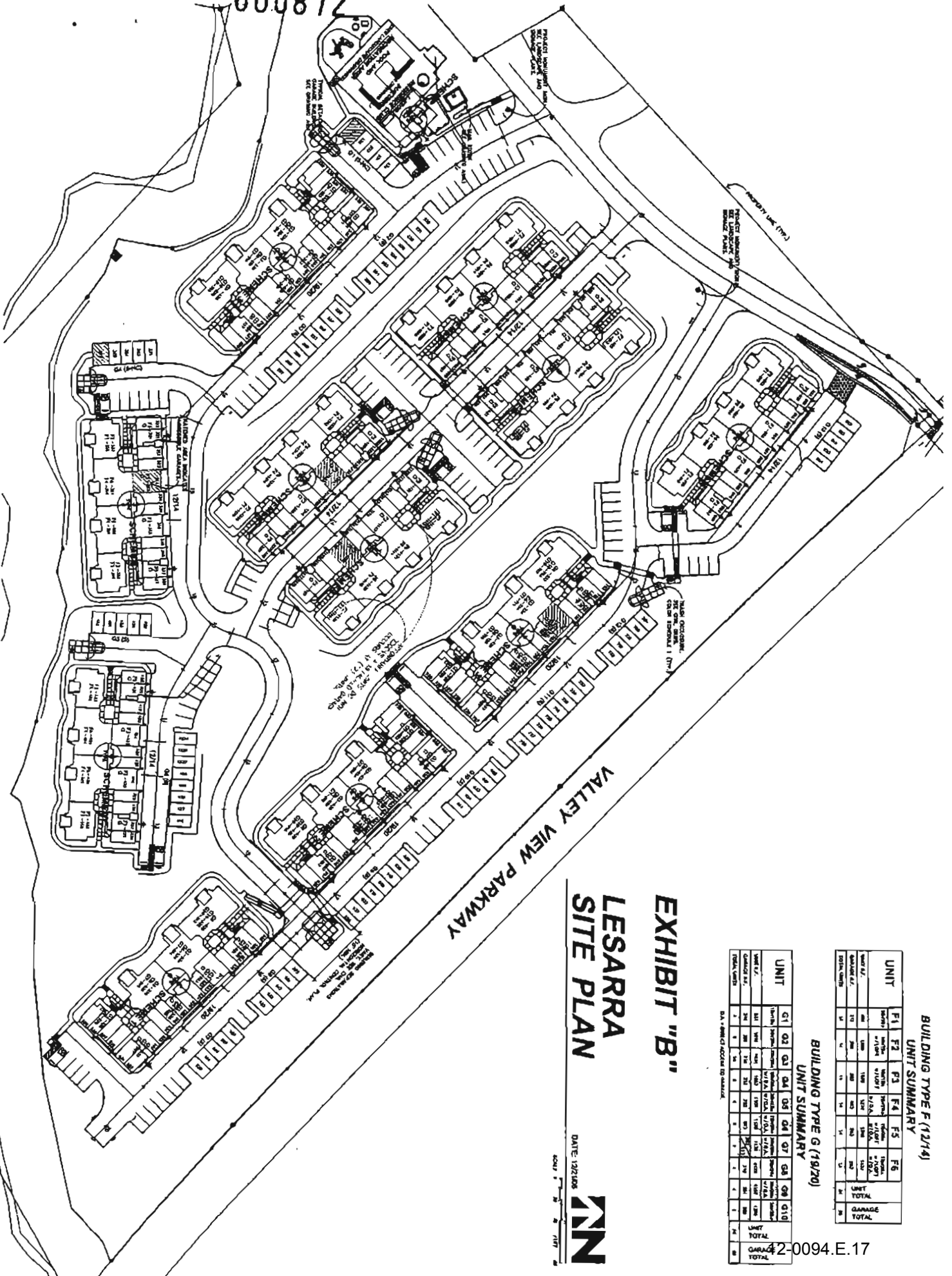


EXHIBIT "B"

LESARRA SITE PLAN

VALLEY VIEW PARKWAY

DATE: 12/2/08

SCALE: 1" = 20'



UNIT	BUILDING TYPE F (12/14)						UNIT TOTAL	GARAGE TOTAL	TOTAL
	F1	F2	F3	F4	F5	F6			
UNIT #	1	1	1	1	1	1	6		6
SQUARE FT.	100	100	100	100	100	100	600		600
GARAGE FT.	100	100	100	100	100	100	600		600
TOTAL VALUE	\$100	\$100	\$100	\$100	\$100	\$600	\$600		\$1200

UNIT	BUILDING TYPE G (19/20)										UNIT TOTAL	GARAGE TOTAL	TOTAL
	G1	G2	G3	G4	G5	G6	G7	G8	G9	G10			
UNIT #	1	1	1	1	1	1	1	1	1	1	10		10
SQUARE FT.	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	10000		10000
GARAGE FT.	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	10000		10000
TOTAL VALUE	\$1000	\$1000	\$1000	\$1000	\$1000	\$1000	\$1000	\$1000	\$1000	\$1000	\$10000		\$10000

BUILDING TYPE G (19/20)
UNIT SUMMARY

ALL VALUES SUBJECT TO CHANGE

0094.E.17

000872

EXHIBIT "C"

**AFFORDABLE HOUSING AND BUYER'S OCCUPANCY AND RESALE
RESTRICTION AGREEMENT (BUYER'S AGREEMENT)**

000872

EXHIBIT C

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

El Dorado County
County Clerk
2850 Fairlane Court
Placerville, CA 95667

No fee for recording pursuant to
Government Code Section 27383

(Space above for Recorder's Use)

**AFFORDABLE HOUSING AND BUYER'S OCCUPANCY AND RESALE
RESTRICTION AGREEMENT (BUYER'S AGREEMENT)**

**NOTICE: THIS DOCUMENT IS RECORDED IN THE CHAIN OF TITLE AND
IMPOSES COVENANTS, CONDITIONS, AND RESTRICTIONS ON THE PROPERTY
AND ANY OWNER/BUYER OF THE PROPERTY THAT REMAIN FOR SEVERAL
YEARS, INCLUDING RESTRICTIONS ON THE SALE/RE-SALE AND USE OF THE
PROPERTY**

Lesarra Attached Homes

This AFFORDABLE HOUSING AGREEMENT AND BUYER'S OCCUPANCY AND
RESALE RESTRICTION AGREEMENT (the "Agreement") is entered into as of this ____ day
of _____, 200__, by and between EL DORADO COUNTY, a municipal corporation
(the "County"), and _____ (the "Buyer") and
accepted and approved as to form by LESARRA ATTACHED HOMES, LP, a Nevada limited
partnership (the "Developer"), with reference to the following recitals of fact:

A. Developer is the developer of certain real property in El Dorado County, California
described in Exhibit "A" attached hereto and incorporated herein by this reference (the
"Property"). Developer has received County approval to construct a residential condominium
project known as Lesarra (the "Residential Project") at the Property.

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Map TM04-1390 and a Site Plan Review SPR04-0018 for the construction of a 160 unit
condominium project on the Property. Condition No. 7 requires the Developer to provide an
affordable housing plan to County prior to the occupancy of the first single family unit. This
affordable housing agreement shall serve as said affordable housing plan.

D. Developer intends to meet the requirements of Condition No. 6 of TM04-1390/SPR04-
0018 by constructing twelve (12) units ("Deed Restricted Units") which are to be sold to
Moderate Income Households, as defined in Exhibit B, Paragraph 1(e) attached hereto, at
affordable purchase prices.

E. On or about _____, County and Developer entered into an Affordable Housing Agreement for the Residential Project (Developer's Agreement) (the "Affordable Housing Agreement"), a true and correct copy of which is attached hereto as Exhibit "A" and incorporated herein by reference. The Affordable Housing Agreement was recorded against the Property and provides for the development of twelve (12) Moderate Income Deed Restricted Units to be constructed at the Residential Project.

F. Buyer is the buyer of that particular deed restricted unit within the Residential Project (the "Subject Deed Restricted Unit"). Buyer is entering into this Agreement in order to memorialize and articulate the requirements for the Subject Deed Restricted Unit to be deed restricted as provided herein. The Legal Description of the Subject Deed Restricted Unit is attached hereto as Exhibit "B".

G. This Agreement implements the Affordable Housing Agreement, by providing restrictions on the Subject Deed Restricted Unit, and this Agreement (i) shall be recorded against the Subject Deed Restricted Unit; (ii) shall run with the land for a period of twenty (20) years from the date a certificate of occupancy is issued for the Subject Deed Restricted Unit; and (iii) shall be binding for twenty (20) years from the date of recording of this Agreement for Subject Deed Restricted Unit.

H. This Agreement shall be executed prior to close of escrow on the sale of the Subject Deed Restricted Unit and shall be recorded against the Subject Deed Restricted Unit, as provided herein.

NOW, THEREFORE, it is mutually agreed by and between the undersigned parties as follows:

1. **Recitals.** The above referenced recitals are true and correct and incorporated herein by reference.

2. **Definitions.** In addition to those terms defined in the Recitals to this Agreement, terms used in this Agreement shall be as defined in the Affordable Housing Agreement. To the extent that there is a conflict between the Affordable Housing Agreement and this Agreement, this agreement shall prevail.

3. **Covenants.** This Agreement shall be recorded against the Subject Deed Restricted Unit, shall run with the land, and shall be binding on the Buyer and its successors and assigns for twenty (20) years from the date of recording of this Agreement for the Subject Deed Restricted Unit.

4. Restriction on Sale and Re-Sale.

a) Subject to the terms of the Affordable Housing Agreement, and this Agreement, the Subject Deed Restricted Unit shall only be sold and/or re-sold to eligible Moderate Income Households, at Affordable Housing Prices, as described in the Affordable Housing Agreement and this Agreement.

b) This Agreement shall be recorded against the Subject Deed Restricted Unit and the Subject Deed Restricted Unit shall be subject to the following restrictions:

(i) After the initial sale of the Subject Deed Restricted Unit at a price affordable to the target income level group, the Subject Deed Restricted Unit shall remain affordable to subsequent income eligible buyers for a period of not less than twenty (20) years, as provided herein. The initial owner of the Subject Deed Restricted Unit shall be a first-time home buyer. Subsequent owners are not required to be a first-time home buyer.

(ii) During the twenty (20) year period following recording of this Agreement, the Subject Deed Restricted Unit shall only be sold by the initial owner and any subsequent owner at the Affordable Housing Price for a Moderate Income Household at the time of resale.

(iii) If the owner of the Subject Deed Restricted Unit is unable to sell the Subject Deed Restricted Unit within sixty (60) days of a good faith offering and advertising the unit for sale, the owner may offer to sell the unit to the County at the Affordable Housing Price at the time of offer. If the County or its assignee does not complete the purchase of the unit within ninety (90) days of the owner's offer of sale to the County, the re-sale obligations of this section shall terminate; however, the provisions of this section and the Affordable Housing Agreement relating to recapture upon sale shall continue to apply and remain in full force and effect.

c) If the Subject Deed Restricted Unit does not sell within sixty (60) days of a good faith offering and advertising the unit for sale and if the County does not acquire the Subject Deed Restricted Unit as specified in this section, the Subject Deed Restricted Unit may be sold at the current market price, and the seller shall pay to the County all proceeds from the sale of the unit less a percentage of profit, if any, as provided in this section. For purposes of this section, profit is defined as the net proceeds from the sale after deducting loan(s), ordinary expenses attributed to the seller, including real estate commissions not to exceed six (6) percent, and after deducting the current Affordable Housing Price. If the owner has made improvements to the home, profit shall be determined by deducting the adjusted basis of the home, or the current Affordable Housing Price, whichever is higher. The percentage of profit retained by the

owner shall vary according to the number of years an owner owns the residential unit. The percentage of profit to be allocated to the owner is provided as follows:

Years Current Owner Owned Residence	Percentage of Profit to Current Owner	Percent Profit Paid to the County
less than 1	10	90
less than 2	20	80
less than 3	30	70
less than 4	40	60
5 or more	50	50

7. **Release of Property From Agreement.** The covenants, conditions and restrictions herein contained shall apply to and bind, during their respective periods of fee ownership of the Subject Deed Restricted Unit, Buyer and his/her/its heirs, executors, administrators, successors, transferees, and assignees having or acquiring any right, title or interest in or to any part of the Subject Deed Restricted Unit and shall run with and burden the Subject Deed Restricted Unit until terminated in accordance with the provisions of this Agreement. Until the Subject Deed Restricted Unit is released from the burdens of this Agreement, the owner(s) of fee title to the Subject Deed Restricted Unit shall expressly make the conditions and covenants contained in this Agreement a part of any deed or other instrument conveying any interest in Subject Deed Restricted Unit.

8. **Default and Remedies.**

a) **Violation of Restrictive Covenants.** Should Buyer and/or any person sell or transfer any interest in the Subject Deed Restricted Unit in violation of the restrictive covenants set forth herein, in addition to any other remedy available to the County, the County shall have the right to seek to set aside the sale and/or transfer of the interest in the Subject Deed Restricted Property and may seek such relief in any court or tribunal of competent jurisdiction.

b) **Additional Remedies.** In addition to any other remedy available to the County at law, equity, or otherwise, whether provided by virtue of this Agreement or otherwise, the County shall also have the following remedies available for a violation of the terms of this Agreement:

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

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

9. **Remedies Cumulative.** No right, power, or remedy given to the County by the terms of this Agreement is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to the County by the terms of any such document, ordinances of the County, or by any statute or otherwise against Buyer and/or any other person. Neither the failure nor any delay on the part of the County to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the County of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

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

11. **Appointment of Other Agencies or Organizations.** At its sole discretion, the County may designate, appoint or contract with any other person and/or public agency, for-profit or non-profit organization to perform some or all of the County's obligations under this Agreement.

12. **Hold Harmless.** Buyer will defend, indemnify and hold harmless (without limit as to amount) County and its elected officials, officers, employees and agents in their official County capacity (hereinafter collectively referred to as "Indemnities"), and any of them, from and against all loss, all risk of loss and all damage (including expense) sustained or incurred because of or by reason of any and all claims, demands, suits, actions, judgments and executions for damages of any and every kind and by whomever and whenever made or obtained, allegedly caused by, arising out of or relating in any manner to the Subject Deed Restricted Units and/or Buyer's performance or non-performance under this Agreement, and Buyer shall protect and defend Indemnities, and any of them with respect thereto, except to the extent arising from the gross negligence or willful misconduct of the County. The provisions of this section shall survive expiration or other termination of this Agreement or any release of part or all of the Subject Deed Restricted Unit from the burdens of this Agreement, and the provisions of this section shall remain in full force and effect.

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

TO THE COUNTY:

El Dorado County Administrative Office
330 Fair Lane
Placerville, CA 95667

Copy to:

County Counsel
330 Fair Lane
Placerville, CA 95667

TO THE BUYER:

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

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

15. **Duration and Amendment of Agreement.** This Agreement shall remain in effect for so long the Subject Deed Restricted Unit is subject to the obligations of this Agreement. This Agreement, and any section, subsection, or covenant contained herein, may be amended only upon the written agreement by an authorized agent of all parties.

16. **Applicable Law.** This Agreement shall be governed by California law.

17. **Waivers.** Any waiver by the County of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the

County to take action on any breach or default of Buyer or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Buyer to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the County to any act or omission by Buyer shall not be construed to be consent to any other or subsequent act or omission or to waive the requirement for the County's written consent to future waivers.

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

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

20. **Recording of Agreement.** The Buyer shall cause this Agreement to be recorded against the Subject Deed Restricted Unit in the Official Records of the County of Sacramento, as provided herein. This recorded Agreement may be recorded junior only to the lien of the Deed of Trust or other similar instrument of security securing the Buyer's first mortgage loan on the Subject Deed Restricted Unit, and shall be senior to all other liens and/or encumbrances on the Subject Deed Restricted Property, unless otherwise expressly approved in writing by the County. In no case shall the Subject Deed Restricted Unit be occupied prior to the recordation of this Agreement against the Subject Deed Restricted Unit.

21. **Acknowledgment of Agreement by Subsequent Purchasers.** Any person or entity who purchases the Subject Deed Restricted Unit during the effective term of the restrictive covenants, conditions, and restrictions imposed by this Agreement shall execute an acknowledgment, in a form acceptable to the County and recorded against the Subject Deed Restricted Unit, acknowledging this Agreement and its binding effect on the Subject Deed Restricted Property and the owner of the Subject Deed Restricted Property. It shall be Buyer's obligation to ensure that such acknowledgment is executed and recorded.

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

23. **Exhibits.** The following exhibits are attached to this Agreement:

Exhibit A Affordable Housing Agreement for the Property (Developer's Agreement)

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EXHIBIT C (continued)

Exhibit B Legal Description of the Subject Deed Restricted Unit

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

BUYER(S):

COUNTY:

El Dorado County

Dated: _____

By: _____

Title: _____

El Dorado County

Dated: _____

Approved as to Form by Developer:

Lesarra Attached Homes, L.P., a Nevada limited partnership

By: Lesarra Associates LLC, a Nevada limited liability company

By: _____
Its: Manager Date

Approved As To Form:

By: _____
El Dorado County Date

NOTICE:

A CERTIFICATE OF ACKNOWLEDGEMENT IN ACCORDANCE WITH THE PROVISIONS OF CIVIL CODE SECTION 1189 MUST BE ATTACHED FOR EACH PERSON EXECUTING THIS AGREEMENT ON BEHALF OF DEVELOPER

ACKNOWLEDGMENTS

STATE OF _____)
) ss.
COUNTY OF _____)

On _____, before me, the undersigned notary public, personally appeared _____,

- personally known to me
- proved to me on the basis of satisfactory evidence

to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

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EXHIBIT C (continued)

EXHIBIT "A"

**AFFORDABLE HOUSING AGREEMENT FOR THE PROPERTY
(DEVELOPER'S AGREEMENT)**

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EXHIBIT C (continued)

EXHIBIT "B"

LEGAL DESCRIPTION OF THE SUBJECT DEED RESTRICTED UNIT

That certain real property located in the City of Placerville, County of El Dorado, State of California described as follows:

Lot _____, inclusive, as shown on the Map entitled "Lesarra" filed for record in the Office of the Recorder of Placer County, State of California, on _____, 2006, in Book _____ of Map Page _____.