

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CITY OF LA HABRA
110 E. La Habra Blvd.
LA HABRA, CA 90633
ATTN: CITY CLERK

APN:298-011-21

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PER GOVERNMENT CODE SECTION 27383

**AFFORDABLE HOUSING AGREEMENT
INCLUSIONARY HOUSING
FOR RENTAL UNITS**

THIS AFFORDABLE HOUSING AGREEMENT (“Agreement”) is dated as of March 17, 2025, by and between the CITY OF LA HABRA, a California municipal corporation (“City”), and Roman Catholic Bishop of Orange, a California Corporation (“Developer”).

RECITALS

- A. The City’s adopted its Inclusionary Housing Ordinance (“Ordinance”) in 2021, and is codified in Municipal Code Chapter 18.82, “Inclusionary Housing Units.”
- B. The Developer is the fee owner of the real property located at 900-970 West La Habra Blvd., La Habra, California, and more particularly described in the legal description attached hereto as Exhibit “A” and incorporated herein by reference (“Property”).
- C. The Developer has obtained entitlements for the development of a housing project on the Property. Based upon those approvals, Developer will develop, at Developer’s sole cost and expense, a 21-unit housing development on the Property (“Project”), inclusive of 2 affordable (at the Moderate-Income Level) income restricted affordable units (collectively “Affordable Units”) for lease.
- D. The locations of the Affordable Units within the Project are shown on Exhibit “B” attached hereto and incorporated herein by reference. Prior to Developer’s leasing of any of the Affordable Units, Developer is required to cause this Agreement to be recorded against the Property so that it appears as a matter of record title with respect to those Affordable Units.
- E. On February 24, 2025, the Planning Commission approved Resolution Number 25-07, which sets forth the City Approvals for the Project.

F. On March 17, 2025, the Affordable Housing Administrator, acting on behalf of the City, approved an Affordable Housing Plan and an Inclusionary Housing Plan that was prepared by the Developer in accordance with the requirements imposed by the Ordinance and City's administrative procedures established by the City Council to implement the Ordinance requirements.

G. This Agreement, when fully executed by the City and the Developer and recorded, is intended to satisfy the requirement that the Developer enter into an Agreement, as set forth in the Ordinance and the conditions to City Approvals.

NOW, THEREFORE, in consideration of the mutual promises set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the City and the Developer, the Parties agree as follows:

DEFINITIONS

The following words, terms and phrases are used in this Agreement, and, unless the particular context of usage of a word, term or phrase requires another interpretation, shall have the meanings set forth below:

Affordable Housing Administrator means the City official having day-to-day authority for making determinations related to the Ordinance and this Agreement. The Affordable Housing Administrator will be appointed by the City Manager.

Affordable Housing Cost means the maximum housing costs that can be borne by a Household based on the requirements imposed by HSC Section 50052.5.

Affordable Housing Plan means the plan approved by the Affordable Housing Administrator, and which details the location of the Affordable Units within the project, among other requirements.

Affordable Rent means all monthly payments, other than deposits, paid by the tenant of an Affordable Unit for (1) the use and occupancy of an Affordable Unit and land and all facilities associated with the Affordable Unit, including but not limited to, bicycle storage, and use of all common area (2) any Rent Increase allowed by, and imposed in accordance with the terms of this Agreement, and (3) any separately charged fees or service charges assessed by the Developer which are required of and equally assessed to all tenants of all units in the Project, including, but not limited to garbage collection and building common area electricity. Rent excludes all parking fees and utilities that are commonly individually metered or charged including but not limited to water, internet, telephone, EV charging and cable TV services, all of which shall be the financial responsibility of Tenant to each 3rd party provider.

Affordable Unit means one of the completed rental units offered by Developer to be rented to an Eligible Tenant at an Affordable Rent.

California Health and Safety Code (“HSC”) provides definitions of household income and affordable housing costs that are used in this Agreement.

City means the City of La Habra, California.

City Approvals are defined as the entitlement approvals and the Affordable Housing Plan approved by the Affordable Housing Administrator prior to the issuance of building permits for the Project.

City Council means the City of La Habra City Council.

City Manager is the City Manager of the City of La Habra.

Default means the failure of a Party to perform any action or covenant required by this Agreement within the time period provided herein following notice and opportunity to cure, as set forth in Article 3 – Section 1 of this Agreement.

Developer means the developer of the Project, as set forth in the Recitals, or any successors in interest or assigns.

Effective Date means the date on which this Agreement is approved and executed by the appropriate authorities of the Developer and the City, and this Agreement is recorded in the Official Records of the Orange County Recorder.

Eligible Household means a household for which gross household income does not exceed the applicable maximum income level for a low- or moderate-income household as set by HCD.

Eligible Tenant means a prospective tenant who meets the eligibility criteria for a low- or moderate-income tenant of an Affordable Unit as set forth by HCD and this Agreement.

Exhibits means the exhibits to this Agreement, which are listed in Article 1 - Section 5.

Gross Income means all income from whatever source from all adult Household members, which is anticipated to be received during the 12-month period following the date of the determination of Gross Income as set forth in Title 25 of the California Code of Regulations Section 6914, as it may be amended from time to time.

HCD means the California Department of Housing and Community Development.

Household means all the persons who will occupy the Affordable Unit as their Primary Residence. A child who is subject to a legally binding shared-custody agreement, in which the child resides with the Household at least 50% of the time, is counted as a member of the Household. Excluded from the definition of Household are live-in caregivers/caretakers, foster children, unborn children and children being pursued for legal custody or adoption that are not currently living with the Household.

HUD means the United States Department of Housing and Urban Development.

Market Rate Unit means any unit in the Project that is not restricted to tenancy by Eligible Tenants. The Market Rate Units shall mean and include all of the residential units in the Project other than the Affordable Units.

Maximum Monthly Rent means, maximum rent that can be charged to Eligible Tenants of the Affordable Units shall not exceed one-twelfth (1/12th) of thirty percent (30%) of one hundred and twenty percent (120%) of Area Median Income, as published by HCD and adjusted for the Assumed Household Size.

Moderate Income Household refers to Households whose Gross Income does not exceed the standards defined in Title 25 of the California Code of Regulations Section 6932, and by HSC Section 50093 for moderate income households. The maximum household income amount for Moderate Income Households shall be the amount published by HCD for such a household as adjusted to reflect the actual Household size of the Homebuyer of the Affordable Unit.

Orange County Median Income is calculated by HCD using non-aggregated census income data and applying trending factors for metropolitan statistical areas (“MSA”) throughout the country. The MSA for La Habra is Orange County.

Ordinance means the Inclusionary Housing Ordinance adopted by the City Council on April 5, 2021, Ordinance No. 1833, as it has been amended from time to time, and which is codified in Chapter 18.82 of the City’s Municipal Code.

Party and Parties mean the City and the Developer as parties to this Agreement.

Preferred Tenant means Households in which at least one member lives or works in the City. A Household lives in the City if at least one member of the Household resides at a residential address in the City; has a nighttime residence physically located in the City that is not ordinarily used as a sleeping accommodation for human beings; or has a nighttime residence at a shelter physically located in the City. A Household works in the City if at least one member of the Household is employed in the City; volunteers in the City; or has received a bona fide offer to work in the City.

Project means the multi-family housing project proposed to be developed on the Property at the Developer’s sole cost and expense.

Property means the real property on which the Project is to be developed.

**ARTICLE 1
PARTIES; REPRESENTATIONS AND WARRANTIES;
EFFECTIVE DATE; RECITALS; AND EXHIBITS**

1. Address and contract for the Parties.

City

City of La Habra
110 E. La Habra Boulevard
La Habra, California 90633
Attention: Affordable Housing Administrator
Phone: 562 383 4000

With a copy to:
Jones & Mayer
3777 N. Harbor Blvd.
Fullerton, California 92835
Attention: City Attorney
Phone: 714 446 1400

Developer

Roman Catholic Bishop of Orange
Attention: Steve Pellegrini
Phone: (714) 282-4209

With a copy to:

Cox Castle & Nicholson LLP
Attention: Sean Matsler
Phone: 949 260 4652

2. Developer Representations And Warranties.

The representations and warranties of Developer contained in this Section shall be based upon the actual knowledge of Developer as of the Effective Date, and are true and correct as of the Effective Date. Developer's liability for misrepresentation or breach of warranty, representation or covenant, wherever contained in this Agreement, shall survive the execution and delivery of the Agreement. Developer hereby makes the following representations, covenants and warranties, and Developer acknowledges that the execution of this Agreement by the City has been made in material reliance by the City on such covenants, representations and warranties:

a. Developer is a California Corporation lawfully entitled to do business in the State of California and the City. Developer has the legal right, power and authority to enter into this Agreement and the instruments and documents referenced herein and to consummate the transaction contemplated hereby. The persons executing this Agreement and the instruments referenced herein on behalf of Developer hereby represent and warrant that such persons have the power, right and authority to bind Developer.

b. Developer has taken all requisite action and obtained all requisite consents in connection with entering into this Agreement and the instruments and documents referenced herein and the consummation of the transactions contemplated hereby, and no consent of any other party is required for Developer's authorization to enter into this Agreement.

c. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby shall result in a breach of or constitute a default under any other agreement, document, instrument, or other obligation to which Developer is a party or by which Developer may be bound, or, to the best of Developer's knowledge, under any law, statute, ordinance, governmental regulation or any writ, injunction, order or decree of any court or governmental body applicable to Developer or to the Property.

d. This Agreement is, and all agreements, instruments and documents to be executed by Developer pursuant to this Agreement shall be, duly executed by and, to the best of Developer's knowledge, are or shall be valid and legally binding upon Developer and enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other like laws and principles of equity.

3. **Effective Date.**

This Agreement is dated March 3, 2025, for reference purposes only. This Agreement shall not go into effect before the Effective Date.

4. **Recitals.**

The Recitals set forth above are true and correct. The Recitals are incorporated into this Agreement in their entirety by this reference.

5. **Exhibit List.**

The following is a list of the exhibits attached to this Agreement. Each of the exhibits is incorporated by reference into the text of this Agreement.

Exhibit A	Legal Description of Property
Exhibit B	Location of Affordable Units
Exhibit C	Notice of Affordability Restrictions

ARTICLE 2
AFFORDABLE HOUSING COVENANTS

1. **Developer Compliance with the Ordinance.** Developer acknowledges that the City has provided the Developer with copies of the Ordinance. Developer is familiar with the requirements of the foregoing document and shall ensure that the Project complies in all material respects with this Agreement and the Ordinance.

2. **Affordable Housing Covenants.** For a period of 55 years, Developer covenants and agrees that two (2) of the units shall be Affordable Units reserved for Eligible Tenants at the Affordable Rent and occupancy by Households whose Gross Income at the time of initial occupancy of each Affordable Unit does not exceed the household income qualification limits of a Moderate Household as set by HCD. Developer further covenants and agrees that it will comply with all of the requirements contained in this Article and this Agreement.

The covenants and agreements contained herein shall run with the land and be binding on Developer and its successors and assigns. This Agreement, and all affordable housing covenants contained herein, along with a Notice of Affordability Restrictions in the form of Exhibit “C” attached hereto and incorporated herein by reference, shall be recorded against the Property. Notwithstanding anything herein to the contrary, in no event shall this Agreement apply to any of the Market Rate Units located on the Property, and such Market Rate Units shall not be subject to any of the covenants, restrictions, requirements or provisions of this Agreement which are applicable to the Affordable Units.

3. **Affordable Units.** The Affordable Units in the Project shall comply with the following provisions.

a. The Affordable Units to be developed on the Property shall be located within the Project as depicted on Exhibit B. Developer may change the location of any Affordable Unit to another area within the Project upon approval of the Affordable Housing Administrator, such approval not to be unreasonably withheld, and, in that event, an amendment to this Agreement shall be recorded depicting the revised location of the Affordable Units. Unless and until such an amendment is recorded, the location of the Affordable Units shall be conclusively presumed to be the locations shown on Exhibit B, and all other units in the Project shall be conclusively presumed to be Market Rate Units.

b. The Affordable Units shall, at a minimum, be comparable to the base plan in terms of design, general appearance and interior amenities as the Market Rate Units. The size and number of bedrooms of the Affordable Units shall be the same as the Market Rates Units as set forth in the Ordinance. The Affordable Units shall be equitably distributed throughout the Project and shall not be distinguishable from Market Rate Units.

c. The Affordable Units to be developed on the Property shall be constructed concurrently with, or prior to, the final Market Rate Units in the Project. If the Project is phased, the Affordable Units shall be constructed in accordance with a phasing plan approved by the

Affordable Housing Administrator. If Developer wishes to change the timing and/or phasing of the Project's construction, the City agrees to amend said schedule in a manner consistent with such change so long as the revised schedule continues to ensure that the Affordable Units will be constructed concurrently with, or prior to, the final Market Rate Units. Developer shall affirmatively market the Affordable Units in accordance with Developer's standard marketing procedures.

4. **Lease of Affordable Units.** Each of the Affordable Units shall be leased to an Eligible Tenant at an Affordable Rental rate as set forth in the Affordable Housing Plan and consistent with this Agreement. The Developer shall not permit a household or tenant to occupy an Affordable Unit designated for Moderate-Income households unless the household or tenant is determined to be an Eligible Tenant or Eligible Household. Any attempted assignment or assignment, sublease or attempted sublease, license or attempted license of such a unit to anyone, except an existing identified Eligible Household or Eligible Tenant shall be made a material default under any lease. Except as otherwise stated in the Definition of Rent above, monthly rents for Affordable Units for Moderate-Income households shall not exceed one-twelfth of thirty percent (30%) of one hundred twenty percent (120%) of Area Median Income. The Developer shall obtain, complete and maintain on file, immediately prior to initial occupancy and annually thereafter, income statement certifications for each Moderate-Income tenant renting any of the Affordable Units. The Developer shall make a good faith effort to verify and document that the income statement provided by applicants for a Moderate-Income Unit is accurate by taking at least two (2) of the following steps as a part of the Developer's verification process:

a. Obtain a minimum of the three (3) most current pay stubs and/or obtain a verification of income from the applicant's and household members current employer(s) for all adults age eighteen (18) or older who are employed.

b. Obtain an income tax return from the applicant and household members for the most recent tax year.

c. Obtain the three (3) most current savings and checking account(s) bank/financial institution statements from the applicant and each household member.

d. Obtain an income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant or household member receives assistance from either of such agencies.

e. If the applicant or household member is unemployed and has no such tax return, obtain another form of independent verification.

5. **Selection of Eligible Tenants.** Developer shall, at its sole cost and expense, conduct all procedures and comply with all requirements as set forth in the Ordinance and this Agreement in selecting the qualified Eligible Tenants for each of the Affordable Units. Developer shall make a good faith effort to obtain a Preferred Tenant for each Affordable Unit, prior to considering other Eligible Tenants. Such effort shall include, but not limited to, local public advertising, listing in

local real estate publications, and City suggested marketing, as well as City maintained interest lists. The City shall determine if a “good faith” effort has been made. The City shall not unreasonably withhold its approval. Developer, or Developer’s authorized agent, shall obtain from each household prior to initial occupancy of each Affordable Unit, and on every anniversary thereafter, a written certificate containing at least all the following, in such format and with such supporting documentation, as City and Developer may reasonably require:

- a. The identity of each household member.
- b. The number of household members.
- c. The total gross household income (i.e., inclusive of all household members’ individual income).

Developer shall retain such certificates for not less than five (5) years, and upon City’s request, shall provide copies of such certificates to City and make the originals available for City inspection.

6. **City Approval of Eligible Tenant.** If a prospective tenant qualifies as an Eligible Tenant, the Eligible Tenant shall be required to execute a lease agreement for the Affordable Unit. Developer, or its successor in interest, shall seek and obtain all approvals required from the City and shall provide the City with all documentation required pursuant to this Agreement and the Ordinance prior to execution of a lease.

7. **Criteria for Section of Eligible Households/Tenants.** Developer shall not be obligated to rent an Affordable Unit unless the applicant for the Affordable Unit meets the Developer’s normal tenant selection criteria, including, but not limited to satisfactory credit and rent history, in accordance with state and federal discrimination laws.

8. **Certified Annual Report.** Developer shall not permit a household to occupy an Affordable Unit designated for Moderate-Income households unless the household is determined to be an Eligible Household. Not later than April 30th of each year during the term of this Agreement, Developer shall submit an annual report to the City (“Annual Report”) for the prior calendar or portion of any prior calendar year that the Affordable Units start being required under the terms of this Agreement with a certification that the Project complies with this Agreement. The Annual Report shall, at a minimum, include the following information for each Affordable Unit in the Project: (i) unit number; (ii) number of bedrooms; (iii) current rent and other charges; (iv) dates of any vacancies during the previous year; (v) number of people residing in the unit; (vi) total gross household income of all residents living in the unit; (vii) documentation of source of household income including if applicable, place of any employment and (viii) the type and number of motor vehicles owned, leased or rented and regularly parked on site by any of the Affordable Unit occupants since the prior reporting period, if any.

Developer shall include with the Annual Report, an income recertification for each household, documentation verifying Eligible Household eligibility, and such additional information as City

may reasonably request from time to time in order to demonstrate compliance with this Agreement. The Annual Report shall conform to the format requested by City.

Developer shall obtain, complete and maintain on file, immediately prior to initial occupancy and annually thereafter, income statement certifications for each d Moderate-Income tenant renting any of the Affordable Units. If the household no longer qualifies as an Eligible Household, as defined herein, the provisions of Section 9, below, shall apply. No units shall be subleased or assigned at any time, nor shall any Affordable Unit be rented in whole or part via short term rental platforms.

9. **Change in Affordable Unit Household Income Status.** If the income of a tenant upon re-certification exceeds the upper limit for Moderate-Income households, the Developer may increase the rent to existing market rate rents for a comparable unit after providing the tenant with sixty (60) days' notice, with the condition that Developer will make up the unit by providing an alternative comparable Affordable Unit in the project.

a. If the tenant was certified as a Moderate-Income household, and now qualifies as a Low-Income household, then the tenant may remain in the Affordable Unit

b. If the tenant vacates the Unit, the Unit shall remain in the Affordable Unit category and shall be rented to a new Eligible Household or Eligible Tenant for the applicable income level for that Unit.

10. **Enforcement of Affordable Housing Covenants Declaration.** Developer irrevocably stipulates and agrees that breach of the Affordable Housing Covenants set forth in this Article either by the Developer or its successors and assigns will result in great and irreparable damage to the City, and will result in damages to the City that are either impracticable or extremely difficult to quantify. Accordingly, upon such a breach of any Affordable Housing Covenants, the City may institute an action for injunctive relief and/or specific performance for the remedy of such breach including unwinding any unpermitted transfer.

11. **Maintenance of the Property.** The City places prime importance on quality maintenance to ensure that all developments within the City which include affordable housing units are not allowed to deteriorate due to below-average maintenance. Developer shall provide the Affordable Units with the same quality level of maintenance as the Market Rate units, including performance of repairs and periodic replacement of fixtures equivalent to at least the original quality and type. The Developer agrees to maintain all interior and exterior improvements, including landscaping, on the Property in good condition and repair (and, as to landscaping, in a healthy condition, subject to state and local drought restrictions) and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials. Developer shall not maintain the Affordable Units and common area around such units in any less condition than Developer maintains the Market Rate units.

Prior to the issuance of a Certificate of Occupancy covering any of the Improvements on the Property, Developer shall prepare and submit to the City for review and approval a program for

the maintenance of the exterior of the structures on the Property (“Exterior Maintenance Program”). The Exterior Maintenance Program shall describe in reasonable detail the standards to be followed in maintaining the exterior of the structures on the Property.

The Exterior Maintenance Program shall include regular and reasonable maintenance, including graffiti removal and care of planted areas and plantings, as more particularly described in the Exterior Maintenance Program; and that maintenance shall be performed at the sole cost and expense of Developer or its successors in interest.

ARTICLE 3 DEFAULTS AND REMEDIES

1. **Default.** If either Party defaults with regard to any provision of this Agreement, the non-defaulting Party shall serve written notice of such default upon the defaulting Party. If, after the service of written notice of such default, the defaulting Party does not cure such default within thirty (30) calendar days after service of the notice of default (or, if such cure reasonably takes longer than thirty (30) days, if such cure has not been commenced within the thirty (30) day period or is not diligently completed within a reasonable time thereafter), the defaulting Party shall be in Default of the terms of this Agreement, and shall be liable to the other Party for damages caused by such Default. Alternatively, the non-defaulting Party, at its option, may institute an action for specific performance of the terms of this Agreement with respect to any Default not cured within the above-described period.

2. **Legal Actions.** In addition to any other rights or remedies, either Party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purposes of this Agreement. Further, in the event that Developer sells or rents any of the Affordable Units in violation of this Agreement, as restitution to the City, Developer shall forfeit all monetary amounts obtained through the sale or rental of the Affordable Units which are in excess of the Affordable Rental Price permitted for such Unit by this Agreement. All such restitution shall be made to the City, and shall be placed in the City’s Affordable Housing Fund.

3. **Rights and Remedies are Cumulative.** The rights and remedies of the Parties are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

ARTICLE 4 GENERAL PROVISIONS

1. **Notices, Demands and Communications Between the Parties.** Any and all notices, demands or communications submitted by any Party to another Party pursuant to, or required by, this Agreement shall be proper if in writing and dispatched by messenger for immediate personal delivery, or by registered or certified United States mail, postage prepaid, return receipt requested, to the address of the City and Developer, as applicable, as designated in Article 1 – Section 1 of

this Agreement. Such written notices, demands and communications may be sent in the same manner to such other addresses as either Party may from time-to-time designate as provided in this Section.

Any notice, demand or communication shall be deemed to be received by the addressee, on the day that it is personally delivered, if dispatched by messenger, or two (2) calendar days after it is placed in the United States mail. In addition to the submission of notices, demands or communications to the Parties via United States Mail, copies of all notices shall also be delivered by electronic mail to the email addresses designated in Article 1 – Section 1.

2. **Conflict of Interest.** No council member, official, contractor, consultant, attorney or employee of the City having any conflict of interest, direct or indirect, related to this Agreement, or in the development of the Property, shall participate in any decision relating to this Agreement. The Parties represent and warrant that they do not have knowledge of any such conflict of interest.

3. **Non-liability of City or City Officials and Employees.** No council member, official, contractor, consultant, attorney or employee of the City shall be personally liable to the Developer, any voluntary or involuntary successors and assignees, or any lender or other party holding any interest in the Property, in the event of any default or breach by the City, or for any amount which may become due to Developer or to its successors or assignees, or on any obligations arising under this Agreement.

4. **Indemnification and Defense.** Developer shall, at its expense, defend, indemnify, and hold harmless the City and its officers, agents, employees and representatives harmless from any and all losses, liabilities, claims, lawsuits, causes of action, judgments, settlements, court costs, attorneys' fees, and other legal expenses, and other damages of whatsoever nature arising out of or in connection with, or relating in any manner to any act or omission (where there was a duty to act) of Developer or its agents, employees, contractors and subcontractors of any tier and employees thereof in connection with or arising from Developer's performance or failure to perform its obligations under this Agreement, Developer's ownership or operation of the Project, or the development of the Project, except and to the extent any such loss, liability, claim, lawsuit or other damage arises from the sole negligence or willful misconduct of the City or its officers, agents, employees or representatives.

Developer shall defend, indemnify, and hold harmless the City from and against any and all claims, damages, demands, suits and/or proceedings of any kind brought by anyone challenging the validity and/or legality of this Agreement, or the process followed. Developer shall further defend, indemnify, and hold harmless the City from and against any and all claims, damages, demands, suits and/or proceedings of any kind brought by anyone challenging the validity and/or legality of the Developer's planned development of the Property, including any and all challenges to any permits and/or approvals that may or may not be granted by the City for the development of the Property.

5. **No Waiver.** Failure to insist upon strict compliance with any of the terms, covenants, conditions and restrictions hereof on any one occasion shall not be deemed a waiver of such term, covenant, condition or restriction. Any waiver or relinquishment of rights or powers hereunder at

any one or more times shall not be deemed a waiver or relinquishment of such rights or powers at any other time or times.

6. **Jurisdiction and Venue.** Any legal action or proceeding concerning this Agreement shall be filed and prosecuted in the appropriate State of California court in Orange County, California. Each Party hereto irrevocably consents to the personal jurisdiction of that court. The City and the Developer each hereby expressly waive the benefit of any provision of federal or state law or judicial decision providing for the filing, removal, or change of venue to any other court or jurisdiction.

7. **Inspection of Books and Records.** To enforce its rights under this Agreement, the City shall have the right at all reasonable times and upon reasonable advance notice, at the City's cost and expense, to inspect the books and records of Developer that are not privileged, confidential, trade secrets or otherwise protected from disclosure and which pertain to the sale of the Affordable Units at the Property. Matters discovered by the City shall not be disclosed to third parties unless required by law, or unless otherwise resulting from or related to the pursuit of any remedies or the assertion of any rights of the City hereunder subject to, however, any right of Developer to seek a protective order to prevent the disclosure of any confidential or privileged information.

8. **Successors and Assigns.** This Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns.

9. **No Third-Party Beneficiaries.** The performance of the City's and Developer's respective obligations under this Agreement are not intended to benefit any party other than the City or Developer. No person or entity not a signatory to this Agreement shall have any rights or causes of action against any Party to this Agreement as a result of that Party's performance or non-performance under this Agreement, or for the enforcement of any provisions of this Agreement.

10. **Entire Agreement.** This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto. This Agreement supersedes all negotiations or previous agreements between the Parties with respect to all or any portion of the Property and the Project thereon.

11. **Termination.**

a. This Agreement shall only remain in effect through the 55th anniversary of the date of the issuance of the Certificate of Occupancy ("Term"). After the end of the Term, this Agreement and all of its restrictions shall irrevocably and permanently terminate.

b. Upon occurrence of the above-referenced events, this Agreement shall automatically and immediately terminate and shall have no further force and effect and Developer and its successors and assigns shall have no further obligations or liability hereunder or any further responsibility with respect to the Affordable Units, except that all of the rights and obligations of the Parties under Article 4, Section 4 (Indemnification and Defense) shall survive expiration or termination (for any reason) of this Agreement and remain in full force and effect. Following such

termination, City and Developer's successors agree to promptly execute, acknowledge and deliver for recordation any documents that may be necessary to remove this Agreement as an encumbrance against title to any portion of the Property.

12. **Lender Protection Provisions.** This Agreement shall not prevent or limit Developer, in any manner, at its sole discretion, from encumbering the Property by any mortgage, deed of trust, or other security device securing financing with respect to the Property. The City acknowledges that the lenders providing such financing may require certain Agreement interpretations and/or modifications and agrees, upon request from time to time, to meet with the Developer and the representatives of such lenders to negotiate in good faith any such request for interpretation or modification. Subject to compliance with applicable laws, the City will not unreasonably withhold its consent to any such requested interpretation or modification provided that such interpretation or modification is consistent with the intent and purposes of this Agreement and does not have a material adverse impact on the City's rights or obligations hereunder. Any Mortgagee of the Property, or any portion thereof, shall be entitled to the following rights and privileges:

a. Neither the entering into of this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish, or impair the lien of any mortgage or deed of trust on the Property, or any portion thereof, made in good faith and for value.

b. The Mortgagee of any mortgage or deed of trust encumbering the Property, or any part thereof, who has submitted a request in writing to the City in the manner specified herein for giving notices, shall be entitled to receive written notification from the City of any default or noncompliance by the Developer in the performance of its obligations under this Agreement.

c. If the City timely receives a request from a Mortgagee requesting a copy of any notice of default or notice of non-compliance given to Developer under the terms of this Agreement, the City shall provide a copy of that notice to the Mortgagee within ten (10) calendar days of sending the notice of default to Developer. The Mortgagee shall have the right, but not the obligation, to cure the default during the period that expires thirty (30) days after the expiration of the remaining cure period allowed Developer under this Agreement.

d. Any Mortgagee who comes into possession of the Property, or any part thereof, pursuant to foreclosure of the mortgage or deed of trust, or deed in lieu of such foreclosure, shall take the Property, or part thereof, subject to the terms of this Agreement, provided, however, in no event shall such Mortgagee or its successors and assigns be (a) liable for any monetary defaults of Developer under the Agreement arising prior to acquisition of title to the Property, or portion thereof, by such Mortgagee, or (b) obligated to complete construction of the Project or any component thereof. In the event any Mortgagee seeks to develop or use a portion of the Property acquired by such Mortgagee, such Mortgagee shall strictly comply with all of the terms, conditions and requirements of this Agreement and the Project Approvals applicable to the Property or such part thereof acquired by the Mortgagee

13. **City Approvals and Actions.** The City shall implement this Agreement through the City Manager (or his/her duly authorized representative). The City Manager shall have the authority to

make approvals, issue interpretations, waive provisions, make and execute further agreements and/or enter into amendments of this Agreement on behalf of the City so long as such actions do not materially or substantially change the uses or development permitted on the Property, or materially or substantially add to the costs incurred or to be incurred by the City as specified herein, and such interpretations, waivers and/or amendments may include extensions of time to perform as specified herein. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the City Council. Developer acknowledges and agrees that the City is not obligated to grant any or all of such approvals and the granting of any such approvals with respect to the Project is subject to the approval process and procedures established by the City, but that the City is merely agreeing to promptly and expeditiously process for approval entitlements and permits. Moreover, nothing herein shall be construed as a waiver of the City's right to defend, to the fullest extent of the law, its use of discretionary authority and executive powers.

Signatures on following page.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the dates set forth below.

CITY:

CITY OF LA HABRA,
A California municipal Corporation

By: _____
Jim Sadro, City Manager

ATTEST:

By: _____
Rhonda Barone, City Clerk

APPROVED AS TO FORM:

By: _____
Richard Jones, City Attorney

DEVELOPER:

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT "A"

LEGAL DESCRIPTION

A PORTION OF THE WEST HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 8, IN TOWNSHIP 3, SOUTH, RANGE 10 WEST, IN THE RANCHO LA HABRA, IN THE CITY OF LA HABRA, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 7 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ALONG THE EASTERLY LINE OF SAID TRACT NO 1375, LYING 991.98 FEET SOUTHERLY FROM THE THE INTERSECTION OF THE CENTERLINE OF LA HABRA BOULEVARD WITH THE NORTHERLY PROLONGATION OF SAID EASTERLY BOUNDARY LINE; THENCE DEPARTING SAID EASTERLY LINE SOUTH 89°07'33" EAST A DISTANCE OF 330.41 FEET; TO THE WESTERLY BOUNDARY LINE OF TRACT NO 393 IN THE CITY OF LA HABRA, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 17, PAGE 24 OF MISCELLANEOUS MAPS, IN THE OFFICE OF SAID COUNTY OF ORANGE; THENCE ALONG SAID WESTERLY LINE SOUTH 0°51'30" WEST A DISTANCE OF 209.29 FEET TO THE NORTH LINE OF THE LAND DESCRIBED IN THE DEED TO THE LOS ANGELES AND SALT LAKE RAILROADS COMPANY RECORDED IN AUGUST 6, 1917 IN BOOK 303, PAGE 76 OF DEEDS OF SAID ORANGE COUNTY; THENCE ALONG SAID NORTH LINE NORTH 89°07'28" WEST A DISTANCE OF 330.47 FEET TO THE EASTERLY BOUNDARY LINE OF SAID TRACT NO 1375; THENCE ALONG SAID EASTERLY LINE NORTH 0°52'27" EAST A DISTANCE OF 209.28 FEET TO THE **POINT OF BEGINNING**, AND THE END OF THIS DESCRIPTION.

CONTAINING AN AREA OF 1.588 ACRES, MORE OR LESS.

EXHIBIT "B" LOCATION OF AFFORDABLE UNITS

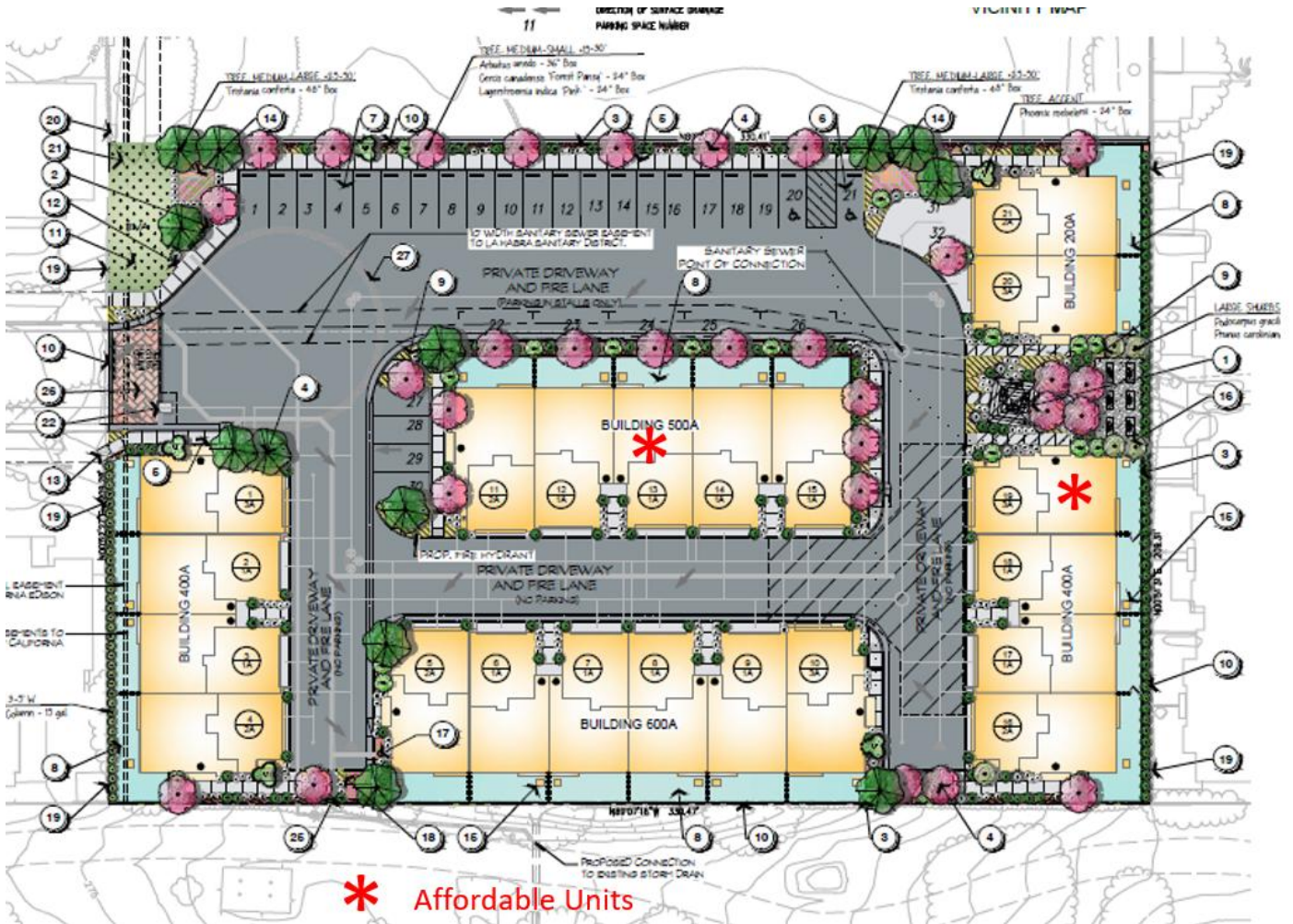


EXHIBIT "C"
NOTICE OF AFFORDABILITY RESTRICTION

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of La Habra
110 East La Habra Blvd
La Habra, Ca 90603
Attn: City Clerk

APN:

SPACE ABOVE THIS LINE FOR RECORDERS USE
EXEMPT FROM RECORDING FEE
PER GOVERNMENT CODE SECTION 27383

**NOTICE OF AFFORDABILITY RESTRICTIONS
ON TRANSFER OF PROPERTY
with Affordable Rental Units**

In accordance with La Habra Municipal Code Chapter 18.82, notice is hereby given that certain real property located at _____, in the City of La Habra, County of Orange, State of California, and known as Assessor's Parcel Number _____, and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference, certain units are subject to affordability covenants and restrictions identified in that Affordable Housing Agreement ("Agreement") by and between the City of La Habra, a California municipal corporation ("City") and Roman Catholic Bishop of Orange, a California Corporation ("Developer"), dated _____ and recorded concurrently herewith. Said Agreement is incorporated herein by this reference.

The affordability covenants and restrictions set forth in the Agreement shall expire fifty-five (55) years after the recordation of the Certification of Occupancy.

This Notice is prepared for notice and recordation purposes only, and in no way modifies the terms, conditions, provisions and covenants set forth in the Agreement. In the event of any inconsistency between the terms, conditions, provisions and covenants set forth in the Agreement and this Notice, the terms, conditions, provisions and covenants set forth in the Agreement shall prevail.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Developer has duly executed this Agreement as of the date set forth below.

Dated: _____

Developer

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

[SIGNATURES MUST BE NOTARY ACKNOWLEDGED]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

COUNTY OF _____

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature of Notary Public

EXHIBIT "A"
LEGAL DESCRIPTION