

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Morgan Hill
City Clerk's Office
17575 Peak Avenue
Morgan Hill, CA 95037
Attention: Housing

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §27383

Space above this line for Recorder's use.

Escrow No:

Property Address:

APN:

Project:

ATTENTION TITLE COMPANY:

THIS AGREEMENT IMPOSES RESTRICTIONS UPON RESALE AND REFINANCING. VIOLATION OF SUCH RESTRICTIONS ENTITLES THE CITY OF MORGAN HILL TO EXERCISE REMEDIES, INCLUDING THE EXERCISE OF AN OPTION TO PURCHASE THE PROPERTY AT A RESTRICTED PRICE AND FREE OF ALL UNAUTHORIZED LIENS.

IN THE EVENT THAT THE FIRST DEED OF TRUST IS REFINANCED OR A SUBORDINATE DEED OF TRUST IS RECORDED, NOTICE OF THE REFINANCE OR NEW LIEN MUST BE SENT TO THE CITY OF MORGAN HILL AT ADDRESS LISTED ABOVE.

**PROPERTY RESTRICTION AGREEMENT
AND OPTION TO PURCHASE**

City of Morgan Hill Affordable Housing Program – Below Market-Rate Units

This Property Restriction Agreement and Option to Purchase (this “**Agreement**”) is entered into as of April 29, 2019, by and between the City of Morgan Hill, a municipal corporation (“**City**”) and xxxxxxxxxxxxxxxxxxxxxxxx, an individual (“**Owner**”). City and Owner are collectively referred to herein as the “**Parties**” and sometimes individually as “**Party**.”

RECITALS

WHEREAS, City has developed a program to provide housing opportunities to low to moderate income purchasers of homes that are offered for sale at prices below those prevailing in the market (the “**Program**”);

WHEREAS, the intent of City is to preserve the affordability of the homes in the Program for persons of low to moderate income for as long as possible;

WHEREAS, xxxxxxxxxxxx (“Developer”) has constructed, or caused to be constructed, a property located at xxxxxxxxxx, Morgan Hill, California, and more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the “Inclusionary Unit”), in a for-sale residential housing development, commonly referred to as “xxxxx”.

WHEREAS, pursuant to the City of Morgan Hill’s Inclusionary Housing Ordinance no household shall be permitted to begin occupancy of an affordable unit unless the City or its designated administrator as referenced in the Below Market-Rate (BMR) Program Administration, Chapter 14.12, Section 14.12.040, Duties of Program Administrator, has approved the household’s eligibility;

WHEREAS, pursuant to the City’s Inclusionary Housing Ordinance, if the city or its designee maintains a list of, or otherwise identifies, eligible households, initial and subsequent occupants of this unit, shall be selected first from the list of identified households, to the maximum extent possible, in accordance with rules approved by the city manager or his or her designee.

WHEREAS, Owner has agreed to execute and comply with this Agreement in consideration for the opportunity to purchase the Property at a reduced purchase price; and

WHEREAS, this Agreement restricts the resale price of the Property, restricts the Property to owner-occupancy, and specifies, among other provisions, that City has an option to purchase the Property upon the occurrence of specified events. As described in Section 14 below, in connection with this Agreement, Owner shall execute and deliver to City a secured promissory note pursuant to which Owner shall be obligated to pay City excess sale proceeds and a deed of trust for the benefit of City, which shall be recorded against the Property to secure payment of such note and performance of Owner’s obligations under this Agreement.

NOW, THEREFORE, in consideration of the benefits received by Owner, and other good and valuable consideration, the Parties agree as follows:

1. **Property; Principal Residence Requirement.** Owner has purchased, or intends to purchase the Property, including any improvements thereon. The Property is designated as a Below Market-Rate unit pursuant to the Program, and is subject to the terms and conditions set forth in this Agreement. Owner covenants and agrees that Owner will occupy the Property as Owner’s principal residence and will not rent or lease the Property or part thereof without the prior written approval of City. Owner shall be considered as occupying the Property as a principal residence if Owner lives in the home located on the Property for at least ten (10) months out of each calendar year. Upon City’s request from time to time, Owner shall provide an affidavit to City certifying that the Property is Owner’s principal residence and shall provide such documents as City may reasonably require to verify compliance with the requirements of this Section. Owner’s failure to occupy the Property as Owner’s principal residence shall constitute a default under this Agreement entitling City to exercise its option to purchase the Property pursuant to Section 8.

2. **Covenant Running with the Land.** The terms and conditions set forth in this Agreement are intended to run with the land and shall bind Owner and all successors, heirs, grantees and assigns of Owner, unless and until expressly superseded by a subsequently recorded agreement. These terms and conditions shall be made part of each deed subsequently recorded and shall bind each successor in interest until the earlier of: (a) forty five (45) years from the date of recordation of this Agreement, or (b) the recordation of a subsequent and superseding agreement. This Agreement and the covenants contained herein shall survive delivery of any deed conveying the Property.

3. **Representation and Warranty.** Owner represents and warrants to City that the financial and other information Owner has provided to City and City's agents for the purpose of qualifying to purchase the Property was accurate and complete at the time it was provided and remains accurate and complete as of the date of this Agreement. Owner further understands that any material misstatement or misrepresentation shall be deemed to be a material breach of this Agreement and shall be grounds for declaring a default, terminating Owner's rights in the Property, or seeking other such relief and remedies as are appropriate under the circumstances.

4. **Refinance.** For purposes of this Agreement, "**Refinance**" means any voluntary or involuntary refinancing, encumbrance, or other hypothecation of the Property, including, without limitation, any encumbrance of the Property by a mortgage or deed of trust that is recorded after this Agreement. Any Refinance of the Property will be subject to the conditions set forth in this Agreement.

a. **Request to Refinance.** Owner shall not cause or permit any Refinance of the Property or any interest therein, to or by any person or entity without first delivering written notice to City (a "**Request to Refinance**") and obtaining City's written consent. The Request to Refinance shall provide the name and address of the lender and the proposed terms of the encumbrance, refinancing, or hypothecation. Under no circumstances may Owner encumber, refinance, or otherwise hypothecate the Property for an amount in excess of ninety-five percent (95%) of the Purchase Price as determined pursuant to Section 8.b below.

b. **City's Rights.** Within sixty (60) days following receipt of notice of a Request to Refinance, City may, in its sole discretion, do one of the following:

i. Provide written notice of exercise of the City's Option to Purchase pursuant to Section 8 below, or

ii. Provide written notice of consent to the Refinance, which consent shall be consistent with City's goal of creating, preserving, maintaining, and protecting housing for persons of low and moderate, or

iii. Provide written notice of denial of the Request to Refinance.

5. **Sale Procedure.** Any sale, conveyance, assignment, or other transfer of any legal, equitable, or possessory interest in the Property (“**Sale**”) will be subject to the conditions set forth in this Agreement.

- a. **Request to Sell.** Owner shall not cause or permit any Sale of the Property or any interest therein, to any person or entity without first delivering written notice to City (a “**Request to Sell**”) and allowing sixty (60) days for City to exercise City’s Option to Purchase the Property pursuant to Section 8 below. The Request to Sell shall provide the proposed sale price and terms.
- b. **City’s Rights.** Within sixty (60) days following receipt of a Request to Sell, City may, in its sole discretion, either provide written notice of exercise of the City’s Option to Purchase or provide a written waiver of City’s Option to Purchase.

6. **Conditions of Sale to a Third Party.** If Owner has complied with all requirements set forth in Section 5 above and if City provides a written waiver of City’s Option to Purchase, Owner may sell the Property to a third party provided that all of the following conditions are satisfied:

- a. **Occupancy.** The prospective buyer certifies that the buyer intends to occupy the Property as buyer’s principal residence;
- b. **Income.** The prospective buyer does not have a gross household income exceeding eighty percent (80%) of the then-current Santa Clara County median income, adjusted for household size, as annually established by the United States Department of Housing and Urban Development;
- c. **Price.** The sale price does not exceed the Purchase Price determined pursuant to Section 8.b below; and
- d. **Restriction Agreement, Note and Deed of Trust.** The buyer will execute a new Property Restriction Agreement and Option to Purchase, in a form provided by City, which shall be recorded concurrently with recordation of the deed transferring title to the Property to the buyer, and the buyer will execute a new excess proceeds Note and deed of trust for the benefit of City, and such other documents as required by City pursuant to the Program.

7. **Foreclosure.** The recording by any lienholder of any notice of default or notice of sale pursuant to California Civil Code Section 2924 *et seq.* (as such may hereafter be amended or replaced), shall constitute a Request to Sell (as defined in Section 5), entitling the City, or its designee or assignee, to exercise the Option to Purchase pursuant to Section 8, provided, however, that City, or its designee or assignee, must complete such purchase no later than the end of the period established by California Civil Code Section 2924(c) for reinstatement of a monetary default under the deed of trust or mortgage.

- a. Right to Cure. In the event of Owner’s default under a deed of trust or mortgage, City, or its designee or assignee, shall have the same right as Owner to cure defaults and redeem the Property prior to foreclosure sale. Such redemption shall be subject to the same fees, charges, and penalties that would otherwise be assessed against Owner. Nothing herein shall be construed as creating any obligation on the part of City to cure any such default, nor shall this right to cure and redeem operate to extend any time limitations in the default provisions of the underlying deed of trust or mortgage.
- b. Surplus Funds. In the event City, or its designee or assignee, does not exercise the Option to Purchase and a foreclosure sale is consummated, any Excess Sales Proceeds (defined in Section 14 below) resulting from such foreclosure sale that remain after payment of encumbrances as required by law, shall be paid to City, or its successors or assigns.

8. **Option to Purchase.** Owner hereby grants to City an option to purchase the Property (“**Option to Purchase**”) under conditions set forth in this Agreement. The Option to Purchase shall be exercisable upon the occurrence of any of the following: (i) Owner delivers a Request for Sale to City, (ii) a notice of default or notice of sale is recorded against the Property by any lienholder, (iii) a Prohibited Transfer occurs and continues in effect beyond the cure period specified in Section 10, (iv) Owner fails to occupy the Property as Owner’s principal residence and such failure continues for a period of thirty (30) days following written notice of default from City, or (v) a default arises under any other provision of this Agreement and continues beyond any applicable cure period.

- a. Assignment. City may assign the Option to Purchase to a governmental or nonprofit organization. City or its assignee may further assign the Option to Purchase to an individual private buyer who meets City’s eligibility qualifications under the Program, is approved by City, and enters into a Property Restriction and Option to Purchase Agreement and other documents as required by City. In no event shall City become in any way liable to Owner, nor become obliged in any manner, by reason of the assignment of its right to purchase, nor shall City be in any way obligated or liable to Owner for any failure of City’s assignee to consummate a purchase of the Property or to comply with the terms of any purchase and sale agreement.
- b. Purchase Price. The purchase price for the Property (“**Purchase Price**”) that shall apply for both the exercise of the Option to Purchase by City or its designee or assignee and for any sale of the Property to a third party, shall be fixed at the lower of the Fair Market Value or the Adjusted Base Price, determined as follows:
 - i. Fair Market Value. The fair market value of the Property (“**Fair**

Market Value”) shall be determined as follows. City or its designee shall have an appraisal of the Property conducted by a neutral professional appraiser of its choice. Owner may also have an appraisal of the Property conducted by a neutral professional appraiser of Owner’s choice. If agreement cannot be reached, the average of the two (2) appraisals shall be deemed to be the Fair Market Value of the Property.

- ii. Adjusted Base Price. The “**Adjusted Base Price**” shall equal the the purchase price paid by Owner for the Property plus any prepayment fees paid by Owner at the time Owner purchased the Property (the "**Base Price**") which Base Price is equal to xxxxxxxxxxxxxxDollars (\$xxxxxxxxxxxxx), plus an amount, if any, to compensate for any increases in the housing component of the Consumer Price Index, San Francisco-Oakland-San Jose, California, published periodically by the United States Department of Labor, Bureau of Labor Statistics (“**Index**”). For that purpose, the Index effective as of the date of this Agreement shall be compared with the latest Index available on the date the Property was last occupied in compliance with the Agreement. The percentage increase in the Index, if any, shall be computed, and the Base Price shall be adjusted by that percentage to calculate the Adjusted Base Price.

- c. Improvements. The Adjusted Base Price shall be increased by the actual cost of any reasonable and substantial structural or permanent fixed improvements made to the Property, provided such improvements were performed with prior written approval from City. Examples of such improvements include, but are not limited to, structural, permitted additions of square footage or the addition of a pool. No price adjustment will be made except upon presentation to City of written documentation of all expenditures made by Owner for which an adjustment is requested.

- d. Deferred Maintenance. The Adjusted Base Price shall be decreased by an amount to compensate for deferred maintenance costs, which amount shall be determined in the following manner. Upon receipt of a Request to Sell, City or its designee shall be given reasonable right of entry to the Property to determine whether any violations of applicable building, plumbing, electric, fire, or housing codes or of any other provisions of the Morgan Hill Municipal Code exist. In the event deficiencies are noted, City shall obtain estimates of the cost to cure the observed deficiencies. Owner shall cure the deficiencies in a reasonable manner acceptable to City or City’s designee within sixty (60) days of being notified of the results of the inspection, but, in no event, later than close of escrow. Should Owner fail to cure such deficiencies prior to the scheduled date of close of escrow, at the option of City, its designee or assignee, escrow may be closed, title

conveyed, and sale proceeds paid to Owner subject to the condition that such funds as are necessary to pay for the curing of such deficiencies (based upon the written estimates obtained by City) will be withheld from the funds due to Owner and shall be released to City or its designee for the purpose of curing such deficiencies.

- e. Escrow. If City exercises its Option to Purchase the Property, City shall open escrow within seven (7) days after delivery of written notice of the exercise of the option. Escrow shall close within ninety (90) days after the opening of escrow.
- f. Disclosures. Owner shall provide City with all disclosures regarding the Property as required by law within seven (7) days after City provides notice of the exercise of its Option to Purchase. City's review and approval of the condition of the Property is a contingency of City's purchase. If the condition of the Property is unacceptable, City shall have thirty (30) days following receipt of all disclosures to cancel the purchase by providing written notice to Owner. If City does not provide written notice of cancellation, then this contingency shall be deemed waived.
- g. Title. Title to the Property shall be conveyed to City or its assignee by grant deed, free of all monetary liens and encumbrances. All property taxes, assessments and homeowner dues shall be paid current by Owner through the close of escrow.
- h. Closing Costs. Closing costs and title insurance shall be paid pursuant to the custom and practice in the County of Santa Clara at the time of the opening of escrow.
- i. Occupancy. Owner shall vacate the Property and deliver possession to City or its assignee upon close of escrow.

9. Subordination. This Agreement shall be subordinate to the first deed of trust or mortgage securing a thirty (30) year, fully amortized, fixed rate promissory note for the repayment of funds used entirely for Owner's purchase of the Property ("**First Deed of Trust**"), provided the beneficiary of the note is a federally or state chartered bank or savings and loan association qualified to do business in the State of California ("**Senior Lien Holder**"). City and Owner acknowledge and agree that this Agreement is subject and subordinate in all respects to the liens, terms, covenants, and conditions of the First Deed of Trust. This Agreement is also subject and subordinate to all advances made pursuant to the First Deed of Trust held by a Senior Lien Holder including all sums advanced for the purposes of protecting or further securing the lien of the First Deed of Trust, curing defaults by Owner under the First Deed of Trust, or any other purpose expressly permitted by the First Deed of Trust.

Notwithstanding any other provision hereof, the provisions of this Agreement and the City Deed of Trust (defined in Section 14 below) shall be subordinate to the lien of the Senior Lien Holder's First Deed of Trust and shall not impair the rights of the Senior Lien Holder, or such lender's assignee or successor in interest, to exercise its remedies under the Senior Lien Holder's First Deed of Trust in the event of default under the Senior Lien Holder's First Deed of Trust by Owner. Such remedies under the Senior Lien Holder's First Deed of Trust include the right of foreclosure, acceptance of a deed in lieu of foreclosure, or assignment in lieu of foreclosure. After such foreclosure, acceptance of a deed in lieu of foreclosure or assignment in lieu of foreclosure, this Agreement and the City Deed of Trust shall be forever terminated and shall have no further effect as to the Property or any transferee thereafter; provided, however, if the holder of such First Deed of Trust acquires title to the Property pursuant to a deed or assignment in lieu of foreclosure, this Agreement and the City Deed of Trust shall automatically terminate upon such acquisition of title only if (A) a notice of default was recorded under the applicable Senior Lien Holder's First Deed of Trust or (B) if no notice of default was recorded, City has been given written notice of default under such Senior Lien Holder's First Deed of Trust with a cure period of at least sixty (60) days and City or its designee shall not have cured the default within such cure period.

10. **Prohibited Transfer.** Any voluntary or involuntary transfer, assignment, conveyance, lease, rental, Sale or Refinance of the Property ("**Transfer**") in violation of the terms of this Agreement shall be deemed a "**Prohibited Transfer**". Upon receiving notification of a Prohibited Transfer, City may give written notice to Owner specifying the nature of the Prohibited Transfer. If the violation is not corrected to the satisfaction of City within ten (10) days after the date of the notice or within such further time as City determines is necessary to correct the violation, City may declare a Default under this Agreement and may exercise the Option to Purchase or other remedies provided hereunder.

11. **Permitted Transfers.** Transfer of title to the Property to the spouse of Owner pursuant to marriage, divorce, or by inheritance upon the death of Owner, shall not constitute a Prohibited Transfer, and will not be subject to the Option to Purchase provisions of this Agreement, provided that all terms and conditions set forth in this Agreement shall continue to run with the Property following any such Transfer. The recipient of the Transfer must be named on the Senior Lien Holder's First Deed of Trust. Without limiting the foregoing, all terms and conditions set forth in this Agreement, including without limitation, the prohibition on rental or leasing of the Property, the continuation of the City's Option to Purchase, and the continuation of restrictions upon Sale or Refinance of the Property shall continue to apply.

12. **Default.** Owner's breach of any of the terms, covenants, or obligations under this Agreement, including, without limitation, Owner's unauthorized leasing or rental of the Property or failure to occupy the Property as Owner's principal residence, and/or any other Prohibited Transfer, shall be deemed a Default hereunder. City's remedies for a Default include, but are not limited to, the following: City may exercise its Option to Purchase, and/or City may apply to a court of competent jurisdiction for specific performance of this Agreement, for an injunction prohibiting a proposed Transfer in violation of this Agreement, for a declaration that the Prohibited Transfer is void, for an award of damages and attorneys' fees, and for such other relief as may be appropriate. Upon the occurrence of a Default, City may declare all sums due under the City Note (defined in Section 14) immediately due and payable and City may invoke the power of sale under

the City Deed of Trust (defined in Section 14). Each of the remedies provided herein is cumulative and not exclusive, and City may exercise, from time to time, any rights and remedies available to it under applicable law or in equity, in addition to, and not in lieu of, any rights and remedies expressly provided in this Agreement.

13. **Distribution of Insurance and Condemnation Proceeds.** In the event that the Property is partially or totally destroyed and insurance proceeds are distributed to Owner instead of being used to rebuild, or in the event of condemnation, if proceeds thereof are distributed to Owner, or in the event of termination of any applicable homeowner's association and distribution of the assets of the association to the members thereof, including Owner, any surplus proceeds so distributed remaining after payment of encumbrances of said Property shall be distributed as follows: that portion of the surplus up to, but not to exceed, the net amount that Owner would have received under the formula set forth in Section 8 above had City exercised its Option to Purchase the Property on the date of the destruction, condemnation valuation date, or liquidation, shall be distributed to Owner, and the balance of such surplus, if any, shall be distributed to City or its successors or assigns.

14. **Payment to City of Excess Sales Proceeds.** If a Prohibited Transfer of the Property occurs, Owner shall immediately pay the Excess Sales Proceeds to the City. For purposes of this Agreement, "**Excess Sales Proceeds**" shall mean the amount by which the gross sales proceeds paid for the Property by the new purchaser exceeds the Purchase Price for the Property as determined pursuant to Section 8.b above. This amount shall be a debt of Owner to City, further evidenced by a promissory note executed by Owner for the benefit of City (the "**City Note**") and secured by a Deed of Trust executed by Owner as trustor for benefit of City and recorded against the Property substantially concurrently with this Agreement (the "**City Deed of Trust**"). Owner acknowledges that City shall have no obligation to cause reconveyance of this Agreement or of the City Deed of Trust until the Excess Sales Proceeds are paid to City. Owner and City acknowledge that the formula for calculation of the amount of Excess Sales Proceeds due from Owner to City is intended to cause Owner to receive the same net sales proceeds from sale of the Property at an unrestricted price to a market purchaser (in violation of this Agreement) as Owner would receive from sale of the Property to City or to City's assignee pursuant to City's exercise of the Option to Purchase.

15. **Notices.** In every case when, under the provisions of the Agreement, it shall be necessary or desirable for one party to serve any notice, request, demand, report or other communication on another party, the same shall be in writing and shall not be effective for any purpose unless served: (i) personally; or (ii) by independent, reputable, overnight commercial courier; or (iii) by deposit in the United States mail, postage and fees fully prepaid, registered or certified mail, with return receipt requested; addressed as follows:

22. **Controlling Law and Venue.** The terms of the Agreement shall be interpreted under the laws of the State of California. The Agreement was entered into and is to be performed in the County of Santa Clara, which is the exclusive venue for any action or dispute arising out of said Agreement.

23. **Captions.** All captions and headings in the Agreement are for the purposes of reference and convenience and shall be disregarded for all other purposes, including the construction or enforcement of any of provisions thereof.

24. **Joint and Several.** The obligations of each party comprising Owner shall be joint and several.

25. **Time of the Essence.** Time is of the essence with regard to all matters contained in the Agreement.

26. **Further Assurances.** The parties shall execute, acknowledge and deliver to the other such other documents and instruments, and take such other actions, as either shall reasonably request as may be necessary to carry out the intent of this Agreement

27. **Parties Not Co-Venturers; No Agency Relationship.** Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another. The relationship of Owner and City shall not be construed as a joint venture, equity venture, partnership or any other relationship. City neither undertakes nor assumes any responsibility or duty to Owner (except as expressly provided in this Agreement) or to any third party with respect to the Property.

28. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGES.

IN WITNESS WHEREOF, the Parties have executed this Property Restriction Agreement and Option to Purchase as of the date first written above.

CITY OF MORGAN HILL
a municipal corporation

Christina Turner, City Manager

OWNER:

XXXXXXXXXX

APPROVED AS TO FORM:

Donald Larkin, City Attorney

(All signatures, except City Attorney, must be acknowledged by a Notary Public.)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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 Santa Clara} ss.

On _____, 2020, before me, _____, a Notary Public, who personally appeared ~~XXXXXXXXXXXX~~ proved to me on the basis of satisfactory evidence to be the person/s whose name/s is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity/ies, and that by his/her/their signature/s on the instrument the person/s, or the entity upon behalf of which the person/s acted, executed the instrument.

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

WITNESS my hand and official seal

Signature of Notary Public

(ABOVE AREA FOR OFFICIAL NOTARIAL SEAL)

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent re-attachment of this form.

DESCRIPTION OF ATTACHED DOCUMENT:
PROPERTY RESTRICTION AGREEMENT AND OPTION TO PURCHASE

DATE OF DOCUMENT: _____ NUMBER OF PAGES: 15

SIGNER IS REPRESENTING: _____

CAPACITY CLAIMED BY SIGNER: INDIVIDUAL

SIGNER(S) OTHER THAN NAMED ABOVE: Christina Turner

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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 Santa Clara} ss.

On _____, 2020, before me, _____, a Notary Public, who personally appeared **Christina Turner** proved to me on the basis of satisfactory evidence to be the person/s whose name/s is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity/ies, and that by his/her/their signature/s on the instrument the person/s, or the entity upon behalf of which the person/s acted, executed the instrument.

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

WITNESS my hand and official seal

Signature of Notary Public

(ABOVE AREA FOR OFFICIAL NOTARIAL SEAL)

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PROPERTY RESTRICTION AGREEMENT AND OPTION TO PURCHASE

DATE OF DOCUMENT: _____ NUMBER OF PAGES: 15

SIGNER IS REPRESENTING: _____

CAPACITY CLAIMED BY SIGNER: INDIVIDUAL

SIGNER(S) OTHER THAN NAMED ABOVE: XXXXXXXXXXXXXXXXXXXXXXX

EXHIBIT A

LEGAL DESCRIPTION

ALL THE REAL PROPERT SITUATED IN THE CITY OF MORGAN HILL, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

APN: x
XXXXX
MORGAN HILL, CA 95037

OAK #4842-9486-0826 v4