

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

City of Santa Ana
20 Civic Center Plaza
Santa Ana, California 92701
Attention: Housing Manager

To be recorded without fee.
(Government Code, §§ 6103 and 27383)

(Space Above This Line For Recorder's Use Only)

**DISCLOSURE, ACKNOWLEDGMENT AND ASSUMPTION
AGREEMENT**

THIS DISCLOSURE, ACKNOWLEDGMENT AND ASSUMPTION AGREEMENT (Assumption Agreement) made among the current owners, collectively known as "Owners"), and the buyers (collectively, "Transferee") and the CITY OF SANTA ANA ("City").

RECITALS

- A. The Owners are the current owners of the real property commonly known as: and now particularly described on Exhibit A, which together with all improvements located thereon is referred to in this Assumption Agreement as the "Inclusionary Unit."
- B. The Owners wish to transfer and convey to the Transferee the Inclusionary Unit; and

- C. The Inclusionary Unit is subject to the restrictions applied by the Inclusionary Housing Covenants, Resale Restrictions and City's Option to Purchase Agreement recorded on as Document No. _____ in the Official Records of Orange County, California (the "Inclusionary Housing Covenants Declaration") that imposes resale controls on the Inclusionary Unit; and
- D. The obligations set forth in the Inclusionary Housing Covenants Declaration are secured by a Deed of Trust recorded against the Inclusionary Unit on _____ as Document No. _____ in the Official Records of Orange County, California (the "City Deed of Trust"); and
- E. The Transferee is acquiring the Inclusionary Unit, and will assume the obligations of an Owner under the Inclusionary Housing Covenants Declaration and as Trustor under the City Deed of Trust.
- F. Capitalized terms used herein, and not defined in this Assumption Agreement, shall have the meanings set forth in the Inclusionary Housing Covenants Declaration and the City Deed of Trust.

The parties to this Assumption Agreement agree to the following:

1. The Transferee hereby acknowledges and agrees to the following:
 - a. The Inclusionary Unit is subject to the Inclusionary Housing Covenants Declaration that are secured by the City Deed of Trust. The Transferee acknowledges that it has received a copy of the Inclusionary Housing Covenants Declaration, and agrees to be bound by all the conditions and covenants contained therein.

- b. The Transferee shall occupy and continually use the Inclusionary Unit as the Transferee's Primary Residence during the Affordability Period as defined in the Inclusionary Housing Covenants Declaration.
- c. The Transferee's right to resell the Inclusionary Unit at the Fair Market Value is very limited, and in certain instances, the City will have the option to purchase the Inclusionary Unit from the Transferee at the Affordable Sales Price.
 - i. Under a Permitted Sale, the Inclusionary Unit must be sold at the Affordable Sales Price. The Inclusionary Unit will not necessarily appreciate in value during the duration of its ownership.
 - ii. In the event that the Inclusionary Unit is sold for the Fair Market Value, either through an Extraordinary Sale or pursuant to a foreclosure sale, the Transferee must pay to the City the City Share of Excess Proceeds, which is set at fifty percent (50%) of the difference between the Affordable Sales Price and the Net Resale Proceeds received from the sale of the Inclusionary Unit.
 - iii. Any resale or transfer of the Inclusionary Unit in violation of the Inclusionary Housing Covenants Declaration shall be voidable by the City.
- d. The Transferee is not permitted to refinance a Senior Loan that is secured by the Property for more than the outstanding principal amount of that Senior Loan plus the customary fees and costs associated with obtaining the new Senior Loan.

- e. The Inclusionary Unit is subject to the Project CC&Rs. The Transferee acknowledges and agrees that it is obligated to comply with all of the terms, conditions, covenants and restrictions set forth in the Project CC&Rs.
2. The City hereby consents to the transfer of the Inclusionary Unit to the Transferee under a Permitted Transfer as defined in the Inclusionary Housing Covenants Declaration.
3. All questions with respect to the interpretation of this Assumption Agreement, and the rights and liabilities of the parties hereto, shall be governed by the laws of the State of California.
4. This Assumption Agreement shall inure to the benefit of, and shall be binding upon, the assigns, successors in interest, personal representatives, estates, heirs and legatees of each of the parties hereto.
5. The Transferee hereby grants to the City an irrevocable power of attorney coupled with an interest to act on Buyer's behalf to execute, acknowledge and deliver any and all documents relating to the City's Purchase Option under Article 3 – Section II(E) of the Inclusionary Housing Covenants Declaration.

Executed on _____, _____, at Santa Ana, California.

[Signatures on Following Pages]

**SIGNATURE PAGE
TO
ASSUMPTION AGREEMENT**

Owner:

Co-Owner:

By: _____

By: _____

Date: _____

Date: _____

Transferee:

By: _____

Date: _____

City:

By: _____

Date: _____

Its: City Manager

Attest:

By: _____

Date: _____

**EXHIBIT A
LEGAL DESCRIPTION**

SAMPLE

**EXHIBIT 5
NOTICE OF INTENT TO SELL**

SAMPLE

Date: _____

To: City Manager
City of Santa Ana
20 Civic Center Plaza
Santa Ana, California 92701

The undersigned _____ Owners of the
Inclusionary Unit located at: _____ hereby notifies
you of its intent to resell the Inclusionary Unit in compliance with the
requirements imposed by Article 3 of the Inclusionary Housing
Covenants Declaration. The undersigned acknowledges that all
applicable time periods under the Inclusionary Housing Covenants
Declaration commence only upon the City's receipt of this notice.

Owner –

Co-Owner –

EXHIBIT 6
NOTICE OF EXTRAORDINARY SALE

SAMPLE

The undersigned _____ are the Owners of the
Inclusionary Unit located at:

On _____, Owners provided City with written
notice of its intent to sell the Inclusionary Unit. Owners have failed to
identify an Eligible Purchaser in accordance with Article 3 – Section I
of the Inclusionary Housing Covenants Declaration, and the City has
failed to exercise the City’s Purchase Option pursuant to Article 3 –
Section II. Accordingly, Owners hereby notifies the City of its intent to
make an Extraordinary Sale of the Inclusionary Unit in accordance
with Article 3 – Section III of the Inclusionary Housing Covenants
Declaration.

Attached herewith is the estimate of the Fair Market Value for the
Inclusionary Unit as defined in the Inclusionary Housing Covenants
Declaration. Owners hereby acknowledges that the City shall retain
City’s Purchase Option until the time that Owners has accepted in
writing an offer to purchase the Inclusionary Unit from a buyer, and
that all applicable time periods for an Extraordinary Sale under the
Agreement commence only upon City’s receipt of this Notice.

Owner:

Co-Owner: