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County of San Mateo
Department of Housing

WHEN RECORDED, MAIL TO:

County of San Mateo, Department of Housing
264 Harbor Blvd., Bldg. A
Belmont, CA 94002

Attn: N. Kim
PONY # DOH 209

*Exempt from Recording Fees pursuant to
Section 27383 of the Government Code
(This Space for Recorder's Use Only)*

STONE PINE COVE LOAN AGREEMENT, RESTRICTIONS AND SECURITY AGREEMENT

Borrower Names:

Address of Unit: 830 Stone Pine Road, #SPACE
NUMBER
Half Moon Bay, CA 94019

Income Category of Borrower:

Purchase Price of Unit ("Purchase Price"):
\$ _____

Loan Amount: \$ _____

THIS "STONE PINE COVE LOAN AGREEMENT, RESTRICTIONS AND SECURITY AGREEMENT" (the "Agreement") is made as of _____, (the "Effective Date") by and between _____ ("Borrower") and the County of San Mateo, a political subdivision of the State of California ("Lender"). Lender and Borrower may be collectively referred to herein as "Parties" and individually as "Party" with reference to the following facts:

RECITALS

A. WHEREAS, Borrower desires to acquire ownership in and to that certain manufactured home unit located in the County of San Mateo, State of California, which is more particularly described as YEAR MAKE MODEL, decal number DECAL NUMBER, serial number SERIAL NUMBER (the "Unit"); and

B. WHEREAS, when acquired, Borrower intends to use and occupy the Unit which is and shall be located at 830 STONE PINE ROAD, HALF MOON BAY, CA 94019 within the Community (as defined herein) in space NUMBER, in the City of Half Moon Bay in San Mateo County pursuant to a Space Lease (as defined herein); and

C. WHEREAS, Lender desires, subject to the terms and conditions of this Agreement, to provide a loan to Borrower through the Lender's Stone Pine Cove Loan Program (the "Program") to finance the purchase of the Unit, subject to the terms, conditions, resale restrictions and security agreement set forth herein; and

D. WHEREAS, upon purchasing the Unit, the Borrower's name will appear on the Unit's title as the registered owner indicating the Borrower has right to use and occupy the Unit as their primary residence, provided that the Loan will be secured by a lien recorded on the Unit's title indicating that the Lender has a financial interest in the Unit until the loan is either fully paid off or forgiven; and

E. WHEREAS, the Borrower is a qualifying, eligible low-income, agricultural worker, and first-time homebuyer, pursuant to the Program; and

F. WHEREAS, in qualifying for this Program, and as a condition of purchasing the Unit, Borrower is required to execute this Agreement and the Note, as such terms are defined herein; and

G. WHEREAS, pursuant to the terms of the Program under which the Unit is to be purchased, the Unit shall remain available to Program-eligible households for the duration of the Program, and therefore certain Agreement requirements, including Unit re-sale restrictions and requirements, shall survive termination of this Agreement, including termination through Loan forgiveness or full Loan repayment, as specified herein.

NOW, THEREFORE, in order to establish the use, occupancy and restrictions of the Unit, and to reserve certain rights and remedies that benefit Lender and that burden the Unit, Borrower and all of its respective successors and assigns, Borrower hereby agrees that the Unit shall be held, sold and conveyed subject to the following conditions and restrictions, all of which shall run with the Unit and be binding on all Parties having any rights, or interest in the Unit, its heirs, successors and assigns, and shall inure to the benefit of the Lender, and that entering into this Agreement the Parties acknowledge good and reasonable consideration in connection with Lender's provision of a loan for the purchase the Unit through the Program.

SECTION 1 DEFINITIONS

As used in this Agreement, the terms set forth below shall have the following meanings (other defined terms in this Agreement not referenced below shall have the meanings where first used).

1.1 "Agricultural Employment" shall mean employment in the cultivation and tillage of the soil; the production, cultivation, growing and harvesting of any agricultural or horticultural commodities; the raising of livestock, bees, furbearing animals, or poultry; dairying, forestry, and lumbering operations; and any work on a farm as incident to or in conjunction with such farming operations, including the delivery and preparation of commodities for market or storage. Agricultural employment also includes work done by any person who works on or off the farm in the processing of any agricultural commodity until it is shipped for distribution, whether or not such person is encompassed within the definition of "agricultural employee" specified in subdivision (b) of Section 1140.4 of the Labor Code.

1.2 "Area Median Income" shall mean the median household income (adjusted for household size) of the Metropolitan Statistical Area in which San Mateo County is located, as published annually by the U.S. Department of Housing and Urban Development ("HUD"), or, in the event such income determination is no longer published by HUD or has not been updated for a period of at least eighteen (18) months, Lender may use or develop such other reasonable method as it may choose in order to determine the annual median income of households in San Mateo County.

1.3 "Borrower" shall mean the purchaser of the Unit as identified in the Preamble to this Agreement and includes all of Borrower's successors and assigns, as permitted under this Agreement.

1.4 "Community" shall mean the 47 unit manufactured housing community owned by Lender and located at 830 Stone Pine Road, Half Moon Bay, California 94019 and commonly known as Stone Pine Cove.

1.5 "Domestic Partners" shall mean two unmarried people, at least eighteen (18) years of age, who have lived together continuously for at least six (6) months and who are jointly responsible for basic living expenses incurred during their domestic partnership. Domestic Partners may not be persons related to each other by blood or adoption such that their marriage would be barred in the state of California. An individual shall be considered a Domestic Partner of Borrower upon Borrower's presentation of a declaration or other evidence acceptable to Lender.

1.6 "Eligible Buyer" shall mean a person whose household's combined gross annual income for all adult persons does not exceed X percent (X%) of Area Median Income, and who is employed or prior to retirement or disability, derived their income from Agricultural Employment, and whose household size meets occupancy restrictions for the Unit. The Lender has sole discretion to exercise the Lender Purchase Option or elect to increase the Area Median Income of the Eligible Buyer up to eighty percent (80%) of Area Median Income. To qualify as an Eligible Buyer, such persons and households must not have partial or whole ownership interest and/or maintain title in any residential real property prior to purchasing the Unit.

1.7 "Event of Default" shall have the meaning given in Section 9.1 of this Agreement.

1.8 "Excess Rental and Sales Proceeds" shall mean sales proceeds, rents or lease payments the Borrower receives for selling, renting, or leasing the Unit to a third party in violation of this Agreement.

1.9 "Lender" shall mean the County of San Mateo as identified in the Preamble in this Agreement.

1.10 "Lender's Purchase Option" shall have the meaning given in Section 6.1.

1.11 "Lender Response Notice" shall have the meaning given in Section 5 of this Agreement.

1.12 "Loan" shall have the meaning described in Section 3.1 of this Agreement.

1.13 "Maximum Resale Price" shall mean the maximum allowable amount for which the Unit may be sold, which shall be calculated based on the Purchase Price, with annual increases limited to the inflation rate, as measured by the California Consumer Price Index, or 2 percent, whichever is less. Borrower acknowledges, agrees and consents that the Maximum Resale Price may be less than the fair market value of the Unit, given the reduced Purchase Price and affordability restrictions required under the Program to maintain affordability. The Maximum Resale Price may be reduced to account for Repair Costs, if such Repair Costs are not deducted from Borrower's proceeds at closing, at Lender's election.

1.14 "Note" shall mean a promissory note executed by Borrower in favor of Lender, substantially in the form of Exhibit B to this Agreement.

1.15 "Notice of Intent to Transfer" shall mean the notice described in Section 4.5 of this Agreement.

1.16 "Permitted Transfer" shall mean a Transfer described in Section 4.1 of this Agreement.

1.17 "Prohibited Transfer" shall mean any Transfer that is not a Permitted Transfer as described in Section 4.4 of this Agreement, which includes any Transfer of a use, rental, or leasehold interest in the Unit, unless approved by Lender pursuant to Section 4.1, and which shall constitute an Event of Default.

1.18 "Purchase Price" shall mean the amount to purchase the Unit as set forth on the first page of this Agreement as the Purchase Price. Borrower understands and agrees that the Purchase Price is set at a below market price to enhance affordability of the Unit.

1.19 "Repair Costs" shall have the meaning given in Section 5.3 of this Agreement.

1.20 "Security Interest" shall have the meaning given in Section 7 of this Agreement.

1.21 "Space Lease" shall mean the lease agreement the Borrower will enter into to lease the lot space in the Community for the Unit.

1.22 "Term" shall have the meaning given in Section 8.18 of this Agreement.

1.23 "Transfer" shall mean any voluntary or involuntary assignment or transfer of ownership of or any interest in the Unit, including without limitation a fee simple interest,

leasehold interest, tenancy in common, joint tenancy, community property, tenancy by the entireties, life estate or other limited estate or use, rental, or tenancy therein. Transfer shall include the passing of title for consideration from a seller to a buyer, i.e., a sale or resale of the Unit.

1.24 "Transferee" shall mean the person or persons to whom the Unit is Transferred.

1.25 "Unit" shall have the meaning given in Recital A of this Agreement.

SECTION 2 RESTRICTIONS AND REPRESENTATIONS

2.1 Borrower Acknowledgments and Agreements. Borrower hereby acknowledges and agrees that execution of this Agreement shall constitute Borrower's acknowledgment and agreement of the following restrictions:

(a) THE UNIT IS SUBJECT TO THE COVENANTS AND RESTRICTIONS CONTAINED IN THIS AGREEMENT WHICH INCLUDE THAT BORROWER IS HEREBY GRANTING LENDER AN IRREVOCABLE POWER OF ATTORNEY AND RIGHT TO ACT ON BORROWER'S BEHALF TO EXECUTE, ACKNOWLEDGE AND DELIVER ANY AND ALL DOCUMENTS RELATING TO AND/OR TO EFFECTUATE LENDER'S PURCHASE OPTION. BORROWER SHALL NOT TRANSFER THE UNIT EXCEPT IN ACCORDANCE WITH THIS AGREEMENT. ANY TRANSFER OF THE UNIT IN VIOLATION OF THIS AGREEMENT SHALL BE VOIDABLE BY LENDER.

(b) BORROWER AGREES TO CONTINUOUSLY OCCUPY THE UNIT AS BORROWER'S PRINCIPAL RESIDENCE DURING THE FULL TERM OF THE LOAN AND AGREES THAT THE UNIT WILL BE PLACED AND SHALL REMAIN AT THE COMMUNITY PURSUANT TO A SPACE LEASE. Borrower shall be considered as occupying the Unit as Borrower's principal residence if Borrower is living in the Unit for at least ten (10) months out of each calendar year. Borrower shall annually, as required by the Lender, submit a declaration to Lender certifying under penalty of perjury that the Unit is Borrower's principal residence and provide Lender with recent copies of two forms of utility bills, bank statements, government benefits correspondence, or other documents acceptable to Lender showing Borrower's name and the Unit address at the Community. If Borrower vacates the Unit, or for any reason does not continue to occupy the Unit as their principal residence, Lender may declare an Event of Default pursuant to Section 9.1 and exercise any or all of its rights and remedies hereunder, including without limitation Lender's Purchase Option pursuant to Section 6 of this Agreement.

(c) Except as specifically authorized by law, Borrower shall not rent or lease (or sublease) the Unit to any other person or entity. Any rental or lease of the Unit in violation of this Agreement is prohibited and shall constitute an Event of Default under this Agreement. Borrower further agrees that, in the event Borrower rents or leases the Unit to a third party in violation of this Agreement, any Excess Rental Proceeds paid to Borrower by the lessee during the rental period shall be due and payable to Lender immediately upon receipt thereof by Borrower. Such Excess Rental Proceeds shall be considered a recourse debt of Borrower to Lender, as evidenced by the

Note, which Lender may collect by legal action against Borrower and their assets, including without limitation by foreclosure under this Agreement. In the event that Borrower is specifically authorized by law to sublease the Unit, e.g., pursuant to California Civil Code Section 798.23.5, such sublease shall only be to a Program-eligible individual that would qualify as an Eligible Buyer, and shall be subject to the approval of Lender.

(d) Borrower shall at all times comply with the occupancy limits set for their Unit. The number of people residing in the Unit is not to exceed two (2) persons per bedroom plus one (1) additional person. When counting household members for occupancy, every member should be counted including all full-time family members, persons temporarily absent from the home, children anticipated to live with the family, children away at school, live-in aides, foster children, and foster adults. A live-in aide is a person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities, and who is determined to be essential to the care and well-being of the person(s), is not obligated for the support of the person(s) and would not be living in the unit except to provide the necessary supportive services. To qualify as a live-in aide, the County must verify the need for the live-in aide. Any changes to the number of occupants without written notification or approval could result in a determination of non-compliance with the Space Lease of this Agreement.

(e) Borrower represents and warrants that as of the Effective Date of this Agreement Borrower (i) has continuously lived and worked in the County of San Mateo for a minimum of one year; (ii) is 18 years of age or older; (iii) currently derives, or prior to retirement or disability derived, a substantial portion of their income from Agricultural Employment; (iv) is a first-time homebuyer; and (v) is a member of a household that qualifies as a low-income household.

(f) Borrower understands and agrees that as a condition of participation in the Program and in order to protect the Lender's Security Interest in the Unit, Borrower is required to reasonably maintain the Unit in a habitable condition and free of damage, defects, or malfunctions, including any violations of applicable laws or ordinances, such as building, plumbing, electric, fire or housing codes or any other provisions of the County Building Code. Lender shall have the opportunity to inspect the Unit for needed repairs upon receipt of Borrower's Notice of Intent to Transfer the Unit by sale, and Borrower shall bear the cost of such repairs, as set forth herein.

(g) Borrower understands and agrees that Borrower shall not allow any additional liens or other form of encumbrance to be placed on the Unit's title without Lender's express, written approval, and that any approved liens or other encumbrances shall be subordinate to the Lender's Security Interest.

SECTION 3 LOAN TERMS, SECURITY AND DISBURSEMENT OF FUNDS

3.1 Loan. Subject to the terms and conditions of this Agreement, Lender agrees to make, and Borrower agrees to accept a loan in the principal amount of _____ dollars and zero cents (\$_____.00) (the "Loan"). The Loan shall be considered disbursed upon satisfaction of the conditions precedent to Loan closing set forth in Section 3.6 of this Agreement. Borrower's

obligation to repay the Loan shall be evidenced by the Note secured by a title lien on the Unit, and the pledge of the Unit as a Security Interest as set forth in this Agreement.

3.2 Terms of Loan. The terms of the Loan are as follows:

- (a) The Loan shall be due and payable Twenty (20) years from date of the Note (the "Maturity Date").
- (b) Ten percent of the original Loan principal shall be forgiven annually for each additional year beyond the 10th year that the Unit is owned and continuously occupied by Borrower as Borrower's principal residence.
- (c) The Loan shall not bear interest.
- (d) Principal payments on the Loan shall be deferred prior to the Maturity Date.
- (e) If an Event of Default occurs and is not timely cured as provided in this Agreement, any outstanding amounts of Loan principal shall be due and payable by Borrower.
- (f) This Agreement shall terminate on the earliest of (i) Lender's declaration of an Event of Default by Borrower which has not been timely cured, as applicable; or (ii) the Maturity Date, provided that certain terms and conditions shall survive termination as set forth in Section 11; or (iii) upon a Lender-approved sale of the Unit to an Eligible Buyer through a Permitted Transfer that results in a new agreement between Lender and the Eligible Buyer; or (iv) upon mutual agreement of the Parties.

3.3 Use of Loan Funds/Purchase of Unit. Loan proceeds will be used solely for the purpose of funding Borrower's acquisition of the Unit at the Community from Lender pursuant to the terms and conditions of this Agreement. Lender agrees to sell and Borrower agrees to purchase the Unit for the Purchase Price provided that (i) no downpayment will be required; (ii) 100 percent of the Purchase Price will be financed by the Loan; and (iii) upon satisfaction of the conditions precedent to Loan closing set forth herein, title to the Unit shall be transferred to Borrower, subject to Lender's designation as the legal owner/lien holder of the Unit on the title documents.

3.4 Prepayment of Loan. No prepayment penalty will be charged to Borrower for payment of all or any portion of the Loan amount prior to the Maturity Date.

3.5 Monthly Repayment of the Loan. If Borrower's repayment obligation is triggered, Borrower acknowledges that Lender will service the loan through the County of San Mateo's Department of Housing or at a later time, with a loan servicer determined at Lender's sole discretion, to serve as the loan administrator for the Loan. Borrower understands that if a loan servicer is used, there may be a monthly fee to cover the costs of processing the loan payment, and Borrower agrees to timely and fully pay such fee each month.

3.5.1 Through execution of this Agreement, Borrower(s) acknowledge and understand that each Co-Borrower, if any, is jointly and severally responsible for the full repayment of the Loan.

3.6 Conditions Precedent to Loan Closing. Lender shall not be obligated to make any disbursements of Loan proceeds or take any other action under this Agreement unless the following conditions precedent are satisfied as determined in the Lender's sole discretion:

- (a) Borrower has executed and delivered to Lender this Agreement and the Note.
- (b) Borrower has provided to Lender a certificate of insurance or copy of the insurance policy described for the Unit, which policy has been determined to be satisfactory to the Lender.
- (c) Borrower has executed and delivered the Unit title documents, which shall be recorded immediately upon close of escrow.
- (d) Borrower has executed and delivered all documents necessary to create and perfect the Security Interest in the Unit as provided in Section 7.
- (d) Borrower has executed the Space Lease and any other required attachments and affidavits.

SECTION 4 PERMITTED TRANSFERS AND PROCEDURES

4.1 Permitted Transfers. Subject to compliance with the procedures described in this Section 4, including but not limited to providing required notices to Lender, the following transfers of the Unit are "Permitted Transfers" that do not constitute an Event of Default:

- (a) Transfer by Borrower to a spouse or Domestic Partner where the spouse or Domestic Partner becomes a Co-Borrower and co-owner of the Unit, provided that:
 - (i) The original Borrower is in compliance with the Agreement and remains eligible for the Program; and
 - (ii) Parties and the new Co-Borrower execute an amendment to this Agreement and the Note, to the satisfaction of the Lender, through which Co-Borrower becomes a party to both documents and agrees to be bound by all requirements and obligations thereunder.
- (b) Transfer by Borrower to a Borrower's spouse or Domestic Partner, or natural or adopted children, by agreement, provided that:
 - (i) Such spouse, Domestic Partner, or child would qualify as an Eligible Buyer; and

(ii) Parties and the spouse, Domestic Partner, or child execute an assignment of this Agreement and the Note, to the satisfaction of the Lender, by which the loan would be assumed, and through which the spouse or Domestic Partner, or natural or adopted children becomes a party to both documents and agrees to be bound by all requirements and obligations thereunder, as provided for in Section 4.2, below.

(c) Transfer by Borrower to Borrower's spouse or Domestic Partner, or natural or adopted children by bequest, through probate, or otherwise by operation of law following the death of Borrower, subject to compliance with Section 4A, below, provided that:

(i) Such spouse or Domestic Partner, or natural or adopted children would qualify as an Eligible Buyer; and

(ii) Lender and the inheriting spouse or Domestic Partner, or natural or adopted children execute a new agreement, note, and security interest, to the satisfaction of the Lender, by which the Loan would be assumed, as provided for in Section 4.2, below.

(d) Transfer by Borrower by bequest, through probate, or otherwise by operation of law to anyone other than a spouse, Domestic Partner, or natural or adopted children following the death of Borrower, subject to compliance with Section 4A, below, provided that:

(i) Such legatee/inheritor would qualify as an Eligible Buyer; and

(ii) Lender and the legatee/inheritor execute a new agreement, note, and security interest, to the satisfaction of the Lender, by which the Loan would be assumed, as provided for in Section 4.2, below.

(e) Transfer from one Co-Borrower to another Co-Borrower by bequest, through probate, or otherwise by operation of law upon the death of the Co-Borrower provided that the inheriting Co-Borrower is in compliance with the Agreement and remains eligible for the Program.

(f) Transfer by Borrower into an inter vivos revocable trust in which Borrower is the beneficiary, trustor, and trustee of the trust and remains an occupant of the Unit; except that if Borrower lacks capacity and is subject to a conservatorship, a third-party trustee may be named. The trust must contain language reasonably acceptable to Lender describing the restrictions of this Agreement. Transfer of the Unit to any other form of trust is prohibited and shall constitute an Event of Default.

(g) Transfer by Borrower by Sale. Subject to compliance with the procedures described in Section 3 and Section 5 of this Agreement, Borrower may sell the Unit to an Eligible Buyer, as determined by Lender in its sole discretion.

4.2 Notice of Transfers. Except as otherwise provided in Sections 4A, 5, and 6, if Borrower desires to Transfer the Unit by a Permitted Transfer, Borrower shall provide Lender with a Notice of Intent to Transfer in the form of Exhibit A, at least one hundred and twenty

(120) days prior to the Transfer, together with any other documentation Lender may reasonably request in order to ensure that the Transfer is a Permitted Transfer. Upon receipt of a Notice of Intent to Transfer, Lender shall have forty-five (45) days after receipt by Lender of such Notice of Intent to Transfer to deliver written notice to Borrower of whether the Transfer may be approved as a Permitted Transfer and which transfer documents identified in Section 4.1, above, are required to complete the Transfer, subject to the additional requirements set forth in Section 5 for Transfers by sale procedures.

4.3 Timing of Execution of Transfer Documents. Except as otherwise provided in Sections 5 and 6, in the event Lender's written notice identifies a Transfer as one which may be approved as a Permitted Transfer, the person or persons accepting the Transfer of the Unit ("Permitted Transferee") shall execute the required amendment, assignment, or new agreement, note and security interest, as applicable, within sixty (60) days of the date of Permitted Transferee's receipt of the Lender's written notice. In the event the Transferee fails to enter into the required amendment, assignment, or new agreement, note and security interest, as applicable, within sixty (60) days of the date receipt of the Lender's written notice, the Transfer shall become a Prohibited Transfer and Event of Default. Lender may extend the 60-day deadline at its sole discretion.

4.4 Prohibited Transfers. If Lender determines that a proposed Transfer is a Prohibited Transfer, Borrower shall not Transfer the Unit. Any attempted transfer of the Unit that is a Prohibited Transfer shall be voidable at Lender's election, shall constitute an Event of Default and Lender may exercise any of the remedies set forth in Section 9, including exercising the Lender's Purchase Option.

4.4.1 Failure of a Borrower or Inheriting Borrower to follow the procedures and file the notices described in this section shall constitute an Event of Default under this Agreement and Lender may then exercise any of the remedies set forth in Section 9, including exercising the Lender's Purchase Option.

SECTION 4A

ADDITIONAL PROCEDURES FOR PERMITTED TRANSFER FOLLOWING DEATH OF BORROWER

4A. Inheritance/Bequest Procedures. In the event a transfer occurs by bequest or other form of inheritance following death of Borrower, the administrator of Borrower's estate, the trustee of Borrower's trust, or the person acquiring the Unit by inheritance or devise shall provide written notice to Lender of Borrower's death within thirty (30) days of the date of death and the following procedures shall apply:

(a) If the person acquiring the Unit by inheritance or bequest is either not eligible to participate in the Program as a qualifying Eligible Buyer or does not desire to assume the Loan and/or occupy the Unit, the inheriting person shall provide a Notice of Intent to Transfer by sale to Lender pursuant to Section 5.1 within sixty (60) days of the death of Borrower. The provisions of Section 5 shall govern the sale.

(b) If the person acquiring the Unit by inheritance or bequest is eligible to participate in the Program and desires to occupy the Unit ("Inheriting Borrower"), and assume the Loan, the Inheriting Borrower shall provide the Lender a Notice of Intent to Transfer within sixty (60) days of the death of the Borrower pursuant to Section 5.1. The Inheriting Borrower will also need to provide any requested income and employment information so that Lender may determine and verify whether the Inheriting Borrower qualifies as an Eligible Buyer. Upon receipt of a Notice of Intent to Transfer and additional income and employment information, Lender shall have forty-five (45) days after receipt by Lender of such Notice of Intent to Transfer to deliver written notice to Inheriting Borrower of whether the Inheriting Borrower qualifies as an Eligible Buyer. If the Inheriting Borrower qualifies as an Eligible Buyer the Inheriting Borrower shall enter into a new agreement, note, and security interest, in forms provided by Lender, and comply with all obligations under those documents, including occupancy of the Unit as their principal residence. The Inheriting Borrower must enter into the required amendment, assignment, or new agreement, note and security interest, as applicable, within sixty (60) days of the date receipt of the Lender's written notice. Lender may extend the 60-day deadline at its sole discretion.

SECTION 5 ADDITIONAL PROCEDURES FOR PERMITTED TRANSFER BY SALE

5.1 Notice of Intent to Transfer; Lender Response Notice. If Borrower desires to Transfer the Unit by Sale pursuant to Section 4.1(g), Borrower shall provide Lender with a Notice of Intent to Transfer in the form of Exhibit A, at least one hundred and eighty (180) days prior to the anticipated Transfer. Such Notice shall trigger Lender's Purchase Option pursuant to Section 6.1(a). Any sale of the Unit shall be to either an Eligible Buyer (Section 5) or to the Lender pursuant to the Lender's Purchase Option (Section 6). Borrower is not required to identify an Eligible Buyer prior to providing the Notice of Intent to Transfer by sale.

Lender, shall, within forty-five (45) days after receipt of Borrower's completed Notice of Intent to Transfer by sale, notify Borrower whether Lender elects to exercise Lender's Purchase Option (the "Lender Response Notice"). If Lender elects to exercise Lender's Purchase Option, the procedures set forth in Section 6 shall govern. If Lender elects not to exercise Lender's Purchase Option, the Lender Response Notice shall identify the Maximum Resale Price (as may be adjusted pursuant to Section 5.3 below), and Lender will provide such other instructions as necessary in its sole discretion in relation to the Transfer of the Unit to an Eligible Buyer.

5.2 Permitted Sale to Eligible Buyer. In the event Lender elects to not exercise Lender's Purchase Option, Borrower may sell the Unit subject to all requirements of the Program and this Agreement, and as governed by the Mobilehome Residency Law. Specifically, Borrower shall only sell the Unit to an Eligible Buyer as determined and approved by Lender or its assignee, and Borrower shall not sell the Unit at a price above the Maximum Resale Price. Any sale or attempted sale in violation of this Section 5 shall be voidable by the Lender and shall constitute an Event of Default. Borrower shall work with Lender to sell to an Eligible Buyer within one hundred and twenty (120) days of the date of the Lender delivering written notice to Borrower of the Lender's intent not to exercise Lender's Purchase Option. Borrower shall deliver title to Eligible Buyer free and clear of any mortgage or other liens, unless approved in writing by Lender.

5.3 Inspection; Repair Costs. The provisions of Section 6.3 and 6.4 shall apply to Transfer by Sale to Eligible Buyer.

5.4 Maximum Resale Price. In the event that Lender approves, and Borrower is permitted to Transfer the Unit by sale to an Eligible Buyer, the maximum sales price shall not exceed the Maximum Resale Price.

5.5 Sale of Unit to an Eligible Buyer. Upon Lender underwriting and approving the qualifications and eligibility of an Eligible Buyer for the Unit, Borrower and the Eligible Buyer shall comply with the Security Interest requirements in Section 7 of this Agreement, and deliver or cause such Security Interest to be delivered into escrow, in addition to the following which Lender may require in its sole discretion:

(a) A purchase and sale agreement in a form provided by Lender to the Borrower and Eligible Buyer and fully executed by all appropriate parties, which agreement shall include resale and affordability and other such restrictions in the favor of and enforceable by Lender.

(b) If applicable, a loan agreement in a form provided by Lender to the Eligible Buyer and fully executed by all appropriate parties.

(c) If applicable, a promissory note and security agreement, fully executed by the Eligible Buyer in favor of Lender in a form required by Lender.

(d) Any cash down payment and/or additional funds for the purchase made by or on behalf of the Eligible Buyer shall be delivered into escrow.

5.6 Proceeds from Sale. Proceeds from the Transfer by sale shall be distributed in the following priority to the extent funds are available:

(a) First, to pay all customary closing costs that a seller would pay in San Mateo County (as charged to Borrower, including without limitation, as applicable, transfer taxes or recording fees, title insurance, escrow and closing fees, pro-rated property taxes, credits toward closing costs and the cost of a basic one-year home warranty contract per Section 5.9); and

(b) Second, to pay to Lender all Repair Costs (if any, and to the extent not already paid to Lender or accounted for in a reduction of the Maximum Resale Price) which are owed to Lender; and

(c) Third, to pay Lender for any outstanding Loan balance; and

(d) Fourth, any remaining amounts shall be paid to Borrower.

5.7 Personal Property. Borrower may not sell any personal property or accept any other consideration of any nature whatsoever from an Eligible Buyer to Borrower in connection with a Permitted Transfer by sale or otherwise unless fully disclosed to and approved by Lender in advance.

5.8 Real Estate Broker Commission. Borrower shall not contract with (and Borrower will have no right to reimbursement for costs of retaining) a real estate broker to sell the Unit.

5.9 Closing. At close of escrow, after repayment of the outstanding Loan balance to Lender, Lender shall release Borrower from this Agreement and cancel the Note, provided that Borrower shall convey title to the Unit to the Eligible Buyer by a purchase and sale agreement form provided by Lender or such other form as Lender or applicable law may require. Borrower shall pay at or prior to closing for a basic one-year home warranty contract issued by a reputable and established company to the Eligible Buyer. The Eligible Buyer shall pay the costs of any longer or more extensive warranty. All other closing costs shall be paid by Borrower or the Eligible Buyer.

5.9.1 Any outstanding Loan balance shall be repayable upon sale or Transfer of the Unit, however, if it is determined by the Lender that repayment of the Loan upon sale causes a hardship to the Borrower, the Borrower may request a waiver from Lender, which is subject to Lender's final approval.

SECTION 6 LENDER'S PURCHASE OPTION

6.1 Purchase Option. By taking title to the Unit, and in consideration of the economic benefits received by Borrower resulting from the purchase and ownership of the Unit through the Program, Borrower irrevocably grants to Lender an option to purchase all of Borrower's right, title, and interest in and to the Unit ("Lender's Purchase Option") for an amount not to exceed the Maximum Resale Price upon the occurrence of any of the following:

(a) In the event Borrower provides a Notice of Intent to Transfer by sale to Lender pursuant to Section 5.1 above; or

(b) Upon Lender's declaration of an Event of Default pursuant to Section 9, below, provided that in the case of an Event of Default, Lender's Purchase Option shall be in addition to any other remedy provided in this Agreement.

6.1.1. By taking title to the Unit, Borrower agrees that Lender's facilitation of the Transfers contemplated hereby and its acts, commitments and expenditures in furtherance thereof constitute adequate consideration for the grant of Lender's Purchase Option

6.2 Exercise of Option.

(a) Procedure. Lender may exercise Lender's Purchase Option by delivering written notice to Borrower of its intent to exercise Lender's Purchase Option pursuant to Section 6.1, including, but not limited to the delivery of Lender Response Notice to the Borrower pursuant to Section 5.1 above. Notwithstanding anything to the contrary in this Agreement, Lender's Purchase Option Price, and any amounts remitted to Borrower in connection with the exercise of Lender's Purchase Option, will be offset by the outstanding Loan balance.

(b) Assignment of Lender's Purchase Option. Lender may, without Borrower's consent, assign Lender's Purchase Option to an Eligible Buyer or to a governmental

agency or non-profit organization that agrees to be subject to this Agreement; provided, however, that any such assignment shall not extend any time limits contained in this Agreement.

(c) Upon Lender's election to exercise its Lender Purchase Option, Borrower shall sell, and Lender, or its assignee, shall purchase the Unit within one hundred and twenty (120) days of the date of the Lender delivering written notice to Borrower, including through the Lender Response Notice, of its intent to exercise Lender's Purchase Option. Borrower shall deliver title to Lender free and clear of any mortgage or other liens, unless approved in writing by Lender. Any costs incurred by Lender to clear title to the Unit shall be deducted from the Lender Purchase Option Price to the extent permitted by law.

6.3 Transfer Disclosure Statement. Within seven (7) days of Borrower's receipt of Lender's Notice of its election to exercise the Lender's Purchase Option, Borrower shall provide Lender with a Manufactured Home and Mobilehome Transfer Disclosure Form, as set forth in California Civil Code Section 1102.6d.

6.4 Unit Inspection; Repairs Report

(a) Unit Inspection. Upon the Lender's receipt of Borrower's Transfer Disclosure Form, Borrower hereby consents that Lender shall have the right to enter the Unit at reasonable times with twenty-four (24) hours advance notice to Borrower to inspect the condition of the Unit. Lender may prepare a report ("Repairs Report") that lists any identified damage, defects, or malfunctions with the Unit, including any violations of applicable laws or ordinances, such as building, plumbing, electric, fire or housing codes or any other provisions of the County Building Code, as well as the cost of completing the repairs ("Repair Costs"). The Repairs Report shall not affect or otherwise limit the Borrower's obligation to disclose to the Lender any material fact pertaining to the value or condition of the Unit.

(b) Timing of Report. If Lender exercises its right to inspect the Unit and prepare a Repairs Report, such report shall be completed, with a copy provided to Borrower, within thirty (30) days of Borrower providing Lender with the Transfer Disclosure Statement.

(c) Timing of Repair Work; Waiver. Upon Borrower's receipt of the Repairs Report, Borrower shall notify Lender within seven (7) days of whether Borrower will complete the repair work itself. If Borrower elects to complete the repair work itself, Borrower shall complete all such work within thirty (30) days and notify Lender immediately upon completion. If Borrower elects to repair or replace the items in the Repairs Report, the Lender shall have the right to re-inspect the Unit under the terms of this Section 6.4 after the repairs and/or replacements are complete. If Lender determines that deficiencies remain, any remaining Repair Costs shall be deducted from any amounts due to Borrower in connection with the sale, or applied to reduce the Maximum Resale Price, as determined in Lender's discretion. Lender will provide Borrower a forum in which to contest any remaining Repair Costs identified by Lender prior to closing.

6.5 Lender Purchase Option Price. If Lender exercises the Lender Purchase Option, Lender agrees to purchase, and the Borrower agrees to sell the Unit for an amount not to exceed the Maximum Resale Price.

6.6 Deposit of Funds into Escrow. In the event of a purchase by Lender or assignee, the following shall apply.

(a) Prior to the close of escrow, Lender shall deposit into escrow the amount of the Maximum Resale Price offset by the outstanding Loan balance, any outstanding Repair Costs, and all Advances previously paid by Lender. "Advances" include any payment by Lender of costs to the extent permitted by law including, but not limited to, principal, interest, taxes, assessments, insurance premiums, home Borrowers' fees, and associated late fees, costs, interest, attorneys' fees, costs of investigation (including but not limited to costs of investigating compliance with the Borrower occupancy requirements of Section 2), costs incurred in connection with the negotiation or drafting of any agreement among Lender, Borrower, and any third party, pest inspections, resale inspections, and other expenses related to the Unit, which Borrower has failed to pay or has permitted to become delinquent or which are required to remove liens and encumbrances pursuant to subsection (d) below or which are otherwise due to Lender. Closing costs shall be equally paid by Lender and Borrower. Title insurance shall be paid by Lender and Borrower pursuant to the custom and practice in San Mateo County at the time of the opening of escrow, or as may be provided otherwise by mutual agreement. Borrower agrees to do all acts and execute all documents necessary to enable the close of escrow and Transfer of the Unit to Lender or its designee.

(b) Any outstanding Loan balance shall be repayable upon sale or Transfer of the Unit, however, if it is determined by the Lender that repayment of the Loan upon sale causes a hardship to the Borrower, the Borrower may request a waiver from Lender, which is subject to Lender's final approval.

SECTION 7

SECURITY INTEREST

7.1 Security Interest for the Loan. Borrower hereby grants Lender, to secure the payment and performance in full of Borrower's obligations under this Agreement including those certain obligations that survive termination of the Agreement as specified herein, a continuing security interest (the "Security Interest") in, and pledges to the Lender, the Unit, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. The Security Interest for the Loan shall therefore be effected as follows:

(a) By a title lien on the Unit which shall be registered with the State of California Department of Motor Vehicles and/or with the Department of Housing and Community Development, wherein the Borrower shall be listed as the registered owner of the Unit and the Lender listed as the legal owner/lien holder. Borrower agrees to execute any documents reasonably requested by Lender to further evidence the Security Interest granted in this Section.

(b) By filing a Uniform Commercial Code-1 (UCC-1) Financing Statement with the California Secretary of State and a Statement of Lien and/or this Agreement filed with the County of San Mateo Clerk-Recorder's Office, and such renewals to provide continued notice of Lender's Security Interest in the Unit, including to secure restrictions that survive termination of this Agreement.

(c) Borrower will promptly submit any forms and fees required to register and title the Unit with either the California Department of Vehicles or the California Department of Housing and Community Development, whichever is required for the Unit. Lender will also list Lender as the legal owner/lien holder of the Unit on these forms.

(d) Borrower will supply and sign any other documents that the Lender determines are needed to legally create and perfect the Security Interest in the Unit, which includes the original Certificate of Title for the Unit. For avoidance of doubt, Borrower hereby authorizes Lender to file any document that Lender determines is necessary to legally create and perfect the Security Interest that Borrower granted to the Lender under this Agreement and to continue such Security Interest until Borrower has fully repaid the Loan.

SECTION 8 MISCELLANEOUS

8.1 No Option Assignment Liability. In no event shall Lender in any way become liable to Borrower nor become obligated in any manner to any other party by reason of the assignment of Lender's Purchase Option, nor shall Lender in any way be obligated or liable to Borrower for any failure of Lender to purchase the Property or to comply with the terms of Lender's Purchase Option.

8.2 Insurance Requirements; Distribution of Insurance and Condemnation Proceeds. Borrower shall obtain and maintain a standard all risk property insurance policy equal to the replacement value of the Unit, naming Lender as an additional insured. Borrower will provide Lender with proof of such insurance annually, which insurance will name Lender as an additional insured. If the Unit is damaged or destroyed and Borrower elects not to replace or repair the Unit, Borrower shall pay Lender the outstanding Loan balance and accrued interest from any insurance proceeds received by Borrower for such destruction or damage. If the Unit is condemned, Borrower shall pay Lender the outstanding Loan balance and accrued interest. Borrower hereby gives Lender a power of attorney (which Borrower cannot cancel) so that Lender may do whatever it needs to in order to collect the insurance proceeds. If Borrower fails to obtain, maintain, or pay for the required insurance, or if Borrower fails to arrange for Lender to be named as loss payee, Lender may treat that as a default of Borrower's obligation under this Agreement and Lender may (but is not required to) purchase such insurance. If Lender purchases such insurance, Borrower will immediately repay Lender for any amounts Lender spends in purchasing the insurance.

8.3 Maintenance and Use. Borrower shall maintain the exterior of the Unit in good condition and repair throughout the Borrower's period of ownership of the Unit. Borrower may not use Unit for any unlawful purpose nor remove any part of it from the Community. Borrower shall also maintain the interior of the Unit in good condition and all appliances and fixtures in good working order. Borrower will not use or alter the Unit in any way that materially breaches their Space Lease with Lender or Lender's designee, or in a way that violates any applicable insurance policy or any other laws or regulations, including but not limited to any applicable County or State zoning or building regulations. Subject to and to the extent permitted by the terms of such applicable law, including Civil Code Section 798.26(b), Lender and Lender's

representatives may inspect the Unit at any reasonable time and upon reasonable notice to ensure compliance with this obligation. Borrower further agrees to (i) not move, sell, lease or otherwise transfer title to the Unit, except as permitted by this Agreement; (ii) not attach the Unit to any real estate and to maintain it as personal property; (iii) not sell, assign or create or permit to exist any lien on or security interest in the Unit in favor of anyone other than Lender, unless Lender consents thereto in advance in writing; (iv) remove, upon Lender's request, any unauthorized lien or security interest in it, and defend any claim affecting it; (v) pay all charges against the Unit, including but not limited to taxes, assessments, encumbrances, rents, and insurance, and upon Borrower's failure to do so, Lender may pay any such charge as it deems necessary and add the amount paid to the indebtedness of Borrower secured hereunder.

8.4 Space Lease and Location of Unit. Borrower agrees that while Borrower owns the Unit, Borrower will continue to rent or lease a space pursuant to the Space Lease in the Community on which the Unit will be placed. Borrower will not relocate the Unit from the rented space within the Community. Borrower shall adhere to the terms of the Space Lease at all times.

8.5 Taxes, Registration, Insurance and Utilities. Borrower will promptly pay all taxes, utilities, insurance, registration fees, and other payments due for the Unit that must be made to any government entity or agency including but not limited to the State of California and the County of San Mateo.

8.6 Annual Monitoring. Upon request from Lender, Borrower shall furnish to Lender documents verifying Unit occupancy, income verification and confirmation that the Unit continues to be insured as required by this Agreement. Such documents may include insurance statements, paystubs, vehicle license and registration documents, personal income tax forms, and utility or property bills, showing owner's name and the home address.

8.7 Over-Income Households. At time of annual monitoring, if Borrower's Household income is greater than eighty percent (80%) of Area Median Income for San Mateo County, Borrower's space rent may be increased to the lesser of 30 percent (30%) of the household's actual monthly household income or to a comparable market rate rent for a unit of comparable size, upon sixty (60) days' written notice of Borrower. Any increases are subject to applicable state and local laws.

8.8 Refinancing. A sale, transfer, lease, cash-out refinance, or encumbrance of all or any interest in the Unit may not be made without the Lender's prior written consent.

8.9 Attorneys' Fees and Costs. If any action is brought to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs.

8.10 Governing Law. This Agreement shall be construed in accordance with and be governed by the laws of the State of California. The venue for any legal action pertaining to this Agreement shall be the San Mateo County Superior Court located in San Mateo County, California.

8.11 Controlling Agreement. Borrower covenants that it has not executed and will not execute without Lender's prior written approval, any other agreement with provisions contradictory to or in opposition to the provisions of this Agreement.

8.12 Severability. If any one or more of the provisions contained in this Agreement for any reason shall be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein.

8.13 Time of the Essence. Time is of the essence of this entire Agreement. Whenever the time for performance falls on a day which is not a business day, such time for performance shall be extended to the next business day.

8.14 Notices. All notices, demands, requests for approval and other communications provided for in this Agreement shall be in writing and shall be deemed received if sent to the addresses set forth below (a) on the date of delivery when personally delivered; (b) one business day after deposit with a reputable overnight courier or delivery service with all delivery charges paid; or (c) date of receipt by party if deposited in the United States first class mail, postage prepaid, registered or certified, return receipt requested. Any party may change its address by notice delivered in the manner specified above.

If to Lender:

County of San Mateo
Department of Housing
264 Harbor Blvd., Bldg. A
Belmont, CA 94002

If to Borrower:

BORROWER NAMES

830 Stone Pine Road, #SPACE NUMBER
Half Moon Bay, CA 94019

8.15 Nonliability of Lender. Lender shall have no obligation to exercise any option granted it under this Agreement. In no event shall Lender become in any way liable or obligated to Borrower or any successor-in-interest to the Borrower by reason of Lender's Purchase Option under Section 6 above nor shall Lender be in any way obligated or liable to Borrower or any successor-in-interest to Borrower for any failure to exercise its option to purchase.

(a) Borrower acknowledges, understands, and agrees that the relationship between Borrower and Lender is solely that of an owner and an administrator of the Stone Pine Cove Loan Program, and that Lender does not undertake or assume any responsibility for or duty

to Borrower to select, review, inspect, supervise, pass judgment on, or inform Borrower of the quality, adequacy or suitability of the Unit or any other matter. Lender owes no duty of care to protect Borrower against negligent, faulty, inadequate or defective building or construction or any condition of the Unit and Borrower agrees that neither Borrower, or Borrower's heirs, successors or assigns shall ever claim, have or assert any right or action against Lender for any loss, damage or other matter arising out of or resulting from any condition of the Unit and will hold Lender harmless from any liability, loss or damage for these matters.

(b) Borrower agrees to indemnify and hold harmless Lender and its respective commissioners, officers, directors, employees and agents from and against all liabilities, losses, claims, damages, judgments, costs and expenses (including, without limitation, reasonable attorney's fees) incurred by Lender arising out of or relating to any action by Borrower, including, but not limited to: (i) Borrower's default, performance, or failure to perform any obligations as and when required by this Agreement or the Lender Security Agreement; (ii) the failure at any time of any of Borrower's representations to the Lender to be true and correct; or (iii) Borrower's purchase or ownership of the Unit. Borrower agrees that if any claims, demands, suits or other legal proceedings are made or instituted by any person against Lender which arise out of any of the matters relating to this Agreement, the Borrower shall cooperate fully with Lender in the defense or other disposition.

8.16 Construction. The rule of strict construction does not apply to this Agreement. This Agreement shall be given a reasonable construction to prevent any Prohibited Transfer or any use of the Unit in violation of this Agreement. Whenever the context and construction so require, all words used in the singular shall be deemed to be used in the plural, all masculine shall include the feminine and neutral, and vice versa.

8.17 Entire Agreement and Modifications. This Agreement, together with the exhibits attached hereto, represents the entire agreement between the Parties with respect to the subject matter set forth herein and replaces and supersedes any and all prior or contemporaneous oral or written agreements. Any translated version of this Agreement provided to Borrower for reference purposes shall not constitute part of this Agreement, and shall not be used to interpret the meaning of any provision of this Agreement. This Agreement may be modified only in a writing duly signed by the affected Borrower or Borrowers and an authorized agent of Lender.

8.18 Term. This Agreement shall become effective on the Effective Date, and unless sooner terminated in accordance with Section 3, shall remain in full force and effect for twenty (20) years from the Effective Date.

8.19 Compliance Monitoring.

(a) To the extent allowed by law, Borrower shall allow inspection of the Unit upon notice by any agency or entity with inspection or enforcement authority, including by San Mateo County building inspectors, insurance adjusters or any other enforcement agency with authority to investigate and inspect violations or deficiencies in the Unit.

(b) Borrower shall retain all records related to compliance with obligations under this Agreement for a period of not less than five (5) years and shall make such records

available to Lender or its designee for inspection and copying upon five (5) business days advance written notice.

(c) Lender or its designee shall monitor Borrower's compliance with the requirements of this Agreement on an annual basis as stated in Section 2. Borrower shall cooperate with Lender monitoring and provide required certifications and other information required by Lender to determine compliance within ten (10) days of receipt of a written request by Lender.

8.20 Nondiscrimination. Borrower covenants by and for itself and its successors and assigns that there shall be no unlawful discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, age, disability, sex, sexual orientation, marital status, ancestry or national origin in the sale, transfer, use, occupancy, tenure or enjoyment of the Unit, nor shall Borrower or any person claiming under or through Borrower establish or permit any such practice or practices of unlawful discrimination or segregation with reference to the use, occupancy, or transfer of the Unit.

8.21 Payment of the Lender Fee for Administrative Costs of Processing Agreement. Lender has the right to collect, and Borrower acknowledges and agrees to pay Lender a portion of its administrative costs for preparing and processing this Agreement in an amount not to exceed Five Hundred Dollars (\$500), which amount may be part of the closing costs and shall be paid to the Lender at Borrower's close of escrow for purchase of the Unit.

8.22 Recordation of Agreement. Immediately following the Effective Date, this Agreement shall be recorded against the Unit in the Official Records of San Mateo County.

8.23 Signatures. This Agreement may be signed in counterparts, each of which will be considered an original, but all of which, taken together, shall be one and the same agreement.

8.24 Exhibits. The following exhibits are attached to this Agreement and incorporated herein by this reference:

Exhibit A: Notice of Intent to Transfer

Exhibit B: Form of Note

SECTION 9 DEFAULT

9.1 Event of Default. Any one of the following events shall constitute an "Event of Default" by Borrower:

(a) Lender determines that Borrower has made a misrepresentation or concealed any material fact from the Lender to obtain the benefits of purchase of the Unit or in connection with its obligations under this Agreement.

- (b) Borrower transfers, or attempts to Transfer, the Unit in violation of this Agreement or engages in an action that otherwise constitutes a Prohibited Transfer.
- (c) Borrower fails to owner-occupy the Unit in violation of Section 2.1(b) of this Agreement.
- (d) Borrower rents or leases the Unit in violation of Section 2.1(c) of this Agreement.
- (e) Borrower fails to pay space rent, utilities, insurance, and related charges due in the Community where the Unit is located.
- (f) Borrower fails to provide information to Lender necessary to determine Borrower's compliance with the requirements of this Agreement.
- (g) A lien is recorded against the Unit other than the lien of the Loan approved by Lender.
- (h) Borrower fails to comply with any other requirements of this Agreement and the Space Lease.
- (i) Borrower fails to notify Lender of their eviction from the Community in which the Unit is located.
- (j) Borrower moves or relocates the Unit from the leased space either within or outside the Community.
- (k) Borrower engages in a sale, transfer, lease, cash-out refinance, or encumbrance of all or any interest in the Unit without Lender's prior written consent.

9.2 Remedies. Upon a declaration of Event of Default by Lender under this Agreement, Lender may:

- (a) Declare Excess Rental Proceeds immediately due and payable without further demand, if applicable.
- (b) Accelerate payments due under the Note.
- (c) Invoke the power of sale under the Security Interest.
- (d) Apply to a court of competent jurisdiction for such relief at law or in equity as may be appropriate.
- (e) Take such enforcement actions as are authorized under the County Ordinance Code or other applicable law or regulation including and without limitation, Health and Safety Code Section 18037.5.
- (f) Declare an Event of Default under the Note and the Agreement and pursue all remedies under the Agreement and/or the Note; or

(g) Exercise Lender's Purchase Option pursuant to Section 6 of this Agreement.

9.3 Notice and Cure. Upon an Event of Default, Lender may give written notice to Borrower specifying the nature of the violation. If notice is given and the violation is not corrected to the satisfaction of Lender within a reasonable period of time, not longer than thirty (30) days after the date the notice is mailed, or within such further time as Lender determines is necessary to correct the violation or as set forth in this Agreement, Lender may declare an Event of Default under this Agreement. However, if Borrower is in default under any financing secured by the Unit, Lender may declare an Event of Default upon receipt of any notice given to Lender pursuant to Health and Safety Code Section 18037.5 or through any other means and may exercise its rights as provided in this Section.

SECTION 10 BORROWER'S ACKNOWLEDGEMENTS

10.1 This Agreement places certain restrictions and limits the price for which Borrower may sell the Unit. Borrower may not enjoy the same economic or other benefits from owning the Unit that Borrower would enjoy if this Agreement did not exist.

10.1.1 Borrower understands all the provisions of this Agreement. Borrower agrees to the provisions of this Agreement with the understanding that this Agreement will remain in full force and effect as to the Unit throughout the Term of this Agreement.

10.2 **POTENTIAL FOR UNIT DEPRECIATION. BORROWER ACKNOWLEDGES AND AGREES THAT THE UNIT WILL NOT NECESSARILY APPRECIATE IN VALUE DURING THE DURATION OF BORROWER'S OWNERSHIP, AND WHEN BORROWER TRANSFERS THE UNIT, BORROWER MAY NOT RECEIVE THE FULL AMOUNT OF THE MAXIMUM RESALE PRICE.**

SECTION 11 BORROWER'S CONTINUING OBLIGATIONS

11.1 The following sections and associated rights and obligations stated therein shall survive termination of this Agreement: Sections 2, 4, 4A, 5, 6, 7.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8.

[Signatures Follow on Subsequent Page]

IN WITNESS WHEREOF, the Parties hereto, by and through the signatures of their duly authorized representatives, acknowledges that they have read, accept and agree to the terms of this Agreement.

LENDER:

COUNTY OF SAN MATEO, a political
subdivision of the State of California

By: _____

Raymond Hodges
Director, Department of Housing
[Signature must be notarized]

BORROWER(S):

[Name(s)]

[Signature must be notarized]

[Name(s)]

[Signature must be notarized]

[Name(s)]

[Signature must be notarized]

TEMPLATES ONLY

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(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 paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

TEMPLA TE ONLY

**EXHIBIT A
NOTICE OF INTENT TO TRANSFER**

Date _____

To: County of San Mateo
Department of Housing
264 Harbor Blvd., Bldg. A
Belmont, CA 94002

The undersigned _____, Borrower under that certain Stone Pine Cove Loan Agreement, Restrictions And Security Agreement (the "Agreement") relating to the loan for that certain YEAR MAKE MODEL, decal number DECAL NUMBER, serial number SERIAL NUMBER located at STONE PINE COVE at 830 STONE PINE ROAD, HALF MOON BAY, CA 94019 on space #SPACE NUMBER in San Mateo County, California (the "Unit") hereby notifies the County of San Mateo ("Lender") of Borrower's intent to Transfer the Unit. The reason or circumstances relating to such proposed Transfer are as follows (check applicable reason) and are subject to the terms and conditions in the Agreement:

- _____ Transfer to a spouse or Domestic Partner where the spouse or Domestic Partner becomes a co-borrower and co-owner of the Unit.
- _____ Transfer to a Borrower's spouse, or, domestic partner, natural or adopted children, by agreement.
- _____ Transfer to a surviving spouse or Domestic Partner, or natural or adopted children, by bequest, through probate, or otherwise by operation of law following the death of Borrower.
- _____ Transfer by bequest, through probate, or otherwise by operation of law to anyone other than a spouse, Domestic Partner, or natural or adopted children following the death of Borrower.
- _____ Transfer from one Co-Borrower to another Co-Borrower by bequest, through probate, or otherwise by operation of law upon the death of the Co-Borrower.
- _____ Transfer by Borrower into an inter vivos revocable trust in which Borrower is the beneficiary, trustor, and trustee of the trust and remains an occupant of the Unit.
- _____ Transfer by Borrower by sale, which sale shall be to either an Eligible Buyer or the Lender pursuant to the Lender's Purchase Option.

Name and phone number of person for Lender to contact to schedule inspection:

Name: _____

Phone Number: _____

B. I agree to prepare the Unit for sale by:

1. Allowing Lender or its designee to inspect the Unit at reasonable times with twenty-four (24) hours advance notice.
2. Maintaining utility connections until the Unit is transferred, and
3. Permitting a walk through by Lender prior to close of escrow or the transfer.

Any additional information regarding a proposed transferee shall be provided immediately upon request.

The undersigned acknowledges that all applicable time periods under the Agreement commence only upon Lender's receipt of this notice. The undersigned further acknowledges and agrees that any such transfer shall be subject to the provisions of the Agreement.

Borrower certifies that the foregoing information to be true and correct and is signed under penalty of perjury.

By: _____
Borrower

Date: _____

EXHIBIT B
FORM OF NOTE

NOTICE TO BORROWER
THIS DOCUMENT CONTAINS PROVISIONS
RESTRICTING RESALE AND ASSUMPTIONS.

PROMISSORY NOTE AND SECURITY AGREEMENT

County of San Mateo
Stone Pine Cove Loan Program

<<Loan Amount>>

830 Stone Pine Road, #SPACE NUMBER

Half Moon Bay, California 94019

<<MONTH>> <<DAY>>, 2025

FOR VALUE RECEIVED, the undersigned <<BORROWER NAME>> <<BORROWER NAME 2>> <<BORROWER NAME 3>>, ("Borrower"), in accordance with this promissory note (the "Note"), promises to pay to the County of San Mateo, a political subdivision of the State of California ("Lender") at County of San Mateo, Department of Housing, 264 Harbor Blvd., Bldg. A, Belmont, CA 94002 or such other place as Lender may designate in writing, the amount of \$_____ (the "Loan"), in addition to any amounts due the County as Excess Rental Proceeds as applicable. Borrower's obligations with respect to the Loan are set forth in that certain "Stone Pine Cove Loan Agreement, Restrictions and Security Agreement" between Borrower and Lender, dated on or about the date hereof (the "Agreement").

1. Definitions. The capitalized terms used but not defined in this Note shall have the same meanings as in the Agreement.
2. Purpose of Note. This Note evidence Borrower's obligations to repay the Loan provided pursuant to the Agreement.
3. Use of Loan Proceeds. Borrower understands and agrees that the Loan proceeds are to be used for the sole purpose of purchasing a manufactured home to be located at 830 Stone Pine Road, #SPACE NUMBER in San Mateo County, California (the "Unit"), pursuant to Lender's Stone Pine Cove Loan Program.
4. Security. This Note is secured by a Security Interest dated the same date as this Note as set forth in the Agreement. Borrower understands and agrees that Lender shall have full recourse against Borrower and their assets to the fullest extent permitted by law in order to satisfy Borrower's obligations to repay the Loan, and pursuant to and upon all the warranties, representations, covenants and agreements set forth in the Agreement and this Note.

(a) Borrower acknowledges that Lender is authorized to file any document that it determines is necessary in its sole discretion to legally create the security interest granted to Lender under this Agreement and to continue the security interest until the Maturity Date. Borrower understands that such document may include a Uniform Commercial Code-1 (UCC-1) Financing Statement filed with the California Secretary of State and a Statement of Lien and/or this Agreement filed with the County of San Mateo Clerk-Recorder's Office.

5. Interest. Simple interest on the unpaid principal balance will accrue daily, from the Effective Date, at an annual rate equal to zero percent (0%).

6. Term. The Note shall have the following term:

(a) The Loan shall commence on the Effective Date and terminate on the earliest of: (1) Lender's declaration of an Event of Default by the Borrower; or (2) Twenty (20) years from date of Unit purchase date, if still owned and continuously occupied by Borrower (the "Maturity Date").

7. Payments.

(a) No monthly payments or interest shall accrue during the 20-year term.

(b) Beginning in the 10th year of the loan, the principal shall be forgiven annually at 10 percent of the original principal and forgiven an additional 10 percent each additional year beyond the 10th year.

(c) Principal shall be forgiven on the Maturity Date, if Unit is still owned and has been continuously occupied by the Borrower as Borrower's principal residence for the term of the Loan.

(d) If Borrower's repayment obligation is triggered, Borrower acknowledges that Lender will service the loan through the County of San Mateo's Department of Housing, or another loan servicer determined at Lender's sole discretion, to serve as the loan administrator for the Loan. Borrower understands that if a loan administrator is used, there may be a monthly fee to cover the costs of processing the loan payment, and Borrower agrees to timely and fully pay such fee each month.

(e) Any amounts of principal or interest not paid/repaid at the time of an Event of Default (or upon the failure to cure an Event of Default, if applicable pursuant to the terms of this Agreement) shall be due and payable by the Borrower.

8. Default and Acceleration. Any of the following constitutes an event of default under this Note ("Event of Default"):

(a) Borrower's failure to duly perform, comply with, or observe any of the conditions, terms, or covenants of this Note, or the Agreement.

(b) The occurrence of any Event of Default under the Loan Agreement, subject to notice and cure periods, if any, set forth therein.

9. **Unit Sale or Transfer of Title:** Except as expressly authorized under the Agreement, in the event of a sale or transfer of the Unit or any interest therein by Borrower without prior written consent of Lender, the entire principal balance of this Note, any accumulated interest, and Excess Rents shall be

immediately due and payable.

10. **NONLIABILITY FOR NEGLIGENCE, LOSS, OR DAMAGE.** BORROWER ACKNOWLEDGES, UNDERSTANDS, AND AGREES LENDER AND ITS DESIGNATED AGENTS NEITHER UNDERTAKE NOR ASSUME ANY RESPONSIBILITY FOR OR DUTY TO BORROWER TO SELECT, REVIEW, INSPECT, SUPERVISE, PASS JUDGMENT ON, OR INFORM BORROWER OF THE QUALITY, ADEQUACY OR SUITABILITY OF THE UNIT OR ANY OTHER MATTER. LENDER AND ITS DESIGNATED AGENTS OWES NO DUTY OF CARE TO PROTECT BORROWER AGAINST NEGLIGENT, FAULTY, INADEQUATE OR DEFECTIVE BUILDING OR CONSTRUCTION OR ANY CONDITION OF THE UNIT AND BORROWER AGREES THAT NEITHER BORROWER, OR BORROWER'S HEIRS, SUCCESSORS OR ASSIGNS SHALL EVER CLAIM, HAVE OR ASSERT ANY RIGHT OR ACTION AGAINST LENDER OR ITS AGENTS FOR ANY LOSS, DAMAGE OR OTHER MATTER ARISING OUT OF OR RESULTING FROM ANY CONDITION OF THE UNIT AND WILL HOLD LENDER AND ITS AGENTS HARMLESS FROM ANY LIABILITY, LOSS OR DAMAGE FOR THESE THINGS.

11. **Indemnity.** Borrower agrees to defend, indemnify, and hold Lender and its employees, agents, officers, and board members harmless from all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorney fees that Lender and their designated agents may incur as a direct or indirect consequence of:

(a) Borrower's failure to perform any obligations as and when required by this Note and the Agreement; or

(b) The failure at any time of any of Borrower's representations or warranties to be true and correct.

12. **No Waiver by Lender.** Failure by Lender to pursue its legal and equitable remedies upon Borrower's default shall not constitute a waiver of Lender's right to declare a default and exercise all of its rights under this Note and the Agreement. Nor shall acceptance by Lender of any payment provided for herein constitute a waiver of Lender's right to require prompt payment of any remaining principal owed. A waiver of any term of the Note must be made in writing and shall be limited to the express written terms of such waiver.

13. **Attorney's Fees and Costs.** Borrower agrees that if any amounts due under this Note are not paid when due, to pay in addition to all Excess Rents, all costs and expenses of collection and reasonable attorney fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

14. **Joint and Several Obligations.** This Note is the joint and several obligations of all makers, sureties, guarantors, and endorsers, and shall be binding upon them and their successors and assigns.

15. **No Offset.** Borrower hereby waives any rights of offset it now has or may hereafter have against Lender, its successors and assigns, and agrees to make the payments called for herein in accordance with the terms of this Note.

16. **Waiver.** Borrower and any endorsers or guarantors of this Note, for themselves, their heirs, legal representatives, successors and assigns, respectively, severally waive diligence, presentment, protest, and demand, and notice of protest, notice of dishonor and notice of non-payment of this Note, and expressly waive any rights to be released by reason of any extension of time or change in terms of

payment, or change, alteration or release of any Security given for the payments hereof, and expressly waive the right to plead any and all statutes of limitations as a defense to any demand on this Note or Agreement to pay the same, and jointly and severally agree to pay all costs of collection when incurred, including reasonable attorneys' fees.

17. Notices. All notices required in this Note shall be sent by certified mail, return receipt requested, express delivery service with a delivery receipt, or personal delivery with a delivery receipt and shall be deemed to be effective as of the date received, the date delivery was refused, or the date returned as undeliverable as indicated on the return receipt as follows:

To the Borrower:

«BORROWER_NAME»
«BORROWER_NAME_2»
830 Stone Pine Road, # SPACE NUMBER
Half Moon Bay, CA 94019

To the Lender:

County of San Mateo
Department of Housing
264 Harbor Blvd., Bldg. A
Belmont, CA 94002

The parties may change addresses by providing written Notice of the change in address to the other Parties in accordance with this Section.

18. Controlling Law. This Note shall be construed in accordance with and be governed by the laws of the State of California. The venue for any legal action pertaining to this Note shall be the San Mateo County Superior Court located in San Mateo County, California.

19. Assignment by Lender. Lender may assign its right to receive the proceeds under this Note to any person and upon notice to Borrower by Lender all payments shall be made to the assignee. The County may transfer or assign this Note to a government agency or nonprofit entity without obtaining approval of the Borrower.

20. Severability. Should any provision of this Note be held to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

BORROWER:

«BORROWER_NAME»

«BORROWER_NAME_2»

«BORROWER_NAME_3»