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RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attention: City Clerk

APNs: 099-031-01 and 099-031-02
099-031-08 and 099-031-09

This document is recorded at the request and for the benefit of the City of Garden Grove and exempt from payment of a recording fee pursuant to Government Code Sections 6103 and 27383.

**DENSITY BONUS AFFORDABLE HOUSING REGULATORY AGREEMENT
(13252 BROOKHURST STREET AND 10052 CENTRAL AVENUE)**

[THIS AGREEMENT CONTAINS SUBORDINATION REQUIREMENTS TO PRESERVE
PRIORITY OF LAND USE AND REGULATORY COVENANTS]

This **DENSITY BONUS AFFORDABLE HOUSING REGULATORY AGREEMENT** ("Agreement"), dated for identification purposes only as of February 19, 2025 ("Date of Agreement"), is entered into by and between the **CITY OF GARDEN GROVE**, a California municipal corporation ("City"), on the one hand, and **GGBROOKHURST 2024, LLC**, a California limited liability company ("Owner"), on the other hand. City and Owner are sometimes collectively referred to in this Agreement as the "Parties" and individually as a "Party." All parenthetically defined capitalized terms shall have their defined meaning when used within this Agreement.

RECITALS

A. Owner is the owner of real property constituting approximately 1.22 acres located at 13252 Brookhurst Street and 10052 Central Avenue in the City of Garden Grove, California, Assessor's Parcel Nos. 099-031-01, 099-031-02, 099-031-08, and 099-031-09, as more particularly described in the Legal Description attached hereto as Exhibit A and incorporated herein (the "Site").

B. Owner's affiliate, Melia Homes, Inc. ("Melia Homes"), submitted an application to City for approval of (1) Site Plan No. SP-127-2023 and (2) Tentative Tract Map No. TT-19273 (collectively, the "Project Entitlements") to develop the Site with a 30-unit residential condominium townhome project consisting of twenty-seven (27) market-rate condominium units and three (3) condominium units to be restricted for sale to persons and families of moderate income or below (the "Project").

C. In response to said application, the City approved the Project Entitlements pursuant to City Council Resolution No. 9841-24, subject to certain "Conditions of Approval."

D. The City will grant one (1) concession and incentive and five (5) waivers or reductions of development standards to the Project pursuant to California Government Code Section 65915, *et seq.*, and Garden Grove Municipal Code Section 9.60.040 (collectively, "Density

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Bonus Law”), in exchange for Owner’s agreement to restrict three (3) of the thirty (30) Units at the Site to purchase and occupancy by Qualified Purchasers or Qualified Nonprofit Housing Corporations at a price that does not exceed the Maximum Affordable Unit Sales Price (as those terms are defined below).

E. In connection with the concessions and waivers granted to the Project, the Density Bonus Law and the Garden Grove Municipal Code require Owner to enter into an Affordable Housing Regulatory Agreement (“Regulatory Agreement”) with City to implement Owner’s affordable housing obligations at the Project.

F. Owner and City desire to enter into this Agreement to provide for Owner’s sale of three (3) of the thirty (30) for-sale condominiums Units at the Site to Qualified Purchasers or Qualified Nonprofit Housing Corporations at a price that does not exceed the Maximum Affordable Unit Sales Price, as required by the Density Bonus Law and the Conditions of Approval, in accordance with the terms, conditions, and restrictions set forth below in this Agreement.

G. The foregoing Recitals are true and correct and constitute a substantive part of this Agreement.

COVENANTS

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the City and Owner agree as follows:

Section 1. Definitions.

- (a) Adjusted for Family Size Appropriate for the Unit. “Adjusted for Family Size Appropriate for the Unit” is defined in California Health and Safety Code Section 50052.5 as it exists on the Date of Agreement, a copy of which is attached as Exhibit B.
- (b) Affordable Unit. “Affordable Unit” means each of the three (3) Units within the Project to be sold by Owner to Qualified Purchasers or Qualified Nonprofit Housing Corporations at a cost that does not exceed the Maximum Affordable Unit Sales Price in accordance with this Agreement.
- (c) Affordable Unit Sale Confirmation Notice. “Affordable Unit Sale Confirmation Notice” means the notice to be provided by City to Owner pursuant to Section 8 of this Agreement concurring with or objecting to the proposed sale of an Affordable Unit to a Homebuyer.
- (d) Affordable Unit Sale Notice. “Affordable Unit Sale Notice” means the notice to be provided by Owner to City pursuant to Section 8 of this Agreement prior to the sale of an Affordable Unit to a Homebuyer.
- (e) Agreement. “Agreement” means this Density Bonus Affordable Housing Regulatory Agreement between City and Owner.

- (f) Area Median Income. “Area Median Income” means the median gross yearly income Adjusted for Family Size Appropriate for the Unit as specified for Orange County, as published from time to time by HCD pursuant to California Code of Regulations, Title 25, Section 6932 or successor provision. In the event that such income determinations are no longer published, or are not updated for a period of at least eighteen (18) months, the City shall provide the Owner with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by HCD or the U.S. Department of Housing and Urban Development. In no event shall Area Median Income decrease below the highest level published by HCD for Orange County after the Date of Agreement.
- (g) CC&Rs. “CC&Rs” means covenants, conditions and restrictions governing the Site approved by City pursuant to the Conditions of Approval.
- (h) City. “City” means the City of Garden Grove, a California municipal corporation.
- (i) City Manager. “City Manager” means the City of Garden Grove City Manager or his/her designee.
- (j) Conditions of Approval. “Conditions of Approval” means the conditions imposed by the City in connection with the approval of the Project Entitlements, as referenced in that certain “Notice of Discretionary Permit Approval and Agreement with Conditions of Approval” recorded in the Official Records of Orange County on June 20, 2024, as Instrument No. 2024000152755.
- (k) Date of Agreement. “Date of Agreement” means the date set forth in the first paragraph of this Agreement.
- (l) Density Bonus Law. Density Bonus Law means California Government Code Section 65915, *et seq.*, and Garden Grove Municipal Code Section 9.60.040.
- (m) Director. “Director” means the City of Garden Grove Director of Economic Development and Housing, or his or her designee.
- (n) First Reimbursement Agreement. “First Reimbursement Agreement” means that certain Reimbursement Agreement, dated on or about May 9, 2024, between City and Melia Homes, Inc., attached hereto as Exhibit C, pursuant to which Melia Homes agreed to reimburse City for specified “Reimbursable Costs,” as defined therein, in connection with preparation of the Regulatory Agreement required for the Project.
- (o) HCD. “HCD” means the California Department of Housing and Community Development.
- (p) Homebuyer. “Homebuyer” means a Qualified Purchaser who is the initial purchaser of an Affordable Unit.
- (q) Homebuyer Documents. “Homebuyer Documents” mean those covenants, agreements, notices, and other documents prepared by the City to be executed

and/or recorded by each Homebuyer of an Affordable Unit pursuant to Section 8 of this Agreement and may include, without limitation, an affordable housing covenant, a notice of affordability restrictions, an equity sharing agreement, an option agreement, an affordable housing note, a deed of trust, and a request for notice of default.

- (r) Housing Regulations. “Housing Regulations” means the regulations published from time to time by the California Department of Housing and Community Development pursuant to Health and Safety Code Section 50093, as they exist as of the Date of Agreement.
- (s) Household. “Household” means all persons residing in a Unit.
- (t) Lower Income Household. Lower Income Household has the meaning set forth in California Health and Safety Code Section 50079.5, as such statute exists on the Date of Agreement, a copy of which is attached as Exhibit B to this Agreement. The income level of a Household shall be determined in accordance with the Housing Regulations.
- (u) Market Rate Units. “Market Rate Units” means the Units within the Project to be rented or sold by Owner to a Household without restriction as to income levels, rental rate, or sales price.
- (v) Maximum Affordable Unit Sales Price. “Maximum Affordable Unit Sales Price” means the highest sales price at which an Affordable Unit may be sold to a Homebuyer, as determined by the City pursuant to Section 7, and is that price that results in a Monthly Housing Cost that does not exceed one hundred ten percent (110%) of the Area Median Income Adjusted for Family Size Appropriate for the Unit, multiplied by thirty-five percent (35%) and divided by twelve (12), assuming a seven point five percent (7.5%) down payment.
- (w) Melia Homes. “Melia Homes” means Melia Homes, Inc., a California corporation.
- (x) Moderate Income Household. “Moderate Income Household” means a Household whose income does not exceed the qualifying limits for moderate income households pursuant to California Health and Safety Code Section 50093 as such statute exists on the Date of Agreement, a copy of which is attached as Exhibit B to this Agreement, which is a Household whose income exceeds the qualifying limits for a Lower Income Household but does not exceed one hundred twenty percent (120%) of Area Median Income, Adjusted for Family Size Appropriate for the Unit. The income level of a Household shall be determined in accordance with the Housing Regulations.
- (y) Monthly Housing Cost. “Monthly Housing Cost” means the average estimated monthly housing costs a typical representative Household will incur in conjunction with the purchase and occupancy of an Affordable Unit as determined by the City pursuant to Section 7, and includes all of the following associated with an Affordable Unit: (i) principal and interest payments on a mortgage loan and associated mortgage insurance fees, if applicable; (ii) property taxes and

assessments, including Community Facilities District (CFD) fees, if applicable; (iii) the cost of fire and casualty insurance covering replacement value of property improvements to the extent not covered by the homeowner's association; (iv) homeowner's association fees; (v) maintenance and repair costs to the extent not covered by the homeowner's association; and (vi) a reasonable allowance for utilities, including garbage collection, sewer, water, electricity, gas, and other heating, cooking, and refrigeration fuels. Monthly Housing Cost is determined with respect to a representative Household, and not with respect to a particular applicant who is a potential Homebuyer. The actual monthly housing costs of a Qualified Purchaser may vary from the Monthly Housing Cost determined by the City; no Qualified Purchaser is required to incur such costs, including a mortgage loan, to purchase an Affordable Unit.

- (z) Owner. "Owner" means GGBrookhurst 2024, LLC, and all of its successors and assigns.
- (aa) Project. "Project" means the 30-unit residential condominium townhome project to be constructed by Owner on the Site, which includes the Units, all in accordance with the Project Entitlements, the Conditions of Approval, and this Agreement.
- (bb) Qualified Nonprofit Housing Corporation. "Qualified Nonprofit Housing Corporation" means a nonprofit corporation as defined and meeting the requirements set forth in paragraph 2 of subdivision c of California Government Code Section 65915.
- (cc) Qualified Purchaser. "Qualified Purchaser" means a Household that complies with all income verification requirements in this Agreement and that qualifies as a Moderate Income Household or a Lower Income Household.
- (dd) Regulatory Agreement. "Regulatory Agreement" means the agreement establishing covenants to ensure the construction and initial and continued affordability of income-restricted residential dwelling units required to be provided in conjunction with the approval of the Project pursuant to the Density Bonus Law and 9.60.050 of the Garden Grove Municipal Code. For purposes of this Agreement, the Regulatory Agreement consists of (i) this Agreement and (ii) either the Homebuyer Documents or all agreements required in conjunction with the sale of an Affordable Unit to a Qualified Nonprofit Housing Corporation.
- (ee) Site. "Site" means that certain approximately 1.22 acres of real property in the City, generally located at 13252 Brookhurst Street and 10052 Central Avenue, Garden Grove, California, as more particularly described in the Legal Description attached hereto as Exhibit A and incorporated herein.
- (ff) Unit. "Unit" means a residential dwelling unit within the Project to be sold by Owner and includes each Affordable Unit and each Market Rate Unit.

Section 2. Density Bonus and Development Concessions and Incentives. As set forth in the Conditions of Approval and the Density Bonus Law, Melia Homes petitioned for and was granted the following density bonuses, concessions, incentives, waivers or reductions of

development standards, and reduced parking ratios as part of the approval of the Project Entitlements:

- (a) Concession/Incentive 1: Provision of Alternative Project Amenities. Garden Grove Municipal Code Section 9.12.040.050.J.7(d) requires that common open space / recreation areas in multiple-family residential developments be designed to provide specific amenities, based on the number of units in the development. For a 30-unit development, Section 9.12.040.050.J.7(d) requires: (i) a minimum of three barbeques with table seating; (ii) a minimum 60 square foot community garden area; (iii) a minimum of 1,500 square feet of outdoor active use area; and (iv) two of the following three amenities: a business center with four workstations, a minimum 250 square foot indoor or outdoor gym, or a clubhouse with a minimum 400 square foot kitchen. Site Plan No. SP-127-2023 approves a concession / incentive allowing the Project to be designed to provide alternative types of amenities in the common open space areas.
- (b) Waiver 1: Reduced Distance Separation Between Buildings B and B(R). Garden Grove Municipal Code Section 9.12.040.050.A.1 requires a minimum distance separation of ten (10) feet between buildings. Site Plan No. SP-127-2023 approves a waiver / reduction of this standard allowing the Project to be designed to provide a separation of seven feet six inches (7'-6") between buildings B and B(R).
- (c) Waiver 2: Reduced Recreation Area Dimensions. Garden Grove Municipal Code Section 9.12.040.050.J.7(b) requires each active recreation area to have minimum horizontal dimensions of thirty (30) feet in any direction. Site Plan No. SP-127-2023 approves a waiver / reduction of this standard allowing the Project to be designed to provide a recreation area of varying widths as narrow as fifteen feet (15'-0").
- (d) Waiver 3: Waiver of Height Limit for Wall in Front Setback. Garden Grove Municipal Code Section 9.12.040.140 prohibits walls, fences, or hedges more than thirty-six inches (36") in height from being erected within the front yard setback. Site Plan No. SP-127-2023 approves a waiver of this standard allowing the Project to be designed to provide a block wall up to six feet (6'-0") in height within the front setback area along Brookhurst Street.
- (e) Waiver 4: Reduction of Amount of Landscaped Setback. Garden Grove Municipal Code Section 9.12.040.090.Q requires all developments having a contiguous property line to a primary or secondary arterial highway to observe a minimum fifteen foot (15'-0") landscaped setback. Site Plan No. SP-127-2023 approves a waiver/reduction of this standard allowing the Project to be designed to provide a five foot (5'-0") landscaped setback area along Brookhurst Street.
- (f) Waiver 5: Waiver to Allow Patios to Encroach into Front Setback. Garden Grove Municipal Code Section 9.12.040.020.D provides that patios, balconies, landings, porches, stairwells, bay windows and chimneys may not encroach into front or street side setbacks. Site Plan No. SP-127-2023 approves a waiver of this standard allowing the Project to be designed to provide for the patio areas of the eight (8)

units in Building A to encroach one foot, eight inches (1'-8") into the required front setback.

- (g) Reduced Parking Ratios. Garden Grove Municipal Code Section 9.12.040.180 requires a minimum of 2.75 parking spaces for each dwelling unit with two or fewer bedrooms and 3.5 spaces for each dwelling unit with three or more bedrooms to be provided in connection with multiple-family residential developments similar to the Project. However, pursuant to the Density Bonus Law, the City may not require the Project to provide a parking ratio that exceeds 1.0 parking spaces for each dwelling unit with one or fewer bedrooms, 1.5 parking spaces for each dwelling unit with two or three bedrooms, and 2.5 parking spaces for each dwelling unit with four or more bedrooms. The Project includes twenty-two (22) two-bedroom and eight (8) four-bedroom units; therefore, the Project is required to provide a least fifty-three (53) on-site parking spaces pursuant to the Density Bonus Law. The Project satisfies this requirement and will provide sixty-four (64) parking spaces, including 60 parking spaces within garages and four (4) guest parking spaces.

Section 3. No Further Incentives or Waivers. Owner acknowledges and agrees that the density bonus, incentives, concessions, waivers and reductions of development standards, and reduced parking ratios set forth in Section 2 above are the only deviations from City rules and regulations needed for the Affordable Units to be constructed and fully satisfy any duty City may have under the Garden Grove Municipal Code, the Density Bonus Law, or any other law or regulation applicable to the Project to provide any development incentive or to waive any building, zoning, or other requirement. By this Agreement, Owner releases any and all claims Owner may have against City in any way relating to or arising from City's obligation to waive requirements of or provide development incentives pursuant to any state, federal, or local law, rule, or regulation applicable to the Project.

Section 4. Development and Maintenance of Site.

- (a) Project. Owner shall develop, operate, and maintain the Site as a 30-unit residential condominium townhome project consisting of twenty-seven (27) Market Rate Units and three (3) Affordable Units in accordance with the Project Entitlements, the Conditions of Approval, this Agreement, the approved development plans, and all grading, building, and other permits issued by the City or other agencies in conjunction with development of the Project.
- (b) Affordable Units. Owner agrees to construct, or cause to be constructed, three (3) Affordable Units, consistent with the terms of this Agreement.
 - i. Timing of Construction of Affordable Units. The three (3) Affordable Units shall be constructed concurrently with the Market Rate Units in each building.
 - ii. Type and Bedroom Count of Affordable Units. The three (3) Affordable Units shall consist of two (2) "Plan 1" units and one (1) "Plan 2" unit, as described in the plans approved in conjunction with the Project Entitlements. Each Affordable Unit shall have at least two (2) bedrooms and two and one-half (2.5) bathrooms.

- iii. Location of Affordable Units. The Affordable Units shall consist of Unit 3 (Plan 1), Unit 5 (Plan 1), and Unit 17 (Plan 2), as described and identified on the plans approved in conjunction with the Project Entitlements. Upon written request of the Owner, the Director may, in his or her sole discretion, approve the construction of an Affordable Unit at a different location within the Project, provided the Affordable Unit is of the same plan type and contains the same number of bedrooms and bathrooms.
 - iv. Appearance of Affordable Units. The exterior appearance, entrances to the Units, and other architectural features of the Units will vary within the Project, but within the range of a common architectural theme. Within that range, the exterior appearance, entrances, and other architectural features of the Affordable Units shall be indistinguishable from those of the Market Rate Units of the same size, model, and/or plan type. Finishes and features shall be durable, of good quality, and consistent with contemporary standards for new housing. Each Affordable Unit shall be provided or have access to the same amenities as the Market Rate Units.
 - v. Upgrades. City acknowledges that a buyer of a Market Rate Unit may elect and pay for upgrades or improvements that are not included in the purchase price for a Unit of the same size and model and thus not necessarily included in a corresponding Affordable Unit, but nothing in the foregoing acknowledgment modifies or lessens Owner's obligation to provide first quality Affordable Units as described above.
- (c) Compliance with Laws. Developer shall carry out the design, construction, development of the Project and sale of all housing units, including the Affordable Units, in conformity with all applicable laws, the Garden Grove Municipal Code, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, et seq., California Government Code Section 4450, et seq., California Government Code Section 11135, et seq., and the Unruh Civil Rights Act, California Civil Code Section 51.
 - (d) Maintenance Covenants. Owner shall maintain the Site and Project and all improvements thereon, including all landscaping, in compliance with the Project Entitlements and Garden Grove Municipal Code during the period of Owner's ownership of the Site or portions thereof.
 - (e) Entry by City. Owner shall permit City, through its officers, agents, or employees, at all reasonable times to enter onto the Site and Project and inspect the work of development of the Project to determine that the same is in conformity with the Project Entitlements, the Conditions of Approval, this Agreement, the approved development plans, the permits and all requirements thereof. Owner acknowledges that City is under no obligation to supervise, inspect, or inform Owner of the progress of construction, and Owner shall not rely upon City therefor. Any inspection by City is entirely for its purposes in determining whether Owner is in

default under this Agreement and is not for the purpose of determining or informing Owner of the quality or suitability of construction. Owner shall rely entirely upon its own supervision and inspection in determining the quality and suitability of the materials and work, and the performance of architects, subcontractors, and material suppliers.

Section 5. Conditions Precedent to Owner's Sale of Each Affordable Unit. Owner shall only sell each Affordable Unit to either (i) a Homebuyer that is a Qualified Purchaser pursuant to Section 8, or (ii) a Qualified Nonprofit Housing Corporation pursuant to Section 9. The sale of each Affordable Unit by Owner shall be subject to the satisfaction, or waiver by, the Director of the following conditions precedent (which conditions are in addition to and not in limitation of any conditions to closing set forth in the purchase and sale agreement between Owner and a Homebuyer or Qualified Nonprofit Housing Corporation):

- (a) Subdivision Map; CC&Rs. Subject to the requirements of the Project Entitlements and other applicable City and state law requirements, Owner shall have (or caused to have) prepared, approved, executed, formed and caused to be recorded (i) the final subdivision map for the Project approved by the City, and (ii) the CC&Rs.
- (b) Affordable Unit Completed. The Affordable Unit shall have been completed, as evidenced by issuance of the final certificate of occupancy (or equivalent) for such Affordable Unit.
- (c) Purchase and Sale Agreement; Escrow. The purchase of the Affordable Unit by a Homebuyer or Qualified Nonprofit Housing Corporation shall be evidenced in a purchase and sale contract between Owner and the Homebuyer or Qualified Nonprofit Housing Corporation that has been approved by the City. A purchase and sale contract with a Homebuyer shall require the Homebuyer to execute the Homebuyer Documents and require them to be recorded against the Affordable Unit through escrow in conjunction with closing. A purchase and sale contract with a Qualified Nonprofit Housing Corporation shall require the Qualified Nonprofit Housing Corporation to execute all covenants and equity sharing agreements and require them to be recorded against the Affordable Unit through escrow in conjunction with closing. The sale shall be transacted through an escrow with an escrow company selected by Owner and reasonably approved by the Director. All escrow, title, and other costs relating to the sale transaction, the Homebuyer Documents, and/or documents to be recorded in conjunction with a sale to a Qualified Nonprofit Housing Corporation, shall be charged to Owner, as seller, for each initial sale of an Affordable Unit.
- (d) Escrow Instructions. The Director shall have approved the form of instructions for the escrow. The escrow instructions shall provide for payment to the City through escrow from Owner's proceeds of the City Administration Fee and any Additional Deposits due City pursuant to Section 10. It is anticipated that the Director will approve such instructions within fifteen (15) days after receipt of a complete package of escrow instructions.

- (e) Homebuyer Documents. If the purchaser is a Homebuyer, the Homebuyer Documents shall have been fully executed and delivered into escrow and shall be ready for recordation in connection with the closing of the sale of the Affordable Unit by Owner to the Homebuyer. If the purchaser is a Qualified Nonprofit Housing Corporation, the contract and equity sharing agreement required pursuant to Section 9 shall have been fully executed and delivered into escrow and shall be ready for recordation in connection with the closing of the sale of the Affordable Unit by Owner to the Qualified Nonprofit Housing Corporation.
- (f) City Confirmation. If the purchaser is a Homebuyer, City shall have provided an Affordable Unit Sale Confirmation that concurs with the proposed sale pursuant to Section 8. If the purchaser is a Qualified Nonprofit Housing Corporation, City shall have provided a written confirmation that the proposed sale complies with this Agreement pursuant to Section 9.
- (g) Representations and Warranties. The representations and warranties of Owner contained in this Agreement shall be correct as of the close of escrow as though made on and as of that date, and the Director shall have received a certificate to that effect signed by Owner.

Section 6. Marketing of Affordable Units to Homebuyers. For the initial sale of each Affordable Unit, Owner shall be responsible for the marketing of the Affordable Units to, and the screening and selection of, Qualified Purchasers.

- (a) Marketing Program. In accordance with Garden Grove Municipal Code Section 9.60.050.D(10), prior to the issuance of a certificate of occupancy for any Unit in the Project, Owner shall develop and submit a plan for the advertising and sale of the Affordable Units to Qualified Purchasers (“Marketing Program”) to the Director, for review and approval, which approval shall not be unreasonably withheld. Except as otherwise authorized by the Director, the Marketing Program shall include, without limitation, (i) a plan for and detailed description of how Owner will solicit and identify potential Qualified Purchasers for the Affordable Units; (ii) a description of the process Owner will implement to evaluate and select Qualified Purchasers for the Affordable Units; (iii) the form of the purchase and sale agreement Owner proposes to enter into with Qualified Purchasers; (iv) copies of forms, disclosures, and other documents Owner intends to provide to Qualified Purchasers; and (v) such other information reasonable requested or required by the City. The Affordable Units shall thereafter be marketed in accordance with the Marketing Program as the same may be amended from time to time with City’s prior written approval, which approval shall not unreasonably be withheld.
- (b) Periodic Reports. Within sixty (60) days following the issuance of a certificate of occupancy for the first Unit in the Project, and at least every sixty (60) days thereafter until closing of the sale of the last Affordable Unit, or more frequently upon the request of the Director, Owner shall provide a written report to the City, in a form acceptable to the Director, detailing the status of the marketing and sale of each Affordable Unit. Said report may be provided electronically at an email address or email addresses designated by the Director and shall include (i) the status

of completion of construction of each Affordable Unit; (ii) the status of sale of each completed Affordable Unit; (iii) a brief description of Owner's efforts to solicit and identify Qualified Purchasers for and to market each unsold Affordable Unit; and (iv) any other information reasonably requested by the Director pertaining to Owner's implementation of the Marketing Program.

Section 7. Establishing Maximum Affordable Unit Sales Price.

- (a) The Maximum Affordable Unit Sales Price for an Affordable Unit shall be established by the City, based on (i) the number of bedrooms in the Affordable Unit, (ii) the Area Median Income Adjusted for Family Size Appropriate for the Unit, based on the most recent figures published by HCD, and (iii) the average estimated Monthly Housing Cost associated with similar units in Orange County for the next twelve (12) months, as reasonably determined by the Director, and assuming a seven and one-half percent (7.5%) purchase price down payment and a maximum mortgage amount for a buyer using a thirty (30) year fixed rate mortgage with an interest rate based on the most recent average weekly rate as published online by Freddie Mac as of the date City establishes the Maximum Affordable Unit Sales Price. The City may, from time to time, establish uniform estimates for property taxes and assessments, insurance costs, maintenance and repair costs, utility costs, and homeowner's association fees applicable to all similar affordable housing units constructed in the City pursuant to the Density Bonus Law, which the City may apply when determining the Maximum Affordable Unit Sales Price for an Affordable Unit. If the actual amount of homeowner association fees applicable to an Affordable Unit have been established, the City shall use the actual amount of said fees when calculating the Maximum Affordable Unit Sales Price. Subject to the Director's approval, alternative cost estimates for any of these items may be used if Owner establishes to the reasonable satisfaction of the Director that the actual estimated costs for the Affordable Unit are less than the uniform cost estimates established by the City.

- (b) For each Affordable Unit, the Maximum Affordable Unit Sales Price shall be established by the City no earlier than sixty (60) days prior to Owner listing that Affordable Unit for sale and must be updated no less than every twelve (12) months until the Affordable Unit is sold. City shall establish an updated Maximum Affordable Unit Sales Price at any time upon Owner's request; provided, however, that if it has been fewer than ninety (90) days since Owner's last request to City to establish the Maximum Affordable Unit Sales Price, Owner's request shall be accompanied by a payment to the City in the amount of five hundred dollars (\$500), which the Parties agree is the estimated reasonable cost the City will incur to establish the updated Maximum Affordable Unit Sales Price. To obtain the Maximum Affordable Unit Sales Price for an Affordable Unit, Owner shall make a written request to the Director and provide all information reasonably requested by the Director to calculate the Maximum Affordable Unit Sales Price. City will notify Owner of its determination of the Maximum Affordable Unit Sales Price for an Affordable Unit within fifteen (15) business days of its receipt of Owner's written request and all necessary information.

- (c) At no point shall City require Owner to accept a sales price for an Affordable Unit below the Maximum Affordable Unit Sales Price established by the City. Owner may, in its sole discretion, accept a lower price for an Affordable Unit than the Maximum Affordable Unit Sales Price.

Section 8. Sale of Affordable Units to Homebuyers.

- (a) Notice to and Review by City. Prior to the sale of any Affordable Unit to a Homebuyer, Owner shall verify or cause to be verified, and City shall review and confirm, that the prospective Homebuyer is a Qualified Purchaser, that the sale price does not exceed Maximum Affordable Unit Sales Price, and that the proposed sale otherwise complies with all provisions of this Agreement. Owner, for itself, its successors and assigns, hereby covenants and agrees that Owner shall not sell an Affordable Unit to a Homebuyer without first giving notice to City (each an “Affordable Unit Sale Notice”) and obtaining the written confirmation from the City that the proposed sale complies with this Agreement. As soon as reasonably feasible, but in no case later than fifteen (15) business days following receipt of an Affordable Unit Sale Notice from Owner, City shall deliver to Owner a written concurrence or objection to the proposed sale of the Affordable Unit (each an “Affordable Unit Sale Confirmation Notice”). If City does not provide an Affordable Unit Sale Confirmation Notice for the proposed sale within fifteen (15) business days, the City shall be deemed to have issued an Affordable Unit Sale Confirmation Notice that concurs with the proposed sale. Each Affordable Unit Sale Notice and Affordable Unit Sale Confirmation Notice shall be provided to the other Party electronically at the email address or addresses designated by the Party pursuant to Section 24 of this Agreement and/or utilizing an electronic file transfer protocol mutually agreed upon by the Parties. Each Affordable Unit Sale Notice shall include the following information:
 - i. The identity of the prospective Homebuyer, including the identity of all persons in the prospective Homebuyer’s Household.
 - ii. A completed income computation and certification form, in such form as may be approved by Director, along with supporting documentation. Gross income and net income of the prospective Homebuyer Household shall be determined in accordance with California Health and Safety Code Section 50093 and the Housing Regulations. City agrees that Owner may rely in good faith upon applicant-submitted information to determine whether proposed Homebuyers are Qualified Purchasers, and Owner shall not incur any liability under this Agreement as a result of fraud, mistake, or misrepresentation (intentional or unintentional) by a proposed Homebuyer. Notwithstanding the foregoing, Owner will use commercially reasonable efforts to review and verify whether Homebuyers are Qualified Purchasers, which may include any of the following as may be appropriate: (1) copies of filed Federal and State income tax returns for the two (2) most recently concluded income tax years and/or copies of W2 Wage and Earnings Statement for the two (2) most recently concluded income tax years for each adult in the Household; (2) a verification of income from the current employer(s) of each employed adult in the

Household, including two (2) months of most recent pay stubs; (3) an income verification form from the United States Social Security Administration or the California Department of Social Services for each individual in the Household who receives assistance from either of such agencies (if any); and/or (4) if none of the above forms of income verification for any adult in the Household is not available to Owner, another form of independent income verification determined to be acceptable at the sole discretion of the Director.

- iii. A written statement signed by each adult member of the prospective Homebuyer Household (in a form reasonably acceptable to the Director) acknowledging and agreeing that they are required to occupy the Affordable Unit as their principal residence for the duration of their ownership of the Affordable Unit.
 - iv. A written statement signed by each adult in the prospective Homebuyer Household (in a form reasonably acceptable to the Director) that authorizes Owner to transmit all of the information referred to in subsection (c)(ii), above, to City and that authorizes City to inspect, use, and rely upon such information in order verify Owner's and the prospective Homebuyer's compliance with the terms of this Agreement, and waiving and releasing any right or claim that said individuals might otherwise have in the absence of such written authorization to maintain the privacy or confidentiality of such information.
 - v. The base sale price, or if no such Units have been sold, the listing price, of comparable Market Rate Units in the Project.
 - vi. The proposed sale price of the Affordable Unit payable by the proposed Homebuyer, including the terms of the mortgage to be obtained by the proposed Homebuyer, if any, and the estimated amount of closing costs, real estate broker fees, and other costs or charges payable by the proposed Homebuyer to acquire ownership of the Affordable Unit.
 - vii. The form of the purchase agreement to be entered into between Owner and the prospective Homebuyer. The purchase agreement shall require the Homebuyer to execute the Homebuyer Documents and require that the Homebuyer Documents be recorded against the Affordable Unit through escrow in conjunction with closing.
 - viii. The name, address, and telephone number of the escrow agent proposed to conduct the escrow for the sale of the Affordable Unit from Owner to the proposed Homebuyer.
 - ix. Such other information regarding the prospective Homebuyer or the conveyance of the Affordable Unit that City may reasonably require Owner to obtain from time to time by delivery of prior written notice to Owner.
- (b) Ineligible Purchasers. The following individuals, by virtue of their position or relationship, are ineligible to purchase an Affordable Unit:

- i. The immediate relatives of Owner, its officers, and employees, including spouses, children, parents, grandparents, brothers, sisters, father-in-laws, mother-in-laws, son-in-laws, daughter-in-laws, aunts, uncles, nieces, nephews, sister-in-laws, and brother-in-laws.
 - ii. All employees and officials of the City or its agencies, authorities, or commissions who have, by virtue of their position, policy-making authority or influence over the implementation of this Agreement or City regulations pertaining to this Agreement, as well as the immediate relatives of such employees or officials, including spouses, children, parents, grandparents, brothers, sisters, father-in-laws, mother-in-laws, son-in-laws, daughter-in-laws, aunts, uncles, nieces, nephews, sister-in-laws, and brother-in-laws.
- (c) *Sale and Escrow.* Within thirty (30) days after issuance by City of an Affordable Unit Sale Confirmation Notice that concurs with the proposed sale, Owner and the Homebuyer shall open an escrow account with an escrow company selected by Owner and reasonably approved by the Director. The Affordable Unit shall be purchased by a Qualified Purchaser within ninety (90) days after the opening the escrow. City and Owner mutually agree to all acts reasonably necessary to close escrow within this ninety (90) day period.
- (d) *Homebuyer Documents.* Owner, for itself, its successors and assigns, hereby covenants and agrees that Owner shall not sell an Affordable Unit to a Homebuyer until and unless the Homebuyer has fully executed the Homebuyer Documents prepared by the City. The Homebuyer Documents shall be recorded against the Affordable Unit, subordinate only to the lien for the first mortgage loan obtained by the Homebuyer to finance the purchase of the Affordable Unit, if any, unless otherwise approved in writing by the City. Owner acknowledges and agrees that the Homebuyer Documents may include, without limitation, the following:
- i. An affordable housing covenant benefitting the City, which may include, without limitation, provisions requiring the Homebuyer Household to occupy the Affordable Unit as its principle residence for the entire period of its ownership and to not rent the Affordable Unit; specified maintenance obligations; restrictions on transfer or resale of the Affordable Unit to ensure the continued affordability of the Affordable Unit for up to forty-five (45) years, or the payment of an equity share to the City.
 - ii. A notice of affordability restrictions contained in the affordable housing covenant.
 - iii. An equity sharing agreement with the City meeting the requirements of subparagraph (C) of paragraph (2) of subdivision (c) of California Government Code Section 65915.
 - iv. An option agreement with the City giving the City an option to purchase the Affordable Unit prior to transfer or sale of the Affordable

Unit to another purchaser at a price in excess of the applicable affordable housing cost.

- v. An affordable housing note obligating the Homebuyer to pay the City any excess sales or rental proceeds received by the Homebuyer if the Homebuyer fails to comply with the terms of the affordable housing covenant.
- vi. A deed of trust to secure performance of the Homebuyer's covenants under the affordable housing covenant and payments of the amounts due under the affordable housing note.
- vii. A request for notice of default for the benefit of the City in connection with each mortgage loan recorded against an Affordable Unit.

Section 9. Sale of an Affordable Unit to a Nonprofit Housing Corporation.

Notwithstanding Section 8, above, if an Affordable Unit is not purchased by a Qualified Purchaser within one hundred eighty (180) days after the issuance of a certificate of occupancy (or equivalent) for the Affordable Unit, Owner may sell the Affordable Unit to a Qualified Nonprofit Housing Corporation pursuant to a recorded contract that is reasonably approved by the City Manager and that satisfies all of the requirements specified in paragraph (10) of subdivision (a) of Section 402.1 of the California Revenue and Taxation Code. Owner, for itself, its successors and assigns, hereby covenants and agrees that Owner shall not sell an Affordable Unit to a Qualified Nonprofit Housing Corporation until each of the following have occurred:

- (a) Owner has verified, and City as reviewed and confirmed, that the prospective Qualified Nonprofit Housing Corporation purchaser is a nonprofit corporation as defined and meeting the requirements set forth in paragraph 2 of subdivision c of California Government Code Section 65915.
- (b) The City Manager has approved, which approval shall not be unreasonably withheld, the purchase and sale contract between Owner and the Qualified Nonprofit Housing Corporation, including all required covenants and repurchase options. Owner acknowledges and agrees that City's approval of said contract may be conditioned on City being an express third-party beneficiary to all covenants and/or repurchase options to be recorded pursuant to the contract.
- (c) The Qualified Nonprofit Housing Corporation shall have executed an equity sharing agreement with the City, in a form approved by the City Manager, meeting the requirements of subparagraph (C) of paragraph (2) of subdivision (c) of California Government Code Section 65915.
- (d) Owner has obtained a written confirmation from the City that the proposed sale complies with this Agreement.

Section 10. Reimbursement of City Costs.

- (a) Guarantee of Payments to City Pursuant to First Reimbursement Agreement. Owner represents and warrants that its principals have read and are familiar with

the terms of the First Reimbursement Agreement, and Owner hereby agrees to ensure and guarantee payment to City of all “Reimbursable Costs” as provided in the First Reimbursement Agreement, to the extent not paid by Melia Homes.

(b) Reimbursement of Other Reimbursable City Costs. Owner acknowledges and agrees that, pursuant to subsection H of Section 9.60.050 of the Garden Grove Municipal Code, in addition to the costs to be reimbursed to City pursuant to the First Reimbursement Agreement, Owner is required to reimburse the City for the actual fees and costs charged for the services of attorneys and/or other professional third-party consultants engaged by the City to provide consultation, advice, analysis, and/or review or preparation of documents in connection with (A) preparation of the Homebuyer Documents, (B) review and/or preparation of the contracts and equity sharing agreement in conjunction with the sale of an Affordable Unit to a Qualified Nonprofit Housing Corporation, (C) review of the Marketing Program and periodic reports prepared by Owner pursuant to Section 6 hereof, and (D) inspections and audits (collectively, “Additional Reimbursable Costs”). Owner’s reimbursement of City for Additional Reimbursable Costs shall be subject to the following provisions:

- i. Reimbursement of City. Owner agrees to fully reimburse City for all Additional Reimbursable Costs pursuant to this Subsection 10(b), to the extent such costs have not been reimbursed pursuant to the First Reimbursement Agreement. City has estimated that such Additional Reimbursable Costs will equal the Initial Deposit; however, Owner acknowledges that the actual Additional Reimbursable Costs may be different from the Initial Deposit and agrees to reimburse the City for the full amount of Additional Reimbursable Costs in the manner provided in this Section.
- ii. Initial Deposit. Within fifteen (15) business days of recordation of this Agreement, Owner agrees to deposit with the City Five Thousand Dollars (\$5,000.00), in immediately available funds (“Initial Deposit”).
- iii. Additional Deposits. If City determines, in its sole discretion, that additional funds are anticipated to be needed to reimburse City for Additional Reimbursable Costs, City shall make a written request to Owner for one or more additional deposits (“Additional Deposits”). Owner agrees to deliver the Additional Deposits to City within ten (10) business days following the City’s request.
- iv. Use and Accounting of Deposit Funds. City will place the Initial Deposit and any Additional Deposits (collectively, the “Deposit Funds”) in a separate non-interest-bearing trust account and will use the Deposit Funds solely for the purpose of paying the Additional Reimbursable Costs. Owner understands and agrees that City will not pay interest to Owner on the Deposit Funds and Owner will not seek such interest payments from City. City will maintain invoices and records sufficient to reasonably verify that the Deposit Funds have

been spent on Additional Reimbursable Costs and shall, within thirty (30) days of receipt of a written request from Owner, provide Owner with an accounting of all Reimbursable Costs, which Owner agrees will be conclusive, in the absence of manifest error.

- v. Reconciliation. Following the close of escrow for the initial sale of the last Affordable Unit, City will determine the final total amount of Additional Reimbursable Costs and provide Owner with an invoice or accounting of the total Additional Reimbursable Costs and Deposit Funds. Should the total Additional Reimbursable Costs exceed the Deposit Funds provided by Owner, Owner agrees to promptly pay City any difference. Should the Deposit Funds exceed the total Additional Reimbursable Costs, City will refund any remaining Deposit Funds to Owner within thirty (30) days after determining the final total amount of Additional Reimbursable Costs.
- (c) City Administration Fee. Owner acknowledges and agrees that, pursuant to subsection D.13 of Section 9.60.050 of the Garden Grove Municipal Code, in addition to the Reimbursable Costs and the Additional Reimbursable Costs payable by Melia Homes and/or Owner, Owner is required to reimburse the City for the estimated reasonable costs incurred by the City in monitoring Owner's compliance with, and otherwise administering, the Regulatory Agreement, including, but not limited to, the Homebuyer Documents. Owner, for itself, its successors and assigns, hereby covenants and agrees to pay City an amount equal to one and one quarter percent (1.25%) of the Maximum Affordable Unit Sales Price for each Affordable Unit (the "City Administration Fee"). The City Administration Fee shall be paid by Owner to City through escrow upon the sale of each Affordable Unit. Owner and City mutually agree that the City Administration Fee does not exceed a reasonable estimate of the monitoring and administration costs to be incurred by City with respect to each Affordable Unit.

Section 11. Termination of this Agreement. This Agreement shall terminate, no longer encumber the Site and Units, and be of no further force and effect as follows:

- (a) As to Market Rate Units. Without any additional action by the City or Owner, this Agreement shall automatically terminate as to each individual Market Rate Unit upon the transfer of title of the individual Market Rate Unit to a purchaser of that Market Rate Unit (as opposed to a bulk purchaser of the Site). If requested by Owner, City agrees to promptly execute and provide to Owner for deposit into an open escrow for the sale of a Market Rate Unit a release or other appropriate documentation prepared at Owner's cost necessary to facilitate removal of this Agreement from title to that Market Rate Unit at the close of escrow.
- (b) As to Affordable Units. Without any additional action by the City or Owner, this Agreement shall automatically terminate as to each individual Affordable Unit either upon transfer of title of the individual Affordable Unit to a Qualified Purchaser or a Qualified Nonprofit Housing Corporation in compliance with the terms of this Agreement. If requested by Owner, City agrees to promptly execute

and provide to Owner for deposit into an open escrow for the sale of an Affordable Unit a release or other appropriate documentation prepared at Owner's cost necessary to facilitate removal of this Agreement from title to that Affordable Unit at the close of escrow.

- (c) *As to Owner and Site Generally.* Except with respect to those provisions of this Agreement that expressly survive termination, the requirements of this Agreement shall be deemed fully satisfied, and this Agreement shall automatically terminate and no longer burden all or any portion of the Site if and when all three of the Affordable Units have been constructed and their titles have been transferred to Qualified Purchasers and/or Qualified Nonprofit Housing Corporations in accordance with the terms of this Agreement. If requested by Owner, City agrees to promptly execute a release or other appropriate documentation prepared at Owner's cost necessary to terminate this Agreement upon satisfaction of Owner's obligations.
- (d) *General.* Notwithstanding any other provision in this Agreement, in no event shall City have an obligation to execute and provide to Owner with a release or other documentation removing this Agreement from title to any Market Rate Unit, Affordable Unit, or the Site generally pursuant to this Section 11 if Owner is in default of any of the terms and conditions of this Agreement (which includes by reference all exhibits and attachments hereto). City shall have no obligation to pay any recording fees, escrow costs, or other costs that may be incurred in connection with the preparation or recordation of any release or other documentation City is asked to execute pursuant to this Section 11 or the closing of escrow for any Unit.

Section 12. Nondiscrimination Covenants. Owner covenants by and for itself, its successors and assigns, and all persons claiming under or through him/her/them that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Project, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Project. The foregoing covenants shall run with the land. The covenants established herein shall, without regard to technical classification and designation, be binding for the benefit and in favor of the City and its successors and assigns, and shall remain in effect in perpetuity.

Section 13. Indemnity. Owner shall, at its expense, defend (with counsel acceptable to City and subject to approval by Owner), indemnify, and hold harmless City, and its officers, agents, employees and representatives from any and all losses, liabilities, claims, lawsuits, causes of action, judgments, settlements, court costs, attorneys' fees, expert witness fees, and other legal expenses, costs of evidence of title, costs of evidence of value, and other damages of whatsoever nature arising out of or in connection with performance of, or failure to perform, Owner's obligations under this Agreement, Owner's ownership or operation of the Site, or the development

of the Project, except for such liability arising from the gross negligence or willful misconduct of City.

Section 14. Agreement to be Recorded; Covenants Run with the Land; Priority. This Agreement shall be recorded, prior to recordation of a final tract map for the Project, in the Official Records of Orange County, California, as senior, non-subordinate covenants and as an encumbrance running with the land until termination of this Agreement pursuant to Section 11, above. In no event shall this Agreement be made junior or subordinate to any deed of trust or other documents providing financing for the construction or operation of the Project, or any other lien or encumbrance whatsoever for the entire term of this Agreement. Nor shall this Agreement be made junior or subordinate to any extension, amendment, or modification of any lien or encumbrance recorded against the Site prior to the date hereof. Prior to recordation of this Agreement, Owner shall provide City with evidence satisfactory to the City that all deeds of trust, liens, encumbrances, or other documents recorded against the Site since June 19, 2024, if any, have been or will be subordinated to this Agreement, at Owner's sole cost and expense.

Section 15. Mortgage Protection. No breach or default under this Agreement shall defeat, terminate, extinguish, render invalid or otherwise affect the lien of any junior mortgage or deed of trust encumbering the Site, the Project, or any part thereof or interest therein.

Section 16. Default. An event of default occurs under this Agreement when: (a) there is a breach of any condition, covenant or promise set forth herein; (b) written notice thereof has been given to the defaulting party; and (c) such breach has not been cured within thirty (30) days after such notice was given to the defaulting party or, if such breach cannot reasonably be cured within such thirty (30) day period, the defaulting party fails to commence to cure the breach and/or fails thereafter to diligently proceed to complete such cure. A waiver by either party of any such breach shall not be construed as a waiver of any succeeding breach of the same or other condition, covenant or promise.

Section 17. Remedies. The occurrence of an event of default hereunder shall give the non-defaulting party the right to proceed with any and all remedies available at law or equity. Such remedies may include an action for damages, an action or proceeding for specific performance, and/or an action or proceeding for injunctive relief. Such actions or proceedings may require the defaulting party to pay damages, to perform its obligations and covenants under this Agreement, and to enjoin or cease and desist from acts which may be unlawful or in violation of the provisions of this Agreement. In addition to such remedies, in the event of default under this Agreement by Owner, City may elect to withhold, condition, or suspend any permit, license, or other entitlement for the Project, including without limitation final inspections for occupancy and/or certificates of occupancy.

Section 18. Additional Remedies for Sale of Affordable Unit for Amount in Excess of Maximum Affordable Unit Sales Price. It shall constitute a default for the Owner to charge or accept for any Affordable Unit remuneration in excess of the Maximum Affordable Unit Sales Price. In the event Owner receives remuneration in excess of the Maximum Affordable Unit Sales Price for the sale or transfer of an Affordable Unit, in addition to any other legal or equitable remedy that the City shall have for such default, the Owner shall be required to pay to the City an amount equal to the difference between the Maximum Affordable Unit Sales Price that Owner was

entitled to charge for sale or transfer of the Affordable Unit and the amount of remuneration received by Owner, plus interest compounded at the maximum rate allowable for judgments.

Section 19. Attorneys' Fees and Costs. In addition to any other remedies provided hereunder or available pursuant to law, if either party to this Agreement commences an action against the other party to this Agreement arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees, expert witness fees, costs of investigation, and costs of suit from the losing party.

Section 20. Rights and Remedies Cumulative. The rights and remedies of the parties are cumulative, and the exercise by either party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

Section 21. Time of Essence. Time is expressly made of the essence with respect to the performance by City and Owner of each and every obligation and condition of this Agreement.

Section 22. Third Party Beneficiaries. No persons or entities other than the parties and their successors and assigns shall have any right of action under this Agreement.

Section 23. Successor and Assigns. This Agreement shall run with the land, and all of the terms, conditions, restrictions, and covenants contained in this Agreement shall be binding upon Owner, City, their permitted successors and assigns, and all successors in interest to all or any portion of the Site or the Project. Whenever the terms "Owner" or "City" are used in this Agreement, such terms shall include any other successors and assigns as herein provided. At least twenty (20) days prior to a transfer of any interest in the Site or the Project or any interest in Owner, Owner shall provide written notice to the City of such transfer. Notwithstanding the foregoing, if Owner transfers its interest to an entity or person that is directly or indirectly controlling, controlled by, or under common control of Owner, Owner shall provide City with at least ten (10) days' notice prior to that transfer.

Section 24. Notices. Any approval, disapproval, demand, document or other notice which either Party may desire to give to the other Party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, (iii) mailing in the United States first-class mail, postage prepaid, or (iv) by email, with confirmation of receipt to the intended recipient, addressed to the address of the Party as set forth below, or at any other address as that Party may later designate by notice:

If to the City:	City of Garden Grove 11222 Acacia Parkway Garden Grove, CA 92840 Attention: Economic Development and Housing Director Email: ursulal@ggcity.org
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with a copy to: Garden Grove City Attorney
1222 Acacia Parkway
Garden Grove, CA 92840
Email: omars@ggcity.org

If to the Owner: GGBrookhurst 2024, LLC
c/o Melia Homes
9860 Irvine Center Drive
Irvine, CA 92618
Attention: BJ Delzer
Email: bj@melia-homes.com

In addition to the foregoing, either Party may from time to time designate, in writing to the individual(s) listed above, additional individuals and/or email addresses to which reports, requests, and/or notices from the other Party shall also be sent.

Section 25. Entire Agreement. This Agreement constitutes the entire agreement between the City and Owner and no modification hereof shall be binding unless reduced to writing and signed by the City and Owner.

Section 26. Amendment. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party. Each alteration, change, or modification to this Agreement shall be recorded against the Site in the Official Records of Orange County, California. Notwithstanding the foregoing, the parties acknowledge and agree that from time to time it may be beneficial for clarifications or modifications to this Agreement to be made, which are not significant enough to warrant a formal amendment of this Agreement. In the case of such clarifications or modifications, the Parties agree that the City Manager may, at his/her sole discretion, enter into such clarifications or modifications, without the need to process a formal amendment to the Agreement, and without the need to have this clarification or modification recorded in the Official Records of Orange County, California.

Section 27. Computation of Time. Unless otherwise specified in this Agreement, the term “days” shall mean calendar days. For purposes of this Agreement, “business days” shall mean every day of the week that City Hall of the City is open for business to the general public.

Section 28. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement, and they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

Section 29. No Claims. Nothing contained in this Agreement shall create or justify any claim against the City by any person that Owner may have employed or with whom Owner may have

contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Site or the construction of the Project.

Section 30. Waivers. Any waiver by the Parties of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by a Party to take action on any breach or default of other Party or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted by a Party to the other Party to perform any obligation under this Agreement shall not operate as a waiver or release from any of the obligations under this Agreement. Consent to any act or omission by the other Party shall not be construed to be consent to any other or subsequent act or omission or to waive the requirement for written consent to future waivers.

Section 31. Title of Parts and Sections. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of the Agreement's provisions.

Section 32. Multiple Originals; Counterpart. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

Section 33. Severability. In the event any limitation, condition, restriction, covenant or provision contained in this Agreement is held invalid, void or unenforceable by any court of competent jurisdiction, the remaining portions of this Agreement shall nevertheless be and remain in full force and effect.

Section 34. Project as a Private Undertaking. It is specifically understood and agreed by and between the parties hereto that the development of the Project is a private development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between City and Owner is that of a government entity regulating the development of private property and the owner of such property.

Section 35. Exhibits. This Agreement includes the following exhibits, each of which is attached hereto and incorporated herein by this reference:

Exhibit A: Legal Description of Site

Exhibit B: Health and Safety Code Sections 50052.5, 50053, 50079.5, 50093, 50105, & 50106

Exhibit C: First Reimbursement Agreement

[Signatures appear on following page.]

IN WITNESS WHEREOF, City and Owner have executed this Density Bonus Housing Agreement as of the date first set forth above.

“CITY”

City of Garden Grove, a municipal corporation

By: 

Lisa L. Kim
Its: City Manager

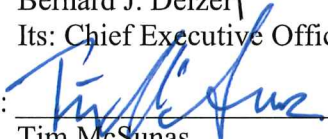
“OWNER”

GGBrookhurst 2024, LLC, a California limited liability company

By: Melia Homes, Inc., its Manager

By: 

Bernard J. Delzer
Its: Chief Executive Officer

By: 


Tim McSunas
Its: President

ATTEST:



City Clerk - Lizabeth Vasquez

APPROVED AS TO FORM:



City Attorney - Omar Sandoval

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.

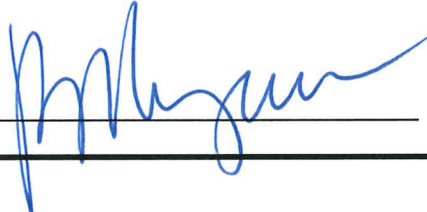
State of California
County of Orange

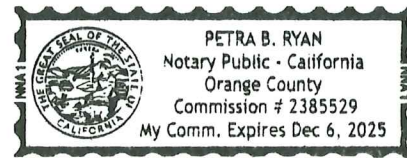
On February 12, 2025 before me, Petra B Ryan, Notary Public
(insert name and title of the officer)

personally appeared Tim McSunas,
who proved to me on the basis of satisfactory evidence to be the person(\$) whose name(\$) 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(\$) on the instrument the
person(\$), or the entity upon behalf of which the person(\$) 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.

Signature  (Seal)



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 Orange)

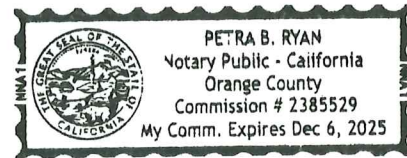
On February 12, 2025 before me, Petra B Ryan, Notary Public
(insert name and title of the officer)

personally appeared Bernard J Delzer,
who proved to me on the basis of satisfactory evidence to be the person(\$) whose name(\$) 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(\$) on the instrument the
person(\$), or the entity upon behalf of which the person(\$) 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.

Signature  (Seal)



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.

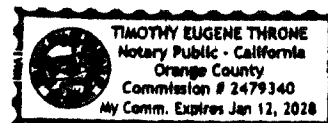
State of California
County of Orange)

On February 19, 2025 before me, Timothy Eugene Throne, Notary Public
(insert name and title of the officer)

personally appeared Lisa L. Kim,
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.



Signature *Lisa L. Kim* (Seal)

EXHIBIT A

LEGAL DESCRIPTION OF SITE

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

Parcel 1: (APN: 099-031-01)

The West 230 feet of that portion of the Southwest Quarter of the Northwest Quarter of Section 5, Township 5 South, Range 10 West, in the Rancho Los Bolsas, as per map recorded in Book 51, Page 12 of miscellaneous maps, in the office of the county recorder of said county, described as follows:

Beginning at a point in the West line of said Section 5, distant 1,110 feet North of the Southwest corner of the Northwest Quarter of said section; thence East parallel to the South line of said Quarter Section, 945 feet; thence North parallel with the West line of said Section, 210 feet, more or less, to a point in the North line of the Southwest Quarter of the Northwest Quarter of said Section; thence West 945 feet to the Northwest corner of the Southwest Quarter of the Northwest Quarter of said Section; thence South 210 feet, more or less, to the point of beginning.

Parcel 2: (APN: 099-031-02)

That portion of the Southwest Quarter of the Northwest Quarter of Section 5, Township 5 South, Range 10 West, in the Rancho Las Bolsas, as per map recorded in Book 51, Page 12 of miscellaneous maps, in the office of the county recorder of said county, described as follows:

Beginning at a point on the South line of the Tract of land conveyed to Jennie L. Porter and husband by deed recorded November 24, 1941 in Book 1120, Page 234 of official records, distant Westerly 160 feet from the intersection of said South line with the center line of Flower street, as conveyed to the county of Orange by deed recorded November 24, 1941 in Book 1120, Page 238 of official records; thence North parallel with the center line of said Flower street, 210 feet, more or less, to a point in the North line of the Southwest Quarter of the Northwest Quarter of said Section 5; thence West along said North line 60 feet to the Northwest corner of said Tract of land conveyed to Porter; thence South along the West line of said Tract, 210 feet, more or less, to the Southwest corner of said Tract conveyed to porter; thence East along the South line of said Porter Tract, 60 feet to the point of beginning.

Parcel 3: (APN: 099-031-08 and 099-031-09)

Parcel 1 as shown on exhibit "A" attached to Lot Line Adjustment No. LLA-012-2019 recorded January 31, 2020 as Instrument No. 2020000042971, of official records of Orange County, California.

EXHIBIT B

HEALTH AND SAFETY CODE SECTIONS 50052.5, 50053, 50079.5, 50093, 50105, & 50106

CALIFORNIA HEALTH AND SAFETY CODE SECTIONS

50052.5. (a) For any owner-occupied housing that receives assistance prior to January 1, 1991, and a condition of that assistance is compliance with this section, “affordable housing cost” with respect to lower income households may not exceed 25 percent of gross income.

(b) For any owner-occupied housing that receives assistance on or after January 1, 1991, and a condition of that assistance is compliance with this section, “affordable housing cost” may not exceed the following:

(1) For extremely low income households the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate for the unit.

(2) For very low income households the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.

(3) For lower income households whose gross incomes exceed the maximum income for very low income households and do not exceed 70 percent of the area median income adjusted for family size, the product of 30 percent times 70 percent of the area median income adjusted for family size appropriate for the unit. In addition, for any lower income household that has a gross income that equals or exceeds 70 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 30 percent of the gross income of the household.

(4) For moderate-income households, affordable housing cost shall not be less than 28 percent of the gross income of the household, nor exceed the product of 35 percent times 110 percent of area median income adjusted for family size appropriate for the unit. In addition, for any moderate-income household that has a gross income that exceeds 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 35 percent of the gross income of the household.

(c) The department shall, by regulation, adopt criteria defining, and providing for determination of, gross income, adjustments for family size appropriate to the unit, and housing cost for purposes of determining affordable housing cost under this section. These regulations may provide alternative criteria, where necessary to be consistent with pertinent federal statutes and regulations governing federally assisted housing. The agency may, by regulation, adopt

alternative criteria, and pursuant to subdivision (f) of Section 50462, alternative percentages of income may be adopted for agency-assisted housing development.

(d) With respect to moderate- and lower income households who are tenants of rental housing developments and members or shareholders of cooperative housing developments, or limited equity cooperatives “affordable housing cost” has the same meaning as affordable rent, as defined in Section 50053.

(e) Regulations of the department shall also include a method for determining the maximum construction cost, mortgage loan, or sales price that will make housing available to an income group at affordable housing cost.

(f) For purposes of this section, “area median income” shall mean area median income as published by the department pursuant to Section 50093.

(g) For purposes of this section, “moderate income household” shall have the same meaning as “persons and families of moderate income” as defined in Section 50093.

(h) For purposes of this section, and provided there are no pertinent federal statutes applicable to a project or program, “adjusted for family size appropriate to the unit” shall mean for a household of one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three-bedroom unit, and five persons in the case of a four-bedroom unit.

50053. (a) For any rental housing development that receives assistance prior to January 1, 1991, and a condition of that assistance is compliance with this section, “affordable rent” with respect to lower income households shall not exceed the percentage of the gross income of the occupant person or household established by regulation of the department that shall not be less than 15 percent of gross income nor exceed 25 percent of gross income.

(b) (1) Except as provided in paragraph (2), for any rental housing development that receives assistance on or after January 1, 1991, and a condition of that assistance is compliance with this section, “affordable rent,” including a reasonable utility allowance, shall not exceed:

(A) (i) For acutely low income households, as defined in Section 50063.5, the product of 30 percent times 15 percent of the area median income adjusted for family size appropriate for the unit.

(ii) This subparagraph shall apply to a lease entered into on or after January 1, 2022.

(B) For extremely low income households, the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate for the unit.

(C) For very low income households, the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.

(D) For lower income households whose gross incomes exceed the maximum income for very low income households, the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those lower income households with gross incomes that exceed 60 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.

(E) For moderate-income households, the product of 30 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those moderate-income households whose gross incomes exceed 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.

(2) Notwithstanding paragraph (1), for a rental housing development described in paragraph (1) that dedicates 80 percent of units, exclusive of a manager's unit or units, to lower income households, "affordable rent," including a reasonable utility allowance, shall not exceed the rent prescribed by deed restrictions or regulatory agreements pursuant to the terms of the public financing or public financial assistance for the rental housing development, if the rental housing development receives an award on or after January 1, 2025, of any of the following:

(A) Federal or state low-income housing tax credits.

(B) Tax-exempt private activity bonds or general obligation bonds.

(C) Local, state, or federal loans or grants.

(c) The department's regulation shall permit alternative percentages of income for agency-assisted rental and cooperative housing developments pursuant to regulations adopted under subdivision (f) of Section 50462. The department shall, by regulation, adopt criteria defining and providing for determination of gross income, adjustments for family size appropriate to the unit, and rent for purposes of this section. These regulations may provide alternative criteria, where necessary, to be consistent with pertinent federal statutes and regulations governing federally assisted rental and cooperative housing. The agency may, by regulation, adopt alternative criteria, and pursuant to subdivision (f) of Section 50462, alternative percentages of income may be adopted for agency-assisted housing developments.

(d) For purposes of this section, "area median income" and "moderate-income household" shall have the same meaning as provided in Section 50093.

(e) For purposes of this section, and provided there are no pertinent federal or state statutes or regulations applicable to a project or program that are in conflict with this definition, "adjusted for family size appropriate to the unit" shall mean for a household of one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-

bedroom unit, four persons in the case of a three-bedroom unit, and five persons in the case of a four-bedroom unit. If there is a conflict, the applicable state or federal statutes or regulations for the project of program shall apply.

50079.5. (a) “Lower income households” means persons and families whose income does not exceed the qualifying limits for lower income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. The limits shall be published by the department in the California Code of Regulations as soon as possible after adoption by the Secretary of Housing and Urban Development. In the event the federal standards are discontinued, the department shall, by regulation, establish income limits for lower income households for all geographic areas of the state at 80 percent of area median income, adjusted for family size and revised annually.

(b) “Lower income households” includes very low income households, as defined in Section 50105, and extremely low income households, as defined in Section 50106. The addition of this subdivision does not constitute a change in, but is declaratory of, existing law.

(c) As used in this section, “area median income” means the median family income of a geographic area of the state.

50093. “Persons and families of low or moderate income” means persons and families whose income does not exceed 120 percent of area median income, adjusted for family size by the department in accordance with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937. However, the agency and the department jointly, or either acting with the concurrence of the Secretary of Business, Consumer Services and Housing, may permit the agency to use higher income limitations in designated geographic areas of the state, upon a determination that 120 percent of the median income in the particular geographic area is too low to qualify a substantial number of persons and families of low or moderate income who can afford rental or home purchase of housing financed pursuant to Part 3 (commencing with Section 50900) without subsidy.

“Persons and families of low or moderate income” includes very low income households, as defined in Section 50105, extremely low income households, as defined in Section 50106, and lower income households as defined in Section 50079.5, and includes persons and families of extremely low income, persons and families of very low income, persons and families of low income, persons and families of moderate income, and middle-income families. As used in this division:

(a) “Persons and families of low income” or “persons of low income” means persons or families who are eligible for financial assistance specifically provided by a governmental agency for the benefit of occupants of housing financed pursuant to this division.

(b) “Persons and families of moderate income” or “middle-income families” means persons and families of low or moderate income whose income exceeds the income limit for lower income households.

(c) “Persons and families of median income” means persons and families whose income does not exceed the area median income, as adjusted by the department for family size in accordance with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937.

As used in this section, “area median income” means the median family income of a geographic area of the state, as annually estimated by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937. In the event these federal determinations of area median income are discontinued, the department shall establish and publish as regulations income limits for persons and families of median income for all geographic areas of the state at 100 percent of area median income, and for persons and families of low or moderate income for all geographic areas of the state at 120 percent of area median income. These income limits shall be adjusted for family size and shall be revised annually.

For purposes of this section, the department shall file, with the Office of Administrative Law, any changes in area median income and income limits determined by the United States Department of Housing and Urban Development, together with any consequent changes in other derivative income limits determined by the department pursuant to this section. These filings shall not be subject to Article 5 (commencing with Section 11346) or Article 6 (commencing with Section 11349) of Chapter 3.5 of Part 1 of Division 3 of Title 2 of the Government Code, but shall be effective upon filing with the Office of Administrative Law and shall be published as soon as possible in the California Regulatory Code Supplement and the California Code of Regulations.

The department shall establish and publish a general definition of income, including inclusions, exclusions, and allowances, for qualifying persons under the income limits of this section and Sections 50079.5, 50105, and 50106 to be used where no other federal or state definitions of income apply. This definition need not be established by regulation.

Nothing in this division shall prevent the agency or the department from adopting separate family size adjustment factors or programmatic definitions of income to qualify households, persons, and families for programs of the agency or department, as the case may be.

50105. (a) “Very low income households” means persons and families whose incomes do not exceed the qualifying limits for very low income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. These qualifying limits shall be published by the department in the California Code of Regulations as soon as possible after adoption by the Secretary of Housing and Urban Development. In the event the federal

standards are discontinued, the department shall, by regulation, establish income limits for very low income households for all geographic areas of the state at 50 percent of area median income, adjusted for family size and revised annually.

(b) “Very low income households” includes extremely low income households, as defined in Section 50106. The addition of this subdivision does not constitute a change in, but is declaratory of, existing law.

(c) As used in this section, “area median income” means the median family income of a geographic area of the state.

50106. “Extremely low income households” means persons and families whose incomes do not exceed the qualifying limits for extremely low income families as established and amended from time to time by the Secretary of Housing and Urban Development and defined in Section 5.603(b) of Title 24 of the Code of Federal Regulations. These limits shall be published by the department in the California Code of Regulations as soon as possible after adoption by the Secretary of Housing and Urban Development. In the event the federal standards are discontinued, the department shall, by regulation, establish income limits for extremely low income households for all geographic areas of the state at 30 percent of area median income, adjusted for family size and revised annually. As used in this section, “area median income” means the median family income of a geographic area of the state.

EXHIBIT C
FIRST REIMBURSEMENT AGREEMENT

[Attached]

REIMBURSEMENT AGREEMENT

(Preparation of Affordable Housing Regulatory Agreement Site Plan No. SP-127-2023 and Tentative Tract Map No. TT-19273)

This Reimbursement Agreement (“Agreement”) is made and entered into by and between the City of Garden Grove, a municipal corporation (“City”) and **Melia Homes, INC.**, a California Corporation (“Applicant”). City and Applicant (collectively, the “parties”) agree as follows:

- I. Recitals. This Agreement is made with reference to the following facts and circumstances:
 - A. City has approved the following land use entitlements for construction of a housing development project by Applicant (the “Project”):
 - **Site Plan No. SP-127-2023**
 - **Tentative Tract Map No. TT-19273**
 - B. Pursuant to applicable law, and as a condition of approval of the Project land use entitlements, Applicant is required to provide one or more affordable housing units as a part of the Project.
 - C. Pursuant to Garden Grove Municipal Code Sections 9.60.040 and 9.60.050, Applicant is obligated to enter into a regulatory agreement with the City pertaining to the affordable unit(s), in a form approved by the City Attorney, and to reimburse the City for the actual fees and costs charged for the services of attorneys and/or other professional third-party consultants engaged by the City to provide consultation, advice, analysis, and/or review or preparation of documents in connection with preparation of the regulatory agreement and related purposes.
 - D. The conditions of approval of the Project land use entitlements provide that the regulatory agreement shall be prepared by the City at the Applicant’s expense and require the Applicant to execute this Reimbursement Agreement prior to preparation of the regulatory agreement by the City.
 - E. City has engaged, or will engage, attorneys and/or other professional third-party consultants to prepare the regulatory agreement on behalf of the City and provide City with consultation, advice, and analysis related thereto (collectively, “Professional Services”).
 - F. Applicant acknowledges and agrees that it is obligated to provide a deposit and to reimburse City for the actual costs and expenses incurred by City for such Professional Services pursuant to the terms of this Agreement.
 - G. Applicant further acknowledges and agrees (i) that any decision to retain attorneys and/or other third-party consultants to provide such Professional Services shall be at the sole discretion of City; (ii) that all such Professional Services will be provided at the direction of City for City’s, and not Applicant’s, sole benefit; (iii) that Applicant shall not be an intended third-party beneficiary of

any contract between City and any attorney or consultant retained by City to provide said Professional Services; and (iv) that no attorney-client or fiduciary relationship shall exist between Applicant and any attorneys or other third-party consultants retained by City to provide such Professional Services.

2. Reimbursement of City. Applicant agrees to fully reimburse City for the actual fees and charges incurred by City for Professional Services in connection with preparation of the regulatory agreement (“Reimbursable Costs”). City has estimated that such Reimbursable Costs will equal the Initial Deposit set forth in Section 3, below. However, Applicant acknowledges that the actual Reimbursable Costs may be different from the Initial Deposit and agrees to reimburse the City for the full amount of Reimbursable Costs in the manner provided in this Agreement.

3. Method of Reimbursement.
 - A. Initial Deposit. Within five (5) business days following the full execution of this Agreement, Applicant agrees to deposit with the City **\$5,000.00**, in immediately available funds (“Initial Deposit”). Applicant understands and agrees that City may direct its attorneys and/or third-party consultants not to commence preparation of the regulatory agreement until the Initial Deposit is received; provided, however, that Applicant shall be obligated to reimburse City for all Reimbursable Costs, if any, incurred by City prior to receipt of the Initial Deposit.
 - B. Additional Deposits. If City determines, in its sole discretion, that additional funds are anticipated to be needed to reimburse City for Reimbursable Costs, City shall make a written request to Applicant for one or more additional deposits (“Additional Deposits”). Applicant agrees to deliver the Additional Deposits to City within ten (10) business days following the City’s request. Applicant understands and agrees that City may direct its attorneys and/or third-party consultants to suspend work in connection with preparation of the regulatory agreement until any Additional Deposits requested by City are received.
 - C. Use and Accounting of Deposit Funds. City will place the Initial Deposit and any Additional Deposits (collectively, the “Deposit Funds”) in a separate non-interest-bearing trust account and will use the Deposit Funds solely for the purpose of paying fees and charges incurred by the City for Professional Services in connection with preparation of the regulatory agreement. Applicant understands and agrees that City will not pay interest to Applicant on the Deposit Funds and Applicant will not seek such interest payments from City. City will maintain invoices and records sufficient to reasonably verify that the Deposit Funds have been spent on Reimbursable Costs and shall, upon completion of preparation of the regulatory agreement, or earlier upon Applicant’s request, provide Applicant with an accounting of all Reimbursable Costs, which Applicant agrees will be conclusive, in the absence of manifest error.

- D. Reconciliation. Following execution and/or recordation of the regulatory agreement, City will determine the final total amount of Reimbursable Costs and provide Applicant with an invoice or accounting of the total Reimbursable Costs and Deposit Funds. Should the total Reimbursable Costs exceed the Deposit Funds provided by Applicant, Applicant agrees to promptly pay City any difference. Should the Deposit Funds exceed the total Reimbursable Costs, City will refund any remaining Deposit Funds to Applicant within thirty (30) days after determining the final total amount of Reimbursable Costs.
4. Term. This Agreement shall commence upon full execution by both parties and shall terminate upon recordation of the regulatory agreement pursuant to Garden Grove Municipal Code Section 9.60.050.E.
5. Other Fees and Charges. Applicant acknowledges and agrees that any fees or charges constituting Reimbursable Costs under this Agreement are separate and distinct from the other regulatory fees, permit fees, development fees, and/or development impact fees Applicant is or may become legally obligated to pay pursuant to the Garden Grove Municipal Code, applicable resolutions of the Garden Grove City Council, and/or the conditions of approval of the Project land use entitlements. Applicant further expressly acknowledges that this Agreement pertains only to preparation of the regulatory agreement and does not satisfy or relieve Applicant or any owner(s) of the Project from the statutory obligation to reimburse the City for fees and charges of attorneys or other third-party consultants incurred by the City for any other purposes set forth in Garden Grove Municipal Code Section 9.60.050.H., including, without limitation, review of the marketing plan and management plan required as part of the regulatory agreement, review of annual compliance reports submitted by an owner pursuant to the regulatory agreement, and inspections or audits by City.
6. Applicant Default. Should Applicant fail to perform any of its obligations under this Agreement, then City may, at its option, pursue any one or more or all of the remedies available to it under this Agreement, at law or in equity. Without limiting any other remedy which may be available to it, if Applicant fails to pay either the Deposit or any Additional Deposit, or fails to fully reimburse City for all Reimbursable Costs, City may cease performing its obligations under this Agreement and may bring an action to recover all costs and expenses incurred by the City preparing the regulatory agreement for the Project, together with interest thereon from the date incurred at the rate of 10% per annum.
7. Amendment. This Agreement may be modified or amended only by a written document executed by both Applicant and City and approved as to form by the City Attorney.
8. Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder.

any amount that will become due to Applicant, or any obligation under the terms of this Agreement.

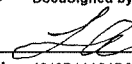
15. Insolvency; Receiver. Either the appointment of a receiver to take possession of all or substantially all of the assets of Applicant, or a general assignment by Applicant for the benefit of creditors, or any action taken or offered by Applicant under any insolvency or bankruptcy action, will constitute a breach of this Agreement by Applicant, and in such event this Agreement will automatically cease and terminate if Applicant or its successor or assign cease or fails to timely pay any amount due and payable by Applicant (or its successor or assign) under this Agreement.
16. No Third-Party Beneficiaries. This Agreement is made only for the benefit of the parties hereto; it is not intended that any rights under this Agreement shall accrue to any third person or entity. Neither City nor Applicant intend to create any third-party beneficiary rights in this Agreement in any other person or entity.
17. Authority to Execute. The persons executing this Agreement warrant and represent that they have the authority to execute this Agreement and represent that they have the authority to bind the parties for which they are signing to the performance of the obligations hereunder.
18. Execution in Counterpart. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on both parties hereto, notwithstanding that both parties are not signatories to the original or the same counterpart. These counterparts may be transmitted by facsimile or Portable Document Format (PDF), with the originals to be thereafter provided by the parties. Such facsimiles or electronic copies shall be deemed original signatures.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, City and Applicant have executed this Agreement on the respective dates set forth below.

CITY

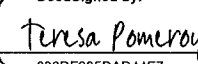
City of Garden Grove,
a municipal corporation

DocuSigned by:


Lisa L. Kim 1349D114C1D242E...
City Manager

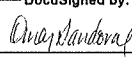
Date: 5/9/2024

ATTEST:

DocuSigned by:


Teresa Pomeroy 836DF295DAD44E7...
City Clerk

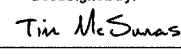
APPROVED AS TO FORM:

DocuSigned by:


Amy Sanders 8461EE779B44411...
City Attorney

APPLICANT

Melia Homes, INC.,
a California Corporation

DocuSigned by:


Signature 80760D8424D5444...

Date: 4/30/2024

Tim McSunas

Printed Name

President

Title

Melia Home, Inc.
A California Corporation

Unanimous Written Consent of the Board of Directors

May 1, 2019

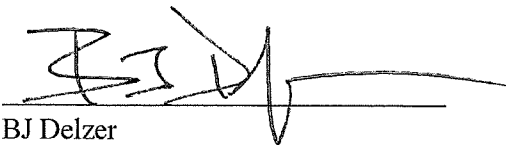
The undersigned, being the sole member of the Board of Directors of Melia Homes, Inc., a California corporation (the "Company"), California corporation number C3218948, acting pursuant to the authority granted by Section 307(b) of the California Corporations Code, hereby adopt the following resolutions by written consent as of the date first written above, with the same force and effect as if the same were adopted by unanimous vote at a duly noticed and validly held meeting of the Board of Directors (the "Board") of the Company at which all members of the Board participated.

BE IT RESOLVED, that Timothy McSunas be, and he hereby is, appointed as President of the Company, effective immediately. In conjunction therewith, Mr. McSunas shall have all the powers and privileges of President as set forth in the Company's bylaws, with the following exceptions: (i) Mr. McSunas is not authorized to obligate the Company to any lender (e.g., may not sign loan documents), and (ii) Mr. McSunas is not authorized to form or dissolve the single purpose limited liability companies employed to purchase and develop real property.

BE IT FURTHER RESOLVED, that Bernard J. Delzer (aka BJ Delzer), be, and he hereby is, appointed as Chief Executive Officer, effective immediately. Mr. Delzer retains his positions and Chief Financial Officer and Secretary.

This Written Consent shall be added to the corporate records of the Company and made a part thereof, and the resolutions set forth above shall have the same force and effect as if adopted at a meeting duly noticed and held.

DIRECTOR


BJ Delzer