

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: David C. Moe II, Redevelopment Manager

DATE: October 24, 2013 (CC Meeting of 11/6/13) *Deint*

SUBJECT: Consider Purchase and Sale Agreement Between the City of Moorpark and Shea Homes, Limited Partnership, Memorializing the Affordability Requirements for Tract Map No. 5425

BACKGROUND

On May 23, 2005, Shea Homes, Limited Partnership (Shea) and the City of Moorpark (City) entered into a Development Agreement (DA) for the development of 99 units on approximately 14.8 acres, generally located south and east of said Fremont Street consistent with the conditions of approval for Vesting Tentative Tract Map No. 5425 (TTM 5425) and Residential Planned Development Permit No. 2003-02 (RPD 2003-02), collectively the Project, and City Council Resolution No. 2005-2304, referred to as the Conditions of Approval.

Section 6.9 of the DA requires Shea to provide five units to moderate income buyers, nine units to low income buyers, and six units to very-low income buyers, of approximately 1,600 square feet at very low, low, and moderate affordable sale prices.

On November 6, 2013, the City Council is scheduled to consider the second reading and adoption of Ordinance No. 426 amending the DA allowing Shea to pay an in-lieu fee instead of constructing the moderate income units, converting the six very low income units to nine low income units, and allowing the option for two of the low income units to be constructed on adjacent City owned property if mutually agreed upon by Shea and City.

DISCUSSION

The DA requires the preparation and execution of a Purchase and Sale Agreement (usually this agreement is titled affordable housing agreement, but the 2005 development agreement referred to it as the purchase and sale agreement) specifying information pertaining to the affordable units in TTM 5425. This Purchase and Sale Agreement is to be approved by the City Council prior to the recordation of the final tract map for the project.

Staff has prepared the Purchase and Sale Agreement which addresses the items in Section 6.9 of the DA and includes provisions for the City, at its option, to purchase any of the affordable units, in the event that a qualified low income buyer has not been identified by the City by the time a Notice of Completion is approved for any of the affordable units. If the City acquired an affordable unit, the City would then resell the affordable unit through the City's First Time Home Buyer Program and would cause long term covenants to be recorded against the properties to ensure their affordability to low-income households for at least 45 years.

Various other provisions, such as the schedule for providing the units, location of the affordable units, and moderate income in-lieu fee requirement are included in the Purchase and Sale Agreement.

FISCAL IMPACT

There is no fiscal impact for the preparation of the Purchase and Sale Agreement. Section 6.9 of the DA requires Shea to pay for the City's direct costs for preparation and review of the Purchase and Sale Agreement. The City will also be receiving the in-lieu fee revenue in exchange for the requirement to build moderate income units. This in-lieu fee revenue will total \$127,000 which will be deposited into the City's Affordable Housing Fund.

STAFF RECOMMENDATION

Approve the Purchase and Sale Agreement, subject to final language approval by the City Manager and City Attorney; authorize City Manager to execute said Purchase and Sale Agreement; and direct the City Clerk to cause said Purchase and Sale Agreement to be recorded in the Office of the Recorder of the County of Ventura.

Attachment: Purchase and Sale Agreement

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (the "Agreement") is made and entered into as of the _____ day of _____ 20052013, by and between SHEA HOMES, LIMITED PARTNERSHIP (hereinafter referred to as "DEVELOPER"), and the CITY OF MOORPARK ("CITY").

RECITALS

~~WHEREAS, California Health & Safety Code Section 33413 (b) (2) (A) (i) requires that "at least 15 percent of all new and substantially rehabilitated dwelling units developed within a project area under the jurisdiction of an agency by public or private entities or persons other than the agency shall be available at affordable housing cost to, and occupied by, persons and families of low or moderate income"; and~~

~~WHEREAS, California Health & Safety Code Section 33413 (c) (1) requires such dwelling units to remain affordable for the longest feasible time, but for not less than 45 years for homeownership units; and~~

WHEREAS, affordable housing cost is defined in California Health and Safety Code Section 50052.5 (b) (2) , with the components of affordable housing cost as found in Section 6920 of Title 25 of the California Code of Regulations; and

WHEREAS, Developer has received City CITY approval to develop 102-99 attached and detached units on approximately 14.8 acres, including the private street known as Fremont Street, generally located south and east of said Fremont Street consistent with the conditions of approval for Vesting Tentative Tract Map No. 5425 (TTM 5425) and Residential Planned Development Permi-t No. 2003-02 (RPD 2003-02), collectively the Project, and City Council Resolution No. 2005-2304, referred to as the Conditions of Approval; and

WHEREAS, on May 23, 2005, the DEVELOPER and CITY entered into a Development Agreement (Development Agreement) for the Project; and

WHEREAS, in the Development Agreement, DEVELOPER agrees to provide five units to moderate income households, nine units to low income buyers, and six units to very-low income buyers of approximately 1,600 square feet at sale prices and terms and conditions as referenced in Sections 2. and 3. of this Agreement; and

WHEREAS, on November 6, 2013, the CITY approved Ordinance No. 426 amending the Development Agreement allowing DEVELOPER to pay an in-lieu fee instead of constructing the moderate income units, converted the six very low income units to nine low income units, and allowed the option for two of the low income units to be constructed on adjacent CITY owned property if mutually agreed by DEVELOPER and CITY.

NOW, THEREFORE, IT IS AGREED by and between the DEVELOPER and the CITY as follows:

SECTION 1. The CITY shall be responsible for marketing the affordable units, selecting and qualifying eligible buyers for the units, and overseeing the escrow processes to sell the affordable units to moderate, low income and very low income households. In the event of termination of this Agreement, Developer shall in any event comply with the Conditions of Approval and all terms and conditions of the Development Agreement.

SECTION 2. Terms of Sale.

2.1 The terms and conditions of the sale of twenty eighteen (2018) units in the Project to qualified moderate, low and very low income buyers or City in lieu of said buyers shall be consistent with the Development Agreement. The twenty eighteen (2018) units referenced above are collectively referred to as the affordable units or affordable housing units. Developer shall also pay a two hundred fifty thousand dollars (\$250,000.00) in-lieu fee to satisfy the requirement for providing moderate income units for the Project. Payment of the in-lieu fee will be made by two methods. The first one hundred twenty-three thousand dollars (\$123,000.00) of the in-lieu fee shall be used by the Developer to increase the number of affordable low income units in the Project from seventeen (17) to eighteen (18) units. The remaining one hundred twenty-seven thousand dollars (\$127,000.00) will be paid to the City at the time the first required affordable unit is sold to a qualified buyer.

2.2 Developer and City may upon mutual agreement reduce the number of required affordable units from eighteen (18) to sixteen (16), contingent on both of the following:

1. Developer purchases APN 506-0-020-240 (adjacent to Tract 5425) from City and constructs two (2) affordable units consistent with Plan 1A in Tract 5425 to be sold in the same manner as provided in this Section 6.9.
2. Developer offers City an opportunity to purchase two (2) Plan 1A units in Tract 5425 for then market price not to exceed \$400,000 for each unit. These two (2) units shall be provided all the same features and amenities of the other affordable units in Tract 5425 consistent with this Section 6.9.

2.3 DEVELOPER shall satisfy all mechanic's, laborer's, ~~materialman's~~ material man's, supplier's, or vendor's liens and any construction loan or other financing affecting any unit or lot in the Project which has been designated for an affordable unit, before the close of escrow for that affordable unit.

2.34 DEVELOPER agrees if it sells any of the affordable units directly to a qualified ~~moderate, low or very-low~~ income buyer, per Section 2.1 above, all requirements of the buyer, including, but not limited to, completion of a CITY approved homebuyer education training workshop, and CITY approved documents for the transaction, including a promissory note, deed of trust, and resale restriction agreement and option to purchase (the "Affordability Documents"), shall be included as a requirement of the sale. The language of all such documents shall be approved by CITY at its sole discretion.

2.45 The parties agree that prior to and upon the sale of an affordable unit to a qualified buyer or CITY, CITY may at its sole discretion take any actions and impose any conditions on buyer eligibility and on said sale or subsequent sale of the unit to ensure ongoing affordability to ~~moderate, low and very-low~~ income households and related matters. After the sale of an affordable unit by DEVELOPER to a qualified buyer or CITY, CITY shall have sole responsibility for approving any subsequent sale of that housing unit and enforcing the Affordability Documents. DEVELOPER further agrees that CITY has the sole discretion to make all determinations on buyer eligibility including but not limited to income and household size.

2.56 Developer agrees that the required ~~very-low income, required low income, and the required moderate income~~ affordable units shall be provided by DEVELOPER and occupied by qualified buyers (or at City's sole discretion sold to City) on terms consistent with this agreement and the Development Agreement as specified in the following schedule:

Prior to Occupancy of	# of Very Low Income Units	# of Low Income Units	# of Moderate Income Units
21st Unit	1	<u>24</u>	1
41st Unit	1	<u>52</u>	1
61st Unit	1	<u>24</u>	1
81st Unit	1	<u>23</u>	1
<u>101st-99st</u> Unit	2	<u>12</u>	1
Total	6	<u>918</u>	5

2.67 The required ~~twenty (20)~~ affordable units within the Project shall be located on unit (may also be referred to as pad or lot) numbers 1, 18, 24, 28, 32, 42, 47, 53, 59, 63, 67, 73, 78, 83, 87, 92, 96, and 97, ~~4, 9, 18, 24, 46, 50, 54, 56, 60, 62, 67, 89, 94, 96, 98, 99, 100, 101, and 102~~. The City Manager or the City Manager's designee may approve different unit numbers within the Project so long as the unit contains no less than one thousand six hundred (1,600) square feet.

~~The CITY shall determine at its sole discretion which of the affordable units within the Project will be sold to the nine (9) qualified low income households, the six (6) very low income households, and the five (5) moderate income households.~~

SECTION 3. Conditions of Purchase and Sale. If a qualified moderate, low or very low income buyer is identified by the CITY prior to or at the time of completion of any one of the affordable units, and by the date on which final inspection approval is issued for said unit, DEVELOPER shall open escrow for the sale of said unit for the same sales price as herein stipulated and subject to Section 2- above, and shall enter escrow directly with the buyer identified by CITY, and proceed to closing of said escrow. If a qualified moderate, low or very low income buyer has not been identified at the time DEVELOPER receives its final inspection approval for an affordable unit in the Project, CITY agrees to purchase the affordable unit required to be provided by DEVELOPER for the amount and at the time specified in the Development Agreement.

SECTION 4. Quality of Construction. DEVELOPER warrants that the quality of materials and construction techniques of the affordable units sold to the qualified low income buyer, or CITY shall in all manner be identical to that of all other units constructed in this Project and subject to all Conditions of Approval and shall meet all Building Codes.

SECTION 5. Amenities and Warranties. DEVELOPER acknowledges that the affordable units will not be occupied by the CITY but, if purchased by the CITY will be sold to qualified moderate, low, or very low income buyer(s). DEVELOPER agrees to provide the same amenities and home warranties associated with the affordable units purchased by the low income buyer, or CITY as the amenities and home warranties associated with the market rate units. DEVELOPER declares that all such warranties shall inure to the benefit of and be enforceable by the ultimate occupants of the affordable units and that all warranties by subcontractors and suppliers shall inure to the benefit of and be enforceable by such occupants. The CITY shall have the same choices of finish options as purchasers of market rate units in this Project and final walk-through approval of condition of unit before close of sale. Any options provided to buyers of market rate units shall be provided to CITY or buyer(s) of the affordable units, including but not limited to color and style choices for carpeting and other floor coverings, counter tops, roofing materials, exterior stucco and trim of any type, fixtures, and other decorative items.

SECTION 6. Defense and Indemnity. DEVELOPER agrees to indemnify, hold harmless and defend at its sole expense, with counsel reasonably acceptable to CITY, any action brought against it or CITY by a purchaser of an affordable unit for any alleged construction defects or related problems, or any action brought by any party to approve, extend or renew any permit, related actions under the California Environmental Quality Act (CEQA), any subsequent permits to implement/construct the Project and this Agreement. DEVELOPER further agrees to reimburse CITY for any court costs and/or attorneys' fees which CITY may be required by the court to pay as a result of any such action. CITY may, at its sole discretion, participate in the defense of

any such action at CITY's cost but such participation shall not relieve DEVELOPER of its obligation under this Section.

SECTION 7. Waiver. DEVELOPER hereby covenants not to bring any action against CITY to (a) attack, review, set aside, void, or otherwise annul this Agreement, in whole or in part, or (b) recover any compensation or obtain any relief for any injury damage, loss, or deprivation of any right alleged to have been sustained as a result of CITY's action on any matter related to this Agreement.

SECTION 8. Defaults and Remedies. Each of the following shall constitute an "Event of Default" by the DEVELOPER:

8.1.1 Failure by the DEVELOPER to duly perform, comply with and observe any of the conditions, terms, or covenants of TTM No. 5425 or RPD No. 2003-02, or this Agreement, or the Development Agreement, if such failure remains uncured ten (10) days after written notice of such failure from the CITY to the DEVELOPER in the manner provided herein or, with respect to a default that cannot be cured within ten (10) days, if the DEVELOPER fails to commence such cure within such ten (10) day period or thereafter fails to diligently and continuously proceed with such cure to completion.

8.1.2 Any representation or warranty contained in this Agreement or in any certificate or report submitted to the CITY by DEVELOPER proves to have been incorrect in any material respect when made.

8.1.3 A court having jurisdiction shall have made or rendered a decree or order (a) adjudging DEVELOPER to be bankrupt or insolvent; (b) approving as properly filed a petition seeking reorganization of DEVELOPER or seeking any arrangement on behalf of DEVELOPER under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or of any state or other jurisdiction; (c) appointing a receiver, trustee, liquidator, or assignee of the DEVELOPER in bankruptcy or insolvency or for any of its properties; or (d) directing the winding up or liquidation of the DEVELOPER, providing, however, that any such decree or order described in any of the foregoing subsections shall have continued unstayed or undischarged for a period of ninety (90) days.

8.1.4 The DEVELOPER shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment or execution on any substantial part of its property, unless the property so assigned, sequestered, attached, or executed upon shall have been returned or released within ninety (90) days after such event (unless a lesser time period is permitted for cure hereunder) or prior to sale pursuant to such sequestration, attachment, or execution. If the DEVELOPER is diligently working to obtain a return or release of the property and the CITY's interests hereunder are not imminently threatened in the CITY's reasonable business judgment, then the CITY shall not declare a default under this subsection.

8.1.5 The DEVELOPER shall have voluntarily suspended its business or dissolved.

8.1.6 Should there occur any default declared by any lender under any loan document or deed of trust relating to any loan made in connection with the Project or property on which Project is to be constructed, which loan is secured by a deed of trust or other instrument of record.

8.2 DEVELOPER shall pay and promptly discharge when due, at DEVELOPER's cost and expense, all liens, encumbrances and charges upon the Project or the underlying property, or any part thereof or interest therein (except the lien of any mortgage, deed of trust or other recorded instrument securing any construction or permanent financing for the Project), provided that the existence of any mechanic's, laborer's, material man's, supplier's, or vendor's lien or right thereto shall not constitute a violation of this Section if payment is not yet due under the contract which is the foundation thereof and if such contract does not postpone payment for more than forty-five (45) days after the performance thereof. DEVELOPER shall have the right to contest in good faith the validity of any such lien, encumbrance or charge, provided that within ten (10) days after service of a stop notice or ninety days after recording of a mechanic's lien, DEVELOPER shall deposit with CITY a bond or other security reasonably satisfactory to CITY in such amounts as CITY shall reasonably require, but no more than the amount required to release the lien under California law and provided further that DEVELOPER shall thereafter diligently proceed to cause such lien, encumbrance or charge to be removed and discharged, and shall, in any event, cause such lien, encumbrance or charge to be removed or discharged not later than sixty (60) days prior to any foreclosure sale. If DEVELOPER shall fail either to remove and discharge any such lien, encumbrance or charge or to deposit security in accordance with the preceding sentence, if applicable, then, in addition to any other right or remedy of CITY-CITY may, but shall not be obligated to discharge the same, without inquiring into the validity of such lien, encumbrance or charge nor into the existence of any defense or offset thereto, either by paying the amount claimed to be due, or by procuring the discharge of such lien, encumbrance or charge by depositing in a court a bond or the amount or otherwise giving security for such claim, in such manner as is or may be prescribed by law. DEVELOPER shall, immediately upon demand therefor by CITY, pay to CITY an amount equal to all costs and expenses incurred by CITY in connection with the exercise by CITY of the foregoing right to discharge any such lien, encumbrance or charge. To the extent not paid, all costs and expenses paid by the CITY shall be a lien on the Property pursuant to California Civil Code Section 2881.

~~8.3—Costs of Enforcement.~~ If any Event of Default occurs, CITY may employ an attorney or attorneys to protect its rights hereunder. Subject to California Civil Code Section 1717, DEVELOPER promises to pay to CITY, on demand, the fees and expenses of such attorneys and all other costs of enforcing the obligations secured hereby including without limitation, recording fees, receiver's fees and expenses, and all other expenses of whatever kind or nature, incurred by CITY in connection with the default.

8.4 ~~Remedies Not Exclusive.~~ CITY shall be entitled to enforce payment and performance of any indebtedness or obligation of DEVELOPER arising under this Agreement and to exercise all rights and powers under this Agreement or any law now or hereafter in force, notwithstanding some or all of the said indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by guaranty, mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Agreement nor its enforcement by court action shall prejudice or in any manner affect CITY's right to realize upon or enforce any other security now or hereafter held by CITY, it being agreed that CITY shall be entitled to enforce this Agreement and any other security now or hereafter held by CITY, as applicable, in such order and manner as CITY may in its absolute discretion determine. No remedy herein conferred upon or reserved to CITY is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by this Agreement to the CITY may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the CITY, and it may pursue inconsistent remedies.

8.5 ~~Enforcement; Specific Performance.~~ The CITY shall have the right to mandamus or other suit, action or proceeding at law or in equity to require the DEVELOPER to perform its obligations and covenants under this Agreement or to enjoin acts or things which may be unlawful or in violation of the provisions hereof.

8.6 ~~Right of Contest.~~ The DEVELOPER shall have the right to contest ~~in~~ in good faith any claim, demand, levy, or assessment the assertion of which would constitute an Event of Default hereunder. Any such contest shall be prosecuted diligently and in a manner unprejudicial to the CITY or the rights of the CITY hereunder.

8.7 ~~Action at Law; No Remedy Exclusive.~~ The CITY may take whatever action at law or in equity as may be necessary or desirable to enforce performance and observance of any obligation, agreement or covenant of the DEVELOPER under this Agreement. No remedy herein conferred upon or reserved by the CITY is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of such right or power, but any such right or power may be exercised from time to time and as often as CITY may deem expedient. In order to entitle the CITY to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be herein expressly required or required by law to be given.

8.8 ~~Termination.~~ The CITY'Sity's rights and remedies set forth herein shall include as a cumulative remedy the right to terminate this Agreement if an Event of Default is not cured, pursuant to section 8.1 herein. Such termination shall, at a

minimum, require full compliance by the DEVELOPER with the Conditions of Approval and all terms and conditions of the Development Agreement.

SECTION 9. Warranty of Authorized Signatories. Each of the signatories hereby warrants and represents that he or she is competent and authorized to execute this Agreement on behalf of the party for whom he or she purports to sign.

(a) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, assigns, legal representatives, parent, subsidiary, affiliated and related entities, officers, directors, principals, agents, servants, employees, representatives, and all persons, firms, associations and/or corporations connected with them, including, without limitation, their insurers, sureties and/or attorneys.

(b) Attorneys' Fees. In the event that any action, suitor other proceeding is instituted to remedy, prevent or obtain relief from a breach of this Agreement, or arising out of a breach of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs incurred in such action, suit or other proceeding, including any and all appeals or petitions therefrom.

(c) Severability. Should any part, term or provision of this Agreement be declared or determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and said illegal or invalid part, term or provision shall be deemed not to be a part of this Agreement.

(d) Assistance of Counsel. DEVELOPER and CITY acknowledge that: (i) they have been represented by independent counsel in connection with this Agreement; (ii) they have executed this Agreement with the advice of such counsel; and (iii) this Agreement is the result of negotiations between the Parties and the advice and assistance of their respective counsel. Each of the Parties has equally participated in the drafting and preparation of this Agreement, and it is the intention of the Parties that the construction or interpretation of this Agreement shall be made without reference to the Party who drafted any portion or particular provision of this Agreement or the relative size and or bargaining power of the Parties.

SECTION 10. Moratorium on Development. Nothing in this Agreement shall prevent CITY, whether by the City Council or through the initiative or referendum process, from adopting or imposing a moratorium on the processing and issuance of subsequent approvals and building permits and on the finalizing of building permits by means of a final inspection or certificate of occupancy, provided that the moratorium is adopted or imposed (i) on a City-wide basis to all substantially similar types of development projects and properties with similar land use designations and (ii) as a result of a utility shortage or a reasonably foreseeable utility shortage, including without limitation a shortage of water, sewer treatment, capacity, electricity or natural gas.

SECTION 11. Waiver of Protest Rights. DEVELOPER agrees that any fees and payments for this Project shall be made without reservation, and Developer DEVELOPER expressly waives the right to payment of any such fees under protest pursuant to California Government Code Section 66020 and statutes amendatory or supplementary thereto, or any other applicable state or federal law.

SECTION 12. Action at Law; No Remedy Exclusive. The CITY may take whatever action at law or in equity as may be necessary or desirable to enforce performance and observance of any obligation, agreement or covenant of the DEVELOPER under this Agreement. No remedy herein conferred upon or reserved by the CITY is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of such right or power, but any such right or power may be exercised from time to time and as often as CITY may deem expedient. In order to entitle the CITY to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be herein expressly required or required by law to be given.

SECTION 13. Notices. All notices and other communications which a party desires or is required to give respecting this Agreement must be in writing addressed to the recipient party at its address set forth beneath its signature to this Agreement and must be given personally (including by commercial messenger or courier) or by First Class United States Mail, postage prepaid. Notices shall be deemed to have been effectively given, if given personally, upon receipt (or upon attempted delivery if receipt is refused), and if mailed, three (3) business days following deposit in the United States Mail. A party may change its address for notices only by a notice given in the foregoing manner.

SECTION 14. Joint Preparation. This Agreement shall be deemed to have been prepared jointly and equally by the Parties, and it shall not be construed against any Party on the ground that the Party prepared the Agreement or caused it to be prepared.

SECTION 15. Amendments and Waivers. No term or provision of this Agreement can be amended or waived, either orally or by a course of conduct, but only by an instrument in writing signed by the party against whom enforcement of such amendment or waiver is sought.

SECTION 16. Entire Agreement. This Agreement, the Development Agreement, and the Conditions of Approval for this Project constitute the entire agreement and understanding of the parties with respect to its subject matter and they supercede all prior and contemporaneous agreements and understandings of the parties with respect to that subject matter. Should any provision of this Agreement be

in conflict with any provision of the Development Agreement, the Development Agreement shall prevail.

SECTION 17. Headings and Attachments. The title of this Agreement and the headings of its sections are for convenience of reference only and are not to be referred to in interpreting or construing this Agreement. However, all attachments and exhibits to this Agreement, as well as the Recitals, are a part of this Agreement.

SECTION 18. Governing Law and Interpretation. This Agreement is to be governed by and construed in accordance with the laws of the State of California. No term or provision of this Agreement is to be construed against a party by reason of its having drafted the same. This Agreement is made, entered into and executed in Ventura County, California, and any action filed in any court for the interpretation, enforcement or other action arising from any term, covenant or condition herein shall be filed in Ventura County.

[signatures next page]

CITY:

CITY OF MOORPARK

DEVELOPER:

SHEA HOMES, a limited partnership

By: _____
Janice S. Parvin
Mayor

By: _____
J.F. Shea, Co., Inc.,
a Nevada Corporation
its General Partner

Attest:

Shea Homes, Limited Partnership
20688 Russell Ranch Road, Suite 290
Westlake Village, CA 91361
Attn: _Steve Seemann
Assistant Secretary

| By: _____
Maureen Benson
City Clerk

Shea Homes, Limited Partnership
20688 Russell Ranch Road, Suite 290
Westlake Village, CA 91361
Attn: _Jeff Palmer, Assistant Secretary

City of Moorpark
799 Moorpark Avenue
| Moorpark, California 93021
Attn: Steven Kueny, City Manager

Jackson, DeMarco & Peckenpaugh
2030 Main Street, Suite 1200
Irvine, CA 92623
Attn: _Andrew Bernstein, Esq.