

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Napa
County Administration Building
1195 Third Street, Suite 310
Napa, CA 94559
Attention: County Executive Officer

No fee for recording pursuant to
Government Code Section 27383

**AGREEMENT CONTAINING COVENANTS AND RESTRICTIONS GOVERNING RENTAL OF
AFFORDABLE ACCESSORY DWELLING UNIT**

THIS AGREEMENT CONTAINING COVENANTS AND RESTRICTIONS GOVERNING RENTAL OF AFFORDABLE ACCESSORY DWELLING UNIT (the "**Agreement**") is made and entered into as of _____, 20__ (the "**Effective Date**"), by and between the County of Napa, a political subdivision of the State of California (the "**County**"), and _____, or any successor in interest (collectively, the "**Owner**"). The County and the Owner are referred to in this Agreement individually as a "**Party**" and collectively as the "**Parties**."

RECITALS

A. Pursuant to County Board of Supervisors Resolution No. XXXX-XX, the County operates an Affordable Accessory Dwelling Unit Forgivable Loan Program (the "**Program**") for the purpose of encouraging the production of affordable units in Napa County by easing the financial burden required for and incentivizing the creation of accessory dwelling units ("**ADUs**") on parcels with new or existing owner-occupied single-family homes located in the County.

B. Owner is the fee owner of that certain property in the County of Napa, at _____, which is more particularly described in Exhibit A (the "**Property**") and has applied to participate in the Program. The County has reviewed the Owner's application to participate in the Program and has determined that Owner is eligible to participate in the Program.

C. The County and Owner have entered into a certain Affordable Accessory Dwelling Unit Loan Agreement, dated as of _____, 20__, (the "**AADU Agreement**") whereby the County has agreed to provide Owner with an Affordable Housing Loan in the amount of \$_____ (the "**Loan**") for the construction of and other costs related to the development of an ADU on the Property in return for the Owner's agreement to rent the ADU to a Low Income Household at an Affordable Rent, as those terms are defined in Article 1 of this Agreement.

D. As of the Effective Date, two (2) housing units are located, or will be constructed, on the Property. One unit will be referred to in this Agreement as the "**Primary Unit**" and the other unit will be referred to in this Agreement as the "**Accessory Dwelling Unit**". The Primary Unit is the principal residence of Owner.

E. The AADU Agreement provides that the Owner will record this Agreement and a performance deed of trust (the "Deed of Trust") against the Property with respect to the Loan.

F. This Agreement is required to be entered into by the County and the Owner, and recorded in the Official Records against the Property, in accordance with the requirements of the County's AADU Forgivable Loan Program Guidelines ("**Program Guidelines**").

NOW THEREFORE, it is agreed by and between the Parties as follows:

ARTICLE 1 DEFINITIONS

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

1.1 "Affordable Rent" means the maximum allowable Rent for the Accessory Dwelling Unit, equal to one-twelfth (1/12th) of thirty percent (30%) of eighty percent (80%) of the Median Household Income, adjusted for assumed household size, as follows: (a) Studio—1 person; (b) 1 bedroom—2 persons; and (c) 2 bedrooms—4 persons, as determined by the County and provider to the Owner on an annual basis.

1.2 "Eligible Household" means a household that has been determined to be eligible to be a Tenant of the Accessory Dwelling Unit as a Low Income Household.

1.3 "HCD" means the State of California Department of Housing and Community Development, or any successor

1.4 "HUD" means the U.S. Department of Housing and Urban Development, or any successor.

1.5 "Low Income Household" means a household whose income does not exceed the low income limits applicable to Napa County, adjusted for household size, as determined by HUD and published annually by HCD. As of the Effective Date, such income limit is approximately equal to eighty percent (80%) of Median Household Income.

1.6 "Median Household Income" means median yearly income in Napa County as determined by HUD and published by HCD.

1.7 "Rent" means the total monthly payment by the Tenant of the Accessory Dwelling Unit for all of the following: (1) use and occupancy of the Accessory Dwelling Unit and land and all facilities associated with the Accessory Dwelling Unit, including but not limited to parking, storage, and use of any common areas; (2) any separately charged fees or service charges assessed by the Owner to the Tenant, except security deposits; (3) any other interest, taxes, fees, or charges for use of the Property or associated facilities that are assessed by a public or private entity other than the Owner and paid by the Tenant.

1.8 "Tenant" means an Eligible Household entitled by written or oral agreement with the Owner to have the exclusive right to occupy the Accessory Dwelling Unit as a home or residence to the exclusion of all others.

1.9 "Transferee" has the meaning set forth in Section 5.6

ARTICLE 2 OWNER'S OBLIGATIONS

2.1 Rental of Accessory Dwelling Unit to Eligible Households. The Owner will ensure that the Accessory Dwelling Unit is rented to, and occupied by, Eligible Households in accordance with this Agreement. The Owner will not use the Accessory Dwelling Unit for any other purpose other than as set forth in this Agreement; provided, however, nothing in this Agreement will be deemed to prohibit the Accessory Dwelling Unit from being vacant so long as such vacant Accessory Dwelling Unit is not used by Owner (or any other person) for any purpose, including, but not limited to use by the Owner in conjunction with the use and occupancy of the Primary Unit. Except as set forth in the preceding sentence nothing in this Agreement limits the use or occupancy of the Primary Unit.

(a) Income Certification. The Owner will not enter into a lease or rental agreement, or receive Rent from a Tenant, for the Accessory Dwelling Unit unless the Owner has made a good faith effort to verify that the income provided by an applicant in an income certification is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a pay stub for the three most recent pay periods; (2) obtain an income tax return for the most recent tax year; (3) obtain an income verification form from the applicant's current employer; (4) obtain an income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies; or (5) if the applicant is unemployed and has no such tax return, obtain another form of independent verification acceptable to the County. Copies of tenant income certifications will be available to the County upon request.

(b) Maximum Allowable Rent. The maximum Rent charged to the Tenant of the Accessory Dwelling Unit will not exceed Affordable Rent.

(c) Increased Income of Tenants. If, upon recertification of a Tenant's income pursuant to Section 2.2, the Owner determines that the Tenant's household income has increased and exceeds the qualifying income for a Low Income Household, then such Tenant will continue to be considered an "Eligible Household", and will be permitted to continue to occupy the Accessory Dwelling Unit, at the rent set forth in subsection (c), above; provided, however, nothing in this Agreement will prohibit the Owner from terminating such tenancy upon the expiration of such Tenant's lease. Following such Tenant's vacancy, the Owner will lease the Accessory Dwelling Unit to an Eligible Household.

(d) Information. At the request of the Owner, the County will provide the Owner with the low and very low income limits applicable to Napa County, adjusted for household size, as published from time to time by HCD.

2.2 Lease Provisions. The Owner will enter into a written lease with the Tenant for the ADU (the "ADU Lease") and will attach to the ADU Lease the form of Tenant lease addendum (the "Tenant Lease Addendum") attached to this Agreement as Exhibit C. The provisions of the Tenant Lease Addendum will prevail over and supersede any provisions of the the ADU Lease. Failure by the Owner to attach the Tenant Lease Addendum to the ADU Lease or to comply with the terms of the Tenant Lease Addendum will be a default under this Agreement.

2.3 Inspection. For purposes of confirming compliance with this Agreement, the Accessory Dwelling Unit will be made available by Owner to be inspected by the County during regular business hours upon seventy-two (72) hours' written notice; provided, however, that any such inspection will occur only once during any twelve (12) calendar month period unless: (i) the County receives a complaint that a Tenant is occupying the Accessory Dwelling Unit in violation of this Agreement (or that the Owner is otherwise violating this Agreement); or (ii) a new Tenant is occupying the Accessory Dwelling Unit, in which case County may re-inspect. The Owner irrevocably grants the County (and its agents) a right of entry to enter the Property for the purposes of such inspection.

2.4 Records. The Owner will maintain reasonably complete and accurate records pertaining to such rental of the Accessory Dwelling Unit throughout the duration of each tenancy. Owner will permit any authorized representative of the County to inspect such records of any current Tenant upon reasonable notice, including those resident files pertaining to said rental, for the purpose of confirming compliance with the terms, conditions and covenants of this Agreement.

2.5 Assignments and Subletting. The Owner will at no time permit the Tenant to assign its leasehold interest in the Accessory Dwelling Unit or to sublet all or a portion of the Accessory Dwelling Unit to any person other than to another Eligible Household. Owner will have the right to approve or disapprove any proposed assignment or sublease at Owner's sole discretion; provided that prior to approving any proposed assignment or sublease, Owner will comply with the provisions of Section 2.1 above to obtain County approval of the eligibility of the proposed assignee or sub-lessee.

2.6 Agreement to Limitation on Rents.

(a) The Owner acknowledges that the Property received the Affordable Housing Loan as a direct financial contribution. Sections 1954.52(b) and 1954.53(a)(2) of the Costa-Hawkins Act provide that, where an owner has received a direct financial contribution, certain provisions of the Costa-Hawkins Act do not apply if a property owner has so agreed by contract. The Owner agrees to limit the Rents for the Accessory Dwelling Unit, as provided in this Agreement, in consideration of the Property's receipt of the direct financial contribution and further agrees that any limitations on Rents imposed on the Accessory Dwelling Unit are in conformance with the Costa-Hawkins Act.

(b) The Owner further warrants and covenants that the terms of this Agreement are fully enforceable. The Owner agrees and acknowledges that the County would not have provided the Affordable Housing Loan without the obligation to record this Agreement and the Deed of Trust against the Property in the Official Records, and that in providing the Affordable Housing Loan, the County was relying on the restrictions imposed on the Accessory Dwelling Unit by this Agreement.

2.7 Deeds. Owner acknowledges that this Agreement will be recorded in the Official Records against the Property, and any deed transferring any fee interest in the Property will include the following language; provided, however, the failure to include the following language will not limit, waive, or impair the obligations set forth in this Agreement:

NOTICE: THE ACCESSORY DWELLING UNIT ON THIS PROPERTY IS REQUIRED TO BE RENTED TO PERSONS MEETING CERTAIN ELIGIBILITY REQUIREMENTS AT A BELOW-MARKET RATE RENT, PURSUANT TO THE COUNTY OF NAPA CODE. FOR MORE INFORMATION, SEE THE AGREEMENT RECORDED AGAINST THIS

PROPERTY ENTITLED "AGREEMENT CONTAINING COVENANTS AND RESTRICTIONS GOVERNING RENTAL OF AFFORDABLE ACCESSORY DWELLING UNIT". THE RESTRICTIONS SET FORTH IN SUCH AGREEMENT BIND ALL HEIRS AND SUCCESSORS TO THIS DEED.

ARTICLE 3 TERM

3.1 Term. Except as outlined in Section 3.2 below, this Agreement will become effective as of the Effective Date and will remain in full force and effect for a term of five (5) years following the recordation of this Agreement in the Official Records unless the County elects, in the County's sole discretion, to terminate this Agreement by written instrument recorded in the Official Records.

3.2 Option of Term Extension. While the Term of this Agreement is five (5) years, the County will forgive the Loan monthly. For each month that the Accessory Dwelling Unit is leased to an Eligible Household at an Affordable Rent in accordance with the terms of this Agreement, the County will forgive one-sixtieth (1/60) of the Loan. If, upon the expiration of the Term of this Agreement, there have been one or more periods of vacancy of the Accessory Dwelling Unit such that the Owner has an unforgiven Loan balance, the Owner will have the option to either:

- (a) Extend the Term of this Agreement (and therefore the applicability of its provisions) by the total length of the period(s) of vacancy; or
- (b) Pay to the County an amount equal to the total outstanding unforgiven balance of the Loan, including any interest due under the Note, in exchange for the County's immediate extinguishment of this Agreement.

ARTICLE 4 DEFAULT

4.1 Violations by Owner. Failure of the Owner to cure any default in the Owner's obligations under the terms of this Agreement within thirty (30) days after the delivery of a written notice of default from the County (or such longer period of time up to an additional sixty (60) days as may be necessary to remedy such default, provided that the Owner has commenced action during the thirty (30) days necessary to remedy such default, and the Owner is proceeding with reasonable diligence to remedy such default) will constitute a default under this Agreement.

4.2 Remedies. Subject to the applicable notice and cure period set forth above, the County may exercise any and all remedies available to it at law or equity with respect to the Owner's failure to satisfy the terms of this Agreement. Owner acknowledges that any breach in Owner's performance of Owner's obligations under this Agreement will cause irreparable harm to the County, and materially impair the public policy objectives set forth in the Napa County Code. Therefore, Owner agrees that the County is entitled to equitable relief in the form of specific performance, and that an award of damages may not be adequate to compensate the County for Owner's failure to perform according to the terms of this Agreement. Notwithstanding the foregoing, the County, in its sole and absolute discretion, may elect the appropriate remedy for Owner's default under this Agreement.

ARTICLE 5 GENERAL PROVISIONS

5.1 Notices. Except for any notice, demand, or communication required under applicable law to be given in another matter, all notices, demands, and communications to be sent pursuant to this Agreement will be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Parties in accordance with this Section. All notices demands or communications will be sent by: (i) personal delivery, with a delivery receipt; (ii) certified mail, return receipt requested; or (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account with a delivery receipt. Delivery will be deemed to have occurred on the date shown on the delivery receipt as the date of delivery, the date delivery was refused, or the date on which the item was returned as undeliverable. Either Party may change the address to which notices are to be sent by notifying the other Parties of the new address, in the manner set forth above.

County: County of Napa
County Administration Building
1195 Third Street, Suite 310
Napa, CA 94559
Attention: County Executive Officer

Borrower: At the Property address.

5.2 Entire Agreement. The Recitals set forth above, and all exhibits attached to this Agreement, are incorporated into this Agreement by this reference. This Agreement contains the entire agreement between the Parties as to the subject matter of this Agreement and supersedes any and all prior arrangements and understandings between the Parties, and no other agreement, statement or promise made by either Party to this Agreement which is not contained in this Agreement will be binding or valid provided, however, that nothing in this Section limits the effect or enforceability of the County of Napa Code. This Agreement will not be construed as if it had been prepared by one of the Parties, but rather as if both Parties had prepared it. The Parties have read and reviewed this Agreement and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party (including but not limited to Civil Code Section 1654 as may be amended from time to time) will not apply to the interpretation of this Agreement.

5.3 Amendment. This Agreement may be amended only by the written agreement of the Parties.

5.4 Severability. In the event any limitation, condition, restriction, covenant, or provision contained in this Agreement is to be held invalid, void or unenforceable by any court of competent jurisdiction, or if any provision of this Agreement is rendered invalid or unenforceable pursuant to any California statute which became effective after the Effective Date, the remaining portions of this Agreement will nevertheless remain in full force and effect to the greatest extent allowed by law.

5.5 Waiver. The waiver of or failure to enforce any provision of this Agreement will not operate as a waiver of any future breach of any such provision or any other provisions of this Agreement.

5.6 Covenant Running with the Land. The covenants and conditions in this Agreement contained will apply to and bind, during their respective periods of fee ownership, Owner and their heirs, executors, administrators, successors, transferees, and assignees (each a "Transferee") having or acquiring any right, title or interest in or to any part of the Property, whether by operation of law or in any manner whatsoever, and will run with and burden the Property for the entire Term unless or until released in accordance with Article 3. All of the provisions of this Agreement will be enforceable as equitable servitudes and will constitute covenants running with the land pursuant to applicable laws, including without limitation Section 1468 of the California Civil Code. Each covenant to do, or to refrain from doing, some act on the Property under this Agreement: (a) is for the benefit of the Property and is a burden on the Property, (b) runs with the Property, and (c) is binding upon each Party and each successive owner during its ownership of the Property or any portion of the Property and will be a benefit to and a burden upon each Party and the Property under this Agreement and each other person or entity succeeding in an interest to the Property.

5.7 Assignment and Assumption; Release. Provided that a Transferee expressly assumes Owner's obligations under this Agreement pursuant to an assignment and assumption agreement in a form approved by the County in connection with the transfer of any part of the Property, the Owner will be released from all obligations following the recordation of such assignment and assumption agreement in the Official Records.

5.8 Non-Discrimination. The Accessory Dwelling Unit will be available for occupancy to members of the general public. The Owner will not give preference to any particular class or group of persons in renting the Accessory Dwelling Unit or selling the Property, except to the extent that the Accessory Dwelling Unit is required to be rented to Eligible Households; provided, however, there will be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, source of income (e.g., SSI), age, ancestry, disability, or any other basis prohibited by the Fair Housing Act or the Fair Employment and Housing Act in the leasing, transferring, use, occupancy, tenure, or enjoyment of the Accessory Dwelling Unit nor will the Owner or any person claiming under or through the Owner, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of Tenants of the Accessory Dwelling Unit. The Owner has agreed to the obligations set forth in this Section in consideration for the direct financial contribution of the Affordable Housing Loan.

5.9 Relationship of Parties. Nothing contained in this Agreement will be deemed or construed by the Parties or any third party to create the relationship of principal and agent or of partnership or of joint venture or of association. The relationship of the Parties is that of an owner of real property and an administrator of a County affordable housing program. Owner further acknowledges, understands and agrees that the County does not undertake or assume any responsibility for or duty to Owner to select, review, inspect, supervise, pass judgment on, or inform Owner of the quality, adequacy or suitability of the Accessory Dwelling Unit (or any other portion of the Property). The County owes no duty of care to protect Owner against negligent, faulty, inadequate or defective building or construction or any condition of the Property and Owner agrees that neither Owner, or Owner's heirs, successors or assigns will ever claim, have or assert any right or action against the County for any loss, damage or other

matter arising out of or resulting from any condition of the Property and will hold the County harmless from any liability, loss or damage as set forth in Section 5.10. Any review by the County of any documents submitted by the Owner to the County pursuant to this Agreement, including, but not limited to any Tenant Lease, is solely to confirm compliance with the requirements of this Agreement and will not be deemed to be a representation of any kind of the validity or legal enforceability of such document(s).

5.10 Indemnification. Owner agrees to accept all responsibility for loss, damage or injury to any person or entity, and to the greatest extent permitted by law, Owner will indemnify, defend (with counsel approved by the County) and hold the County and its elected and appointed officers, officials, employees, agents, consultants, contractors and representatives (collectively, the "**Indemnitees**") harmless from and against all liability, loss, cost, expense (including without limitation attorneys' fees and costs of litigation), claim, demand, action, suit, judicial or administrative proceeding, penalty, deficiency, fine, order, and damage (all of the foregoing collectively "**Claims**") arising directly or indirectly, in whole or in part, as a result of or in connection with this Agreement, the construction work, the Accessory Dwelling Unit, or any failure to perform any obligation as and when required by the Loan Documents. Owner's indemnification obligations set forth in this Section: (i) will survive the expiration or earlier termination of this Agreement; and (ii) will not extend to Claims to the extent arising from the gross negligence or willful misconduct of the Indemnitees. The County does not and will not waive any rights against Owner that the County may have by reason of any indemnity and hold harmless provision set forth in this Agreement because of the acceptance by the County, or the deposit with the County by Owner, of any of the insurance policies described in the Loan Documents.

5.11 Applicable Law and Venue. This Agreement is governed by and construed in accordance with the laws of the State of California. Venue for any action with respect to this Agreement is the Federal and State Courts for Napa County.

5.12 Attorneys' Fees and Costs. In the event any action or proceeding in court or other dispute resolution mechanism permitted under this Agreement is commenced by either Party to interpret or enforce the terms of this Agreement, the prevailing Party in such action or proceeding will be entitled to recover from the non-prevailing Party all of the prevailing Party's reasonable costs and expenses in connection with such action or proceeding, including on any appeal and including expert witness fees, document copying expenses, exhibit preparation costs, carrier expenses and postage and communication expenses, and reasonable attorneys' fees and costs for the services rendered to the prevailing Party in such action or proceeding (which will include the reasonable costs for services of the County's in-house counsel).

5.13 Time is of the Essence. In all matters under this Agreement, the Parties agree that time is of the essence. References in this Agreement to days will be to calendar days. If the last day of any period to give or reply to a notice, meet a deadline or undertake any other action occurs on a day that is not a day of the week on which the County of Napa is open to the public for carrying on substantially all business functions (a "**Business Day**"), then the last day for giving or replying to such notice, meeting such deadline or undertaking any such other action will be the next succeeding Business Day. In no event will a Saturday or Sunday be considered a Business Day.

5.14 Interpretation. The use in this Agreement of the words "including", "such as" or words of similar import when used with reference to any general term, statement or matter will not be construed to limit such statement, term or matter to the specific statements, terms or matters, unless language of limitation, such as "and limited to" or words of similar import are used with reference to "including". The headings of this Agreement are for convenience only and do not in any way limit or amplify the terms or provisions of this Agreement. All pronouns and variations of them will be deemed to refer to the masculine, feminine, or neuter, and to the singular or plural, as the identity of the Party or Parties may require.

5.15 Government Standards. In the event any standard established and maintained by any governmental agency which is necessary to give effect to this Agreement ceases to exist, and no comparable replacement is issued, the Parties will create a replacement standard utilizing the formula and factors previously used to create the discontinued standard.

5.16 No Limitation on Municipal Powers. Nothing in this Agreement will limit, waive, or otherwise impair the authority and discretion of: (a) the County's Building Department, in connection with the review and approval of any proposed construction plans for the Property (or any change to such plans), or any use, or proposed use, of the Property; or (b) any other office or department of the County acting in its capacity as a governmental regulatory authority with jurisdiction over the development, use, or operation of the Property.

5.17 Counterparts. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts, which will constitute one and the same agreement.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the Effective Date.

COUNTY:

COUNTY OF NAPA, a political subdivision of the State of California

By: _____

David Morrison, County Executive
Officer

APPROVED AS TO FORM BY:
County Counsel

Silva Darbinian, Deputy County Counsel

OWNER:

By: _____

Name: _____

By: _____

Name: _____

(Signatures must be notarized)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name:

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Name: Notary Public

EXHIBIT A

PROPERTY LEGAL DESCRIPTION

[To be Inserted]

EXHIBIT B

FORM OF OWNER CERTIFICATION

To: County of Napa (the "County")

From: _____ [name of owner(s)] (the "Owner(s)")

Address of Property: _____ ("Property")

Date: _____

By signature below, I/we _____ [insert name or names of Owner(s)] certify to the County, under penalty of perjury, that the Accessory dwelling unit located on the Property (the "Accessory Dwelling Unit") is being utilized in accordance with the "Agreement Containing Covenants and Restrictions Governing Rental of Affordable Accessory Dwelling Unit" (the "Agreement") recorded against the Property.

In accordance with Section 2.2 of the Agreement, I/we provide the following information regarding the Accessory Dwelling Unit:

1. Tenant name: _____
2. Size of Tenant's household: _____
3. Accessory Dwelling Unit size (number of bedrooms): _____
4. Date Accessory Dwelling Unit first occupied by Tenant: _____
5. A copy of the Tenant's annual income certification is attached.

This Owner Certification is signed on _____, 20__, under penalty of perjury.

By: _____

Owner signature

Date: _____

EXHIBIT C

TENANT LEASE ADDENDUM

This Lease Addendum is attached to and incorporated in that certain lease for the Accessory Dwelling Unit located at _____, between _____ the ("Owner") and _____ (the "Tenant"), dated _____ (the "ADU Lease"). To the extent that any provision in the ADU Lease is not consistent with or otherwise violates the terms of this Addendum the terms of this Lease Addendum, the terms of this Lease Addendum shall supersede the terms of the ADU Lease and will be binding upon the Owner and the Tenant. A violation of this Lease Addendum by either the Owner or the Tenant will be a violation of the ADU Lease.

- (a) The initial term of the ADU Lease is a minimum of twelve (12) months from the date of initial occupancy of the Accessory Dwelling Unit by the Tenant, unless a greater initial term is provided in the ADU Lease;
- (b) The Rent for the Accessory Dwelling Unit may not be raised more often than once every twelve (12) months. The Owner will provide the Tenant with at least sixty (60) days written notice of any increase in Rent, and any Rent increase will not violate the limitations imposed by this the following documents executed by the Owner and the County of Napa with respect to the Accessory Dwelling Unit: (1) Loan Agreement; (2) Promissory Note; (3) Deed of Trust; and (4) this Agreement.
- (c) With respect to the Accessory Dwelling Unit (or any portion of the Accessory Dwelling Unit) the Tenant will not: (i) sublease it, except as permitted by Section 2.5, below; (ii) use it as a "transient commercial occupancy" (as such term is defined in Section 18.104.410(B)(3) of the County of Napa Code, as may be amended from time to time); (iii) use it for tourist or transient use, or any other short-term rental; and (iii) list it on any "hosting platform" (as defined in California Business & Professions Code 22590, as may be amended from time to time), including, but not limited to any Internet-based "hosting platform", such as "airbnb.com", or any similar service;
- (d) The Tenant must provide an annual certification to the Owner that the Tenant continues to occupy the unit as the Tenant's primary residence;

[SIGNATURES ON FOLLOWING PAGE]

The Owner and the Tenant have executed this Tenant Lease Addendum as of _____, 20__.

OWNER:

Name: _____

TENANT:

Name: _____