

MANAGEMENT PLAN**Affordable Housing Compliance Program****2075 Harbor Boulevard, Costa Mesa, California**

1. Purpose

This Management Plan (“Plan”) has been prepared for the City of Costa Mesa in accordance with Costa Mesa Municipal Code (“CMMC”) Section 13-154(b)(4) and the Affordable Housing Implementation Agreement and Declaration of Covenants, Conditions, and Restrictions, Including Resale Restrictions (“Affordable Housing Agreement”).

The purpose of this Plan is to establish procedures for the administration, monitoring, qualification, sale, and ongoing compliance of the designated affordable units within the residential development located at 2075 Harbor Boulevard, Costa Mesa, California (“Project”).

The Project includes fifteen (15) residential ownership units, including two (2) moderate-income affordable ownership units (“Affordable Units”) subject to affordability restrictions for a period of forty-five (45) years.

2. Affordable Units

The following units shall be designated as affordable ownership units:

- Unit 1 & Unit 15

The Affordable Units shall be restricted for occupancy and ownership by moderate-income households in accordance with California Health & Safety Code Section 50093 and the applicable provisions of the Costa Mesa Municipal Code.

3. Administrative Responsibility

Olson Urban Housing, LLC, or its successor-in-interest (“Developer”), shall be responsible for implementation of this Management Plan until the initial sale of each Affordable Unit.

Following the initial sale of the Affordable Units, ongoing compliance responsibilities shall transfer to the applicable homeowners and shall remain subject to the Affordable Housing Agreement, Equity Sharing Agreement, and City monitoring requirements.

The City of Costa Mesa may utilize a third-party housing compliance consultant to assist with qualification review and ongoing monitoring.

4. Income Qualification Procedures

Prior to the sale of any Affordable Unit, the Developer or its designated lender shall verify that each proposed purchaser qualifies as a moderate-income household.

The following documentation shall be collected and reviewed for each applicant household:

- Federal income tax returns
- W-2 forms
- Pay stubs
- Bank statements
- Verification of employment
- Asset documentation
- Any additional documentation reasonably requested by the City or City consultant

Household income shall be calculated in accordance with applicable California Housing and Community Development (“HCD”) requirements and the Affordable Housing Agreement.

The Affordable Units shall only be sold to households whose income does not exceed the limits for moderate-income households published by HCD for Orange County at the time of sale.

5. Affordable Sales Price Determination

The sales price for each Affordable Unit shall be established in accordance with the Affordable Housing Agreement and applicable provisions of California Health & Safety Code Section 50052.5.

The calculation shall include consideration of:

- Principal and interest payments
- Property taxes
- Insurance
- HOA dues
- Utility and or Solar allowances
- Other applicable housing costs

The Developer shall submit affordable sales price calculations and supporting documentation to the City or the City's designated consultant for review and approval prior to the close of escrow.

6. Buyer Verification and Approval Process

No Affordable Unit shall be transferred without prior written approval from the City of Costa Mesa or its designated consultant.

At least four (4) weeks prior to the anticipated close of escrow, the Developer or its designated lender shall submit:

- Request for Verification of Proposed Buyer
- Income qualification documentation
- Affordable sales price calculations
- Proposed purchase agreement
- Financing information
- Any additional documentation required by the City

The City or its consultant shall review the submitted materials and confirm compliance with affordability requirements prior to authorizing the sale.

7. Marketing Procedures

The Developer shall implement an affirmative fair housing marketing program consistent with the Affordable Housing Agreement and applicable fair housing laws.

Marketing efforts shall include outreach to a broad spectrum of potential buyers, including residents and employees within the City of Costa Mesa, subject to applicable law.

Marketing materials shall clearly identify:

- Income eligibility requirements
 - Affordable sales price restrictions
 - Owner-occupancy requirements
 - Resale restrictions
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8. Owner Occupancy Requirements

Affordable Units shall be owner-occupied as the purchaser's primary residence.

Affordable Units may not be rented or leased except as otherwise permitted under the Affordable Housing Agreement or approved by the City.

Owners shall annually certify occupancy status if requested by the City.

9. Resale Restrictions and Monitoring

The Affordable Units shall remain subject to affordability restrictions for a period of forty-five (45) years from the initial sale.

Any future resale or transfer of an Affordable Unit shall comply with:

- The recorded Affordable Housing Agreement
- The Equity Sharing Agreement
- Applicable City affordability requirements

Prior to any resale, the owner shall provide the City with:

- Income qualification documentation for the proposed buyer
- Proposed sales price information
- Financing information
- Any other documentation required by the City

The City shall retain authority to approve or deny any proposed transfer based upon compliance with affordability requirements.

10. Recordkeeping

The Developer shall maintain records related to the initial qualification and sale of the Affordable Units, including:

- Buyer applications
- Affordable sales price calculations
- City approval documentation

The Lender shall maintain records related to the initial qualification and sale of the Affordable Units, including:

- Income certifications
- Verification documents

Records shall be retained for a minimum period required by applicable law or City requirements and shall be made available to the City upon request.

11. Compliance with Governing Documents

This Management Plan shall be interpreted consistently with:

- Costa Mesa Municipal Code
- California Density Bonus Law
- The Affordable Housing Agreement
- The Equity Sharing Agreement
- Applicable state and federal fair housing laws

In the event of any conflict between this Management Plan and the recorded Affordable Housing Agreement, the recorded Affordable Housing Agreement shall control.