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REGULATORY AGREEMENT

NORTHWOOD PARK IMPROVEMENT ASSOCIATION OF COUNTY, COLUMN CONTRACTOR OF COUNTY, COLUMN COLUMN

THIS AGREEMENT, made and entered into on February 27 1964, by and between NORTHWOOD PARK IMPROVEMENT ASSOCIATION NO. 2, a California corporation, its successors and assigns, and the undersigned FEDERAL HOUSING COMMISSIONER, and his successors, hereinafter called "The Commissioner":

WITNESSETH:

In consideration of endorsement for insurance by the Commissioner of certain notes, deeds of trusts within and upon the following described subdivisions in the City of San Jose, County of Santa Clara, State of California, in consideration of the consent of the Commissioner to the transfer of the mortgaged property, and in order to comply with the requirements of the National Housing Act and the Regulations adopted by the Commissioner pursuant thereto, and in order to provide community facilities for the said subdivisions within the meaning and under the provisions of Section 213, Title II, of the National Housing Act, the Improvement Association agrees for itself, its successors and assigns, that in connection with the herein mentioned subdivisions and in connection with the community facilities, maintain and to be maintained by the Improvement Association, and so long as there is out-standing mortgage insurance on deeds of trust on any of the lot or lots within the hereinafter described subdivisions, until such further period of time as the Commissioner shall be the owner, holder or reinsurer of any mortgage or deed of trust upon any lot or lots within the hereinafter described subdivisions or during any time the Commissioner is obligated to insure a mortgage on any of the said property, the Improvement Association shall establish or continue to maintain a fund for maintenance and reserve fund for replacements by the allocation to such funds, in a separate account in a safe and responsible depositary approved by the Commissioner, of an amount approved in writing by the Commissioner. Such fund, whether in the form of a cash deposit or invested in an obligation of, or fully guaranteed as to principal by, the United States of America shall at all times be subject to review by the Commissioner. Disbursements from such funds, whether for the purpose of effecting replacement of structural elements, and mechanical equipment of the community facilities, or for any other purpose, may be made only after receiving the consent in writing of the Commissioner.

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The community facilities to be operated by the Association are being constructed and operated in connection with the issuance by the Commissioner of mortgage insurance for Tracts 3465 and 3466. The owners of lots within the said tracts will be paying for the installation of the facilities through mortgage payments against their individual dwellings. Should the Commissioner determine at any time during the existence of this agreement that an additional contribution is required for such purpose, such additional contribution shall be borne equally by the said resident members.

2. The real property upon which the community facility are to be maintained is as follows:

> Lot 308, as the same is set forth and delineated upon that certain map of Tract 3465, a copy of which is recorded in the Office of the County Recorder of the County of Santa Clara, State of California, in Book 163, at pages 22 and 23, on June 28, 1963, in the records of said County.

and

Lot 583, as the same is set forth and delineated upon that certain map of Tract No. 3565, a copy of which is recorded in the Office of the County Recorder of the County of Santa Clara, State of California, in Book 167, at pages 6 and 7, on September 20, 1963, in the records of said county.

- 3. The subdivisions for which the community facilities are to be maintained under this Regulatory Agreement are as follows:
 - a. NORTHWOOD PARK MUTUAL NO. 4-A, INC., Tract 3465
 b. NORTHWOOD PARK MUTUAL NO. 4-B, INC., Tract 3465
 c. NORTHWOOD PARK MUTUAL NO. 4-C, INC., Tract 3465
 d. NORTHWOOD PARK MUTUAL NO. 5-A, INC., Tract 3466
- 4. The Improvement Association shall not execute or file for record any instrument which imposes a restriction upon the sale, leasing, or occupancy of the property subject to the insured property of the Association on the basis of race, color or creed. Northwood Park Improvement Association No.2, a California corporation, will not discriminate against any person by reason of race, color or national origin. Such discrimination will constitute a breach of this agreement and shall be a basis for future rejection of application

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and refusal by the Federal Housing Administration to enter into any contracts with or insure loans involving persons, firms or other entities identified with such failure or refusal.

- 5. The Improvement Association shall not without prior written approval of the Commissioner:
- a. Convey, transfer, or encumber any of the property of the Association or permit the conveyance, transfer or encumbrance of such property;
- b. Assign, transfer, dispose of, or encumber any personal property of the project, including rents, or pay out any funds except from "surplus cash", except for reasonable operating expenses and necessary repairs;
- c. Convey, assign, or transfer any beneficial interest in any trust holding title to the property, or any right to manage or receive the rents and profits thereof, unless the transferees or assignees assume the obligations of this Agreement by an instrument in writing satisfactory to the Commissioner;
- d. Make, or receive and retain, any distribution of assets or any income of any kind of the project except "surplus cash" and except on the following conditions:
- (1) All distributions shall be made only as of and after the end of an annual or semi-annual fiscal period, and only as permitted by the law of the applicable jurisdiction.
- (2) Any distribution or any funds of the Association which the party receiving such funds is not entitled to retain hereunder, shall be held in trust separate and apart from any other funds;
- (3) There shall have been compliance with all outstanding notices of requirements for proper maintenance of the community facilities.
- e. Engage, except for natural persons, in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the property of the Association;
- f. Any funds collected as security deposits shall be kept separate and apart from all other funds of the Association in a trust account, the amount of which shall at all times equal or exceed the aggregate of all outstanding obligations under said account.

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- 6. The Improvement Association shall maintain the property of the Association, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition. In the event all or any of the buildings covered by the mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the insured mortgage.
- 7. The Improvement Association shall not file any petition in bankruptcy, or for a receive, or insolvency, or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors; or permit an adjudication in bankruptcy, the taking possession of the property of the Association or any part thereof by a receiver, or the seizure and sale of the property of the Association or any part thereof under judicial process or pursuant to any power of sale and fail to have such adverse actions set aside within forty-five (45) days.
- 8. a. Any management contract entered into by the Improvement Association involving the property of the Association shall contain a provision that, in the event of default hereunder, it shall be subject to termination without penalty upon written req uest by the Commissioner. Upon such request, the Improvement Association shall immediately arrange to terminate the contract within the period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the property of the Association.
- b. The payment for services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies or materials in the area where the services are rendered or the supplies or materials furnished.
- c. The property of the Association, equipment buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Commissioner or his duly authorized agent. The Improvement Association shall keep copies of all written contracts of other instruments which effect the property of the Association, all or any of which may be subject to inspection and examination by the Commissioner or his duly authorized agents.

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- The books and accounts of the operations of the property of the Association shall be kept in accordance with the requirements of the Commissioner.
- e. Within sixty (60) days following the end of each fiscal year, the Commissioner shall be furnished with a complete annual financial report based upon an examination of the books and records of the Improvement Association prepared in accordance with the requirements of the Commissioner, certified to by an officer or responsible Director, and, when required by the Commissioner.
- f. At the request of the Commissioner, his agents, employees, or attorneys, the Improvement Association shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operation and condition of the property of the . Association.
- g. All rents and other receipts of the Improvement Association shall be deposited in the name of the Improvement Association in a bank, whose deposits are insured by the F. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for expenses of the Improvement Association or for distributions of surplus cash. Any member receiving funds of the Association other than by such distribution of surplus cash shall immediately deposit such funds in the Improvement Association bank account and failing to do so in violation of this Agreement shall immediately deliver such property to the Improvement Association, and failing so to do shall hold such property in trust.
- Upon a violation of any of the above provisions of this Agreement by the Improvement Association, the Commissioner may give written notice thereto to the Improvement Association by registered or certified mail, addressed to the addresses stated in this Agreement, or such other addresses as may subsequently, upon appropriate written notice thereof to the Commissioner, be designated by the Improvement Association as its legal business address. If such violation is not corrected missioner, be designated by its legal business address. to the satisfaction of the Commissioner within fifteen (15) days after the date such notice is mailed or within such further time as the Commissioner determines is necessary to correct the violation, without further notice, the Commissioner may declare a default under this Agreement, effective on the date of such declaration of default and upon such default the Commissioner may:
- Collect all rents and charges in connection with the operation of the project and use such collections to pay

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the Improvement Association's obligations under this Agreement and the necessary expenses of preserving the property and operating the property of the Association;

- b. Take possession of the property of the Association, bring any action necessary to enforce any rights of the members growing out of the Association operation, and operate the Association in accordance with the terms of this Agreement until such time as the Commissioner in his discre-tion determines that the Improvement Association is again in a position to operate the Association in accordance with the terms of this Agreement and in compliance with the requirements of the note and mortgage;
- c. Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the Improvement Association in accordance with the terms of this Agreement, or for such other relief as may be appropriate, since the injury to the Commissioner arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.
- 10. As security for the payments due under this Agreement to the Reserve Fund for Replacement and to secure the perfor the Reserve rund for Replacement and to secure the per-formance of this Agreement, the Association does hereby sign, pledge and mortgage to the Commissioner its rights to any rents, profits, income and charges of whatever sort which it may receive or be entitled to receive from the operation of the Association property. Until a default is declared under this Agreement, however, permission is granted to the Asso-ciation to collect and retain under the provisions of this Agreement such rents profits income and charges but upon Agreement such rents, profits, income and charges, but upon default this permission is terminated as to all rents due or collected thereafter.
 - 11. As used in this Agreement, the term:
 - "Surplus cash" means any cash remaining after:

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- (1) The payment of:
 - All amounts required to be deposited in the Reserve Fund for Replacements;
 - All obligations of the Association unless funds for payment are set aside or deferment of payment has been approved by the Commissioner; and

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- (2) The segregation of:
 - (a) An amount equal to the aggregate of all special funds required to be maintained by the Association;
 - (b) All member security deposits held;

b. "Distribution" means any withdrawal or taking of cash or other assets of the Association other than payment for reasonable expenses incident to its operation and maintenance.

- 12. All resident members of Tracts 3465 and 3466 shall be required to contribute a minimum monthly sum of Three Dollars (\$3.00) per month. Such sum shall be maintained for the reserve for replacements, as hereinafter set forth. The account referred to in this paragraph shall be utilized for the maintenance and operation of the facilities. Maintenance and operation shall consist generally, but not by way of limitation, of the following:
- a. Pool service, liability and fire insurance, utilities, real property taxes and minor repairs.

Provided, however, that should the Commissioner believe the monthly payments from these members of the Association living in Northwood Park Tracts 3465 and 3466 are not sufficient to defray the expenses and provide as herein this Agreement requires, the Commissioner may require under the terms of this Agreement that the Association levy a charge against the members of Northwood Park Tracts 3465 and 3466.

13. All resident members of Tracts 3465 and 3466 shall be required to contribute a minimum monthly sum of One Dollar (\$1.00). Such sum shall be maintained in a reserve fund for replacements. For the purposes of this Agreement, "replacements" shall be as defined by the Commissioner. Such fund shall be maintained in a safe and responsible depositary approved by the Commissioner and whether it is maintained in a form of cash deposit or invested in an obligation of or fully guaranteed as to principal by the United Statesof America, shall at all times be subject to review by the Commissioner. Disbursements of such funds whether for the purpose of effecting replacements of structural elements and mechanical equipment of the community facility, or for any other purpose, may be made only after receiving the consent in writing of the Commissioner.

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15. The Improvement Association shall not amend the By-Laws without first securing the written consent of the Commissioner.

16. The Improvement Association warrants that it has not and will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.

17. The invalidity of any clause, part or provisions of this Agreement shall not affect the validity of the remaining portions thereof.

IN WITNESS WHEREOF, we have hereunto set our hands on February 27, 1964.

FEDERAL HOUSING COMMISSIONER

NORTHWOOD PARK IMPROVEMENT ASSO-CIATION NO. 2, a California corporation

•	JACK R. BLACKWELL, Secretary 3
STATE OF CALIFO	
County of Santa	Clara }".
On this 2/th day of	February in the year one thousand nine hundred and Sixty-four
before me, Reigo	, a Wotary Phone in and for the County Count
Salica OI	L. Diel and Jack R. Blackwell
F4	known to me to be the President and Secretary, respectively
A THOMAS	of the corporation described in and that executed the within instrument, and also known to me to b
A Common State of the State of	the personS. who executed the within instrument on behalf of the corporation therein named, an
A CONTRACTOR OF THE PARTY OF TH	acknowledged to me that such corporation executed the same Regulatory Agreement
San State Sammung	IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal in the County of Santa Clara the day and year in this certificat
ROSS MINION	first above written.
William Out of the	Clillage (- Waxa

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