

DOC # 2004-0105019

02/13/2004 08:00A Fee:40.00

Page 1 of 12

Recorded in Official Records

County of Riverside

Gary L. Orso

Assessor, County Clerk & Recorder

RECORDING REQUESTED BY:

NORTH AMERICAN TITLE COMPANY



WHEN RECORDED, MAIL TO:

Lennar Charitable Housing Foundation

Attn: T. Wilson

24800 Chrisanta Drive

Mission Viejo, CA 92691

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**CHARITABLE HOUSING AGREEMENT
IMPOSING ENDOWMENT FEE ON TRANSFER**

(NOTTINGHAM AT CROWNE HILL)

LOTS 35-44 AND 60-67, TRACT 23143

70-01801-27

LCHF Agreement Nottingham Ph 4

Greystone 02-04-04

**CHARITABLE HOUSING AGREEMENT
IMPOSING ENDOWMENT FEE ON TRANSFER**

(NOTTINGHAM AT CROWNE HILL)

TRACT NOS. 23143

This Charitable Housing Agreement Imposing Endowment Fee on Transfer (the "**Agreement**") is made between **LENNAR CHARITABLE HOUSING FOUNDATION**, a California nonprofit public benefit corporation, and **GREYSTONE HOMES, INC.**, a Delaware corporation. The capitalized terms used in the Recitals are defined in Section 1.

RECITALS

A. The Builder owns the Property, and the Property is located in Temecula, California. The Builder intends to develop the Property as a residential community known as "**NOTTINGHAM**" containing 119 Lots improved with single-family residences. Nottingham is a portion of the master planned community called Crowne Hill.

B. The Foundation has been organized to raise money for other nonprofit organizations, which are qualified as tax exempt under Section 501(c)(3) of the Internal Revenue Code. Such recipients must provide decent habitats for those who are inadequately sheltered, either on a group basis for those who are temporarily homeless, or on an individual basis through rental or ownership housing.

C. The Builder believes the services and activities that the Foundation will provide will directly or indirectly benefit real property on which housing is built in the State of California satisfying the criteria in paragraph B of these Recitals, including all of the Lots now existing or hereafter created in the Property, thus enhancing their enjoyment and value. There is a dire need for affordable housing and temporary shelters for the homeless in California, and public policy is strongly in favor of developing ways to provide such housing and shelters. The Foundation expects to receive the funds it needs to operate from a variety of sources, including contributions from various donors. However, the Builder and the Foundation have agreed that most of the funds the Foundation requires will be provided by contributions of Endowment Fees to the Foundation by way of Transfers of Lots in the Property.

D. The Builder and the Foundation intend that the provisions of this Agreement be covenants and equitable servitudes which run with, benefit and burden the Property, are binding upon all Persons having or acquiring any interest in the Property, successors and assigns, inure to the benefit of the Property, and are binding upon Builder, the Foundation, their respective successors-in-interest, and each Owner and each Owner's successors-in-interest. The Builder and the Foundation believe that the Agreement enhances the value of the Property and each Lot to be improved and sold within the Property.

E. The Builder and the Foundation intend to give the Foundation the power to enforce this Agreement.

LCHF Agreement Nottingham Ph 4
Greystone 02-04-04

THEREFORE, the parties agree as follows:

1. **DEFINITIONS.** When the following words and phrases are used in this Agreement, they will have the meanings given in this Section and be subject to the limits described in this Section.

1.1. **Beneficiary.** A beneficiary under a Mortgage and the assignees of such beneficiary.

1.2. **Benefitted Area.** The Property and other real property in the State of California that benefits directly or indirectly from the contribution of money from organizations which are described on Paragraph B of the Recitals.

1.3. **Builder.** Greystone Homes, Inc., a Delaware corporation.

1.4. **Close of Escrow.** The date on which the deed conveying a Lot is Recorded.

1.5. **Dispute.** Any dispute between the parties concerning this Agreement. A "Covered Dispute" is any Dispute where the amount awarded by the court to the prevailing party is an amount less than \$10,000, and a "Noncovered Dispute" is any other Dispute.

1.6. **Endowment Fee.** The fee to be paid to the Foundation in connection with each Sale. The Endowment Fee is one-twentieth of one percent (0.05%) of the Purchase Price (0.0005 x Purchase Price) for each Transfer.

1.7. **Foundation.** Lennar Charitable Housing Foundation, a California nonprofit public benefit corporation.

1.8. **Lot.** Lot means a lot or parcel of land shown on a Recorded subdivision map or Recorded parcel map of any portion of the Property.

1.9. **Mortgage.** Any Recorded mortgage or deed of trust or other conveyance of one or more Lots or other portions of the Benefitted Area to secure performance of an obligation, which will be reconveyed upon completion of such performance. A "First Mortgage" is any Mortgage with lien priority over all other Mortgages.

1.10. **Official Records.** The official records of the Riverside County, California Recorder.

1.11. **Owner.** The Person or Persons, including the Builder, holding fee simple interest of record to any Lot. The term "Owner" includes a seller under an executory contract of sale but excludes Beneficiaries.

1.12. **Person.** A human being or any entity with the legal right to hold title to real property.

LCHF Agreement Nottingham Ph 4
Greystone 02-04-04

1.13. **Property.** The real property described on *Exhibit A*.

1.14. **Purchase Price.** The total purchase price or other consideration given by the transferee to the transferor in a transaction resulting in a Transfer, including any portion of the purchase price represented by a loan or loans, exchange property, or other forms of non-cash consideration, but excluding any third-party transactional cost or charge incurred by the transferor or the transferee in connection with the transaction.

1.15. **Record.** Filing or entry of a document in the Official Records.

1.16. **Transfer.** The sale or exchange of a Lot by an Owner (including the Builder) to a transferee. None of the following transactions shall constitute a "Transfer" under this Agreement:

(a) The transfer of an interest in a Lot to secure the performance of an obligation, such as a Mortgage or a lien, which will be reconveyed upon the completion of such performance.

(b) A transfer resulting from a foreclosure (by judicial foreclosure or trustee's sale) by the Beneficiary of a First Mortgage or a transfer in lieu thereof.

(c) A transfer of a Lot by a transferor or the transferor's spouse into a revocable intervivos trust which is an exempt transfer under California Revenue and Taxation Code Section 62(d).

(d) Any interspousal transfer (as defined in California Revenue and Taxation Code Section 63) or transfer between parents and any of their children (as defined in California Revenue and Taxation Code Section 63.1).

(e) Any transfer the Foundation determines, in its sole and absolute discretion, is exempt.

2. **ACKNOWLEDGMENT OF BENEFIT.** The Foundation represents and warrants that it will use the Endowment Fees for the purposes described in Paragraph B of the Recitals. Decisions regarding all aspects of events and activities to be provided shall be made by the Foundation in its sole discretion; nonetheless, the services and activities to be provided by the Foundation will enhance the value of and benefit each Lot now existing or hereafter created in the Property. Each Owner who acquires a Lot in the Property by such acquisition evidences the Owner's agreement with the statements made in this Section.

3. ENDOWMENT FEE.

3.1. **When Due and Paid.** Except as provided in Section 3.2, an Endowment Fee shall be paid to the Foundation in connection with each Transfer in the amount determined as provided in Section 1.6 on or before the Close of Escrow or the effective date of the Transfer if earlier than Close of Escrow.

3.2. **Exchange Transfer.** If a particular transaction involves more than one Transfer solely because the Lot is held for an interim period (not to exceed 24 hours) by an accommodation party as a part of a tax-deferred exchange under the Internal Revenue Code, and provided there is no increase in consideration given, then for the purposes of this Agreement, only one Transfer shall be deemed to have occurred and only one Endowment Fee must be paid in connection therewith.

3.3. **Escrow Demand.** Any escrow agent who opens an escrow for transfer of any interest in a Lot is directed to obtain a demand for payment of the Endowment Fee from the Foundation. The demand shall state either (i) the amount of the Endowment Fee due or the formula for calculating the Endowment Fee, or (ii) that the proposed transaction is not a Transfer requiring payment of an Endowment Fee. Payment of the Endowment Fee is a condition to close of escrow for a Transfer. The Foundation shall, upon demand, furnish a certificate setting forth whether the Endowment Fee for a particular transaction has been paid or identifying the transaction as outside of the definition of a Transfer. A properly completed certificate is binding upon the Foundation as of the date of its issuance. The Foundation's address for all communications is listed in Section 6.6.

3.4. **Fee Payor.** The obligation to pay the Endowment Fee in each Transfer is a joint and several obligation of the transferor and the transferee in each transaction and not an obligation of any other Owner of a Lot subject to this Agreement. The transferor and transferee in each transaction may, as a matter between themselves, allocate the obligation to pay in any manner they so choose. If the transferor and transferee fail to pay the Endowment Fee, the Foundation may take all actions authorized under law and this Agreement to collect the Endowment Fee from the transferor and transferee.

3.5. **Future Transfers By Owners.** Each Owner who acquires a Lot in the Property shall (a) notify any Person the Owner intends to transfer the Lot to ("**transferee**") of this Agreement and the obligation to pay the Endowment Fee before the transfer occurs, (b) give the transferee a copy of this Agreement, and (c) notify the transferee that the transferee will be obligated to comply with the Agreement when the transferee transfers the Lot to another Person.

4. **BINDING EFFECT.** Builder and the Foundation declare that the Property will be held, leased, transferred, encumbered, used, occupied and improved subject to the reservations, rights, covenants, conditions and equitable servitudes contained in this Agreement, all of which are for the purpose of enhancing the attractiveness and desirability of the Property, in furtherance of a general plan for the protection, maintenance, subdivision, improvement and sale of the Property. The reservations, rights, covenants, conditions and equitable servitudes set forth in this Agreement shall (a) run with and burden the Property and will be binding upon all Persons having or acquiring any interest in the Property or any part

thereof, their heirs, successors and assigns; (b) inure to the benefit of every portion of the Property and any interest therein; (c) inure to the benefit of and be binding upon Builder and the Foundation, and their respective successors-in-interest, each Owner and each Owner's successors-in-interest; and (d) may be enforced by Builder and the Foundation.

5. MORTGAGES.

5.1. **Rights of Beneficiaries.** Nothing in this Agreement nor any amendment to or breach of this Agreement defeats or renders invalid, the rights of the Beneficiary under any Recorded Mortgage encumbering any Lot made in good faith and for value.

5.2. **Subordination to First Mortgages.** The rights and obligations of the parties hereunder concerning any Lot shall be subject and subordinate to the lien of any Recorded First Mortgage encumbering that Lot, provided that after the foreclosure or a transfer in lieu of foreclosure of any such Mortgage, such Lot will remain subject to this Agreement.

5.3. **Effect of Foreclosure.** No foreclosure of a Mortgage on a Lot or a transfer in lieu of foreclosure shall impair or otherwise affect the Foundation's right to pursue payment of any Endowment Fee due in connection with the Transfer of that Lot from the transferor or a transferee obligated to pay it.

6. MISCELLANEOUS.

6.1. **Amendment.** The Foundation has the right to unilaterally amend this Agreement for the following reasons: (a) correct typographical errors, (b) conform this Agreement to law, lender guidelines or California Department of Real Estate requirements, (c) reduce the Endowment Fee or return it to the percent established when this Agreement was initially Recorded, or (d) terminate this Agreement. The Foundation and at least fifty-one percent (51%) of the Owners of Lots in the Property may amend this Agreement as it applies to all of the Property.

6.2. **Assignment.** The Foundation may, by written assignment, assign its rights and delegate its duties under this Agreement to any entity that is exempt from federal taxation pursuant to Internal Revenue Code Section 501(c)(3).

6.3. **Authority.** Each individual signatory hereto represents and warrants that he or she is duly authorized to sign this Agreement and is personally bound, or if signing on behalf of another, is authorized to do so and that the other is bound.

6.4. **Disclaimers.** Nothing herein (a) creates any right or remedy for the benefit of any Person not a party hereto, or (b) creates a fiduciary relationship, an agency, or partnership.

6.5. **Interpretation.** The invalidity of any provision shall not affect the validity of any other provision. Except for the definitions in Section 1 where the heading in each subsection is the word being defined, section headings are for convenience only and may not be used in interpretations.

6.6. **Notices.** All notices required or allowed shall be in writing and shall be sent to the addresses described in this Section. Initially the addresses of the parties are the addresses shown beside the signatures of the parties. Once an Owner acquires a Lot, the Owner's address for notices shall be the street address of the Lot. Each Owner who transfers a Lot shall immediately send the name of the transferee to the Foundation. If the Foundation has not provided the Owner with an address, and the address listed at the end of this Agreement is not the Foundation's current address, the Foundation's address shall be the street address of the principal executive office of the Foundation in California as provided to the California Secretary of State. Notice may be delivered by personal delivery, facsimile transmission or e-mail during normal business hours of the recipient, an overnight delivery service, or U.S. Mail sent certified with return receipt requested. Notices are effective on the earlier of the date received, the date of the delivery receipt, or the third day after postmarked, as applicable.

6.7. **Time.** Time is of the essence of all provisions hereof where time is a factor.

6.8. **Waiver.** No right or remedy will be waived unless the waiver is in writing and signed by the party claimed to have made the waiver. One waiver will not be interpreted as a continuing waiver.

7. ENFORCEMENT.

7.1. **Attorney Fees.** The prevailing party in any Covered Dispute shall be entitled to recover its attorney fees and court costs from the other party. Each party in a Noncovered Dispute shall bear its own attorney fees and court costs.

7.2. **Small Claims Court.** Any Dispute that is within the jurisdiction of a small claims court shall be resolved by a small claims court proceeding. Either party may submit the Dispute to such court.

7.3. **Judicial Reference.** Any Dispute which is beyond the jurisdiction of a small claims court shall be submitted to general judicial reference pursuant to California Code of Civil Procedure Sections 638(1) and 641 through 645 or any successor statutes thereto. The parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding. The dispute resolution procedure established in this Section 7.3 is implemented in accordance with the philosophy of the Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. This Section 7.3 is to be interpreted and enforced as if it established a proceeding authorized by the Federal Arbitration Act. Parties interpreting this Section 7.3 shall follow the federal and state court rulings which provide that the Federal Arbitration Act (1) is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding substantive or procedural policies to the contrary, (2) requires that federal and state courts rigorously enforce agreements to arbitrate, and (3) requires that the scope of arbitrable issues be resolved in favor of arbitration. This Section 7.3 is to be interpreted in accordance with Allied-Bruce Terminix Companies, Inc. v. Dobson, 115 S.Ct. 834 (1995). References in this Section 7.3 to California Code Sections are not to be interpreted as a waiver of rights created under federal law.

The general referee shall have the authority to try all issues, whether of fact or law, and to report a statement of decision to the court. The Parties shall use the procedures adopted by Judicial Arbitration and Mediation Services/Endispute (“JAMS”) for judicial reference (or any other entity offering judicial reference dispute resolution procedures as may be mutually acceptable to the parties), provided that the following rules and procedures shall apply in all cases unless the parties agree otherwise:

(a) The proceedings shall be heard in Orange County, California;

(b) The referee must be a retired judge or a licensed attorney with substantial experience in relevant real estate matters;

(c) Any dispute regarding the selection of the referee shall be resolved by JAMS or the entity providing the reference services, or, if no entity is involved, by the court with appropriate jurisdiction;

(d) The referee may require one or more pre-hearing conferences;

(e) The parties shall be entitled to discovery, and the referee shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge;


(f) A stenographic record of the trial shall be made, provided that the record shall remain confidential except as may be necessary for post-hearing motions and any appeals;

(g) The referee’s statement of decision shall contain findings of fact and conclusions of law to the extent applicable; and

(h) The referee shall have the authority to rule on all post-hearing motions in the same manner as a trial judge.

The statement of decision of the referee upon all of the issues considered by the referee is binding upon the parties, and upon filing of the statement of decision with the clerk of the court, or with the judge where there is no clerk, judgment may be entered thereon. The decision of the referee shall be appealable as if rendered by the court. This provision shall in no way be construed to limit any valid cause of action that may be brought by any of the parties.

BY INITIALING BELOW, THE PARTIES ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE FOREGOING AND ACCEPT THAT THEY ARE WAIVING THEIR RIGHT TO A JURY TRIAL.


Initials of Builder


Initials of Foundation

[SIGNATURES ON NEXT PAGES]

LCHF Agreement Nottingham Ph 4
Greystone 02-04-04

**SIGNATURE PAGE TO
CHARITABLE HOUSING AGREEMENT
IMPOSING ENDOWMENT FEE ON TRANSFER
(NOTTINGHAM AT CROWNE HILL)
TRACT NOS. 23143**

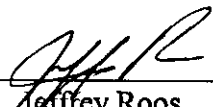
The parties have signed this Agreement to be effective upon Recordation.

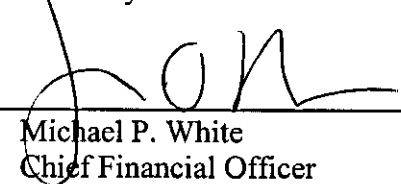
Dated: February 9, 2004

LENNAR CHARITABLE HOUSING
FOUNDATION, a California nonprofit public
benefit corporation

Address:

Lennar Charitable Housing Foundation
Attn: Foundation Administrator
24800 Chrisanta Drive
Mission Viejo, CA 92691

By: 
Name: Jeffrey Roos
Title: Secretary


By: 
Name: Michael P. White
Title: Chief Financial Officer

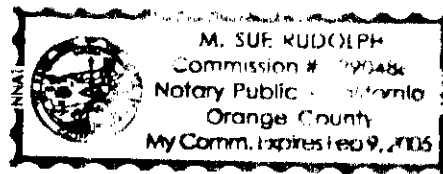
Foundation

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On February 9, 2004, before me, M. Sue Rudolph, personally appeared Jeffrey Roos and Michael P. White, personally known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.


Notary Public in and for said State



LCHF Agreement Nottingham Ph 4
Greystone 02-04-04

**ADDITIONAL SIGNATURE PAGE TO
CHARITABLE HOUSING AGREEMENT
IMPOSING ENDOWMENT FEE ON TRANSFER
(NOTTINGHAM AT CROWNE HILL)
TRACT NOS. 23143**

Dated: February 5, 2004

By: GREYSTONE HOMES, INC.,
a Delaware corporation

Address:

Greystone Homes, Inc.
Division President
40980 County Center Dr., Ste 110
Temecula, CA 92591

By: 
Print Name: David Evans
Title: Vice President

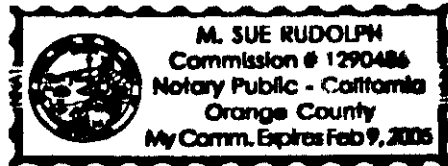
Builder

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE) ss.

On February 5, 2004 before me, the undersigned, a Notary Public for the State of California, personally appeared, David Evans, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

Witness my hand and official seal.

Notary Public 



LCHF Agreement Nottingham Ph 4
Greystone 02-04-04

GOVERNMENT CODE SEC. 27361.7

I CERTIFY UNDER THE PENALTY OF PERJURY THAT THE NOTARY SEAL ON THE DOCUMENT TO WHICH THIS STATEMENT IS ATTACHED READS AS FOLLOWS:

NAME OF NOTARY: M. SUE RUDOLPH
COUNTY OF PRINCIPAL PLACE OF BUSINESS: ORANGE COUNTY
NOTARY'S TELEPHONE NUMBER: 949.598.8500
COMMISSION NO: 1290486
DATE COMMISSION EXPIRES: FEBRUARY 9, 2005

* * * *

PLACE OF EXECUTION: ORANGE, CALIFORNIA DATE: FEBRUARY 12, 2004

NORTH AMERICAN TITLE COMPANY


RANDAL DEAN

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Lots 35 through 44, inclusive and Lots 60 through 67, inclusive, of Tract No. 23143 as shown on a Subdivision Map recorded in Book 314, at Pages 25 to 38, inclusive, of Maps, in the Office of the Riverside County Recorder.

LCHF Agreement Nottingham Ph 4
Greystone 02-04-04