

**Recording Requested By:**

**and**

**Return to: Town of Truckee  
Judy Price, Town Clerk  
10183 Truckee Airport Road  
Truckee CA 96161**

**Not Subject to Fees: GCS 27383**

**DEED RESTRICTION**

**Short-Term Rental Workforce Housing Token Program (Token Program)**

**APN:** \_\_\_\_\_

The Town of Truckee, a municipal corporation of the State of California (“Town”) and \_\_\_\_\_ (“Declarant”) enter into the following use deed restriction (“Deed Restriction”) concerning the property described as APN: \_\_\_\_\_ with an address of: \_\_\_\_\_ (“Property” or “Premises”), as more particularly described in Attachment 1. Town and Declarant are sometimes hereinafter each singularly referred to as “Party” and collectively referred to as the “Parties.”

**RECITALS**

- A.** Declarant and the Town have entered into an agreement to restrict the occupancy of the Property to those persons meeting specific income, residency and employment criteria as set forth below in exchange for compensation as part of the Short-Term Rental Workforce Housing Token Program (“Program”).
- B.** Declarant has agreed to place the restrictions set forth below for a term of 15 years.

**AGREEMENT**

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein, the sufficiency of which is mutually acknowledged, the Parties agree as follows:

- 1. **Covenant Running With the Land.** In consideration of monies received, Declarant does hereby covenant and agree to restrict, and does by this instrument intend to restrict, the future use of the Property for a term of 15 years by the establishment of this covenant running with the land. The Town shall cause to be recorded this Deed Restriction against the Property in the Official Records of Nevada County at Declarant’s expense.
- 2. **Definitions.** The following definitions shall apply to terms used in this Declaration:
  - a. **Area Median Income (AMI)** shall mean the then-current Area Median Income adjusted for household size and based on the California Department of Housing and Community

- Development Area Median Income for Nevada County. Current income limits are updated annually and posted to the Town's housing website.
- b. **Buyer** shall mean the purchaser of the Property.
  - c. **Income** shall mean annual gross household income including the income of all household members 18 years of age or older. Limits adjusted by household size and based on the California Department of Housing and Community Development (HCD) Area Median Income (AMI) for Nevada County. Current income limits are updated annually and posted to the Town's housing website.
  - d. **Non-Qualified Renter** shall mean any person who does not meet the definition of Qualified Renter.
  - e. **Owner** shall mean any person, business or developer who acquires an ownership interest in the Property, subject to the conditions contained herein.
  - f. **Primary Residence** shall mean the occupation and use of a residence as the Qualified Renter's principal residence for not less than 10 months out of any 12-month period, which shall be determined by the Town using any available information, including without limitation:
    - i. Voter registration in Truckee (or signing an affidavit stating that the applicant is not registered to vote in any other jurisdiction);
    - ii. Stated address on California Driver's License or California Identification Card;
    - iii. Stated address on motor vehicle registration;
    - iv. Stated residence for income and tax purposes;
    - v. Such other circumstances as well as such processes for verification and investigation deemed appropriate by the Town in determining the applicant is continuously occupying and using the residence as a primary residence.
  - g. **Program Recipient (Declarant)** shall mean the entity deed restricting the Property.
  - h. **Qualified Renter** shall mean a renter household, which at the time of lease execution meets the following requirements: 1) average household income per adult does not exceed \_\_\_\_\_ AMI, 2) that has at least fifty-percent of adult household members employed full-time within the Tahoe Truckee Unified School District boundary.
  - i. **Second Home** shall mean the status of the Property when used by any person who has a primary residence other than the Property.
  - j. **Seller** is an owner who wants to sell their interest in the Property.
  - k. **Short Term Rental** shall mean the rental or lease of the Property for a period of time that is fewer than thirty (30) days;
  - l. **Short-Term Rental Workforce Housing Token Program** shall mean the Town of Truckee's program that operates and manages this Deed Restriction.
  - m. **Term** shall mean the 15-year term that the restriction shall run with the land.
  - n. **Token(s)** shall mean the compensation for the Deed Restriction, which can be exchanged for a transient occupancy registration certificate.
  - o. **Token Holder** shall mean the owner of a Token.
  - p. **Town** shall include employees of Town, its agents, contractors, and vendors retained by Town who are tasked with enforcing the restrictive covenants contained herein.
  - q. **Transfer** shall mean any sale, assignment, or transfer, voluntary or involuntary, of any interest in the Property, including, but not limited to, a fee simple interest, a joint tenancy interest, tenancy in common interest, a life estate, a leasehold interest, or an interest evidenced by a land contract by which possession of the Property is transferred and the Owner retains title or a deed of trust.

3. **Use of the Property.**

- a. **Occupancy and Use.** The Property shall exclusively be used as a Primary Residence rented to a Qualified Renter. Renting of the Property shall only be permitted when approved in writing by the Town, to a Qualified Renter. Any renting of the Property shall require a written lease, shall include a minimum initial lease term of 12 months, and can be month-to-month thereafter with the same tenant. Short-term renting or renting the Property as a Bed and Breakfast Inn as defined by the Truckee Municipal Code as it may be amended is not allowed. Use or lease of the Property which is not allowed or is prohibited by this Deed Restriction shall constitute a default and shall be subject to the enforcement provisions and remedies contained in this Deed Restriction.
- b. Owner covenants that the Owner shall not permit any occupancy, use or lease of the Property in violation of this Section 3.
- c. Owner covenants that any lease of the Property shall include a reference that such lease is subject to the terms and conditions of this Deed Restriction, including but not limited to restrictions on the use and occupancy of the Property and lessee cooperation in providing required documentation to the Town to verify that lessee is a Qualified Renter.
- d. Owner covenants that any lease of the Property shall be for a rent not to exceed 30 percent of the maximum annual Area Median Income level of the Property's deed restriction (\_\_\_\_ AMI) for a household size calculated as one person per bedroom plus one additional person, divided by 12 months.
- e. No later than March 31 of each year, the Owner of the Property shall submit to the Town a certification setting forth evidence establishing that the Property's occupancy and use complies with this Deed Restriction on a form provided by the Town, which form shall be sent to the address of record of the Owner according to the County of Nevada Assessor's office.
- f. The Owner shall make all repairs and replacements necessary to keep the Property in good condition and repair.

4. **Resale Controls.** Except as set forth in Section 4.1, the Property shall be sold or otherwise transferred only in accordance with the procedures for prior verification contained in this Section

- a. Fifteen days prior to listing or marketing the Property for sale, the Owner shall deliver to the Town via certified mail a written notice of intent to sell the Property.
- b. Owner must notify Town in writing within three (3) calendar days of a fully executed purchase agreement, including the following information: the name(s) of the Buyer(s), as well as all requested documents related to the sale of the Property.
- c. Owner shall pay Town a program resale fee as specified in the Town's adopted fee schedule to help to cover the costs that are incurred including but not limited to legal costs, title review costs, and investigation costs if reasonably required by the Town to complete its investigation the fee shall be paid within fourteen (14) days of close of resale.
- d. Upon sale and conveyance of the Property by Owner to a Buyer, the Buyer shall be subject to the same occupancy and use restrictions set forth in this Deed Restriction.

4.1 **Additional Transfer Restrictions.** Any transfer of the Property will be subject to the provisions of this Deed Restriction including, without limitation, the Option to Purchase described in Section 11 below. Any Transfer without satisfaction of the provisions of this Deed Restriction is prohibited and shall constitute a default under this Deed Restriction. Notwithstanding any

provision of this Deed Restriction to the contrary, a Transfer shall not include a transfer: (1) to an existing spouse or domestic partner who is also an obligor under the promissory note granted to the Town by the then-Owner; (2) to a spouse or domestic partner where the spouse or domestic partner becomes the co-owner of the Property; (3) between spouses as part of a marriage dissolution proceeding; and (4) by the Owner into an inter vivo trust in which the Owner is the beneficiary; provided, however, that Owner shall continue to occupy the Property as his or her Primary Residence (except where the transfer occurs pursuant to subsection (2) or (3) above, in which event the transferee shall owner-occupy the Property and affirmatively assume Owner's obligations hereunder) or shall lease the Property to a Qualified Renter. All other Transfers shall require written notice to the Town. For the purposes of this Section, "Domestic Partners" shall mean two unmarried people, at least eighteen (18) years of age, who have lived together continuously for at least one (1) year and who are jointly responsible for basic living expenses incurred during their domestic partnership. Domestic Partners may not be persons related to each other by blood or adoption such that their marriage would be barred in the state of California. For the purposes of this section, an individual shall be considered to be a "Domestic Partner" of Owner upon presentation of affidavit or other acceptable evidence by Owner to Town.

5. **Default by Owner.** If the Town has reasonable cause to believe that the occupancy or use of the Property is in violation of any provision of this Deed Restriction, the Town may inspect the Property between the hours of 8:00a.m. and 5:00p.m., Monday through Friday, after providing the Owner and occupants with at least twenty-four (24) hours written notice. Notice to the occupants may be given by posting notice on the door to the Property. This Deed Restriction shall constitute permission to enter the Property during such times upon such notice without further consent. A default by Owner shall include breach of the covenants set forth in this Deed Restriction, including without limitation any of the following:

- a. Any use or occupancy of the Property in violation of Section 3 above.
- b. Failure to submit an annual certification of occupancy and use as described in Section 3(f) above.
- c. Any action by the Owner to encumber the Property in a manner that conflicts with the terms of this Deed Restriction or Token Program Guidelines or renders compliance with the terms of this Deed Restriction impossible or impractical.
- d. Refusal to make all repairs and replacements necessary to keep the home in good condition and repair.
- e. Encumbering the property with any lien including but not limited to a HELOC, reverse mortgage, home equity loan or any other refinance or lien not approved by Town.

6. **Notice and Cure.** In the event a violation of this Deed Restriction is discovered, the Town shall send a written Notice of Default to the Owner detailing the nature of the default and providing sixty-five (65) days for the Owner to cure such default. Notwithstanding the foregoing or any other term of this Deed Restriction, a default for lease or use of the Property as a Short-Term Rental, Bed and Breakfast Inn, Second Home, or any purpose other than use as a Primary Residence rented to a Qualified Renter shall be cured by the Owner immediately. The notice shall state that the Owner may request an appeal of the violation finding in writing within ten (10) days of such notice, in which event the Town shall administratively review the finding and, if the violation finding is upheld, the Owner may request in writing within five (5) days of such administrative decision a hearing before the Town of Truckee Town Council. A decision by the Council may only be judicially appealed in the Nevada County Superior Court.

If no administrative or Town Council appeal is timely requested in writing and the violation is not cured within sixty-five (65) days of mailing the notice of default, the Owner shall be deemed to be in violation of this Deed Restriction. If an administrative or Town Council appeal is requested, the decision of the Town shall be final for the purpose of determining if a violation has occurred and, if such violation is not cured within sixty-five (65) days of such final determination, the Owner shall be deemed to be in violation of this Deed Restriction. If a decision of the Town is judicially appealed, an order of the Court confirming the violation shall be final for the purpose of determining if a violation has occurred and, if such violation is not cured within sixty-five (65) days of such final determination, the Owner shall be deemed to be in violation of this Deed Restriction.

In the event of any lease to a person who is not a Qualified Renter, or use of the Property as a Short-Term Rental, Bed and Breakfast Inn, Second Home, or any purpose other than use as a Primary Residence rented to a Qualified Renter, any amounts collected or receipt of other things of value by the Owner or assigns under such leases shall be paid to the Town as a material requirement of curing the default.

7. **Remedies.** In the event of violation, non-performance, default, or breach of any term of this Deed Restriction by the Owner, Town shall have the right to enforce Owner's obligations herein by an action for any equitable remedy, including injunction or specific performance, as well as pursue an action to recover damages. In the event of violation of the Deed Restriction by the Owner that is not cured or successfully appealed, any and all Tokens and/or Certificates associated with the Tokens issued in exchange for this Deed Restriction that are in possession of the Owner will be immediately revoked. Owner shall pay the Town of \$25,000 per Token for all Tokens associated with this Deed Restriction that have been previously sold, traded, or transferred which sum shall constitute liquidated damages in addition to the liquidated damages set forth in Section 9 below and the Town's other remedies set forth herein. The Town shall be entitled to recover any costs related to the enforcement of this Deed Restriction, including but not limited to, attorney's fees, court filing costs, and Town recording costs. In addition to any other remedy provided by law or equity, the Town may attach a lien for any amount due to Town upon the Property. The Owner expressly waives any objection to the attachment of a lien for amounts due to the Town. In the event of a transfer or conveyance of the Property which constitutes a violation of this Deed Restriction, both the transferor and transferee shall be jointly and severally liable for any damages and costs due under this Deed Restriction.

8. **Consensual Lien.** For the purpose of securing each Owner's compliance with and performance of this Deed Restriction, Owner hereby grants to the Town a lien against the Property in an amount equal to the cost reasonably incurred by the Town in enforcing the servitudes and burdens imposed by this Deed Restriction upon the Property in the prosecution of legal action against any owner or former owner who violates the covenants and restrictions set forth herein and against any person or entity who occupies the burdened Property in violation of this Deed Restriction or who fails to file the annual reports required by Section 3(f). Each person or entity who accepts or claims ownership of, or a right to occupy the Property, hereby consents to the foregoing lien.

9. **Liquidated Damages.** In the event of a violation of the Deed Restriction by the Owner, the determination of actual monetary damages would be difficult to ascertain. Therefore, the Town and Owner hereby agree that liquidated damages shall be calculated and applied in the amount of THREE HUNDRED DOLLARS (\$300.00) per day for each day that the Owner is in violation of this Deed Restriction and has failed to timely cure the violation. Liquidated Damages shall be in

addition to the Town's ability to collect remedies as set forth in Section 7 above. Liquidated Damages shall be in addition to the Town's right to seek equitable remedies of injunction and/or specific performance. In the event of any unauthorized lease or use of the Property as a Short Term Rental, the greater of: (i) the \$300 daily liquidated damages, or (ii) any amounts collected or receipt of other things of value by the Owner or assigns under such leases shall be paid to the Town as liquidated damages as demanded by the Town, including such amounts collected or received by the Owner prior to receipt of a Notice of Default and prior to expiration of a sixty-five (65) day period to cure, and such amounts shall be in addition to the right of the Town to recover costs and seek equitable remedies.

10. **Release of Deed Restriction in Event of Foreclosure or Deed in Lieu**

- a. An Owner shall notify the Town, in writing, of any notification received from a lender of past due payments or defaults in payments or other obligations within five (5) days of receipt of such notification.
- b. An Owner shall immediately notify the Town, in writing, of any notice of foreclosure under the first deed of trust or any other subordinate security interest in the Property, or when any payment on any indebtedness encumbering the Property is required to avoid foreclosure of the first deed of trust or other subordinate security interest in the Property.
- c. Within sixty (60) days after receipt of any notice described herein, the Town may (but shall not be obligated) to proceed to make any payment required to avoid foreclosure. Upon making any such payment, the Town shall place a lien on the Property in the amount paid to cure the default and avoid foreclosure, including all fees and costs resulting from such foreclosure.
- d. Notwithstanding any other provision of this Deed Restriction, (but subject to Section 11(f), in the event of a foreclosure, acceptance of a deed-in-lieu of foreclosure, or assignment, this Deed Restriction shall remain in full force and effect, including without limitation Section 4 hereof, restricting Transfer of the Property. In such event, Town will not be entitled to obtain any proceeds from the initial sale or transfer of the property after foreclosure, from the foreclosing mortgage holder who obtained the property at foreclosure or pursuant to a deed-in-lieu of foreclosure.
- e. The Town shall have thirty (30) days after issuance of the public trustee's deed or the acceptance of a deed in lieu of foreclosure by the holder in which to purchase by tendering to the holder, in cash or certified funds, an amount equal to the bid price or the redemption price paid by the holder.
- f. Notwithstanding Section 10(d) above, in the event that the Property is encumbered by a mortgage or deed of trust insured by the U.S. Department of Housing and Urban Development ("HUD") and representing a purchase money first priority mortgage or deed of trust, this Deed Restriction shall automatically and permanently terminate upon foreclosure of such mortgage or deed of trust, upon acceptance of a deed in lieu of foreclosure of such mortgage or deed of trust or upon assignment of such mortgage or deed of trust to HUD.

11. **Option to Purchase.** In the event of default by the Owner, which is not cured, or upon receipt of a notice of foreclosure or other notice of default provided by the holder of a deed of trust, lien or other encumbrance as provided in Section 10 above (whichever is earlier), the Town shall have the option to purchase ("**Option to Purchase**") the Property in accordance with the procedures and terms set forth as follows:

- a. The Town shall have an Option to Purchase for sixty-five (65) days (“**Option Period**”) upon expiration of the cure period subject to extension under 11(e).
- b. The Town shall have a right of entry onto and into the Property during the Option Period to inspect the Property.
- c. The Town shall have the right, but not the obligation, to purchase the Property for the amount due to the holders of any deeds of trust, liens or other encumbrances (together with interest, fees and costs expressly chargeable under said encumbrances), which amounts shall be paid in order of priority of the holders of such deeds of trust, liens or other encumbrances provided that this Deed Restriction shall remain in effect and burden the Property after acquisition by the Town and upon re-conveyance to a subsequent Owner.
- d. Escrow closing costs shall be shared equally between the Owner and Town. Taxes shall be prorated through escrow.
- e. If the Town does not exercise the Option to Purchase during the Option Period, then the holder of a deed of trust shall nonetheless remain subject to the provisions of this Deed Restriction as provided in Section 10(d) above, subject however, to Section 10(f) above. In the event that the Town’s Option to Purchase arises from a default by Owner and not a notice of foreclosure or notice of default submitted by the holder of a deed of trust, then the Town may unilaterally extend the Option Period until such time as the Owner cures any and all defaults, or for ninety (90) days, whichever period is longer.

12. **Tax Sale.** In the event of a tax sale, this Deed Restriction shall remain in full force and effect, shall run with and burden the land and shall survive any sale of the Property through a tax lien sale process.

13. **Declarant's Reserved Rights.** Declarant reserves to itself, and to its representatives, heirs, successors, assigns, transferees, agents, and lessees, all rights inuring from ownership of the Property not otherwise restricted or prohibited by virtue of this Deed Restriction, including, but not limited to, the right to engage in or permit others to engage in all uses of the Property that are not expressly prohibited by this Deed Restriction, and are not inconsistent with the purposes of this Deed Restriction.

14. **Successors and Assigns Bound.** Declarant hereby agrees and acknowledges that the Property shall be held, sold, conveyed, owned, and used subject to the applicable terms, conditions and obligations imposed by this Deed Restriction relating to the use of the Property, and matters incidental thereto. Such terms, conditions, and obligations are a burden and restriction on the use of the Property, as applicable.

The provisions of this Deed Restriction shall (subject to the limitations contained herein and without modifying the provisions of this Deed Restriction) be enforceable as equitable servitudes and conditions, restrictions and covenants running with the land, and shall be binding on the Declarant and upon each and all of its respective heirs, devisees, successors, and assigns, grantees, mortgagees, lienors, officers, directors, employees, agents, representatives, executors, trustees, successor trustees, beneficiaries, administrators, any person who claims an interest in the Property, and upon future owners of the Property and each of them.

15. **No Other Restrictions.** This Deed Restriction imposes no other obligations or restrictions on Declarant, and neither its successors, nor any other person or entity claiming under them, shall

be in any way restricted by this Deed Restriction from using the Property except as provided herein or as otherwise provided in the Truckee Municipal Code.

16. **General Provisions.**

- a. Governing Law and Venue. The interpretation and performance of this Deed Restriction shall be governed by the laws of the State of California and applicable federal law. Venue for any action to interpret or enforce this Agreement shall be in the Nevada County Superior Court.
- b. Liberal Construction. Any general rule of construction to the contrary notwithstanding, this Deed Restriction shall be liberally construed to affect the purposes of this Deed Restriction. If any provision in this Deed Restriction is found to be ambiguous, an interpretation consistent with the purposes of this Deed Restriction that would render the provision valid shall be favored over any interpretation that would render it invalid.
- c. Severability. If any provision of this Deed Restriction or the application thereof is found to be invalid, the remaining provisions of this Deed Restriction or the application of such provisions other than that found to be invalid shall not be affected thereby.
- d. Termination of Rights and Obligations. A party's rights and obligations under this Deed Restriction terminate upon transfer of the party's interest in the Deed Restriction or Property, except that liability for acts, omissions or breaches occurring prior to transfer shall survive transfer.
- e. Captions. The captions in this Deed Restriction have been inserted solely for convenience of reference and are not a part of this Deed Restriction and shall have no effect upon its construction or interpretation.

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17. **Modification.** This Deed Restriction shall not be amended, released, terminated, or removed from the Property without the prior written consent of the Town.

**Town of Truckee**, a municipal corporation of the State of California

DATED: \_\_\_\_\_

By: \_\_\_\_\_

Town Manager

**Approved as to Form:**

\_\_\_\_\_  
Town Attorney

DATED: \_\_\_\_\_

By: \_\_\_\_\_

Declarant

DRAFT