

AGREEMENT BETWEEN THE CITY OF LAGUNA BEACH AND SHOHREH DUPUIS AND FARZAD MOHAMMADI REGARDING HOUSING ASSISTANCE

This Agreement ("Agreement") is made and entered into on May 24, 2016 by and between the City of Laguna Beach, a California municipal corporation (the "City"), and Shohreh Dupuis ("Dupuis") and Farzad Mohammadi ("Mohammadi"), husband and wife, sometimes herein referred to individually as a "Party" and collectively as the "Parties."

Recitals

A. The City Council of the City of Laguna Beach authorized the establishment of a housing assistance program for a small number of certain current and/or prospective qualified City employees to encourage their residence in the City.

B. A primary consideration for the housing assistance program is that the employee be responsible for the performance of essential services for the City, including but not limited to police, fire, marine safety and public works services.

C. Dupuis, who currently serves as Assistant City Manager/Director of Public Works is such an essential employee. She is on call to respond to serious emergencies at times outside normal business hours, and he is on this status for a substantial portion of her personal time. There is a great benefit to the community to have her reside as near as possible to the scene of possible future emergencies.

D. On May 10, 2016, the City Council authorized the City Manager to, among other things: (i) communicate an offer to Dupuis to allow her to participate in a certain described equity-sharing and direct loan program with the City under which the City would assume the position of lender under a first deed of trust; and (ii) prepare and execute all documents necessary for City and Dupuis to purchase the residence, other improvements and the real property known as 31680 3rd Avenue, Laguna Beach (the "Property") for the price \$1,595,000 ("Purchase Price") after the City determined the Purchase Price was fair market value

NOW, THEREFORE, the City and Dupuis agree to continue to participate in a housing assistance program in accordance with the following terms and conditions:

1. PURCHASE OF THE PROPERTY

(a) The Parties will implemented the provisions of the Agreement related to the purchase of the Property, including the following: (i) Dupuis will contribute up to \$797,500 to the Purchase Price (50.00%) of the Property, a portion of which will be a direct loan by the City to the Dupuis secured by a deed of trust ("New Loan") on the Property;

(ii) the City contribution will be up to \$797,500 of the Purchase Price (50.00%); (iii) Dupuis and the City will share equally all closing costs related to the purchase of the Property, including but not limited to any real estate broker's fee, title insurance and escrow fees; and (iv) the proportional ownership of the Property is shown on the grant deed as a ratio of funds provided by Dupuis and the City toward the Purchase Price (Dupuis and Mohammadi own an undivided 50.00% interest and the City owns an undivided 50.00% interest).

(b) Continuing Obligations. Dupuis, Mohammadi and the City shall continue to cooperate in the administration of this Agreement including, without limitation, the preparation and execution of all documents necessary to implement this Agreement.

(c) New Loan. In accordance with the City Council decision, Dupuis shall have the right to request the City to finance a Direct Loan of \$472,000 pursuant to the following: (i) as of the Effective Date of this Agreement, the interest rate of the Loan shall be 2% (which is .5% percent above the average return on City investments during the twelve (12) months preceding the Effective Date of this Agreement but no less than 2%); (ii) the interest rate of the loan ("New Loan") shall be adjusted on or about the date of each anniversary of the Effective Date such that the interest rate for the subsequent 12 months is .5% above the City's average rate of return on its investments during the preceding twelve (12) months; (iii) in no event will the interest rate of the New Loan during the term of this Agreement be less than two percent (2%) or more than five percent (5%); (iv) the term of the New Loan is twenty (20) years from the New Loan date, and Dupuis may repay the New Loan at any time without penalty; and (v) Dupuis' New Loan payments shall be deducted from Dupuis' biweekly paychecks during the time Dupuis is a City employee and thereafter Dupuis shall make monthly New Loan payments in an amount pursuant to a schedule that the City shall prepare and deliver to Dupuis.

2. PRIMARY RESIDENCE

Notwithstanding the City's ownership interest, Dupuis shall have an exclusive right, and Dupuis has the obligation, to occupy the Property during the term of this Agreement. The Property shall be Dupuis' primary place of residence and she continuously shall reside on the Property during the term of this Agreement. Dupuis and Mohammadi shall, at their sole cost and expense, maintain the Property, including all improvements and land in good condition and repair and in accordance with all applicable laws during the term of this Agreement. Dupuis and Mohammadi also shall be solely responsible for all sewer, trash, water and utility charges and fees.

3. LIENS

Except for the New Loan, Dupuis and Mohammadi shall not cause any lien or mortgage to be recorded against the Property unless they have received prior written consent from the City Manager. Dupuis and Mohammadi may, after obtaining consent

from the City Manager, use their ownership interest in the Property as security for a loan. The City shall not withhold permission for any loans that do not impair the City's interest in the Property and any loan with a "loan to value" ratio (the value calculated on the basis of Dupuis' and Mohammadi's ownership interest) of 50% or less shall be deemed not to impair the City's ownership interest. Dupuis and Mohammadi shall be solely responsible for any and all fees and costs associated with any refinancing or home equity loan originated by Dupuis and Mohammadi.

4. SHARED PAYMENT

Dupuis, Mohammadi and the City shall pay, in proportion to their ownership interests, their respective share of property taxes, homeowners association dues (if any), and homeowners insurance for the Property. Dupuis and Mohammadi alone shall have the voting right with respect to the homeowners association (if any). To the maximum extent feasible, all policies of insurance relating to the Property shall name the City as an additional insured as long as the City maintains an interest in the Property. Dupuis and Mohammadi have presented proof that the City is, as of the Effective Date of this Agreement, an additional insured. The City shall not be obligated to pay any portion of homeowners insurance premiums for policies that do not name the City as an additional insured unless the policy provides that the proceeds of insurance shall be paid to the Parties (or to an escrow) in accordance with their respective ownership interests. To the maximum extent feasible, all policies of insurance relating to the Property shall state the respective interests of the Parties and provide that, in the event of damage to or destruction of the Property, the proceeds of any such insurance shall be paid to the Parties in accordance with their respective interests as of the date of the insurable event. The Parties shall continue to cooperate with one another with respect to any issue related to insurance for the Property.

5. HOUSING ASSISTANCE PAYMENT

The City has determined, based on advice of legal counsel and as of the date of this Agreement, that Dupuis receives income, as that term is defined in the Internal Revenue Code, because of the City's ownership interest in the Property and Dupuis's contractual right, pursuant to the Original Agreement and this Agreement, to the exclusive use and occupancy of the Property. The City has also determined that the amount of income Dupuis receives is equal to the fair market rental value of the Property multiplied by City's ownership interest in the Property less the costs of maintenance and repair that Dupuis incurs pursuant to this Agreement. Dupuis shall maintain, and submit to the City on or before March 1st of each year, records reflecting the maintenance and repair costs incurred during the previous calendar year. The City will continue to report to the Internal Revenue Service and the Franchise Tax Board the income that Dupuis receives by virtue of Dupuis's residence on and exclusive use of the Property. The City shall, each year during the term of this Agreement, pay Dupuis a housing assistance payment equal to the amount of federal and/or state income taxes that Dupuis is required

to pay because of the income attributable to the City's ownership interest in, and Dupuis' residence on and exclusive right to use, the Property. The City shall, periodically, retain a real estate broker with experience renting property in Laguna Beach to determine the annual fair market rental value of the Property, taking into consideration the terms and conditions of this Agreement including, without limitation, Dupuis's obligation to pay all costs of repair and maintenance. The City shall provide Dupuis with notice of this determination of fair market rental value. In no event shall the housing assistance payment, the income Dupuis receives because of the right to exclusive use of the Property, or the value of the City's equity interest in the Property be considered compensation for purposes of the California Public Employees Retirement System.

6. CAPITAL IMPROVEMENTS

(a) **Definition.** For purposes of this Agreement, the term "capital improvement" means an improvement to the Property that (i) is consistent with all City zoning ordinances and (ii) requires a City-issued permit, has a useful life that exceeds 10 years, enhances the value of the Property by an amount generally proportional to the cost, and is not considered normal repair, maintenance or replacement (such as the replacement of windows with material of similar quality or appearance). Examples of improvements that qualify as capital improvements include, without limitation: (i) replacement of a roof or replacement of the siding on a home; (ii) room additions; (iii) kitchen or bathroom remodels that involve the installation of material (including tile and flooring) or fixtures that are of significantly higher quality than the material or fixtures being replaced; and (iv) the installation of new cabinets and related facilities in areas where they did not previously exist.

(b) **Equity Adjustment.** The Parties shall, when the Property is listed for sale pursuant to the provisions of Section 7, (i) agree on the total cost of all capital improvements made by Dupuis and Mohammadi during the term of the Original Agreement and this Agreement, (ii) adjust Dupuis' and Mohammadi's ownership interest by adding the total cost of all capital improvements made by them to the dollar amount of their initial contribution and dividing that amount by the total of their contributions and the City's contributions to come up with revised ownership percentage, and (iii) adjust the City's ownership interest by subtracting Dupuis' and Mohammadi's ownership interest from 100%.

7. MANDATORY SALE OF PROPERTY

The Parties shall list the Property for sale no later than:

(a) Twenty-four (24) months following separation of City employment by Dupuis, either voluntarily or involuntarily, for any reason except for retirement or death;

- (b) Upon retirement from the City, the number of days from May 2, 2016 to the date of Dupuis' retirement up to a maximum of ten (10) years after the date of Dupuis' retirement;
- (c) Ten (10) years following the date of Dupuis' death if Dupuis dies prior to retirement and has resided on the Property continuously between the Effective Date of this Agreement and the date of Dupuis death; or
- (d) Except in the case of Dupuis' death as specified in Subsection (c), six (6) months after the Property ceases to be Dupuis' primary place of residence as required in Section 2.

8. EMPLOYEE PURCHASE OF PROPERTY

Dupuis and Mohammadi may, at any time during the term of this Agreement, purchase the City's ownership interest in the Property. The value of the City's ownership interest shall be determined by an appraisal prepared pursuant to Exhibit A. The City shall pay the cost of the appraisal and all costs attendant to the sale if Dupuis and Mohammadi purchase the City's ownership interest in the Property, and Dupuis and Mohammadi shall pay the cost of the appraisal and other costs related to the transaction if Dupuis and Mohammadi decide not to purchase the City's ownership interest in the Property. The City Manager and the Director of Finance and Information Technology are authorized, in conjunction with a sale of the City's interest, to negotiate, subject to City Council approval, terms and conditions of a sale that include, without limitation, incentives to Dupuis and Mohammadi in the form of deferred principal and/or interest payments, initial or long term interest rates below market rates (but in no event more than .5% below the City's then current rate of return on invested funds) or other inducements that the City Manager and the Director of Finance and Information Technology deem to be in the City's best interests. In the event of a proposed purchase by Dupuis and Mohammadi within eighteen (18) months after Dupuis' separation, the City Manager and the Director of Finance and Information Technology are, in addition to one or more of the incentives described above and subject to City Council approval, also authorized to reduce the purchase price in an amount that reflects all or a portion of the then current value of the future housing assistance payments. The Parties agree that no broker(s) will be involved in the event of a purchase pursuant to this Section.

9. CITY PURCHASE OF PROPERTY

The City shall have the right to purchase Dupuis' and Mohammadi's ownership interest in the Property in lieu of a sale pursuant to Section 7 or in the event Dupuis and Mohammadi, for any reason, decides to sell their ownership interest. The value of the Dupuis' and Mohammadi's ownership interest shall be based on Dupuis' and Mohammadi's ownership interest (as determined pursuant to Section 6 of this Agreement) and an appraisal prepared pursuant to Exhibit A. The City shall pay the cost

of the appraisal and all costs attendant to the sale. The Parties agree that no broker(s) will be involved in the event of a City purchase of Dupuis' and Mohammadi's ownership interest in the Property pursuant to this Section.

10. JOINT SALE OF PROPERTY

The Parties may, at any time during the term of this Agreement, mutually agree to sell the Property. In such event, the Parties shall list the Property with a licensed real estate broker familiar with Laguna Beach real estate. The listing price shall reflect input from the broker and any appraisal commissioned by the Parties pursuant to Exhibit A.

11. DISPOSITION OF SALE PROCEEDS

The proceeds of any sale of the Property shall be allocated to the Parties in accordance with the following:

(a) From the gross sale price, any costs of sale, including, but not limited to escrow fees, real estate broker's fees, and related expenses shall first be deducted (net proceeds of sale);

(b) From the gross sales price, the remaining balance, if any, of the New Loan to Dupuis and Mohammadi shall be repaid to the City;

(c) The Parties shall receive that portion of the net proceeds of sale that reflects their respective interests in the Property as of the date of the sale (for example, if employee's ownership interest is fifty percent (50%) and the net proceeds are \$1,500,000, employee would receive \$750,000);

(d) Dupuis and Mohammadi shall be solely responsible for the payment, out of their share of the net proceeds of sale, of the New Loan or any loan that they have incurred and for which the Property is security for payment and/or any lien recorded as a result of any action or inaction by Dupuis and Mohammadi.

12. TERM

Subject to Section 13, this Agreement shall remain in full force and effect until the Property is sold to a third party (in accordance with Section 10) or either Party purchases the other Party's share (in accordance with either Sections 8 or 9). Upon the occurrence of the first of the foregoing, this Agreement shall automatically terminate.

13. ALTERNATE PROPERTY

Notwithstanding any provision to the contrary in this Agreement, Dupuis and Mohammadi may, during the term of this Agreement and while Dupuis is employed by the City, elect to sell the Property and purchase another home located in the City of Laguna Beach (the "New Property"), provided the New Property is not situated within

that portion of Laguna Beach located on El Toro Road known as Sycamore Hills. Upon Dupuis' and Mohammadi's election and their compliance with the terms and conditions of this Agreement, the Parties agree that this Agreement shall be considered modified to apply to the New Property with terms and conditions consistent with this Agreement, subject only to the following: (i) the City's assistance with respect to the New Property shall be limited to the lesser of \$797,500 of the purchase price for the New Property; (ii) the proceeds of the sale of the Property shall be divided in accordance with Section 11, provided that Dupuis and Mohammadi shall solely be responsible for the payment of all transaction Costs, except for any brokerage commission(s), which shall be shared based on the Parties' respective ownership percentages of the Property; (iii) the City shall have the right to disapprove the sale of the Property and the purchase of the New Property if the City's net proceeds from the sale of the Property is less than \$797,500; and (iv) Dupuis and Mohammadi shall be solely responsible for the payment of all transaction costs in connection with the purchase of the New Property. The City Manager and the Director of Finance and Information Technology shall ensure that any transaction related to a New Property comply with the provisions of this Section; but in the event of compliance, no further City review or approval is required.

13. SUCCESSORS

(a) This Agreement is intended to and shall bind the Parties, their successors, heirs and personal representatives, and is not assignable by either Party without the express written consent of the other Party.

(b) The intent of the Parties is that, in the event Dupuis dies prior to the expiration of the term of this Agreement, Mohammadi shall be entitled to the same benefits and be subject to the same obligations that he and Dupuis would have been entitled had she survived. (For example, Farzad Mohammadi shall be entitled to reside on the Property for ten (10) years from the date of Dupuis' death if she dies prior to retirement; and after the expiration of then ten (10) year period, Mohammadi would then be obligated to list the Property for sale pursuant to Section 7. In the event Dupuis dies after retirement, Mohammadi shall be entitled to reside on, and to the exclusive use of, the Property for the number of days from May 2, 2016 to the date of Dupuis' retirement, up to a maximum of ten (10) years after the date of Dupuis' retirement, and is then required to list the Property for sale pursuant to Section 7.) Mohammadi shall comply with all terms and conditions of this Agreement during the time he is entitled to exclusive use of the Property, including the duty to repair and maintain the Property.

(c) Dupuis and Mohammadi shall have the right to place their ownership interest in the Property into a family trust or any similar estate planning vehicle.

14. VOLUNTARY

The Parties, and each of them, freely and voluntarily have entered into and executed this Agreement, and they warrant and represent they are not aware of any duress, fraud, coercion or undue influence which has caused them to enter into and execute this Agreement. The Parties, and each of them, represent they have carefully read and fully understand all of the provisions of this Agreement.

15. LEGAL COUNSEL

The Parties, and each of them, acknowledge that in entering into and executing this Agreement, they have each had the opportunity to seek and receive independent legal advice as to their respective legal rights and they certify that they have read this Agreement and fully understand all of its terms and contents.

16. ENTIRE UNDERSTANDING

This Agreement contains the entire agreement and understanding between the Parties concerning the subject matter and supersedes any and all prior or contemporaneous agreements or understandings between them. The Parties, and each of them, declare that no promise, representation or agreement not expressly stated in this Agreement has been made to them to induce them to execute this Agreement. This Agreement may only be modified or changed by a written agreement executed by both Parties.

17. GOVERNING LAW

The Parties, and each of them, agree that this Agreement shall be governed by and interpreted under the laws of the State of California and shall be construed as if it were jointly drafted by the Parties.

18. NO GUARANTEE

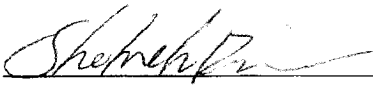
The Parties agree that nothing in this Agreement shall alter the nature or characterization of Dupuis's employment with the City, nor shall this Agreement be construed as a guarantee of Dupuis's employment for any specific time period.

19. CITY COUNCIL

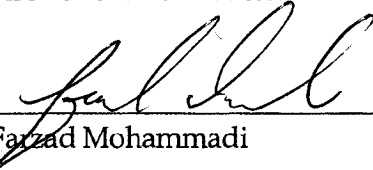
While Dupuis is the Assistant City Manager/Director of Public Work, the City Manager and the Director of Finance and Information Technology shall be responsible for administering the provisions of this Agreement. The City Manager and the Director of Finance and Information Technology shall have the right to obtain input from City staff relative to the administration and may, with City Council approval, retain professionals to assist in administering this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date first set forth above.

SHOHREH DUPUIS

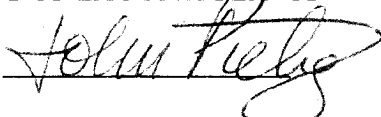
By: 
Shohreh Dupuis, Assistant City Manager,
Director of Public Works

Dated: 5/26/16

By: 
Farzad Mohammadi

Dated: 5/26/16

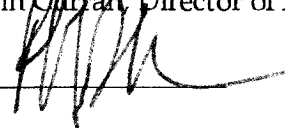
CITY OF LAGUNA BEACH

By: 
John Pietig, City Manager

Dated: 5/26/16

By: 
Gavin Curran, Director of Finance and Information Technology

Dated: 5-25-2016

By: 
Philip Kohn, City Attorney

Dated: 5/25/2016

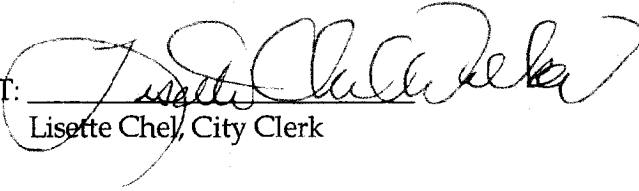
ATTEST: 
Lisette Chel, City Clerk

EXHIBIT A

Whenever this Agreement calls for the selection of an appraiser, the Parties agree to use their respective best efforts to agree on an appraiser without resort to the selection process that follows.

In the event the Parties, using their respective best efforts, fail to agree on an appraiser, each Party shall designate an appraiser and the two appraisers designated shall jointly select a mutually satisfactory qualified appraiser, who shall then prepare the required appraisal.

The Parties also agree to use their respective best efforts to agree on instructions to the appraiser. Notwithstanding the foregoing, in the event either party so requests, the instructions to the appraiser shall include direction to consider the sale price of the Property necessary to affect a sale within a specified period of time, but in no event less than 90 days.

RECORDING REQUESTED BY:
WESTERN RESOURCES TITLE COMPANY

Recorded in Official Records, Orange County
Hugh Nguyen, Clerk-Recorder



24.00

2016000252411 4:14 pm 06/03/16

156 403 D11 F13 6

0.00 0.00 0.00 0.00 15.00 0.00 0.00 0.00

WHEN RECORDED MAIL TO:
City of Laguna Beach
505 Forest Avenue
Laguna Beach, Ca 92651
Attn: Director of Finance

ORDER NO.
ESCROW NO.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS

APN:056-104-01

This Deed of Trust, made June 3, 2016, between FARZAD MOHAMMADI AND SHOHREH DUPUIS, husband and wife, as tenants in common, herein called **TRUSTOR**, whose address is 31680 3rd Avenue, Laguna Beach, California, 92651, The City of Laguna Beach, herein called **TRUSTEE**, and, THE CITY OF LAGUNA BEACH, herein called **BENEFICIARY**,

Witnesseth: That Trustor **IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE**, that property in the City of Laguna Beach, County of Orange, California, described as:

See Exhibit "1" attached hereto and incorporated herein by reference.

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Beneficiary by paragraph (10) of the provisions incorporated herein by reference to collect and apply such rents, issues and profits.

For the Purpose of Securing: 1. Performance by Trustor of that certain agreement between the City of Laguna Beach and Shohreh Dupuis and Farzad Mohammadi Regarding Housing Assistance of even date herewith ("Loan Agreement"). 2. Performance of each other agreement of Trustor incorporated by reference or contained herein. 3. Payment of the indebtedness evidenced by the loan agreement, and any extension or renewal thereof, in the principal sum of Four Hundred Seventy-Two Thousand (\$472,000) executed by Trustor in favor of Beneficiary by order. 4. Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it is so secured. **To Protect the Security of This Deed of Trust, Trustor Agrees:** By the execution and delivery of this Deed of Trust and the note secured hereby, that provisions (1) to (14), inclusive, of the fictitious deed of trust recorded under date, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, viz.:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	435	684	Kings	792	833	Placer	895	301	Sierra	29	335
Alpine	1	250	Lake	362	39	Plumas	151	5	Siskiyou	468	181
Amador	104	348	Lassen	171	471	Riverside	3005	523	Solano	1105	182
Butte	1145	1	Los Angeles	T2055	899	Sacramento	4331	62	Sonoma	1851	689
Calaveras	145	152	Madera	810	170	San Benito	271	383	Stanislaus	1715	456
Colusa	296	617	Marin	1508	339	San Bernardino	5567	61	Sutter	572	297
Contra Costa	3978	47	Mariposa	77	292	San Francisco	A332	905	Tehama	401	289
Del Norte	78	414	Mendocino	579	530	San Joaquin	2470	311	Trinity	93	366
El Dorado	568	456	Merced	1547	538	San Luis Obispo	1151	12	Tulare	2294	275
Fresno	4626	572	Modoc	184	851	San Mateo	4078	420	Tuolumne	135	47
Glen	422	184	Mono	52	429	Santa Barbara	1878	860	Ventura	2062	386
Humboldt	657	527	Monterey	2194	538	Santa Clara	5336	341	Yolo	653	245
Imperial	1091	501	Napa	639	86	Santa Cruz	1431	494	Yuba	334	486
Inyo	147	598	Nevada	305	320	Shasta	684	528			
Kern	3427	60	Orange	5889	611	San Diego	Series 2, Book 1961, Page 183887				

FOR SIGNATURE(S) SEE SHORT FORM DEED OF TRUST SIGNATURE PAGE ATTACHED HERETO AND MADE A PART HEREOF.

**RECORDING REQUESTED BY:
WESTERN RESOURCES TITLE COMPANY**

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505 Forest Avenue
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FOR SIGNATURE(S) SEE SHORT FORM DEED OF TRUST SIGNATURE PAGE ATTACHED HERETO AND MADE A PART HEREOF.

SHORT FORM DEED OF TRUST SIGNATURE(S) PAGE

(which provisions, identical in all counties, are printed on the reverse hereof) hereby are adopted and incorporated herein and made a part hereof as fully as though set forth herein at length; that he will observe and perform said provisions; and that the references to property, obligations, and parties in said provisions shall be construed to refer to the property, obligations, and parties set forth in this Deed of Trust.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at his address hereinbefore set forth.

X [Signature]
Farzad Mohammadi

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 Orange)

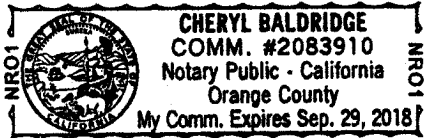
On June 3, 2016, before me, Cheryl Baldridge,
(insert name and title of the officer)

Notary Public, personally appeared Farzad Mohammadi, 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.

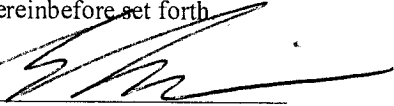
Signature [Signature]



(Seal)

(which provisions, identical in all counties, are printed on the reverse hereof) hereby are adopted and incorporated herein and made a part hereof as fully as though set forth herein at length; that he will observe and perform said provisions; and that the references to property, obligations, and parties in said provisions shall be construed to refer to the property, obligations, and parties set forth in this Deed of Trust.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at his address hereinbefore set forth

X 
Shohreh Dupuis

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.

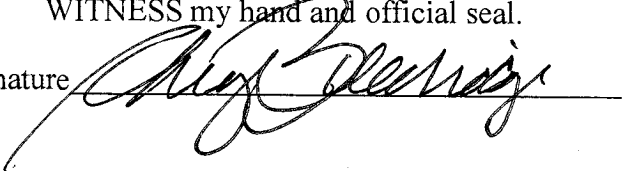
State of California)
County of Orange)

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Notary Public, personally appeared Shohreh Dupuis, 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.

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Signature 

(Seal)

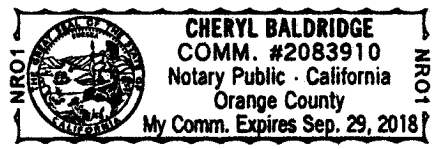


EXHIBIT "1"

Trustor's undivided fifty percent (50%) interest (as such interest may increase from time to time pursuant to that certain Agreement between the City of Laguna Beach and Shohreh Dupuis and Farzad Mohammadi Regarding Housing Assistance Date as of May 24, 2016 in and to that certain real property situated in County of Orange, State of California, described as follows:

The Northwest 45 Feet of Lot 265, together with an easement for ingress, egress and regress over and across lot 264, tract 849, as per map recorded in book 25, pages 43, 44, and 45 of miscellaneous maps, in the office of County Recorder of Said County.

APN: 056-104-01

SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS

ORDER NO.
ESCROW NO.

The following is a copy of provisions (1) to (14), inclusive, of the fictitious deed of trust, recorded in each county in California, as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

To Protect the Security of This Deed of Trust, Trustor Agrees:

(1) To keep said property in good condition and repair, not to remove or demolish any building thereon, to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon, not to commit or permit waste thereof, not to commit, suffer or permit any act upon said property in violation of law to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumeration's herein not excluding the general.

(2) To provide maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suite brought by Beneficiary to foreclose this Deed.

(4) To pay at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock, when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior of superior hereto, all costs, fees and expenses of this Trust. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto, and in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(6) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(7) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his rights either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(8) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may reconvey any part of said property, consent to the making of any map or plot thereof, join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(9) That upon written request of Beneficiary state that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "The person or persons legally entitled thereto". Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed (unless directed in such request to retain them).

(10) That as additional security, Trustor hereby give to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues and profits including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees. Upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(11) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder. Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof, all other sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

(12) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor. Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(13) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledges, of the note secured hereby whether or not named as Beneficiary herein in this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(14) That Trustee accepts this Trust when this Deed, duly executed and acknowledged and is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary of Trustee shall be a party unless brought by Trustee.

SHORT FORM DEED OF TRUST CONTINUED ON NEXT PAGE

**SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS
DO NOT RECORD**

ORDER NO.
ESCROW NO.

REQUEST FOR FULL RECONVEYANCE

To be used only when note has been paid:

To, Trustee

Dated _____

The undersigned is the legal owner and holder of all indebtedness secured by the within Deed of Trust. All sums secured by said Deed of Trust have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith together with said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, the estate now held by you under the same.

By _____
By _____

MAIL RECONVEYANCE TO: _____ _____ _____ _____ _____

ALL SIGNATURES TO THIS DOCUMENT MUST BE NOTARIZED

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

AGREEMENT BETWEEN THE CITY OF LAGUNA BEACH AND SHOHREH DUPUIS
AND FARZAD MOHAMMADI REGARDING HOUSING ASSISTANCE

The City of Laguna Beach (the "City") and Shohreh Dupuis and Farzad Mohammadi (collectively, "Dupuis") made and entered into an Employee Housing Agreement on May 24, 2016. The Employee Housing Agreement contemplated the purchase by the City and Dupuis of the residence, other improvements and real property located at 31680 3rd Avenue, Laguna Beach (the "Laguna Beach Property") for the price \$1,595,000 ("Purchase Price") in accordance with certain terms and conditions.

It was the intent of Dupuis at the time the Employee Housing Agreement was executed to apply \$22,000 from the proceeds of the expected sale of her existing property at 760 S. Tourmaline Court, Anaheim CA 92807 ("Anaheim Property") toward her portion of the purchase price of the Laguna Beach Property. However, the sale of Anaheim Property has not yet been completed.

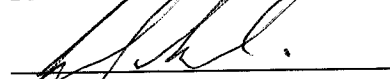
To complete the purchase of the Laguna Beach Property, Dupuis has requested the City to finance a direct loan in the amount of \$472,500 (i.e., \$22,500 above the anticipated loan amount of \$450,000) with a minimum interest rate of two percent (2%) and a maximum of five percent (5%) for a term of twenty (20) years. The City has determined that this request is consistent with the purpose and intent of the Employee Housing Agreement as authorized by the Laguna Beach City Council, subject to the agreement of Dupuis to make a lump sum payment of \$22,000 toward the direct loan upon the sale of the Anaheim Property.

Now, therefore, the City and Dupuis agree that upon the sale of the Anaheim Property, Dupuis will make a lump sum payment of \$22,500 toward the direct loan, thereby reducing the loan balance to or below the loan amount of \$450,000 as anticipated by the Employee Housing Agreement. Upon the receipt of the \$22,500 by the City, the Dupuis payment toward the loan will be recalculated based on the loan amount at that time.

SHOHREH DUPUIS


Shohreh Dupuis


FARZAD MOHAMMADI


Farzad Mohammadi

CITY OF LAGUNA BEACH

By: 
John Pietig, City Manager

By: 
Gavin Curran, Director of Finance and Information Technology

ATTEST: 
Lisette Chel, City Clerk