Recording Requested By:

The City of Victorville

When Recorded Please Return to:

City of Victorville

14343 Civic Drive

P O Box 5001

Victorville, CA 92393-5001

Sect. XX, TXX, RXX, SBM

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**LIEN AGREEMENT**

(Lien Agreement as Substitute Security)

**For**

**Tract Map No. ######**

**This document is exempt from Recording Fees pursuant to Section 27383 of the California Government Code**

THIS LIEN AGREEMENT is entered into this day of 20 , by and among the City of Victorville, a municipal corporation and California charter city, hereinafter called “CITY” and , hereinafter called “OWNER”. CITY and OWNER are collectively referred to hereinafter as the “PARTIES,” and individually as a “PARTY”.

**RECITALS**

A. OWNER is the record fee owner of that certain real property situated in the City of Victorville, County of San Bernardino, State of California, as more particularly described in **Exhibit “A”** attached hereto and incorporated herein by this reference. Said real property is hereinafter called the “Property”.

B. Tract Map No. , hereinafter called “Subdivision”, was recorded in the office of the County Recorder of San Bernardino, for the subdivision of real property within the CITY, evidenced by County Recorder’s Document No. , pursuant to the Subdivision Map Act (Gov. Code Section 66410 et seq.) and Title 17 of the Victorville Municipal Code, hereinafter called “Title 17”.

C. A secured Subdivision Improvement Agreement with the CITY dated \_\_\_\_ to perform certain acts and construct certain improvements as a condition of CITY’s approval of said Subdivision has been executed and recorded, evidenced by County Recorder’s Document No. .

D. The Subdivision Improvement Agreement, Title 17 and Sections 66462 and 66469 of the Subdivision Map Act requires that security satisfactory to the CITY be provided to secure obligations under the Subdivision Improvement Agreement.

E. Government Code Section 66499(a)(4) empowers the CITY to adopt an ordinance to allow lien agreements to secure Subdivision Improvement Agreements based upon the CITY finding that it would not be in the public interest to require the installation of the required improvements sooner than two (2) years after the recordation of the map.

F. Pursuant to Section 17.64.065 of the Victorville Municipal Code (“VMC”), CITY is authorized to accept a lien agreement for the substitution of an existing security which was furnished under Section 17.64.065, subject to the conditions, requirements and restrictions contained therein.

G. A form of security for the Subdivision Improvement Agreement which OWNER now desires to replace with security known as a Lien Agreement, under the provisions of Government Code Section 66499(a)(4) and Section 17.64.065 of the VMC.

H. CITY has found and determined that it would not be in the public interest to require the installation of the required improvements pursuant to the Subdivision Improvement Agreement sooner than two (2) years after the recordation of the map.

I. OWNER warrants that OWNER has fee title interest to all of the individual lots in the Property, as identified on the Subdivision.

J. Subject to the exceptions provided for by Subsection 17.64.060(d) of the VMC, OWNER has ceased the installation or construction of the improvements required by the Subdivision Improvement Agreement as allowed under the construction permits on the Property as identified on the Subdivision.

K. OWNER has provided a title insurance policy and current title report from a title company approved by the CITY and issued within the 45 days prior to the execution of this Lien Agreement documenting that the OWNER is the record owner of the Property, and the Property is not subject to any mortgages, deeds of trust, or liens.

L. OWNER represents and CITY has confirmed that OWNER has paid all outstanding fees pursuant to Chapter 17.12 of the VMC and has a deposit based fee account in good standing with the CITY.

NOW, THEREFORE, incorporating the above recitals, and for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the PARTIES hereto mutually agree as follows:

# OWNER’s Performance and Obligations:

## OWNER hereby grants to CITY, in accordance with the terms and conditions of this Lien Agreement, a lien upon the Property described in **Exhibit “A”**, attached hereto and made part hereof, as security for the following obligations of OWNER:

### Construction of the improvements specified in the Subdivision Improvement Agreement, hereinafter called “Improvements”, pursuant to Section 17.64.050 of the VMC in the estimated amounts and for the purposes specified in the approved Engineer’s Cost Estimate, **Exhibit “B”**, attached hereto and made part hereof by this reference; provided, however, that OWNER’s obligation under this Agreement shall extend to the actual cost of construction of the Improvements, notwithstanding that such costs may exceed the estimate set forth in **Exhibit “B”**, attached hereto and made part hereof; and

### Payment of the balance of any fees, including fees for improvements or services described in Title 17 (collectively, “Fees”), in the amount required in accordance with the Victorville Municipal Code.

## For so long as the Property remains subject to this Lien Agreement, OWNER shall not:

## (1) Request issuance by the Department of Real Estate of the Final Subdivision Public Report for the Property;

## (2) Transfer, sell, or permit the transfer or sale of any lot shown on the Subdivision; or

## (3) Commence work on any portion of the Improvements except as necessary to correct or prevent threats to the public health, safety or general welfare and with the prior written consent or order of the CITY

## Notwithstanding the above, fee title to the entire Property encumbered by this Lien Agreement, or to all lots designated on the Subdivision, may be sold in the aggregate to a single purchaser, provided that the proposed purchaser, prior to assuming title to the Property, executes a new lien agreement or provides alternative security acceptable to the CITY in accordance Section 17.64.065 of the VMC.

## OWNER shall post with the CITY a cash deposit in the amount of Twelve Thousand Dollars ($12,000) per recorded subdivision Tract Map, regardless of whether the project was subdivided by a single Tract Map or by multiple Tract Map recordings through phasing, for the purpose of reverting the property to acreage if the owner breaches or is in default of the terms of the lien agreement, and to be used by CITY to reimburse CITY for any costs which CITY may incur in processing a reversion to acreage map initiated pursuant to this Lien Agreement. Reversion to acreage and the cash deposit by reason of default or breach of the lien agreement shall only be applicable to properties where none of the required public improvements for which securities were provided, have been installed and/or have been constructed. If the costs of a reversion to acreage of the Subdivision exceed $12,000, OWNER shall pay such additional costs to CITY prior to recordation of the reversion to acreage map. In addition, any unused portion of this deposit may be applied to any outstanding fees for inspection, tests and other related purposes for the required Improvements upon termination of this Lien Agreement. If there are no outstanding fees, any unused portion of such deposit shall be refunded to OWNER following completion of such reversion.

## OWNER shall also post with the CITY a cash deposit to be used by the CITY to reimburse the CITY for any costs which the CITY may incur for the maintenance of any portion of Subdivision that has been graded, including but not limited to dust control, erosion control, fencing, maintenance for purposes of the health, safety or welfare of the public, and any other maintenance as reasonably required by the CITY. Said deposit shall be in the amount as approved by the City Engineer.

## Prior to obtaining any construction permits, including but not limited to grading, construction excavation or water permits, or commencing the installation and construction of any portion of the Improvements required by the Subdivision Improvement Agreement, OWNER:

## (1) shall substitute other forms of security satisfactory to CITY in place of this Lien Agreement; provided however, OWNER shall not be permitted to obtain said permits, substitute such security or commence the installation and construction of any portion of the Improvements if less than one (1) year has elapsed since the date of recordation of this Lien Agreement; and

## (2) shall deposit fees for inspections, tests and other related purposes.

## OWNER agrees to appear in and defend any action or proceeding purporting to affect the City’s lien upon the Property or the rights or powers of the City with respect to the Property; and also, if at any time the City is a party to or appears in any such action or proceeding, or in any action or proceeding to enforce any obligation hereby secured, to pay all costs and expenses paid or incurred by the City in connection therewith, including, but not limited to, cost of evidence of title and reasonable attorneys’ fees. OWNER further agrees that upon entry of any judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

## OWNER agrees to indemnify, and hold harmless, the CITY, its officers, employees and agents from any liability whatsoever based or asserted upon any act or omission of OWNER, its officers, employees and agents relating to or in any way connected with the obligations arising under this Lien Agreement. As part of the foregoing indemnity, OWNER agrees to protect and defend at its own expense, including attorneys’ fees, the CITY, its officers, employees and agents in any legal action based upon such alleged acts or omissions.

## OWNER agrees to pay when due any and all taxes and assessments affecting the Property, and all encumbrances, charges and liens, with interest, on the Property or any part thereof, which appear to be prior or superior to the lien created by this Lien Agreement.

## OWNER agrees at its sole cost and expense, to maintain and keep the Property in good condition and repair, including but not limited to maintaining storm water facilities, erosion control and fire prevention maintenance activities on the Property; to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property; not to commit or permit any waste thereof or any act upon the Property in violation of the law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of the Property may be reasonably necessary, the specific enumerations herein not excluding the general.

## OWNER agrees that the choice of remedy or remedies for OWNER’s default or breach of this Lien Agreement shall be in the sole discretion of the CITY.

## OWNER has provided the City with sufficient evidence that the estimated costs for the remaining required improvements, as determined by the City Engineer, including, but not limited to, master planned or “missing link” streets, drainage and sewer improvements, community facilities, off-site improvements, fire access, fire flow and  traffic signals, originally required by conditions of approval, do not exceed the fair market value of the property based on a recent opinion of an independent, licensed real estate appraiser, which appraisal shall be furnished to the CITY not fewer than forty-five (45) days prior to entering into any Lien Agreement as determined by the City Engineer.

# City’s Performance and Obligations:

## CITY, upon recordation of this Lien Agreement, shall release deposits and/or security which were previously supplied to the CITY and for which this Lien Agreement is being substituted.

## Pursuant to Section I.E hereof, upon delivery by OWNER and acceptance by the City Council of one of the securities as specified by Section 17.64.060 of the VMC in replacement of this Lien Agreement, and upon OWNER’s request, the CITY shall release the Property from the provisions of this Lien Agreement and shall execute any necessary release in a form as required by law to enable the OWNER or its transferee to clear the record of title of the Property so release of the lien herein is achieved.

## Upon delivery by OWNER and acceptance by the City Council, of a replacement of this Lien Agreement pursuant to Section I.F hereof, by one of the securities as specified by Section 17.64.060 of the VMC and, upon OWNER’s request, the CITY shall release all remaining amounts of deposits paid pursuant to Sections I.D and I.E hereof.

## In no instance shall this Lien Agreement compel the City to construct the required Improvements.

# Effect of Lien Agreement.

## This Lien Agreement creates and constitutes a secured obligation in the form of a lien against the Property for the purposes of securing OWNER’s performance of this Lien Agreement and the Improvement Agreement. From the date of recordation of this Lien Agreement, a lien shall attach to the entire Property which shall have the priority of a judgment lien in an amount necessary to discharge all obligations contained in the Subdivision Improvement Agreement, this Lien Agreement and any Fees. The CITY shall under no circumstances be obligated to subordinate the lien, but may do so in its sole and absolute discretion in a manner provided by law.

## OWNER shall have the right to convey fee title of the entire Property encumbered by this Lien Agreement to a single purchaser, so long as the proposed purchaser, prior to assuming title to the Property,

## (1) executes a new lien agreement or provides alternative security acceptable to the CITY in accordance Section 17.64.060 of the VMC; and

## (2) purchaser agrees in writing to accept and be bound by the terms and provisions of the applicable Subdivision Improvement Agreement.

## Notwithstanding any provisions of Title 17 of the VMC to the contrary, so long as this Lien Agreement is utilized for security as described herein, the CITY is not obligated to accept offers of dedication for street or drainage purposes on the Property.

# Events of Default; Breach. Upon the occurrencence of any one of the following events, OWNER shall be deemed in default hereunder if OWNER fails to cure such occurrence within thirty (30) days after receipt of written notice of default from the CITY; provided, however, that if such event is of such a nature that it cannot be cured within such thirty (30) day period, then OWNER shall not be in default if it commences a cure in good faith within such thirty (30) day period and thereafter diligently prosecutes the cure to completion:

## Commencement of any work on the Improvements by OWNER, its agents or employees, prior to substitution of acceptable security with the CITY in place of this Lien Agreement, except as specifically authorized by CITY with prior authorization in writing or by order to correct or prevent threats to the public health, safety or general welfare;

## Filing of any proceedings or action by or against OWNER to declare OWNER bankrupt or to appoint a receiver or trustee for OWNER or to reorganize OWNER or to make an assignment for the benefit of creditors or to do anything else of a similar nature or purpose under any state or federal bankruptcy or insolvency laws, if such proceedings or actions are not discharged within sixty (60) days;

## Levy of any attachment or writ of execution against OWNER and the Property whereby the Property is taken or occupied or attempted to be taken or occupied by someone other than OWNER and such attachment or execution is not released within sixty (60) days;

## Sale of any lot shown on the Subdivision prior to release of the lien created by this Lien Agreement, except as provided in Section III.B hereof;

## Request by OWNER of issuance by the Department of Real Estate of the Final Subdivision Public Report for the Property;

## Allowing the Property to be maintained in manner that falls below the required maintenance satisfactory to the CITY or as required by Section I.J hereof;

## The attachment of any other lien or judgment lien upon the Property;

## Breach by OWNER of any other term or condition of this Lien Agreement or of the Subdivision Improvement Agreement or OWNER’s failure to fully and faithfully discharge its obligations hereunder within the time specified herein.

All references to OWNER in this Section shall be deemed to include OWNER’s successors, assignees and transferees.

# CITY’s Remedies. Upon the occurrence of any of the events described in Section IV, above, CITY may declare a breach of this Lien Agreement if OWNER fails to cure or to diligently prosecute the cure to completion, and the CITY, at CITY’s option, may exercise any one or more of the following remedies:

## Pursue any or all of the remedies provided in the Subdivision Improvement Agreement and all remedies available to it by law;

## Enforce this lien by appropriate action in court or as provided by law and in the event the enforcement is by action in court, the OWNER agrees that the amount of said lien shall include reasonable attorneys’ fees which shall be taxed as a cost in any suit for such enforcement;

## Estimate the cost of the work required to complete the Improvements, and all Fees, and foreclose said lien in said amount;

## Rescind the approval of any and all entitlements, permits or licenses associated with the Subdivision;

## Initiate proceedings for reversion of the real property within the land division to acreage, at the expense of OWNER, in accordance with the provisions of the Subdivision Map Act and Chapter 17.92 of the VMC;

## Pursue any other remedy, legal or equitable, for the foreclosure of a lien. OWNER, its heirs and assigns, shall pay reasonable attorneys’ fees to be taxed as a cost in said proceedings.

# The failure of the CITY to take an enforcement action with respect to a default, or to declare a default or breach, shall not constitute a waiver of that default or breach, or any subsequent default or breach of OWNER.

# General Provisions.

## Recordation. This Lien Agreement shall be recorded by CITY in the office of the County Recorder of San Bernardino County immediately following execution of this Lien Agreement.

## Contingency. This Lien Agreement shall not take effect until it has been approved by the CITY and it has been recorded against the Property.

## Final Integrated Agreement. This Lien Agreement is intended to be the final expression of understanding between the Parties and supersedes any and all prior restrictions, promises, representations, warranties, agreements, understandings and undertakings between the Parties with respect to the within subject matter. No other statement or representation, written or oral, express or implied, has been received or relied upon entering into this Lien Agreement. All prior discussions, statements and negotiations shall be deemed merged into this Lien Agreement.

## Further Assurances. The Parties agree to perform such further acts and to execute and deliver such additional documents and instruments as may be reasonably required in order to carry out the provisions of this Lien Agreement and the intentions of the Parties.

## Governing Law. This Lien Agreement shall be governed, interpreted, construed and enforced in accordance with the laws of the State of California. The Parties agree that all actions or proceedings arising in connection with this Lien Agreement shall be tried and litigated only in the state courts located in the County of San Bernardino, Sate of California, or federal courts located in the Central District of California.

## Headings. The captions and Section headings used in this Lien Agreement are inserted for convenience of reference only and are not intended to define, limit or affect the construction or interpretation of any term or provision hereof.

## Modification, Waiver and Amendment. No breach of this Lien Agreement or of any provision herein may be waived except by an express written waiver executed by the Party waiving such breach. Waiver of any one breach shall not be deemed a waiver of any other breach or provision of this Lien Agreement. This Lien Agreement may be amended, altered, modified or otherwise changed only by a writing duly executed by the Parties hereto or their authorized representatives. No modification, waiver, amendment or discharge of this Lien Agreement shall be valid unless the same is in writing and signed by all Parties.

## No Other Inducement. The making, execution and delivery of this Lien Agreement by the Parties hereto has been induced by no representations, statements, warranties or agreements other than those expressed herein.

## Severability. If any term, provision, covenant or condition of this Lien Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder of this Lien Agreement shall not be affected thereby, and each term, provision, covenant or condition of this Lien Agreement shall be valid and enforceable to the fullest extent permitted by law.

## Successors and Assigns. This Lien Agreement shall run with the land and inure to the benefit of and bind all Parties hereto, their heirs, devisees, administrators, executors, successors and assigns.

## Attorney Fees. In the event any action at law or in equity is brought to enforce the terms of this Lien Agreement, the prevailing Party shall be entitled to litigation costs and reasonable attorney fees

## OWNER not Agent of CITY. Neither OWNER nor any of OWNER’s officers, directors, agents, employees, ~~or~~ contractors, or successors in interest are or shall be considered to be agents of the CITY in connection with the performance of any of the OWNER’s obligations under this Lien Agreement.

## Notice. All notices required by or provided under this Lien Agreement shall be in writing and delivered in person or sent by certified or registered mail, postage prepaid and addressed as provided in this Section. Notice shall be effective on the date it is delivered in person, or, if mailed, on the date of deposit in the United States Mail.

Notice to CITY: City of Victorville

Attention: City Engineer

14343 Civic Drive

Victorville, CA 92392

Notice to Owner:

With Copy to: City Attorney, City of Victorville

Green, de Bortnowsky and Quintanilla

23801 Calabasas Road, Suite 1015

Calabasas, CA 91302-1595

## Counterparts. This Lien Agreement may be executed in counterparts, each of which shall be deemed as original but all of which shall constitute one and the same instrument.

## Authority. Each person signing this Lien Agreement warrants that s/he is duly authorized to execute this Lien Agreement on behalf of and bind the Party each purports to represent.

IN WITNESS WHEREOF, the Parties hereto have executed this Lien Agreement.

**OWNER**

, (LLC/LP, a State Limited Liability Company)

By its:

Address:

By:

Printed Name:

Title:

(Note: owner signatures require an attached notary acknowledgement statement)

**CITY**

By:

Mayor, City of Victorville

Attest:

City Clerk

Approved as to Form:

City Attorney

Risk Management:

Chuck Buquet

**EXHIBIT “A”**

LEGAL DESCRIPTION

**EXHIBIT “B”**

ENGINEER’S COST ESTIMATE