

Recording Requested by:  
City of Modesto  
Return to:  
P.O. Box 642  
Modesto, CA 95353  
Attn: Infrastructure Financing Program

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

Address: \_\_\_\_\_

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**DEFERRAL OF CAPITAL FACILITIES FEES, WATER CONNECTION AND/OR  
WASTEWATER CAPACITY FEES AGREEMENT AND NOTICE OF LIEN**

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This Deferral of Capital Facilities Fees, Water Connection and/or Wastewater Capacity Fees Agreement and Notice of Lien (“Agreement”) is made, entered into and is effective on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (“Effective Date”), by and between the CITY OF MODESTO, a municipal corporation (“City”) and \_\_\_\_\_ (“Owner”).

WHEREAS, Owner owns certain real property located at Assessor’s Parcel Number (“APN”) \_\_\_\_\_ within the City of Modesto, County of Stanislaus, State of California, more particularly described on Exhibit “A”, attached hereto and incorporated herein by reference (“Property”); and

WHEREAS, Owner desires to obtain a permit from the City to build \_\_\_\_\_ in the City of Modesto; and

WHEREAS, Owner desires to exercise deferral of the following impact/connection/capacity fees (“Deferred Fees”):

- Capital Facilities Fees
- Water Connection Fees
- Wastewater Capacity Fees

in the following amounts:

- Capital Facilities Fees: \$ \_\_\_\_\_
- Water Connection Fees: \$ \_\_\_\_\_
- Wastewater Capacity Fees: \$ \_\_\_\_\_

which are due and payable at the time of issuance of the building permit; and

WHEREAS, Owner certifies that no environmental mitigation measure imposed on Owner's project consists of payment of \$\_\_\_\_\_ or the installation or construction of a public improvement the cost of which is eligible as a reimbursement from the CFF funds; and

WHEREAS, the City has determined that it is appropriate to defer payment of said fees pursuant to Modesto City Council Resolution No. 2012-164, adopted on May 1, 2012.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements herein contained, the parties hereto agree as follows:

1. Owner agrees to pay a recording fee with the final installment to remove the lien.
2. The City shall issue a building permit and defer collection of:
  - Capital Facilities Fees
  - Water Connection Fees
  - Wastewater Capacity Fees

for the Project on the terms and conditions set forth in this Agreement.

3. Owner's desire to exercise deferral of the Deferred Fees is authorized by City Council Resolution No. 2012-164, adopted on May 1, 2012.

4. The Project's total Deferred Fees obligation is \$\_\_\_\_\_ (“Total Deferred Fees”) and is comprised of the following impact/connection/capacity fees:

- Capital Facilities Fees: \$ \_\_\_\_\_
- Water Connection Fees: \$ \_\_\_\_\_
- Wastewater Capacity Fees: \$ \_\_\_\_\_

5. Owner shall pay the Total Deferred Fees directly to the City in accordance with the following schedule:

- a. Owner shall pay twenty percent (20%) (\$\_\_\_\_\_) of the Total Deferred Fees at the time the building permit is issued (the “Permit Date”).
- b. Owner shall pay the remaining eighty percent (80%) (\$\_\_\_\_\_) of the Total Deferred Fees, plus interest, in no more than five (5) annual installments. Each installment shall be at least twenty percent (20%) of the outstanding balance, plus all collection costs, if any, which have been incurred during the previous year; provided, however, the final installment shall be in the amount of the outstanding balance then due under this Agreement, including all interest accrued and any collection costs incurred. A Deferred Payment Schedule is attached as Exhibit B.
- c. Each installment shall be paid on or before \_\_\_\_\_.
- d. Notwithstanding the foregoing, the remaining unpaid balance of the Total Deferred Fees, including interest, shall immediately become due and payable on the sale, transfer or refinancing of the Property.

6. The annual interest rate shall be equal to the Wall Street Journal Prime Rate on the date this Agreement is fully executed (see Exhibit C). Interest accrual shall commence on

the Permit Date and be compounded annually until all amounts due under this Agreement are paid in full.

7. Owner and each successive owner shall notify City of any sale or pending escrow to ensure timely payment of the Total Deferred Fees.

8. In the event Owner is five (5) or more business days delinquent with respect to any installment payment, and the installment payment remains delinquent for a period of ten (10) days following written notice of the default from City, the Owner shall be deemed in breach of this Agreement, the outstanding balance of the Total Deferred Fees and all accrued and unpaid interest shall become immediately due and payable, and City shall be entitled to every remedy available to it by law and in equity for the collection of debts and liens, including but not limited to, withholding or revoking the certificate of occupancy for the Property, foreclosure on the Property, recovering the unpaid balance plus interest as a personal obligation of Owner, adding and collecting through the annual real property tax assessment on the Property and/or cutting off all utility services provided by the City to the Property until the breach is cured. Owner understands, acknowledges and agrees that all the procedures and remedies provided by law for nonpayment and/or late payment which apply to real property tax collection shall likewise apply to the collection of the remaining balance of the Total Deferred Fees in the event the City elects to add and collect the Total Deferred Fees with the annual property tax assessment on the Property. Owner understands and agrees that the County of Stanislaus may charge a fee to City for collecting and disbursing to City the Total Deferred Fees. Owner agrees to pay said fees, if any.

9. Owner agrees for it, and all subsequent owners of the Property and/or parties who shall acquire any property interest in the Property (Owner assumes a duty to notify all

prospective purchasers of the Property of this provision of this Agreement), that City is entitled to all of the above-described remedies in the event Owner is in breach of this Agreement.

10. Owner agrees to hold City harmless from and defend it from any proceeding, claim cost, loss or damage whatsoever arising out of or relating to City's exercise of its rights under this or any other provision of this Agreement.

11. This Agreement shall be executed by the parties and recorded prior to the issuance of the building permit. The following are the addresses of the parties:

CITY: City of Modesto  
Attn: Infrastructure Financing Programs  
P.O. Box 642  
Modesto, CA 95353  
209-577-5211 (phone)  
209-491-5798 (fax)

OWNER:

12. This Agreement shall be recorded against the Property, at the expense of Owner, and shall constitute notice to all successors and assigns of the title to the Property and of the obligations herein set forth herein. The provisions of this Agreement shall constitute covenants which shall run with the Property and the benefits and burdens hereof shall bind and inure to all successors in interest to the parties hereto. Within ten (10) days following Owner's payment in full of the Total Deferred Fees, City agrees to execute and deliver to Owner in a recordable form a release of the Agreement in form reasonably satisfactory to each of the parties.

13. All claims, controversies, or disputes arising out of, or relating to the formation of this Agreement, or the breach, termination execution, enforcement, interpretation, or validity of this Agreement, including the determination of the scope or applicability of this contract

provision shall be determined by binding arbitration in Modesto, California, by one arbitrator, except as otherwise specified in this Agreement. The American Arbitration Association shall administer the arbitration under its Arbitration Rules then in effect, subject to the modifications of those rules contained in this paragraph. This Agreement to arbitrate shall be specifically enforceable under the prevailing law of any court having jurisdiction, and the award rendered by the arbitrator may be entered in any court having jurisdiction. The appropriate venue for any arbitration or court proceeding relating to or arising out of this provision shall be in Stanislaus County, California.

This paragraph is not intended to and does not waive the claim filing requirements found in California Government Code section 900 et seq. In the event that a timely and legally sufficient, arbitrable claim is filed by Owner with City, and the claim is rejected in whole or in part by City, this paragraph shall result in the conclusive, final, and binding resolution of all the issues presented in the claim by Owner so long as any issues presented by the claim are arbitrable. Claims rejected by City or by operation of law, shall be submitted by Owner to arbitration pursuant to the Arbitration Rules of the American Arbitration Association within ninety (90) days after mailing of the written rejection by City to Owner. Otherwise, the claim or claims shall be deemed waived in their entirety.

The “fast track” rules of the American Arbitration Association shall apply to any claim or counterclaim less than ONE HUNDRED FIFTY THOUSAND AND 00/100 (\$150,000.00) DOLLARS. In arbitration not proceeding under the “fast track” rules, the arbitrator shall have the power to order that depositions be taken and other discovery be made. Both City and Owner shall have the right, upon written notice, to take no more than three (3)

depositions of the other as a matter of right in an arbitration proceeding under the “fast track” rules.

Whether or not City and Owner may be engaged in interstate commerce, any controversy or dispute mentioned above shall be determined by, and the parties shall be bound by, the substantive law of the State of California, and not the Federal Arbitration Act at 9 USC Section 1 et seq.

The arbitrator may grant any remedy or relief deemed by the arbitrator just and equitable under the circumstances, whether or not such relief could be awarded in a court of law. The arbitrator shall be empowered to award monetary sanctions against a party for failure of cooperation in the arbitration. The arbitrator shall, in written award, allocate all the costs of the arbitration, including the fees of the arbitrator and the reasonable attorney fees of the prevailing party, against the party who did not prevail. The prevailing party shall be the party in whose favor the majority of the central issues in the case are resolved.

Notwithstanding anything in this provision to the contrary, the arbitrator shall have no power to award punitive damages or other damages not measured by the party’s actual damages (excluding litigation costs and fees) against any party. This limitation of the arbitrator’s powers under this Agreement shall not operate as an exclusion of the issue of punitive damages from this Agreement to Arbitrate sufficient to vest jurisdiction in a court with respect to that issue.

The parties hereby waive any rights provided by Title 9.2 of the California Code of Civil Procedure, Section 1296. The arbitrator’s award shall be deemed final, conclusive and binding to the fullest extent allowed by California law.

14. This Agreement shall be binding on the heirs, successors, and assigns of the parties hereto. This Agreement may be amended or modified only by written instrument signed by all parties. Any Amendment shall expressly refer to this Agreement.

15. The waiver of any action, obligation or commitment required by this Agreement shall be in writing and shall not constitute a waiver of any other or subsequent action, obligation or commitment required by this Agreement, unless specifically stated in writing.

16. This Agreement shall be governed according to the laws of California.

17. The language of all paragraphs, terms or provisions of this Agreement shall be interpreted as a whole, according to its fair meaning, and not for or against any party hereto.

18. Time is of the essence in the performance of all actions required pursuant to this Agreement.

19. This Agreement will terminate and be of no further force, effect or benefit to Owner if Owner fails to obtain a building permit for the Project within one year from the Effective Date.



IN WITNESS WHEREOF, City has authorized the execution of this Agreement, in duplicate, by its City Manager and attestation by its City Clerk, on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and Owner has caused this Agreement to be executed in duplicate.

CITY OF MODESTO, a municipal corporation

By: \_\_\_\_\_  
JOSEPH P. LOPEZ  
City Manager

ATTEST:

By: \_\_\_\_\_  
STEPHANIE LOPEZ, City Clerk

(SEAL)

APPROVED AS TO FORM:  
JOSE M. SANCHEZ, City Attorney

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

APPROVED AS TO RISK MANAGEMENT:

By: \_\_\_\_\_  
JILES SMITH, Risk Manager

OWNER:

By: \_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

By: \_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

By: \_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

**Signature Requirements**

*Corporation:*

1. Signature of two (2) officers  
or
2. Signature of one (1) officer plus the corporate seal

*Partnership:* Signature of one partner

*Sole Proprietorship:* Signature of proprietor

*Individuals:* All signatures must be notarized