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County of Santa Barbara FREE CONFORMED C 0.00
Santa Barbara
Joseph E. Holland

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010:40:41 11-Oct-2006 Page 1 of 38

RECORDING REQUESTED BY AND RETURN TO:

Clerk of the Board of Supervisors
County of Santa Barbara
105 E. Anapamu Street
Santa Barbara, CA 93101

SEND ANOTHER COPY TO:

Housing and Community Development
County of Santa Barbara
105 E. Anapamu Street, Suite 105
Santa Barbara, CA 93101

Attn: Affordable Housing Program
Susan Everett

A.P.N.: 105-330-004

AGREEMENT TO PROVIDE AFFORDABLE HOUSING

StoneGate

(Project Name)

TM 14,481 & 98-DP-019

(Project Case Number)

This AGREEMENT TO PROVIDE AFFORDABLE HOUSING (this "Agreement") between the County of Santa Barbara (hereinafter "County") and StoneGate Orcutt Venture, LLC (hereinafter "Developer"), is made and entered into on the date set forth below.

Developer proposes to develop a residential development consisting of 44 single Family homes as described in TM 14,481 and 98-DP-019. Said development is further identified as Assessor Parcel Number(s) 105-330-004 and is to be called StoneGate (the "Subject Property") and is more fully described in Exhibit "A" attached hereto and incorporated herein by reference as though set forth in full herein.

RECITALS

WHEREAS, the County has determined that the granting of approval for TM 14,481 and 98-DP-019 requires as a condition of approval that Developer provide affordable housing;

WHEREAS, Developer desires to comply with the conditions of approval by constructing, marketing and selling the Subject Property, and all portions thereof, in compliance with the County's Housing Element of the Comprehensive Plan and Housing Element Implementation Guidelines for the Santa Maria Housing Market Area;

WHEREAS, the purpose of this Agreement is to assure that the developer complies with the County requirements for the provision of affordable housing; and

WHEREAS, 5 of the 15 units identified as being required to be provided by Developer in the condition of approval in Exhibit "B", were affordable units that were imposed to satisfy an affordable housing condition on a different development, Harp Springs (TM 14,478) ("Harp Springs"); and

WHEREAS, the currently developer of the Harp Springs project has since satisfied the inclusionary housing requirement for that project through the payment of fees as was allowed in the conditions of approval for TM 14,478; and

WHEREAS, as a result of that payment of fees for Harp Springs, the number of affordable units that must be provided on the Subject Property has been decreased from 15 to 10.

NOW, THEREFORE the parties hereto agree as follows:

1. Developer agrees to construct 10 affordable units for sale ("Restricted Units") pursuant to the conditions stated in Exhibit "B". The Restricted Units shall be constructed on the real property described in Exhibit "A".
2. The Restricted Units and applicable income levels for each Restricted Unit to be constructed by Developer are described in Exhibit "C", attached hereto and incorporated herein by reference as though set forth in full herein. Developer agrees to provide a list of all addresses for the Restricted Units containing the information set forth in the attached Exhibit "C" to the

Santa Barbara County Housing and Community Development Department prior to commencement of the income certification process for any project units. The County or its designee will not be able to process any income certification applications without the address list, as applicants must be matched with the Restricted Units.

3. Developer understands that the purpose and objective of this Agreement is to obtain and provide housing affordable to income eligible families. To achieve this end, Developer agrees to have executed and recorded the County's Shared Equity Appreciation Restrictive Covenant (the "Restrictive Covenant") attached hereto as Exhibit "D" and incorporated herein by reference as though set forth in full herein, on the title of each Restricted Unit within the Subject Property at the time of the first sale of each Restricted Unit to a qualified buyer. This Agreement hereby places a maximum sales price on the Restricted Units and maximum income restrictions on potential buyers of the Restricted Units as calculated using the Housing Element Implementation Guidelines in place at the time that the Application for TM 14,481 was determined to be complete. By executing this Agreement Developer agrees that all successor in interest assignees and beneficiaries of Restricted Units shall be bound by the terms of the Restrictive Covenant (even if they do not execute such covenant) until the earlier of (a) thirty (30) years after the owner takes title to the Restricted Unit, and (b) the owner transfers the Restricted Unit (the "Term"). Developer also agrees that it shall not sell the Restricted Units except as allowed for in this Agreement and that all purchasers must meet the County's Income Certification Guidelines.

4. Developer agrees to sell the Restricted Units in compliance with the provisions of this Agreement. Developer shall comply with the procedures for the sale of a Restricted Unit, as described in this Agreement, including, but not limited to the sale of the Restricted Unit for a price within the maximum sales price as established by the Santa Barbara County Board of Supervisors or as dictated by other State or Federal programs and approved by the County. Failure to comply with these requirements shall render the Developer subject to enforcement by the County.

5. Developer agrees that, with respect to the first sale of each Restricted Unit, no Restricted Unit within the Subject Property shall be separately sold, offered for sale, leased or

financed except in compliance with a marketing plan (the "Marketing Plan") which has been approved by the County's Director of Housing and Community Development (hereinafter "Director"). This Marketing Plan, as approved by the Director for the advertising and sale of the Restricted Units, is attached hereto as Exhibit "E" and is incorporated herein by reference as though set forth in full herein. Developer agrees to abide by the Lottery Plan attached hereto as Exhibit "F" and incorporated herein by reference as though set forth in full herein.

6. Developer is obligated to use best efforts to sell the Restricted Units to persons within the corresponding income category. Developer acknowledges that County may give preference to households of and over a certain size for certain Restricted Units depending on bedroom size pursuant to County policy. Should any of the Restricted Units not be sold, or not be in escrow as evidenced by an earnest money deposit by an eligible income purchaser, within one (1) year from the date of the Building and Safety Division's issuance of a Certificate of Occupancy for each applicable Restricted Unit, Developer may request a modification of final conditions of approval and/or changes to the terms of this Agreement. Any modification or amendment of this Agreement shall be made in writing and shall be consistent with the intent of the original conditions of approval to provide affordable housing and could include increasing the household income level, temporary rental of for sale units at or below the maximum rent for the identified income category, or some other remedy proposed by Developer acceptable to the County.

7. Developer agrees that County is not obligated to grant a modification of condition(s) specified in paragraph 6 above. Any request for modification of condition(s) by Developer must be accompanied by proof of diligent efforts on the part of Developer to sell the Restricted Units to eligible households. Diligent efforts include, but are not limited to, reasonably periodic advertisement of the Restricted Units for one year in a major newspaper of county-wide circulation.

8. Developer and County shall comply with all applicable Federal, State and County laws and regulations governing conflict of interest and fair housing.

9. Developer agrees that should County be required to enforce any provision of this Agreement through legal proceedings, Developer will, in addition to any other amount owing County, pay County for all reasonable legal costs including attorneys' fees incurred in the enforcement proceeding.

10. This Agreement shall be recorded by County immediately following its execution. This Agreement is for the benefit of the real property described on the attached Exhibit "A" and shall inure to and benefit the owners thereof and the County of Santa Barbara. For the Term of the Agreement, the burdens and benefits of this Agreement shall be both a covenant running with the land and equitable servitudes, binding the Developer, and the heirs, representatives, successors in interest and assigns of the Developer.

A-14

IN WITNESS WHEREOF, the parties have entered into this agreement on the date appearing below.

COUNTY OF SANTA BARBARA

DATED: 10/10/06

BY: [Signature]
Chair Board of Supervisors

ATTEST:

MICHAEL F. BROWN
CLERK OF THE BOARD

BY: [Signature]

BY: [Signature]
Director, Housing and Community
Development

APPROVED AS TO FORM:

STEPHEN SHANE SHARK
COUNTY COUNSEL

BY: [Signature]
Deputy County Counsel

DEVELOPER

StoneGate Orcutt Venture, LLC

By: [Signature]

By: [Signature]
[SIGNATURES MUST BE NOTARIZED]

Developer hereby executes this Agreement under "duress and protest" and for purposes of obtaining final approval of TM 14, 481 prior to expiration of the tentative map. By signing under "duress and protest," Developer hereby reserves all rights and remedies, including the right to seek a modification or amendment of this Agreement from the Board of Supervisors following final approval of TM 14, 481.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Santa Barbara

On 11/27/06 Date

personally appeared [Signature]

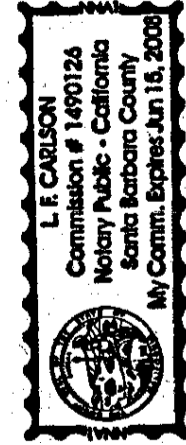
before me, [Signature]

Name and Title of Officer (e.g., "Jane Doe, Notary Public")

Name(s) of Signer(s)

personally known to me

(or 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.

WITNESS my hand and official seal.

Place Notary Seal Above

[Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document _____

Title or Type of Document: _____

Document Date: _____

Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

- Signer's Name: _____
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____

Signer Is Representing: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

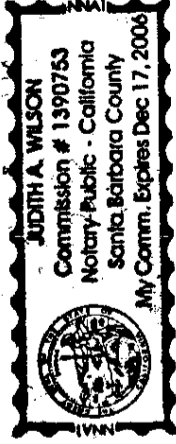
County of SANTA BARBARA } ss.

On 9-27-06 before me, JUDITH A. WILSON Notary Public,
Date Name and Title of Officer (e.g. Jane Doe, Notary Public)

personally appeared DIXIE B. WELLS ANTHONY E. WELLS
Name(s) of Signer(s)

personally known to me

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.



WITNESS my hand and official seal.

Judith A. Wilson
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: AGREEMENT TO PROVIDE AFFORDABLE HOUSING UNDER DURESS AND PROTEST

Document Date: 9-27-06 Number of Pages: 14

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Individual
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Attorney in Fact
 Trustee
 Guardian or Conservator
 Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing: _____

EXHIBIT A

(Legal Description of the Subject Property to be supplied by Property Owner)

Real property in the unincorporated area of the County of Santa Barbara, State of California, described as follows:

PARCEL 1:

THAT CERTAIN PARCEL OF LAND AS PER CERTIFICATE OF COMPLIANCE RECORDED MARCH 9, 1998 AS DOCUMENT NO. 98-014429 OF OFFICIAL RECORDS, DESCRIBED AS A PORTION OF THE RANCHO TODOS SANTOS Y SAN ANTONIO, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS DESCRIBED IN PATENT RECORDED NOVEMBER 2, 1877 IN BOOK A, PAGE 305 OF PATENTS AND SHOWN ON RECORD OF SURVEY RECORDED OCTOBER 23, 1939 IN BOOK 25, PAGE 117 OF RECORDS OF SURVEY, BOTH IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BOUNDED AS FOLLOWS:

BOUNDED ON THE NORTH BY THE TOWN OF ORCUTT, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP RECORDED MARCH 17, 1905 IN BOOK 3, PAGE 67 OF MAPS AND SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

BOUNDED ON THE EAST BY THE EASTERLY BOUNDARY LINE OF SAID RANCHO TODOS SANTOS Y SAN ANTONIO;

BOUNDED ON THE WEST AND SOUTHWEST BY THE STRIP OF LAND CONVEYED TO THE COUNTY OF SANTA BARBARA IN DEED RECORDED MARCH 15, 1967 IN BOOK 2184, PAGE 533 OF OFFICIAL RECORDS.

EXCEPTING THEREFROM ALL RIGHTS TO THE WATER, MINERALS, OIL, GAS AND OTHER HYDROCARBON SUBSTANCES LYING BELOW A DEPTH OF 500 FEET BELOW THE SURFACE OF SAID LAND, WITHOUT THE RIGHT OF ENTRY, AS RESERVED BY BOREL BANK AND TRUST COMPANY, SUCCESSOR TRUSTEE UNDER THAT CERTAIN DEED OF TRUST RECORDED DECEMBER 8, 1923 IN BOOK 223, PAGE 413 OF DEEDS, IN DEED RECORDED FEBRUARY 12, 2001 AS INSTRUMENT NO. 2001-0010186 OF OFFICIAL RECORDS.

PARCEL 2:

A NON-EXCLUSIVE EASEMENT TO INSTALL, MAINTAIN, OPERATE, REPAIR, AND REPLACE A PRIVATE SEWER LINE AND APPURTENANCES UNDER, UPON AND THROUGH A PORTION OF RANCHOS TODOS SANTOS Y SAN ANTONIO, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA AS GRANTED IN DEED RECORDED FEBRUARY 12, 2001 AS INSTRUMENT NO. 2001-0010186 OF OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 2 INCH IRON PIPE MONUMENT WITH TAG MARKED "S. B. CO. RD. COMM. MON." AT THE INTERSECTION OF THE EAST LINE OF SAID RANCHOS TODOS SANTOS Y SAN ANTONIO AND THE NORTHERLY LINE OF RICE RANCH ROAD AS SHOWN ON PARCEL MAP NO. 11091 FILED IN BOOK 6 AT PAGE 28 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

THENCE SOUTH 01 DEGREES 13 MINUTES 30 SECONDS WEST, 88.17 FEET ALONG SAID EASTERLY LINE TO THE SOUTHERLY LINE OF SAID RICE RANCH ROAD (CITED AS NORTH 01 DEGREES 14 MINUTES 00 SECONDS EAST ON SAID MAP), TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 892.00 FEET (A RADIAL

EXHIBIT B

AFFORDABLE HOUSING CONDITION(S)

FOR

StoneGate TM 14,481

(PROJECT NAME AND CASE NUMBER)

Five (5) dwelling units shall be provided onsite, at sales prices affordable to low income households, with an affordability target of 75% of median income, consistent with the Housing Element and the Housing Element Implementation Guidelines. Ten (10) additional units shall be provided onsite, at sales prices affordable to low income households, with an affordability target of up to 80% of median income level, consistent with the Housing Element and the Housing Element Implementation Guidelines. **Plan Requirements and Timing:** Prior to final map recordation and land use clearance, the applicant shall enter into and record an Agreement to Provide Affordable Housing and a Shared Equity Appreciation Restrictive Covenant with the County of Santa Barbara, agreeing to provide [15] affordable units at sale prices affordable to low income households, as required by the Housing Element and Housing Element Implementation Guidelines for the Santa Maria Housing Market Area. A Shared Equity Appreciation Restrictive Covenant shall be recorded upon the sale of each restricted unit for sale. The Agreement and Covenant shall be based upon the County's model agreement and covenant. Both shall be subject to review and approval by Planning & Development, Treasurer and County Counsel. These documents shall specify affordability consistent with the terms described above and shall include provisions describing marketing and lottery requirements for the initial sale of units. Income eligibility of prospective purchasers shall be determined by the County or its designee. An intent to reside statement shall be required for potential owners of the affordable units. The maximum sales price for the affordable units shall not exceed the maximum levels established by the Board of Supervisors, consistent with the provisions of the Housing Element. The units shall be subject to the provisions of the Shared Equity Appreciation Restrictive Covenant for thirty (30) years after the owner takes title or until the owner transfers the property, whichever occurs first.

(Note on Condition: Five (5) of the fifteen (15) units identified as being required to be provided by Developer in the condition of approval were affordable units that were imposed to satisfy an affordable housing condition on a different development, Harp Springs (TM 14,478) ("Harp Springs") and the current developer of Harp Springs project has since satisfied the inclusionary housing requirement for the project through payment of fees as was allowed in the conditions of approval for TM 14,478.)

A handwritten signature, possibly reading "New", is written above a large, stylized circular mark that resembles a checkmark or a signature flourish.

EXHIBIT C
ADDRESS LIST OF AFFORDABLE HOUSING UNITS
FOR

StoneGate TM 14.481
(PROJECT NAME AND CASE NUMBERS)

TOTAL NUMBER OF UNITS IN THE PROJECT: 44

TOTAL NUMBER OF AFFORDABLE UNITS IN THE PROJECT: 10

NUMBER OF AFFORDABLE UNITS FOR VERY LOW INCOME HOUSEHOLDS: 0

NUMBER OF AFFORDABLE UNITS FOR LOW INCOME HOUSEHOLDS AT 75% OF MEDIAN INCOME: 5

NUMBER OF AFFORDABLE UNITS FOR LOW INCOME HOUSEHOLDS AT 80% OF MEDIAN INCOME: 5

NUMBER OF AFFORDABLE UNITS FOR UPPER-MODERATE INCOME HOUSEHOLDS: 0

<u>Address</u>	<u>Lot & Unit #</u>	<u>Bedrooms</u>	<u>Income Level</u>
1) First Street	6	4	Low (80%)
2) Penelope Lane	11	4	Low (80%)
3) Penelope Lane	13	4	Low (80%)
4) Penelope Lane	14	3	Low (75%)
5) Penelope Lane	16	3	Low (75%)
6) Penelope Lane	17	3	Low (75%)
7) Penelope Lane	19	3	Low (75%)
8) Penelope Lane	22	4	Low (80%)
9) First Street	36	3	Low (75%)
10) First Street	44	3	Low (80%)



**EXHIBIT D
(COVENANT)**

RECORDING REQUESTED BY

Housing and Community Development
County of Santa Barbara
105 East Anapamu Street, Room 105
Santa Barbara, CA 93101-2062
Attn: Affordable Housing Program

WHEN RECORDED RETURN TO:

Housing and Community Development
County of Santa Barbara
105 East Anapamu Street, Room 105
Santa Barbara, CA 93101-2062
Attn: Affordable Housing Program

APN _____

SHARED EQUITY APPRECIATION

RESTRICTIVE COVENANT

(THIS DOCUMENT CREATES A LIEN ON REAL PROPERTY)

(Development Name)

(Address and Lot Number)

This Restrictive Covenant is entered into as of this _____ day of _____
by and between _____ (hereinafter

"Owner") and the County of Santa Barbara (hereinafter "County").

This covenant applies to the real property commonly known as:

(address and/or lot number),

Santa Barbara County, California, which is more fully described in Exhibit A attached and
incorporated by this title reference herein (hereinafter "Property"). The Purchase Price of the

Property is _____.

RECITALS

WHEREAS, the Housing Element of the County's Comprehensive Plan (hereinafter Housing Element) provides that a first time home buyer of certain residential lots shall participate in the Shared Equity Appreciation Program; and

WHEREAS, this program has benefited Owner by providing the opportunity to purchase the Property at a price substantially below its fair market value; and

WHEREAS, the purpose of the Shared Equity Appreciation Program is to increase the supply of affordable housing in Santa Barbara County; and

WHEREAS, this Covenant sets forth the requirements of the Shared Equity Appreciation Program with respect to the Property;

NOW, THEREFORE, in consideration of the benefits received by the Parties, the Parties agree as follows:

I. DEFINITIONS

A. Fair Market Value ("FMV"): The price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.

B. Institutional Lender: Any bank, savings and loan association, Freddie Mac, HUD, or any other lender which is licensed to engage in the business of providing purchase money mortgage financing for residential real property in the State of California or the United States Department of Housing and Urban Development.

C. Cost of Improvements: The cost of any substantial improvements made to the Property, such as room additions which increase habitable area, or such other improvement as the County agrees is a substantial improvement of the Property.

D. Equity Appreciation in Value: The excess of (1) the FMV of the Property at the time of resale, less brokerage commissions, if any, and (2) the original sales price of the Property multiplied by the Index Adjustment Factor, plus the Cost of Improvements.

E. Index Adjustment Factor: The percentage increase in maximum allowable sales price for the Property income category, as determined by the annual federal revised income limits for Public Housing and Section 8 Programs and Median Family Incomes, calculated from original year of sale to current year.

II. TERM OF THE COVENANT

A. The term of this Covenant shall be for (30) thirty years from the date Owner takes title unless earlier terminated (1) upon transfer of Property as per Section IV, or (2) upon transfer of the Property to an Institutional Lender as per Section VII.B, below.

B. If the County's Share is not paid as required by Section III.B, then the running of time shall be tolled and this Covenant shall remain in force and effect until the County is paid.

III. COUNTY'S SHARE

A. The County's Share of the Equity Appreciation shall be computed in accordance with the following formula:

County's Share = $M \times \text{Equity Appreciation in Value}$:

$$M = \frac{360 - X}{360}$$

(X equals the number of months that have elapsed from original sale of Property to transfer of Property.)

Exhibit "B," attached hereto, contains examples of how the formula would apply to different Property transfers.

B. Subject to Section IV.G, below, Owner shall pay to the County the County's Share of Equity Appreciation in Value concurrently with the Owner's conveyance of title to the

Property. If the County's Share is not paid when and if due, then the County's Share shall remain a lien against the property and shall accrue interest at the maximum legal rate until paid.

IV. TRANSFER OF PROPERTY

A. Prior to offering the Property for sale, Owner shall send to the County at the address and in the manner specified in Section VII below, written notice of Owner's intent to sell the Property. The notice shall specify the Owner's asking price for the Property.

B. Any escrows opened for purpose of sale shall provide for the payment of the County's Share upon the close of escrow and shall contain provisions consistent with this covenant.

C. Owner shall pay for an appraisal of Property by a County approved agent.

D. If the appraisal of the Property concludes that the value of the Property is substantially more than the proposed selling price, the County has the right to use the appraised value to compute the County's Share as provided in Section III herein to the Housing and Community Development Director or his or her designee.

E. Prior to close of escrow, the Owner shall complete and execute the County Sales Certification Form verifying the sales price in order that the County's share may be computed.

F. When the Property is sold, Owner shall pay to County, County's Share as defined in Section III of this Covenant.

G. Notwithstanding Section III.B, the following transfers of title to the Property or interest therein are not subject to the provisions of this section: transfer by inheritance to Owner's spouse or issue; taking of title by surviving joint tenant; transfer of title to spouse as part of divorce or dissolution proceedings; or acquisition of title to the Property or interest therein in conjunction with marriage; provided, however, that this Covenant shall continue to run with the title to, and be binding upon, the Property following said transfers, and upon any subsequent transfer of the Property the Owner shall comply with the provisions of this Covenant. Title to the

Property shall not be held in trust and the running of the Covenant shall be tolled during anytime during which the Property is held in Trust.

V. OWNER OCCUPANCY

Owner shall occupy the Property as his/her principal place of residence. This requirement does not apply during the time the Property is vacant while being actively offered for sale by the Owner. Owner shall not lease the Property in whole or in part. A failure to comply with these requirements is a violation of this Covenant, which may be enforced by the County as provided in Section VI.

VI. ENFORCEMENT

A. Upon any violation of the provisions of this Covenant, the County may apply to a court of competent jurisdiction for specific performance of the Covenant, for an injunction prohibiting a proposed transfer in violation of this Covenant or for any such other relief as the court may deem appropriate, including but not limited to rescission of any unauthorized sale or encumbrance, recovery of any rental revenues, sale of the property and tolling of the running of time under the (30) thirty-year term.

B. Owner understands that the County's objective in requiring this Covenant is to facilitate housing affordability and that should Owner sell or lease the Subject Property in violation of the requirements set forth herein, the public interest would be prejudiced and the County would thereby be damaged. The parties agree that it is impracticable and extremely difficult to fix the extent of actual damages to County from such a breach. However, the parties have made reasonable efforts to establish fairly the amount of compensation and agree that a fair and reasonable amount owing to the County for such a breach by the Owner as liquidated damages would be as follows:

1. If it is determined that false or misleading information was supplied by the Owner to the County in its income certification process, the sale may be voided or County may require that the Owner sell the Property to a qualified household in compliance with the terms of this Covenant. In addition, Owner shall be liable to the County for an amount equal to the maximum monthly rent that would be allowed for the Property under the County's affordable housing program for the period of time in which the Owner's household owned or occupied the Property.

2. If Owner does not truthfully respond to any County surveys of property owners within 3 weeks of receiving such survey, Owner shall be liable to County in the amount of \$5.00 per day for each day following the twenty first (21st) day after Owner received the survey until it is completed and returned to the County or the County's authorized agent. This amount represents the County's reasonable additional costs of administering the survey.

Owner hereby agrees to the above liquidated damages provisions _____ (Owner's initials)

VII. FORECLOSURE OR BEQUEST

A. The County agrees that the terms and conditions of the Covenant are and shall be subordinate to the liens, rights, duties and obligations of an Institutional Lender which is the maker of a purchase money loan secured by a deed of trust recorded in first position or a refinancing loan that has been approved by the County and that is secured by a deed of trust recorded in first position.

B. The provisions of this Covenant shall not impair the rights of an Institutional Lender which is the maker of such purchase money loan or refinancing loan approved by the County or such lender's assignee or successor in interest, to:

1. Foreclose or take title to the Property pursuant to the remedies in the deed of trust; or
2. Accept a deed or assignment in lieu of foreclosure in the event of default by a trustor; or
3. Sell or lease the Property to any person at any price, subsequent to exercising its rights under the deed of trust.

C. In the event of a transfer of the Property by operation of law such as by devise, bequest, except as provided under Section VII.A and B above, the transferee or the estate of the decedent shall be bound by the provisions of this Covenant.

D. Owner covenants to record in the office of the County Recorder of Santa Barbara County a request for a copy of any notice of default and any notice of sale under any deed of trust or mortgage with power of sale encumbering the Property, pursuant to Section 2924b of the Civil Code of the State of California. The request shall specify that any notice shall be mailed to the Santa Barbara County Housing and Community Development Department, Room 105, 105 East Anapamu Street, Santa Barbara, California 93102-2219. Any notice of sale given pursuant to Civil Code Section 2924(f) or any service of summons or other papers in a judicial foreclosure shall constitute a notice of intent to sell.

E. The recordation of this Covenant shall give constructive notice of the Owner's obligation to pay to the County the amounts described above.

F. In the event the Owner, heirs or assigns of the Property reacquires the Property at any time subsequent to a foreclosure, a deed in lieu of foreclosure or a trustee's sale of that

Owner's interest in the Property, the doctrine of after-acquired title shall apply, and the property shall be subject to all of the terms, conditions, restrictions and limitations of this Covenant.

VIII. ADDITIONAL PROVISIONS

A. The County may assign its rights and delegate its duties hereunder without the consent of Owner. Upon such assignment the County shall notify the Owner.

B. Except for the original purchase money financing, Owner shall not further encumber the Property without approval of County, and in no case shall any further encumbrance impair the County's interest in the Property. As set forth in Section VII, except for purchase money financing by Institutional Lender, this Covenant shall not be subordinate to any encumbrance on the Property that is not approved by the County.

C. The Owner and County covenant that they have not and will not execute any other agreement or covenant with provisions contradictory to or in opposition to the provisions hereof and that in any event this Covenant is controlling as to the rights and obligations between the Owner, the County, and their respective successors.

D. If any one or more of the provisions contained in this Covenant shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Covenant and this Covenant be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

E. The terms of this Covenant shall be interpreted under the laws of the State of California.

F. The terms of this Covenant shall be interpreted in a manner that is consistent with the County Housing Element and Housing Element Implementation Guidelines in effect as of

February 12, 2002.

G. All notices required herein shall be sent by certified mail, return receipt requested, to the Owner at the address of the Property and to the County at:

County of Santa Barbara
Housing and Community Development Department
105 East Anapamu Street, Room 105
Santa Barbara, CA 93101-2062

or such other address that the County may subsequently provide in writing to the Owner.

H. Penalty for Providing False Information/Continuing Obligation to Cooperate with Audits. By signing this Covenant, Owner covenants for itself and all successors and assigns that, for the term of this Covenant, the County may audit their household for the purpose of evaluation or re-evaluating their eligibility for purchase of the Property and for compliance with the terms of this Covenant including the Owner Occupancy and income requirements set forth herein. Owner for itself and all successors and assigns agrees to assist and cooperate with the County in any such audit. Such assistance and cooperation shall include but not be limited to promptly supplying any information reasonably requested by County including tax returns, utility bills, bank statements and employment records and signing any reasonably requested release of information forms. **If upon such audit it is determined that false or misleading information was supplied to the County, Owner's purchase of the Project may be voided and Owner shall be subject to the enforcement provisions set forth in Section VI of this Covenant.**

I. Surveys. Owner for itself and all successors and assigns agrees to assist and cooperate with the County in any County sponsored survey of property owners. Failure to so cooperate shall render owner subject to the enforcement provisions set forth in Section VI of this Covenant.

J. Enforceable by Redevelopment Agency. This Covenant shall be enforceable by the Redevelopment Agency of the County of Santa Barbara as well as by the County of Santa Barbara.

K. Covenant Secured. This Covenant shall be secured by a Deed of Trust in substantial the form of the deed of trust attached hereto as Exhibit C.

IN WITNESS WHEREOF, the parties have entered into this Covenant on the date first appearing above.

COUNTY OF SANTA BARBARA

Date: _____

By _____
Director, Housing & Community Development
105 E. Anapamu Street, Suite 105
Santa Barbara, CA 93101-2062

OWNER

By _____

By _____

(Signature(s) must be
notarized)

APPROVED AS TO FORM:
STEPHEN SHANE STARK
COUNTY COUNSEL

By _____
Deputy County Counsel

EXHIBIT A

PROPERTY DESCRIPTION

OF THE AFFORDABLE UNIT SOLD IN THIS PROGRAM

EXHIBIT C

DEED OF TRUST

RECORDING REQUESTED BY:

Clerk of the Board of Supervisors
County of Santa Barbara
105 E. Anapamu Street
Santa Barbara, CA 93101

RETURN TO:

Housing and Community Development
County of Santa Barbara
105 East Anapamu Street, Room 105
Santa Barbara, CA 93101-2062

**NO FEE DOCUMENT PURSUANT TO
GOVERNMENT CODE SECTION 27383**

**DEED OF TRUST WITH
ASSIGNMENT OF RENTS**

(This Deed of Trust contains an acceleration clause)

THIS DEED OF TRUST, ASSIGNMENT OF ("Deed of Trust") is made as of this _____
day of _____, by _____
("Trustor"), to First American Title Insurance Company, as trustee ("Trustee"), for the benefit of
the County of Santa Barbara, a public body corporate and politic ("Beneficiary").

GRANT IN TRUST

1. **GRANT.** Trustor, hereby irrevocably grants and conveys to Trustee, IN TRUST,
WITH POWER OF SALE, for the benefit and security of Beneficiary, all of Trustor's interest in
the property located _____ in an unincorporated area of Santa
Barbara County known as _____, California, as more particularly described in Exhibit A,
incorporated herein by this reference (the "Property");

TOGETHER WITH all interest, estates or other claims, both in law and in equity which
Trustor now has or may hereafter acquire in the Property; all buildings, structures, fixtures,
improvements, signs, and landscaping now or hereafter erected or located on the Property,
together with rents, issues and profits.

All of the foregoing, together with the Property, is herein referred to as the "Security."

OBLIGATIONS SECURED

2. **OBLIGATIONS.** Trustor makes this grant for the purpose of securing the following obligations:

A. That certain Shared Equity Appreciation Restrictive Covenant made by Trustor, to order of Beneficiary and extensions and renewals thereof; and

B. Payment of any sums advanced by Beneficiary to protect the security and priority of this Deed of Trust; and

C. Any liquidated damages accruing to Beneficiary under the Shared Equity Appreciation Restrictive Covenant.

3. **ENFORCEMENT.** Upon the happening of a default under the Shared Equity Appreciation Restrictive Covenant recorded concurrently herewith as instrument number _____, Beneficiary may, in addition to other rights and remedies permitted by the Shared Equity Appreciation Restrictive Covenant, this Deed of Trust, or applicable law: (a) enter upon, take possession of, and manage the Security, either in person as a mortgagee-in-possession, by agent, or by a receiver appointed by a court, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Security, (b) collect all Rents, including those past due and unpaid, and apply the same to pay for the costs and expenses of operation of the Security, including attorneys' fees, and pay off any indebtedness secured by this Deed of Trust, all in such order as Beneficiary may determine.

4. **APPOINTMENT OF A RECEIVER.** In any action to enforce this assignment, Beneficiary may apply for the appointment of a receiver to take possession of the Security and take whatever measures are necessary to preserve and manage the Security for the benefit of Beneficiary and the public interest. Trustor hereby consents to the appointment of a receiver. The receiver shall have all of the authority over the Security that Beneficiary would have if Beneficiary took possession of the Security under this assignment as a mortgagee-in-possession, including the right to collect and apply Rents and the right to complete construction of improvements.

5. **NO WAIVER OF POWER OF SALE.** The entering upon and taking possession of the Security and the collection of Rents shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or notice of default and, notwithstanding the continuance in possession of the Security or the collection and application of Rents, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust or by law upon occurrence of any Event of Default, including the right to exercise the power of sale.

RIGHTS AND OBLIGATIONS OF TRUSTOR

6. **PERFORMANCE OF SECURED OBLIGATION.** Trustor shall promptly perform each obligation secured by this Deed of Trust in accordance with the Shared Equity Appreciation Restrictive Covenant.
7. **PAYMENT OF PRINCIPAL AND INTEREST.** Trustor shall promptly pay when due the County's share of the appreciation of the Property in accordance with the Shared Equity Appreciation Restrictive Covenant.
8. **MAINTENANCE OF THE SECURITY.** Trustor shall, at the Trustor's own expense, maintain and preserve the Security or cause the Security to be maintained and preserved in good condition, in good repair, and in a decent, safe, sanitary, habitable and tenantable condition. Trustor shall not cause or permit any violations of any laws, ordinances, regulations, covenants, conditions, restrictions, or equitable servitudes as they pertain to improvements, alterations, maintenance or demolition on the Security. Trustor shall not commit or permit waste on or to the Security. Trustor shall not abandon the Security. Beneficiary shall have no responsibility over maintenance of the Security.
9. **LIENS, ENCUMBRANCES, AND CHARGES.** Except for purchase money loans, Trustor shall discharge any lien or encumbrance not approved by Beneficiary in writing that may attain priority over this Deed of Trust.
10. **DEFENSE AND NOTICE OF CLAIMS AND ACTIONS.** Trustor shall appear in and defend, at its own expense, any action or proceeding purporting to affect the Security and/or the rights of Beneficiary. Trustor shall give Beneficiary and Trustee prompt notice in writing of the assertion of any claim, of the filing of any action or proceeding and of any condemnation offer or action with respect to the Security upon Trustor's receipt of notice thereof.
11. **SUITS TO PROTECT THE SECURITY.** Beneficiary shall have power to institute and maintain such suits and proceedings as it may deem expedient (a) to prevent any impairment of the Security or the rights of Beneficiary, (b) to preserve or protect its interest in the Security and in the Rents, and (c) to restrain the enforcement of or compliance with any governmental legislation, regulation, or order, if the enforcement of or compliance with such legislation, regulation, or order would impair the Security or be prejudicial to the interest of Beneficiary.
12. **DAMAGE TO SECURITY.** Trustor shall give Beneficiary and Trustee prompt notice in writing of any damage to the Security. If any building or improvements erected on the Property is damaged or destroyed by an insurable cause, Trustor shall, at its cost and expense, repair or restore said buildings and improvements consistent with the original plans and specifications if Trustor reasonably determines that such restoration or repair is economically feasible. Such work or repair shall be commenced within one hundred twenty (120) days after the damage or loss occurs and shall be complete within one year thereafter. Subject to Trustor's election to rebuild, all insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration.

13. **TITLE.** Trustor warrants that Trustor lawfully has legal title to the Security.
14. **GRANTING OF EASEMENTS.** Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to the Security except those required or desirable for installation and maintenance of public utilities including water, gas, electricity, sewer, cable television, telephone, or those required by law.
15. **TAXES AND LEVIES.** Trustor shall pay prior to delinquency, all taxes, fees, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security. However, Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any contested liabilities. In the event that Trustor fails to pay any of the foregoing items, Beneficiary may, but shall be under no obligation to, pay the same, after Beneficiary has notified Trustor of such failure to pay and Trustor fails to fully pay such items within seven business days after receipt of such notice. Any amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the same rate of interest as specified in the Note (unless payment of such an interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate then allowed by applicable law), shall become an additional obligation of Trustor to Beneficiary and shall be secured by this Deed of Trust.
16. **CONDEMNATION.** Subject to the rights of any senior lienholders, all judgments, awards of damages, settlements and compensation made in connection with or in lieu of taking all or any part of or interest in the Security under assertion of the power of eminent domain ("Funds") are hereby assigned to and shall be paid to Beneficiary. Beneficiary is authorized (but not required) to collect and receive any Funds and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as Beneficiary shall determine at its sole option. All or any part of the amounts so collected and recovered by Beneficiary may be released to Trustor upon such conditions as Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust.
- Notwithstanding anything to the contrary set forth herein, Beneficiary shall, prior to the application of the Funds or any portion thereof to the indebtedness or other obligations, apply such portion of the funds as is reasonable and necessary to repair and preserve the value, marketability and rentability of the Security.
17. **ACCELERATION ON TRANSFER OF SECURITY; ASSUMPTION.** In the event that Trustor, without the prior written consent of the Beneficiary, sells, agrees to sell, transfers, or conveys its interest in the Security or any part thereof or interest therein, Beneficiary may at its option declare all sums secured by this Deed of Trust to be immediately due and payable.
18. **RECONVEYANCE BY TRUSTEE.** This trust is intended to continue for the entire term of the Shared Equity Appreciation Restrictive Covenant. Upon written request of

Beneficiary stating that all sums secured by this Deed of Trust have been and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

DEFAULT AND REMEDIES

19. EVENTS OF DEFAULT. A default of a material term of the Shared Equity Appreciation Restrictive Covenant shall also constitute an Event of Default under this Deed of Trust.

20. ACCELERATION OF MATURITY. Upon the happening of an Event of Default Beneficiary may declare all sums advanced to Trustor under the Note and this Deed of Trust immediately due and payable.

21. BENEFICIARY'S REMEDIES. Upon the happening of an Event of Default Beneficiary may proceed with any or all of the following remedies:

A. Enforce the assignment of rents and right to possession as provided for in this Deed of Trust, and/or seek appointment of a receiver to take over possession of the Security and collect Rents;

B. Cure any Monetary Default secured by the Property and add the amount of such payment to the amount owing to beneficiary;

C. Commence an action to foreclose this Deed of Trust pursuant to California Code of Civil Procedure Section 725(a) et seq. as amended, and/or seek appointment of a receiver from a court of competent jurisdiction with the authority to protect Beneficiary's interests in the Security, including the authority to complete construction of improvements;

D. Deliver to Trustee a written declaration of Default and demand for sale, and a written Notice of Default and election to cause Trustor's interest in the Security to be sold and exercise its power of sale as provided for below; or

E. Pursue any other rights and remedies allowed at law or in equity.

22. FORECLOSURE BY POWER OF SALE. Should Beneficiary elect to foreclose by exercise of the power of sale contained in this Deed of Trust, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust (the deposit of which shall be deemed to constitute evidence that the unpaid sums disbursed under the Note are immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by Trustor, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to the purchaser its deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee, or Beneficiary, may purchase at the sale.

Trustee may postpone the sale of all or any portion of the property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

23. APPLICATION OF SALE PROCEEDS. After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale as follows: first, to the payment of all sums then secured by this Deed of Trust, in such order and amounts as Beneficiary in its sole discretion determines; and second, the remainder, if any, to the person or persons legally entitled thereto.

24. REMEDIES CUMULATIVE. No right, power or remedy conferred upon or reserved to Beneficiary by this Deed of Trust is intended to be exclusive of any other rights, powers or remedies, but each such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

25. SUBORDINATION. The terms and conditions of this Deed of Trust are and shall be subordinate to the liens, rights, duties and obligations of an Institutional Lender which is the maker of a purchase money loan secured by a deed of trust recorded in first position or a loan for refinancing of the Property that has been approved by the County and that is secured by a deed of trust recorded in first position.

The provisions of this Deed of Trust shall not impair the rights of an Institutional Lender with a loan on the Property meeting the requirements set forth above, to:

1. Foreclose or take title to the Property pursuant to the remedies in the Institutional Lender's deed of trust; or
2. Accept a deed or assignment in lieu of foreclosure in the event of default by a trustor; or
3. Sell or lease the Property to any person at any price, subsequent to exercising its rights under the Institutional Lender's deed of trust.

GENERAL PROVISIONS

26. **GOVERNING LAW.** This Deed of Trust shall be interpreted under and governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.
27. **STATEMENT OF OBLIGATION.** Beneficiary may collect a fee not to exceed the maximum allowable under applicable law for furnishing a statement of obligations as provided in the California Civil Code.
28. **CONSENTS AND APPROVALS.** Any consent or approval of Beneficiary required under this Deed of Trust shall not be unreasonably withheld.
29. **TIME.** Time is of the essence in this Deed of Trust.
30. **NOTICES, DEMANDS AND COMMUNICATIONS.** Formal notices, demands and communications between Trustor and Beneficiary shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Trustor and Beneficiary as follows:

BENEFICIARY:

County of Santa Barbara
105 E. Anapamu Street
Room 105
Santa Barbara, CA 93101
Attn: Housing Program Manager

TRUSTOR:

31. **BINDING UPON SUCCESSORS.** All provisions of this Deed of Trust shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of Trustor, Trustee, and Beneficiary.
32. **WAIVER.** Any waiver by Beneficiary of any obligation of Trustor in this Deed of Trust must be in writing. No waiver will be implied from any delay or failure by Beneficiary to take action on any breach or default of Trustor or to pursue any remedy allowed under the Deed of Trust or applicable law. Any extension of time granted to Trustor to perform any obligation under this Deed of Trust shall not operate as a waiver or release Trustor from any of its obligations under this Deed of Trust. Consent by Beneficiary to any act or omission by Trustor shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's written consent to future waivers.

33. AMENDMENTS AND MODIFICATIONS. Any amendments or modifications to this Deed of Trust must be in writing, and shall be made only if mutually agreed upon by Beneficiary and Trustor.

34. PROOFS OF CLAIM. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, recomposition or other proceedings affecting Trustor, its creditors or its property, Trustee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by Trustor hereunder after such date.

35. SEVERABILITY. Every provision of this Deed of Trust is intended to be severable. If any term or provision of this Deed of Trust is declared to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the legality, validity, and enforceability of the remaining provisions shall not be affected. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt and all payments made on the debt (whether voluntary or under foreclosure or other enforcement action or procedure) shall be considered to have been first paid or applied to the payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

36. SUBSTITUTION OF TRUSTEES. Beneficiary may from time to time appoint another trustee to act in the place and stead of Trustee or any successor. Upon such appointment and without conveyance, the successor trustee shall be vested with all title, powers, and duties conferred upon Trustee.

37. ACCEPTANCE BY TRUSTEE. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

TRUSTOR:

[TRUSTOR'S SIGNATURE MUST BE ACKNOWLEDGED]

EXHIBIT A
Legal Description of the Property

EXHIBIT B

1. Owner purchases a low-income category housing unit for \$100,000 and makes no substantial improvements. Owner sells unit thirty six months later at FMV for \$152,000 with \$2,000 in brokerage commissions. The federal revised income limits for low-income families have resulted in maximum sales price increase of 3% from the date of initial purchase.

County's Share = $M \times$ Equity Appreciation in Value (EAV)

$$M = \frac{360 - 36}{360} = .9$$

$$\text{EAV} = \$150,000 - (\$100,000 \times 1.03)$$

$$\text{EAV} = \$47,000$$

$$M \times \text{EAV} = .9 \times \$47,000 = \$42,300$$

2. Owner purchases a moderate income category housing unit for \$150,000. Two years later owner adds a bedroom at a cost of \$10,000. One Hundred and Eighty months after original purchase of unit, owner sells unit at Fair Market Value for \$200,000 with no brokerage commissions. The federal revised income limits for moderate income families have resulted in maximum sales price increase of 15% from date of initial purchase.

County's Share = $M \times$ EAV

$$M = \frac{360 - 180}{360} = .5$$

$$\text{EAV} = \$200,000 - [(\$150,000 \times 1.15) + \$10,000]$$

$$\text{EAV} = \$200,000 - [\$172,500 + \$10,000]$$

$$\text{EAV} = \$17,500$$

$$M \times \text{EAV} = .5 \times \$17,500 = \$8,750$$

EXHIBIT E

MARKETING PLAN

FOR

StoneGate TM 14.481.98-DP-019

(PROJECT NAME AND CASE NUMBER)

The Agreement to Provide Affordable Housing binds the Developer (hereinafter DEVELOPER) to this Marketing Plan. If DEVELOPER determines that changes may be necessary after the Agreement has been recorded, Developer must contact Santa Barbara County Housing and Community Development (hereinafter "HCD") regarding these changes and must receive approval of the revised Marketing Plan from the Director of HCD or his/her designee.

- A. After the Agreement to Provide Affordable Housing has been recorded for the project, HCD will make the project publicly available in HCD's Affordable Housing interest list by including the project's name, location, number of affordable units, and DEVELOPER's or his/her representative's phone number.
- B. DEVELOPER will advertise the project in a display ad in at least one newspaper of general circulation and on one Spanish-language radio advertisement that broadcasts in the Housing Market Area of the project. Each newspaper ad must include the official "Equal Housing Opportunity" logo and each radio advertisement must incorporate the statement "Equal Housing Opportunity".
- C. Project advertising shall conform to the requirements of the Fair Housing Act. Advertisements for the project shall state that a lottery will be conducted if the number of interested persons exceeds the number of units available. The advertisement will contain the name and phone number of the person to contact to obtain additional information about the project. The advertisement will also contain information on Santa Barbara County's first time homebuyer requirements, live/work requirements, income requirements and resale restrictions. DEVELOPER shall coordinate with HCD in the preparation of the advertisement. The advertisement shall clearly state the deadline for inclusion in the lottery. DEVELOPER shall provide HCD with a copy of all publicized advertisements.
- D. DEVELOPER's specific marketing plan shall be comprised of the following components:
 1. DEVELOPER shall place at least one advertisement in the real estate section of the Santa Maria Times and one Spanish language radio station, which broadcasts in the area of the project, one time per week for four weeks unless less frequent advertising is approved by HCD. At a minimum, the advertisements shall be placed in the Sunday Real Estate section. The advertisements shall be coordinated within the time frame that the lottery list is open.
 2. HCD shall provide a notice of availability approved by DEVELOPER of the units to community groups, the County Housing Authority and housing advocacy groups.

The notice shall be provided concurrent with commencement of advertisements described above.

3. During the time that the marketing period is open, DEVELOPER will have a phone number identified at which inquiries concerning the affordable housing units can be made. A phone-recording device will be included on the phone when it is not being directly answered.
4. During the time that the marketing period is open, buyer information will be available at the County offices, DEVELOPER's offsite office, and HCD's website to prospective purchasers of the affordable housing units. The Buyer Information shall identify the level of affordability for the affordable units, qualifying income levels, first time home buyer guidelines, County live/work requirements, an explanation of the income certification process, Santa Barbara County Income Certification Guidelines, resale restrictions, floor plans, a site plan indicating the location of available units, information regarding the Homeowner's Association and other information concerning time of sale, time within which each applicant must be qualified as a purchaser, etc. This packet shall be prepared by HCD in conjunction with and shall be subject to review and approval by HCD and the Developer prior to commencement of project advertising.
5. During the time that the marketing period is open, DEVELOPER will have an office at a location approved by HCD. Prospective affordable home purchasers will be able to visit the DEVELOPER's office in order to learn more about the project during scheduled hours approved by HCD.

6. A list of affordable housing applicants to be given to HCD for implementing the Lottery Plan identified in Exhibit F.

7. The affordable units will be marketed to applicants pursuant to this plan.

Representative of Developer

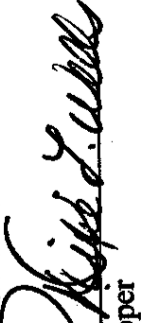

Director
Santa Barbara County
Housing and Community Development
Department

EXHIBIT F
LOTTERY PLAN
FOR

StoneGate IM 14.481, 98-DP-019
(PROJECT NAME AND CASE NUMBER)

To be eligible to purchase homes developed under Santa Barbara County's Affordable Housing Programs, Santa Barbara County requires applicants to participate in a lottery, be certified as income eligible by Santa Barbara County, be residents of or employed in Santa Barbara County, meet the County's First Time Home Buyer criteria, and meet the County's household size occupancy standards. The Lottery Plan and Post Lottery Considerations are as follows:

1. Representatives of Developer (hereinafter DEVELOPER) and Santa Barbara County Housing and Community Development (hereinafter HCD) shall not restrict applicants on the basis of race or color, national origin, source of income, sexual orientation, HIV status, religion, gender, familial status or handicap.
2. DEVELOPER will provide a dated receipt to all applicants who have returned a completed lottery application (entire form filled out and including a loan pre-qualification letter) and paid a \$75.00 lottery application fee (payable to Santa Barbara County either by cashier's check or money order) to the Developer's Sales Office prior to the marketing period deadline. The receipt number shall correspond to the number of the applicant on the lottery list. DEVELOPER shall not be held liable for any judgment errors occurring while DEVELOPER or DEVELOPER's representative is determining preliminary completeness of applications. HCD may require additional information from applicants after the lottery is conducted during the Income Certification Process.
3. The DEVELOPER shall continue to accept lottery applications for the lottery for a minimum of 30 days or until the number of applicants is at least three times the number of units available. If, for any reason, the number of applicants has not reached three times the number of units available at the end of the 30 day period, the DEVELOPER shall continue to accept applications for an additional 30 days, or until the number of applicants is three times the number of units available, whichever first occurs.
4. Upon closure of the marketing period, the DEVELOPER shall provide HCD with the list of applicants who were issued receipts and their lottery applications. HCD shall make this list of lottery eligible applicants (completed lottery application and loan pre-qualification letter) publicly available for ten (10) calendar days at the DEVELOPER's Sales Office, County offices, and HCD's website. It is the responsibility of all households to check this list and to inform HCD within this ten-day period if their name does not appear on this list.
5. After the ten (10) calendar day review period, HCD shall conduct the lottery by randomly computer ranking the names on the initial list. Only applicants who have submitted complete lottery applications shall be included in the lottery. The lottery shall be

witnessed by a representative of the County Auditor-Controller's office. Lottery results will be posted in a manner similar to Number 4 for at least ten (10) calendar days.

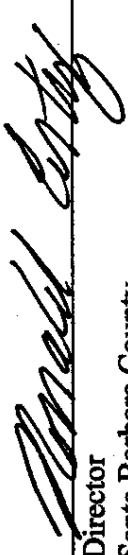
6. HCD will contact the top lottery selected applicants to inform them that they must complete an Income Certification application and return it to the County within ten (10) calendar days. Applicants who turn in completed Income Certification applications will undergo an income certification process. HCD will conduct income certifications sequentially starting at the top of the lottery list until a pool of applicants equal to the number of affordable units available are income certified. Applicants who are denied Income Certification may appeal the denial to the HCD Program Supervisor within ten (10) calendar days of this decision.
7. DEVELOPER will provide guided site visits to the project site in a reasonable manner as determined by DEVELOPER to the lottery winning applicants.
8. Post Lottery Considerations:
 - A. HCD will select which lottery participants will be offered Units pursuant to Santa Barbara County selection guidelines.
 - B. HCD will continue down the lottery list performing income certifications as necessary until eligible buyers are found.
9. The eligible buyers selected by HCD will be referred to DEVELOPER and allowed to choose a home based on any restrictions imposed by Santa Barbara County, open escrow and secure final loan approval. A term of escrow will provide for County final approval of loan documents prior to close of escrow.
10. Prior to the close of escrow, HCD will compare the Income Certification application with final loan documents for consistency. If any homes fall out of escrow or are disqualified by HCD, the above process will continue until all homes are sold.

Developer's Representative



Director

Santa Barbara County
Housing and Community Development
Department



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