

CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement") is executed and delivered by the County of Santa Barbara, California (the "County") and U.S. Bank National Association (in its capacity as the "Trustee" and as the "Dissemination Agent") in connection with the execution and delivery of \$_____ County of Santa Barbara 2010 Certificates of Participation, Series A-1 and Taxable Series A-2 (Recovery Zone Economic Development Bonds) (the "Certificates"). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of June 1, 2010, by and among the County, the Santa Barbara County Finance Corporation, Inc., and the Trustee (the "Trust Agreement"). The County, the Trustee, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the County, the Trustee, and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

"Disclosure Representative" shall mean the County Auditor-Controller of the County or his or her designee, or such other officer or employee as the County shall designate in writing to the Trustee from time to time.

"Dissemination Agent" shall mean the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the County and which has filed with the Trustee a written acceptance of such designation.

"Holders" shall mean the registered owners of the Certificates.

"Listed Events" shall mean any of the events listed in Section 5 (a) of this Disclosure Agreement.

"Participating Underwriter" shall mean E. J. De La Rosa & Co., Inc., the original underwriter(s) of the Certificates required to comply with the Rule in connection with the offering of the Certificates.

“Repository” shall mean the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission and any successor agency thereto.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent by written direction, to, not later than nine months after the end of the County’s fiscal year (currently June 30), commencing with the report for the 2009-2010 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Repository, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f). The Dissemination Agent shall have no responsibility for the content of any Annual Report.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the County shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by fifteen (15) Business Days prior to such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the County to determine if the County is in compliance with subsection (a).

(c) If the Trustee has not received the Annual Report and is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Trustee shall send a notice, in electronic format unless otherwise designated by the SEC, to the Repository in substantially the form attached as Exhibit A hereto.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Repository; and

(ii) if the Annual Report is provided to the Dissemination Agent for filing, file a report with the County and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the Repository.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the County for the prior fiscal year, prepared in accordance with generally accepted accounting principles as applied to governmental entities. If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;
2. The adopted budget of the County for the then-current fiscal year, or a summary of budgeted general fund revenues and appropriations for the then-current fiscal year, substantially in the form set forth in the table in the Official Statement for the Certificates entitled "COUNTY OF SANTA BARBARA FINAL GENERAL FUND BUDGETS FISCAL YEARS 2005-06 THROUGH 2009-10"; and
3. To the extent not included in the information contained in the audited financial statements described above: (i) total assessed valuation of property in the County for the immediately preceding fiscal year; (ii) the information set forth in the table in the Official Statement entitled "COUNTY OF SANTA BARBARA ASSESSED VALUATIONS FISCAL YEARS 1999-00 THROUGH 2009-10" for the immediately preceding fiscal year; and (iii) the information set forth in the table in the Official Statement entitled "COUNTY OF SANTA BARBARA SUMMARY OF TAX LEVIES AND COLLECTIONS (Fiscal Years 1998-99 through 2009-10)" for the immediately preceding fiscal year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which have been submitted to the Repository or the SEC. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. modifications to rights of Holders;
4. optional, contingent or unscheduled bond calls;
5. defeasances;
6. rating changes;
7. adverse tax opinions or events adversely affecting the tax-exempt status of the Certificates;
8. unscheduled draws on the debt service reserves reflecting financial difficulties;
9. unscheduled draws on the credit enhancements reflecting financial difficulties;
10. substitution of credit or liquidity providers, or their failure to perform; and
11. release, substitution or sale of property securing repayment of the Certificates.

(b) The Trustee shall, promptly upon its Corporate Trust Department's obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the County promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the County obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the County shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the County has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the County shall promptly notify the Trustee and the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the County determines that the Listed Event would not be material under applicable federal securities laws, the County shall so notify the Trustee and the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the County to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with

the Repository in electronic format, accompanied by such identifying information as is prescribed by the Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Certificates pursuant to the Trust Agreement.

(g) The Dissemination Agent may conclusively rely on an opinion of counsel that the County's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The obligations of the County, the Trustee and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the County shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. The County has appointed the Trustee as the initial Dissemination Agent and may, from time to time, appoint or engage a successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Agreement. If upon the resignation or removal of the Trustee as the Dissemination Agent, the County does not appoint a successor Dissemination Agent, the County shall be the Dissemination Agent.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Disclosure Agreement, the County, the Trustee, and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the County which shall not impose any greater risk of liability on the Trustee or the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Certificates, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original delivery of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Certificates in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Certificates.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

The Trustee and the Dissemination Agent may conclusively rely on an opinion of counsel that the amendment or waiver under this Section 9 complies with the requirements of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the County, the Trustee, or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Certificates, shall but only to the extent indemnified to its satisfaction from any liability, cost or expense, including, without limitation, fees and expenses of its attorneys, or any Holder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County, the Trustee, or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the County, the Trustee, or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the County agrees to indemnify, save and hold the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and

liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the County for its services provided hereunder in accordance with its schedule of fees provided to the County, including all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the County:

County of Santa Barbara
105 East Anapamu Street
Santa Barbara, California 93101
Attention: Robert W. Geis
Telephone: (805) 568-2100
Facsimile: (805) 568-2016

With Copy to:

County of Santa Barbara
105 East Anapamu Street
Santa Barbara, California 93101
Attention: Bernice James
Telephone: (805) 568-2490
Facsimile: (805) 568-2487

To the Trustee:

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust Services
Telephone: (213) 615-6005
Facsimile: (213) 615-6196

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Trustee, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated _____, 2010

COUNTY OF SANTA BARBARA

By: _____
Chair of the Board of Supervisors

[SEAL]

ATTEST:

Michael F. Brown,
Clerk of the Board of Supervisors

**APPROVED AS TO ACCOUNTING
FORM:**

Robert W. Geis, C.P.A.,
Auditor-Controller

By _____

By _____

APPROVED AS TO FORM:

Dennis Marshall,
County Counsel

APPROVED AS TO FORM:

Ray Aromatorio,
Risk Program Administrator

By _____

By _____

U.S. BANK NATIONAL ASSOCIATION
as Trustee and as Dissemination Agent

By: _____

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: County of Santa Barbara (the "County")

Name of Certificate Issue: 2010 Certificates of Participation, Series A-1 and Taxable Series A-2 (Recovery Zone Economic Development Bonds)

Date of Delivery: _____, 2010

NOTICE IS HEREBY GIVEN that the County has not provided an Annual Report with respect to the above-named Certificates as required by Section 3 of the Continuing Disclosure Agreement dated as of _____, 2010 between the County and U.S. Bank National Association, as Trustee and as Dissemination Agent. [The County anticipates that the Annual Report will be filed by _____.]

Dated: _____

U.S. BANK NATIONAL
ASSOCIATION, as Dissemination
Agent, on behalf of the County
