
ATTACHMENT B

NO FEE DOCUMENT

**Recording requested by and
When recorded, mail to:**

County of Santa Barbara
Housing and Community Development
105 East Anapamu Street, Room 105
Santa Barbara, CA 93101
Attn: Deputy Director

NO FEE DOCUMENT PURSUANT TO
CALIFORNIA GOVERNMENT CODE SECTION 27383

**COUNTY HOME LOAN REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

This County HOME Loan Regulatory Agreement and Declaration of Restrictive Covenants (this "Agreement") is made as of this ___ day of February, 2014 by and between the County of Santa Barbara, a political subdivision of the State of California (the "Lender"), and Casas de las Flores, L.P., a California limited partnership, (the "Owner").

RECITALS

A. The Owner owns a parcel of real property located at 4096 Via Real, Carpinteria, California as more particularly described in Exhibit A (the "Property") upon which the Owner intends to construct forty three (43) units of permanent multi-family rental housing, of which 42 units are targeted to low and very-low income households (the "Project").

B. The Lender has received HOME Investment Partnerships Program funds ("HOME Funds") from the United States Department of Housing and Urban Development ("HUD") pursuant to the Cranston-Gonzales National Affordable Housing Act of 1990 for the purpose of expanding the supply of decent, safe, sanitary and affordable housing for low-income persons and families.

C. Owner has received a loan from Lender of HOME Funds in the amount of One Million Two Hundred Nine Thousand Nine Hundred Fifty Seven Dollars (\$1,209,957) to provide financing for the Project (the "County HOME Loan").

D. As further consideration for this funding and to further the interests of the Lender, the Owner has agreed to enter into and record this Agreement. The purpose of this Agreement is to regulate and restrict the occupancy, rents, operation, the ownership, and management of the Project. The covenants in this Agreement are intended to run with the land and be binding on the Owner and its successors and assigns in the Property.

NOW THEREFORE, IN CONSIDERATION of the mutual agreements, obligations, and representations, and in further consideration for the aforementioned funding, the Owner and the Lender hereby agree as follows:

1. DEFINITIONS

All initially capitalized terms in this Agreement shall have the definition ascribed to such terms in the County HOME Loan Agreement. Some of the following terms are defined in the County HOME Loan Agreement and repeated here for convenience of reference. Where such terms are not defined in the County HOME Loan Agreement, the following terms have the meanings and content set forth in this section wherever used in this Agreement or attached exhibits.

1.1 “**ANNUAL INCOME**” means the definition of Annual Income as more particularly defined at 24 CFR 5.609.

1.2 “**AREA MEDIAN INCOME**” means the area median income for the Santa Barbara/Santa Maria/Lompoc Primary Metropolitan Statistical Area, with adjustments for household size, as determined from time to time by the United States Department of Housing and Urban Development (“HUD”) pursuant to the United States Housing Act of 1937, as amended, or such other method of median income calculation applicable to the Lender that HUD may hereafter adopt in connection with said Act.

1.3 “**COUNTY HOME LOAN**” means the loan of HOME funds in the amount of One Million Two Hundred Nine Thousand Nine Hundred Fifty Seven Dollars (\$1,209,957) made by the Lender to the Owner to finance certain development costs of the Project pursuant to the County HOME Loan Agreement and the County HOME Loan Note.

1.4 “**COUNTY HOME LOAN AGREEMENT**” is the loan agreement executed by and between the Owner and the Lender, setting forth the terms and conditions governing the County HOME Loan.

1.5 “**COUNTY HOME LOAN DEED OF TRUST**” means that certain deed of trust, assignment of rents, and security placed on the Property and the improvements to be constructed thereon as security for the County HOME Loan with the Owner as trustor and the Lender as beneficiary, as well as any amendments to, modifications of, and restatements of said deed of trust.

1.6 “**COUNTY HOME LOAN DOCUMENTS**” are collectively the County HOME Loan Agreement, the County HOME Loan Note evidencing the County HOME Loan, the County HOME Loan Deed of Trust securing the County HOME Loan Note, and this Agreement as they may be amended, modified, or restated from time to time, along with all exhibits and attachments to these documents.

1.7 “**COUNTY HOME LOAN NOTE**” means the promissory note executed by the Owner in favor of the Lender in the amount of One Million Two Hundred Nine Thousand Nine Hundred Fifty Seven Dollars (\$1,209,957), evidencing the County HOME Loan, which is secured

by the County HOME Loan Deed of Trust, as well as any amendments to, modifications of, or restatements of said promissory note.

1.8 **“HOME-ASSISTED UNIT”** means any of the seven (7) Units on the Property designated by the Owner as units with restricted occupancy and rents pursuant to and subject to the requirements of this Agreement. A unit shall not be considered a HOME-Assisted Unit until the Unit has been constructed and made available for occupancy.

1.9 **“LENDER”** is the County of Santa Barbara, a political subdivision of the State of California, and its authorized representatives, officers, officials, directors, employees, and agents.

1.10 **“OWNER”** means Casas de las Flores, L.P., a California Limited Partnership.

1.11 **“PROJECT”** means the construction, operation and management of the Property and the improvements to be constructed thereon according to the terms of the County HOME Loan Agreement.

1.13 **“PROPERTY”** means the real property located at 4096 Via Real, Carpinteria, California, as more particularly described in Exhibit A attached hereto and incorporated herein, including the improvements constructed thereon pursuant to the County HOME Loan Agreement.

1.14 **“QUALIFYING HOUSEHOLD”** means a household that qualifies as a Very Low-Income Household.

1.15 **“QUALIFYING RENT”** means the total monthly charges for rent, which shall not exceed either

a) the fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111, or

b) one twelfth (1/12) of thirty percent (30%) of the annual income of a family whose income equals fifty percent (50%) of Area Median Income with adjustments for household size in accordance with 24 CFR 92.252(b).

In accordance with 24 CFR 92.252(d), if the tenant pays for utilities and services (excluding telephone), then the Qualifying Rent shall be reduced by the maximum monthly allowance for utilities and services that is determined annually by the Housing Authority of the County of Santa Barbara.

1.16 **“TAX CREDIT REGULATORY AGREEMENT”** means that regulatory agreement required by the California Tax Credit Allocation Committee that will be recorded after completion of the Project and that restricts the Tenant income and rents for all units in the Project, with the exception of the Project’s one (1) manager’s unit which shall not be so restricted.

1.17 **“TENANT”** means a household occupying a Unit.

1.18 **“TERM”** means the period of time during which the HOME-Assisted Units must meet the affordability requirements imposed under the HOME Program, commencing with the

date of the County HOME Loan Note and terminating twenty (20) years from the date of the issuance of a certificate of occupancy issued for the Project plus six months.

1.19 "UNIT" means a housing unit in the Project.

1.20 "VERY LOW-INCOME HOUSEHOLD" means a household, as defined in 24 CFR 92.2, whose annual income does not exceed fifty percent (50%) of the Area Median Income with adjustments for household size.

2. TERM AND COMPLIANCE

2.1 **COMPLIANCE WITH COUNTY HOME LOAN DOCUMENTS.** The Owner's actions with respect to the Property and the use of funds from the County HOME Loan shall at all times be in full conformity with all of the requirements of the County HOME Loan Documents, including but not limited to the insurance requirements contained therein.

2.2 **TERM OF AGREEMENT.** This Agreement shall commence with the date of the County HOME Loan Note and terminate twenty (20) years from the date of the issuance of a certificate of occupancy plus six months. The requirements of this Agreement shall apply throughout the Term without regard to the term of any loan or mortgage or any transfer of ownership of the Property. Upon termination of this Agreement, Owner shall be required to comply with the terms of the Tax Credit Regulatory Agreement to be recorded after completion of the Project for the duration of the County HOME Loan.

2.3 **COMPLIANCE WITH PROGRAM REQUIREMENTS.** The Owner shall comply with all requirements imposed on projects assisted under the HOME Program in effect on the date the County HOME Loan is executed by all parties, and as may be amended from time to time.

3. PROJECT OCCUPANCY AND RENTS

3.1 **OCCUPANCY OF PROJECT.** A total of seven (7) Units in the Project shall be designated as HOME-Assisted Units. The HOME-Assisted Units must be occupied, or reserved for occupancy by, Qualifying Households.

3.2 **HOME-ASSISTED UNITS.** The Owner shall limit for the full Term of this Agreement the rental of seven (7) HOME-Assisted Units to Qualifying Households at Qualifying Rents that do not exceed the maximum rental charges for each HOME-Assisted Unit as set forth in Section 1 above. The seven (7) HOME-Assisted Units shall be designated as "floating" units, so that the Units that are designated as HOME-Assisted Units may change over time as long as the total number of HOME-Assisted Units in the Project remains constant, and as long as the HOME-Assisted Units consist of no more than one (1) one-bedroom unit, no more than two (2) two-bedroom units (or no more than three (3) two-bedroom units if there are zero (0) one-bedroom HOME-Assisted Units), and no less than four (4) three-bedroom units.

The seven (7) HOME-Assisted Units shall meet the following standards:

- A. Be similarly constructed and of comparable quality to all other Units in the Project and be dispersed throughout the Project; and
- B. Provide Tenants of HOME-Assisted Units access and enjoyment of all common areas and facilities of the Project on the same basis as Tenants of other Units.

3.3 **OTHER PROJECT UNITS.** The remaining thirty six (36) non HOME-Assisted units of the Project, excluding the one (1) manager's unit, shall comply with the rent and income restrictions and other terms of the Tax Credit Regulatory Agreement. Non-compliance under the terms of the Tax Credit Regulatory Agreement shall constitute an event of default under the County HOME Loan Agreement, subject to applicable cure periods.

3.4 **MAXIMUM RENTAL CHARGES.**

A. Maximum rental charges for the HOME-Assisted Units shall not exceed the Qualifying Rent as defined above in Section 1.15.

B. The Qualifying Rent for each HOME-Assisted Unit shall be set by the Lender at the time of initial occupancy of the Project. Annual increases in Qualifying Rents shall be calculated based on the change in Area Median Income published annually by HUD. At least sixty (60) calendar days prior to increasing Qualifying Rents on any HOME-Assisted Unit on the Project, Owner shall submit to the Lender for review and approval a written request for such increase. Tenants of Home-Assisted Units shall be given at least thirty (30) days written notice prior to any increase in Qualifying Rents, consistent with state law. Lender shall approve such request if the increased Qualifying Rents will comply with all applicable HOME Program requirements.

3.4.1 **OCCUPANCY DEADLINES.** Owner shall ensure that the seven HOME-Assisted Units are occupied by eligible tenants in accordance with the deadlines for occupancy set forth at 24 CFR 252. Eligible tenants shall occupy the seven HOME-Assisted Units within six months from the date of the issuance of a certificate of occupancy for the Project. In the event that any of the seven HOME-Assisted Units are not occupied by eligible tenants five months after the date of the issuance of a certificate of occupancy, Owner shall submit to Lender within ten (10) days a detailed record of its marketing efforts and comply with Lender's requests for additional information pertaining to the marketing efforts. In the event the seven HOME-Assisted Units are not occupied by eligible tenants within 17 months after the date of the issuance of a certificate of occupancy, then this shall constitute an Event of Default. On or before the last day of the 17th month after the date of the issuance of a certificate of occupancy, Lender shall give written notice to Owner in accordance with Section 6.2 herein. Owner shall have 30 days from receipt of such notice to cure the breach, but in any event shall cure the breach before the end of the 18th month after the date of the issuance of a certificate of occupancy.

3.5 **INCOME CERTIFICATION.**

The Annual Income levels and other qualifications of applicants for HOME-Assisted Units shall be certified by Owner no earlier than sixty (60) calendar days prior to the Qualifying Household's expected occupancy of a HOME-Assisted Unit and recertified annually thereafter by the Owner.

If the household size of a Qualifying Household occupying a HOME-Assisted Unit changes, the Owner may request additional information and documentation to determine eligibility.

A. Initial Annual Income Verification. Before the Qualifying Household occupies a HOME-Assisted Unit, the Owner shall verify that the Annual Income provided in an Annual Income certification is accurate by taking both of the following steps as a part of the verification process:

- (1) Third Party Verification: All third parties (e.g., employer, Social Security Administration, public assistance agency, etc.) are contacted to provide information to verify Annual Income. Written requests and responses are required; and
- (2) Review of Documents: The Qualifying Household provides documents verifying their Annual Income (e.g., pay stubs, tax returns, etc.). These documents must then be retained in the Project files.

B. Annual Income Recertification. At the time of lease renewal or pursuant to an annual schedule adopted by the Owner, and no later than the one-year anniversary of the initial Annual Income verification and annually thereafter, Owner shall recertify the Annual Income of each Tenant occupying a HOME-Assisted Unit using the method as described in Section 3.5.A, above.

3.6 INCREASES IN QUALIFYING HOUSEHOLD INCOMES.

C. In the event that recertification of a previously-Qualifying Household's Annual Income indicates that the Annual Income exceeds the maximum designated for a Very Low-Income Household; the Owner may increase rents on such Unit as permitted by HUD. In such event, the Owner must rent the next available Unit ("Comparable Unit") to a Qualifying Household at no more than the Qualifying Rent allowed for such Qualifying Household pursuant to Section 3.4 A. When the Comparable Unit is rented to the next Qualifying Household then that Comparable Unit will become a HOME-Assisted Unit for the purposes of this Agreement including the Qualifying Rent restrictions provided herein. Upon such occurrence, the original Unit with the non-Qualifying Household will no longer be designated a HOME-Assisted Unit.

4. LEASING THE PROJECT.

4.1 **TENANT LEASES.** The Owner shall execute a written lease with Tenants of HOME-Assisted Units for a term of at least one year, unless the Owner and the Tenant mutually agree to a shorter period. A lease may not be for a period less than thirty (30) days. The Tenant lease and any changes thereto must be approved by Lender.

A. The Owner shall include in leases for all HOME-Assisted Units provisions which provide that a Qualifying Household is subject to annual certification of Annual Income and that the tenancy of the Qualifying Household shall be terminated as soon as possible in accordance with state law should one or more of the Qualifying Household's members misrepresent any material fact regarding the Qualifying Household's qualification as a Very Low-Income Household. The Owner shall include in all leases for HOME-Assisted Units provisions which prohibit the Qualifying Household from subleasing the HOME-Assisted Unit.

B. In addition to executing a lease for a HOME-Assisted Unit, the Owner shall require that each Qualifying Household leasing a HOME-Assisted Unit execute a declaration of intent to occupy which shall require the Qualifying Household to occupy the HOME-Assisted Unit as the Qualifying Household's primary residence.

C. The lease for each HOME-Assisted Unit shall not contain any of the prohibited provisions identified at 24 CFR §92.253(b) including the following:

1. *Agreement to be sued.* Agreement by the Tenant to be sued, to admit guilt, or to a judgment in favor of the Owner in a lawsuit brought in connection with the lease;

2. *Treatment of property.* Agreement by the Tenant that the Owner may take, hold or sell personal property of Qualifying Household members without notice to the Tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the Tenant concerning disposition of personal property remaining in the HOME-Assisted Unit after the Tenant has moved out of the HOME-Assisted Unit. The Owner may dispose of this personal property in accordance with State law;

3. *Excusing Owner from responsibility.* Agreement by the Tenant not to hold the Owner or the Owner's agents legally responsible for any action or failure to act, whether intentional or negligent;

4. *Waiver of notice.* Agreement of the Tenant that the Owner may institute a lawsuit without notice to the Tenant;

5. *Waiver of legal proceedings.* Agreement by the Tenant that the Owner may evict the Tenant or Qualifying Household members without instituting a civil court proceeding in which the Tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

6. *Waiver of a jury trial.* Agreement by the Tenant to waive any right to a trial by jury;

7. *Waiver of right to appeal court decision.* Agreement by the Tenant to waive the Tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and

8. *Tenant chargeable with cost of legal actions regardless of outcome.* Agreement by the Tenant to pay attorney's fees or other legal costs even if the Tenant wins in a court proceeding by the Owner against the Tenant. The Tenant, however, may be obligated to pay costs if the Tenant loses.

9. *Mandatory support services.* Agreement by the Tenant (other than a tenant in transitional housing) to accept supportive services that are offered.

D. Owner shall not terminate the tenancy or refuse to renew the lease of a Tenant of a HOME-Assisted Unit except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; or for other good cause. To terminate or refuse to renew the tenancy, the Owner shall serve written notice upon the Tenant specifying the grounds for the action at least thirty (30) days prior to termination of tenancy.

4.2 TENANT SELECTION. Before leasing the Project, the Owner must provide Lender for its review and approval the Owner's written tenant selection plan.

4.3 **SECTION 8 CERTIFICATE HOLDERS.** The Owner will accept as Tenants, on the same basis as all other prospective Tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing housing program under Section 8 of the United States Housing Act, or its successor. The Owner shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective Tenants, nor shall the Owner apply or permit the application of management policies or lease provisions with respect to the Project which have the effect of precluding occupancy of Units by such prospective Tenants.

4.4 **CONDOMINIUM CONVERSION.** The Owner shall not convert Units to condominium or cooperative ownership or sell condominium or cooperative conversion rights in the Property during the Term of Agreement.

4.5 **NONDISCRIMINATION.** The Owner shall not discriminate or segregate in the use, enjoyment, occupancy, conveyance, lease, sublease, or rental of Units on the basis of race, color, ancestry, national origin, religion, sex, sexual preference, age, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC), or any basis prohibited by law. The Owner shall include a statement in all advertisements, notices and signs for the availability of Units for rent to the effect that the Owner is an Equal Housing Opportunity Provider.

4.6 **MARKETING PLAN.** Prior to occupancy, Owner shall submit to the Lender for approval its plan for marketing the Units, including information on affirmative marketing efforts and compliance with fair housing laws and the Lender's affirmative fair marketing guidelines. Upon receipt of the marketing plan, the Lender shall promptly review the marketing plan and shall approve or disapprove it within thirty (30) days after submission. If the marketing plan is not approved, Lender shall specify its reasons for disapproval. The Owner shall submit a revised marketing plan within thirty (30) days of Lender's notice of disapproval. The Lender's disapproval of the revised marketing plan shall constitute an Event of Default under Sections 8.1.D, 8.1.E, and/or 8.1.I of the County HOME Loan Agreement.

5. PROPERTY MANAGEMENT

5.1 **MANAGEMENT RESPONSIBILITIES.** The Owner is responsible for all management functions with respect to the Project, including without limitation the selection of Tenants, certification and recertification of Qualifying Household size and Annual Income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The Lender shall have no responsibility over management of the Project. The Owner shall submit to the Lender for its approval its proposed Property manager. The Owner may only remove and/or replace the Property manager with the prior written consent of the Lender which consent shall not be unreasonably withheld.

5.2 **APPROVAL OF MANAGEMENT POLICIES.** The Owner shall submit its written management policies with respect to the Project to the Lender for its review, and shall amend such policies in any way necessary to ensure that such policies comply with the provisions of this Agreement, the requirements of the existing HOME Program, as may be amended from time to time, and the requirements of all lenders providing financing for the Project.

5.3 INSPECTION AND RECORDS. The Owner shall maintain records which clearly document the Owner's performance of its obligations to operate the Property under the terms of this Agreement. The Owner shall submit all requested records to the Lender within ten (10) business days of the Lender's request. The Owner shall permit the Lender to enter and inspect the Property for compliance with Owner's obligations under this Agreement upon twenty-four (24) hours advance notice of such visit by the Lender to the Owner or the Owner's Property manager and to Tenants of any Units.

5.4 COMPLIANCE MONITORING. The Owner shall operate the Property in full compliance with this Agreement and the HOME Program regulations at 24 CFR Part 92 in effect on the date the County HOME Loan is executed by all parties, and as may be amended from time to time, and shall remain in compliance therewith throughout the Term of this Agreement. The Owner shall permit the Lender to conduct annual compliance monitoring, including performing on-site records review and inspections of the Property, as required by regulation or reasonably requested by Lender.

5.5 ANNUAL REPORT. The Owner shall submit to the Lender a report in a form approved by Lender for the preceding period of January 1st through December 31st, containing the information requested by Lender so as to allow the Lender to determine the Owner's compliance with this Agreement. The report shall be submitted annually no later than March 1st, and shall include, at a minimum: (i) an Annual Financial Statement as defined in Section 1.2 of the County HOME Loan Agreement, (ii) a report on the occupancy of the Project, (iii) a report on the physical condition of the Project, (iv) a report on the general management of the Project, (v) for each HOME-Assisted Unit, the rent, Annual Income, and household size of the household in occupancy. The report shall also state the date the tenancy commenced for each HOME-Assisted Unit and such other information as the Lender may be request.

Within thirty (30) days after receipt of a written request, Owner shall submit any other information or completed forms requested by the Lender in order to comply with reporting requirements of the United States Department of Housing and Urban Development, or the State of California, or the Lender. The Lender shall have the right to examine and make copies of all books, records or other documents of Owner which pertain to the Project or any Unit to determine compliance with this Agreement.

5.6 FEES, TAXES, AND OTHER LEVIES. The Owner shall be responsible for payment of all fees, assessments, taxes, charges and levies imposed by any public authority or utility company with respect to the Property, and shall pay such charges prior to delinquency.

5.7 PROPERTY TAX EXEMPTION. The Owner shall not apply for a property tax exemption for the Property under any provision of law other than California Revenue and Taxation Code Section 214(g) without the Lender's prior written consent.

5.8 MAINTENANCE OF EXISTING STRUCTURES. Owner shall maintain all buildings on the Property in good condition, in good repair and in a decent, safe, sanitary, habitable and tenantable condition. All Units in the Project must meet HUD housing quality standards set out in 24 CFR 882.109 throughout the Term of this Agreement. Owner 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 Property. Lender shall have no responsibility over maintenance of the Property.

6. GENERAL PROVISIONS

6.1 SUBORDINATION. This Agreement shall be senior and not be subordinate to any deed of trust, note, agreement and/or to any other obligations of Lender concerning the Property and may be subordinated in priority only as to liens and encumbrances otherwise approved in writing by the Lender in its sole and absolute discretion.

6.2 DEFAULT AND REMEDIES In the event of any breach of any agreement or obligation under this Agreement by the Owner, the Lender shall provide written notice to the Owner of such breach. The Owner shall have an opportunity to cure such breach within thirty (30) days from the Owner's receipt of such written notice or such longer period of time as the Lender determines is necessary to cure the breach if the Owner diligently undertakes to cure such breach. If the Owner fails to perform a timely cure of the specified breach, the Lender may proceed with any or all of the following remedies upon the Owner's failure to cure:

A. Bring an action in equitable relief seeking the specific performance by the Owner of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of said terms and conditions, and/or seeking declaratory relief;

B. Enter upon, take possession of, and manage the Property and the Project, either in person, by agent, or by a receiver appointed by a court, and collect any rents, income, deposits, or reserves and apply them to operate the Property;

C. After notice provided for herein, make such repairs or replacements to the Property and Project as are necessary and provide for payment thereof; or

D. Pursue any other remedy provided under the County HOME Loan Documents or allowed at law or in equity.

6.3 EVENT OF DEFAULT. In the event that the Project fails to meet the HOME affordability requirements included in this Agreement for the Term of the Agreement, this shall constitute an Event of Default under Sections 8.1.D, 8.1.E, and/or 8.1.I of the County HOME Loan Agreement. In the event that the Project fails to meet the terms of the Tax Credit Regulatory Agreement, this shall constitute an Event of Default under Sections 8.1.D, 8.1.E, 8.1.I and/or 8.1.J of the County HOME Loan Agreement.

6.4 NON-LIABILITY OF OFFICIALS, EMPLOYEES AND AGENTS. No official elected or appointed, officer, director, employee or agent of the Lender shall be personally liable to the Owner for any obligation created under the terms of this Agreement.

6.5 INSURANCE AND INDEMNITY. Owner shall comply with the insurance and indemnification provisions set forth in Exhibit B and incorporated herein by this reference.

6.6 **GOVERNING LAW.** This Agreement shall be interpreted under and be 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.

6.7 **AGREEMENT CONTROLS.** In the event that any provision of this Agreement and that contained in any other Loan Document conflict, the terms of this Agreement shall control.

6.8 **TIME.** Time is of the essence in this Agreement.

6.9 **CONSENTS AND APPROVALS.** Any consent or approval of the Lender required under this Agreement shall not be unreasonably withheld. Any approval must be in writing and executed by an authorized representative of the Lender.

6.10 **NOTICES, DEMANDS AND COMMUNICATIONS.** Formal notices, demands and communications between the Owner and the Lender 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 the Owner and the Lender as follows:

Lender: County of Santa Barbara
Housing and Community Development
105 E Anapamu Street, Room 105
Santa Barbara, CA 93101
Attn: Deputy Director

With copy to: Office of County Counsel
County of Santa Barbara
105 E Anapamu Street, Room 201
Santa Barbara, CA 93101

Owner: Casas de las Flores, L.P.
3533 Empleo Street
San Luis Obispo, CA 93401
Attn: Managing General Partner

With a copy to: NEF Assignment Corporation
120 South Riverside Plaza
15th Floor
Chicago, Illinois 60606

6.11 **BINDING UPON SUCCESSORS.** This Agreement shall be recorded and all provisions of this Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of the Owner, and the Lender, and shall run with the land for the full Term of this Agreement, regardless of any assignment, payment, prepayment, expiration, extinguishment of the County HOME Loan or County HOME Loan Note, any reconveyance of the County HOME Loan Deed of Trust, or any conveyance or transfer of the Property or portion thereof.

6.12 **RELATIONSHIP OF PARTIES.** The relationship of the Owner and the Lender during the term of this Agreement is solely that of lender and borrower and shall not be construed as a joint venture, equity venture, or partnership.

6.13 **WAIVER.** Any waiver by the Lender of any obligation in this Agreement must be in writing. No waiver will be implied from any delay or failure by the Lender to take action on any breach or default of the Owner or to pursue any remedy allowed under this Agreement, the County HOME Loan Documents, or applicable law. Any extension of time granted to the Owner to perform any obligation under this Agreement shall not operate as a waiver or release from any of Owner's obligations under this Agreement. Consent by the Lender to any act or omission by the Owner shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the Lender's written consent to future waivers.

6.14 **AMENDMENTS AND MODIFICATIONS.** Any amendment to or modification of this Agreement must be in writing, and shall be made only if executed by both the Owner and the Lender.

6.15 **SEVERABILITY.** Every provision of this Agreement is intended to be severable. If any provision of this Agreement shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

Signatures appear on following page. No further text appears here.

IN WITNESS WHEREOF, County and Borrower have caused this Agreement to be executed by their respective duly authorized officers.


ATTEST:
MONA MIYASATO
CLERK OF THE BOARD

LENDER:
County of Santa Barbara,
a political subdivision of the State of California

By: 
Deputy Clerk

By: 
STEVE LAVAGNINO
Chair, Board of Supervisors

APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, CPA
AUDITOR/CONTROLLER

By: 
Director

By: 
Deputy Auditor-Controller

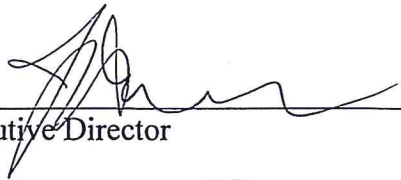
APPROVED AS TO FORM
MICHAEL C. GHIZZONI
COUNTY COUNSEL

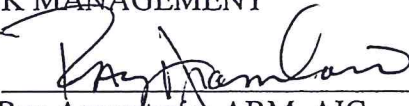
OWNER:
Casa de las Flores, L.P.,
a California Limited Partnership

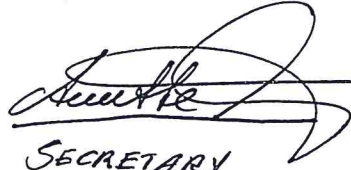
By: 
Deputy County Counsel

By: Peoples' Self-Help Housing Corporation,
a California nonprofit public benefit corporation, its managing partner

APPROVED AS TO FORM:
RISK MANAGEMENT

By: 
Executive Director

By: 
Ray Aromatorio, ARM, AIC
Risk Manager

By: 
SECRETARY

IN WITNESS WHEREOF, County and Borrower have caused this Agreement to be executed by their respective duly authorized officers.

ATTEST:
MONA MIYASATO
CLERK OF THE BOARD

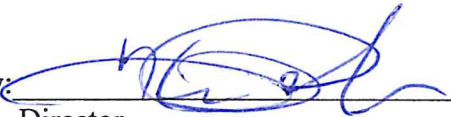
By: 
Deputy Clerk

LENDER:
County of Santa Barbara,
a political subdivision of the State of California

By: 
STEVE LAVAGNINO
Chair, Board of Supervisors

APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

By: 
Deputy Auditor-Controller

By: 
Director

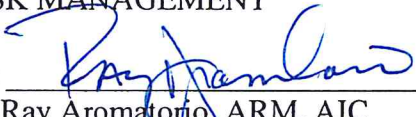
APPROVED AS TO FORM
MICHAEL C. GHIZZONI
COUNTY COUNSEL

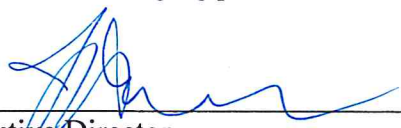
By: 
Deputy County Counsel

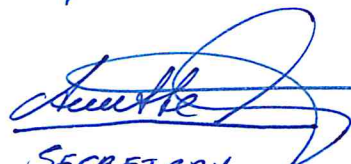
OWNER:
Casa de las Flores, L.P.,
a California Limited Partnership

By: Peoples' Self-Help Housing Corporation,
a California nonprofit public benefit corporation, its managing partner

APPROVED AS TO FORM:
RISK MANAGEMENT

By: 
Ray Aromatorio, ARM, AIC
Risk Manager

By: 
Executive Director

By: 
SECRETARY

State of California
County of Santa Barbara

On 2/14/14 before me, Margo L. Wagner, Notary Public,
personally appeared JANETTE DUNCAN and _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Margo L. Wagner (Seal)



State of California
County of Santa Barbara

On February 11, 2014 before me, Inigo F. Garate, Notary Public,
personally appeared Annette Montoya and _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Inigo F. Garate (Seal)



State of California
County of Santa Barbara

On February 11, 2014 before me, Inigo F. Garate, Notary Public,
personally appeared Annette Montoya and _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~ are
subscribed to the within instrument and acknowledged to me that he ~~she~~ they executed the same
in ~~his~~ ~~her~~ their authorized capacity(ies), and that by ~~his~~ ~~her~~ their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Inigo F. Garate (Seal)



State of California
County of Santa Barbara

On February 11, 2014 before me, Inigo F. Garate, Notary Public,
personally appeared Annette Montoya, and _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~/are
subscribed to the within instrument and acknowledged to me that ~~he~~/~~she~~/they executed the same
in ~~his~~/~~her~~/their authorized capacity(ies), and that by ~~his~~/~~her~~/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Inigo F. Garate (Seal)



State of California
County of Santa Barbara

On _____ before me, _____, Notary Public,
personally appeared _____ and _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California
County of Santa Barbara

On _____ before me, _____, Notary Public,
personally appeared _____ and _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California
County of Santa Barbara

On _____ before me, _____, Notary Public,
personally appeared _____ and _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California
County of Santa Barbara

On _____ before me, _____, Notary Public,
personally appeared _____ and _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California
County of Santa Barbara

On _____ before me, _____, Notary Public,
personally appeared _____ and _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California
County of Santa Barbara

On _____ before me, _____, Notary Public,
personally appeared _____ and _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

RECORDING REQUESTED BY
FIRST AMERICAN TITLE



2014-0012563

Recorded | REC FEE 0.00
Official Records |
County of | CONFORMED COPY 2.00
Santa Barbara
Joseph E. Holland
County Clerk Recorder |

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

JKH
08:00AM 21-Mar-2014 | Page 1 of 4

Clerk of the Board
County of Santa Barbara
105 E. Anapamu Street, Room 105
Santa Barbara, CA 93101
Attn: Russ Barker

4
FR
CCW

3462385 A

APN(s):075-020-005

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

This Notice of Affordability Restrictions on Transfer of Property ("Notice"), dated as of February 11, 2014 provides notice that the real property located generally at 4096 Via Real, Carpinteria, Santa Barbara County, California, and more particularly described in Exhibit A (the "Property") is subject to certain affordability and use restrictions ("Restrictions") which are contained in that certain Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") by and between the County of Santa Barbara, a public body corporate and politic ("Agency"), and Casas de las Flores, L.P., a California limited partnership ("Borrower") and recorded in the Official Records of Santa Barbara County on March 20, 2014 as Instrument Number 2014 - 0012365.

The Regulatory Agreement limits the rent that may be charged for each of the seven County HOME-restricted units in the Property ("Units") to not more than thirty percent (30%) of fifty percent (50%) of the median income for the Santa Barbara/Santa Maria/Lompoc Primary Metropolitan Statistical Area with adjustments for household size, as determined by the United States Department of Housing and Urban Development ("Area Median Income"). The Regulatory Agreement also requires each Unit to be occupied by a household whose annual income does not exceed fifty percent (50%) of the Area Median Income. For a complete understanding of all of the terms of the Restictions please review the Regulatory Agreement.

Pursuant to Health and Safety Code Section 33334.3(f)(3)(B) the following additional information is provided regarding the Regulatory Agreement.

- A. Date of Expiration of the Restrictions: Approximately July 2035
- B. Property Address: 4096 Via Real, Carpinteria, Santa Barbara County, California
- C. The Assessor's Parcel Number(s) 004-013-18 and 004-013-19 and 004-013-20
- D. Legal Description of Property: see Exhibit A

IN WITNESS WHEREOF, this Notice is executed by Borrower as of the date first written above.

BORROWER:


Casas de las Flores, L.P.a California Limited Partnership

By: Peoples Self-Help Housing Corporation, a California nonprofit public benefit corporation, its managing general partner

By:


Executive Director

By:


Secretary

State of California)
)
County of San Luis Obispo) SS

On February 11, 20014, before me Inigo F. Garate,
Notary Public, personally appeared Jeannette Duncain & Annette Montoya,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Inigo F. Garate

(Seal)

State of _____)
)
County of _____) SS

On _____, 200__, before me _____,
Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Seal)

Exhibit "A"

Legal Description

A.P.N.: 004-013-19 and 004-013-20 and 004-013-18

Real property in the City of Carpinteria, County of Santa Barbara, State of California, described as follows:

THOSE CERTAIN PARCELS OF LAND SITUATED IN THE CITY OF CARPINTERIA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, BEING PARCELS ONE AND TWO AS DESCRIBED IN THE GRANT DEED TO PEOPLE'S SELF-HELP HOUSING CORPORATION, A CALIFORNIA CORPORATION (PSHH) RECORDED JULY 21, 2003 AS INSTRUMENT NO. 2003-0096393 AND PARCEL ONE AS DESCRIBED IN THE GRAND DEED TO THE DUNCAN GROUP, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION (DUNCAN) RECORDED DECEMBER 31, 2012 AS INSTRUMENT NO. 2012-0090493, OFFICIAL RECORDS OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID PSHH PARCEL TWO, THENCE, ALONG THE NORTH LINE OF PSHH PARCELS ONE AND TWO AND NORTH LINE OF DUNCAN PARCEL ONE,

1ST - SOUTH 63°19'49" EAST A DISTANCE OF 343.13 FEET TO THE NORTHEAST CORNER OF SAID DUNCAN PARCEL ONE; THENCE, ALONG THE EAST LINE OF DUNCAN PARCEL ONE AND PSHH PARCEL ONE,

2ND - SOUTH 27°02'11" WEST A DISTANCE 331.28 FEET TO THE SOUTHEAST CORNER OF SAID PSHH PARCEL ONE; THENCE, ALONG THE SOUTH LINE OF PSHH PARCELS ONE AND TWO THE FOLLOWING THREE COURSES;

3RD - NORTH 63°41'29" WEST A DISTANCE OF 110.12 FEET TO THE BEGINNING OF A CURVE, CONCAVE SOUTHERLY AND HAVING A RADIUS OF 318.00 FEET; THENCE ALONG SAID CURVE,

4TH - WESTERLY, THROUGH A CENTRAL ANGLE OF 27°00'00", AN ARC DISTANCE OF 149.85; THENCE,

5TH - SOUTH 89°18'31" WEST A DISTANCE OF 80.35 FEET TO THE SOUTHWEST CORNER OF SAID PSHH PARCEL TWO; THENCE, LEAVING SAID SOUTH LINE AND ALONG THE WEST LINE OF PSHH PARCEL TWO,

6TH - NORTH 24°29'34" EAST A DISTANCE OF 404.76 FEET TO THE POINT OF BEGINNING.

THE LEGAL DESCRIPTION HEREIN IS SET FORTH IN CERTIFICATE AND DECLARATION OF VOLUNTARY MERGER RECORDED FEBRUARY 28, 2014 AS INSTRUMENT NO. 2014-0009176 OF OFFICIAL RECORDS OF SAID COUNTY.