

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
123 E. Anapamu Street, Suite 202
Santa Barbara, CA 93101

Attn: Affordable Housing Program

A.P.N's : 005-270-019, -034, -033, -029, & -017

AGREEMENT TO PROVIDE AFFORDABLE HOUSING

Santa Barbara Polo Villas
(Project Name)

17TRM-00000-00002
(Project Case Number)

This AGREEMENT TO PROVIDE AFFORDABLE HOUSING (this "Agreement") between the County of Santa Barbara, a political subdivision of the State of California, (hereinafter "County") and 29 PVS Owner LLC (hereinafter "Developer" or "Owner"), is made and entered into on the date set forth below.

Developer proposes to develop a residential development consisting of forty (40) parcels as described in 17TRM-00000-00002 to be called Santa Barbara Polo Villas (the "Project"). Developer proposes to develop the Project on property owned by the Owner and further identified as Assessor Parcel Number(s) 005-270-019, -034, -033, -029, & -017 located at 3250-3282 Via Real in Carpinteria, First Supervisorial District, as more fully described in Exhibit "A" attached hereto and made a part hereof for all purposes (the "Subject Property").

RECITALS

WHEREAS, the County has determined that the granting of approval for 17TRM-00000-00002, 17DVP-00000-00009, and 17CDP-00000-00055 requires, as Project Conditions of Approval, that the Owner and Developer provide affordable housing; and

WHEREAS, pursuant to State Density Bonus Law (Cal. Gov't Code Sec. 65915 et seq.), Owner has received incentives in return for providing affordable housing units; and

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 South Coast 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;

NOW, THEREFORE the parties hereto agree as follows:

1. Developer agrees to construct six (6) affordable housing units for sale ("Restricted Units") pursuant to the conditions stated in Exhibit "B", attached hereto and incorporated herein by reference as though set forth in full herein. The Restricted Units shall be constructed on the Subject Property. The Restricted Units will be constructed concurrently with and/or prior to the construction of the single-family market homes on the Subject Property.

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. No income certification applications shall be processed without such 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 households meeting the County's Income Certification Guidelines. To achieve this end, Developer agrees to have executed and recorded the County's Resale Restrictive Covenant and Preemptive Right (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 sale of each Restricted Unit to a qualified buyer. Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Restrictive Covenant. The Restrictive Covenant places a Maximum Sales Price on the Restricted Units, and maximum income restrictions on potential buyers of the Restricted Units. By executing this Agreement, Developer agrees that it and all of its successors in interest, assignees, transferees, and beneficiaries of Restricted Units shall be bound by the terms of the Restrictive Covenant (even if they do not execute such Restrictive Covenant) for a period commencing on the Effective Date of the Restrictive Covenant, and ending on the date that is 55 years after such Effective Date ("Earliest Expiration Date"), subject to extension(s) of such period to up to a total of 90 years or longer, as set forth in greater detail in the Restrictive Covenant.. Developer also agrees that it shall not sell or otherwise Transfer any Restricted Unit other than in accordance with this Agreement and the Restrictive Covenant, and that all purchasers and other transferees of each Restricted Unit 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 or other Transfer 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 actions 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") subject to the prior written approval of 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 households within the corresponding income categories specified for such Restricted Units herein. 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. This Agreement may not be modified or amended other than in writing executed by all of the parties hereto, and any such amendment shall be consistent with the intent of the original conditions of approval to provide affordable housing, and may include increasing the household income level, temporary rental of for sale units at or below the maximum rent for the applicable specified income category, or some other remedy proposed by Developer and 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, continuous advertisement of the Restricted Units for one year in a major newspaper of county-wide circulation. Determinations regarding Developer’s diligence with respect to such efforts shall be made by the County in its sole discretion.

8. Developer shall, at its sole cost and expense, comply with all applicable laws, including, but not limited to, County, State and Federal ordinances and statutes during the term of this Agreement. The judgment of any court of competent jurisdiction, or the admission of Developer in any action or proceeding against Developer, whether the County is a party thereto

or not, that Developer has violated any such law(s), shall be conclusive of that fact as between Developer and County. Developer and County shall comply with all applicable Federal, State and County laws and regulations governing conflict of interest.

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, reimburse County for all reasonable 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 Subject Property and shall inure to and benefit the owners thereof and the County of Santa Barbara. For the term of this 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, transferees, and assigns of the Developer.

11. The term of this Agreement shall commence on the first date as of which this Agreement is duly executed by all of the parties hereto ("Effective Date"), and shall terminate on the date when none of the Restricted Units remain subject to the Covenant.

12. ADDITIONAL PROVISIONS

- A. The County may assign or otherwise transfer its rights and delegate its duties hereunder without the consent of Developer. Upon such assignment or transfer, the County shall notify Developer. Developer shall not assign or otherwise transfer any of Developer's rights or obligations hereunder without the prior written consent of the County.
- B. This Agreement, including all exhibits and attachments hereto, constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and there have been no promises, representations, agreements, warranties or undertakings by any of the parties hereto, either oral or written, of any character or nature hereafter binding with respect to the subject matter hereto except as set forth herein. Developer and County covenant that they have not and shall not execute any other agreement or covenant with any other party with provisions contradictory to or in opposition to the provisions hereof, and that, in any event, this Agreement is controlling as to the rights and obligations between Developer, the County, and their respective successors, transferees, and permitted assigns, without regard to whether such other agreement or covenant is executed before or after this Agreement.

- C. If any one or more of the provisions contained in this Agreement shall for any reason be held by a court of competent jurisdiction 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 Agreement and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
- D. The terms of this Agreement shall be interpreted under the laws of the State of California. Any litigation regarding this Agreement or its contents shall be filed in the County of Santa Barbara, if in superior court or other state court, or in the federal district court nearest to Santa Barbara County, if in federal court.
- E. The terms of this Agreement shall be interpreted in a manner that is consistent with the County Housing Element and Housing Element Implementation Guidelines which were in effect when the County Board of Supervisors approved the Project and the Project Conditions of Approval.
- F. All notices required herein shall be sent by certified mail, return receipt requested, to the parties hereto at the respective addresses set forth below.

To the County at:

Community Services Department
Housing and Community Development Division
123 East Anapamu, Room 202
Santa Barbara, CA 93101

To Developer [and Owner] at:

29 PVS Owner, LLC
c/o General Counsel
7121 Fairway Dr. Suite 410
Palm Beach Gardens, FL 33418

or such other respective addresses as the parties hereto may subsequently provide in accordance with the notice provisions herein.

- H. In the event of a Transfer of the Subject Property, by operation of law or otherwise, including, but not limited to, by devise, bequest, or foreclosure on any financing, the transferee or the estate of the decedent shall be bound by the provisions of this Agreement.
- I. Developer covenants to cause to be filed for record in the office of the County Recorder of Santa Barbara County a Request for a copy of any Notice of Default and a copy of any Notice of Sale be recorded with the original and all subsequent deeds of trust or mortgage with power of sale encumbering the Subject Property, pursuant to Section 2924b of the Civil Code of the State of California. Such request(s) shall specify that any notice shall be mailed to the address for the County set forth above.

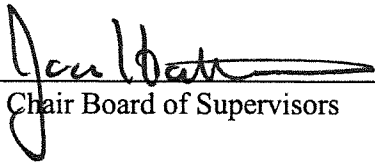
- J. In addition, in the event of any Transfer of a Restricted Unit, a Grant of Preemptive Right and Resale Restrictive Covenant attached hereto and incorporated herein by reference as Exhibit "D" shall be recorded with the original and all subsequent deeds at the time of each transfer of such Restrictive Unit.
- K. Developer shall defend, indemnify and save harmless the County, its officers, officials, agents and employees from any and all claims, demands, damages, losses, costs, expenses (including attorney fees), judgments or liabilities arising out of, related to, or in connection with this Agreement or occasioned by the performance or non-performance or attempted performance of the provisions hereof, including, but not limited to, any act or omission to act on the part of the Developer or its agents, officers, representatives, or employees, except those claims, demands, damages, costs, expenses (including attorney fees), judgments or liabilities resulting from the sole negligence or willful misconduct of the County.
- L. Each signatory to this Agreement warrants and represents that such party has the power and authority to enter into this Agreement in the names, titles and capacities herein stated and on behalf of the respective entity, person or firm represented or purported to be represented by such signatory, and that such party has complied with all formal requirements necessary or required by any state and/or federal law in order to enter into this Agreement.
- M. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means.
- N. This Agreement may be executed in any number of counterparts and each such counterpart shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

(Signatures appear on the following page. No further text appears on this page.)

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement effective as of the Effective Date .


COUNTY OF SANTA BARBARA

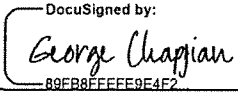
DATED: 11-1-22

BY: 
Chair Board of Supervisors

ATTEST:

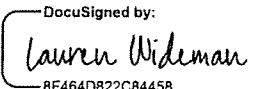
MONA MIYASATO
CLERK OF THE BOARD

BY: 

BY: 
89EB8FFFFE9E4F2
George Chapjian, Director, HCD

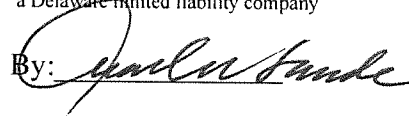
APPROVED AS TO FORM:

RACHEL VAN MULLEM
COUNTY COUNSEL

BY: 
8F464D822C84458...
Deputy County Counsel

DEVELOPER:

29 PVS Owner LLC,
a Delaware limited liability company

By: 

Name: Charles Lande

Its: Authorized Signatory

[SIGNATURES MUST BE NOTARIZED]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.


State of California

County of SANTA BARBARA

On, November 1, 2022 before me, Sheila de la Guerra, a Deputy Clerk, personally appeared SUPERVISOR JOAN HARTMANN, CHAIR OF THE BOARD OF SUPERVISORS, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(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 State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.


Signature Sheila de la Guerra

(Seal)

Acknowledgment

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Los Angeles

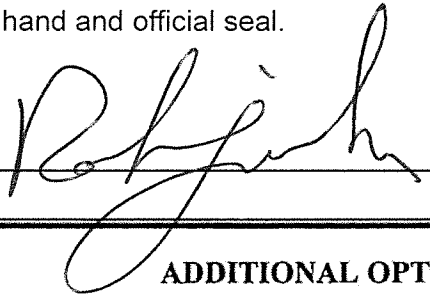
On October 20, 2022 before me, Faramarz Rabizadeh, Notary Public
personally appeared Charles Lande

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)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

(Additional information)

CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
 Corporate Officer

(Title)

- Partner(s)
 Attorney-in-Fact
 Trustee(s)
 Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they- is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

EXHIBIT A

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

EXHIBIT A
LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA OF SANTA BARBARA (CARPINTERIA AREA) IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

ALL THAT PORTION OF THE OUTSIDE PUEBLO LAND OF THE CITY OF SANTA BARBARA, SITUATED IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHEASTERLY CORNER OF THAT TRACT OF LAND DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA, RECORDED JULY 20, 1964 AS INSTRUMENT NO. 30708 IN BOOK 2060, AT PAGE 1134 OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY;

THENCE ALONG THE NORTHERLY LINE OF SAID STATE OF CALIFORNIA TRACT OF LAND, THE FOLLOWING COURSES AND DISTANCES:

NORTH 72°49'43" WEST, 5.38 FEET;

SOUTH 63°46'48" WEST, 81.88 FEET;

AND SOUTH 81°05'30" WEST, 188.92 FEET TO THE NORTHWESTERLY CORNER OF SAID STATE OF CALIFORNIA TRACT OF LAND, AND A POINT ON THE WESTERLY LINE OF THAT TRACT OF LAND DESCRIBED IN THE DEED TO JOSEPH OSIEL, A WIDOWER, RECORDED JULY 12, 1949 AS INSTRUMENT NO. 8507 IN BOOK 863, AT PAGE 82 OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY;

THENCE ALONG THE WESTERLY, NORTHERLY AND EASTERLY LINES OF SAID OSIEL TRACT OF LAND, THE FOLLOWING COURSES AND DISTANCES:

NORTH 7° 55' WEST, 558.74 FEET MORE OR LESS, TO THE NORTHWEST CORNER THEREOF;

SOUTH 89° 46' EAST, 430 FEET;

AND SOUTH 2° 19' EAST, 432 FEET TO THE NORTHEASTERLY CORNER OF THE TRACT OF LAND DESCRIBED IN THE DIRECTOR'S DEED TO WILLIAM A. SLOMINSKI, ET AL., RECORDED SEPTEMBER 18, 1964 AS INSTRUMENT NO. 40091 IN BOOK 2070 PAGE 612 OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY;

THENCE CONTINUING SOUTH 2°19' EAST 81.97 FEET TO THE SOUTHEASTERLY CORNER OF SAID SLOMINSKI TRACT OF LAND;

THENCE ALONG THE SOUTHERLY LINE OF SAID SLOMINSKI TRACT OF LAND SOUTH 88° 21' 58" WEST 32.81 FEET AND NORTH 73° 39' 06" WEST, 76.65 FEET TO THE POINT OF BEGINNING.

APN: 005-270-029

PARCEL TWO:

BEGINNING AT THE SOUTHEAST CORNER OF TRACT NO. 10,132, UNIT 2 AS SHOWN ON MAP FILED IN BOOK 58, PAGE 74 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

EXHIBIT A
(Continued)

THENCE ALONG THE EASTERLY BOUNDARY LINE OF SAID TRACT, NORTH 2°17'30" EAST 113.87 FEET TO THE SOUTHWEST CORNER OF PARCEL "C" OF PARCEL MAP NO. 11,642 AS SHOWN ON MAP FILED IN BOOK 12, PAGE 41 OF PARCEL MAPS IN THE OFFICE OF SAID COUNTY RECORDER;

THENCE ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL "C", SOUTH 89°51'20" EAST 457.86 FEET TO THE INTERSECTION WITH THE EASTERLY BOUNDARY LINE OF THE LAND DESCRIBED AS PARCEL FOUR IN THE DEED TO HOWARD B. LEWIS, ET UX., RECORDED JULY 21, 1943, AS INSTRUMENT NO. 5813, IN BOOK 571, PAGE 430, OF SAID OFFICIAL RECORDS;

THENCE ALONG SAID EASTERLY LINE TO AND ALONG THE EASTERLY BOUNDARY LINE OF THE LAND CONVEYED TO JAMES R. CALLAWAY, ET UX., BY DEED RECORDED JUNE 17, 1971, AS INSTRUMENT NO. 18507, IN BOOK 2351, PAGE 1315 OF SAID OFFICIAL RECORDS, SOUTH 2°45' EAST 612 FEET MORE OR LESS TO THE NORTHEAST CORNER OF THE LAND DESCRIBED IN THE QUITCLAIM DEED TO THE STATE OF CALIFORNIA RECORDED DECEMBER 4, 1951 AS INSTRUMENT NO. 18769, IN BOOK 1034, PAGE 343 OF SAID OFFICIAL RECORDS;

THENCE ALONG THE NORTHERLY BOUNDARY LINE OF SAID LAST MENTIONED LAND, NORTH 87°34' WEST 25.00 FEET TO THE NORTHEAST CORNER OF THE LAND DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA RECORDED MAY 16, 1951, AS INSTRUMENT NO. 7629, IN BOOK 991, PAGE 59 OF SAID OFFICIAL RECORDS;

THENCE ALONG THE NORTHERLY BOUNDARY LINE OF SAID LAST MENTIONED LANE, SOUTH 14°16'30" WEST 24.46 FEET AND NORTH 89°29'40" WEST 73.90 FEET TO THE MOST EASTERLY CORNER OF THE LAND DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA RECORDED JUNE 17, 1964, AS INSTRUMENT NO. 25323, IN BOOK 2055, PAGE 87 OF SAID OFFICIAL RECORDS;

THENCE ALONG THE NORTHERLY BOUNDARY LINE OF SAID LAST MENTIONED LAND, NORTH 82°41'07" WEST 184.78 FEET TO AN ANGLE POINT THEREON;

THENCE CONTINUING ALONG SAID NORTHERLY LINE, TO AND ALONG THE SOUTHERLY BOUNDARY LINE OF THE LAND DESCRIBED IN THE DEED TO GEORGE WILLIAM HOLMAN, ET AL., RECORDED AUGUST 13, 1964, AS INSTRUMENT NO. 34720, IN BOOK 2064, PAGE 1463, OF SAID OFFICIAL RECORDS, SOUTH 89°11'21" WEST 170.38 FEET TO THE INTERSECTION WITH THE SOUTHERLY PROLONGATION OF THE EASTERLY BOUNDARY LINE OF THE LAND DESCRIBED IN THE DEED TO FAY C. CHAMBERS, ET UX., RECORDED JANUARY 11, 1951, AS INSTRUMENT NO. 524, IN BOOK 962, PAGE 271 OF SAID OFFICIAL RECORDS;

THENCE ALONG SAID PROLONGATION AND EASTERLY LINE, NORTH 1°29'37" WEST 513 FEET MORE OR LESS TO THE POINT OF BEGINNING.

APN: 005-270-017, 005-270-019, 005-270-033 AND 005-270-034

EXHIBIT B

AFFORDABLE HOUSING CONDITION(S)

FOR

(SANTA BARBARA POLO VILLAS/17TRM-00000-00002)

MM-16 Hous-08 For-Sale Density Bonus Projects.

The Owner/Applicant shall provide three (3) Low-income dwelling units available for sale at prices affordable to households earning 60% of Area Median Income (AMI) adjusted for family size and revised annually consistent with the provisions of Government Code § 65915-65918 (Density Bonus).

PLAN REQUIREMENTS: The Owner/Applicant shall enter into and record an Agreement to Provide Affordable Housing which shall include a Restrictive Covenant and Preemptive Right.

The Covenant shall be executed and recorded by each purchaser of an affordable unit. The agreement and covenant shall be subject to the review and approval of P&D, County Housing and Community Development, and County Counsel.

TIMING: The Agreement shall be entered into and recorded prior to Final Map Clearance. P&D processing staff shall obtain written HCD approval and confirmation of the executed and recorded Agreement prior to final map clearance. The units shall remain affordable for a period of fifty-five (55) years, restarting for up to ninety (90) years upon resale of the affordable housing unit or longer if required by the financing, insurance or rental subsidy program used. In addition, the running of the covenant shall be tolled during any period of violation of covenant terms.

MM-17 Hous-9 Density Bonus Condo or PUD Projects.

The Owner/Applicant shall provide three (3) Moderate income dwelling units available for sale at prices affordable to households earning 120% of Area Median Income (AMI) adjusted for family size consistent with the provisions of Government Code § 65915-65918 (Density Bonus).

PLAN REQUIREMENTS: The Owner/Applicant shall enter into and record an Agreement to Provide Affordable Housing which shall include a Restrictive Covenant and Preemptive Right. The covenant shall be executed and recorded by each purchaser of an affordable unit. The agreement and covenant shall be subject to review and approval of P&D, County Housing and Community Development, and County Counsel.

TIMING: The Agreement shall be entered into and recorded prior to Final Map Clearance. P&D processing staff shall obtain written HCD approval and confirmation of the executed and recorded Agreement, using the HCD Project Approval Form, prior to Final Map Clearance. The units shall remain affordable for a period of fifty-five (55) years restarting for up to ninety (90) years upon resale of the affordable housing unit or longer if required by the financing, insurance or rental subsidy program used. In addition, the running of the covenant shall be tolled during any period of violation of the covenant terms.

MM-19 Hous-11 Tenant Relocation Payment.

Pursuant to County Code Ch. 44-2(3)(j), the Owner/Applicant shall provide existing tenants upon Notice to Vacate with an amount of money equivalent to three months of the fair market rent for the area as determined by the Department of Housing and Urban Development pursuant to Section 1437f(c)(1) of Title 42 of the United States Code, or \$7,000, whichever is greater, to the tenant; OR under Ch. 44-2(6)(a)(ii) provide a replacement rental unit of comparable size within 5-miles of the original rental unit.

TIMING: The Owner/Applicant shall submit proof of relocation payment to all tenants to P&D prior to issuance of the first grading/building.

MM-20 Hous-12 Demo Replacement in Coastal Zone.

The Owner/Applicant shall replace the demolished affordable unit(s) on a one new unit for every two demolished basis specified in Coastal Land Use Policy 5-3.

PLAN REQUIREMENTS: The Owner/Applicant shall enter into and record an Agreement to Provide Affordable Housing which shall include a Restrictive Covenant and Preemptive Right for 55 years restarting for up to 90 years upon resale of the affordable unit. The covenant shall be executed and recorded by each purchaser of an affordable unit. The agreement and covenant shall be subject to review and approval of P&D, County Housing and Community Development, and County Counsel

TIMING: Prior to Final Map Clearance the Owner/Applicant shall submit a covenant specifying the terms and requirements of replacement to P&D, County Housing and Community Development and County Counsel for review and approval. The Owner/Applicant shall provide proof of replacement units prior to issuance of the Coastal Development Permit.

EXHIBIT C
ADDRESS LIST OF AFFORDABLE HOUSING UNITS
FOR

(SANTA BARBARA POLO VILLAS/17TRM-00000-00002)

TOTAL NUMBER OF UNITS IN THE PROJECT: 40

TOTAL NUMBER OF AFFORDABLE UNITS IN THE PROJECT: 6

NUMBER OF AFFORDABLE UNITS FOR LOW INCOME HOUSEHOLDS: 3

NUMBER OF AFFORDABLE UNITS FOR MODERATE INCOME HOUSEHOLDS: 3

	<u>Address</u>	<u>Lot & Unit #</u>	<u>Bedrooms</u>	<u>Income Level</u>
1)	_____	_____	_____	
2)	_____	_____	_____	
3)	_____	_____	_____	
4)	_____	_____	_____	
5)	_____	_____	_____	
6)	_____	_____	_____	

EXHIBIT D
(RESALE RESTRICTIVE COVENANT & PREEMPTIVE RIGHT)

EXHIBIT D

RECORDING REQUESTED BY AND RETURN TO:

Community Services Department
Housing and Community Development Division
County of Santa Barbara
123 East Anapamu Street, Room 202
Santa Barbara, CA 93101-2062

Attn: HCD/Property Management

No fee per Government Code Sec. 6103

APN: xxx-xx-xxx

**GRANT OF PREEMPTIVE RIGHT:
RESALE RESTRICTIVE COVENANT
AND OPTION TO PURCHASE
SECURED BY DEED OF TRUST**

**This document creates a lien on real property and grants
the County an option to purchase such real property**

Santa Barbara Polo Villas/17TRM-00000-00002
(Project Name and Case Number)

(Address)

This Grant of Preemptive Right, Resale Restriction Covenant and Option to Purchase Secured by Deed of Trust (hereinafter "Covenant") by and between **Affordable unit OWNER(S)** (hereinafter "Owner") and the County of Santa Barbara, a political subdivision of the State of California (hereinafter "County" and, together with the Owner, collectively, the "Parties" and each a "Party"), is entered into as of this ___ day of _____, 20__.

RECITALS:

WHEREAS, pursuant to State Density Bonus Law (Cal. Gov't Code Sec. 65915 et seq.) the developer of the Property has received incentives ("Development Incentives") in return for providing affordable housing units in the Project; and,

WHEREAS, **Affordable unit OWNERS** has benefited from the Development Incentives through the opportunity to purchase the Property at a price substantially below fair market value; and,

WHEREAS, the intent of the County in providing the Development Incentives is to preserve the affordability of the Property for persons with incomes within a specified range and,

WHEREAS, subsequent Owners will benefit from the limitation on the purchase price of the Property which this Covenant requires; and,

WHEREAS, the intent of the Parties is to preserve through this Covenant the affordability of the Property

for persons with incomes within a specified range and to assign to the County the right to enforce compliance with this Covenant;

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

I. DEFINITIONS

A. "Owner": (i) Affordable unit OWNERS/Vesting (ii) any subsequent purchaser (whether an occupant purchaser or non-occupant titleholder), devisee, successor trustee, transferee, or grantee of an Owner or subsequent purchaser, or (iii) any other holder of title to the Property or any portion thereof or interest in the Property. "Owner" does not include the Institutional Lender holding the Institutional Lender First Deed of Trust or easement holders.

B. "Encumber" or "Encumbrance": Shall include any mortgage, deed of trust, lien, security agreement or other instrument intended to secure an obligation or indebtedness.

C. "First Deed of Trust": A deed of trust which is recorded in first position, senior to any other deeds of trust against the Property, and which is made for purchase money financing or for other financing and which has been approved by the County in writing.

D. "Institutional Lender": Any FDIC-insured bank which is licensed to engage in the business of providing mortgage financing (purchase money or refinance) for residential real property or the United States Department of Housing and Urban Development.

E. "Institutional Lender First Deed of Trust": A First Deed of Trust made by an Institutional Lender.

F. "Household": All those persons - related or unrelated - who occupy a single housing unit.

G. "Maximum Sales Price": The Maximum Sales Price is the highest price for which an Owner is allowed, pursuant to this Covenant, to resell or otherwise Transfer the Property, inclusive of real estate commissions and closing costs, so as to be affordable to [[[Low (60% Area Median Income (AMI))]]] or [[[Moderate (120% AMI)]]] income households. The Maximum Sales Price shall be set by the County Board of Supervisors based upon the formula in effect at the time the subdivision application for the Project was deemed complete, and shall be periodically revised in consideration of the US Department of Housing and Urban Development revised income limits for Public Housing and Section 8 Programs, and median family incomes for Santa Barbara County and shall be subject to adjustment as set forth herein.

County staff or staff's designee shall be afforded reasonable opportunity to inspect the Property for damage or deferred maintenance. The Maximum Sales Price shall be decreased by any amount necessary to repair damages and undertake deferred maintenance, if any, and to put the Property in a good and salable condition as reasonably determined by County Housing and Community Development Division staff. In no event shall the Maximum Sales Price be adjusted by County Housing and Community Development Division staff below the aggregate amount of all liens from County-approved financing on the Property.

The Maximum Sales Price has been set to include allowance for a real estate sales commission and closing costs, and Owner may not require subsequent Owners of the Property to pay any commissions or other costs of sale typically paid by sellers of residential real property or to purchase items of personal property or services in conjunction with the purchase of the Property.

To help assure continued affordability to subsequent Owners, no increase in the Maximum Sales Price will be allowed for Property improvements made by the Owner. The Owner is, of course, free to make legal improvements, but shall not be compensated for any such improvements.

No increase in the Maximum Sales Price whatsoever shall be allowed for periods when Owner is in violation of this Covenant, if any.

H. "Maximum Monthly Rent": The maximum rent that may be charged for a unit reserved for households of a designated income category as established and periodically revised by the County Board of Supervisors. These monthly rates are determined as described in the Housing Element, Implementation Guidelines, or as otherwise dictated by applicable state or federal programs.

I. "Median Annual Income": Median annual income shall be determined by reference to income figures for the Santa Barbara area as published by the U.S. Department of Housing and Urban Development (HUD). The State of California Housing and Community Development Department (HCD) adopts AMI for each county in California after applying an adjustment factor to calculate the AMI for different household sizes. In the event such income figures are no longer published, or have not been updated for a period of at least eighteen (18) months, the County may use or develop such other reasonable and comparable substitute figures as it may choose.

J. "Principal place of residence": The place where a person or persons reside on a full-time basis.

K. "Project": That certain residential housing development commonly known as the Santa Barbara Polo Villas, identified as Project Case Number 17TRM-00000-00002, 17DVP-00000-00009, and 17CDP-00000-0055, located at 3250-3282 Via Real in Carpinteria, California.

L. "Property": That certain real property and improvements thereon located at [insert address], identified as Assessor's Parcel Number [xxx-xx-xxx], and more particularly described in the legal description attached hereto as Exhibit A and incorporated herein by reference.

M. "Residential Real Estate": Real property including developed or undeveloped residentially-zoned land, mobile homes and manufactured housing.

N. "Transfer": Any sale, assignment, or other transfer, either voluntary or involuntary, by operation of law or otherwise, whether by deed, contract of sale, gift, devise, bequest, trustee's sale, deed in lieu of foreclosure, or otherwise, of any interest in the Property, including, but not limited to, a fee simple interest, joint tenancy, tenancy in common, life estate, leasehold, or an interest evidenced by a land contract by which possession of the Property is transferred and Owner retains title.

O. "Qualified Transferee": A person who receives property in a Transfer as approved in writing and in advance by the County Housing and Community Development Director, or designee, pursuant to Sections VII, VIII, and IX of this Covenant.

II. TERM AND ENFORCEABILITY

A. Term

1. Initial Term

This Covenant shall bind and the benefit hereof shall inure to the Owner, his or her heirs, legal representatives, executors, successors in interest and assigns, and to the County, its successors, designees, and assigns, for a period commencing on the Effective Date (defined below) and ending on the date that is 55 years after the Effective Date ("Earliest Expiration Date"), subject to extension(s), as set forth below (such period, including any such extensions, the "Term"). Provided that the Owner occupies the Property without any Transfers and otherwise in compliance with this Covenant, this Covenant shall expire on the Earliest Expiration Date, and thereafter the Owner may sell or otherwise Transfer the Property to any buyer or transferee for any price.

2. Extended Term

Notwithstanding the provisions of Section II.A.1, above, in the event of any Transfer during the Term, the transferring Owner(s) shall, as a condition of each Transfer, cause each such transferee to execute and record an amendment to this Covenant, as a new Owner, memorializing an extension of the Term beyond the Earliest Expiration Date until the date ("Extended Expiration Date") that is the earlier of (i) the date that is 55 years after the effective date of such Transfer ("Transfer Date"), and (ii) the date that is **90 years after [MM/DD/YYYY (INITIAL PURCHASE DATE)]**; provided, however, that each transferor Owner who, notwithstanding any such Transfer, retains any ownership of any portion of the Property, or any interest in any portion of the Property, shall execute such amendment and remain bound as a Party to this Covenant. In addition, the running of the Term shall be tolled, such that the Term shall be extended for a period of time equal to the duration of, any period of time during which any Owner is found by the County to be in violation of this Covenant.

B. Covenants Running With the Land; Equitable Servitude

The Property is held and hereafter shall be held, Transferred, conveyed, hypothecated, encumbered, leased, rented, used, and occupied subject to the covenants, conditions, restrictions and limitations contained herein and in that certain document entitled "**Agreement to Provide Affordable Housing**" recorded on MM/DD/YYYY, as Instrument No. XXXX - XXXXXXX, in the office of the Recorder of Santa Barbara County, California (the "Agreement to Provide"). All of the herein-stated covenants, conditions, restrictions and limitations are intended to constitute both equitable servitudes and covenants running with the land. In the event of a conflict between the terms of the Agreement to Provide and the terms of this Covenant, the terms of this Covenant shall prevail unless specifically indicated otherwise herein.

C. Binding Effect

Any Owner of the Property, or of any portion of or interest in the Property, by the acceptance of a deed therefore, whether from Owner or from any subsequent Owner of the Property, or by the signing of a contract or agreement to purchase or occupy the same, shall, by the acceptance of such deed or by the signing of such contract or agreement, be deemed to have consented to and accepted the terms, covenants, conditions, restrictions and limitations set forth herein and in the Agreement to Provide.

D. Enforceability

In order to preserve through this Covenant the affordability of the Property for persons of **[[[Low (60% AMI)]]]** or **[[[Moderate (120% AMI)]]]** income, the Owner, for itself and all of his or her heirs, legal representatives, executors, successors and assigns, hereby grants and assigns to the County the right to review and enforce compliance with this Covenant, and in furtherance of this right, grants to the County an Assignment of Rents, described under Section XIII of this Covenant, an Option to Purchase the Property, described under Sections III and XIV of this Covenant, the right to collect liquidated damages for certain violations as described in Section XIII, and assigns to the County any and all proceeds payable to the Owner from a foreclosure or deed in lieu of foreclosure in excess of the Maximum Sales Price, as described in Section XII.B of this Covenant.

III. DEED OF TRUST: SUBORDINATION; DEFAULT; NOTICE TO COUNTY; RIGHT TO CURE

A. Subordination

This Covenant shall be subject and subordinate solely to the lien of a County-approved Institutional Lender First Deed of Trust subject to the following conditions and limitations:

1. Limit on Amount

The amount secured by the County-approved Institutional Lender First Deed of Trust shall not exceed 97% of the purchase price for the Property paid by Owner, plus any late fees and charges as may be permitted under the County-approved Institutional Lender First Deed of Trust. This Covenant shall not be subordinate to a County-approved Institutional Lender First Deed of Trust that exceeds such amount.

2. Default; Right to Cure

In the event of default under any deed of trust, including the County-approved Institutional Lender First Deed of Trust, the County shall have the same right as the Owner to cure the default and redeem the Property prior to foreclosure sale. Such redemption shall be subject to the same fees, charges and penalties which would otherwise be assessed against the Owner. Nothing herein shall be construed as creating an obligation on the part of the County to cure any such default nor shall this right to cure and redeem operate to extend any time limitations in the default provisions of the underlying deed of trust or mortgage.

3. Right to Exercise Option

Any default under a deed of trust, including the County-approved Institutional Lender First Deed of Trust, shall trigger the County's right to exercise its option to purchase the Property, as described more fully in Section XIV below, and the County may exercise its option to purchase the Property pursuant to such provisions.

4. Request for Notice of Default

The holder of the County-approved Institutional First Deed of Trust shall be under no obligation to provide notice of default to the County other than as required pursuant to a duly filed request for notice of default under Section 2924b of the California Civil Code. In the event the County elects to exercise such option to purchase, subsequent to a default on the County-approved Institutional First Deed of Trust, and notwithstanding any language contained herein to the contrary with regard to the rights of the County, the County must complete such purchase no later than the end of the period established by Section 2924c of the California Civil Code for the reinstatement of a monetary default under the deed of trust.

B. Rights Under County-approved Institutional Lender First Deed of Trusts

Subject to these above-stated conditions and limitations, this Covenant shall not impair the rights under a County-approved Institutional Lender First Deed of Trust, to foreclose or take title to the Property pursuant to the remedies of the County-approved Institutional Lender First Deed of Trust, or accept a deed in lieu of foreclosure in the event of default by a trustor under the County-approved Institutional Lender First Deed of Trust. Subsequent to the Institutional Lender or its successors and assigns acquiring title through foreclosure sale or accepting a deed in lieu of foreclosure under such County-approved Institutional Lender First Deed of Trust, this Covenant shall be terminated and of no further force or effect as an encumbrance against the Property (or any owners, tenants or encumbrancers in the chain of title), and the Institutional Lender or subsequent transferee may thereafter sell the Property to any purchaser at any price, or lease the Property to any tenant at any rental amount, without being subject to this Covenant. At the request of an Institutional Lender or its title insurer, County will execute a recordable instrument to confirm the termination of this Covenant.

C. Covenant Not Subordinate to Any Other Deeds of Trust

This Covenant shall be subordinate solely to a County-approved Institutional Lender First Deed of Trust. All other deeds of trust recorded against the Property shall be subject to all of the terms and limitations of

this Covenant including, but not limited to, the County's option to purchase the Property for the Maximum Sales Price.

D. Notice to County by Owner

Prior to recordation, Owner shall notify County of any deed of trust, financing instrument or mortgage to be recorded against the Property, and shall provide the County with the information needed by the County to record a Request for Notice of Default. Note that the County's prior written approval of any financing is required under Sections V., IX. and XI. below.

IV. OCCUPANCY, LEASING AND OWNERSHIP OF OTHER REAL PROPERTY

A. Property Must be Used as Owner's Principal Residence

Owner shall occupy the Property as Owner's principal place of residence. During the time the Property is vacant while being actively offered for sale by Owner, this owner-occupancy requirement shall not apply; provided, however, that Owner shall not rent or lease the Property during such period. A failure to comply with this owner occupancy requirement as set forth in this Section IV.A. is a material violation of this Covenant. If Owner is determined by the County to be in violation of this owner occupancy requirement, County may exercise its option to purchase the Property as set forth in Section XIV so that the Property can be resold to a qualifying household and fulfill the purpose of the County's affordable housing program.

B. Rental of Property

Owner shall not rent or lease the Property without prior written approval by the County. All requests for such consent must be in writing. County may approve such a request if the Owner has met the hardship requirements for rental of the Property as set forth in Section IV.C of this Covenant, and when the Property is being leased as provided herein. County may approve such a request if such approval is consistent with the County's goal of creating, preserving, maintaining, and protecting the County's supply of affordable housing. Any lease approved by the County Housing and Community Development Division ("Housing and Community Development") shall conform to the Maximum Monthly Rent.

C. Personal Hardship Exception

The Housing and Community Development Director or the Director's designee may approve modifications to the occupancy requirements and lease period restrictions set forth herein if the Owner demonstrates personal hardship.

1. Definition

A Personal Hardship Exemption from this Covenant may be granted by the Housing and Community Development Director (or the Director's designee) if it is determined that one or more of the circumstances listed below will result in an economic hardship to the Owner (i.e., the retention of the Property would result in a substantial and irrevocable loss of the Owner's investment in the Property): 1) An emergency or a long-term illness or injury requiring medical attention of the Owner or a member of the immediate family; 2) the death of a member of the Owner's immediate family; 3) the transfer or loss of an Owner's employment or Owner's spouse's employment; 4) loss of the Owner's property due to casualty; or (5) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Owner. The circumstances that will constitute a Personal Hardship Exemption due to an unforeseeable emergency will depend upon the facts of each case.

2. Determination

A Personal Hardship Exemption determination by Housing and Community Development shall be made within 30 days of receiving such a request. A Personal Hardship Exemption

may not be made to the extent that such hardship described above is or may be relieved by:

- a. Liquidation of the Owner's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship; or
- b. Reimbursement or compensation by insurance or otherwise.

3. Remedies

Upon determination by the County that a Personal Hardship exists, the following remedies may be granted:

- a. The Owner may rent the Property while it is for sale, provided that (i) the rent does not exceed the Maximum Monthly Rent for the original income category for the Property, and (ii) the Owner shall keep the Property on the market for sale.
- b. If the Owner documents to the County a good faith effort to sell the Property for three consecutive months and the Property has not sold, the Owner may offer the Property for sale to households which are in the next-highest Household Income Category, as defined in Section 46A-2 of the Santa Barbara County Code (e.g. a restricted lower-moderate unit may be marketed to both lower-moderate and upper-moderate income households); Provided, however, that the Property shall continue to be subject to this Covenant, including, but not limited to, the Maximum Sales Price.

4. Submittal of Approved Rental Agreement to County

Owner shall submit to the County such lease or rental agreement for the County's review and approval. As soon as possible after Owner has requested and obtained the County's prior written approval to rent the Property, Owner shall provide to the County a true and correct copy of the fully executed lease or rental agreement, the names of the renters, the rent being charged, and the new temporary address of the Owner. No such lease or rental agreement shall be amended without the prior written approval of the County. Owner shall notify County when Owner re-occupies the Property.

D. No Ownership of Other Residential Real Estate

Owner may NOT have any form of ownership or ownership interest in whole or in part, (including long-term leaseholds, partnership, limited partnership or limited liability ownership) in or to any other Residential Real Estate concurrently with the ownership of the Property.

E. Modification of Ownership Requirements

The County Housing and Community Development Division Director, or designee, may, in their discretion, approve a waiver of the prohibition set forth in Section IV.D., above, if Owner demonstrates need or other good cause. Owner's ownership of any other Residential Real Estate, in whole or in part, without written approval by the County shall be deemed a material violation this Covenant, and shall result in default and remedies as described in this Covenant.

V. REQUIREMENTS FOR COUNTY APPROVAL OF TRANSFER, REFINANCE OR OTHER ENCUMBRANCE

A. Approval of All Proposed Transfers, Financing, Refinancing Required

Except to the extent provided in Section III above, and Section V.B, below, the Property shall not be Transferred, financed, refinanced, or otherwise encumbered in any way without the prior written approval of the County. A Transfer or other encumbrance in violation of this Section V shall be voidable at the election of the County, and may subject the Owner to cumulative remedies set forth in Section XIII of this Covenant. In addition, the Term shall be extended for a period equal to the duration of any period during which the Property is Transferred in violation of this Section V.

B. Exceptions

The following Transfers are exceptions to the requirements of Section V.A, above, and do not require prior written approval by the County Housing and Community Development Division; provided, however, that Owner shall notify the County in writing within 30 days upon any of the following Transfers, and such Transfers may trigger resale obligations as set forth in Sections IX.D and XII.A., below:

1. Death

A Transfer resulting from the death of an Owner where the Property is Transferred to the Owner's spouse who was a co-owner prior to the Transfer.

2. Marriage

A Transfer by an Owner where the Owner's spouse becomes the co-owner of the Property.

3. Divorce

A Transfer resulting from a decree of dissolution of a marriage, or legal separation from a property settlement agreement incidental to such a decree, by which a spouse who is an Owner become the sole Owner of the Property.

VI. COUNTY OPTION TO PURCHASE UPON PROPOSED TRANSFER

A. Grant of Option and Right of First Refusal

In consideration of the benefits received by Owner, Owner hereby grants to the County, and the County hereby accepts, an Option to Purchase the Property ("County Option"), which the County may exercise anytime Owner lists, offers or otherwise makes the Property available for a potential Transfer.

B. Notice to County

During the Term, Owner shall deliver to the County, at the address and in the manner specified in Section XVI.E, below, at least 60 days' prior written notice of Owner's intent to Transfer the Property ("Transfer Notice"). The Transfer Notice shall specify the proposed aggregate consideration for such proposed Transfer, the value of which shall not exceed the Maximum Sales Price.

C. Exercise of County Option

The County Option may be exercised by County at the times and on the conditions set forth below:

1. The County shall have 30 days after receipt of such Transfer Notice from Owner to respond in writing to Owner of the County's intent to exercise the County Option ("Option Exercise Notification Period").

2. The County shall have an additional 45 days after the expiration of the Option Exercise Notification Period ("Option Purchase Period") to purchase the Property at a price not to

exceed the Maximum Sales Price; provided, however, that such Option Purchase Period shall be extended by a period of time equal to the length of any delays caused by Owner or Owner's agent(s). Owner shall be responsible for all costs and provide all reports as is customary for sellers of residential property in Santa Barbara, including title insurance, zoning inspection, termite report, and any other maintenance repairs as disclosed by property and/or termite inspection report(s).

D. Term of Option

The term of the County Option shall be from the date of recording of this Covenant until the expiration of the Term of this Covenant as set forth in Section II, above.

VII. TRANSFER OF PROPERTY TO PRIVATE PARTY

A. County Option to Select Purchaser

County may adopt a program whereby the County selects purchasers of affordable units whose owners have notified County of their intent to Transfer. If the County has adopted such a program, then the Owner shall be required to Transfer the Property pursuant to such program.

If the County has not exercised the County Option to purchase the Property during the Term of this Covenant pursuant to Sections III, VI and/or XIV, and if County has adopted a program requiring County selection of purchasers of affordable for-sale units, Owner shall be required to Transfer the Property to such County-selected purchaser for the Maximum Sales Price consistent with this Section VII, and sections VIII, IX and X below.

B. Owner's Right to Transfer

If the County has not adopted a program requiring County selection of purchasers for affordable for-sale units, and County has not exercised the County Option pursuant to Sections III, VI and/or XIV, this Section VII.B shall take effect, and Owner shall have the right to Transfer the Property to a Qualified Transferee approved in writing and in advance by the County Housing and Community Development Director, or designee, subject to the terms and conditions of this Section VII and Sections VIII and IX, below.

C. Approval of Transfer by County

1. Housing and Community Development staff shall oversee any and all Transfers of the Property to a proposed Qualified Transferee. No Transfer of the Property shall occur under this Section without the prior written approval of the County Housing and Community Development Director, or designee.
2. The County Housing and Community Development Director, or designee, may approve a proposed Transfer of the Property to a proposed Qualified Transferee, provided that (i) Owner is not in default under this Covenant, (ii) the County does not elect to exercise its Option to Purchase under Sections III, VI and/or XIV, and (iii) the County has determined that each of Owner and Owner's proposed Qualified Transferee(s) have fully complied with all of the requirements and provisions of this Covenant and the County's then-current affordable housing policies.
3. Each proposed Qualified Transferee shall complete, execute and deliver to the Housing and Community Development Division an Application for Eligibility Certification ("Eligibility Application"). The County may request additional information to supplement the Eligibility Application if deemed by the County to be necessary to verify any proposed Qualified Transferee's income or other qualifications.

Each proposed Qualified Transferee shall be held liable for the accuracy of information provided to the County in the Eligibility Application or otherwise in connection therewith. Housing and Community Development staff will review the complete Eligibility Application and shall determine whether each proposed Qualified Transferee meets the County's eligibility standards.

4. Owner or the Qualified Transferee shall submit to the County the proposed sales contract or other agreement memorializing the terms and conditions of the proposed Transfer ("Transfer Agreement"), escrow instructions, and all other documents that set forth the terms and conditions of the proposed Transfer of the Property (collectively, the "Transfer Agreement Documents"). The Transfer Agreement Documents shall reflect information including, but not limited to, the following:

- a. Sales price and all other consideration in connection with the proposed Transfer.
- b. All other amounts of money or other consideration, if any, concerning the Property to be paid by the Qualified Transferee, or any other person or entity, to the Owner, or any other person or entity, in connection with the proposed Transfer, and the reasons for the payment, exchange, or provision of such consideration.
- c. The down payment to be paid by the Qualified Transferee in connection with the proposed Transfer.
- d. Financing terms.
- e. The monthly payments to be paid by the Qualified Transferee in connection with the purchase and ownership of the Property, itemized for taxes, insurance, and homeowner's association fees.

5. Each proposed Qualified Transferee shall submit to Housing and Community Development information requested by Housing and Community Development regarding the proposed Qualified Transferee and its affiliates, including, but not limited to the following:

- a. Documents evidencing identification;
- b. Documents evidencing residency,
- c. Documents evidencing income and assets;
- d. Documents evidencing savings account balances and activity and other recent banking activity;
- e. Documents evidencing current debts;
- f. Documents evidencing loan terms and provisions.

6. The information provided shall be used by the County to determine the eligibility of the proposed Qualified Transferee.

7. The County reserves the right to collect reasonable fees from Owner to cover the County's costs of verifying information and administering its rights and obligations under this Covenant.

8. No goods or services shall be sold by Owner to any proposed Qualified Transferee or Qualified Transferee in conjunction with Transfer of the Property.

VIII. ELIGIBILITY OF QUALIFIED TRANSFEE TO PURCHASE

Owner shall not Transfer, or propose or request a Transfer of, the Property to any proposed Qualified Transferee who does not satisfy all of the following requirements:

- A. Each proposed Qualified Transferee shall meet the County's then-current qualification guidelines for the relevant income category of the Property, including those pertaining to household size and income.
- B. Each proposed Qualified Transferee shall certify such proposed Qualified Transferee's intent to occupy the Property as such proposed Qualified Transferee's principal place of residence.
- C. Each proposed Qualified Transferee shall not own, at the time of such proposed Qualified Transferee's Eligibility Application, and shall not have owned at any time during the three-year period immediately preceding the proposed date of Transfer to such proposed Qualified Transferee, any other Residential Real Estate. This prohibition may be waived for a particular proposed Qualified Transferee by Housing and Community Development for good cause on a case-by-case basis.

IX. REQUIREMENTS FOR APPROVED TRANSFER TRANSACTION

A. Price

The sale price and all other consideration for the Transfer shall not exceed the Maximum Sales Price.

B. Recordation of Replacement Covenant

Immediately following each Transfer approved by the County in accordance with the provisions of this Covenant, each Owner and Qualified Transferee shall execute and cause the recordation of a new Resale Restriction Covenant and Option to Purchase ("Replacement Covenant") which shall replace this Covenant and be substantially similar to this Covenant. The Replacement Covenant shall contain revisions to reflect the County's then-current affordable housing policies.

C. Escrow Documents

Each Owner and Qualified Transferee shall approve and sign the County's escrow instructions regarding the requirements of this Covenant and County financing, if any. At least 10 business days prior to scheduled close of escrow, Owner and Qualified Transferee shall provide the County with a copy of the final Transfer Agreement, estimated final settlement statement, signed escrow instructions, and any other document that the County may reasonably request.

D. Unapproved or Fraudulent Transfer

In the event Transfer is made in violation of the terms of this Covenant, or false or misleading statements are made in any documents or application submitted to the County in connection with the Transfer, the County may declare a default under this Covenant. The County shall also have the right to file actions at law or in equity to force the parties to any purported Transfer contract that violates or fails to comply with the terms and conditions of this Covenant ("Void Transfer Agreement") to terminate and rescind such Void Transfer Agreement and declare the Transfer null and void notwithstanding the fact that the Transfer may have closed and become final as between the Owner and the purported transferee. In any event, Owner shall be solely responsible for (i) all costs, liabilities and obligations incurred by the Owner and/or purported transferee(s) in connection with or arising out of a Void Transfer Agreement, (ii) reimbursement of consideration paid or received in violation of this Covenant, and (iii) all costs and legal expenses incurred by County in the enforcement of this Covenant.

E. County Review

As soon as possible after the County has received all completed executed documents required hereunder, and all additional information requested by the County, the Housing and Community Development Division

designee shall notify the escrow agent in writing that the County approves or disapproves, as the case may be, the proposed Qualified Transferee and proposed Transfer. Any Transfer without the County's prior written approval of such Transfer shall constitute a breach of this Covenant.

X. RESALE PRICE CALCULATION

A. Resale Price

The aggregate consideration paid in connection with a Transfer shall not exceed the Maximum Sales Price.

B. No Adjustment for Owner Improvements

To help assure continued affordability to subsequent Owners, no adjustment to the Maximum Sales Price or other reimbursement will be allowed for Property improvements made by the Owner. The Owner may make legal and permitted improvements to the Property (with the exception of adding bedrooms) for the Owner's benefit and enjoyment, but the Owner will not be compensated for such improvements upon Transfer of the Property.

C. Other Requirements and Conditions

1. No increase in the Maximum Sales Price whatsoever shall be allowed during any time when the Owner is in violation of any provision of this Covenant.
2. County staff or designee shall be afforded reasonable opportunity to inspect the Property for damage or deferred maintenance. If the Property is damaged or if there is substantial deferred maintenance, Housing and Community Development Division staff may lower the Maximum Sales Price accordingly.
3. The Owner shall not require a Qualified Transferee to pay any commissions or other costs of sale typically paid by sellers of Residential Real Estate. In addition, Owner shall not require a Qualified Transferee to pay real estate commissions for transactions in which the Owner listed the Property without a realtor and did not engage the services of a realtor to complete or assist in such transaction.
4. At any given time, the Maximum Sales Price may be greater than the fair market value of the Property, and there is no guarantee or assurance that the Owner will be able to sell the Property for the Maximum Sales Price, or for any other price

XI. REQUIREMENTS FOR COUNTY APPROVAL OF FINANCING OR REFINANCING

A. Approval by County

The terms of all financing and refinancing secured by the Property must be approved by the County in writing and in advance. Financing and refinancing in connection with the Property may only be provided by licensed Institutional Lenders.

B. Requirements for Approval of Financing or Refinancing Affecting the Property

1. The Owner is in full compliance with this Covenant.
2. The terms of the new loan are more favorable than the old loan.
3. Owner's total secured loans-to-value ratio does not exceed 97%.
4. The debt payment-to-income ratio will not be higher than it was upon Owner's purchase of the Property.
5. No additional cash is taken out other than reasonable loan costs unless approved in advance by the County in writing.
6. County may review an Owner's credit and may decline approval of proposed refinancing in

cases where the County does not deem the Owner's credit to be acceptable.

7. Financing which may result in balloon payments or negative amortization including "reverse mortgages" shall not be approved by the County.

C. Modification of Financing Requirements

The Community Services Department Director or designee may waive, on a case-by-case basis, of all or part of subsection B, above, upon Owner's request and satisfactory demonstration of need or other good cause.

D. Unapproved Financing

Securing any financing against the Property that has not been approved by the County Housing and Community Development Division in writing and in advance constitutes a material default of this Covenant which will trigger the County's option to purchase the Property as set forth in Section XIV below.

XII. BEQUEST OR FORECLOSURE, INSURANCE AND CONDEMNATION

A. Transfers by Operation of Law

In the event of a Transfer of the Property by operation of law, such as by devise, bequest, foreclosure on any financing not exempted under Section V.B, above, or deed in lieu of foreclosure on any such financing, to any transferee who is not a Qualified Transferee, the transferee or the estate of the decedent shall be bound by the provisions of this Covenant; however, the County shall not declare a default before allowing such transferee a reasonable period of time, not less than 90 days, to Transfer the Property to a Qualified Transferee in accordance with all of the provisions of this Covenant, including the Maximum Sales Price.

B. Excess Foreclosure Funds Payable to County

In the event that the Property is Transferred through foreclosure, a deed in lieu of foreclosure, or a trustee's deed upon sale, a default in a contract of sale, or through any other means, for the purpose of curing or preventing the default by Owner on a loan or obligation, any amount of the sale price which is over and above the Maximum Sales Price and which would otherwise be payable to Owner after full satisfaction of the Institutional Lender First Deed of Trust loan and costs, shall be due and owing to the County. However, this Covenant shall continue in full force and effect to bind the Property, except after foreclosures of an Institutional Lender First Deed of Trust.

C. Insurance Proceeds

Any hazard insurance proceeds received by the Owner which are not used to repair or rebuild the Property, and any condemnation award collected by the Owner, shall be distributed as follows:

1. First, to an Institutional Lender claiming under an Institutional Lender First Deed of Trust.
2. Second, to any other lenders with a security interest in the Property and to Owner, but only up to a combined amount (including a loan of an Institutional Lender First Deed of Trust) of the Maximum Sales Price, all as according to the recording priority of their respective deeds of trust against the Property and as otherwise provided by law.
3. If any such funds remain after the Owner has been paid, the remainder shall be paid to the County.

XIII. DEFAULTS AND REMEDIES: ASSIGNMENT OF RENTS

A. Notice of Default

Upon any violation of the provisions of this Covenant, the County may declare a default under this

Covenant by delivering written notice thereof to the Owner. Upon such a declaration of a default, the County may take any or all of the following actions: (i) purchase the Property as set forth in Section XIV, (ii) apply to a court of competent jurisdiction for (a) specific performance of this Covenant, (b) an injunction prohibiting a proposed Transfer in violation of this Covenant, (c) a declaration that the prohibited Transfer violates this Covenant and is, therefore, void, (d) liquidated damages, as set forth in Section XIII.D., and (e) any such other relief as may be appropriate.

B. Assignment of Rents

Owner hereby assigns to County the right to receive the rents due or collected during the entire period the Property is occupied in violation of any of the terms of this Covenant.

C. Remedies Not Exclusive

The remedies stated herein shall not be exclusive, but shall be cumulative to all other remedies and rights the Parties may lawfully exercise.

D. Liquidated Damages

Owner understands that the County's objective in requiring this Covenant is to ensure that the Property remains affordable for a period of fifty-five to ninety (55-90) years, or longer in the event of unapproved or fraudulent Transfers or other violation(s) of this Covenant, and that should Owner Transfer the Property in violation of the requirements set forth herein, the public interest would be prejudiced and the County would thereby be damaged. Accordingly, the Parties agree that it would be impracticable to calculate the amount of actual damages to County from such a breach. However, the Parties have made reasonable efforts to fairly establish the amount of an approximation of such damages, 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:

Note: Liquidated damages for multiple violations are cumulative.

1. If Property is rented in violation of this Covenant, the Owner shall be liable to the County for damages in an amount equal to the total amount of such rent collected.
2. If it is determined that false or misleading information was supplied by the Owner to the County in any eligibility certification process, the Transfer may be voided, or the County may require that the Owner Transfer the Property to a Qualified Transferee 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 for the Property for the period of time in which the Property was occupied or purportedly Transferred in violation of this Covenant.
3. If Owner does not truthfully respond to any County surveys, as provided in section XV, below, of property owners within 30 days of receiving such survey, Owner shall be liable to County in the amount of \$5.00 per day for each day following the thirty-first (31st) day after Owner received such survey until the survey is completed and returned to the County or the County's authorized agent. Such amount represents the County's reasonable additional costs of administering such a survey.
4. The liquidated damages amounts stated above shall be in addition to any fines and penalties that may be owed under applicable County ordinances.

Owner hereby agrees to the above liquidated damages provisions _____

(Owner initials)

XIV. PURCHASE OPTION UPON DEFAULT

A. Option to Purchase Upon Default

In addition to the remedies provided the County elsewhere in this Covenant, Owner hereby grants to the County the option to purchase the Property effective upon the declaration of Notice of Default ("Default Purchase Option").

The Default Purchase Option may be exercised upon a default under this Covenant or upon default under any notes Owner has executed in favor of the County, or any deed of trust, or any other lien, including a judgment, tax or Homeowner's Association lien, recorded against the Property. The County shall have thirty (30) days after declaring a default or receiving notice that a default is declared on any other obligation secured by the Property, whichever occurs first in time, to notify the Owner of the County's decision to exercise its Default Purchase Option. Not later than sixty (60) days after the certified mailing of the notice to exercise its Default Purchase Option, and within the time period otherwise established by Section 2924c of the California Civil Code, the County or its assignee may purchase the Property for the following option price:

The lesser of the following:

1. The Maximum Sales Price calculated as of the date of violation or default, less six percent (6%) to cover the County's resale costs, and less the amount necessary to repair any damage and correct deferred maintenance as reasonably determined by the County;

or

2. The appraised value of the Property as determined by a state-licensed appraiser approved by Owner and County, less six percent (6%) to cover the County's resale costs;

Notwithstanding the above, the Default Purchase Option price shall not be less than the amount necessary to pay the balance due on any County-approved financing.

XV. COUNTY REQUIREMENTS AND AUTHORIZATIONS FROM OWNER

A. County Requirements from Owner Regarding Compliance Monitoring

1. Annual Surveys.

a. Upon written request by County, Owner shall submit an Annual Survey, signed by Owner, containing information requested by County, which may include, but is not limited to, Owner's statement that Owner has occupied the Property and complied with all provisions of this Covenant, or Owner's explanation of any financing, occupancy, or other violation of any provision of this Covenant.

b. The Annual Survey required under this Section shall be completed and mailed or delivered by Owner to the County as follows:

Community Services Department
Housing and Community Development Division
County of Santa Barbara
123 E. Anapamu St. #202
Santa Barbara, CA 93101-2062

or to such other person or address as may be designated by the County from time to time.

- c. Failure to provide complete responses to any such Annual Survey within 30 days of the specified due date, or any misrepresentations reflected in the any such Annual Survey, shall constitute a material default under this Covenant subject to the enforcement provisions of Sections XIII and XIV.

2. Audits.

By signing this Covenant, Owner covenants and agrees for itself and all of Owner's heirs, legal representatives, executors, successors and assigns that, for the Term of this Covenant, that the County may audit Owner's household from time to time for the purpose of evaluating or re-evaluating Owner's eligibility as an Owner hereunder with respect to \ the Property and compliance with the terms of this Covenant, including, but not limited to, the Owner occupancy and income requirements and refinancing restrictions set forth herein. Owner, for itself and all of Owner's heirs, legal representatives, executors, successors, and assigns, agrees to assist and cooperate with the County with respect to any such audit. Such assistance and cooperation by Owner 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. Owner hereby consents to and grants County the right to conduct financial background investigations including, but not limited to credit checks during the Term of this Covenant. If upon such audit it is determined that Owner supplied false or misleading information to the County, Owner's purchase of the Property may be voided at County's option and Owner shall be subject to the enforcement provisions set forth in Sections XIII and XIV of this Covenant.

B. Owner's Continuing Authorizations to County

1. Right of County to Inspect Property.

Owner shall permit County staff the right to enter and inspect the Property during normal business hours upon at least 72-hours advance notice to Owner. An Owner's refusal to permit inspection shall constitute a default under this Covenant.

2. Right of County to Obtain Status Report of Owner's Loans.

Owner authorizes County to contact Owner's lender or lenders to obtain current loan status(es) and loan information at any time during the Term without further written authorization from Owner.

XVI. ADDITIONAL PROVISIONS

A. Assignment

The County may assign or otherwise transfer any or all of its rights, and delegate any or all of its duties, hereunder without the consent of Owner. Upon such assignment or transfer, the County shall notify the Owner.

B. Purchase of Other Residential Real Estate

The Owner covenants that Owner has not and will not purchase, or execute any other agreement to purchase, any other Residential Real Estate concurrently with Owner's ownership of the Property.

C. Severability

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.

D. Choice of Law; Venue

The terms of this Covenant shall be interpreted under the laws of the State of California. Any litigation in connection with or arising out of this Agreement or its contents shall be filed in the County of Santa Barbara, if in state court, or in the federal district court nearest to Santa Barbara County, if in federal court.

E. Notices

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: Community Services Department, Housing and Community Development Division, Attn: Housing Programs, County of Santa Barbara, 123 East Anapamu Street, Room 202, Santa Barbara, CA 93101, or such other address that the County may designate from time to time in writing delivered to the Owner.

F. Recordation of Request for Notice of Default, Request for Notice of Delinquency

Owner agrees to permit the County to record a Request for Notice of Default and a Request for Notice of Delinquency at any time.

XVIII. DECLARATION OF EACH OWNER

- A. The financial and other information provided by me is true and complete.
- B. I have received a copy of this Covenant and agree to comply with the all of the requirements of this Covenant.
- C. I shall occupy the Property as my principal residence.
- D. No persons or entity shall be on title to the Property other than as listed below as Occupant Purchasers or Non-Occupant Title-holders. I understand that the County must give its approval in writing before anyone else may be listed on the title to the Property.
- E. I have not paid and shall not pay any consideration to anyone, or any real estate commissions, or any costs normally paid by sellers, except as already disclosed in the purchase contract for the Property and escrow instructions, which have been delivered to and approved by the County.
- F. I understand that any false statements or misrepresentations to the County in this Covenant and the transactions contemplated herein shall constitute a default under this Covenant, and may constitute fraud.

(Signatures appear on the following page. No further text appears on this page.)

IN WITNESS WHEREOF, the Parties have executed this Covenant to be effective as of the last date written below (the "Effective Date").

OWNERS:

DATED: _____

BY: _____

Qualified Transferee
(Signature(s) must be notarized)

DATED: _____

BY: _____

Qualified Transferee
(Signature(s) must be notarized)

COUNTY OF SANTA BARBARA
COMMUNITY SERVICES DEPARTMENT
HOUSING AND COMMUNITY DEVELOPMENT DIVISION

DATED: _____

BY: _____

County HCD Designee
(Signature must be notarized)

NOTE: This Covenant shall be recorded; a notary must acknowledge the signature of each of the Parties.

Approved as to form:

RACHEL VAN MULLEM

COUNTY COUNSEL

BY: _____
_____, Deputy County Counsel

EXHIBIT A
Property Legal Description

EXHIBIT B
(Deed of Trust with Assignment of Rents)

EXHIBIT E

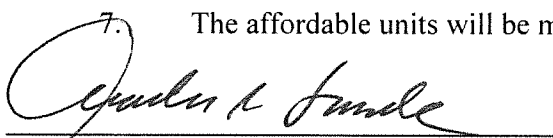
MARKETING PLAN FOR

SANTA BARBARA POLO VILLAS/17TRM-00000-00002
(PROJECT NAME AND CASE NUMBER)

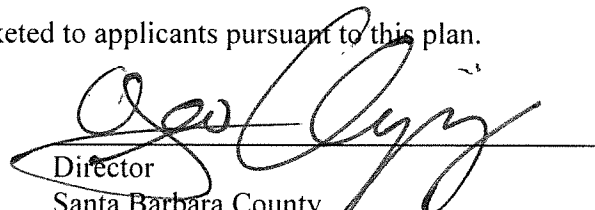
The Agreement to Provide Affordable Housing binds the representatives of 29 PVSB Owner LLC (hereinafter “DEVELOPER”) to this Marketing Plan. If DEVELOPER determines that changes may be necessary after the Agreement has been recorded, DEVELOPER must contact Santa Barbara County Housing and Community Development (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 contact prospective buyers from their Interest List Database and make the project publicly available on HCD’s Affordable Housing website by including the project’s name, location, number of affordable units, and the 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. Each newspaper ad must include the official “Equal Housing Opportunity” logo and each radio advertisement must incorporate the statement “Equal Housing Opportunity”. HCD will also advertise in English and Spanish on HCD’s website.
- 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. The 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 or Lompoc Record one time per week for four weeks unless less frequent advertising is approved by HCD. At a minimum, the advertisement 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 packets 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 Packets 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, 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 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 DEVELOPER's office in order to learn more about the project during scheduled hours approved by HCD.
6. HCD will create a list of affordable housing applicants to be used 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

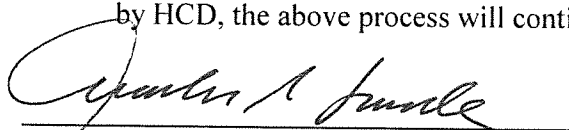
SANTA BARBARA POLO VILLAS/17TRM-00000-00002
(PROJECT NAME AND CASE NUMBER)

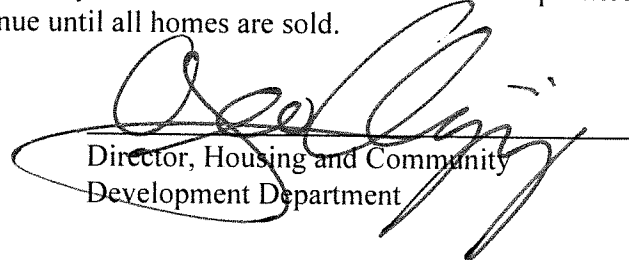
To be eligible to purchase homes developed under Santa Barbara County's Affordable Housing Programs, Santa Barbara County requires applicants to participate in a lottery, be certified as income eligible by Santa Barbara County, be residents of or employed in Santa Barbara County, meet the County's First 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 completed applications (all required forms filled out including loan pre-qualification letter) and paid a \$50 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 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 such 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 applications. HCD shall make this list publicly available for ten (10) calendar days at the DEVELOPER's Sales Office, County offices, a Community Center in the Housing Market Area of the project, 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 of the initial list. Only applicants who have submitted complete Income Certification 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 an initial applicant pool of equal to the number of affordable units available following the ten (10) calendar day lottery results review period. HCD will conduct income certifications sequentially starting at the top of the lottery list until at least 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 a certain number of the top applicants. The number of top applicants who will receive such site visits will be equal to the number of affordable units available.
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, Housing and Community
Development Department