

NO FEE DOCUMENT

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

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

NO FEE DOCUMENT PURSUANT TO
CALIFORNIA GOVERNMENT CODE SECTIONS 6103 AND 27383

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

This County Land Loan Regulatory Agreement and Declaration of Restrictive Covenants (this “Agreement”) is made as of this 5th day of November, 2024 (“Effective Date”) by and between the County of Santa Barbara, a political subdivision of the State of California (the “Lender” or “County”), and Hollister Lofts, L.P., a California limited partnership (the “Owner” or “Borrower” and, together with the County, collectively, the “Parties” and each individually a “Party”).

RECITALS

A. The Owner owns a parcel of real property located at 4540 Hollister Avenue, Goleta, California, as more particularly described in Exhibit A, attached hereto and incorporated herein by reference (the “Property”), upon which the Owner intends to construct thirty four (34) units of affordable rental housing subject to tenant income and rent restrictions as set forth in this Agreement, and one unrestricted manager’s unit (the “Project”).

B. Lender sold the Property to Owner, and Lender and Owner entered into a purchase money transaction by which Lender is financing Owner’s purchase of the Property with an acquisition loan of Four Million Dollars and No Cents (\$4,000,000.00) (“County Land Loan”), as evidenced by that certain County Land Loan Promissory Note of even date herewith executed by Borrower in favor of Lender in the amount of \$4,000,000.00 (“County Land Loan Note”) and that certain County Land Loan Agreement of even date herewith by and between Lender and Borrower (“County Land Loan Agreement”), and secured by that certain Deed of Trust of even date herewith, to be recorded as a lien against the Property (“County Land Loan Deed of Trust”).

C. As additional consideration for the County Land Loan, and to further the interests of the Lender, the Owner has agreed to enter into and record this Agreement as a lien against title to the Property. The Agreement shall be recorded in the Office of the Santa Barbara County Recorder in the grantor-grantee index to the name of the Owner as grantor and to the name of the County as grantee. The purpose of this Agreement is to regulate and restrict the occupancy, rents,

operation, ownership, and management of the Project. The covenants in this Agreement are intended to run with the land and be binding on the Owner and its successors and assigns with respect to the Property.

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

1. DEFINITIONS

All capitalized terms used but not defined in this Agreement shall have the respective meanings ascribed to such terms in the County Land Loan Agreement. Some of the following terms are defined in the County Land Loan Agreement and repeated herein for convenience of reference.

1.1 **“AFFORDABILITY PERIOD”** means the period commencing upon the date of Project Completion and terminating on the date that is 55 years thereafter.

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

1.3 **“AREA MEDIAN INCOME”** or **“AMI”** means the area median income for the Santa Barbara/Santa Maria/Lompoc Primary Metropolitan Statistical Area, as determined annually by the United States Department of Housing and Urban Development (“HUD”) and adjusted for household size by the California Department of Community Services and Development in accordance with adjustment factors adopted and amended from time to time by HUD pursuant to Section 8 of the United States Housing Act of 1937.

1.4 **“ASSISTED UNIT”** means any one of the thirty four (34) Units designated by Borrower as an Assisted Unit subject to the requirements of this Agreement.

1.5 **“COUNTY LAND LOAN”** means the County loan in the amount of Four Million Dollars and No Cents (\$4,000,000.00), made by the Lender to the Borrower as provided in the County Land Loan Agreement and the County Land Loan Note to finance the acquisition of the Property.

1.6 **“COUNTY LAND LOAN AGREEMENT”** means the County Land Loan Agreement executed concurrently herewith by and between the Owner and the Lender, setting forth the terms and conditions governing the County Land Loan.

1.7 **“COUNTY LAND LOAN DEED OF TRUST”** means that certain deed of trust, assignment of rents, and security agreement, executed concurrently herewith by the Owner, as trustor, and the Lender, as beneficiary, to be recorded as a lien against the Property and the improvements to be constructed thereon as security for the County Land Loan Note that evidences the County Land Loan, as it may be amended from time to time during the Term in accordance with the provisions thereof. The terms of the County Land Loan Deed of Trust are hereby incorporated into this Agreement.

1.8 **“COUNTY LAND LOAN DOCUMENTS”** means, collectively, the County Land Loan Agreement, the County Land Loan Note, the County Land Loan Deed of Trust, and this Agreement, including all exhibits hereto and thereto, as such documents may be amended from time to time in accordance with the provisions hereof and thereof.

1.9 **“COUNTY LAND LOAN NOTE”** means the promissory note executed by the Owner concurrently herewith in favor of the Lender in the amount of Four Million Dollars and No Cents (\$4,000,000.00), evidencing the County Land Loan, which is secured by the County Land Loan Deed of Trust, as may be amended from time to time during the Term in accordance with the provisions thereof.

1.10 **“LENDER”** means the County of Santa Barbara, a political subdivision of the State of California.

1.11 **“LOW-INCOME HOUSEHOLD”** means a household, as defined in 24 CFR 92.2, whose annual income does not exceed seventy-five percent (75%) of the Area Median Income.

1.12 **“MANAGER’S UNIT”** means the one unit on the Property designated by Owner to be occupied by the resident manager of the Project.

1.13 **“OWNER”** means Hollister Lofts, L.P., a California limited partnership.

1.14 **“PROJECT”** means the construction, operation management, and maintenance of the Property and the improvements thereon, including, but not limited to, improvements constructed thereon during the Term.

1.15 **“Project Completion”** means the first date as of which a certificate of occupancy has been issued for all of the Assisted Units by the applicable government agency.

1.16 **“PROPERTY”** means that certain real property and improvements thereon located at 5440 Hollister Avenue, Goleta, California, as more particularly described in Exhibit A, attached hereto and incorporated herein by this reference, and all improvements thereon, including, but not limited to, improvements constructed thereon during the Term.

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

1.18 **“QUALIFYING RENT”** means the total monthly charges for rent of an Assisted Unit, which shall not exceed the lower of:

a) the fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111 and 24 CFR 888.113, or

b) for Low-Income Household units, one twelfth (1/12th) of thirty percent (30%) of the Annual Income of a family whose gross annual income equals seventy-five percent (75%) of Area Median Income for the Santa Barbara/Santa Maria/Lompoc Primary Metropolitan Statistical Area

as determined by HUD annually with adjustments for household size in accordance with 24 CFR 92.252(b), or

c) for the seven (7) Very Low-Income Household units, one twelfth (1/12th) of thirty percent (30%) of the Annual Income of a family whose gross annual income equals fifty percent (50%) of Area Median Income for the Santa Barbara/Santa Maria/Lompoc Primary Metropolitan Statistical Area as determined by HUD annually with adjustments for household size in accordance with 24 CFR 92.252(b).

In accordance with 24 CFR 92.252(d), if the Tenant of an Assisted Unit pays for utilities and services (excluding telephone), then the Qualifying Rent for such Assisted Unit shall be reduced by the maximum monthly allowance for utilities and services using the annual HUD Utility Schedule Model, or other annual utility schedule as determined annually by the Housing Authority of the County of Santa Barbara and approved by the County Community Services Department Division of Housing and Community Development.

1.19 “TENANT” means a household occupying a Unit.

1.20 “TERM” means the term of this Agreement, which shall commence upon the Effective Date and shall terminate upon termination of the Affordability Period.

1.21 “UNIT” means a housing unit in the Project.

1.22 “Very Low-Income Household” means a household, as defined in Health & Safety Code 50105, whose annual income does not exceed fifty percent (50%) of the Area Median Income for the Santa Barbara/Santa Maria/Lompoc Primary Metropolitan Statistical Area with adjustments for household size.

2. TERM AND COMPLIANCE

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

2.2 TERM OF AGREEMENT. This Agreement shall remain in full force and effect for the entirety of the Term. The requirements of this Agreement shall apply throughout the Term without regard to the term of any loan or mortgage or any Transfer.

2.3 COMPLIANCE WITH NPLH PROGRAM REQUIREMENTS. At all times during the Term, the Owner shall comply with all No Place Like Home (“NPLH”) program requirements, including, but not limited to, the NPLH Standard Agreement by and among the State Department of Housing and Community Development, the County, Owner, the Housing Authority of the County of Santa Barbara, and Surf Development Company with respect to the Project (the “Standard Agreement”), all of the California State Department of Housing and Community Development’s NPLH program guidelines, policies and procedures in effect during the Term, and (collectively the “NPLH Requirements”).

3. PROJECT OCCUPANCY AND RENTS

3.1 OCCUPANCY OF PROJECT. A total of thirty four (34) Units in the Project shall be designated by Owner as Assisted Units. Each Assisted Unit must be occupied, or reserved for occupancy, by a Qualifying Household at all times during the Term, in accordance with Section 3.2, below.

A. OCCUPANCY DEADLINES. Each Assisted Unit shall be occupied by a Qualifying Household within six (6) months after the date of Project Completion ("Occupancy Deadline"), which Project Completion shall be evidenced by the recording of a notice of completion with the Santa Barbara County Clerk-Recorder's Office and the issuance of a Certificate of Occupancy with respect to each of the Assisted Units. In the event that any Assisted Unit is not occupied by a Qualifying Household by the Occupancy Deadline ("Assisted Unit Vacancy"), Owner shall (i) deliver to Lender, within five (5) days after the Occupancy Notice Date, written notice of each such Assisted Unit Vacancy, (ii) submit to Lender, within ten (10) days after the Occupancy Notice Date, a detailed record of Owner's marketing efforts with respect to the Project and the Assisted Units, and (iii) comply with Lender's reasonable requests for additional information pertaining to such marketing efforts. Any Assisted Unit vacancy on the date that is six (6) months after the date of the issuance of a Certificate of Occupancy shall constitute an Event of Default by Owner. On or before the date that is three (3) days after the last day of the sixth (6th) month after the date of Project Completion, Owner shall provide to Lender written notice of each such Assisted Unit vacancy and its marketing plan to Lender to evidence ongoing efforts to occupy the Assisted Units. Within five (5) days of receipt of such notice of Assisted Unit vacancy from Owner, Lender shall give written notice to Owner of such Event of Default in accordance with Section 6.2, below. Owner shall cure such Event of Default before the last day of the twelfth (12th) month after the date of Project Completion. Notwithstanding any other provision of this Agreement, or any provision of any other County Land Loan Document or subordination agreement to the contrary, Owner shall immediately repay to Lender all County Land Loan funds invested in Units that are not rented to Qualifying Households within 12 months of Project Completion.

3.2 ASSISTED UNITS. At all times during the Term, the Owner shall limit rental and occupancy of thirty four (34) Assisted Units to Qualifying Households at Qualifying Rents that do not exceed the maximum rental charges for each Assisted Unit as set forth herein. At least seven (7) of the Assisted Units must be affordable to Very Low-Income Households. The Assisted Units shall be designated as "floating," such that which of the Units are designated as affordable to Low Income Households and Very Low-Income Households may change from time to time, provided that there shall be no fewer than seven (7) of the thirty (34) Assisted Units in the Project affordable to Very Low-Income Households at all times during the Term.

All Assisted Units shall meet the following standards:

- A. The Assisted Units shall be similarly constructed and of comparable quality to all other Units in the Project, and shall be dispersed throughout the Project; and

- B. All Tenants of Assisted Units shall be provided with access to and enjoyment of all common areas and facilities of the Project on the same basis as Tenants of other Units.

3.3 OTHER PROJECT UNITS.

Owner must maintain and operate the Project in compliance with all applicable federal, state, and local requirements for access for disabled persons, including, but not limited to, Section 504 of the Rehabilitation Act of 1973 (29 USC 794), as amended, and with implementing regulations at 24 CFR, Part 8, and the Fair Housing Act (42 USC 3601-3619), implemented at 24 CFR Part 100, Subpart D. Within thirty (30) days after Borrower has completed the construction of the Project, Borrower shall submit to Lender documentation satisfactory to Lender evidencing compliance with all such requirements, including, but not limited to, a certification from the Project architect documenting the Unit numbers and type of accessibility features of no less than two (2) Units accessible for persons with mobility impairments and one (1) Unit accessible for persons with either hearing or visual impairments.

3.4 MAXIMUM RENTAL CHARGES.

B. Maximum rental charges for each Assisted Unit shall not exceed the Qualifying Rent as defined above.

B. The Qualifying Rent for each Assisted Unit shall be set by the Lender at the time of initial occupancy of the Project. Annual increases in Qualifying Rents shall be calculated based on the change in Area Median Income published annually by HUD. Owner shall not increase Qualifying Rents charged to any Tenant occupying an Assisted Unit without the prior written approval of the County in each instance. Owner shall submit to the County a written request for approval of each such increase at least sixty (60) calendar days prior to the requested effective date of such increase. Lender may approve such request if such increased Qualifying Rents would comply with all applicable laws and this Agreement. Owner must deliver to the Tenants of each Assisted Unit written notice of each such County-approved increase at least thirty (30) days prior to any increase in Qualifying Rents, consistent with State law.

3.5 INCOME CERTIFICATION.

A. The Annual Income levels and other qualifications of each applicant for an Assisted Unit shall be certified by Owner no earlier than six (6) months prior to such Qualifying Household applicant's expected occupancy of an Assisted Unit, and recertified annually thereafter by the Owner, in compliance with 24 CFR 92.203. Before an applicant occupies an Assisted Unit, the Owner shall verify that the Annual Income calculated in an Annual Income certification for such applicant is accurate by taking both of the following steps as a part of the verification process:

- (1) Third Party Verification: Owner shall contact, in writing, all third parties referenced in such Qualifying Household's Annual Income Certification (e.g., employer, Social Security Administration, public assistance agency) to obtain written verification from each such third party of such Qualifying Household's Annual Income; and
- (2) Review of Documents: Owner shall require each Qualifying Household to provide documents verifying such Qualifying Household's Annual Income (e.g., pay stubs, tax

returns), and shall retain all such Qualifying Household Annual Income verification documents in the Project files.

C. Annual Income Recertification. At the time of each Assisted Unit lease renewal, or pursuant to an annual schedule adopted by the Owner, and in no event later than the one-year anniversary of the initial Annual Income verification for each Assisted Unit, and annually thereafter during the Affordability Period, Owner shall recertify the Annual Income of each Tenant occupying an Assisted Unit using the method described in Section 3.5.A, above. Such annual recertification shall be used in order to determine 30% of each Qualifying Household's Tenant portion of rent payment for such Assisted Unit.

3.6 INCREASES IN QUALIFYING HOUSEHOLD INCOMES. In the event that recertification of the Annual Income of a Tenant who previously qualified as a Qualifying Household ("Previously-Qualifying Household") indicates that such Tenant's Annual Income exceeds the maximum designated for a Unit reserved for a Very Low-Income Household hereunder and pursuant to the NPLH Requirements, the Owner may increase the amount of rent payable by such Tenant for such Unit only as permitted by HUD in accordance with regulations regarding "over-income tenants" at 24 CFR 92.252(i). If such Previously-Qualifying Household's income exceeds eighty-percent (80%) of AMI, then the Unit occupied by such Previously-Qualifying Household no longer qualifies as an Assisted Unit, and the next available Unit of comparable size and amenities or larger must be designated as the replacement Assisted Unit.

4. LEASING THE PROJECT

4.1 TENANT LEASES. The Owner shall execute a written lease agreement ("Lease") with Tenant(s) of each Assisted Unit for a term of at least one year, unless the Owner and such Tenant(s) mutually agree to a shorter Lease term; provided, however, that no such Lease agreement may be for a term of less than thirty (30) days. Each Lease shall be in the form of the Form of Lease approved by Lender ("Form of Lease"), and each deviation from or change thereto in any Lease must be approved in writing in advance by Lender.

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

B. In addition to executing a Lease for each Assisted Unit, the Owner shall require that each Qualifying Household leasing an Assisted Unit execute a Declaration of Intent to Occupy, which shall require the Qualifying Household to occupy such Assisted Unit as the Qualifying Household's primary residence.

C. The Lease for each Assisted Unit shall **not** contain any of the prohibited provisions identified at 24 CFR §92.253(b), including, but not limited to, the following:

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

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

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

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

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

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

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

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

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

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

E. Owner shall comply with all requirements of the Violence Against Women Act ("VAWA") set forth in 24 CFR part 5, subpart L. Owner shall provide the notice and certification form described in 24 CFR 5.2005(a) to an applicant for an Assisted Unit at the time such applicant is offered a lease for an Assisted Unit, or denied admission to an Assisted Unit based on the Owner's tenant selection policies and criteria. Owner shall further provide the notice and certification form described in 24 CFR 5.2005 with any notification of eviction from an Assisted Unit. If a family living in an Assisted Unit separates under 24 CFR 5.2009(a), the remaining Tenant(s) may remain

in the Unit. All Leases for an Assisted Units must include a VAWA lease term/addendum to incorporate all requirements that apply to the Owner or Lease under 24 CFR part 5, subpart L, and 24 CFR 92.359, including the prohibited bases for eviction and restrictions on construing lease terms under 24 CFR 5.2005(b) and (c). The VAWA lease term/addendum must also provide that the Tenant may terminate the Lease without penalty if it is determined that the Tenant has met the conditions for an emergency transfer under 24 CFR 5.2005(e). Each Lease must require the Owner to notify the participating jurisdiction before the Owner bifurcates the Lease or provides notification of eviction to the Tenant(s) subject to such Lease. Owner shall comply with all other applicable VAWA requirements, regardless of whether specified herein.

F. Owner and Lender shall work together to comply with the requirements of the Coordinated Entry System under the Continuum of Care (“CoC”) program, as set forth at 24 CFR Part 578, PIH Notice 2013-15 and other guidance from HUD on CoC and NPLH collaboration.

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

4.3 CONDOMINIUM CONVERSION. During the Term, the Owner shall not convert Units to condominium or cooperative ownership or sell condominium or cooperative conversion rights in the Property.

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

4.5 MARKETING PLAN. Prior to occupancy, Owner shall submit to the Lender for approval its plan for marketing the Units, including information on affirmative marketing efforts and compliance with fair housing laws and the Lender's affirmative fair marketing guidelines (“Proposed Marketing Plan”). Upon receipt of the Proposed Marketing Plan, the Lender shall promptly review the Proposed Marketing Plan and shall approve or disapprove of it within thirty (30) days after submission. If the Proposed Marketing Plan is not approved, Lender shall specify its reasons for disapproval in a notice of disapproval to Owner, and Owner shall submit a revised marketing Plan to Lender within thirty (30) days of such notice of disapproval. Lender's

disapproval of such revised marketing plan shall constitute an Event of Default under the County Land Loan Agreement.

5. PROPERTY MANAGEMENT

5.1 MANAGEMENT RESPONSIBILITIES. The Owner shall be solely responsible for management of the Project, including all management functions with respect to the Project, including without limitation the selection of Tenants, certification and recertification of Qualifying Household size and Annual Income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The Owner shall submit its proposed Property Manager for the Project to Lender for Lender's approval. The Owner must not remove or replace the Property Manager without the prior written consent of the Lender in each instance, which consent shall not be unreasonably withheld.

5.2 APPROVAL OF MANAGEMENT POLICIES. The Owner shall submit its written management policies with respect to the Project ("Management Policies") to the Lender for Lender's review and approval prior to Project occupancy. Owner shall amend the Management Policies in any way directed by the County to ensure that the Management Policies comply with the provisions of this Agreement, the other County Land Loan Documents, the NPLH Requirements, and the requirements of all lenders providing financing for the Project; provided, however, that in the event of any conflict between (a) the NPLH Requirements or the provisions of this Agreement and the other County Land Loan Documents, and (b) the requirements of any lender providing financing for the Project, the NPLH Requirements and the County Land Loan Documents provisions shall prevail and control, and the Management Policies shall comply with the NPLH Requirements and the County Land Loan Documents.

5.3 INSPECTION AND RECORDS. The Owner shall maintain records for a period of five (5) years after the Term which clearly document the Owner's performance of its obligations under this Agreement. The Owner shall submit all requested records to the Lender within ten (10) business days of the Lender's request. The Owner shall permit the Lender to enter and inspect the Property for compliance with Owner's obligations under this Agreement upon twenty-four (24) hours' advance notice of such visit by the Lender to the Owner or the Owner's Property Manager. Owner must include provisions in all Tenant leases that allow for County inspections of the Units.

5.4 COMPLIANCE MONITORING. The Owner shall, at all times during the Term, operate the Property and the Project in full compliance with this Agreement, the NPLH Requirements, as may be enacted or amended from time to time, and shall remain in compliance therewith throughout the entirety of the Term. The Owner shall permit the Lender to conduct compliance monitoring, including performing on-site records review and inspections of the Property, as required by applicable laws and regulations, the NPLH Requirements, and/or as requested by Lender.

5.5 ANNUAL REPORT. On or before March 1st of each year during the Term following Project Completion, the Owner shall submit to the Lender a report, in a form approved by Lender, for the immediately preceding calendar year, containing all information requested by Lender so as to allow the Lender to determine the Owner's compliance with this Agreement ("Annual Report"). The Annual Report shall include, at a minimum: (i) an Annual Financial Statement, as defined in

the County Land Loan Agreement, (ii) a report on the occupancy of the Project, (iii) a report on the physical condition of the Project, (iv) a report on the general management of the Project, (v) for each Assisted Unit, the rent, Annual Income, and household size of the Tenant household in occupancy of such Unit, as well as the date such tenancy commenced, and (vi) all other information requested by Lender.

Within thirty (30) days after receipt of a written request, Owner shall submit all information and completed forms requested by the Lender in connection with reporting requirements of HUD, the State of California, or the Lender. The Lender shall have the right to examine and make copies of all books, records and other documents and data in Owner's possession, custody, or control which pertain to the Project, Property, or any Unit to determine compliance with this Agreement.

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

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

5.8 MAINTENANCE OF PROJECT. Owner shall maintain all buildings on the Property in good condition, in good repair, ordinary wear and tear excepted, and in a decent, safe, sanitary, habitable and tenantable condition. All Units in the Project must meet the standards set forth in 24 CFR 92.251(f)(2), as well as the standards in the NPLH Requirements, at all times during the Term. In the event that Lender establishes property standards in accordance with 24 CFR 92.251(f)(1), and determines in its sole discretion that such standards are applicable to the Project, Lender shall send written notice of such determination to Owner. Upon Owner's receipt of such written notice, the property standards established by Lender pursuant to 24 CFR 92.251(f)(1) shall apply to all Units in the Project throughout the Term of this Agreement. Owner shall not cause or permit any violations of any laws, ordinances, regulations, covenants, conditions, restrictions, or equitable servitudes as they pertain to improvements, alterations, maintenance or demolition on the Property. Owner shall be solely responsible for maintenance of the Property.

6. GENERAL PROVISIONS

6.1 SUBORDINATION. This Agreement shall be senior to all, and shall not be subordinate to any, deeds of trust, notes, agreements, and other obligations of Lender concerning the Property, and may be subordinated in priority only as to liens and encumbrances otherwise approved in advance in writing by the Lender in each instance, in Lender's sole and absolute discretion.

6.2 DEFAULT AND REMEDIES In the event of any breach of any provision(s) of this Agreement by or on behalf of the Owner, the Lender shall provide written notice to the Owner of such breach; provided, however, that if Owner has actual or constructive knowledge of such breach and has not received written notice of such breach from Lender, Owner shall immediately provide written notice to Lender of such breach. If Lender determines that such breach is capable of cure, Lender shall provide written notice to Owner stating that such breach is capable of cure, the actions required to effect such a cure, and the date by which such cure must be completed ("Opportunity

to Cure Notice”), provided that the Owner diligently undertakes to cure such breach in accordance with such Opportunity to Cure Notice. Lender shall accept a cure of such breach by the Owner’s limited partner on the same basis as Lender would accept a cure of such breach by the Owner. If the Owner fails to perform a timely cure of the specified breach in accordance with such Opportunity to Cure Notice, or immediately upon the occurrence of a breach that the Lender determines to be incapable of cure, the Lender may proceed with any or all of the following remedies:

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

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

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

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

6.3 EVENT OF DEFAULT. In the event that, at any time during the Term, any of Owner or the Project are not in compliance with any of the NPLH Requirements or any provision of this Agreement, subject to applicable notice and cure periods as provided herein, such failure shall constitute an Event of Default hereunder and under the County Land Loan Agreement. In the event that Owner or the Project fails to comply with any of the provisions of the Tax Credit Regulatory Agreement, such failure shall constitute an Event of Default hereunder and under the County Land Loan Agreement.

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

6.5 INSURANCE AND INDEMNITY. Owner shall, at all times, comply with all of the insurance and indemnification provisions set forth in Exhibit E to the County Land Loan Agreement.

6.6 GOVERNING LAW. This Agreement shall be interpreted under and be governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

6.7 AGREEMENT CONTROLS. In the event of any conflict between any provision of this Agreement and any provision contained in any of the other County Land Loan Documents, the terms of this Agreement shall control and prevail.

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

6.9 **CONSENTS AND APPROVALS.** Any consent or approval of the Lender required under this Agreement shall not be unreasonably withheld. No Lender consent or approval shall be effective unless in writing and executed by a duly authorized representative of the Lender.

6.10 **NOTICES, DEMANDS AND COMMUNICATIONS.** Formal notices, demands and communications to a Party hereunder shall be sufficiently given if, and shall not be deemed given unless, dispatched by U.S. Postal Service registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the such Party at the address set forth for such Party as follows, or to such other address as such Party may from time to time designate in writing delivered to the other Party in accordance with this Section 6.10:

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

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

Owner: Hollister Lofts, L.P.
815 W Ocean Avenue
Lompoc, CA 93436
Attn: Managing General Partner

With copy to: Price, Postel & Parma LLP
Attn: Mark S. Manion
200 East Carrillo Street, Fourth Floor
Santa Barbara, CA 93101

6.11 **BINDING UPON SUCCESSORS.** This Agreement shall be recorded in the official records of the Santa Barbara County Clerk-Recorder's Office, and all provisions of this Agreement shall be binding upon and inure to the benefit of the permitted successors-in-interest, permitted transferees, and permitted assigns of the Owner, as permitted in accordance with the County Land Loan Documents, and the Lender, and shall run with the land with respect to the Property for the full Term of this Agreement, regardless of any assignment, payment, prepayment, expiration, or extinguishment of the County Land Loan or the County Land Loan Note, any reconveyance of the County Land Loan Deed of Trust, or any conveyance or Transfer of the Property or any portion thereof or any interest therein; provided, however, that Owner shall not assign or otherwise transfer, directly or indirectly, whether by operation of law or otherwise ("Transfer"), this Agreement or the Property, or any of Owner's interest herein or therein, or any of Owner's rights or obligations hereunder, without the prior written consent of Lender in each instance. Any

purported Transfer in violation of the foregoing provisions of this Section 6.11 shall be void *ab initio*.

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

6.13 WAIVER. No waiver, consent, or approval by the Lender with respect to this Agreement shall be effective unless in writing executed by a duly authorized representative of Lender. No waiver shall be implied from any delay or failure by the Lender to take action on any breach or default of the Owner, or to pursue any remedy allowed under this Agreement or any of the other County Land Loan Documents, or under applicable law. No extension of time granted by Lender to the Owner to perform an instance of an obligation under this Agreement shall operate as a waiver or release with respect to any other instance or obligation under this Agreement or any of the other County Land Loan Documents. No consent by the Lender to an act or omission by the Owner shall be construed to constitute consent by Lender to any other or subsequent act or omission, or to waive the requirement that all waivers by Lender hereunder must be in writing executed by a duly authorized representative of Lender.

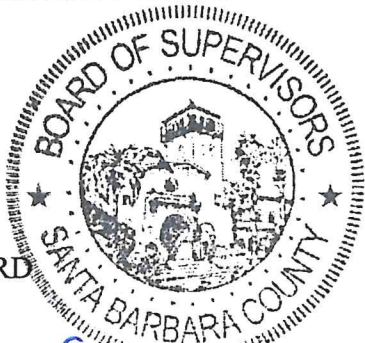
6.14 AMENDMENTS AND MODIFICATIONS. No amendment to or modification of this Agreement shall be effective unless in writing and duly executed by both the Owner and the Lender.

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

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

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

ATTEST:
MONA MIYASATO
CLERK OF THE BOARD



By: Sheila De La Guerra
Sheila De La Guerra
Deputy Clerk

"LENDER"
COUNTY OF SANTA BARBARA
a political subdivision of the State of California

By: Laura Capps
Laura Capps, Chair
Board of Supervisors

Date: 3-11-25

APPROVED AS TO FORM:
RACHEL VAN MULLEN
COUNTY COUNSEL

Signed by:
By: Lauren Wideman
Lauren Wideman
Deputy County Counsel

APPROVED AS TO ACCOUNTING FORM:
BETSY M. SCHAFER, CPA
AUDITOR-CONTROLLER

Signed by:
By: Shawna Jorgensen
Shawna Jorgensen
Deputy Auditor-Controller

APPROVED AS TO FORM:
CEO/RISK MANAGEMENT

Signed by:
By: Greg Milligan
Greg Milligan
Risk Manager

BORROWER SIGNATURES ON FOLLOWING PAGE

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, March 11, 2025 before me, Sheila de la Guerra, a Deputy Clerk, personally appeared SUPERVISOR LAURA CAPPS, 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



“BORROWER”

HOLLISTER LOFTS, L.P., a California limited
Partnership

By: Surf Development Company, a California
nonprofit public benefit corporation, its managing
general partner

By: Robert P. Havlicek Jr.
Robert P. Havlicek Jr
Chief Executive Officer

Date: 2/20/2025

By: Housing Authority of the County of Santa Barbara,
a public body, corporate and politic,
its administrative general partner

By: Robert P. Havlicek Jr.
Robert P. Havlicek Jr
Executive Director

Date: 2/20/2025

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.

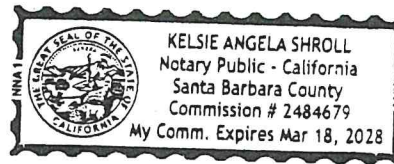
STATE OF CALIFORNIA)
) ss.
COUNTY OF Santa Barbara)

On 2/20/2025, before me, Kelsie Shroff, Notary Public, personally appeared Robert P. Hawick Jr, CEO, 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.

K. Shroff
Signature of Notary Public



(Place Notary Seal Above)

Exhibit A

Legal Description of the Property

That certain real property situated in the County of Santa Barbara, State of California, described as follows:

That portion of Lot 7 of the Outside Pueblo Lands and of the City of Santa Barbara, in the County of Santa Barbara, State of California, as shown on W.H. Norway's Map No. 2 recorded in Book 5, Page 75 of Maps and Surveys, in the Office of the County Recorder of said County more particularly described as follows;

Commencing at the centerline intersection of San Antonio Road and Hollister Avenue, said point shown as a "Fd. P.K. Nail & Tag "S.B. Co. Road Comm." Dn. 3"" on a Record of Survey filed in Book 140, Page 12 of Records of Survey in the office of the County Recorder; thence along said centerline of Hollister Avenue North 78°50'12" East 240.16 feet; thence perpendicular to said centerline of Hollister Avenue North 11°09'48" West 49.31 feet to the True Point of Beginning

- Thence 1st** continuing North 11°09'48" West 30.69 feet to an angle point;
- Thence 2nd** North 47°16'49" East 123.03 feet to an angle point;
- Thence 3rd** North 67°31'36" East 124.97 feet to an angle point;
- Thence 4th** North 78°50'12" East 115.11 feet to a point on the Westerly line of a 10' wide Easement to the Goleta Sanitary District recorded August 3, 2004, as Instrument No. 2004-80913 of Official Records of said County and an angle point;
- Thence 5th** along said Westerly line of said 10' wide Easement to the Goleta Sanitary District, South 12°16'01" East 122.10 feet to an angle point;
- Thence 6th** South 78°49'31" West 100.28 feet to an angle point;
- Thence 7th** South 81°53'45" West 88.57 feet to an angle point;
- Thence 8th** South 78°01'20" West 156.15 feet to the True Point of Beginning.

~ End of Description ~