

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 4/14/05
Department Name: Housing and Comm. Dev.
Department No.: 055
Agenda Date: 4/26/05
Placement: Departmental
Estimate Time: 30 minutes
Continued Item: YES
If Yes, date from: 10/12/04

TO: Board of Supervisors

FROM: Ed Moses, Director
Housing and Community Development

STAFF CONTACT: Susan Everett Affordable Housing Program
ext. 2014

SUBJECT: Affordable Housing Program Monitoring Update

Recommendation(s):

That the Board of Supervisors

- 1) Receive and file this report as an update to the Affordable Housing Program compliance monitoring by the Housing and Community Development Department (estimated time 30 minutes).

Alignment with Board Strategic Plan:

An Efficient Government Able to Respond Effectively to the Needs of the Community.

Executive Summary and Discussion:

On October 12, 2004, the Board of Supervisors approved the transfer of \$37,000 to the Housing and Community Development Department for the purpose of establishing and maintaining an efficient monitoring process for the Inclusionary Housing Program.

Affordable Housing units sold through the County's Inclusionary and density bonus housing programs are subject to Affordable Housing Covenants (herein after Covenant) that limits the resale value of the home and places certain restrictions upon the use of the home. Although the form and content of the Covenant has evolved over time, the versions of the Covenant recorded over the past seven (7) years require owners to occupy their affordable units on a full time basis. This in turn is defined as living in the unit at least ten (10) months out of the year. The Covenant may also limit the owner's ability to offer their homes for rent.

The compliance procedures approved by your board on February 17, 2004, listed below, have been implemented to determine whether owners of affordable units are complying with the owner occupancy requirements of their Covenants.

Implemented Procedures to Investigate Alleged Violations of Owner Occupancy Requirements:

1. HCD mailed letters to 261 owners of affordable, for-sale units in the County on December 29, 2004 requesting an occupancy status report. This is a once a year process and will always be completed at the end of the year unless otherwise directed.
 - a. Letters were sent via certified mail, with the requirement that the owner provide a signature in order to receive the letter.
 - b. All letters sent by HCD included "Do Not Forward" and "Owner Signature Only" notices. Owners would not receive the letter if he or she was not living in the affordable unit and was not able to provide a signature to the postman.
 - c. All collected copies of signatures are on file in order to confirm valid signatures on subsequent mailings. Staff may also compare signatures against the signatures from the original purchases of the units.
2. Owners were directed to respond to the occupancy survey by January 24, 2005. Owners whose certified letter went unclaimed were contacted by regular mail and directed to respond to the occupancy survey by March 10, 2005. Owners who failed to respond to the occupancy survey will be subjected to further investigation pending a reasonable explanation.
 - a. Owners whose letters were returned undeliverable due to an owner's inability to provide a signature were sent a second letter from HCD and have also been subjected to further investigation by HCD into the owner's residency status.
 - b. Homeowners were advised that their responses must be truthful and accurate to the best of their knowledge under penalty of perjury.
3. HCD sent a follow-up letter to the property owners who did not return the County occupancy survey and for those occupancy surveys with questionable validity, informing the owner the County would be further investigating their occupancy status. This letter was also sent in response to complaints, information received from third parties, and/or other indications the Covenant was not being complied with.
4. After the follow-up letter, in response to staff concerns, or in response to information or complaints received, HCD will take one of the following steps:
 - a. HCD may visit the unit at random times of the day to determine occupancy.
 - b. HCD may solicit testimony from neighbors regarding who is occupying the owner's unit.
 - c. The owner must submit copies of most recent paycheck stubs, earning statements (or other verification from employer) demonstrating the owner's current place of employment and any other information HCD reasonably requires.
 - d. If determined necessary by HCD, the investigator may seek entry into the unit and if not granted may seek an inspection warrant.
5. After further investigation, HCD and County Counsel may issue notices of default to owners of affordable units that it finds not to be owner occupied or of any other violation of the Covenant.

6. The County's enforcement abilities include, but are not limited to, financial penalties for rents collected in excess of those maximum allowable and a requirement that the home be sold by the owner not in compliance. Specific enforcement terms are included in the Covenant recorded for each affordable unit currently occupied, and vary by project due to modifications over time.
7. If the homeowner demonstrates a hardship as defined in the Covenant, and the County approves a request to rent the home for a period while it is on the real estate market, the homeowner must disclose to the County the name of the tenant, the amount of rent collected, and a copy of the written lease. Rents may not exceed the maximum allowable amounts listed on the County's Income and Price Guidelines for affordable housing units, and each tenant must submit a separate lease.

Findings:

Of the 261 Occupancy Surveys mailed to homeowners, including the second chance notice to those who failed to respond to the first mailing, 241 responses were received (92% response). Further investigation is ongoing on the 20 non-responders. At the conclusion of this investigation County Counsel will be contacted in order to pursue legal action to the extent provide in the Covenant.

Imposing Fines:

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

Once the process of imposing fines on the individual homeowners has been initiated a letter shall be mailed out every 60 days during the first six months alerting them of the most current amount of the fine. If no response is received by HCD after the six months have passed, County Counsel will be contacted and legal proceedings.

Random Monitoring Processes:

1. On January 11, 2005 HCD mailed a notice to 377 affordable homeowners in the Inclusionary Housing Program alerting them of the random monitoring that would be conducted by an independent third party. HCD elected to randomly monitor ten percent, or 40 affordable homeowners to determine compliance with the Covenants.
2. HCD solicited and enlisted the services of Cruz and McMurray, LLC Attorneys at Law and Jimenez Security to act as an independent auditor and conduct the home monitoring process.
3. On January 21, 2005 HCD conducted a lottery to randomly select 40 homes that would be monitored. The lottery was conducted in the presence of staff from the Auditor-Controller's Office. Of the 377 total units, the first 40 units selected in the lottery were visited by the Independent Auditor. This random monitoring process was completed on February 25, 2004.

Findings:

Of the 40 homeowners who were monitored, 36 are in compliance with their Covenants. The remaining four (4) owners are under further investigation for possible non-compliance with the owner-occupancy clause of their covenants. One homeowner who was thought to be violating the occupancy clause of their covenant was found to be occupying their residence. Three homeowners are still under scrutiny to determine if they are violating the rental clause of their covenant.

At the conclusion of our investigation of the homeowners who may possibly be in violation of their Covenants, HCD will either close their files or contact County Counsel for legal proceedings.

Mandates and Service Levels:

None

Fiscal and Facilities Impacts:

HCD's Affordable Housing Program Coordinator and the Management, Assessment, and Planning Manager positions spent considerable staff hours developing the procedures and forms to respond to the reports from neighbors of affordable homeowners allegedly renting out their homes or owner's not living in the residences purchased under the Affordable Housing program. The County now has a formal procedure in place to effectively respond to such reports and should have great success in closing these cases. On October 12, 2004 the Board of Supervisors authorized the expenditure of \$37,000 general fund dollars of which \$15,288 had been expended on the monitoring the Affordable Housing program since that date. Funds expenditure details are available on page D-255 of the 2004-2005 fiscal year operating budget.

Special Instructions: None.

Concurrence: County Counsel

Attachments:**Exhibit A:**

County of Santa Barbara Affordable Housing Program Annual Certification Results -2005
County of Santa Barbara Affordable Housing Random Monitoring Results – 2005

Exhibit B:

December 29, 2004 Occupancy Survey Letter
February 25, 2005 Unclaimed Certified Letter Occupancy Survey
Santa Barbara County Affordable Housing Program Annual Certification – 2005

Exhibit C:

January 11, 2005 Random Monitoring Letter
Santa Barbara County Inclusionary Program Monitoring Form

Exhibit D:

Professional Services Contract

EXHIBIT A

County of Santa Barbara Affordable Housing Program Annual Certification Results -2005

County of Santa Barbara Affordable Housing Random Monitoring Results – 2005

**County of Santa Barbara
Affordable Housing Program Annual Certification Results - 2005**

Development	Zip Code	Mail Date	Covenant	Covenant Expiration Date	Number Sent	Number Returned
Cathedral Pointe	93111	12/29/2004	10-Year Shared	2008	1	1
Diamond Crest	93110	12/29/2004	15/25 Year	2007, 2008, 2018	5	4
Fairways	93117	12/29/2004	30-Year Price Only	2022	14	13
Forte Ranch I	93110	12/29/2004	10-Year Shared	2006, 2007	11	11
Forte Ranch II	93110	12/29/2004	30-Year Inc. & Price	2032	17	16
Lane's End	93436	12/29/2004	10-Year Shared	2014	2	2
Oak Grove	93110	12/29/2004	40-Year Inc. & Price	2030	164	152
Oakridge	93440	12/29/2004	10-Year Shared	2014	4	4
Pacific Palms	93117	12/29/2004	30-Year Inc. & Price	2020, 2021	16	11
Summit Hills	93455	12/29/2004	30-Year Inc. & Price	2023	7	7
Vineyard Oaks	93440	12/29/2004	10-Year Shared	2005	6	6
Winchester Commons	93117	12/29/2004	10-Year Shared	2007, 2009, 2010	14	14
Totals					261	241

County of Santa Barbara Affordable Housing Random Monitoring Results - 2005

In accordance with the procedures to monitor owner occupancy of homes under the County of Santa Barbara's Affordable Housing program adopted by the Board of Supervisors on March 9, 2004, the County of Santa Barbara's Housing and Community Development Department conducted an audit of households within its Affordable Housing Program for compliance with the covenants with the County of Santa Barbara. The owners were notified by mail that their household may be randomly selected to participate in the audit. The audit took place between January 24, 2005 and February 25, 2005 in the evenings from 4:00 PM and 7:30 PM.

Development	Zip Code	Covenant	Covenant Expires	No. of Random Audits	Recommend Further Investigation	Comments:
Forte Ranch I	93110	10-Year Shared Equity	2006-2007	2	0	
Forte Ranch II	93110	30-Year Income and Price	2032	2	1-Rental Viol?	Follow up Required
Fairways	93117	30-Year Price Only	2022	2	0	
Mountain View Ranch	93117	30-Year Income and Price	2029	4	1	Follow up Required
Oak Grove	93110	40-Year Income and Price	2030	15	1- Rental Viol?	
Pacific Glen	93117	30-Year Income and Price	2029	8	0	
Pebble Hill	93111	30-Year Income and Price	2029	2	0	
Pacific Palms II	93117	30-Year Income and Price	2020, 2021	2	0	
Summerland Heights	93108	30-Year Income and Price	2029	1	1	4/6/05 Occ. Confirmed
Villas at Summerland	93067	30-Year Income and Price	2032	1	0	
Winchester Commons	93117	10-Year Shared Equity	2007, 09, 10	1	0	
				40	4	

EXHIBIT B

December 29, 2004 Occupancy Survey Letter

February 25, 2005 Unclaimed Certified Letter Occupancy Survey

Santa Barbara County Affordable Housing Program Annual Certification – 2005

**Housing and Community
Development Department**

Edward Moses
Director

Mailing Address:
105 E. Anapamu Street, Room 105
Santa Barbara, CA 93101-2062



Housing Finance Division

Patricia Gabel
Housing Finance Division Manager

Telephone: (805) 568-3520
Telecopier: (805) 568-2289

December 29, 2004

Dear _____ :

In March 2004 the Board of Supervisors approved procedures to verify and monitor owner occupancy of homes in the Santa Barbara County Affordable Housing program. Owner occupancy is a condition of owning an affordable property and is described in the Restrictive or Assumption Covenant signed upon purchase of your home. The covenant also contains the express condition that homes in the Affordable Housing Program may not be sub-leased or rented in whole or part.

The Board of Supervisors directed Housing and Community Development Department to conduct an annual survey of affordable properties to verify; (1) ongoing owner occupancy; and (2) that homes or rooms within homes are not being rented and/or used for any purpose other than serving as an owner's primary residence.

As the owner of a Santa Barbara County affordable property in the Forte Ranch I housing development, please take a few minutes to fill out the enclosed "Santa Barbara County Affordable Housing Program Annual Certification – 2005." The survey must be returned to my attention within 10 days of receipt at the following address:

County of Santa Barbara
Housing and Community Development Department
105 E. Anapamu St, Suite # 5
Santa Barbara, CA 93101
Attention: Susan Everett

The County has a policy for annual survey non-response and will impose a fine of \$5.00 per day for each day following past the twenty-first day that the survey was received and not returned. **Return your completed survey by January 24, 2005 to avoid financial penalties.** If you have any questions regarding this or any other matter regarding affordable homeownership, please feel free to call me at (805) 568-2014.

Sincerely,

Susan Everett
Affordable Housing Program Coordinator

Enclosure: Santa Barbara County Affordable Housing Program Annual Certification - 2005
CC: Walter Wall, County Counsel

Housing and Community Development Department

Edward Moses
Director

Mailing Address:
105 E. Anapamu Street, Basement Level, Suite 5
Santa Barbara, CA 93101-2062



Housing Development Division

Susan Everett
Affordable Housing Coordinator

Telephone: (805) 568-2014
Telecopier: (805) 560-1091

February 25, 2005

Dear _____,

In March 2004 the County Board of Supervisors established procedures to verify owner occupancy of the homes in the Affordable Housing Program by requiring homeowners to complete an annual occupancy survey and return it to the County within a specified timeframe. Owner occupancy is a condition of owning an affordable property and is described in the Deed Restriction you signed upon purchase of your home. In addition, you signed a Declaration of Intent to Reside when you purchased your affordable home.

A "Santa Barbara County Affordable Housing Program Annual Certification - 2005" survey was mailed to your residence by certified mail in early January, 2005. The certified letter was returned to County unclaimed. The County is concerned this indicates that you do not occupy your residence. A second copy of the 2005 Occupancy Survey is enclosed in this letter. You should complete this survey and return it to the County by March 10, 2005. If the occupancy survey is not received by that date or you do not contact the Affordable Housing division it will be presumed that your home is not owner occupied and you will be considered in violation of your deed restriction and the Declaration of Intent to Reside. Owner occupancy violations of the deed restriction may be enforced by requiring you to sell your affordable home to an income qualified buyer.

Return your completed survey by March 10, 2005 to the following address:

County of Santa Barbara
Housing and Community Development Department
105 E. Anapamu St, Suite # 5
Santa Barbara, CA 93101
Attention: Susan Everett

If you have any questions regarding this letter or any other matter regarding affordable homeownership, please feel free to call me at (805) 568-2014.

Sincerely,

Susan Everett
Affordable Housing Program Coordinator

Enclosure: Copy of returned certified letter envelope

Santa Barbara County Affordable Housing Program Annual Certification- 2005

CC: County Counsel

**SANTA BARBARA COUNTY AFFORDABLE HOUSING PROGRAM
ANNUAL CERTIFICATION - 2005**

Property Address _____ Unit _____ Zip _____

Home Phone # _____ # Bedrooms _____

Current HOA monthly dues \$ _____

1) Please PRINT the name and daytime and evening telephone numbers of each OWNER of the property:

OWNER NAME	DAYTIME PHONE	EVENING PHONE
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

2) Please PRINT the name and daytime and evening telephone numbers of each OCCUPANT of the property:

OCCUPANT NAME	DAYTIME PHONE	EVENING PHONE
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

3) Has there been a change in ownership of the property since it was purchased through the County's affordable housing program¹? (Include ALL transfers and changes of title) If so, please describe: _____

If there was a change in ownership, was it recorded? Yes No

4) Did you refinance your mortgage or secure any additional financing against your property since you purchased it?

Yes No

If **YES**, return a copy of final settlement statement with this form (your Escrow Company will provide you a copy of your settlement statement if you don't have one)

5) Has any other person or institution obtained a security interest in the property since you purchased it that was not included in your response to the above question? Yes No

If yes, please explain: _____

¹ After the first year, questions will cover the previous calendar year instead of the period of time since purchase.

- 6) Have you rented out any portion of the property within the past calendar year?
 Yes No
 If yes, please answer the following.
 a. Did you receive written approval from Santa Barbara County? [renting of your property is only allowed in limited circumstances with the express written approval of the County Housing and Community Development Department and at restricted rental prices.]
 Yes No
 If no, please explain _____
 b. Was the whole property rented out or part of it? _____
 a. What was the total amount of monthly rent paid by the tenant(s)? _____
 b. For how long was the property rented out? _____
 c. Was there a written lease? Yes No
 d. Please list tenant names and phone numbers: _____
- 7) Has any person(s) or entity been added to/deleted from title to the Property other than as listed above?
 Yes No If yes, please explain _____
- 8) Has EACH OWNER occupied property as principal place of residence on a full time basis for at least ten (10) months in the past calendar year? Yes No
 If no, please explain _____
- 9) Do you have any questions/comments/concerns regarding compliance with the terms of the Affordability Covenant governing your property? Please write them below, or call Susan Everett at 568-2014.

DECLARATION BY EACH OWNER OCCUPANT:

I SWEAR UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT MY ANSWERS TO THE ABOVE ARE TRUE AND CORRECT. I FURTHER DECLARE THAT I HAVE FULLY COMPLIED WITH THE COUNTY OF SANTA BARBARA'S RESALE RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT APPLICABLE TO MY PROPERTY.

Signature Owner Occupant #1

Date

Signature Owner Occupant #2

Date

WITHIN 10 DAYS OF RECEIPT
PLEASE RETURN COMPLETED FORM TO
Santa Barbara County
Housing and Community Development Department
105 E. Anapamu, Suite #5
Santa Barbara, CA 93101
Attention: Susan Everett

EXHIBIT C

January 11, 2005 Random Monitoring Letter

Santa Barbara County Inclusionary Program Monitoring Form

**Housing and Community
Development Department**

Edward Moses
Director

Mailing Address:
105 E. Anapamu Street, Room 105
Santa Barbara, CA 93101-2062



Housing Finance Division

Patricia Gabel
Housing Finance Division Manager

Telephone: (805) 568-3520
Telecopier: (805) 568-2289

January 11, 2005

County of Santa Barbara
Affordable Housing Homeowner
Santa Barbara County, California

Dear County of Santa Barbara Affordable Housing Homeowner;

In accordance with the Procedures to Monitor Owner Occupancy of homes sold under the County's Affordable Housing program adopted by the Board of Supervisors on March 9, 2004, the County of Santa Barbara's Housing and Community Development Department will be undertaking a random audit of households within its Affordable Housing Program for compliance with the Covenants and Deed Restrictions with the County of Santa Barbara. This monitoring will take place between the dates of January 24 and February 25, 2005. The County has enlisted the services of Good Management Company, an independent third party solicitor to complete the survey.

Households to be surveyed have been randomly selected and receipt of this letter notifies you that your address may have been selected to participate in the random survey. All visits will be conducted in the evenings between 4:00 and 7:30 PM, Monday through Thursday. The County representative will ask you to respond to survey questions intended to determine compliance with the various Covenants and Deed Restrictions.

In the event that you are not at home when the representative of the County arrives, a notice documenting the date and the time will be left at your residence. In the event there is a second visit to your residence and you are not available in person, the County reserves the right to investigate owner occupancy and proceed with legal action to the maximum extent provided in the Covenant or Deed Restriction.

We thank you in advance for your cooperation and participation in making the County of Santa Barbara a successful program.

Sincerely,

Ed Moses, Director
Housing and Community Development Department
County of Santa Barbara



**SANTA BARBARA COUNTY
INCLUSIONARY HOUSING PROGRAM
MONITORING FORM**

Name of Homeowner: _____ Date: _____

Address: _____ Phone: _____

Name of Project: _____

Name of Initial Contact/Interviewee: _____

Relationship to Registered Homeowner: _____

Proof of Identification: _____ I.D. Number: _____

Name of Employer: _____ Phone: _____

Address: _____ City: _____

Proof of Residence: Utility Bill ___ Bank Statement ___ Tax Bill ___

Names of Other Family Members in the Home

<u>Name</u>	<u>Age</u>	<u>Occupation</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Length of current residency: _____

Additional Comments by Monitor: _____

Further Investigation Required: Yes ___ No ___

Signature of Homeowner: _____ Date: _____

Signature of Monitor: _____ Date: _____

Distribution White – HCD

Pink – Homeowner

EXHIBIT D

Professional Services Contract

**COUNTY OF SANTA BARBARA
HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT
PROFESSIONAL SERVICES CONTRACT**

THIS CONTRACT made this 31st day of January, 2005

Housing and Community Development Department

(herein called the "HCD" and **Cruz & McMurray, LLP**
25 East Anapamu Street, 2nd Floor
Santa Barbara, CA 93101

(herein called "Contractor").

Article I. ENGAGEMENT OF CONTRACTOR

1.01 **HCD** hereby engages the **Contractor** and the **Contractor** agrees to perform the services set forth in Scope of Services, which is herein incorporated by reference.

Article II. TITLE

2.01 The **Contractor** is hereby designated as the "Independent Housing Monitor".

Article III. UNCLASSIFIED SERVICE

3.01 The relationship of the **Contractor** to **HCD** is to be that of an independent contractor and no liability or benefits, such as retirement benefits or liabilities, pension rights or liabilities, insurance rights or liabilities, sick pay, holiday pay, vacation pay, personal injury or property insurance rights or liabilities, or such other rights; provisions, provisions or liabilities arising out of a contract of hire or employer-employee relationship either expressed or implied shall arise or accrue to either party as a result of this agreement and undertaking. The **Contractor** shall, under no circumstances, represent himself as an employee of **HCD**.

Article IV. SCOPE OF SERVICES

4.01 The **Contractor** shall perform in a satisfactory and proper manner the services as set forth in Scope of Services. The **Contractor** shall, during the contract term or any extension thereof, use his best efforts and endeavors to promote the interest of **HCD** and devote such time, attention, skill, knowledge and professional ability as is necessary to most effectively and efficiently carry out and perform the services described in Scope of Services.

The Contractor shall conduct home visits to occupied housing units that are pre-identified by **HCD's Affordable Housing Coordinator** and the County Auditor's Office. A total of forty (40) units shall be selected from the total number of housing units making up the Affordable Housing Program. The Contractor shall also complete the Monitor Form with the Homeowner during the visit and obtain a signature from the Homeowner.

In the event the Homeowner is not available, the Contractor shall leave a copy of the monitoring form stating the time and date of his/her visit. The Contractor shall be accompanied by one (1) security guard from an independent provider on each visit.

The services shall be performed at **the Contractor's Offices and Pre-Selected Housing Units by HCD to be Monitored.**

Article V. CONTRACT TERM

5.01 The **Contractor** will be deemed awarded only after the contract has been formally approved and signed by both parties. Further, the contract will not be valid or binding upon **HCD** until the contract has been formally approved and signed by the **Contractor** and **HCD**.

The **Contractor** will have no authority to start work, and no payments will be authorized by **HCD**, and **HCD** will not be liable for any materials purchased or services rendered by the **Contractor** prior to the award of the contract.

This contract is effective for a term from **January 31, 2005 through February 28, 2005** unless sooner terminated as provided for herein, or extended for such further period as determined between the parties hereto.

5.02 **Contractor's** work is shall not exceed sixty (60) hours or the maximum negotiated rate for the purpose of fulfilling the Scope of Services.

Article VI. COMPENSATION

6.01 **HCD** shall retain the **Contractor's** services for the pre-identified duration from **January 31, 2005 through February 28, 2005**.

Flat fee of \$3,500 – Services to include monitoring of pre-selected housing units to insure the accuracy of the client information provided under the Covenant Agreements entered into by the homeowners. The monitoring process includes the completion of the Monitoring Form in the presence of the Homeowner while at the residence of the homeowner, providing **HCD** with a professional opinion of the need for further investigation, and other recommendations.

It is understood and agreed by the parties hereto that the compensation stated above is inclusive of any and all remuneration, and that the **Contractor shall not** receive any fringe benefits **INCLUDING BUT NOT LIMITED TO OVERTIME PAY, HOLIDAY PAY, VACATION PAY, SICK PAY, RETIREMENT BENEFITS, PENSION BENEFITS AND INSURANCE BENEFITS** in addition to or in lieu of those expressly stated therein.

Article VII. METHOD OF PAYMENT

7.01 **Contractor** shall a request for payment to **HCD** for 50% (\$1,750) of the contracted amount upon execution of the contract. **Contractor** shall submit second request for payment for 25% of the contract (\$875) to **HCD** after completing 20 of the scheduled site visits, and shall submit a request for payment for the remaining contract balance (\$875) to **HCD** five (5) business days after the final program debriefing meeting with **HCD** staff.

Article VIII. TERMINATION

8.01 **HCD** has the right, upon its sole discretion only, to terminate this contract without cause by giving notice to the **Contractor** of such termination, specifying the effective date thereof, at least fifteen (15) days before the effective date of such termination, and this contract shall terminate in all respects as if such date were the date originally given for the expiration of this contract.

The **Contractor** shall be liable to **HCD** for damages sustained by **HCD** by virtue of any breach of the contract by the **Contractor**, and any cost **HCD** might incur enforcing or attempting to enforce this contract, and **HCD** may withhold any payment(s) to the **Contractor** for the purpose of offset until such time as the exact amount of damages due **HCD** from the **Contractor** are determined by **HCD**.

HCD shall be liable to the **Contractor** for damages sustained by the **Contractor** by virtue of any breach of the contract by **HCD**, and any cost the **Contractor** might incur enforcing or attempting to enforce this contract.

8.02 Any compensation due and owing the **Contractor** at the time of any termination shall be paid as soon thereafter as can be authorized by **HCD**.

IN WITNESS THEREOF, **HCD**, acting by and through its

(Authorizing Officer) _____ Date

and

Cruz & McMurray, LLP, have executed this Agreement as of the date first above written.

WITNESS

CONTRACTOR

Signature Date
Cruz & McMurray, LLP
25 East Anapamu Street, 2nd floor
Santa Barbara, CA 93101

WITNESS
FOR HCD

County of Santa Barbara
Housing and Community Development
105 East Anapamu, Suite 105
Santa Barbara, CA 93101

Signature Date

Authorizing Agent Date