

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Housing and Community Development Department
County of Santa Barbara
105 E. Anapamu Street, Room 3
Santa Barbara, CA 93101

No recording fee per
Govt. C. 6103

(Space above this line for Recorder's use only)

FAULDING HOTEL LOAN FORGIVENESS AND LOAN AMENDMENT

This agreement to forgive repayment of a loan balance (principal and interest) and to amend a loan agreement (hereinafter "Loan Amendment") is made by and between the County of Santa Barbara, a political subdivision of the State of California (hereinafter referred to as "County") and Faulding Hotel, Inc., a California nonprofit public benefit corporation (hereinafter referred to as "Borrower") and pertains to and amends that certain loan agreement made by and between County and Borrower, executed on December 9, 1994 ("Loan Agreement") regarding that certain real property including improvements commonly known as 15 East Haley Street, more particularly described in Exhibit "A" attached hereto and incorporated herein (the "Faulding Hotel").

Recitals

WHEREAS, pursuant to the Loan Agreement, County loaned to Borrower the sum of One Hundred Thousand Dollars (\$100,000) (hereinafter the "Loan") for the purpose of assisting Borrower in maintenance and operation of an 81 room single – room occupancy housing facility named the Faulding Hotel; , and

WHEREAS, the Faulding Hotel helps fill a critical niche in the South Coast affordable housing programs by providing housing to formerly homeless and special needs residents; and

WHEREAS, pursuant to the terms of the Loan Agreement, payments of principal and simple interest at four and one – half (4.5%) were to be made annually if available from annual net cash flow, as defined in the Loan Agreement, with the balance of principal and interest due and payable on January 9, 2025; and

WHEREAS, the City of Santa Barbara loaned the BORROWER \$150,000 at the same time and for the same purpose; and

WHEREAS, even with the improved cash flow available to the project after the City and County loans were made, no funds have been available for upgrading the hotel and making needed repairs; and

WHEREAS, a Community Visioning Committee comprised of the City of Santa Barbara Housing and Redevelopment Division Manager, the County Housing and Community Development Director, the Housing Authority of the City of Santa Barbara Executive Director, County public health and social services providers and two Santa Barbara City Council members met in 2004 to recommend action to resolve the Faulding Hotel financial and repair issues; and

WHEREAS, the Community Visioning Committee recommended that the Santa Barbara Community Housing Corporation on behalf of Faulding Hotel, Inc. seek interest and loan forgiveness of monies due under the Loan Agreement in exchange for an offer to extend the affordability restrictions for an additional sixty (60) years; and

WHEREAS, on June 14, 2005 the City of Santa Barbara approved interest and loan forgiveness and the extension of affordability restrictions for sixty (60) years.

NOW THEREFORE, Borrower and the County agree to the following:

1. The above recitals are true and correct.
2. The payments of principal and interest on the Loan are hereby forgiven effective immediately.
3. Section 6.1 of the Loan Agreement is hereby amended as follows:

For a period of no less than 75 years from the date of this loan, 21 units will bear rents not greater than the lesser of (a) the U.S. Department of Housing and Urban Development (HUD)-established fair market rent established under 24 CFR 888.111 less the monthly allowance for the utilities and services (excluding telephone) paid by the tenant or (b) a rent that does not exceed 30% of the adjusted income of a family whose gross income equals 65% of the median income for the area, as determined by HUD for the appropriate unit type subtracting out an allowance for utilities and services to be paid by the tenant. Occupants of these 21 units shall have an annual income that does not exceed 80% of the area median. For a period of no less than 75 years from the date of this loan, 6 units will be occupied by tenants whose income is at or below 50% of the area's median and the units will bear rents not greater than 30% of the gross income of a family whose income equals 50% of the median income for the area, as determined by HUD, subtracting out an allowance for utilities and services (excluding telephone) to be paid by the tenant. .

IN WITNESS WHEREOF, County and Borrower have caused this Loan Amendment to be executed by their duly authorized representatives.

APPROVED AS TO FORM:

STEPHEN SHANE STARK
COUNTY COUNSEL

By: _____
Deputy County Counsel

APPROVED AS TO FORM:

BOB GEIS
AUDITOR CONTROLLER

By: _____
Mark Paul
Senior Financial Analyst

Expenditure Accounting Information
Fund: 0066 Dept: 055
Line Item: 7650 Program: 6000

COUNTY:

County of Santa Barbara,
Political subdivision of the State of California

By: _____
Brooks Firestone
Chair, Board of Supervisors
SIGNATURE MUST BE NOTORIZED

OWNER:

Faulding Hotel, Inc.
a California nonprofit public benefit corporation

By: _____
Name: _____
SIGNATURE MUST BE NOTORIZED