

NO FEE DOCUMENT

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

County of Santa Barbara  
Housing and Community Development  
123 East Anapamu Street, 2<sup>nd</sup> Floor  
Santa Barbara, CA 93101  
Attn: Deputy Director

NO FEE DOCUMENT PURSUANT TO  
CALIFORNIA GOVERNMENT CODE SECTION 27383

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

This County HEAP Loan Regulatory Agreement and Declaration of Restrictive Covenants (this “Agreement”) is made as of this \_\_ day of \_\_\_\_\_, 2020 by and between the County of Santa Barbara, a political subdivision of the State of California (the “Lender”), and Heath House LLC, a California limited liability company, whose address is 3533 Empleo Street, San Luis Obispo, CA 93401 (the “Owner”).

**RECITALS**

A. The Owner owns a parcel of real property located at 18 East Sola Street, Santa Barbara, California as more particularly described in Exhibit A (the “Property”) upon which the Owner intends to rehabilitate a seven (7) bedroom house to provide seven (7) permanent housing units for formerly homeless individuals (the “Project”).

B. The Lender has received Homeless Emergency Aid Program funds (“HEAP Funds”) from the State of California pursuant to Chapter 5 (commencing with Section 50210) of Part 1 of Division 31 of the Health and Safety Code, and all other relevant provisions established under SB 850 (Chapter 48, Statutes of 2018).

C. Owner has received a loan from Lender of HEAP Funds in the amount of Five Hundred Thousand Dollars (\$500,000) to provide financing for the Project (the “County HEAP Loan”).

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

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

## 1. DEFINITIONS

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

1.0 **“ANNUAL INCOME”** means the definition of Annual Income as more particularly defined at 24 CFR 5.609 - 612.

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

1.2 **“COORDINATED ENTRY SYSTEM (CES)”** means a Housing and Urban Development mandated community-wide system that connects the community's network of homeless services and housing resources to standardize and expedite the process by which people experiencing homelessness, or who are at risk of homelessness receive access to housing and homeless resources.

1.3 **“COUNTY HEAP LOAN”** means the loan of HEAP Funds in the amount of Five Hundred Thousand Dollars (\$500,000) made by the Lender to the Owner to finance certain development costs of the Project pursuant to the County HEAP Loan Agreement and the County HEAP Promissory Note.

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

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

1.6 **“COUNTY HEAP LOAN DOCUMENTS”** are collectively the County HEAP Loan Agreement, the County HEAP Promissory Note evidencing the County HEAP Loan, the County HEAP Deed of Trust securing the County HEAP Loan Note, and this Regulatory

Agreement as they may be amended, modified, or restated from time to time, along with all exhibits and attachments to these documents.

1.7 **“COUNTY HEAP LOAN NOTE”** means the promissory note executed by the Owner in favor of the Lender in the amount of Five Hundred Thousand Dollars (\$500,000), evidencing the County HEAP Loan, which is secured by the County HEAP Loan Deed of Trust, as well as any amendments to, modifications of, or restatements of said promissory note.

1.8 **“HOMELESS”** has the same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations.

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

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

1.11 **“OWNER”** Heath House LLC, a California limited liability company.

1.12 **“PROJECT”** means the acquisition, rehabilitation, and operation and management of the Property and the improvements to be constructed thereon according to the terms of the County HEAP Loan Agreement.

1.13 **“PROPERTY”** means the property located at 18 East Sola Street in the City of Santa Barbara, California, as more particularly described in Exhibit A attached hereto and incorporated herein, including the improvements constructed thereon pursuant to the County HEAP Loan Agreement.

1.14 **“QUALIFYING HOUSEHOLD”** means a household that qualifies as Homeless in accordance with 24 CFR 578.3 and that has been entered into and prioritized in the County of Santa Barbara’s CES.

1.15 **“QUALIFYING RENT”** means the total monthly charges for rent, which shall not exceed thirty percent (30%) of the Qualifying Household’s gross annual income, adjusted for family size as published annually by the U.S. Department of Housing and Community Development (HUD) for the Santa Maria/Santa Barbara Metropolitan Statistical Area. Occupants’ share of the cost of utilities must be included in the maximum rent. If the tenant pays for utilities and services (excluding telephone and cable TV), then the Qualifying Rent 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 by the County.

1.16 This paragraph left intentionally blank.

1.17 **“TENANT”** means a household occupying a Unit that meets the definition of Qualifying Household.

1.18 “**TERM**” means the period of time during which the HEAP-Assisted Units must meet the affordability requirements imposed under the HEAP Program, as described in Section 2.2 of this HEAP Regulatory Agreement.

1.19 “**UNIT**” means a housing unit within the Project.

## **2. TERM AND COMPLIANCE**

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

2.2 **TERM OF AGREEMENT.** This Agreement shall commence on the earlier of a) the date of recordation of this HEAP Loan Regulatory Agreement, or b) the date the Project is completed as evidenced by a notice of completion provided to the Borrower by the County, and terminate fifteen (15) years from the date of the notice of completion. The requirements of this Agreement shall apply throughout the Term without regard to the term of any loan or mortgage or any transfer of ownership of the Property.

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

## **3. PROJECT OCCUPANCY AND RENTS**

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

3.2 **HEAP-ASSISTED UNITS.** The Owner shall limit for the full Term of this Agreement the HEAP-Assisted Units to Qualifying Households at Qualifying Rents that do not exceed the maximum rental charges for each HEAP-Assisted Unit as set forth in Section 1 above.

The Borrower shall maintain and operate the HEAP-Assisted Units so as to provide decent, safe, and sanitary housing and provide the HEAP-Assisted Units with the same level of services (including security), amenities, and maintenance as are applied to the other dwelling units in the Project. Optional services provided must be available to all residents under the same terms and conditions.

### **3.3 MAXIMUM RENTAL CHARGES.**

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

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

**3.4 OCCUPANCY DEADLINES.** Owner shall ensure that the HEAP-Assisted Units are occupied by Qualifying Households by no later than March 31, 2021.

**3.5 INCOME CERTIFICATION.** The Annual Income levels and other qualifications of applicants for HEAP-Assisted Units shall be certified by Owner no earlier than sixty (60) calendar days prior to the Qualifying Household's expected occupancy of a HEAP-Assisted Unit and recertified annually thereafter by the Owner. If the household size of a Qualifying Household occupying a HEAP-Assisted Unit changes, the Owner may request additional information and documentation to determine eligibility.

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

- (1) Third Party Verification: All third parties (e.g., employer, Social Security Administration, public assistance agency, etc.) are contacted to provide information to verify Annual Income. Written requests and responses are required; and
- (2) Review of Documents: The Qualifying Household provides documents verifying their Annual Income (e.g., pay stubs, tax returns, etc.). These documents must then be retained in the Project files.
- (3) Owner shall follow the income verification process described at 24 CFR 5.609 – 512.

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

#### **4. LEASING THE PROJECT.**

**4.1 TENANT LEASES.** The Owner shall execute a written lease with Tenants of HEAP-Assisted Units for a term of at least one (1) year, unless the Owner and the Tenant mutually agree to a shorter period. A lease may not be for a period less than thirty (30) days. The Tenant lease and any changes thereto must be approved by Lender.

A. The Owner shall include in leases for all HEAP-Assisted Units provisions which provide that a Qualifying Household is subject to annual certification of Annual Income

and that the tenancy of the Qualifying Household shall be terminated as soon as possible in accordance with state law should one or more of the Qualifying Household's members misrepresent any material fact regarding the Qualifying Household's qualifications. The Owner shall include in all leases for HEAP-Assisted Units provisions which prohibit the Qualifying Household from subleasing the HEAP-Assisted Unit.

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

C. The lease for each HEAP-Assisted Unit shall not contain any of the following prohibited provisions:

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 HEAP-Assisted Unit after the Tenant has moved out of the HEAP-Assisted Unit. The Owner may dispose of this personal property in accordance with State law;

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

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

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

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

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

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

D. Owner shall not terminate the tenancy or refuse to renew the lease of a Tenant of a HEAP-Assisted Unit except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; or for other good cause. To

terminate or refuse to renew the tenancy, the Owner shall serve written notice upon the Tenant specifying the grounds for the action at least thirty (30) days prior to termination of tenancy.

**4.2 TENANT SELECTION.** Tenant selection for the seven (7) HEAP Assisted Units is to be based on next Qualifying Household in the Coordinated Entry System, in compliance with core components of Housing First as defined in Chapter 6.5, Section 8255, of the California Welfare and Institutions Code.

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

**4.4 NONDISCRIMINATION.** During the performance of this Agreement, the Owner and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, gender identity, gender expression, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), genetic information, marital status, military and veteran status, and denial of medical and family care leave or pregnancy disability leave. The Owner and subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Owner or subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Owner and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

## **5. PROPERTY MANAGEMENT**

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

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

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

**5.4 COMPLIANCE MONITORING.** The Owner shall operate the Property in full compliance with this Agreement and the HEAP Program regulations at 24 CFR Part 576, 24 CFR Part 578.47, and the State of California pursuant to Chapter 5 (commencing with Section 50210) of Part 1 of Division 31 of the Health and Safety Code, in effect on the date the County HEAP Loan is executed by all parties, and as may be amended from time to time, and shall remain in compliance therewith throughout the Term of this Agreement. The Owner shall permit the Lender to conduct compliance monitoring, including performing on-site records review and inspections of the Property, as required by regulation or reasonably requested by Lender.

**5.5 ANNUAL REPORT.** The Owner shall submit to the Lender a report in a form approved by Lender for the preceding period of January 1st through December 31st, containing the information requested by Lender so as to allow the Lender to determine the Owner's compliance with this Agreement. The report shall be submitted annually no later than March 1<sup>st</sup>, and shall include, at a minimum: (i) an Annual Financial Statement as defined in Section 1.1 of the County HEAP 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, and (v) for each HEAP-Assisted Unit, the rent, Annual Income, and household size of the household in occupancy. The report shall also state the date the tenancy commenced for each HEAP-Assisted Unit and such other information as the Lender may be request.

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

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

**5.7 PROPERTY TAX EXEMPTION.** The Owner shall not apply for a property tax exemption for the Property under any provision of law other than California Revenue and



Taxation Code Section 214(g) without the Lender's prior written consent. Lender acknowledges Owner will be applying for a property tax exemption for the property and hereby provides its consent.

**5.8 MAINTENANCE OF EXISTING STRUCTURES.** Owner shall maintain all buildings on the Property in good condition, in good repair and in a decent, safe, sanitary, habitable and tenantable condition. All Units in the Project must meet the standards set out in 24 CFR 92.251(f)(2) throughout the Term of this Agreement. Owner shall not cause or permit any violations of any laws, ordinances, regulations, covenants, conditions, restrictions, or equitable servitudes as they pertain to improvements, alterations, maintenance or demolition on the Property. Lender shall have no responsibility over maintenance of the Property.

## **6. GENERAL PROVISIONS**

**6.1 SUBORDINATION.** Lender hereby agrees to subordinate this Agreement to the Senior Loans, as specified in the County HEAP Loan Agreement, and the lien of any deed of trust or mortgage securing the Senior Loans.

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

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

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

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

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

**6.3 EVENT OF DEFAULT.** In the event that the Project fails to meet the affordability requirements included in this Agreement for the Term of the Agreement, subject to applicable notice and cure periods contained herein, this shall constitute an Event of Default under Sections 8.1.D, 8.1.E, and/or 8.1.I of the County HEAP Loan Agreement.

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

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

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

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

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

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

**6.10 NOTICES, DEMANDS AND COMMUNICATIONS.** Formal notices, demands and communications between the Owner and the Lender shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of the Owner and the Lender as follows:

**Lender:** County of Santa Barbara  
Housing and Community Development  
123 E Anapamu Street, Room 202  
Santa Barbara, CA 93101  
Attn: Deputy Director

With copy to: Office of County Counsel  
County of Santa Barbara  
105 E Anapamu Street, 2nd Floor  
Santa Barbara, CA 93101  
Attn: County Counsel

**Owner:** Heath House LLC  
c/o Peoples' Self-Help Housing Corporation  
3533 Empleo Street  
San Luis Obispo, CA 93401  
Attn: President/CEO

With copy to: Gubb & Barshay LLP  
505 14<sup>th</sup> Street, Suite 450  
Oakland, CA 94612  
Attn: Sarah C. Perez, Esq.

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

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

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

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

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

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

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

**ATTEST:**


MONA MIYASATO  
Clerk of the Board

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

By: \_\_\_\_\_  
Deputy Clerk of the Board

By: \_\_\_\_\_  
Gregg Hart, Chair  
Board of Supervisors

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

By:   
George Chapjian  
Community Services Director

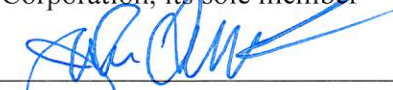
By:   
Deputy

**APPROVED AS TO FORM**  
MICHAEL GHIZZONI  
COUNTY COUNSEL

**BORROWER:** Heath House LLC,  
a California limited liability company

By: People's Self-Help Housing  
Corporation, its sole member

By:   
Deputy County Counsel

By:   
John Fowler  
President & CEO

**APPROVED AS TO FORM:**  
RISK MANAGEMENT

By:   
Ray Aromatorio, ARM, AIC  
Risk Manager

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

CIVIL CODE § 1189

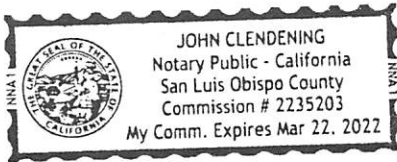
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }  
County of San Luis Obispo }  
On 2/25/2020 before me, John Clendening Notary Public  
Date Here Insert Name and Title of the Officer  
personally appeared John Fowler  
Name(s) of Signer(s)

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.



Place Notary Seal and/or Stamp Above

Signature [Handwritten Signature]  
Signature of Notary Public

**OPTIONAL**

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

Corporate Officer – Title(s): \_\_\_\_\_

Partner –  Limited  General

Individual  Attorney in Fact

Trustee  Guardian of Conservator

Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

Corporate Officer – Title(s): \_\_\_\_\_

Partner –  Limited  General

Individual  Attorney in Fact

Trustee  Guardian of Conservator

Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_

JOHN CLEGGING  
Notary Public, California  
San Luis Obispo County  
Commission # 00172013  
My Comm. Expires Mar 31, 2017



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

**ATTEST:**

MONA MIYASATO  
Clerk of the Board

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

By: \_\_\_\_\_  
Deputy Clerk of the Board

By: \_\_\_\_\_  
Gregg Hart, Chair  
Board of Supervisors

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

By:   
George Chapjian  
Community Services Director

By:   
Deputy

**APPROVED AS TO FORM**  
MICHAEL GHIZZONI  
COUNTY COUNSEL

**BORROWER:** Heath House LLC,  
a California limited liability company

By:   
Deputy County Counsel

By: People's Self-Help Housing  
Corporation, its sole member

By:   
John Fowler  
President & CEO

**APPROVED AS TO FORM:**  
RISK MANAGEMENT

By:   
Ray Aromatorio, ARM, AIC  
Risk Manager

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

CIVIL CODE § 1189

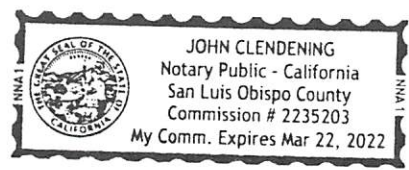
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }  
County of San Luis Obispo }  
On 2/25/2020 before me, John Clendenig, Notary Public,  
Date Here Insert Name and Title of the Officer  
personally appeared John Fowler  
Name(s) of Signer(s)

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.



Place Notary Seal and/or Stamp Above

Signature [Handwritten Signature]  
Signature of Notary Public

**OPTIONAL**

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

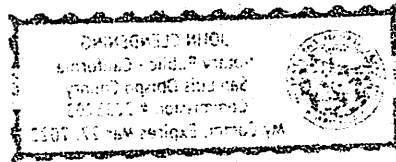
**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_  
Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_  
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_ Signer's Name: \_\_\_\_\_  
 Corporate Officer – Title(s): \_\_\_\_\_  Corporate Officer – Title(s): \_\_\_\_\_  
 Partner –  Limited  General  Partner –  Limited  General  
 Individual  Attorney in Fact  Individual  Attorney in Fact  
 Trustee  Guardian of Conservator  Trustee  Guardian of Conservator  
 Other: \_\_\_\_\_  Other: \_\_\_\_\_  
Signer is Representing: \_\_\_\_\_ Signer is Representing: \_\_\_\_\_





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

**ATTEST:**

MONA MIYASATO  
Clerk of the Board


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

By: \_\_\_\_\_  
Deputy Clerk of the Board

By: \_\_\_\_\_  
Gregg Hart, Chair  
Board of Supervisors

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

By:   
George Chaplan  
Community Services Director

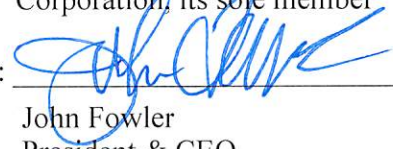
By:   
Deputy

**APPROVED AS TO FORM**  
MICHAEL GHIZZONI  
COUNTY COUNSEL


**BORROWER:** Heath House LLC,  
a California limited liability company

By:   
Deputy County Counsel

By: People's Self-Help Housing  
Corporation, its sole member

By:   
John Fowler  
President & CEO

**APPROVED AS TO FORM:**  
RISK MANAGEMENT

By:   
Ray Aromatorio, ARM, AIC  
Risk Manager

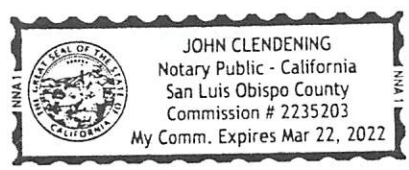
**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

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State of California  
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**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_  
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 Partner –  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian of Conservator  
 Other: \_\_\_\_\_  
Signer is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_  
 Corporate Officer – Title(s): \_\_\_\_\_  
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 Trustee  Guardian of Conservator  
 Other: \_\_\_\_\_  
Signer is Representing: \_\_\_\_\_

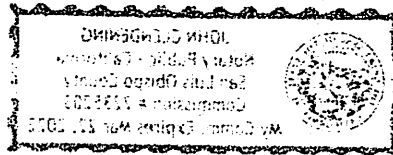


EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

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

THAT PORTION OF BLOCK 90 IN THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL MAP, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF SOLA STREET, DISTANT THEREON 150 FEET SOUTHWESTERLY FROM THE MOST NORTHERLY CORNER OF SAID BLOCK; THENCE SOUTHWESTERLY ALONG SAID STREET LINE 50 FEET; THENCE AT RIGHT ANGLES SOUTHEASTERLY 100 FEET; THENCE AT RIGHT ANGLES NORTHEASTERLY 50 FEET; THENCE AT RIGHT ANGLES NORTHWESTERLY 100 FEET TO THE POINT OF BEGINNING.

APN: 039-132-005